

DECEMBER 3, 2001

# Mayor's Letter

TO THE MEMBERS OF THE CITY COUNCIL, AND THE CITIZENS OF CHATTANOOGA, TENNESSEE:

It is my privilege to present to you the annual report for the City of Chattanooga for the fiscal year ended June 30, 2001. This report affirms the strong fiscal condition of our City.

Since coming to office in April of this year, we've launched several key initiatives which we believe will create a strong economic infrastructure in our community. We are committed to stimulating economic growth in Chattanooga, an effort which is vital for maintaining our City's strong fiscal character and ensuring that every citizen has the opportunity to have a good paying job.

I am very appreciative of the cooperation our administration has received from Council Members and commend them for their commitment to making Chattanooga a great City. In addition, our Department Heads and the citizens of the community have been very supportive as we have worked together to implement a vision we believe will expand the viability of our City.

We believe that our focus on economic development coupled with our emphasis on education and the development of strong, safe neighborhoods will be instrumental toward Chattanooga becoming a great City in the new South.

Specifically, our economic development initiatives are geared toward:

- ***The creation of a dynamic business recruitment effort in our City.*** We are working closely with the Chamber of Commerce to make the recruitment of new businesses a top priority for our community. We are coordinating our energies to make sure that we put a person in place to lead this effort with a strong track record of business recruitment successes and an extensive rolodex of business and industry contacts around the country.

- ***Ensuring that small businesses and entrepreneurs have access to capital.*** Since coming to office, we have partnered with a venture capital firm, Southeast Community Capital (formerly called Tech 2020), which brings a portfolio of nearly \$50 million in capital and loans for new, start-up, minority owned or existing businesses. In addition to the financial tools that they bring to Chattanooga, Southeast Community Capital will administer the "Chattanooga Opportunity Fund," a \$1.5 million

capital fund, established by the City, which is available for start-up and minority owned businesses. As the Chattanooga Opportunity Fund proves successful, we hope to increase the capital available to our citizens by enlisting additional community support. In order to ensure the success of Southeast Community Capital's Chattanooga office, the City has provided funding for some of the administrative costs, provided office space and subsidized some administrative fees. We've also enlisted the help of private sector citizens to ensure the success of this fund.



PHOTO BY CROWN GRAPHICS

- ***Creating a digital vision for our City.*** We have launched the first phase of our digital vision with a generous gift from the Electric Power Board (EPB) as its centerpiece. The EPB has donated the use of two strands of dark fiber optic cable which circles the city to aid in our economic development efforts. This resource ensures that businesses in our community with high data transfer needs have access to digital technology at competitive prices. We have also signed an agreement with Oak Ridge National Laboratory (ORNL) which gives Chattanooga an "off ramp" to one of the world's most powerful fiber optic

lines being constructed between Oak Ridge and Atlanta. Through the donation of additional strands of fiber by the EPB, the ORNL fiber line will connect directly to the UTC campus, significantly enhancing their capabilities to do applied research. Finally, we have developed and convened a Technology Council, whose membership represents some of our community's finest technology companies. This group will be instrumental in helping us shape our digital and technology vision for Chattanooga.

- ***Properly and immediately developing the Volunteer Army Ammunition Site (VAAP).*** Circumstances are finally right for the development of the Volunteer Army Ammunition Plant site. In this year's budget, the city has set aside substantial capital for the purpose of making that site one of the country's premier venues for locating new businesses. The County will equally share in all of the expenses of this development. We have retained the services of a full-time project manager who will coordinate the development of VAAP. He is working with Fluor Location Strategies, an internationally renowned company, and Barge,

Waggoner, Sumner, & Cannon who are assisting us in determining the best blueprint for developing the site. Our ultimate objective is to make sure that we design VAAP in such a way that we create the largest number of high paying jobs per acre at the site.

- ***Focused on improved transportation options for Chattanooga.*** Since taking office, we have been involved with the Airport Authority in their efforts to recruit an airport CEO who is working very hard to improve airline services for our community. In light of the problems all airlines are experiencing nationally, his work will be even more challenging. Despite these obstacles, our ultimate goal is to bring in additional carriers and ensure competitive rates for passengers who use our airport. We are also exploring all transportation options in the region and making sure that Chattanooga is part of any discussion involving expanding the air or rail capabilities of our area. In that regard, we have partnered with the State of Tennessee, the State of Kentucky, Nashville and Louisville in commissioning a study that will address the feasibility of establishing rail service that connects Atlanta and Chicago via Chattanooga, Nashville and Louisville. We have contributed \$100,000 toward this effort. Additionally, through our participation with the Atlanta Regional Commission, we want to be certain that Chattanooga continues to work with Atlanta and the State of Georgia on a regional approach to transportation that will benefit our citizens.

- ***Making the University of Tennessee at Chattanooga the "jewel" of the UT System.*** We believe that every great City has a great University. We are committed to assisting UTC in making it a place that attracts talented people across the country. We know that when those people come here for school, in many cases they stay and work in our community and raise their families here. We are especially excited about UTC's use of the digital connection from Oak Ridge. University officials indicate that this resource will bring them to a new level academically and allow them to engage in applied research activities which were never before possible. We continue to work with UTC regarding their campus needs and are committed to helping them develop a university with a dynamic campus life which is surrounded by vibrant neighborhoods. To this end, our office has established a liaison to the Martin Luther King area to help coordinate the efforts of that community and to help them take advantage of UTC's increased presence in that neighborhood.

We have also launched three other initiatives which we believe are crucial to the success of our community:

- ***Driving up educational achievement and removing all low performing schools in our community currently on the State's "on-notice" list.*** We have formed the Community Education Alliance, a group of 13 leaders in business who are working in coordination with the Hamilton County Department of

Education and the Public Education Foundation to address the problems specific to those 9 high priority elementary schools in our community. This Alliance will specifically address teacher recruitment, teacher retention and the better coordination of the City administered Head Start program at these schools. We have directed City Sales Tax revenues toward making this initiative successful.

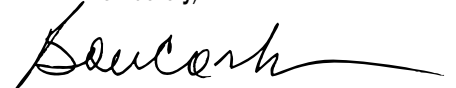
We are focused on enhancing Neighborhoods in Chattanooga:

- ***Improving the 15 most distressed neighborhoods in our community.*** When we came to office, we began evaluating the work of the City's Neighborhood Services department and determined that they were providing great services, but that their efforts were focused on 145 neighborhood associations in Chattanooga. While those services to our community will continue, we asked Neighborhood Services to devise a plan that would vigorously target the community's most distressed neighborhoods. This challenge led to the creation of the Strategic Neighborhood Initiative (SNI), an effort focused on 15 high priority neighborhoods with high crime, rampant absentee landlords, declining real estate values and a depressed economic corridor. The SNI is directed toward improving housing stock, addressing crime and safety issues, developing leadership and spurring business and economic development efforts in the selected neighborhoods. A key piece of the SNI is a Neighborhood Crime Prevention Plan which increases directed patrols in neighborhoods, ensuring faster response to calls for service and a more timely response for investigating crime.

- ***Keeping City streets clean.*** Chattanooga is known across the country as the Scenic City of the South. We are committed to living up to that reputation and have launched a City-wide cleanup effort to eliminate illegal trash and brush that in the past littered Chattanooga streets. We have launched a refuse policy which has a new enforcement component that will ensure compliance and aid us in keeping our City clean.

We believe that the successful implementation of these initiatives will position us to take advantage of the next national economic expansion and ensure that our community is a place where people and companies want to locate. As Mayor, I look forward to a future of great accomplishments where every citizen in our community believes that the best is yet to come. As we work together, we will make Chattanooga a great City in the New South.

Sincerely,



Bob Corker, Mayor



**Yusuf A. Hakeem DISTRICT 9**  
Chairman of the Council



**John Lively DISTRICT 1**



**Sally Robinson DISTRICT 2**



**Dan Page DISTRICT 3**



**Jack Benson DISTRICT 4**

**Chattanooga City Council**



**John P. Franklin DISTRICT 5**



**Ron Littlefield DISTRICT 6**



**John Taylor DISTRICT 7**



**Leamon Pierce DISTRICT 8**

PHOTOS BY MED DEMENT, HOUSE OF PHOTOGRAPHY





# City of Chattanooga

DEPARTMENT OF FINANCE AND ADMINISTRATION

CITY HALL ANNEX

Chattanooga, Tennessee 37402

office: (423) 757-6230 • fax: (423) 757-0526

**Bob Corker**  
Mayor

**James S. Boney**  
City Finance Officer

NOVEMBER 29, 2001 LETTER OF TRANSMITTAL

To the Honorable Mayor Bob Corker, Members of the City Council and the Citizens of Chattanooga, Tennessee:

In compliance with state and local statutes, I am submitting the Comprehensive Annual Financial Report (CAFR) of the City of Chattanooga for the fiscal year ended June 30, 2001. These ordinances and statutes require that the City of Chattanooga issue annually a report on its financial position and activities, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our know-



*Daisy W. Madison, Deputy Finance Officer*

ledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the City of Chattanooga, Tennessee. All disclosures necessary to enable the reader to gain an understanding of the City of Chattanooga's financial activities have been included.

The Comprehensive Annual Financial Report is divided into four sections: introductory, financial, single audit, and statistical. The introductory section includes this transmittal letter, a letter from the Mayor, the City's organization chart, and a list of government officials. The financial section includes the general purpose financial statements and the combining and individual



*James S. Boney, Finance Officer*

fund and account group financial statements and schedules, as well as the independent auditor's report. The single audit section includes information related to the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations."

The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Blended component units, although legally separate entities are, in substance, part of the primary government's operations and should be included as part of the primary government. A review of the various potential component units

indicated that there are none which should be included as part of the primary government. However, the Electric Power Board, which is not a legally separate entity, is reported as an enterprise fund of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Metropolitan Airport Authority, the Chattanooga Area Regional Transit Authority, and the Southside Redevelopment Corporation are reported as discretely presented component units.

The City provides a full range of municipal services including but not limited to fire and police protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreation and cultural activities; public library; community development; planning and zoning; neighborhood services; social services; and general administrative services. It also operates a storm water maintenance program and a sewer and sewage facility system for its residents and for other communities in southeast Tennessee and northwest Georgia.

## Governmental Structure, Economic Conditions and Major Initiatives

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. It encompasses an area of 144.16 square miles and a population of 155,554. The City 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. The City is empowered to levy a

property tax on both real and personal property located within its boundaries. It also has the power to extend its corporate limits by annexation in accordance with procedures under an "Urban Growth Plan" agreed to between the city and the county.

Chattanooga is one of the nation's oldest manufacturing cities with 18.8 percent of its employment in that sector. However, there is no single dominating industry. Employment in the Chattanooga area is diverse. In addition to manufacturing, the services and trades sectors have also come to the forefront in recent years, making up 26.1% and 21.2% of local employment, respectively. Economic advantages such as ample utilities, an efficient transportation system, abundant natural resources, a trained labor force and centralized location make Chattanooga a diversified and profitable business location. This largely accounts for the City's low unemployment rate, which stands at 3.2 percent as of September 2001. This is comparable to the national unemployment rate of 4.9 percent and the state rate of 4.0 percent. Retail sales rose 7 percent over 1999. Our economy

*Dedication of the  
Aquatic Center at the  
North River YMCA,  
October 2001*



PHOTOS BY CROWN GRAPHICS



*New housing at UTC.*

*Mayor Corker discusses future technological, recruiting and academic plans with UTC Chancellor Bill Stacey.*



PHOTOS BY CROWN GRAPHICS

is experiencing steady growth as indicated by a record number of building permits. While the total value of all construction from those permits fell from their all-time 1999 high, the value of residential construction reached a record high \$102.8 million, a 21% increase over 1999.

The City has undergone a renaissance that can be surpassed by no other city of its size. The City's rebirth, which began in 1982 with the establishment of the Moccasin Bend Task Force, has resulted in nearly \$1 billion of investments in developments such as retail, restaurants, office space, housing, and tourist attractions.

Three years ago, the State granted approval of a development mechanism known as the Tourist Development Zone (TDZ), which encompasses the heart of Chattanooga's downtown. The zone, known as the Southside Redevelopment District, is comprised of three districts — the Aquarium/Ross's Landing District, the Central Business District and the Southside Redevelopment District. The City, through the Southside Redevelopment Corporation, is in the final phase of this project. The development will be supported by allocations of incremental increases in state and local sales and use tax revenues. Four facilities will contain more than 631,210 square feet and cost in excess of \$117.7 million. It is anticipated that this investment will leverage more than \$400 million in private investment by 2006.

The Southside Redevelopment District is an opportunity to create a model community by rebuilding the District's job base and revitalize housing opportunities. In the heart of the TDZ is the convention and conference complex that includes four public use facilities as follows. Three of the four facilities are complete and operational.

**The Chattanooga** – a 208,210 square foot residential meeting facility opened in April 2001. This conference and training facility is targeted for upscale small-to medium-sized groups of less than 250 people with 200 guest rooms and 27,000 square feet of fully equipped meeting room space. – Cost: \$43.5 million.

**New Parking Facility** – located between the conference and training center and the trade center, the new 1,029-space parking facility, which opened in April 2001, is designed to serve the needs of increased traffic in the convention and conference complex and replacement parking. – Cost: \$10.8 million.

**Development Resource Center** – a new facility that will exhibit improved efficiencies that can be achieved by utilizing best building practices in its own design and operation thus serving as a model for better ways to develop a sustainable community. This 85,000 square foot facility, which will open in December, 2001, is located one block from the conference and training center. – Cost: \$11 million.

**Chattanooga-Hamilton County Convention and Trade Center Expansion** – a 226,000 square foot addition to the successful Convention and Trade Center, currently under construction, will enable the community to attract more and larger conventions, meetings and trade shows. The expansion will more than double the size of the current facility, adding new exhibit space, meeting and banquet rooms. – Cost: \$50 million.

The developments that have taken place throughout the North Shore, the Central Business District, and the Southside have come together to make the downtown Chattanooga area a gathering place for night and family and recreational activity. One new public investment spurred by these successes is a new



school in the Southside, currently under construction, which represents the first new school building in the downtown area in decades. Other investments in the area include the renovation of a former office building into a school for children with special needs, revitalization of a department store building as a premier downtown housing development, a new bank branch, and a new office building in the central business district. Community business leaders also have proposed plans to convert a vacant warehouse into professional office space, build a new hotel next to the Trade Center, and to renovate several other historic buildings in the downtown area.

Neighborhoods and quality, affordable housing continue to be a priority in the community. The Chattanooga Neighborhood Enterprise broke ground on a 20-unit apartment building within eyesight of the University of Tennessee at Chattanooga. This unit will complement new housing units already built in the area.

The City continues to implement, through the Chattanooga Housing Authority, the HOPE VI Grant. This \$35 million grant from the Department of Housing and Urban Development (HUD) anchors a \$159 million project to replace the Spencer J. McCallie Homes and revitalize the surrounding Alton Park neighborhood. Coupled with the Alton Park Development Corporation's master plan, the HOPE VI grant will bring about a major revitalization of one of the City's most depressed neighborhoods.

Despite the global attention to Chattanooga's downtown and environmental successes, economic growth in Chattanooga trails most of the rest of the South. During the 1990s, Chattanooga added jobs at only half the pace of the rest of the state. City officials have focused efforts on ways to reverse this trend of slow employment growth. The business culture in Chattanooga is on the verge of change. A venture capital firm with nearly \$50 million in assets has been recruited to set up an office here. This will give entrepreneurs the needed access to capital that has been scarce in our local business environment. Additionally, \$1.5 million has been allocated by the City to target creation of new minority-owned businesses. The Chamber of Commerce, charged with the task to oversee economic development, has implemented its plan for a larger economic recruitment program. This will include hiring of a

business recruitment expert as part of its long-term plan to create more jobs.

Chattanooga is also poised on the leading edge of the technological age. The Electric Power Board of Chattanooga has donated a portion of its nearly 60 mile fiber optic ring for economic development. This move is anticipated to create a high speed information corridor allowing Chattanooga to become a hub for future research, information sharing, and job growth. This hub has already attracted a new long distance firm to locate in the heart of the central business district, bringing new jobs to the area.

City and County officials have initiated plans for the development of the old Volunteer Army Ammunition Plant site. The \$7.5 million investment by the City and County provides a 940-acre tract, located within 2 miles of Interstate 75, approximately 700 acres of which can be made available for industrial development almost immediately. This is the largest block of land available within the city limits in several decades. Infrastructure is in place to support a wide range of manufacturing and industrial uses. The entire site exceeds 6,000 acres, and efforts continue to acquire the remaining portions for industrial and recreational uses.

Hamilton Place Mall, Tennessee's largest, and now in its thirteenth year of operation, remains a magnet for millions of people. The 1.4 million-square-foot mall has brought in many



RENDERING BY TWH ARCHITECTS, INC., CHATTANOOGA, TENNESSEE

*The Southside Elementary School, located at the corner of Main and Market Street, is scheduled to open in the fall, 2002.*

PHOTO BY MED DELEMENT

## FOCUS ON CHATTANOOGA'S

# Neighborhood Services Department

A city is but a reflection of the dreams, goals and achievements of its citizens. Chattanooga is committed to providing neighborhoods and individuals with the tools to address their most pressing needs while improving their quality of life. In 1996, recognizing the importance of strong neighborhoods to a thriving city and realizing that quality of life concerns can be most effectively addressed at the



PHOTO BY KEVIN KENZIE

*Kenardo Curry, Administrator*

neighborhood level, the City of Chattanooga made manifest its commitment to neighborhoods by creating the Neighborhood Services Department.

The Neighborhood Services Department maintains the city's commitment to building strong neighborhoods through programs designed to promote

the welfare of neighborhoods, enhance community pride and encourage citizen participation.

Codes enforcement and neighborhood development staff address problems and concerns at the neighborhood level. The Neighborhood Relations Division supports the belief that the real strength of the community lies in the efforts of individual organizations. Its Neighborhood Relations Coordinators provide assistance and support to local neighborhood associations, making sure that their needs are met and their voices are heard.

The Codes Enforcement Division works to preserve and improve the physical neighborhood by enforcing compliance with the city's codes and ordinances.

The city's investment in healthy neighborhoods is ultimately an investment in people, in a sense of community and in an ethic of shared pride. These are some of the programs the department offers:

tourists and locals with a savvy mix of new and familiar stores, theme restaurants and movie theaters. Thanks to the mall, the area has become a retail hotbed with more than 15 million visitors a year. Sales at Hamilton Place have grown steadily over the past decade and now average 30 percent above the national average for regional malls. That success has quickly spilled across Gunbarrel Road and Interstate 75. The number of businesses and amount of traffic in the mall area has more than doubled over the past decade. CBL and Associates, the mall's owner and developer of major retail space nation wide, has begun development of a multi-acre site on the south perimeter of the mall. Phase I is the construction of their new national headquarters office building, expected to be completed in January.

The City's two biggest local revenue sources are sales and property taxes. The local option sales tax rate is 2.25 percent (1.75 percent county-wide and .5 percent city only). The additional revenues generated by the 1/2 percent city only sales taxes are earmarked for schools and economic development. Following two successive reductions the property tax rate has remained at \$2.31 per \$100 assessed valuation for the past four years.

The City's capital initiatives reflect its continual commitment to economic development and long term sustainability of the City. In addition to the operating budget, over \$30.7 million was appropriated for major initiatives. These include \$3.3 million for continued implementation of the RECREATE2008 plan which is a 10-year, \$65 million plan to upgrade the City's parks and playgrounds; \$14.3 million for various public works projects such as paving, street improvement, curbs, gutters and sidewalks, downtown streetscape, and equipment replacement; \$3.5 million for the Development Resource Center; \$1.6 million for fire vehicles and other equipment; \$4.2 million for police fleet replacement, building renovation and miscellaneous equipment; and \$1.3 million for major building repairs.

## Department Focus

Each year, we focus attention on the efforts of one department. The Neighborhood Services Department has been selected as this year's focus.



**Fight the Blight** – Few initiatives have done more to improve the city’s appearance, boost civic pride and encourage citizen participation than the annual Fight the Blight campaign. Hundreds of individuals and civic groups take to the streets each year to document code violations in their neighborhoods, providing invaluable first-hand information to code enforcement officials.

**Chattanooga Neighborhood Association Council** – People in Chattanooga are taking control of their neighborhoods, organizing themselves around important issues, and making things happen. In 2001, as a result of a department led task force investigation, the Chattanooga Neighborhood Association Council was created as a way to help neighborhood associations build a common agenda and realize commonly held goals.

**Mayor’s Annual Conference on Neighborhoods** – The annual conference introduces citizens to community resources, provides learning opportunities and trains neighborhood association leaders to be both inclusive and effective. Since its initiation in 1999, over 2000 citizens have attended the annual two-day event.

**Neighborhood Grants** – The Neighborhood Services Department provides money – \$425,000 over the past three years – to Chattanooga neighborhood associations for a broad array of neighborhood-initiated improvements and projects. These grants are matched to each neighborhood’s contribution of volunteer labor, materials, professional services or cash, resulting in a combined value of \$1.5 million in neighborhood improvements since 1998.

**Common Ground** – This free quarterly magazine sheds light on individuals who are making a difference in their neighborhoods, on the character of our diverse neighborhoods, on new public and private initiatives that are improving our quality of life, and on our neighborhoods’ achievements and celebrations.



Above – R.O.A.R. mascot discourages illegal dumping. Below, staff members discuss neighborhood programs



Above – Marcia Greene, Codes Enforcement Coordinator

**Common Vision** – The community visioning process can provide neighborhood associations with a new approach to meeting challenges and solving problems. Common Vision, a handbook that includes instructions and helpful information on strategic planning, program development, and group management techniques, is helpful to both citizens who want to create a neighborhood association as well as established associations that are developing long-range plans.

**R.O.A.R. – Report Offenses, Achieve Rewards** – This community involvement campaign informs the public about the problem of illegal dumping in neighborhoods, teaches what can be done to prevent it, and offers cash incentives for getting involved in actively reporting incidents. Citizens who report illegal dumping activities through the department’s 24-hour hotline receive a \$50 reward when their report leads to a conviction.

**Tow for Dough** – This campaign is aimed at ridding neighborhoods of junk vehicles by offering towing services and cash incentives. Every spring and fall, the department takes requests and schedules towing services for each city district. Owners of inoperable vehicles are paid \$50 by the towing company.

**Guide to City Services** – One of the goals of the Neighborhood Services Department is to act as a clearinghouse for information, helping citizens obtain the services they need from local government as well as other sources. Each year the department updates its 70-page directory of services and distributes it to citizens at no cost.

In every section of the city, the Neighborhood Services Department works to enhance community life today while laying the groundwork for a vibrant tomorrow.

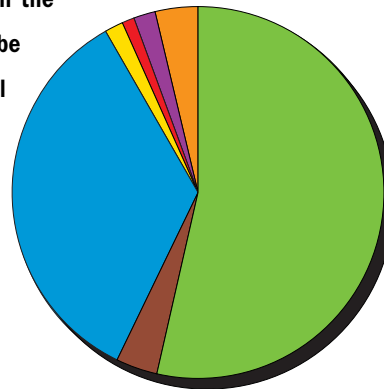
The future of Chattanooga’s neighborhoods is in good hands.

PHOTOS BY CROWN GRAPHICS

# Accounting System and Budgetary Control

The City's financial records for General Governmental Funds and Expendable Trust and Agency Funds are maintained on a modified accrual basis of accounting. Under this method of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded as liabilities when incurred. The accrual basis of accounting is utilized for the Proprietary Funds and Pension Trust Funds.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance requires evaluation and judgment by management in order to determine if the cost of control exceeds the benefits likely to be derived. In conjunction with the system of internal control, the City has an office of internal audit which provides support by reviewing and appraising existing accounting and management controls and ascertaining compliance with existing plans, policies and procedures.



## General Government Functions

Table 1 below presents a summary of General Fund, Special Revenue Funds, Capital Projects Funds,

REVENUES	2000 Amount*	2001 Amount*	Percent % Of Total	Increase (Decrease) From 2000 Amount*	Percent
Taxes	\$ 88,175	\$ 90,999	53.55	\$2,824	3.20
Licenses and permits	6,102	6,134	3.61	32	0.52
Intergovernmental	64,082	58,682	34.53	(5,400)	(8.43)
Charges for services	2,701	2,744	1.62	43	1.59
Fines, forfeitures and penalties	1,895	1,826	1.08	(69)	(3.64)
Investment earnings	3,533	3,217	1.89	(316)	(8.94)
Miscellaneous	8,039	6,326	3.72	(1,713)	(21.31)
<b>TOTAL REVENUES</b>	<b>\$174,527</b>	<b>\$169,928</b>	<b>100.00</b>	<b>(\$4,599)</b>	<b>(2.64)</b>

\*Dollar amounts expressed in 1,000s

TABLE 1

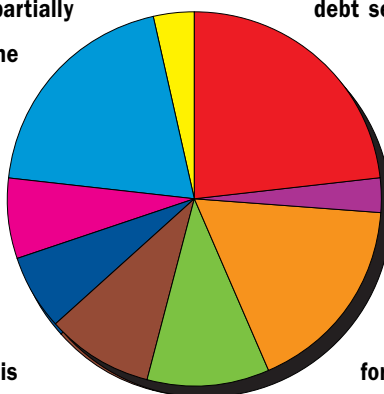
and Debt Service Fund revenues for the fiscal year ended June 30, 2001, and the amount and percentage of increases or decreases in relation to the prior year.

Revenues for all Governmental Fund types (Table 1) totaled \$169,928,363, in 2001, a decrease of 2.64 percent compared with 2000. Major percentage changes include an 8.43 percent decrease in intergovernmental revenues, an 8.94 percent decrease in investment earnings, and a 21.31 percent decrease in miscellaneous revenue sources. The \$5,399,710 (8.43%) decrease in intergovernmental revenue is mainly due to the discontinuation of the Private Industry Council, a reduction of \$6,291,032 (100%). This is partially offset by an increase of \$421,112 (4.76%) in Human Services Programs and a \$506,270 (45.99%) increase in state and county funding of capital projects. The \$316,354 (8.94%) decrease in investment earnings is due to a decrease in interest rates on investments. The \$1,712,567 (21.31%) decrease in miscellaneous revenue is mostly due to a \$1,721,194 (100%) decrease in miscellaneous funding for projects, a \$561,652 (42.52%) decrease in private donations, and a \$73,768 (60.86%) decrease in property rental, all of which was partially offset by a \$928,974 (590.49%) increase in the sale of city-owned property. All of these decreases in major categories were partially offset by a \$2,555,701 (4.27%) increase in property taxes.

Changes in levels of expenditures for major functions of the City over the preceding year are presented in Table 2 below. An analysis

of the \$185,683,954 in expenditures for fiscal year 2001 shows an increase of 7.25 percent over the previous year. This increase is primarily due to a \$1,105,624 or 116.38% increase in premium payments to the liability insurance fund, a \$1,860,830 or 6.18% increase in Police, a \$772,969 or 4.73% increase in Public Works, and a \$14,031,104 or 62.74% increase in Capital, partially offset by a \$5,188,882 or 10.80% decrease in General Government and a \$710,267 or 9.83% decrease in Debt Service. The increase in Police is mainly due to a \$1,371,556 (5.48%) increase in salaries and benefits and a \$294,483 (15.56%) increase in fleet maintenance costs. The increase in Public Works is mainly due to a \$505,842 (2.42%) increase in salaries and benefits. The increase in Capital is mainly due to major expenditures including \$450,000 for new fire trucks, \$1.2 million on the Development Resource Center, completion of a new \$2.2 million fire hall, and work in progress of \$2 million on a new recreation complex. The decrease in General Government is primarily due to the discontinuation of the Private Industry Council, a reduction of \$6,302,822 (100%). The decrease in Debt Service was due to a reduced debt service requirement.

Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other uses of funds. Of the total general fund balance at June 30, 2001, \$5,509,652 is designated for subsequent year's expenditure. The undesignated portion of the General Fund balance is necessary for the City to operate on a responsible financial



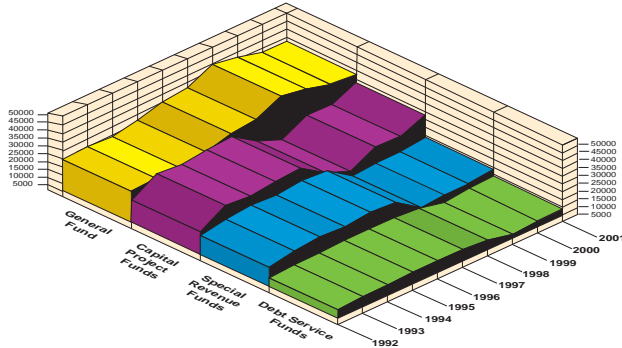
EXPENDITURES	2000 Amount*	2001 Amount*	Percent % Of Total	Increase (Decrease) From 2000 Amount*	Percent
General government	\$ 48,063	\$ 43,774	23.57	(4,289)	(8.92)
Finance and administration	5,421	5,508	2.97	87	1.60
Police	30,137	31,998	17.23	1,861	6.18
Fire	19,145	19,528	10.52	383	2.00
Public works	16,341	17,114	9.22	773	4.73
Parks, recreation, arts and culture	12,071	12,010	6.47	(61)	(0.51)
General services	12,366	12,837	6.91	471	3.81
Capital outlay	22,362	36,393	19.60	14,031	62.74
Debt service	7,233	6,522	3.51	(711)	(9.83)
<b>TOTAL EXPENDITURES</b>	<b>\$173,139</b>	<b>\$185,684</b>	<b>100.00</b>	<b>\$12,545</b>	<b>7.25</b>

TABLE 2

\*Dollar amounts expressed in 1,000s



basis. The fiscal year 2001 budget included a \$2.8 million appropriation from fund balance for one-time expenditures. Expenditures less than appropriations resulted in a reduction in general fund balance of only \$2,056,121. A ten-year analysis of the changes in fund balance is shown in Table 3 below.



	General Fund	Capital Projects Funds	Special Revenue Funds	Debt Service Funds
1992	\$24,603	\$17,509	\$14,509	\$6,834
1993	25,589	29,204	17,931	8,063
1994	24,349	27,373	19,779	8,269
1995	28,193	29,744	18,561	9,129
1996	33,470	31,212	20,677	9,128
1997	35,599	18,536	19,242	8,803
1998	44,884	10,528	6,622	7,126
1999	41,421	20,708	8,126	2,567
2000	35,551	20,150	7,998	2,672
2001	33,495	36,160	9,058	4,163

TABLE 3

Dollar amounts expressed in 1,000s

## Debt Administration

The City is authorized to issue general obligation bonds for capital projects. The City Council may authorize the issuance of tax-supported bonds by a simple majority vote, with notification of the action published in local newspapers. Unless 10 percent of the qualified voters protest the issuance by petition within 10 days of notification, the bonds may be issued as proposed. Both principal and interest on general obligation bonds are payable from ad valorem taxes which may be levied by the City Council subject to a legal debt limit of 10 percent of assessed valuation of property. The City Council is also authorized to issue revenue bonds to finance capital improvements for its various enterprise activities and loan agreements and capital leases for various other public benefit.

The City entered into a Loan Agreement with the Tennessee Municipal Bond Fund on February 10, 1997 whereby

a line of credit was established for up to \$7,908,000 for various general government capital projects. At June 30, 2001, the City had a balance outstanding of \$6,064,523. During fiscal year 2001 the City entered into a capital lease on a building. At June 30, 2001 the outstanding balance was \$144,000. The City also entered into a lease purchase of sewer system improvements from another municipal government. At June 30, 2001 the outstanding balance was \$304,399. General Obligation Bonds were issued in March, 2001 in the amount of \$48,310,000. This funded various capital improvements of the general government in the amount of \$39,576,000; solid waste system improvements in the amount of \$6,734,000; and stormwater system improvements in the amount of \$2,000,000.

At year-end, the primary government and its component units had a number of debt issues outstanding. These issues included \$258,442,849 in general obligation debt, of which revenues from the City's Enterprise Funds support \$178,059,226. The primary government also has \$40,000,000 in revenue bonds outstanding at year-end for the Electric Power Board, an Enterprise Fund. Two component units have revenue bonds outstanding. These include \$11,836,149 for the Metropolitan Airport Authority and \$129,200,000 in lease rental revenue bonds issued by the Southside Redevelopment Corporation.

The City has maintained a "AA" rating from Standard & Poor's and Fitch Investor's Service. Both agencies cite sound financial management, fund balance reserves, the debt retirement policy, and a history of pay-as-you-go capital financing as justification for the favorable ratings.

The ratio of net indebtedness to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens, and investors. Table 4 (below) provides this information as of June 30, 2001.

Debt Ratios	Amount (thousands)	Debt To Assessed Ratio	Debt Per Capita
Net direct debt (excluding self-supporting debt)	\$ 76,220	2.79%	\$ 490
Estimated overlapping debt	103,118	3.78%	663
Net direct and estimated overlapping debt	\$179,338	6.57%	\$1,153

TABLE 4

## Cash Management

The City strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure efficient and profitable use of the City's cash resources. State statutes, however, restrict the City's ability to incorporate as policy many investment methods. Cash temporarily idle during the year is invested in commercial banks and savings and loan certificates of deposit as well as various instruments guaranteed by the United States Government. These instruments have terms ranging from one week to one year. Cash idle for a longer period of time is invested in longer-term government securities.

## Risk Management

The City manages exposure to risk of loss through several methods. Such methods include contracts with commercial carriers for property insurance, surety bond coverage of officials and employees, and commercial liability coverage for specified situations. The City assumes the risk of loss for general liability not covered by commercial carriers. To minimize its losses, the City has implemented various risk control techniques such as safety inspections and safety training classes. As part of the City's risk management program, resources are being accumulated in an Internal Service Fund to meet potential losses relating to general liabilities and tort claims. Reserves are accumulated in the General Fund to meet potential losses for all other exposures.

## Retirement Plans

The City provides retirement benefits through three single-employer defined benefit pension plans that cover all employees. Each of these systems is maintained separately: one system (General Pension Plan) covers general City employees; a second plan covers employees of the Electric Power Board; and the third covers Firemen and Policemen. Each plan also has its own consulting actuary. The following schedule (Table 5) shows the amount of unfunded actuarial accrued liability (UAAL) in thousands at June 30, 2001.

### PENSION PLANS

	UAAL	Funded Ratio
General	(61,701,145)	139.80%
Firemen and Policemen	1,600,700	99.21%
Electric Power Board	0	100.00%

TABLE 5

City management and the Pension Boards closely observe the future costs of both benefit improvements and changes in retirement trends of employees. Recommendations of actuaries are carefully considered and appropriate measures are taken to ensure that the pension plans are actuarially sound.

## Enterprise Operations

The City maintains four enterprise operations as part of the primary government. Combined total assets at June 30, 2001, and operating revenues for the fiscal year were \$772.6 million and \$399.6 million, respectively. A brief discussion of the major operations follows:

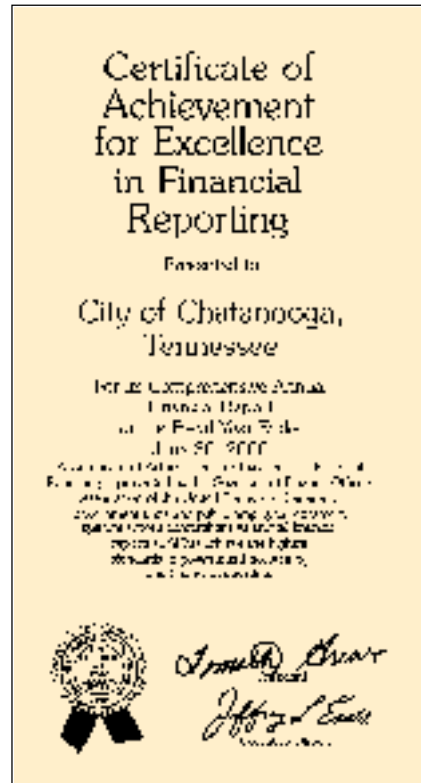
The Electric Power Board, a separate administrative agency of the government, exercises exclusive control and management of the Electric Distribution System. It is the sole distributor of the electric power within the boundaries of the City and County (587 square miles). It accounts for 89.7 percent of total Enterprise Fund operating revenues and reported a net income of \$5.3 million for the year ended June 30, 2001.

The Interceptor Sewer System of the City provides water and sewer services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to provide for debt service, operating expenses and adequate working capital. The strong commercial, industrial and residential growth in the City, along with increased federal mandates, has necessitated ongoing expansion of the Interceptor Sewer System. To illustrate, property, plant and equipment of the system in 1976 totaled \$68.8 million compared to \$297.2 million in 2001. The department accounts for more than 45.0 percent of total Enterprise Fund assets.

The Solid Waste/Sanitation Fund was established in accordance with state mandate. This fund accounts for the operations of the City's landfill. Landfill fees are charged commercial customers for use of the landfill, while the cost of City landfill needs are financed through a General Fund subsidy.

An aggressive capital program has been launched to meet landfill requirements set by the state and federal governments. This program is estimated to cost \$38.5 million over a ten-year period.

The Storm Water Fund accounts for the operations of the City's storm water management program as mandated by the Environmental Protection Agency and the state. The program is designed to produce revenues sufficient to provide for debt service, operating expenses and adequate working capital. Since the inception of this program in 1994, the investment in property, plant, and equipment has grown to \$35.5 million.



## Awards of Achievement

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, 2000. This was the 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 report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe 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 five 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.

## Independent Audit

Tennessee state law requires an annual audit of the financial records and transactions of all City functions by independent certified public accountants selected with the approval of the Mayor and City Council. This requirement has been

complied with and the financial statements have received an "unqualified opinion" from the auditors. Such an opinion indicates there was no limitation on the scope of the auditor's examination, and the financial statements were prepared in accordance with generally accepted accounting principles.

## Acknowledgements

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department and the City's independent public accountants, Hazlett, Lewis & Bieter, 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 operations of the City in a responsible and progressive manner.

Respectfully submitted,

James S. Boney, Administrator



## CITY OF CHATTANOOGA, TENNESSEE

## City Officials as of June 30, 2001

**BOB CORKER, MAYOR**

Michael E. Compton, Chief of Staff

**City Council:**

Yusuf A. Hakeem, Chairman	_____	District 9
Ronald C. Littlefield, Vice Chairman	_____	District 6
John M. Lively	_____	District 1
Sally L. Robinson	_____	District 2
Dan B. Page	_____	District 3
W. Jack Benson, Sr.	_____	District 4
John P. Franklin, Jr.	_____	District 5
John R. Taylor, Sr.	_____	District 7
Leamon Pierce	_____	District 8

**Courts:**

Walter F. Williams	_____	City Court Judge
Russell J. Bean	_____	City Court Judge
Edward C. Hammonds	_____	City Court Clerk

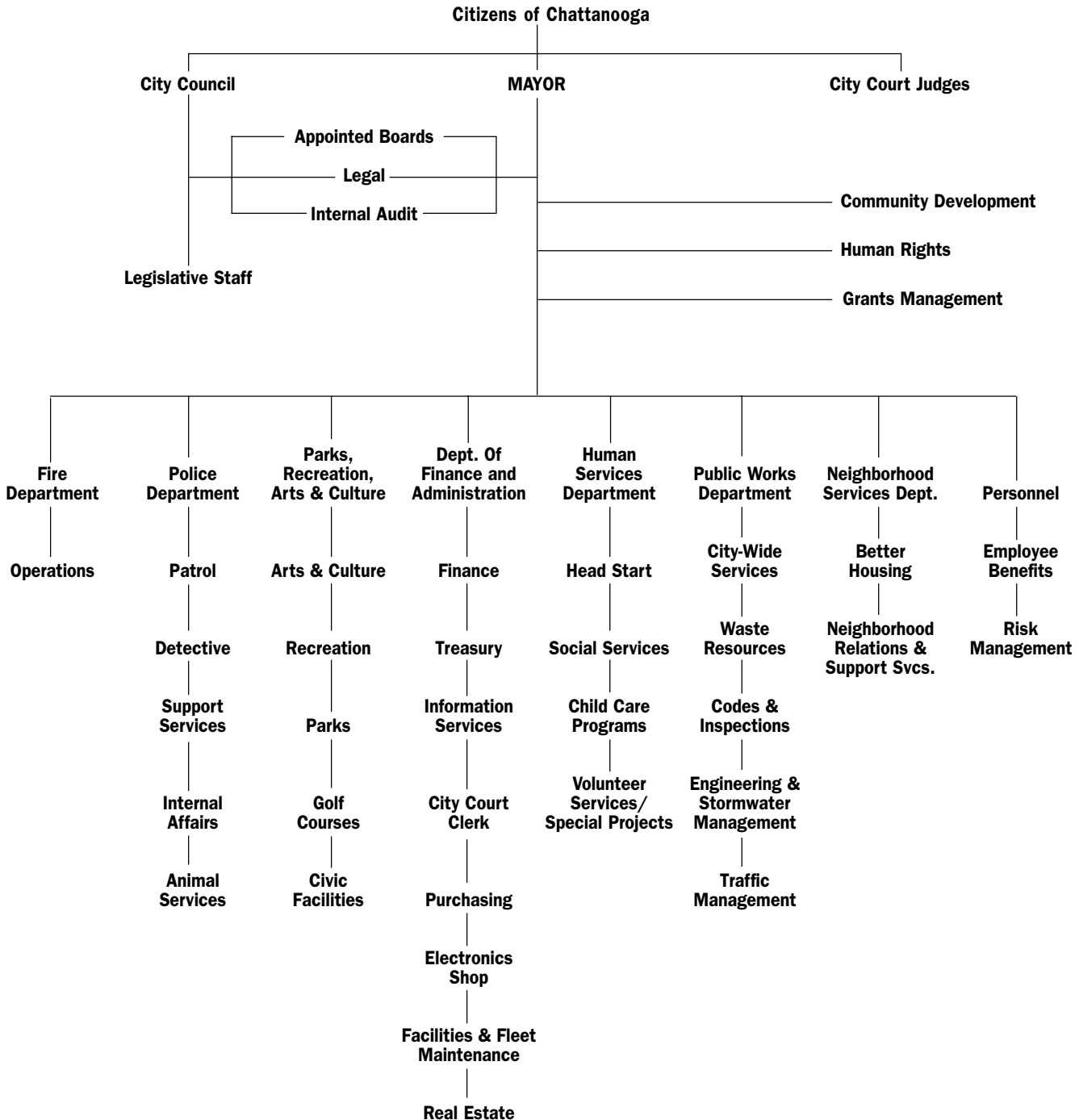
**Department Administrators and Directors:**

LEGAL	_____	Randall Nelson	_____	City Attorney
LEGISLATIVE	_____	Carol O'Neal	_____	Clerk of the Council
PERSONNEL	_____	Donna Kelley	_____	Administrator
NEIGHBORHOOD SERVICES	_____	Kenardo K. Curry	_____	Administrator
HUMAN SERVICES	_____	Bernadine Turner	_____	Administrator
		Tommie Pruitt	_____	Deputy Administrator
PARKS, RECREATION, ARTS & CULTURE	_____	Jerry Mitchell	_____	Administrator
		Janice Hester	_____	Deputy Administrator
PUBLIC WORKS	_____	William C. McDonald, Jr.	_____	Administrator
		Beverly P. Johnson	_____	Deputy Administrator
POLICE	_____	Chief Jimmie L. Dotson	_____	Administrator
FIRE	_____	Chief Jim M. Coppinger	_____	Administrator
FINANCE & ADMINISTRATION	_____	James S. Boney	_____	Administrator
		Daisy W. Madison	_____	Deputy Administrator

Brian Smart	_____	Manager, Financial Operations
Fredia F. Kitchen	_____	Budget Officer
Carl E. Levi	_____	Treasurer
Mark J. Keil	_____	Director, Information Services
Gene D. Settles	_____	Purchasing Agent
Rayburn Traughber	_____	Director, Economic & Community Development
George Morgan	_____	Director of Facilities & Fleet Management
Tracy Clarke	_____	Risk Manager
Donald B. Young	_____	Director, Codes and Inspection
Henry L. Brooks	_____	Director, City Wide Services
Eugene Wright	_____	Director, Waste Resources
Phillip Lynn	_____	City Engineer
John Van Winkle	_____	City Traffic Engineer
Harold E. DePriest	_____	President and CEO, Electric Power Board
Jane McFarland	_____	Director, Chattanooga - Hamilton County Bicentennial Library
(Vacant)	_____	President, Metropolitan Airport Authority
Barry M. Bennett	_____	Director, Regional Planning Agency
Robert H. Colby	_____	Director, Air Pollution Control
Carolyn Skipper	_____	Director, Scenic Cities Beautiful Commission

# Organizational Chart

CITY OF CHATTANOOGA



**CITY OF CHATTANOOGA, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2001**

**PREPARED BY:  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
JAMES S. BONEY, ADMINISTRATOR  
DAISY W. MADISON, DEPUTY ADMINISTRATOR**



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CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

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Report of Independent Certified Public Accountants  
on Financial Statements, Financial Schedules, and  
Schedule of Expenditures of Federal and State Awards

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

We have audited the accompanying general-purpose financial statements of the City of Chattanooga, Tennessee, and the combining and individual fund and account group financial statements of the City as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the City of Chattanooga, Tennessee's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of EPB and the Chattanooga Metropolitan Airport Authority. Such financial statements reflect total assets of \$392,552,827 as of June 30, 2001, and total revenues of \$370,946,283 for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for EPB and the Chattanooga Metropolitan Airport Authority, is based solely on the reports 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Chattanooga, Tennessee, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund and account group financial statements referred to above (other than EPB and the Chattanooga Metropolitan Airport Authority, whose financial statements were audited by other auditors whose reports expressed unqualified opinions) present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Chattanooga, Tennessee, as of June 30, 2001, and the results of operations of such funds and cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17 to the financial statements, the City changed its method of accounting for nonexchange transactions in 2001.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2001, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City of Chattanooga, Tennessee, taken as a whole and on the combining and individual fund and account group financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. In addition, the budgetary information included in the accompanying financial statements and the accompanying financial information listed as financial schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Chattanooga, Tennessee. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

The statistical data, listed in the table of contents, was not audited by us and, accordingly, we do not express an opinion thereon.

Chattanooga, Tennessee  
October 3, 2001

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS  
 AND DISCRETELY PRESENTED COMPONENT UNITS  
 June 30, 2001  
 (With Comparative Totals for 2000)

ASSETS	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Cash and cash equivalents	\$ 495,102	\$ 8,089,893	\$ 2,671,606	\$ 18,811,293	\$ 46,060,326	\$ 1,097,167
Investments	28,949,196	-	-	20,803,932	61,040,640	-
Receivables, net of allowance for uncollectibles:						
Taxes	78,013,503	-	-	-	-	-
Accounts	-	1,566,007	-	600,423	-	69,264
Notes	1,500,000	-	-	-	3,590,000	-
Customer service	-	-	-	-	38,020,092	-
Other	4,486,212	-	-	-	927,000	-
Due from other funds	8,333	-	1,491,701	757,866	28,689	1,283,333
Due from component units	500,000	-	-	-	-	-
Due from other governments	17,812,506	785,275	-	44,600	64,117	125,740
Due from primary government	-	-	-	-	-	-
Advances on construction	-	-	-	-	-	-
Deferred charges	-	-	-	-	2,103,961	-
Inventories	956,568	-	-	-	7,172,840	987,104
Prepaid items	8,000	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	23,799,102	-
Investments	-	-	-	-	21,040,664	-
Accrued interest and dividends	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Land	-	-	-	-	205,014	-
Other	-	-	-	-	33,000	-
Fixed assets, net, where applicable, of accumulated depreciation	-	-	-	-	58,317	-
Other	-	-	-	-	566,455,863	806,174
Other debits:					1,963,000	-
Amount available for retirement of general long-term debt	-	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 132,729,420</b>	<b>\$ 10,441,175</b>	<b>\$ 4,163,307</b>	<b>\$ 41,018,114</b>	<b>\$ 772,562,625</b>	<b>\$ 4,368,782</b>

Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt			2001	2000
\$ (318,463) 71,293	\$ -	\$ -	\$ 76,906,924 110,865,061	\$ 1,791,475 100,417	\$ 78,698,399 110,965,478	\$ 70,553,308 69,687,632
-	-	-	78,013,503	-	78,013,503	5,574,358
-	-	-	2,235,694	1,364,311	3,600,005	2,150,470
3,365,095	-	-	8,455,095	100,415	8,555,510	9,340,234
-	-	-	38,020,092	-	38,020,092	39,259,891
181,784	-	-	5,594,996	-	5,594,996	3,474,993
-	-	-	3,569,922	-	3,569,922	1,632,240
-	-	-	500,000	-	500,000	500,000
32,297	-	-	18,864,535	836,696	19,701,231	7,636,261
-	-	-	-	2,671,001	2,671,001	-
-	-	-	-	-	-	18,790,595
-	-	-	2,103,961	2,099,641	4,203,602	3,786,656
-	-	-	9,116,512	269,399	9,385,911	8,560,143
-	-	-	8,000	290,469	298,469	8,000
-	-	-	23,799,102	393,757	24,192,859	11,934,240
382,771,046	-	-	403,811,710	60,870,269	464,681,979	440,032,107
1,705,514	-	-	1,705,514	-	1,705,514	1,678,624
362,409	-	-	567,423	415,872	983,295	570,929
-	-	-	33,000	-	33,000	33,000
-	-	-	58,317	-	58,317	133,175
-	156,636,148	-	723,898,185	134,161,228	858,059,413	755,167,396
-	-	-	1,963,000	18,530	1,981,530	1,583,750
-	-	4,163,307	4,163,307	-	4,163,307	2,671,606
-	-	<u>91,058,864</u>	<u>91,058,864</u>	-	<u>91,058,864</u>	<u>55,957,658</u>
<u>\$ 388,170,975</u>	<u>\$ 156,636,148</u>	<u>\$ 95,222,171</u>	<u>\$ 1,605,312,717</u>	<u>\$ 205,383,480</u>	<u>\$ 1,810,696,197</u>	<u>\$ 1,510,717,266</u>

(continued on next page)



CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS  
 AND DISCRETELY PRESENTED COMPONENT UNITS  
 June 30, 2001  
 (With Comparative Totals for 2000)

(continued from previous page)

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 3,881,732	\$ 895,965	\$ -	\$ 2,178,473	\$ 85,050,252	\$ 2,239,196
Customer deposits	-	-	-	-	9,151,000	-
Due to other funds	3,528,946	-	-	8,333	-	-
Due to primary government	-	-	-	-	-	-
Due to other governments	1,736,665	-	-	-	6,760	-
Due to component units	-	-	-	2,671,001	-	-
Contracts payable	-	-	-	-	453,783	-
Deferred revenue	90,087,488	487,021	-	-	-	-
Compensated absences	-	-	-	-	3,929,933	560,831
Notes and capital leases payable	-	-	-	-	8,332,904	-
Revenue bonds payable	-	-	-	-	40,000,000	-
General obligation bonds payable	-	-	-	-	169,726,322	-
Less deferred refunding	-	-	-	-	(1,866,947)	-
Conservation advances	-	-	-	-	3,881,000	-
Other liabilities	-	-	-	-	1,497,549	-
<b>Total liabilities</b>	<b>99,234,831</b>	<b>1,382,986</b>	<b>-</b>	<b>4,857,807</b>	<b>320,162,556</b>	<b>2,800,027</b>
<b>EQUITY AND OTHER CREDITS</b>						
Contributed capital	-	-	-	-	74,085,274	818,973
Investment in general fixed assets	-	-	-	-	-	-
Retained earnings (deficit):						
Reserved for renewal and replacement	-	-	-	-	23,591,798	-
Unreserved	-	-	-	-	354,722,997	749,782
<b>Fund balances:</b>						
Reserved for:						
Encumbrances	343,851	635,957	-	16,711,185	-	-
Inventories	956,568	-	-	-	-	-
Prepaid items	8,000	-	-	-	-	-
Employees' pension benefits	-	-	-	-	-	-
Unreserved:						
Designated for debt service	-	-	4,163,307	-	-	-
Designated for subsequent years' expenditures	5,509,652	-	-	-	-	-
Undesignated	26,676,518	8,422,232	-	19,449,122	-	-
<b>Total equity and other credits</b>	<b>33,494,589</b>	<b>9,058,189</b>	<b>4,163,307</b>	<b>36,160,307</b>	<b>452,400,069</b>	<b>1,568,755</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 132,729,420</b>	<b>\$ 10,441,175</b>	<b>\$ 4,163,307</b>	<b>\$ 41,018,114</b>	<b>\$ 772,562,625</b>	<b>\$ 4,368,782</b>

The Notes to Financial Statements are an integral part of this statement.

Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt			2001	2000
\$ 888,756	\$ -	\$ -	\$ 95,134,374	\$ 8,009,997	\$ 103,144,371	\$ 94,579,792
32,643	-	-	9,151,000	-	9,151,000	8,240,000
-	-	-	3,569,922	-	3,569,922	1,632,240
-	-	-	-	500,000	500,000	500,000
-	-	-	1,743,425	-	1,743,425	2,034,072
-	-	-	2,671,001	-	2,671,001	-
-	-	-	453,783	558,005	1,011,788	888,532
-	-	-	90,574,509	-	90,574,509	3,712,649
-	-	14,838,548	19,329,312	-	19,329,312	19,532,334
-	-	8,369,944	16,702,848	-	16,702,848	17,611,109
-	-	-	40,000,000	141,036,149	181,036,149	12,104,256
-	-	72,013,679	241,740,001	-	241,740,001	206,485,227
-	-	-	(1,866,947)	-	(1,866,947)	(2,008,896)
-	-	-	3,881,000	-	3,881,000	4,825,000
-	-	-	1,497,549	147,515	1,645,064	1,644,076
921,399	-	95,222,171	524,581,777	150,251,666	674,833,443	371,780,391
-	-	-	74,904,247	35,498,381	110,402,628	132,833,569
-	156,636,148	-	156,636,148	-	156,636,148	149,298,883
-	-	-	23,591,798	-	23,591,798	23,144,917
-	-	-	355,472,779	19,633,433	375,106,212	348,853,025
-	-	-	17,690,993	-	17,690,993	13,256,420
-	-	-	956,568	-	956,568	955,820
-	-	-	8,000	-	8,000	8,000
383,550,744	-	-	383,550,744	-	383,550,744	414,834,082
-	-	-	4,163,307	-	4,163,307	2,671,606
-	-	-	5,509,652	-	5,509,652	5,522,924
3,698,832	-	-	58,246,704	-	58,246,704	47,557,629
387,249,576	156,636,148	-	1,080,730,940	55,131,814	1,135,862,754	1,138,936,875
\$ 388,170,975	\$ 156,636,148	\$ 95,222,171	\$ 1,605,312,717	\$ 205,383,480	\$ 1,810,696,197	\$ 1,510,717,266

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
 Year Ended June 30, 2001  
 (With Comparative Totals for 2000)

	Governmental Fund Types				Fiduciary	Totals	
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	(Memorandum Only)	
						2001	2000
REVENUES							
Taxes	\$ 90,999,348	\$ -	\$ -	\$ -	\$ -	\$ 90,999,348	\$ 88,174,648
Licenses and permits	6,133,506	-	-	-	-	6,133,506	6,102,055
Intergovernmental	40,197,687	16,067,588	809,897	1,607,028	4,618,317	63,300,517	69,537,108
Charges for services	2,687,638	56,654	-	-	-	2,744,292	2,700,574
Fines, forfeitures, and penalties	1,825,737	-	-	-	-	1,825,737	1,895,159
Investment income	2,554,217	359,583	-	303,333	267,220	3,484,353	3,746,497
Donations	-	-	-	-	-	-	724,321
Miscellaneous	4,346,941	871,443	775,509	332,254	1,143,488	7,469,635	8,379,727
Total revenues	148,745,074	17,355,268	1,585,406	2,242,615	6,029,025	175,957,388	181,260,089
EXPENDITURES							
Current:							
General government	25,586,923	14,919,758	-	-	5,590,923	46,097,604	52,911,252
Finance and Administration	5,507,563	-	-	-	1,655	5,509,218	5,425,236
Police	31,683,039	315,248	-	-	-	31,998,287	29,939,415
Fire	19,527,793	-	-	-	-	19,527,793	19,145,014
Public Works	12,091,897	4,574,663	-	-	-	16,666,560	15,961,453
Parks and Recreation	11,983,947	-	-	-	-	11,983,947	12,036,513
General Services	13,406,947	144,203	-	-	-	13,551,150	12,944,335
Capital outlay/fixd assets	-	680,377	-	38,739,126	-	39,419,503	23,556,159
Debt service:							
Principal retirement	-	-	4,226,180	-	-	4,226,180	4,750,143
Interest and fiscal charges	-	-	2,295,990	-	-	2,295,990	2,482,293
Total expenditures	119,788,109	20,634,249	6,522,170	38,739,126	5,592,578	191,276,232	179,151,813
Excess (deficiency) of revenues over (under) expenditures	28,956,965	(3,278,981)	(4,936,764)	(36,496,511)	436,447	(15,318,844)	2,108,276

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
 Year Ended June 30, 2001  
 (With Comparative Totals for 2000)

(continued from previous page)

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		2001	2000
OTHER FINANCING SOURCES (USES)							
Operating transfers in	\$ 146,256	\$ 3,997,867	\$ 6,428,465	\$ 11,602,686	\$ -	\$ 22,175,274	\$ 26,621,216
Operating transfers out	(28,780,634)	-	-	(173,014)	(339,765)	(29,293,413)	(32,994,630)
Operating transfers from component unit	-	-	-	-	-	-	-
Operating transfers to component units	(2,770,276)	-	-	-	-	(2,770,276)	(3,299,934)
Proceeds of bonds and notes	-	-	-	41,076,999	-	41,076,999	941,693
Total other financing sources (uses)	<u>(31,404,654)</u>	<u>3,997,867</u>	<u>6,428,465</u>	<u>52,506,671</u>	<u>(339,765)</u>	<u>31,188,584</u>	<u>(8,731,655)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(2,447,689)</u>	<u>718,886</u>	<u>1,491,701</u>	<u>16,010,160</u>	<u>96,682</u>	<u>15,869,740</u>	<u>(6,623,379)</u>
FUND BALANCE at beginning of year, as previously reported	35,550,710	7,997,786	2,671,606	20,150,147	3,602,150	69,972,399	76,595,778
Restatements of fund balance	<u>391,568</u>	<u>341,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,085</u>	<u>-</u>
FUND BALANCE at beginning of year, as restated	<u>35,942,278</u>	<u>8,339,303</u>	<u>2,671,606</u>	<u>20,150,147</u>	<u>3,602,150</u>	<u>70,705,484</u>	<u>76,595,778</u>
FUND BALANCE at end of year	<u>\$ 33,494,589</u>	<u>\$ 9,058,189</u>	<u>\$ 4,163,307</u>	<u>\$ 36,160,307</u>	<u>\$ 3,698,832</u>	<u>\$ 86,575,224</u>	<u>\$ 69,972,399</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
 Year Ended June 30, 2001

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
<b>REVENUES</b>									
Taxes	\$ 90,926,312	\$ 90,999,348	\$ 73,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	5,826,047	6,133,506	307,459	-	-	-	-	-	-
Intergovernmental	41,452,742	40,197,687	(1,255,055)	17,087,900	16,067,588	(1,020,312)	809,898	809,897	(1)
Charges for services	2,648,420	2,687,638	39,218	59,509	56,654	(2,855)	-	-	-
Fines, forfeitures and penalties	1,741,000	1,825,737	84,737	-	-	-	-	-	-
Interest	2,841,860	2,554,217	(287,643)	229,162	359,583	130,421	-	-	-
Miscellaneous	8,075,245	9,058,268	983,023	309,275	871,443	562,168	416,545	775,509	358,964
<b>Total revenues</b>	<b>153,511,626</b>	<b>153,456,401</b>	<b>(55,225)</b>	<b>17,685,846</b>	<b>17,355,268</b>	<b>(330,578)</b>	<b>1,226,443</b>	<b>1,585,406</b>	<b>358,963</b>
<b>EXPENDITURES</b>									
Current:									
General government	26,436,114	25,281,054	1,155,060	17,520,649	15,149,147	2,371,502	-	-	-
Finance and Administration	5,503,132	5,487,561	15,571	-	-	-	-	-	-
Police	32,684,665	31,612,430	1,072,235	480,000	315,248	164,752	-	-	-
Fire	19,458,135	19,463,279	(5,144)	-	-	-	-	-	-
Public Works	12,138,640	12,126,206	12,434	4,650,052	4,557,412	92,640	-	-	-
Parks and Recreation	12,213,265	11,948,066	265,199	-	-	-	-	-	-
General Services	18,139,769	18,155,848	(16,079)	232,100	217,372	14,728	-	-	-
Capital outlay/fixed assets	-	-	-	1,391,581	989,269	402,312	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	4,224,589	4,226,180	(1,591)
Interest and fiscal charges	-	-	-	-	-	-	3,426,271	2,295,990	1,130,281
<b>Total expenditures</b>	<b>126,573,720</b>	<b>124,074,444</b>	<b>2,499,276</b>	<b>24,274,382</b>	<b>21,228,448</b>	<b>3,045,934</b>	<b>7,650,860</b>	<b>6,522,170</b>	<b>1,128,690</b>
Excess (deficiency) of revenues over (under) expenditures	26,937,906	29,381,957	2,444,051	(6,588,536)	(3,873,180)	2,715,356	(6,424,417)	(4,936,764)	1,487,653

(continued on next page)



CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
 Year Ended June 30, 2001

(continued from previous page)

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)									
Operating transfers in	\$ 160,937	\$ 146,256	\$ (14,681)	\$ 4,797,867	\$ 3,997,867	\$ (800,000)	\$ 6,232,716	\$ 6,428,465	\$ 195,749
Operating transfers out	(29,557,503)	(28,780,634)	776,869	-	-	-	-	-	-
Operating transfers to component units	(2,770,276)	(2,770,276)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(32,166,842)</u>	<u>(31,404,654)</u>	<u>762,188</u>	<u>4,797,867</u>	<u>3,997,867</u>	<u>(800,000)</u>	<u>6,232,716</u>	<u>6,428,465</u>	<u>195,749</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - (budgetary basis)	\$ (5,228,936)	(2,022,697)	\$ 3,206,239	\$ (1,790,669)	124,687	\$ 1,915,356	\$ (191,701)	1,491,701	\$ 1,683,402
Adjustment for encumbrances		(424,992)			594,199			-	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - (GAAP basis)		\$ (2,447,689)			\$ 718,886			\$ 1,491,701	

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS  
 Year Ended June 30, 2001  
 (With Comparative Totals for 2000)

	Proprietary Fund Types		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	Enterprise	Internal Service			2001	2000
OPERATING REVENUES						
Charges for services	\$ 391,697,125	\$ 10,146,785	\$ 401,843,910	\$ 9,804,244	\$ 411,648,154	\$ 397,574,535
Other	7,910,046	92,703	8,002,749	187,557	8,190,306	5,329,928
Total operating revenues	<u>399,607,171</u>	<u>10,239,488</u>	<u>409,846,659</u>	<u>9,991,801</u>	<u>419,838,460</u>	<u>402,904,463</u>
OPERATING EXPENSES						
Power purchases	286,975,000	-	286,975,000	-	286,975,000	276,584,000
Sewer plant operation	16,077,283	-	16,077,283	-	16,077,283	14,087,305
Solid waste operation	11,066,367	-	11,066,367	-	11,066,367	9,716,228
Storm water operation	2,179,274	-	2,179,274	-	2,179,274	2,576,540
Pump station operations	1,372,482	-	1,372,482	-	1,372,482	1,040,477
Component unit operations	-	-	-	13,831,527	13,831,527	11,380,420
Other operating expenses	34,605,386	-	34,605,386	-	34,605,386	30,676,183
Maintenance	12,420,000	8,268,937	20,688,937	2,445,910	23,134,847	22,027,762
Liability insurance	-	1,842,418	1,842,418	-	1,842,418	603,842
Depreciation and amortization	24,514,532	144,529	24,659,061	5,271,119	29,930,180	25,880,807
Closure/postclosure costs	2,913,835	-	2,913,835	-	2,913,835	2,491,549
Total operating expenses	<u>392,124,159</u>	<u>10,255,884</u>	<u>402,380,043</u>	<u>21,548,556</u>	<u>423,928,599</u>	<u>397,065,113</u>
OPERATING INCOME (LOSS)	<u>7,483,012</u>	<u>(16,396)</u>	<u>7,466,616</u>	<u>(11,556,755)</u>	<u>(4,090,139)</u>	<u>5,839,350</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS  
 Year Ended June 30, 2001  
 (With Comparative Totals for 2000)

	(continued from previous page)				Reporting Entity Totals (Memorandum Only)	
	Proprietary Fund Types		Primary Government Totals	Component Units	2001	2000
	Enterprise	Internal Service	(Memorandum Only)			
NONOPERATING REVENUES (EXPENSES)						
Taxes and tax equivalents	\$ (7,798,000)	\$ -	\$ (7,798,000)	\$ -	\$ (7,798,000)	\$ (7,254,000)
Investment income	7,395,644	-	7,395,644	3,174,010	10,569,654	6,997,469
Interest expense	(10,211,688)	-	(10,211,688)	(6,358,553)	(16,570,241)	(8,826,131)
Other income (expenses)	21,059	-	21,059	(1,190,715)	(1,169,656)	1,092,435
Intergovernmental revenue	-	-	-	9,864,345	9,864,345	1,957,728
Total nonoperating revenues (expenses)	<u>(10,592,985)</u>	<u>-</u>	<u>(10,592,985)</u>	<u>5,489,087</u>	<u>(5,103,898)</u>	<u>(6,032,499)</u>
Income (loss) before operating transfers	<u>(3,109,973)</u>	<u>(16,396)</u>	<u>(3,126,369)</u>	<u>(6,067,668)</u>	<u>(9,194,037)</u>	<u>(193,149)</u>
Operating transfers in	7,118,139	-	7,118,139	-	7,118,139	7,802,641
Operating transfers out	-	-	-	-	-	(1,429,227)
Operating transfers from primary government	-	-	-	2,770,276	2,770,276	3,299,934
Total transfers	<u>7,118,139</u>	<u>-</u>	<u>7,118,139</u>	<u>2,770,276</u>	<u>9,888,415</u>	<u>9,673,348</u>
Income (loss) before extraordinary loss	4,008,166	(16,396)	3,991,770	(3,297,392)	694,378	9,480,199
Extraordinary loss on demolition of treatment plant	<u>(1,948,410)</u>	<u>-</u>	<u>(1,948,410)</u>	<u>-</u>	<u>(1,948,410)</u>	<u>-</u>
Net income (loss)	2,059,756	(16,396)	2,043,360	(3,297,392)	(1,254,032)	9,480,199
Amortization of contributed capital	2,618,266	-	2,618,266	4,099,919	6,718,185	5,799,499
RETAINED EARNINGS (DEFICIT) at beginning of year, as previously reported	373,636,773	766,178	374,402,951	(2,405,009)	371,997,942	356,718,244
Restatements of retained earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,235,915</u>	<u>21,235,915</u>	<u>-</u>
RETAINED EARNINGS at beginning of year, as restated	<u>373,636,773</u>	<u>766,178</u>	<u>374,402,951</u>	<u>18,830,906</u>	<u>393,233,857</u>	<u>356,718,244</u>
RETAINED EARNINGS at end of year	<u>\$ 378,314,795</u>	<u>\$ 749,782</u>	<u>\$ 379,064,577</u>	<u>\$19,633,433</u>	<u>\$ 398,698,010</u>	<u>\$ 371,997,942</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	General Pension Plan	Firemen's and Policemen's Insurance and Pension Fund	Totals	
			2001	2000
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 11,238	\$ 2,774,546	\$ 2,785,784	\$ 5,084,713
Employee	994,913	2,335,541	3,330,454	3,231,813
Total contributions	<u>1,006,151</u>	<u>5,110,087</u>	<u>6,116,238</u>	<u>8,316,526</u>
Investment income:				
Net appreciation (depreciation) in fair market value of investments	(30,628,852)	3,923,918	(26,704,934)	25,129,054
Interest	3,772,054	4,054,713	7,826,767	8,012,416
Dividends	4,091,969	3,537,917	7,629,886	4,051,935
Total investment income	<u>(22,764,829)</u>	<u>11,516,548</u>	<u>(11,248,281)</u>	<u>37,193,405</u>
Less investment expense	(737,069)	(837,636)	(1,574,705)	(1,607,224)
Net investment income (loss)	<u>(23,501,898)</u>	<u>10,678,912</u>	<u>(12,822,986)</u>	<u>35,586,181</u>
Total additions	<u>(22,495,747)</u>	<u>15,788,999</u>	<u>(6,706,748)</u>	<u>43,902,707</u>
<b>DEDUCTIONS</b>				
Benefits paid to participants	5,313,147	18,739,495	24,052,642	12,093,575
Administrative expenses	175,670	348,278	523,948	600,254
Total deductions	<u>5,488,817</u>	<u>19,087,773</u>	<u>24,576,590</u>	<u>12,693,829</u>
NET INCREASE (DECREASE)	(27,984,564)	(3,298,774)	(31,283,338)	31,208,878
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
Beginning of year	<u>217,336,925</u>	<u>197,497,157</u>	<u>414,834,082</u>	<u>383,625,204</u>
End of year	<u>\$ 189,352,361</u>	<u>\$ 194,198,383</u>	<u>\$ 383,550,744</u>	<u>\$ 414,834,082</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
 AND DISCRETELY PRESENTED COMPONENT UNITS  
 Year Ended June 30, 2001  
 (With Comparative Totals for 2000)

	Proprietary Fund Types		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	Enterprise	Internal Service			2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 7,483,012	\$ (16,396)	\$ 7,466,616	\$ (11,556,755)	\$ (4,090,139)	\$ 5,839,350
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	24,514,532	-	24,514,532	5,271,119	29,785,651	25,880,807
Provision for uncollectible accounts	337,201	-	337,201	-	337,201	41,483
Payment of tax equivalents	(7,798,000)	-	(7,798,000)	-	(7,798,000)	(7,254,000)
Changes in operating assets and liabilities:	6,451,806	(362,333)	6,089,473	(3,095,688)	2,993,785	(35,550)
Total adjustments	23,505,539	(362,333)	23,143,206	2,175,431	25,318,637	18,632,740
Net cash provided by (used in) operating activities	30,988,551	(378,729)	30,609,822	(9,381,324)	21,228,498	24,472,090
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating transfers in	7,118,139	-	7,118,139	-	7,118,139	7,802,641
Operating transfers out	-	-	-	-	-	(1,429,227)
Operating transfers from primary government	-	-	-	2,770,276	2,770,276	3,299,934
Intergovernmental revenues	-	-	-	7,848,824	7,848,824	1,957,728
Net cash provided by noncapital financing activities	7,118,139	-	7,118,139	10,619,100	17,737,239	11,631,076
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of fixed assets	(45,810,584)	(55,402)	(45,865,986)	(81,352,267)	(127,218,253)	(72,754,718)
Proceeds of bonds, notes and capital leases payable	48,681,052	-	48,681,052	129,200,000	177,881,052	755,427
Principal paid on bonds, notes, and capital leases	(10,857,781)	-	(10,857,781)	(858,987)	(11,716,668)	(10,685,793)
Interest paid on bonds	(9,613,708)	-	(9,613,708)	(6,365,635)	(15,979,343)	(8,791,209)
Capital contributions	89,151	-	89,151	6,948,753	7,037,904	5,801,078
Net cash provided by (used in) capital and related financing activities	(17,511,870)	(55,402)	(17,567,272)	47,571,964	30,004,692	(85,675,215)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments	(294,268,541)	-	(294,268,541)	(860,615,184)	(1,154,883,725)	(492,508,678)
Proceeds from sale and maturities of investments	277,487,348	-	277,487,348	805,651,267	1,083,138,615	507,819,641
Interest on investments	5,680,501	-	5,680,501	3,146,212	8,826,713	7,259,260
Net cash provided by (used in) investing activities	(11,100,692)	-	(11,100,692)	(51,817,705)	(62,918,397)	22,570,223
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,494,128	(434,131)	9,059,997	(3,007,965)	6,052,032	(27,001,826)
<b>CASH AND CASH EQUIVALENTS at beginning of year</b>	60,365,300	1,531,298	61,896,598	5,193,197	67,089,795	94,091,621
<b>CASH AND CASH EQUIVALENTS at end of year</b>	\$ 69,859,428	\$ 1,097,167	\$ 70,956,595	\$ 2,185,232	\$ 73,141,827	\$ 67,089,795
<b>SIGNIFICANT NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Net increase (decrease) in fair value of investments	\$ 404,824	\$ -	\$ 404,824	\$ 554,957	\$ 959,781	\$ (521,751)
Extraordinary loss on demolition of treatment plan	1,948,410	-	-	-	1,948,410	-

The Notes to Financial Statements are an integral part of this statement.



CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Chattanooga, Tennessee (the City) was incorporated under the Private Acts of 1869. Through June 11, 1990, the City operated under the Commission form of government, consisting of an elected Mayor and four elected Commissioners, each of whom served as the head of a city department. Pursuant to an Agreed Order dated January 18, 1990, issued by the United States District Court for the Eastern District of Tennessee, Southern Division, the Board of Commissioners of the City and the offices of Mayor and Commissioner were abolished as of June 11, 1990.

The Agreed Order provided that the City Charter be amended to create the office of Mayor, with all executive and administrative authority formerly vested in the Board of Commissioners. Further, the City Council was created with all legislative and quasi-judicial authority formerly vested in the Board of Commissioners. Under the provisions of the Agreed Order, the Mayor is elected at-large and is not a member of the City Council, while the City Council is composed of nine members, with each member elected from one of nine districts within the geographic boundaries of the City.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

(A) Financial Reporting Entity

As required by generally accepted accounting principles, the accompanying financial statements present the City of Chattanooga (the primary government) and its component units, entities for which the government is considered to be financially accountable. The primary government includes separately administered organizations that are not legally separate from the City, as discussed below. The component units discussed below are included in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legally separate entities, are in substance part of the government's operations and data from these units are combined with data of the primary government. The City has no blended component units at June 30, 2001. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. Each discretely presented component unit has a June 30 year-end.

The financial statements of EPB are included in the accompanying financial statements as part of the primary government because it is not legally separate from the City. The City affirms all board member appointments and approves all disbursements of EPB funds. EPB's operations are reported as an enterprise fund.

The following organizations are discretely presented component units for which condensed financial statements are presented in Note 11:

Chattanooga Metropolitan Airport Authority - The City appoints all board members and is secondarily responsible for retirement of the revenue bonds recorded as a liability of the Airport Authority. The Airport Authority is presented as a proprietary fund type.

Chattanooga Area Regional Transit Authority (CARTA) - The City appoints ten members of the twelve-member board. Although CARTA has the authority to issue its own debt, the board members serve at the City's discretion and the City finances the majority of CARTA's operating deficits. CARTA is presented as a proprietary fund type.

Southside Redevelopment Corporation - The City's Mayor, City Council Chairperson, and Chief Finance Officer are permanent members of the Board, and the City appoints the remaining board members. The Corporation has the authority to issue its own debt, but the City has agreed to finance any operating deficits of the Corporation. The Corporation is presented as a proprietary fund type.

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

Chattanooga Metropolitan  
Airport Authority  
P.O. Box 22444  
Chattanooga, TN 37422

CARTA  
1617 Wilcox Boulevard  
Chattanooga, TN 37406

Southside Redevelopment Corporation  
427 City Hall Annex  
Chattanooga, TN 37402

City officials are also responsible for appointing the members of the boards of other related organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The Mayor or the City Council appoint the Board members of the Chattanooga Housing Authority, The Industrial Development Board of the City of Chattanooga, and The Health, Educational, and Housing Facility Board of the City of Chattanooga. During 2001 the City appropriated no funds to these organizations.

(B) Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The various funds are grouped by type and broad categories in the financial statements as follows:

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the City are financed. The measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The following are the City's governmental fund types:

General Fund - The General Fund is the general operating fund of the City. The General Fund is used to account for all revenues and expenditures applicable to the general operations of city government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

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

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

## PROPRIETARY FUNDS

Proprietary Funds are used to account for the City's ongoing organizations and activities which are similar to those often found in private business enterprises. In accordance with generally accepted accounting principles, the City's Proprietary Funds apply all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, and all applicable Governmental Accounting Standards Board pronouncements. The measurement focus is upon determination of net income, financial position, and changes in financial position. The following are the City's proprietary fund types:

Enterprise Funds - The Enterprise Funds account for operations that are financed and operated in a manner similar to a business enterprise. The funds are intended to be self-supporting through user charges to cover the cost of providing the service to the City at large.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

## FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The following are the City's fiduciary fund types:

Trust Funds - Trust Funds include Expendable Trust and Pension Trust Funds. The Expendable Trust and Pension Trust Funds are used to account for assets held by the City as trustee. The Expendable Trust Funds are accounted for in the same manner as governmental funds while the Pension Trust Funds are accounted for in the same manner as proprietary funds.

## ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt for governmental fund types. These are not "funds." They are concerned only with the measurement of financial position and not with results of operations. The following are the City's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the City, other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt and earned leave benefits of the City, except for the debt that is accounted for in the proprietary funds.

(C) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered "measurable" when received in cash, except for certain revenues which are accrued when they are both measurable and available or have not been received at the normal time of receipt.

Certain grant revenues are accrued when funds are expended. Revenues susceptible to accrual are state and federal grants, delinquent property taxes, interest on investments, and other miscellaneous revenues which are both measurable and available to finance expenditures of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to the general rule is principal and interest on general long-term debt which is recognized when due.

The Enterprise Funds, Internal Service Funds, and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned, and expenses are recognized when incurred.

(D) Budgetary Data

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

The City Finance Officer annually obtains information from all officers, departments, boards, commissions, and other agencies of City Government for which appropriations are made and/or revenues are collected and compiles the annual operating budget for the ensuing fiscal year beginning July 1. The compiled information, including various expenditure options and the means of financing them, is submitted to the Mayor.

During May and June, the City Council hears budget requests from agencies and departments at its regularly scheduled meetings. In addition, advertised public hearings are held to allow taxpayers' comments prior to final passage.

Prior to July, the City adopts an interim budget appropriating funds for the usual and ordinary expenses of the City Government in an amount not to exceed one-twelfth of the preceding year's operating budget for each month that the interim budget is in effect. Subsequently, the budget is legally enacted through passage of an ordinance with an operative date of July 1.

Formal budgets are adopted for the General Fund, Special Revenue Funds, and the Debt Service Fund. These formal budgets are adopted on a departmental basis and the line item estimates are from the appropriations ledger and not from a formal budget ordinance. The legal level of budgetary control is the fund level. Transfers of appropriations between funds require the approval of the City Council. The City Finance Officer may make interdepartmental and intradepartmental transfers within the General Fund.

Major capital facilities and improvements, which are accounted for by the City within the Capital Projects Funds, are subject to budgetary control on a project basis. Appropriations for a specific project 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.

The budgets are prepared on a basis consistent with generally accepted accounting principles except that (a) encumbrances are treated as budget expenditures in the year of the commitment to purchase and (b) budgeted revenues and expenditures in the General Fund include employee benefits related to other funds. For the fiscal year ended June 30, 2001, employee benefits of \$4,711,327 related to other funds are presented as budgetary basis revenues and expenditures of the General Fund. This amount is not included in GAAP basis revenues and expenditures. Budgetary comparisons presented in the report are on this budgetary basis. All unencumbered and unexpended appropriations lapse at the end of the fiscal year.

Expenditures may not legally exceed appropriations at or above the fund level. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental appropriations. During the year ended June 30, 2001, the City Council authorized supplemental appropriations as follows:

	<u>Original Appropriation Budget</u>	<u>Increase/ (Decrease) in Appropriations</u>	<u>Amended Appropriations Budget</u>
General Fund	\$156,108,299	\$2,793,200	\$158,901,499
Special Revenue Funds	24,274,382	-	24,274,382
Debt Service Fund	7,650,860	-	7,650,860

(E) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Open encumbrances are reported as reservations of fund balances because the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities.

(F) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits at various financial institutions, and highly liquid investments with an original maturity of three months or less.

(G) Investments

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the City's investments are stated at fair value, except for interest-earning investment contracts that have a remaining maturity of one year or less at the time of purchase. Any change in the value of investments recorded at fair value is included in investment income. Fair value is based on quoted market prices.

(H) Interfund Transactions

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 operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund. Transactions that would be treated as revenues or expenditures if the involved organizations were external to the City are treated as revenues in the receiving fund and expenditures in the disbursing fund. Dispositions of the remaining fund balance in discontinued funds are accounted for as residual equity transfers.

(I) Inventory

Inventories, principally materials, supplies, and replacement parts, are valued at cost in Governmental Funds and at the lower of cost or market in Proprietary Funds, with cost determined using the first-in, first-out (FIFO) method. The costs are recorded as expenditures at the time individual inventory items are consumed (consumption method).

(J) General Fixed Assets

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation is not recorded on general fixed assets. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized.

During 2001, the City changed its capitalization policy for capitalizing assets in the General Fixed Assets Account Group from \$500 to \$5,000. Accordingly, the City has recorded this change in capitalization policy as an adjustment to the beginning balance of fixed assets.

(K) Fixed Assets of Proprietary Funds

Property, plant and equipment purchased by the Proprietary Funds are stated at cost or estimated cost. Maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Interest costs, net of any investment earnings, during construction are capitalized. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings	28½ - 60 Years
Vehicles and machinery	5 - 28½ Years
Improvements	5 - 30 Years
Sewer and storm water systems	50 Years

(L) General Long-Term Debt

General Obligation Bonds, Revenue Bonds, and other long-term liabilities directly related to and intended to be paid from Proprietary Funds are included in the accounts of such funds. All other long-term indebtedness of the City is accounted for in the General Long-Term Debt Account Group and is intended to be paid through the Debt Service Fund.

(M) Compensated Absences

City employees accrue personal leave, or compensated absences, by prescribed formula based on length of service. The value of accumulated benefits earned by employees, which may be used in subsequent years or paid upon termination or retirement, is recorded in the General Long-Term Debt Account Group. Compensated absences related to the proprietary funds are recorded within those funds in the period earned. The City limits personal leave to one hundred fifty (150) days for employees hired on or before March 27, 1990, and one hundred (100) days for employees hired thereafter.

(N) Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in all statements because its inclusion would make certain statements unduly complex and difficult to understand. Certain comparative amounts shown for 2000 have been reclassified in the accompanying financial statements to conform with 2001 presentations.

(O) Property Taxes

Property taxes are levied by the City annually 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. Property taxes levied for 2001 are recorded as receivables, net of estimated uncollectibles.

The receivables collected during the current fiscal year and those collected by August 29, 2001, related to tax levies for fiscal year 2001, are recorded as revenue in accordance with the principles established by the Governmental Accounting Standards Board. The net receivables estimated to be collectible subsequent to August 29, 2001, are recorded as deferred revenues at June 30, 2001.



(P) Deficit Fund Equity

The Solid Waste/Sanitation Fund has a deficit in retained earnings of \$16,487,437 at June 30, 2001. This deficit resulted from the recognition of cumulative landfill closure and postclosure care costs from prior years. These costs may be covered by charges to future landfill users, taxpayers, or both.

(Q) Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## NOTE 2. CASH AND INVESTMENTS

State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of the deposits, less so much of such amount as is insured by federal deposit insurance or the Tennessee Bank Collateral Pool. The collateral must be held by the City or its agent in the City's name, or by the Federal Reserve in the City's name.

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, state pooled investment fund, and money market 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.

The City uses a central cash and investment pool for certain Governmental Funds and Proprietary Funds. The cash and investment pool balances are classified as cash and cash equivalents in the accompanying financial statements. 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. Because investments in the pool must provide for the future needs of the City, flexibility and liquidity of investments are generally maintained at all times.

### Cash

At June 30, 2001, the carrying amount of cash and cash equivalent deposits of the primary government was \$82,656,074 and the bank balance was \$83,568,894. The bank balance is categorized below as to credit risk. Category 1 includes deposits either 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. Category 2 includes deposits covered by collateral held by the pledging bank's agent in the City's name. Category 3 includes deposits either uninsured, uncollateralized or covered by collateral held by the pledging bank or its agent, but not in the City's name.

	Category			Bank Balance	Carrying Amount
	1	2	3		
Cash and cash equivalent deposits	\$83,568,894	\$ -	\$ -	\$83,568,894	\$ 82,656,074
Cash on hand					262,221
Highly liquid investments classified as cash equivalents					<u>17,787,731</u>
Total cash and cash equivalents of primary government					<u>\$100,706,026</u>

The categories of credit risk for cash and cash equivalent deposits of component units are as follows:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Cash and cash equivalent deposits	<u>\$2,393,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,393,356</u>	<u>\$2,185,232</u>

The City did not experience any losses during the year as a result of insufficient collateral.

### Investments

The City's investments are categorized below to give an indication of the credit risk at June 30, 2001. Category 1 includes investments either insured, registered in the City's name, or held by the City or its agent in the City's name. Category 2 includes investments uninsured and unregistered that are held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes investments uninsured and unregistered that are held by the pledging financial institution's trust department or agent, but not in the City's name.

Governmental Funds, Proprietary Funds, and Expendable Trust Funds:

	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government Agency securities	<u>\$149,528,163</u>	<u>\$ -</u>	<u>\$ -</u>	\$149,528,163	\$150,270,367
Investments in Mutual Funds				165,293	165,293
Highly liquid investments classified as cash equivalents				<u>(17,787,731)</u>	<u>(17,630,199)</u>
				<u>\$131,905,725</u>	<u>\$132,805,461</u>

Pension Trust Funds:

	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government securities	\$ 41,728,352	\$ -	\$ -	\$ 41,728,352	\$ 41,728,352
Corporate bonds	43,235,283	-	-	43,235,283	43,235,283
Foreign bonds	3,487,496	-	-	3,487,496	3,487,496
Corporate stocks	154,277,637	-	-	154,277,637	154,277,637
Other securities	37,145,704	-	-	37,145,704	37,145,704
	<u>\$279,874,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>279,874,472</u>	<u>279,874,472</u>
Investments in Common Trust Fund				20,099,247	20,099,247
Investments in mutual funds				<u>82,797,327</u>	<u>82,797,327</u>
				<u>\$382,771,046</u>	<u>\$382,771,046</u>

Component Units:

	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government securities	<u>\$60,970,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$60,970,686</u>	<u>\$61,525,643</u>

The City's investment portfolio did not experience any significant decline in fair value during the year.

NOTE 3. CHANGES IN FIXED ASSETS

Changes in fixed assets during the fiscal year ended June 30, 2001, were as follows:

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
GENERAL FIXED ASSETS				
Land \$ 28,380,434	\$ 6,974,591	\$ 486,386	\$ 34,868,639	
Buildings	36,344,758	6,209,005	6,162,223	36,391,540
Vehicles and machinery	52,750,479	8,012,869	4,529,309	56,234,039
Improvements	18,189,253	327,556	-	18,516,809
Construction in progress	<u>1,980,095</u>	<u>8,645,026</u>	<u>-</u>	<u>10,625,121</u>
	<u>\$ 137,645,019</u>	<u>\$30,169,047</u>	<u>\$11,177,918</u>	<u>\$ 156,636,148</u>

PROPRIETARY FUNDS				
Land	\$ 13,344,238	\$ 137,396	\$ -	\$ 13,481,634
Buildings		16,663,521	740,984	-
Vehicles and machinery		340,176,051	22,257,115	8,723,014
Construction in progress		7,199,822	7,023,052	3,325,874
Sewer system		395,003,535	31,825,124	25,684,872
Storm Water System		32,426,834	4,129,481	-
Telecommunications		<u>5,668,000</u>	<u>4,920,000</u>	<u>-</u>
		810,482,001	71,033,152	37,733,760
Accumulated depreciation		<u>(262,717,977)</u>		<u>(276,519,356)</u>
		<u>\$ 547,764,024</u>		<u>\$ 567,262,037</u>
COMPONENT UNITS				
Land	\$ 5,335,167	4,875,322	-	\$ 10,210,489
Buildings		43,186,864	40,634,876	1,487
Vehicles and machinery		25,966,368	8,652,325	914,481
Improvements		15,518,253	3,099,086	-
Construction in progress		<u>3,962,886</u>	<u>24,037,479</u>	<u>-</u>
		93,969,538	<u>\$81,299,088</u>	<u>\$ 915,968</u>
Accumulated depreciation		<u>(35,865,049)</u>		<u>(40,191,430)</u>
		<u>\$ 58,104,489</u>		<u>\$ 134,161,228</u>

During 2001, the City changed its capitalization policy for capitalizing assets in the General Fixed Assets Account Group from \$500 to \$5,000. Accordingly, the City has adjusted the beginning balance by \$11,653,864 to exclude all previously capitalized assets with a cost of less than \$5,000.

Interest costs of \$602,415 were capitalized during the fiscal year ended June 30, 2001.

#### NOTE 4. LONG-TERM DEBT

Changes in long-term debt for the fiscal year ended June 30, 2001, were as follows:

	Balance July 1, 2000	Additions	Reductions	Balance June 30, 2001
GENERAL LONG-TERM DEBT				
General obligation serial bonds	\$ 34,888,987	\$ 39,576,000	\$ 2,451,308	\$ 72,013,679
Notes payable	8,765,624	1,235,190	1,774,870	8,225,944
Capital leases payable	-	829,000	685,000	144,000
Compensated absences (net change)	<u>14,974,653</u>	<u>-</u>	<u>136,105</u>	<u>14,838,548</u>
Total general long-term debt	<u>\$ 58,629,264</u>	<u>\$ 41,640,190</u>	<u>\$ 5,047,283</u>	<u>\$ 95,222,171</u>

PROPRIETARY FUNDS

EPB:

Revenue bonds	\$ -	\$ 40,000,000	\$ -	\$ 40,000,000
Compensated absences (net change)	<u>2,562,000</u>	<u>-</u>	<u>181,000</u>	<u>2,381,000</u>
	<u>2,562,000</u>	<u>40,000,000</u>	<u>181,000</u>	<u>42,381,000</u>

Interceptor Sewer System:

General obligation serial bonds	124,002,403	-	8,244,184	115,758,219
Notes payable	6,381,339	-	186,327	6,195,012
Capital leases payable	-	316,052	11,653	304,399
Compensated absences (net change)	<u>845,645</u>	<u>52,672</u>	<u>-</u>	<u>898,317</u>
	<u>131,229,387</u>	<u>368,724</u>	<u>8,442,164</u>	<u>123,155,947</u>

Solid Waste/Sanitation Fund:

General obligation serial bonds	27,558,369	6,734,000	1,340,345	32,952,024
Compensated absences (net change)	<u>489,321</u>	<u>3,936</u>	<u>-</u>	<u>493,257</u>
	<u>28,047,690</u>	<u>6,737,936</u>	<u>1,340,345</u>	<u>33,445,281</u>

Storm Water Fund:

General obligation serial bonds	19,970,241	2,000,000	954,162	21,016,079
Notes payable	1,954,603	-	121,110	1,833,493
Compensated absences (net change)	<u>165,966</u>	<u>-</u>	<u>8,608</u>	<u>157,358</u>
	<u>22,090,810</u>	<u>2,000,000</u>	<u>1,083,880</u>	<u>23,006,930</u>

Municipal Fleet Services Fund:

Compensated absences (net change)	<u>494,749</u>	<u>66,081</u>	<u>-</u>	<u>560,830</u>
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Total proprietary funds	<u>\$184,424,636</u>	<u>\$ 49,172,741</u>	<u>\$ 11,047,389</u>	<u>\$222,549,988</u>
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COMPONENT UNITS

Metropolitan Airport  
Authority:

Revenue bonds	\$ 12,104,256	\$ -	\$ 268,107	\$ 11,836,149
Notes payable	<u>574,770</u>	<u>-</u>	<u>574,770</u>	<u>-</u>
	<u>12,679,026</u>	<u>-</u>	<u>842,877</u>	<u>11,836,149</u>

Southside Redevelopment  
Corporation:

Revenue bonds	<u>-</u>	<u>129,200,000</u>	<u>-</u>	<u>129,200,000</u>
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Total component units	<u>\$ 12,679,026</u>	<u>\$129,200,000</u>	<u>\$ 842,877</u>	<u>\$141,036,149</u>
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In 1986, 1992, 1995, and 1998 the City refunded certain general obligation and sewage facility 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 account assets and the liabilities for the refunded bonds are not included in the City's financial statements. At June 30, 2001, the liabilities for the bonds refunded in 1986, 1992, 1995, and 1998 were \$14,050,000, \$26,050,000, \$16,230,000, and \$26,715,000, respectively.

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. These bonds are generally issued as 15- to 30-year serial bonds. General obligation bonds are summarized by issue as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
County/City Jail/Court Building City's Portion, Series 1987	5.00%	\$ 265,000
Municipal Public Improvement, Series 1992 Refunding Bonds, 1992 Series A	5.75% - 7.75%	825,000
Municipal Public Improvement, Series 1995	4.80% - 5.70%	7,421,679
Municipal Public Improvement, Series 1996	5.00% - 5.40%	5,874,800
Public Improvement Refunding, Series 1998	4.75% - 5.70%	10,780,000
Municipal Public Improvement, Series 2001	4.00% - 5.50%	7,271,200
	4.00% - 5.00%	<u>39,576,000</u>
Total payable from the Debt Service Fund		<u>\$72,013,679</u>

Tennessee Municipal Bond Fund Alternative Loan Program - The City acquired a \$7,430,000 loan through the Tennessee Municipal Bond Fund Alternative Loan Program for various capital improvement projects. Loan repayments are due in ten annual installments beginning June 15, 1994, through June 15, 2003, at variable rates of interest ranging from 2.95% to 5.25%. The balance at June 30, 2001, is \$1,755,000.

Hamilton County Series 1991 - Parking Garage - The City entered into an agreement with Hamilton County for cost sharing with respect to the parking garage for the Hamilton County/City of Chattanooga Courts/Jail complex in the principal amount of \$917,418. Hamilton County issued 15-year serial bonds to cover the cost of construction at rates ranging from 4.5% to 6.5%. Principal and interest payments are due annually to the County beginning 1992 through 2007. The remaining balance at June 30, 2001, is \$364,686.

Tennessee Municipal Bond Fund Loan - Pursuant to a loan agreement with the Tennessee Municipal Bond Fund, the City of Chattanooga is authorized to incur indebtedness up to \$7,908,000 for the purpose of financing certain general government capital projects. The maximum amount authorized by the agreement is being reserved by the Trustee and is disbursed to the City upon request. The loan will be repaid over a 15-year period at variable interest rates beginning 1998 through 2012. The balance at June 30, 2001, is \$6,064,523.

Fire Hall Land Note - During 1999 the City acquired land for the construction of a fire hall. In connection with acquiring the property, the City executed a note payable to the former owners. The note bears interest at 9.5% and will be repaid over a 15-year period. The balance at June 30, 2001, is \$41,735.

Georgia State Revolving Loan - Pursuant to a loan agreement with the Georgia State Revolving Loan Fund, the City of Chattanooga is authorized to incur indebtedness up to \$7,255,000 for the purpose of financing sewer expansion in Northwest Georgia. The maximum amount authorized by the agreement is being reserved by the Georgia Environmental Facilities Authority and is disbursed to the City upon request. The loan will be repaid over a 20-year period at 4% interest beginning 2000 through 2020. The balance at June 30, 2001, is \$4,361,519.

Capital Leases – During the year ended June 30, 2001, the City entered into a capital lease on a building with M L King Development Corporation. The remaining balance at June 30, 2001, was \$144,000. In addition, the City entered into an agreement with the City of Collegedale to lease and purchase sewer system improvements. This obligation is included in Enterprise Funds' debt below. Lease payments are due in monthly installments beginning October 1, 2000, through August 1, 2014, at variable rates of interest. The balance on this capital lease at June 30, 2001, is \$304,399.

Enterprise Funds' debt at June 30, 2001, consisted of the following:

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Electric Power Board:		
Electric System Revenue Bonds, Series 2000	4.25% - 5.38%	\$ 40,000,000
Interceptor Sewer System Fund:		
Sewer and Sewage Facilities, Series 1992	5.75% - 7.75%	3,190,000
Sewage Facilities Refunding Bonds, Series 1992	5.00% - 5.70%	39,643,321
Sewer and Sewage Facilities Refunding, Series 1995	4.40% - 5.13%	16,220,000
Sewer and Sewage Facilities, Series 1995	5.00% - 5.63%	12,595,000
Municipal Public Improvement, Series 1998	4.00% - 5.375%	30,580,798
Municipal Public Improvement Refunding, Series 1998	4.00% - 5.50%	13,529,100
1992 State Revolving Sewer Loan*	3.98%	1,833,493
North West Georgia Sewer Expansion Project	4.00%	4,361,519
City of Collegedale Capital Lease	Variable	304,399
Solid Waste/Sanitation Fund:		
Municipal Public Improvement, Series 1995	5.10% - 5.40%	5,686,188
Municipal Public Improvement, Series 1998	4.50% - 5.375%	16,845,736
Municipal Public Improvement Refunding, Series 1998	4.00% - 5.50%	3,686,100
Municipal Public Improvement, Series 2001	4.00% - 5.00%	6,734,000
Storm Water Fund:		
1992 State Revolving Sewer Loan*	3.98%	1,833,493
Municipal Public Improvement, Series 1995	5.00% - 5.40%	3,899,012
Municipal Public Improvement, Series 1998	4.00% - 5.375%	12,588,467
Municipal Public Improvement Refunding, Series 1998	4.00% - 5.50%	2,528,600
Municipal Public Improvement, Series 2001	4.00% - 5.00%	2,000,000
Total payable from Enterprise Funds		<u>\$218,059,226</u>

\*State Revolving Loan Fund - The City entered into an agreement with the Tennessee Department of Health and Environment to secure a loan for the purpose of constructing a Combined Sewer Overflow Facility located at Ross's Landing. The loan will be repaid in monthly installments through 2013 with interest at 3.98%. The remaining balance at June 30, 2001, is \$3,666,986.



Component Units debt at June 30, 2001, consisted of the following:

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Metropolitan Airport Authority: Airport Revenue Bonds, Series 1990	6.90% - 7.375%	\$ 11,836,149
Southside Redevelopment Corporation: Chattanooga Lease Rental Revenue Bonds, Series 2000	5.00% - 5.875%	<u>129,200,000</u>
Total payable from Component Units		<u>\$141,036,149</u>

Principal maturities of long-term debt, excluding amounts for compensated absences, are as follows:

<u>Year</u>	<u>General Long-Term</u>	<u>Proprietary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
2002	\$ 4,802,954	\$ 12,696,366	\$ 17,499,320	\$ 310,000	\$ 17,809,320
2003	4,631,212	12,990,705	17,621,917	335,000	17,956,917
2004	3,815,542	12,990,736	16,806,278	355,000	17,161,278
2005	3,969,444	13,351,993	17,321,437	380,000	17,701,437
2006	4,094,968	13,565,458	17,660,426	410,000	18,070,426
2007-2031	<u>59,069,503</u>	<u>152,463,968</u>	<u>211,533,471</u>	<u>139,246,149</u>	<u>350,779,620</u>
Total principal	80,383,623	218,059,226	298,442,849	141,036,149	439,478,998
Total interest	<u>45,446,799</u>	<u>102,484,861</u>	<u>147,931,660</u>	<u>158,086,798</u>	<u>306,018,458</u>
Principal and interest	<u>\$125,830,422</u>	<u>\$320,544,087</u>	<u>\$446,374,509</u>	<u>\$299,122,947</u>	<u>\$745,497,456</u>

#### NOTE 5. CONSERVATION PROGRAMS

EPB is a fiscal intermediary for the Tennessee Valley Authority's (TVA) conservation programs. As of June 30, 2001, outstanding funds advanced by TVA totaled \$3,881,000 to be used by EPB for customer loans in connection with TVA's insulation and heat pump conservation programs. At June 30, 2001, the outstanding receivables for loans made from these funds amounted to \$3,780,000. A total of approximately \$77,812,000 has been loaned to EPB's customers since the programs were begun in 1977.

#### NOTE 6. EMPLOYEE RETIREMENT SYSTEMS

The primary government provides retirement benefits through three single employer defined benefit pension plans (General Pension Plan, Firemen's and Policemen's Insurance and Pension Fund, and EPB Pension Plan). All employees are eligible to participate in one of these retirement benefit plans. The City acts as Trustee for the General Pension Plan and the Firemen's and Policemen's Insurance and Pension Plan, which are included in the accompanying financial statements as pension trust funds. The City does not administer the assets of the EPB Pension Plan.

The following is a summary of each of these plans:

City of Chattanooga Administered Pension Plans

**Significant Accounting Policies:**

Basis of Accounting

The financial statements of the General Pension Plan and the Firemen's and Policemen's Insurance and Pension Fund are prepared using the accrual basis of accounting. Stand-alone reports are not issued for these plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value. 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.

**Plan Descriptions:**

(1) City of Chattanooga General Pension Plan

The City maintains a single-employer defined benefit pension plan for general City employees. Each participant is required to contribute 2 percent of earnings. The remaining cost of the plan is borne by the City.

The normal retirement benefit is 2 percent of average earnings 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 benefits payable to retirees are increased annually by a 3 percent cost-of-living increase. Future amendments to the plan provisions can be authorized by City ordinance upon recommendation from the Board of Trustees of the General Pension Plan, a statement of impact from the actuary, and a favorable opinion of the Office of Mayor.

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 2.5 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.

A deferred retirement option plan is now available providing alternative benefits for up to 3 years of credited service to eligible members with at least 26 years of credited service.

(2) Firemen's and Policemen's Insurance and Pension Fund

The City maintains a single-employer defined benefit pension plan for the firemen and policemen employed by the City. The Plan is designed for each plan participant to contribute 8 percent of base salary. The City is currently contributing approximately 8 percent of the total covered payroll of the participants, which is the minimum requirement as noted by the most recent actuarial report. Increased court costs on all forfeitures of fines or monies or on convictions of violating any City ordinances are recorded as additional contributions to the Plan.

The normal retirement benefit is 68.75 percent of average base salary, where average base salary is based on the three-year period of service yielding the highest arithmetic average of the participant's salary history. For service beyond 25 years, the benefit is increased 1.25 percent per year.

The benefits payable to retirees are increased annually by a 3 percent cost-of-living increase. These benefit provisions may be amended by City ordinance upon recommendation from the Board of Trustees of the Firemen's and Policemen's Insurance and Pension Fund and a favorable opinion of the Office of the Mayor.

The normal retirement date is the first day of the month following the participant's completion of 25 years of credited service. Reduced benefit provisions are available for those participants who have attained age 55 and have completed at least 10 years of credited service. In the event of death, job-related or non-job-related disability, participants who are not yet eligible for normal retirement benefits can receive a percentage of their salary, based on a formula using the three-year period of service yielding the highest arithmetic average of the participant's salary history.

A deferred retirement option plan is now available providing alternative benefits for up to 3 years of credit service to eligible members who have 25 years of credited service.

Current membership in each of these plans was comprised of the following as of June 30, 2001:

<u>Group</u>	<u>General Pension Plan</u>	<u>Firemen's and Policemen's Insurance and Pension Fund</u>
Retirees and beneficiaries currently receiving benefits	580	512
Vested terminated employees	49	3
Active employees	1,572	814
Actuarial update	1-1-2000	6-30-2000

**Funding Policy and Other Information:**

The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members and the employer. The City contributes to each plan at an actuarially determined rate. The employer's annual pension cost for the current year and related information for each plan is as follows:

	<u>General Pension Plan</u>	<u>Firemen's and Policemen's Insurance and Pension Fund</u>
Contributions rates for employer	-	8.28%
Contribution rates for plan members	2.00%	8.00%
Annual pension cost	\$ 17,090	\$3,749,260
Contributions made by employer	651,629	2,774,546
Contributions made by plan members	994,913	2,335,541
Actuarial valuation date for current contributions	January 1, 2000	June 30, 2000
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	40 Years Open	40 Years Open
Asset valuation method	Market Value, As Adjusted	5-Year Smoothing
Actuarial assumptions:		
Investment rate of return	7.50%	8.25%
Projected salary increases	5.50%	4.25%
Inflation rate	3.50%	4.25%

The City's annual pension cost and net pension obligation (asset) related to the General Pension Plan for the current year were as follows:

Annual required contribution	\$ -
Interest on net pension obligation (asset)	(291,268)
Adjustment to annual required contribution	<u>308,358</u>
Annual pension cost	17,090
Contributions made	<u>651,629</u>
Increase in net pension obligation (asset)	(634,539)
Net pension obligation (asset) at beginning of year	<u>(3,883,569)</u>
Net pension obligation (asset) at end of year	<u><u>\$(4,518,108)</u></u>

**Trend Information:**

	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
General Pension Plan	12/31/00	\$ 17,090	N/A	\$(4,518,108)
	12/31/99	1,327,689	119.15%	(3,883,569)
	12/31/98	1,548,512	123.53%	(3,629,371)
Firemen's and Policemen's Fund	6/30/00	3,749,260	100.00%	-
	6/30/99	3,781,998	100.00%	-
	6/30/98	5,464,302	100.00%	-

## EPB Pension Plan

### **Plan Description and Provision:**

EPB's Retirement Plan (the "Plan") is a Single Employer Defined Benefit Pension Plan administered by an individual designated by EPB. A stand-alone financial report is not issued for this plan. The Plan provides retirement benefits to Plan members. Article VII of EPB of Chattanooga Retirement Plan assigns the authority to establish and amend benefit provisions to EPB.

### **Funding Policy:**

Contribution requirements of Plan members and the EPB are established and can be amended by the EPB. The Plan does not require Plan members to make a contribution. The EPB is required to contribute at an actuarially determined rate, the current rate is 4.85% of annual covered payroll.

### **Annual Pension Cost and Net Pension Obligation:**

EPB's annual pension cost of the Plan for the current year was \$1,042,000. There is no net pension obligation as EPB has contributed the annual required contribution, adjusted with interest, as calculated by actuarial valuation. The annual required contribution was determined as part of an actuarial valuation performed as of August 1, 2000, using the aggregate cost method. The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. Significant actuarial assumptions used in the valuation included (a) a rate of return on the investment of present and future assets of 8.50% per year compounded annually, (b) projected salary increases of 5.50% per year compounded annually, and (c) no postretirement benefit increases.

### **Trend Information:**

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$1,042,000	100%	\$ -
6/30/00	766,000	100%	-
6/30/99	1,093,000	100%	-

## EPB 401(k) Plan

EPB also has a 401(k) plan which permits employees to invest up to 10 percent of salary in a tax-deferred savings plan. EPB contributes up to 3 percent of an employee's salary. EPB contributions are fully vested and amounted to \$505,000 in 2001.

### Pension Plans of Component Units

CARTA is the only component unit with a separate defined benefit pension plan, and complete pension disclosures are in CARTA's separately-issued financial statements. Actuarially determined employer contribution requirements were met for the year ended June 30, 2001. Condensed disclosures for CARTA's defined benefit pension plan are as follows:

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$202,987	96%	\$(521,358)
6/30/00	202,987	147%	(533,018)
6/30/99	63,261	438%	(439,265)

## Postretirement Benefits

The City provides postretirement health and medical benefits for retirees and their dependents in accordance with the applicable City ordinance. Substantially all of the City's employees may become eligible for the benefits if they reach normal retirement age while working for the City. At June 30, 2001, there were 674 employees who had retired and were receiving healthcare benefits. The City is insured for a portion of these benefits. All the associated costs are accounted for in the General Fund. For the year ended June 30, 2001, the City recognized expenditures of approximately \$3,186,185, which was offset by \$457,839 of retiree contributions.

## NOTE 7. 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, 2000	\$14,221,579
Deferrals of compensation	1,491,108
Earnings (losses)	(1,073,662)
Withdrawals	(1,213,795)
Administrative expenses	<u>(414)</u>
Asset balance at June 30, 2001	<u>\$13,424,816</u>

## NOTE 8. COMMITMENTS AND CONTINGENCIES

The City and its component units are parties to various lawsuits and claims in the ordinary course of their operations. Management believes that the potential adverse impact of these proceedings would not be material to the combined 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.

The City has entered into various construction commitments. Such contracts include contracts for improvements to sewer, solid waste, and storm water systems, and acquisition and construction contracts related to general government capital projects. Several of these contracts were in progress but not completed as of June 30, 2001. The total contractual commitments outstanding as of June 30, 2001, aggregated approximately \$37,400,000. The City has sufficient funds available to cover these commitments.

## NOTE 9. JOINT VENTURE

The Industrial Development Board of Chattanooga, Tennessee, issued Lease Rental Revenue Bonds, Series 1985, dated March 1, 1985, in the amount of \$17,950,000 for the purpose of providing funds to pay the principal and interest on certain bond anticipation notes issued in anticipation of the issuance of the Series 1985 bonds. The proceeds of said bond anticipation notes were used to provide funds for the acquiring, construction, improving, and equipping of certain public building facilities comprised of a trade center and a parking garage owned by Carter Street Corporation, a not-for-profit organization, whose board consists of five members. Two of the members are appointed by the County Executive and two by the Mayor of Chattanooga. The appointment of the fifth member, who serves as chairman, is agreed on by the County Executive and the Mayor.

The City and the County of Hamilton, Tennessee, as tenants in common, have jointly and severally, signed a lease agreement with the Corporation to lease from the Corporation the trade center and parking garage. The total amount of rent payable by the City and County as tenants is designed to fund the debt of the Corporation and a portion of the Corporation's operating expense. The lease shall remain in full force and effect until such time as all Lease Rental Revenue Bonds, issued on behalf of the Corporation, have been fully paid, or provision has been made for such payment. The lease may be terminated prior to such payment if the City or County shall exercise their respective options under the terms of the lease to purchase the project. Upon the repayment of the bonds, the City and County will have equity interests in the Corporation.

While the bonds owed by the Corporation do not constitute an indebtedness of the City or the County, under the terms of the lease the City and County are unconditionally obligated to make rental payments (one-third by the County and two-thirds by the City) to the Corporation which, in the aggregate, will be sufficient to pay principal and interest on the bonds. For the fiscal year ended June 30, 2001, lease payments from the City's General Fund were \$1,427,783.

The following is a schedule of future minimum lease payments required from the City under the terms of the lease:

2002	\$1,426,542
2003	1,420,765
2004	1,420,529
2005	1,419,100
2006	1,415,389

Complete financial statements can be obtained from:

Carter Street Corporation  
P.O. Box 6008  
Chattanooga, TN 37401



Condensed financial information for Carter Street Corporation as of June 30, 2001, is as follows:

ASSETS

Cash	\$ 842,886
Accounts receivable	1,716,804
Inventories	279,107
Prepaid items	15,587
Premises and equipment	14,663,808
Other assets <u>117,802</u>	
Total assets	<u>\$17,635,994</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 163,817
Accrued interest	173,956
Advance deposits	60,844
Bonds payable	<u>9,369,536</u>
Total liabilities	<u>9,768,153</u>

FUND EQUITY

Contributed capital:	
City of Chattanooga	3,557
Hamilton County	3,557
Urban development action grants	5,997,326
Marriott Corporation	<u>19,227</u>
	6,023,667
Retained earnings	<u>1,844,174</u>
Total fund equity	<u>7,867,841</u>
Total liabilities and fund equity	<u>\$17,635,994</u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

Total operating revenues	\$ 4,305,609
Total operating expenses	<u>4,848,056</u>
Loss from operations	(542,447)
Nonoperating revenues	2,211,669
Nonoperating expenses	2,720,632
Net income	(1,051,410)
Fund equity at July 1, 2000	<u>8,919,251</u>
Fund equity at June 30, 2001	<u>\$ 7,867,841</u>

NOTE 10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds, which provide electric, sewer, sanitation, and storm water services. Segment information for the year ended June 30, 2001, follows:

	<u>EPB</u>	<u>Interceptor Sewer System</u>	<u>Solid Waste/ Sanitation</u>	<u>Storm Water</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$358,281,000	\$ 32,643,059	\$ 3,550,966	\$ 5,132,146	\$399,607,171
Depreciation and amortization expense	13,450,000	9,110,428	1,169,890	784,214	24,514,532
Operating income (loss)	11,005,000	5,908,480	(11,599,126)	2,168,658	7,483,012
Other revenues (expenses)					
Investment income	3,824,000	2,601,460	657,039	313,145	7,395,644
Interest expense	(1,550,000)	(6,092,238)	(1,466,791)	(1,102,659)	(10,211,688)
Other	(8,026,000)	(1,933,865)	146,031	88,483	(9,725,351)
Operating transfers in	-	48,949	6,385,238	683,952	7,118,139
Net income (loss)	5,253,000	532,786	(5,877,609)	2,151,579	2,059,756
Current capital contributions	-	89,151	-	-	89,151
Property and equipment: Additions	28,400,000	11,391,860	1,906,861	4,111,863	45,810,584
Net increase (decrease) in cash	(516,000)	6,604,160	5,134,298	(1,728,330)	9,494,128
Net working capital	29,189,000	29,542,825	942,168	2,512,483	62,186,476
Total assets	353,280,000	347,235,333	27,754,819	44,292,473	772,562,625
Bonds and other long-term liabilities:					
General obligation bonds	-	115,758,219	32,952,024	21,016,079	169,726,322
Revenue bonds	40,000,000	-	-	-	40,000,000
Notes and capital leases	-	6,499,411	-	1,833,493	8,332,904
Total equity	225,970,000	221,258,418	(15,231,721)	20,403,372	452,400,069

NOTE 11. CONDENSED FINANCIAL STATEMENTS OF COMPONENT UNITS

Condensed financial statements of discretely presented component units as of and for the year ended June 30, 2001, are as follows:

	<u>Metropolitan Airport Authority</u>	<u>CARTA</u>	<u>Southside Redevelopment Corporation</u>	<u>Total Component Units</u>
<b>ASSETS</b>				
Current assets	\$ 1,602,881	\$ 2,780,183	\$ 269,703	\$ 4,652,767
Due from primary government	-	-	2,671,001	2,671,001
Restricted assets	4,599,088	-	57,080,810	61,679,898
Other assets	385,014	-	1,833,572	2,218,586
Fixed assets, net	<u>32,685,844</u>	<u>28,261,811</u>	<u>73,213,573</u>	<u>134,161,228</u>
Total assets	<u>\$39,272,827</u>	<u>\$31,041,994</u>	<u>\$135,068,659</u>	<u>\$205,383,480</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Current maturities of long-term debt	\$ 327,574	\$ -	\$ -	\$ 327,574
Due to primary government	-	500,000	-	500,000
Other accrued liabilities	<u>903,661</u>	<u>779,168</u>	<u>6,885,173</u>	<u>8,568,002</u>
Total current liabilities	1,231,235	1,279,168	6,885,173	9,395,576
Long-term debt	11,549,242	-	129,306,848	140,856,090
Contributed capital	5,735,555	29,762,826	-	35,498,381
Retained earnings (deficit) - unreserved	<u>20,756,795</u>	<u>-</u>	<u>(1,123,362)</u>	<u>19,633,433</u>
Total liabilities and fund equity	<u>\$39,272,827</u>	<u>\$31,041,994</u>	<u>\$135,068,659</u>	<u>\$205,383,480</u>
<b>STATEMENT OF REVENUES AND EXPENSES</b>				
Operating revenues	\$ 5,531,293	\$ 3,299,351	\$ 1,161,157	\$ 9,991,801
Operating expenses	<u>5,956,072</u>	<u>12,495,525</u>	<u>3,096,959</u>	<u>21,548,556</u>
Operating loss	(424,779)	(9,196,174)	(1,935,802)	(11,556,755)
Intergovernmental revenues	2,015,521	2,275,801	5,573,023	9,864,345
Other nonoperating revenues (expenses)	335,147	50,178	(4,760,583)	(4,375,258)
Operating transfers from primary government	<u>-</u>	<u>2,770,276</u>	<u>-</u>	<u>2,770,276</u>
Net income (loss)	<u>\$ 1,925,889</u>	<u>\$(4,099,919)</u>	<u>\$(1,123,362)</u>	<u>\$(3,297,392)</u>
Current capital contributions	<u>\$ 1,994,946</u>	<u>\$ 4,047,854</u>	<u>\$ -</u>	<u>\$ 6,042,800</u>

Note 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service	General Fund	\$1,491,701
Capital Projects Fund	Community Development Fund	20,699
Capital Projects Fund	General Fund	737,167
Solid Waste/Sanitation Fund	General Fund	16,745
Interceptor Sewer Fund	Community Development Fund	11,944
Liability Insurance Fund	General Fund	1,283,333
General Fund	Capital Projects Fund	<u>8,333</u>
		<u>\$3,569,922</u>

NOTE 13. CONDUIT DEBT OBLIGATIONS

From time to time, the Industrial Development Board of the City of Chattanooga has issued Industrial Revenue 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.

As of June 30, 2001, 116 series of Industrial Revenue Bonds had been issued. The principal amount of the series issued after July 1, 1995, was \$23,861,403. The aggregate principal amounts payable for the 108 series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$253,648,700.

Note 14. CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital of the primary government during the year ended June 30, 2001, are as follows:

	<u>Interceptor Sewer System</u>	<u>Solid Waste/ Sanitation Fund</u>	<u>Storm Water Fund</u>	<u>Municipal Fleet Services</u>
Contributed capital, July 1, 2000	\$74,821,031	\$1,769,583	\$23,775	\$818,973
Sewer tap fees	89,151	-	-	-
Amortization of contributed capital	<u>(2,097,833)</u>	<u>(513,867)</u>	<u>(6,566)</u>	<u>-</u>
Contributed capital, June 30, 2001	<u>\$72,812,349</u>	<u>\$1,255,716</u>	<u>\$17,209</u>	<u>\$818,973</u>

Changes in contributed capital of component units during the year ended June 30, 2001, are as follows:

	Metropolitan Airport Authority	CARTA
Contributed capital, July 1, 2000	\$ 27,111,601	\$28,288,606
Reclassification due to accounting change	(21,376,046)	-
Amortization of contributed capital	-	(2,573,634)
Capital grants	-	4,047,854
Contributed capital, June 30, 2001	<u>\$ 5,735,555</u>	<u>\$29,762,826</u>

#### NOTE 15. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Solid Waste/Sanitation Fund accounts for the operations of the Summit landfill, the City landfill, garbage collection, and recycling. State and federal regulations require the City to place a final cover on all landfills after closure, and the City must perform certain maintenance and monitoring functions for 30 years thereafter. The City closed the first phase of the Summit landfill in 1996 and the second phase in 2000. The 36th Street landfill was closed in 1992. The City recognizes landfill closure and postclosure care costs based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs of \$8,190,933 at June 30, 2001, is based on the use of 100 percent of the capacity of the first and second phases of the Summit landfill, and 25 percent of the capacity of the City landfill. The City will recognize the remaining estimated costs of closure and postclosure care of \$3,825,917 as the remaining capacity is used. The estimated total current cost of the landfill closure and postclosure care of \$12,016,850 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 June 30, 2001. However, the actual cost of closure and postclosure 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 postclosure requirements may need to be covered by charges to future landfill users, taxpayers, or both.

#### NOTE 16. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; medical benefits; unemployment compensation; injuries to employees; errors and omissions; and natural disasters. The City retains the risk of loss related to torts, certain retiree medical benefits, unemployment compensation, and injuries to employees. The General Fund accounts for all exposures, except for torts, which are accounted for in the Liability Insurance Fund. 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 premiums are used to reduce the amount of claims expenditures reported in the respective funds. As of June 30, 2001, such interfund premiums did not exceed reimbursable expenditures.

City employees eligible for medical benefits are fully insured by Blue Cross/Blue Shield of Tennessee.

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). 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. The liabilities for claims other than tort claims are reported in governmental funds rather than the general long-term debt account group because they are expected to be liquidated with expendable available financial resources.

Interfund premiums in the Liability Insurance 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. Changes in the balances of claims liabilities during the year are as follows:

	<u>General Fund</u>	<u>Liability Insurance Fund</u>
Unpaid claims, June 30, 1999	\$ 297,317	\$1,713,000
Incurred claims (including IBNRs)	15,069,356	(25,230)
Claim payments	<u>(14,454,473)</u>	<u>(803,770)</u>
Unpaid claims, June 30, 2000	912,200	884,000
Incurred claims (including IBNRs)	14,491,981	1,658,877
Claim payments	<u>(14,942,806)</u>	<u>(444,877)</u>
Unpaid claims, June 30, 2001	<u>\$ 461,375</u>	<u>\$2,098,000</u>

#### NOTE 17. RESTATEMENTS OF PRIOR YEARS' FINANCIAL STATEMENTS

During 2001 the City changed its method of accounting for certain year-end accruals of receivables, deferred revenue, and revenue, as required by Governmental Accounting Standards Board Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions." The new accounting principle changed the timing for recognizing assets and revenues in the financial statements. This accounting change affects the comparability of the accompanying financial statements. The restatements are summarized as follows:

	<u>General Fund</u>	<u>State Street Aid</u>	<u>Metropolitan Airport Authority</u>
Fund balance/retained earnings, as previously reported	\$35,550,710	\$1,510,756	\$ (2,405,009)
Changes in accruals for:			
Payments in lieu of taxes	(2,182,044)	-	-
Other local taxes	(993,068)	341,517	-
Intergovernmental revenues	3,566,680	-	(140,131)
Reclassification of contributed capital	<u>-</u>	<u>-</u>	<u>21,376,046</u>
Fund balance/retained earnings, as restated	<u>\$35,942,278</u>	<u>\$1,852,273</u>	<u>\$18,830,906</u>

This accounting change also increased significantly the receivables and deferred revenue reflected in the accompanying balance sheets. The General Fund includes additional receivables and deferred revenue of over \$85,000,000 as a result of the new accounting rules. Also, the State Street Aid Fund includes additional receivables and deferred revenue of over \$377,000 from the accounting change.

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION  
 PUBLIC EMPLOYEE RETIREMENT SYSTEMS  
 SCHEDULE OF FUNDING PROGRESS  
 June 30, 2001

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
CITY OF CHATTANOOGA ADMINISTERED PLANS						
General Pension Plan						
January 1, 2001	\$ 216,594,554	\$ 154,893,409	\$ (61,701,145)	139.83%	\$ 47,490,020	-129.92%
January 1, 2000	209,084,823	144,143,794	(64,941,029)	145.10%	46,338,563	-140.14%
January 1, 1999	144,836,426	116,471,155	(28,365,271)	124.35%	43,969,283	-64.51%
January 1, 1998	129,592,442	109,916,957	(19,675,485)	117.90%	38,223,969	-51.47%
January 1, 1997	114,621,917	99,328,522	(15,293,395)	115.40%	39,136,370	-39.08%
January 1, 1996	101,710,722	98,001,759	(3,708,963)	103.78%	35,455,421	-10.46%
Firemen's and Policemen's Insurance and Pension Fund						
July 1, 2000	\$ 201,503,400	\$ 203,104,100	\$ 1,600,700	99.21%	\$ 28,539,600	5.61%
July 1, 1999	192,166,300	179,230,000	(12,936,300)	107.22%	27,308,200	-47.37%
July 1, 1998	169,512,500	167,287,300	(2,225,200)	101.33%	25,140,400	-8.85%
July 1, 1997	144,431,598	152,129,429	7,697,831	94.94%	24,607,560	31.28%
July 1, 1996	123,063,696	143,333,706	20,270,010	85.86%	23,686,990	85.57%
July 1, 1994	95,857,377	127,980,072	32,122,695	74.90%	21,435,799	149.86%
ELECTRIC POWER BOARD						
August 1, 2000	\$ 47,262,000	\$ 47,262,000	\$ -	100.00%	\$ 20,407,000	0.00%
August 1, 1999	43,113,000	43,113,000	-	100.00%	19,610,000	0.00%
August 1, 1998	43,773,000	38,418,000	(5,355,000)	113.94%	19,437,000	-27.55%
August 1, 1997	39,169,000	40,519,000	1,350,000	96.67%	19,160,000	7.05%
August 1, 1996	33,672,000	34,873,000	1,201,000	96.56%	19,217,000	6.25%



CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION  
 PUBLIC EMPLOYEE RETIREMENT SYSTEMS  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 June 30, 2001

CITY OF CHATTANOOGA ADMINISTERED PLANS

Year Ended <u>June 30</u>	<u>General Pension Plan</u>		<u>Firemen's and Policemen's Insurance and Pension Fund</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2001	\$ -	100%	\$3,749,260	100%
2000	1,422,932	100%	3,781,998	100%
1999	1,796,507	100%	5,464,302	100%
1998	2,624,929	100%	5,359,709	100%
1997	3,298,906	100%	4,924,619	100%
1996	3,267,484	100%	4,738,898	100%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	<u>General Pension Plan</u>	<u>Firemen's and Policemen's Insurance and Pension Fund</u>
Valuation date	1/1/2000	6/30/2000
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	40 Years Open	40 Years Open
Asset valuation method	Market value, as adjusted	5-Year Smoothing
Actuarial assumptions:		
Investment rate of return	7.50%	8.25%
Projected salary increases	5.50%	4.25%
Includes inflation at	3.50%	4.25%
Cost-of-living adjustments	3.00%	3.00%

## GENERAL FUND

The General Fund accounts for all financial resources applicable to the general operations of City government which are not properly accounted for in another fund. Revenues are derived primarily from taxes and intergovernmental revenues.

CITY OF CHATTANOOGA, TENNESSEE  
GENERAL FUND  
BALANCE SHEETS  
June 30, 2001  
(With Comparative Totals for 2000)

ASSETS	2001	2000
Cash and cash equivalents	\$ 495,102	\$ 543,389
Investments	28,949,196	29,298,235
Taxes receivable (net of allowance for uncollectibles)	78,013,503	4,334,566
Due from other funds	8,333	155,719
Due from component units	500,000	500,000
Due from other governments:		
Federal	430,695	300,562
State of Tennessee	12,922,426	3,001,402
Hamilton County, Tennessee	2,203,737	1,834,252
In-lieu-of taxes	2,255,648	2,064,340
Inventory	956,568	955,820
Prepaid items	8,000	8,000
Other receivables	4,486,212	1,316,329
Note receivable (net of allowance for uncollectibles)	1,500,000	1,390,000
 Total assets	 \$ 132,729,420	 \$ 45,702,614
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 3,078,317	\$ 1,916,893
Due to other funds	3,528,946	1,330,271
Due to other governments	1,736,665	1,982,968
Accrued payroll	329,195	306,602
Accrued pension plan contributions	12,845	36,339
Accrued healthcare benefits	461,375	912,200
Deferred revenue	90,087,488	3,666,631
 Total liabilities	 99,234,831	 10,151,904
FUND BALANCES		
Reserved for encumbrances	343,851	1,115,817
Reserved for inventory	956,568	955,820
Reserved for prepaid expenses	8,000	8,000
Unreserved - designated for subsequent years' expenditures	5,509,652	5,522,924
Unreserved - undesignated	26,676,518	27,948,149
 Total fund balances	 33,494,589	 35,550,710
 Total liabilities and fund balances	 \$ 132,729,420	 \$ 45,702,614

The Notes to Financial Statements are an integral part of these statements.

## CITY OF CHATTANOOGA, TENNESSEE

## GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	2001	2000
REVENUES		
Taxes	\$ 90,999,348	\$ 88,174,648
Licenses and permits	6,133,506	6,102,055
Intergovernmental	40,197,687	46,018,818
Charges for services	2,687,638	2,658,941
Fines, forfeitures and penalties	1,825,737	1,895,159
Investment income	2,554,217	3,168,305
Miscellaneous	4,346,941	4,259,009
Total revenues	<u>148,745,074</u>	<u>152,276,935</u>
EXPENDITURES		
General government	25,586,923	32,236,870
Finance and Administration	5,507,563	5,423,236
Police	31,683,039	29,659,950
Fire	19,527,793	19,145,014
Public Works	12,091,897	11,791,232
Parks and Recreation	11,983,947	12,036,513
General Services	13,406,947	12,872,335
Total expenditures	<u>119,788,109</u>	<u>123,165,150</u>
Excess of revenues over expenditures	<u>28,956,965</u>	<u>29,111,785</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	146,256	29,260
Operating transfers out	(28,780,634)	(31,711,697)
Operating transfers from component units	-	-
Operating transfers to component units	(2,770,276)	(3,299,934)
Total other financing sources (uses)	<u>(31,404,654)</u>	<u>(34,982,371)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	<u>(2,447,689)</u>	<u>(5,870,586)</u>
FUND BALANCE at beginning of year, as previously stated	35,550,710	41,421,296
Restatements of fund balance	<u>391,568</u>	-
FUND BALANCE at beginning of year, as restated	<u>35,942,278</u>	<u>41,421,296</u>
FUND BALANCE at end of year	<u>\$ 33,494,589</u>	<u>\$ 35,550,710</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2001

REVENUES	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Taxes:			
Property	\$ 62,135,000	\$ 62,464,420	\$ 329,420
Property in lieu of taxes:			
Electric Power Board	2,273,128	2,194,562	(78,566)
Burner Systems	18,764	20,631	1,867
Chattanooga Housing Authority	20,420	11,740	(8,680)
Tennessee Valley Authority	1,080,000	1,064,278	(15,722)
Jaycee Towers 1 and 2	2,448	2,448	-
Chattanooga Neighborhood Enterprise	58,000	58,000	-
Good Neighbors	2,808	2,808	-
Kenco Group	3,212	3,212	-
Sofix	212,217	210,076	(2,141)
Philip Metals	6,317	5,066	(1,251)
Metals USA	32,612	32,612	-
Huntco Steel	-	-	-
Combustion Engineering, Inc.	400	396	(4)
Southern Champion Tray Company	37,982	19,594	(18,388)
T. B. Woods	6,401	6,401	-
Regis Corporation	33,280	34,214	934
Culp, Inc.	400	396	(4)
Chattanooga Bakery, Inc.	9,258	5,722	(3,536)
JRB Company	18,120	16,691	(1,429)
National Print Group	8,620	4,718	(3,902)
Top Flight, Inc.	18,811	12,283	(6,528)
Dev Corp O Knob	418	-	(418)
Chattanooga Labeling System	5,718	7,361	1,643
E. I. DuPont	95,993	143,610	47,617
Messer Griesheim Ind.	51,393	54,009	2,616
Pavestone Company	6,016	25,215	19,199
Sears, Roebuck & Co.	3,576	2,876	(700)
Chattem Inc.	-	11,282	11,282
Wheland Foundary Inc.	-	1,497	1,497
Corporate excise taxes - intangible property	155,000	75,028	(79,972)
Interest and penalty on taxes:			
Current year	5,000	76,893	71,893
Prior years	200,000	201,341	1,341
Collection fees - delinquent taxes	100,000	98,741	(1,259)
Other local taxes:			
Franchise taxes	1,495,000	1,519,276	24,276
Liquor taxes	1,325,000	1,375,562	50,562
Beer taxes	4,100,000	4,298,709	198,709
Litigation taxes - City Court	5,000	3,365	(1,635)
Designated revenues	17,400,000	16,934,315	(465,685)
<b>Total taxes</b>	<b>90,926,312</b>	<b>90,999,348</b>	<b>73,036</b>
Licenses and permits:			
Motor vehicle licenses	375,000	410,560	35,560
Parking meters	460,000	441,417	(18,583)
Business licenses (excluding liquor)	120,000	123,725	3,725
Gross receipts taxes	2,800,000	2,990,651	190,651
Fees for issuing business licenses	55,000	57,330	2,330

(continued on next page)

## CITY OF CHATTANOOGA, TENNESSEE

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2001

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Licenses and permits: (continued)			
Interest and penalty on business licenses	\$ 75,000	\$ 71,461	\$ (3,539)
Wrecker permits	6,700	5,085	(1,615)
Building permits	420,000	467,412	47,412
Electrical permits	92,000	93,865	1,865
Plumbing fixtures connection permits	85,000	95,089	10,089
Street cut-in permits	35,000	44,348	9,348
Annual electrical contractors licenses	61,700	66,114	4,414
Plumbing examiner fees	25,000	24,820	(180)
Electrical examiner fees	35,000	42,340	7,340
Gas examiner fees	32,000	35,235	3,235
Beer permit application fees	75,000	95,700	20,700
Mechanical code permits	65,000	68,970	3,970
Mechanical examiner fees	62,000	64,900	2,900
Fees for issuing construction, renovation permits	64,500	65,025	525
Liquor by drink licenses	99,000	106,835	7,835
Liquor by drink, interest and penalty	4,100	1,386	(2,714)
Hotel permits	2,100	1,575	(525)
Gas permits	8,500	8,868	368
Exhibitor fees	-	2,324	2,324
Sign permits	88,000	82,730	(5,270)
Taxicab driver permits	-	4,645	4,645
Miscellaneous licenses and permits	-	23,291	23,291
Designated revenues	680,447	637,805	(42,642)
<b>Total licenses and permits</b>	<b>5,826,047</b>	<b>6,133,506</b>	<b>307,459</b>
Intergovernmental revenues:			
City allocation - state beer tax	78,600	77,984	(616)
City allocation - state income tax	2,976,411	3,050,215	73,804
City allocation - state sales tax	9,717,012	9,557,992	(159,020)
County-wide sales tax	22,072,000	20,814,515	(1,257,485)
Mixed drink tax	1,150,000	1,219,394	69,394
State maintenance of streets	100,000	104,098	4,098
State gas inspection fees	375,000	366,320	(8,680)
State alcoholic beverage taxes	68,000	67,775	(225)
TVA impact fees	28,000	-	(28,000)
Hamilton County - Ross's Landing	691,849	544,550	(147,299)
Hamilton County - radio and electronics	48,000	48,000	-
State - Department of Transportation	73,600	73,600	-
State - Safe Neighborhood Act	-	342,022	342,022
State-school resource officer	70,000	-	(70,000)
State - Specialized Training	407,000	429,575	22,575
State-telecommunication sales tax	-	26,138	26,138
Harriet Tubman project	400,208	155,810	(244,398)

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2001

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Intergovernmental revenues: (continued)			
COPS hiring grant	\$ 1,123,227	\$ 1,215,442	\$ 92,215
COPS - MORE grant	-	147,060	147,060
Forestry Grant	15,868	-	(15,868)
Designated revenues	2,057,967	1,957,197	(100,770)
<b>Total intergovernmental revenues</b>	<b>41,452,742</b>	<b>40,197,687</b>	<b>(1,255,055)</b>
Charges for services:			
City court costs	82,500	119,618	37,118
State court costs	15,650	7,781	(7,869)
City Court Clerk fees	295,000	408,444	113,444
Charges for financial services, Electric Power Board	7,200	7,200	-
Variance request fees	5,500	6,800	1,300
Fire and ambulance service fees	-	880	880
Warner/Montague Park ballfield fees	-	1,300	1,300
Champion's Club fees	40,000	5,788	(34,212)
Memorial Auditorium credit card fees	32,900	23,515	(9,385)
Tivoli credit card fees	14,100	9,256	(4,844)
Kidz Kamp fees	55,000	82,554	27,554
Sports program fees	5,000	7,420	2,420
Non-traditional program fees	5,000	6,560	1,560
Fitness center fees	29,000	21,467	(7,533)
Outventure fees	6,000	10,281	4,281
Crime photo fees	-	1,275	1,275
Police reports: accidents, etc., fees	-	83,813	83,813
Applicant/Photo/ID card fees	-	10,013	10,013
Skateboard park fees	20,000	13,539	(6,461)
Arts and culture fees	78,000	77,162	(838)
Designated revenues	1,957,570	1,782,972	(174,598)
<b>Total charges for services</b>	<b>2,648,420</b>	<b>2,687,638</b>	<b>39,218</b>
Fines, forfeitures, and penalties:			
City court fines	983,000	1,201,242	218,242
Criminal court fines	235,000	192,966	(42,034)
Parking tickets	225,000	155,518	(69,482)
Delinquent parking tickets	298,000	141,820	(156,180)
Air pollution penalties	-	8,661	8,661
Bond forfeitures	-	593	593
Delinquent tickets	-	109,538	109,538
Miscellaneous forfeitures and penalties	-	15,399	15,399
Designated revenues	-	-	-
<b>Total fines, forfeitures, and penalties</b>	<b>1,741,000</b>	<b>1,825,737</b>	<b>84,737</b>
Miscellaneous revenues:			
Interest earned-general	2,795,960	2,370,659	(425,301)
Interest-Memorial Auditorium	-	(55)	(55)
Interest on loans-general	-	509	509
Land and building rents	135,000	67,373	(67,627)
Dock rental (wharf)	22,600	27,071	4,471

(continued on next page)

## CITY OF CHATTANOOGA, TENNESSEE

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2001

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Miscellaneous revenues: (continued)			
Telephone commission	\$ 1,000	\$ 39	\$ (961)
Payroll deduction charges	8,700	7,081	(1,619)
Indirect cost	1,679,578	1,679,578	-
Plans and specification deposits	15,000	16,506	1,506
Reimbursements - health insurance	2,898,000	2,896,829	(1,171)
Employee contributions - health insurance	1,300,000	1,356,659	56,659
Retiree reimbursements - health insurance	405,000	457,839	52,839
Cobra reimbursements - health insurance	-	-	-
Condemnation	25,000	47,751	22,751
Memorial Auditorium box office	75,000	63,749	(11,251)
Memorial Auditorium rents	205,000	246,808	41,808
Memorial Auditorium concessions	40,000	81,899	41,899
Tivoli box office	20,000	28,950	8,950
Tivoli rents	150,000	148,113	(1,887)
Tivoli concessions	17,500	20,416	2,916
Swimming pools	9,000	10,655	1,655
Park concessions	32,500	32,500	-
Zoo recycling	33,000	39,545	6,545
Recreation center rental	10,000	28,739	18,739
Carousel ridership	175,000	172,936	(2,064)
Other miscellaneous revenue	112,000	806,125	694,125
Designated revenues	402,267	693,523	291,256
Departmental revenues:			
General Government	350,000	1,217	(348,783)
Finance and Administration	-	790	790
Police	-	137,960	137,960
Fire	-	15,376	15,376
Public Works	-	113,961	113,961
Parks and Recreation	-	9,076	9,076
General Services	-	32,308	32,308
Total miscellaneous revenues	<u>10,917,105</u>	<u>11,612,485</u>	<u>695,380</u>
Total revenues	<u>153,511,626</u>	<u>153,456,401</u>	<u>(55,225)</u>
EXPENDITURES			
General government:			
Executive Office of the Mayor	421,853	420,481	1,372
City Council	501,544	501,239	305

(continued on next page)



CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2001

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
General government: (continued)			
Allied Arts Council	\$ 250,000	\$ 250,000	\$ -
Association of Visual Artists	15,000	15,000	-
Carter Street Corporation	81,955	81,955	-
Community Foundation scholarships	160,000	160,000	-
Carcog and Economic Development District	30,493	30,493	-
Carter Street lease agreement	1,427,927	1,427,783	144
Chattanooga Neighborhood Enterprises	2,000,000	2,000,000	-
City Court (Judicial)	572,618	579,407	(6,789)
Community Research Council	10,000	10,000	-
Community impact fund	166,000	166,000	-
Children's Advocacy Center	30,000	30,000	-
Homeless Health Care Centers	17,500	17,500	-
M. L. King Blvd - Community Development Corp.	19,132	19,132	-
Inner-City Development Corp	35,000	35,000	-
African-American Museum	70,000	70,000	-
Regional History Museum	48,000	48,000	-
Election expense	160,000	159,587	413
Tennessee Valley Railroad Museum	73,600	73,600	-
City Attorney's Office	586,924	586,870	54
Contingency fund	201,422	201,359	63
Chattanooga Area Urban League	50,000	50,000	-
Chattanooga Downtown Partnership	140,000	140,000	-
Pensions and UIC	26,500	23,790	2,710
Tennessee Riverpark	686,160	712,212	(26,052)
WTCI - Channel 45	60,000	60,000	-
Taxi board	300	-	300
Special programs	5,402	-	5,402
Tuition assistance program	5,000	17,700	(12,700)
Chattanooga Design Center	50,077	22,509	27,568
Regional Planning Agency	2,319,711	1,888,520	431,191
Renewal and replacement	1,296,500	1,293,495	3,005
Beautiful city fund	52,478	3,327	49,151
Summer Youth Work Action	20,829	20,999	(170)
Economic Development/Education	8,700,000	7,621,431	1,078,569
Personnel	946,852	945,577	1,275
Neighborhood Services	1,506,542	1,518,286	(11,744)
Air Pollution Control Bureau	1,580,465	1,545,334	35,131
Scenic Cities Beautiful Commission	126,482	98,348	28,134
South Broad - beautification	1,400	625	775

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2001

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
General government: (continued)			
Audits, dues and surveys	\$ 125,750	\$ 125,320	\$ 430
Free public library	349,543	-	349,543
Intergovernmental relations	210,155	145,856	64,299
City storm water fees	75,000	71,507	3,493
Front porch alliance	72,000	42,812	29,188
Liability insurance premiums	1,150,000	2,050,000	(900,000)
<b>Total general government</b>	<b>26,436,114</b>	<b>25,281,054</b>	<b>1,155,060</b>
Finance and Administration:			
Finance administration	1,434,591	1,424,579	10,012
Information Services	2,245,628	2,249,114	(3,486)
Office of City Treasurer	524,383	514,670	9,713
Telecommunication operations	108,887	111,315	(2,428)
Telephone system	291,400	320,015	(28,615)
City Court Clerk's Office	803,243	780,625	22,618
Court space usage costs	95,000	87,243	7,757
<b>Total Finance and Administration</b>	<b>5,503,132</b>	<b>5,487,561</b>	<b>15,571</b>
Police:			
Operations	1,746,401	267,837	1,478,564
Administration	5,034,061	5,279,130	(245,069)
Uniformed Services	14,018,573	15,633,727	(1,615,154)
Investigative and support services	9,916,590	9,529,040	387,550
Training assistance	3,377	2,252	1,125
Law enforcement planning	1,616,390	623,772	992,618
Confiscated and unclaimed property	-	276	(276)
Special programs	194,273	148,831	45,442
Reduction part I offenses	155,000	127,565	27,435
<b>Total Police</b>	<b>32,684,665</b>	<b>31,612,430</b>	<b>1,072,235</b>
Fire:			
Operations	18,531,041	18,487,962	43,079
Special programs	118	3,222	(3,104)
Utilities	926,976	972,095	(45,119)
<b>Total Fire</b>	<b>19,458,135</b>	<b>19,463,279</b>	<b>(5,144)</b>
Public Works:			
Administration	491,807	621,265	(129,458)
Board of Appeals and Variances	5,000	4,924	76
City Engineer	1,648,902	1,602,526	46,376
City-wide services	749,097	765,241	(16,144)
Street cleaning	1,428,581	1,411,859	16,722
Emergency	435,740	450,695	(14,955)

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2001

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Public Works: (continued)			
Waste resources:			
Sewer construction and maintenance	\$ 1,530,866	\$ 1,530,113	\$ 753
Codes and inspections:			
Inspection Division	1,227,578	1,228,333	(755)
Board of Examiners	26,200	29,312	(3,112)
Utilities	128,650	147,120	(18,470)
Interceptor sewer system pump stations	133,645	95,494	38,151
Traffic management:			
Administration	485,557	487,466	(1,909)
Control	1,451,017	1,414,814	36,203
Street lighting	2,396,000	2,337,044	58,956
Total Public Works	<u>12,138,640</u>	<u>12,126,206</u>	<u>12,434</u>
Parks and Recreation:			
Administration	755,907	754,442	1,465
Recreation:			
Administration	453,548	490,965	(37,417)
Recreation centers	740,746	754,876	(14,130)
Senior citizens recreation	58,916	58,915	1
Summer youth recreation	197,807	175,721	22,086
Fitness center	279,385	268,454	10,931
Greater Chattanooga Sports	75,000	75,000	-
Late Night Programs	59,200	58,599	601
Inner city ministries	18,500	18,500	-
Arts and culture	284,311	247,495	36,906
OutVenture	93,225	93,758	(533)
Sports	611,192	610,631	561
Champion's Club	165,423	177,451	(12,028)
Special programs	12,475	32,480	(20,005)
At Risk Youth	484,370	493,764	(9,394)
Parks maintenance:			
Administration	526,706	603,265	(76,559)
Warner Park Zoo	296,616	308,496	(11,880)
Municipal parks	946,051	946,040	11
Tennessee Riverpark-Downtown	1,197,468	1,079,824	117,644
Carousel	156,393	146,572	9,821
Municipal forestry	404,869	388,399	16,470
Civic facilities:			
Administration	450,665	348,272	102,393
Memorial Auditorium	297,164	392,425	(95,261)
Tivoli Theatre	217,770	276,687	(58,917)
Concessions	63,702	51,323	12,379
Brainerd Golf Course	954,984	782,979	172,005
Brown Acres Golf Course	934,786	814,405	120,381
Junior golf program	2,800	10,000	(7,200)
City-wide security	48,449	60,737	(12,288)
Landscape	356,930	334,830	22,100
Building and structures	1,067,907	1,092,851	(24,944)
Total Parks and Recreation	<u>12,213,265</u>	<u>11,948,066</u>	<u>265,199</u>
General Services:			
Administration	523,429	526,618	(3,189)
City Hall/Annex maintenance	710,221	686,303	23,918
Radio and Electronic Division	340,358	341,523	(1,165)

(continued on next page)

## CITY OF CHATTANOOGA, TENNESSEE

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2001

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
General Services: (continued)			
Employee Benefits Office:			
Administration	\$ 279,159	\$ 287,563	\$ (8,404)
Insurance and medical payments	14,892,896	14,950,096	(57,200)
Purchasing Division	750,997	762,701	(11,704)
Heritage Center maintenance	136,720	104,351	32,369
Real estate	505,989	496,693	9,296
Total General Services	<u>18,139,769</u>	<u>18,155,848</u>	<u>(16,079)</u>
Total expenditures	<u>126,573,720</u>	<u>124,074,444</u>	<u>2,499,276</u>
Excess of revenues over expenditures	<u>26,937,906</u>	<u>29,381,957</u>	<u>2,444,051</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	160,937	146,256	(14,681)
Operating transfers out	(29,557,503)	(28,780,634)	776,869
Operating transfers to component units	(2,770,276)	(2,770,276)	-
Total other financing sources (uses)	<u>(32,166,842)</u>	<u>(31,404,654)</u>	<u>762,188</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - (budgetary basis)	<u>\$ (5,228,936)</u>	<u>(2,022,697)</u>	<u>\$ 3,206,239</u>
Adjustment for encumbrances		(424,992)	
Deficiency of revenues and other financing sources under expenditures and other financing uses - (GAAP basis)		<u>(2,447,689)</u>	
FUND BALANCE at beginning of year, as previously reported		35,550,710	
Restatements of fund balance		<u>391,568</u>	
FUND BALANCE at beginning of year, as restated		<u>35,942,278</u>	
FUND BALANCE at end of year		<u>\$ 33,494,589</u>	

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF DESIGNATED REVENUES - BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2001

	Budget						Total	Actual						Total	Variance - Favorable (Unfavorable)
	Taxes	Licenses and Permits	Inter-governmental Revenues	Charges for Services	Fines, Forfeitures, and Penalties	Miscellaneous Revenues		Taxes	Licenses and Permits	Inter-governmental Revenues	Charges for Services	Fines, Forfeitures, and Penalties	Miscellaneous Revenues		
Regional Planning Agency	\$ -	\$ -	\$ 1,350,247	\$ -	\$ -	\$ 74,000	\$ 1,424,247	\$ -	\$ -	\$ 1,010,276	\$ -	\$ -	\$ 64,567	\$ 1,074,843	\$ (349,404)
Air Pollution Bureau	-	680,447	478,914	-	-	-	1,159,361	-	637,805	478,914	-	-	150,284	1,267,003	107,642
Scenic Cities Beautiful Commission	-	-	65,181	-	-	-	65,181	-	-	66,757	-	-	4,119	70,876	5,695
Real estate	-	-	-	-	-	136,688	136,688	-	-	-	-	-	123,044	123,044	(13,644)
Reduction - Part I offenses	-	-	-	-	-	55,000	55,000	-	-	1,448	-	-	31,210	32,658	(22,342)
Municipal golf course	-	-	-	1,957,570	-	-	1,957,570	-	-	-	1,769,942	-	1,275	1,771,217	(186,353)
Beautiful City	-	-	-	-	-	1,000	1,000	-	-	-	-	-	100	100	(900)
Special recreation fu	-	-	-	-	-	16,500	16,500	-	-	-	-	-	19,598	19,598	3,098
Free Public Library	-	-	-	-	-	600	600	-	-	-	-	-	672	672	72
Miller Park	-	-	-	-	-	28,800	28,800	-	-	271,813	-	-	37,217	309,030	280,230
Law enforcement planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialized training	-	-	-	-	-	930	930	-	-	-	-	-	29,580	29,580	28,650
Summer youth work action	-	-	-	-	-	-	-	-	-	-	-	-	276	276	276
Confiscated and unclaimed property	-	-	-	-	-	1,250	1,250	-	-	-	-	-	1,250	1,250	-
Nonprofit request	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Development and Education fund	17,400,000	-	-	-	-	-	17,400,000	16,934,315	-	-	-	-	117,783	17,052,098	(347,902)
Special programs fund	-	-	128,625	-	-	69,499	198,124	-	-	92,989	13,030	-	94,548	200,567	2,443
Heritage Hall	-	-	35,000	-	-	18,000	53,000	-	-	35,000	-	-	18,000	53,000	-
Total designated revenues	\$ 17,400,000	\$ 680,447	\$ 2,057,967	\$ 1,957,570	\$ -	\$ 402,267	\$ 22,498,251	\$ 16,934,315	\$ 637,805	\$ 1,957,197	\$ 1,782,972	\$ -	\$ 693,523	\$ 22,005,812	\$ (492,439)

## 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.

Public Library Fund accounts for revenues and expenditures of the Chattanooga-Hamilton County Bicentennial Library.

Downtown Development Fund accounts for revenues and expenditures associated with improvements to the Downtown area.

Human 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.

CITY OF CHATTANOOGA, TENNESSEE  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(With Comparative Totals for 2000)

	Public Library	Downtown Development	Human Services Program	Narcotics Program	State Street Aid	Totals	
						2001	2000
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,303,068	\$ 442,775	\$ 4,137,004	\$ 1,053,948	\$ 1,153,098	\$ 8,089,893	\$ 6,460,979
Investments	-	-	-	-	-	-	342,355
Accounts receivable	773	743,959	724,441	96,451	383	1,566,007	2,005,403
Due from other funds	-	-	-	-	-	-	97,301
Due from other governments	-	-	75,473	573	709,229	785,275	-
<b>Total assets</b>	<b>\$ 1,303,841</b>	<b>\$ 1,186,734</b>	<b>\$ 4,936,918</b>	<b>\$ 1,150,972</b>	<b>\$ 1,862,710</b>	<b>\$ 10,441,175</b>	<b>\$ 8,906,038</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 35,135	\$ -	\$ 370,069	\$ 435,825	\$ 54,936	\$ 895,965	\$ 802,418
Deferred revenue	-	-	109,960	-	377,061	487,021	24,313
Due to other funds	-	-	-	-	-	-	30,417
Due to other governments	-	-	-	-	-	-	51,104
<b>Total liabilities</b>	<b>35,135</b>	<b>-</b>	<b>480,029</b>	<b>435,825</b>	<b>431,997</b>	<b>1,382,986</b>	<b>908,252</b>
<b>FUND BALANCES</b>							
Reserved for encumbrances	62,133	73,169	472,895	-	27,760	635,957	127,033
Unreserved - undesignated	1,206,573	1,113,565	3,983,994	715,147	1,402,953	8,422,232	7,870,753
<b>Total fund balances</b>	<b>1,268,706</b>	<b>1,186,734</b>	<b>4,456,889</b>	<b>715,147</b>	<b>1,430,713</b>	<b>9,058,189</b>	<b>7,997,786</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,303,841</b>	<b>\$ 1,186,734</b>	<b>\$ 4,936,918</b>	<b>\$ 1,150,972</b>	<b>\$ 1,862,710</b>	<b>\$ 10,441,175</b>	<b>\$ 8,906,038</b>

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	Public Library	Downtown Development	Human Services Program	Narcotics Program	State Street Aid	Totals	
						2001	2000
<b>REVENUES</b>							
Intergovernmental	\$ 2,443,721	\$ -	\$9,271,716	\$ 120,446	\$ 4,231,705	\$ 16,067,588	\$ 15,939,783
Charges for services	-	-	56,654	-	-	56,654	41,633
Investment income	77,528	85,315	140,987	2,003	53,750	359,583	306,789
Miscellaneous	264,694	-	27,425	579,324	-	871,443	514,206
Total revenues	<u>2,785,943</u>	<u>85,315</u>	<u>9,496,782</u>	<u>701,773</u>	<u>4,285,455</u>	<u>17,355,268</u>	<u>16,802,411</u>
<b>EXPENDITURES</b>							
General government	4,808,730	-	10,111,028	-	-	14,919,758	14,663,532
Police	-	-	-	315,248	-	315,248	279,465
Public works	-	-	-	-	4,574,663	4,574,663	4,170,221
General services	-	144,203	-	-	-	144,203	72,000
Capital outlay/fixed assets	108,118	-	119,907	-	452,352	680,377	1,519,883
Total expenditures	<u>4,916,848</u>	<u>144,203</u>	<u>10,230,935</u>	<u>315,248</u>	<u>5,027,015</u>	<u>20,634,249</u>	<u>20,705,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,130,905)</u>	<u>(58,888)</u>	<u>(734,153)</u>	<u>386,525</u>	<u>(741,560)</u>	<u>(3,278,981)</u>	<u>(3,902,690)</u>
<b>OTHER FINANCING SOURCES</b>							
Operating transfers in	2,230,262	-	1,447,605	-	320,000	3,997,867	3,774,162
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>99,357</u>	<u>(58,888)</u>	<u>713,452</u>	<u>386,525</u>	<u>(421,560)</u>	<u>718,886</u>	<u>(128,528)</u>
FUND BALANCE at beginning of year, as previously reported	1,169,349	1,245,622	3,743,437	328,622	1,510,756	7,997,786	8,126,314
Restatement of fund balance	-	-	-	-	341,517	341,517	-
FUND BALANCE at beginning of year, as restated	<u>1,169,349</u>	<u>1,245,622</u>	<u>3,743,437</u>	<u>328,622</u>	<u>1,852,273</u>	<u>8,339,303</u>	<u>8,126,314</u>
FUND BALANCE at end of year	<u>\$ 1,268,706</u>	<u>\$ 1,186,734</u>	<u>\$4,456,889</u>	<u>\$ 715,147</u>	<u>\$ 1,430,713</u>	<u>\$ 9,058,189</u>	<u>\$ 7,997,786</u>

The Notes to Financial Statements are an integral part of this statement.



## CITY OF CHATTANOOGA, TENNESSEE

## SPECIAL REVENUE FUND

## PUBLIC LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2001

	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
Hamilton County, Tennessee funds	\$ 2,230,262	\$ 2,230,262	\$ -
State of Tennessee funds	200,595	213,459	12,864
Investment income	69,270	77,528	8,258
Book sales	36,468	39,292	2,824
Miscellaneous	126,407	225,402	98,995
Total revenues	<u>2,663,002</u>	<u>2,785,943</u>	<u>122,941</u>
<b>EXPENDITURES</b>			
Central branch and administration	3,980,627	3,710,804	269,823
Eastgate branch	382,437	364,192	18,245
Northgate branch	370,909	354,128	16,781
Ooltewah/Collegedale branch	331,599	272,070	59,529
South Chattanooga branch	136,882	124,012	12,870
Capital outlay	106,185	95,338	10,847
Other	5,000	41,803	(36,803)
Total expenditures	<u>5,313,639</u>	<u>4,962,347</u>	<u>351,292</u>
Deficiency of revenues under expenditures	(2,650,637)	(2,176,404)	474,233
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	<u>2,230,262</u>	<u>2,230,262</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures (budgetary basis)	<u>\$ (420,375)</u>	53,858	<u>\$ 474,233</u>
Adjustments for encumbrances		<u>45,499</u>	
Excess of revenues and other financing sources over expenditures (GAAP basis)		99,357	
FUND BALANCE at beginning of year		<u>1,169,349</u>	
FUND BALANCE at end of year		<u>\$ 1,268,706</u>	

CITY OF CHATTANOOGA, TENNESSEE  
SPECIAL REVENUE FUND  
DOWNTOWN DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Investment income	\$ 74,892	\$ 85,315	\$ 10,423
Total revenues	<u>74,892</u>	<u>85,315</u>	<u>10,423</u>
<b>EXPENDITURES</b>			
Downtown development	118,100	103,412	14,688
Community Development Block Grant	114,000	113,960	40
Total expenditures	<u>232,100</u>	<u>217,372</u>	<u>14,728</u>
Deficiency of revenues under expenditures (budgetary basis)	\$ (157,208)	(132,057)	\$ 25,151
Adjustments for encumbrances		<u>73,169</u>	
Deficiency of revenues under expenditures (GAAP basis)		(58,888)	
FUND BALANCE at beginning of year		<u>1,245,622</u>	
FUND BALANCE at end of year		<u>\$ 1,186,734</u>	

## CITY OF CHATTANOOGA, TENNESSEE

## SPECIAL REVENUE FUND

## HUMAN SERVICES PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2001

	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
Federal funds	\$ 5,887,842	\$ 6,067,668	\$ 179,826
State of Tennessee funds	4,449,149	3,204,048	(1,245,101)
United Way	2,000	2,404	404
Project Warm Neighbors	21,650	20,684	(966)
Day care fees	59,509	56,654	(2,855)
Investment income	-	140,987	140,987
Other	2,750	4,337	1,587
<b>Total revenues</b>	<b>10,422,900</b>	<b>9,496,782</b>	<b>(926,118)</b>
<b>EXPENDITURES</b>			
Administration	987,943	928,072	59,871
Headstart program	5,814,025	5,085,777	728,248
Headstart child care	254,275	211,382	42,893
Day care	682,914	524,372	158,542
Food program	106,654	70,226	36,428
Child care broker services	544,509	365,180	179,329
Weatherization program	294,177	236,423	57,754
Foster grandparent program	473,627	335,784	137,843
Low-income energy assistance	1,281,354	914,400	366,954
Community services block grant	612,971	466,619	146,352
Occupancy	183,018	235,882	(52,864)
Title II commodities	35,435	64,705	(29,270)
Emergency food and shelter	31,755	33,005	(1,250)
Summer food service program	808,509	637,192	171,317
WAP enhancement grant	22,950	22,950	-
Other human services programs	179,079	150,169	28,910
Capital outlay	483,512	415,913	67,599
<b>Total expenditures</b>	<b>12,796,707</b>	<b>10,698,051</b>	<b>2,098,656</b>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
SPECIAL REVENUE FUND  
HUMAN SERVICES PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2001

(continued from previous page)

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Deficiency of revenues under expenditures	\$ (2,373,807)	\$ (1,201,269)	\$ 1,172,538
OTHER FINANCING SOURCES			
Operating transfers in	<u>1,447,605</u>	<u>1,447,605</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures (budgetary	<u>\$ (926,202)</u>	246,336	<u>\$ 1,172,538</u>
Adjustments for encumbrances		<u>467,116</u>	
Excess of revenues and other financing sources over expenditures (GAAP basis)		713,452	
FUND BALANCE at beginning of year		<u>3,743,437</u>	
FUND BALANCE at end of year		<u>\$ 4,456,889</u>	

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

NARCOTICS PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2001

	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
REVENUES			
Federal funds	\$ -	\$ 120,446	\$ 120,446
State of Tennessee funds	50,000	-	(50,000)
Confiscated money, vehicles and equipment	-	455,360	455,360
Investment income	-	2,003	2,003
Other	120,000	123,964	3,964
Total revenues	<u>170,000</u>	<u>701,773</u>	<u>531,773</u>
EXPENDITURES			
Narcotics program	<u>480,000</u>	<u>315,248</u>	<u>164,752</u>
Total expenditures	<u>480,000</u>	<u>315,248</u>	<u>164,752</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (310,000)</u>	386,525	<u>\$ 696,525</u>
FUND BALANCE at beginning of year		<u>328,622</u>	
FUND BALANCE at end of year		<u>\$ 715,147</u>	

CITY OF CHATTANOOGA, TENNESSEE  
SPECIAL REVENUE FUND  
STATE STREET AID FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2001

	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
State of Tennessee funds	\$ 4,270,052	\$ 4,231,705	\$ (38,347)
Investment income	85,000	53,750	(31,250)
Total revenues	<u>4,355,052</u>	<u>4,285,455</u>	<u>(69,597)</u>
<b>EXPENDITURES</b>			
Salaries and wages	2,614,675	2,595,893	18,782
Fringe benefits	646,092	560,737	85,355
Purchased services	49,900	42,257	7,643
Vehicle operations	623,648	735,195	(111,547)
Materials and supplies	712,437	622,370	90,067
Other services	3,300	959	2,341
Capital outlay	<u>801,884</u>	<u>478,019</u>	<u>323,865</u>
Total expenditures	<u>5,451,936</u>	<u>5,035,430</u>	<u>416,506</u>
Deficiency of revenues under expenditures	(1,096,884)	(749,975)	346,909
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	<u>1,120,000</u>	<u>320,000</u>	<u>(800,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures (budgetary basis)	\$ 23,116	(429,975)	\$ (453,091)
Adjustment for encumbrances		<u>8,415</u>	
Deficiency of revenues and other financing sources under expenditures (GAAP basis)		<u>(421,560)</u>	
FUND BALANCE at beginning of year, as previously reported		1,510,756	
Restatements of fund balance		<u>341,517</u>	
FUND BALANCE at beginning of year, as restated		<u>1,852,273</u>	
FUND BALANCE at end of year		<u>\$ 1,430,713</u>	

## DEBT SERVICE FUND

Debt Service Fund accounts for the accumulation of resources for, and payment of, general long-term obligations.

CITY OF CHATTANOOGA, TENNESSEE  
DEBT SERVICE FUND  
BALANCE SHEETS  
June 30, 2001  
(With Comparative Totals for 2000)

	2001	2000
<b>ASSETS</b>		
Cash	\$ 2,671,606	\$ 2,671,606
Due from other funds	<u>1,491,701</u>	<u>-</u>
Total assets	<u>\$ 4,163,307</u>	<u>\$ 2,671,606</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
	\$ -	\$ -
<b>FUND BALANCE</b>		
Unreserved - designated for debt service	<u>4,163,307</u>	<u>2,671,606</u>
Total liabilities and fund balance	<u>\$ 4,163,307</u>	<u>\$ 2,671,606</u>

The Notes to Financial Statements are an integral part of these statements.



CITY OF CHATTANOOGA, TENNESSEE

DEBT SERVICE FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)  
 Year Ended June 30, 2001  
 (With Comparative Totals for 2000)

	2001			2000
	Budget	Actual on GAAP Basis	Variance Favorable (Unfavorable)	Actual
<b>REVENUES</b>				
Hamilton County, Tennessee funds	\$ 809,898	\$ 809,898	\$ -	\$ 1,022,553
Rental revenue	416,545	256,666	(159,879)	216,836
Other	-	518,842	518,842	-
Total revenues	<u>1,226,443</u>	<u>1,585,406</u>	<u>358,963</u>	<u>1,239,389</u>
<b>EXPENDITURES</b>				
Principal retirement	4,224,589	4,226,180	(1,591)	4,750,143
Interest	3,416,271	2,287,383	1,128,888	2,467,820
Fiscal charges	10,000	8,607	1,393	14,473
Total expenditures	<u>7,650,860</u>	<u>6,522,170</u>	<u>1,128,690</u>	<u>7,232,436</u>
Deficiency of revenues under expeditu	(6,424,417)	(4,936,764)	1,487,653	(5,993,047)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	<u>6,232,716</u>	<u>6,428,465</u>	<u>195,749</u>	<u>6,097,966</u>
Excess (deficiency) of revenues and other financing sources over (under) expen	\$ <u>(191,701)</u>	1,491,701	\$ <u>1,683,402</u>	104,919
FUND BALANCE at beginning of year		<u>2,671,606</u>		<u>2,566,687</u>
FUND BALANCE at end of year		\$ <u>4,163,307</u>		\$ <u>2,671,606</u>

The Notes to Financial Statements are an integral part of these statements.

## CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for the acquisition or construction of capital projects, other than those financed by Enterprise Funds, Internal Service Funds, or Trust Funds. Revenues are derived primarily from the sale of general obligation bonds and notes, loans, intergovernmental revenues, earnings on investments, and contributions.

General Government Capital Projects Fund accounts for revenues and expenditures associated with the acquisition or construction of all capital projects for general governmental activities.

CITY OF CHATTANOOGA, TENNESSEE  
CAPITAL PROJECTS FUND  
BALANCE SHEETS  
June 30, 2001  
(With Comparative Totals for 2000)

	2001	2000
<b>ASSETS</b>		
Cash and cash equivalents	\$ 18,811,293	\$ 5,664,889
Investments	20,803,932	-
Accounts receivable	600,423	218,669
Advances on construction	-	18,790,595
Due from other funds	757,866	1,379,220
Due from component units	-	-
Due from other governments	44,600	90,635
	<u>\$ 41,018,114</u>	<u>\$ 26,144,008</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,178,473	\$ 5,993,861
Due to component units	2,671,001	-
Due to other funds	8,333	-
	<u>4,857,807</u>	<u>5,993,861</u>
<b>FUND BALANCES</b>		
Reserved for encumbrances	16,711,185	11,850,434
Unreserved - undesignated	19,449,122	8,299,713
	<u>36,160,307</u>	<u>20,150,147</u>
	<u>\$ 41,018,114</u>	<u>\$ 26,144,008</u>

The Notes to Financial Statements are an integral part of these statements.

## CITY OF CHATTANOOGA, TENNESSEE

## CAPITAL PROJECTS FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	2001	2000
REVENUES		
Intergovernmental	\$ 1,607,028	\$ 1,100,758
Investment income	303,333	58,395
Donations	-	724,321
Miscellaneous	332,254	2,324,340
Total revenues	<u>2,242,615</u>	<u>4,207,814</u>
EXPENDITURES		
Capital outlay:		
Fire and police equipment	3,358,611	2,475,980
Fire hall renovations	2,347,378	922,485
Equipment and software	1,498,462	1,558,908
CARTA	527,500	507,000
Parks facilities	9,712,649	3,522,123
Street improvements	9,371,708	6,781,745
Land acquisition	3,744,931	1,668,956
Chamber of Commerce	598,911	637,500
Regional History Museum	1,000,000	-
Development Resource Center	1,220,325	-
SRC payments	2,004,334	-
Conference Parking Garage	2,348,364	-
City Hall	204,633	-
Public Improvements Bond	302,790	-
Other	498,530	3,961,579
Total expenditures	<u>38,739,126</u>	<u>22,036,276</u>
Deficiency of revenues under expenditures	<u>(36,496,511)</u>	<u>(17,828,462)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds of bonds and notes	41,076,999	941,693
Operating transfers in	11,602,686	16,719,828
Operating transfers out	(173,014)	(391,392)
Total other financing sources	<u>52,506,671</u>	<u>17,270,129</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	16,010,160	(558,333)
FUND BALANCE at beginning of year	<u>20,150,147</u>	<u>20,708,480</u>
FUND BALANCE at end of year	<u>\$ 36,160,307</u>	<u>\$ 20,150,147</u>

The Notes to Financial Statements are an integral part of this statement.

## PROPRIETARY FUNDS

### ENTERPRISE FUNDS

Enterprise Funds are used to account for the operation of self-sustaining agencies rendering services to the general public on a user-charge basis. Activities necessary to provide these services are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Electric Power Board Fund accounts for the cost of providing electric utility service for the residential and commercial concerns of Chattanooga and Hamilton County, Tennessee. The Electric Power Board is a separately administered organization whose Board of Trustees is affirmed by the City. All disbursements of the Electric Power Board funds are approved by the City.

Interceptor Sewer System Fund accounts for sanitary sewer services provided to the residents of the City. Its revenues are derived primarily from user fees and investment earnings.

Solid Waste/Sanitation Fund accounts for the costs associated with the collection and disposal of solid waste and recyclable materials.

Storm Water Fund accounts for costs associated with the City's storm water management program as mandated by the Environmental Protection Agency and the State of Tennessee.

CITY OF CHATTANOOGA, TENNESSEE  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(With Comparative Totals for 2000)

	EPB	Interceptor			Totals	
		Sewer System	Solid Waste/ Sanitation	Storm Water	2001	2000
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 35,086,000	\$ 3,267,562	\$ 3,515,863	\$ 4,190,901	\$ 46,060,326	\$ 52,192,101
Investments	24,218,000	32,122,640	-	-	56,340,640	39,605,526
Receivables:						
Customer service	33,064,000	5,103,679	130,659	822,340	39,120,678	40,339,707
Other	927,000	-	-	-	927,000	1,329,000
Less allowance for doubtful accounts	(563,000)	(3,250)	(1,500)	(532,836)	(1,100,586)	(1,079,816)
Inventories	6,365,000	807,840	-	-	7,172,840	6,506,075
Due from other funds	-	11,944	16,745	-	28,689	-
Due from other governments	-	-	64,117	-	64,117	-
Other current assets	1,963,000	-	-	-	1,963,000	1,464,000
<b>Total current assets</b>	<b>101,060,000</b>	<b>41,310,415</b>	<b>3,725,884</b>	<b>4,480,405</b>	<b>150,576,704</b>	<b>140,356,593</b>
<b>RESTRICTED ASSETS</b>						
Cash and cash equivalents	7,250,000	6,161,978	9,345,689	1,041,435	23,799,102	8,173,199
Investments	12,145,000	1,294,305	4,700,927	2,900,432	21,040,664	24,240,584
Accounts receivable	-	1,318	-	203,696	205,014	267,478
Land	-	33,000	-	-	33,000	33,000
Other	-	-	58,317	-	58,317	133,175
<b>Total restricted assets</b>	<b>19,395,000</b>	<b>7,490,601</b>	<b>14,104,933</b>	<b>4,145,563</b>	<b>45,136,097</b>	<b>32,847,436</b>
<b>FIXED ASSETS</b>						
Land	3,882,000	6,897,491	1,833,682	868,461	13,481,634	13,344,238
Buildings	14,460,000	-	2,354,557	-	16,814,557	17,348,573
Vehicles and machinery	329,658,000	11,313,095	10,850,862	761,420	352,583,377	343,497,678
Construction in progress	10,897,000	-	-	-	10,897,000	7,189,822
Sewer system	-	401,143,787	-	-	401,143,787	395,003,535
Storm water system	-	-	-	36,556,315	36,556,315	32,426,834
Telecommunications system	10,588,000	-	-	-	10,588,000	-
	369,485,000	419,354,373	15,039,101	38,186,196	842,064,670	808,820,680
Less accumulated depreciation	(145,495,000)	(122,124,889)	(5,318,857)	(2,670,061)	(275,608,807)	(261,951,957)
<b>Net fixed assets</b>	<b>223,990,000</b>	<b>297,229,484</b>	<b>9,720,244</b>	<b>35,516,135</b>	<b>566,455,863</b>	<b>546,868,723</b>
<b>OTHER ASSETS</b>						
Deferred charges	545,000	1,204,833	203,758	150,370	2,103,961	3,487,015
Conservation loans receivable	3,590,000	-	-	-	3,590,000	4,446,000
Noncurrent investments	4,700,000	-	-	-	4,700,000	-
<b>Total other assets</b>	<b>8,835,000</b>	<b>1,204,833</b>	<b>203,758</b>	<b>150,370</b>	<b>10,393,961</b>	<b>7,933,015</b>
<b>Total assets</b>	<b>\$ 353,280,000</b>	<b>\$ 347,235,333</b>	<b>\$ 27,754,819</b>	<b>\$ 44,292,473</b>	<b>\$ 772,562,625</b>	<b>\$ 728,005,767</b>

The Notes to Financial Statements are an integral part of this statement.

	EPB	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					2001	2000
<b>LIABILITIES AND FUND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Current maturities of bonds, notes and capital leases payable	\$ 1,600,000	\$ 8,380,241	\$ 1,545,287	\$ 1,170,838	\$ 12,696,366	\$ 10,846,119
Accounts payable	47,496,000	1,709,305	415,194	375,491	49,995,990	49,329,661
Accrued liabilities	10,199,000	1,476,848	598,867	386,614	12,661,329	11,487,932
Deposits	9,151,000	-	-	-	9,151,000	8,240,000
Due to other funds	-	-	-	-	-	106,558
Due to other governments	-	-	-	6,760	6,760	-
Contracts payable	-	201,196	224,368	28,219	453,783	880,824
Other current liabilities	3,425,000	-	-	-	3,425,000	2,628,000
<b>Total current liabilities</b>	<b>71,871,000</b>	<b>11,767,590</b>	<b>2,783,716</b>	<b>1,967,922</b>	<b>88,390,228</b>	<b>83,519,094</b>
<b>OTHER LIABILITIES</b>						
Notes and capital leases payable	-	6,199,645	-	1,707,469	7,907,114	7,195,453
Compensated absences	2,381,000	898,317	493,257	157,359	3,929,933	4,062,932
Deferred revenue	-	-	-	-	-	88,597
Accrued closure and post closure care	-	-	8,190,933	-	8,190,933	5,763,643
Revenue bonds payable	38,400,000	-	-	-	38,400,000	-
General obligation bonds payable	-	107,677,744	31,406,737	19,971,265	159,055,746	161,825,383
Less deferred refunding	-	(1,485,965)	(224,670)	(156,312)	(1,866,947)	(2,008,896)
Conservation advances	3,881,000	-	-	-	3,881,000	4,825,000
Accrued postretirement benefits	10,777,000	-	-	-	10,777,000	10,896,000
Other liabilities	-	919,584	336,567	241,398	1,497,549	1,587,399
<b>Total other liabilities</b>	<b>55,439,000</b>	<b>114,209,325</b>	<b>40,202,824</b>	<b>21,921,179</b>	<b>231,772,328</b>	<b>194,235,511</b>
<b>Total liabilities</b>	<b>127,310,000</b>	<b>125,976,915</b>	<b>42,986,540</b>	<b>23,889,101</b>	<b>320,162,556</b>	<b>277,754,605</b>
<b>FUND EQUITY</b>						
Contributed capital	-	72,812,349	1,255,716	17,209	74,085,274	76,614,389
Retained earnings (deficit):						
Reserved for renewal and replacement	-	6,243,369	13,753,237	3,595,192	23,591,798	23,144,917
Unreserved	225,970,000	142,202,700	(30,240,674)	16,790,971	354,722,997	350,491,856
<b>Total fund equity</b>	<b>225,970,000</b>	<b>221,258,418</b>	<b>(15,231,721)</b>	<b>20,403,372</b>	<b>452,400,069</b>	<b>450,251,162</b>
<b>Total liabilities and fund equity</b>	<b>\$ 353,280,000</b>	<b>\$ 347,235,333</b>	<b>\$ 27,754,819</b>	<b>\$ 44,292,473</b>	<b>\$ 772,562,625</b>	<b>\$ 728,005,767</b>

CITY OF CHATTANOOGA, TENNESSEE

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	Enterprise Funds				Totals	
	EPB	Interceptor Sewer System	Solid Waste/Sanitation	Storm Water	2001	2000
<b>REVENUES</b>						
Residential service	\$ 139,879,000	\$ -	\$ -	\$ -	\$ 139,879,000	\$ 132,415,000
Commercial service	210,528,000	-	-	-	210,528,000	206,352,000
Customer charges	-	32,643,059	3,535,332	5,111,734	41,290,125	42,306,163
Other	7,874,000	-	15,634	20,412	7,910,046	5,221,896
<b>Total revenues</b>	<b>358,281,000</b>	<b>32,643,059</b>	<b>3,550,966</b>	<b>5,132,146</b>	<b>399,607,171</b>	<b>386,295,059</b>
<b>OPERATING EXPENSES</b>						
Power purchases	286,975,000	-	-	-	286,975,000	276,584,000
Sewer plant operations	-	16,077,283	-	-	16,077,283	14,087,305
Solid waste operations	-	-	11,066,367	-	11,066,367	9,716,228
Storm water operations	-	-	-	2,179,274	2,179,274	2,576,540
Pump station operations	-	1,372,482	-	-	1,372,482	1,040,477
Maintenance and repairs	12,420,000	-	-	-	12,420,000	12,063,000
Depreciation and amortization	13,450,000	9,110,428	1,169,890	784,214	24,514,532	22,107,882
Closure/postclosure costs	-	-	2,913,835	-	2,913,835	2,491,549
Other	34,431,000	174,386	-	-	34,605,386	30,676,183
<b>Total operating expenses</b>	<b>347,276,000</b>	<b>26,734,579</b>	<b>15,150,092</b>	<b>2,963,488</b>	<b>392,124,159</b>	<b>371,343,164</b>
<b>OPERATING INCOME (LOSS)</b>	<b>11,005,000</b>	<b>5,908,480</b>	<b>(11,599,126)</b>	<b>2,168,658</b>	<b>7,483,012</b>	<b>14,951,895</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Tax and tax equivalents	(7,798,000)	-	-	-	(7,798,000)	(7,254,000)
Investment income	3,824,000	2,601,460	657,039	313,145	7,395,644	6,739,600
Interest expense	(1,550,000)	(6,092,238)	(1,466,791)	(1,102,659)	(10,211,688)	(7,893,176)
Other income (expense)	(228,000)	14,545	146,031	88,483	21,059	95,304
<b>Total nonoperating expenses</b>	<b>(5,752,000)</b>	<b>(3,476,233)</b>	<b>(663,721)</b>	<b>(701,031)</b>	<b>(10,592,985)</b>	<b>(8,312,272)</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>5,253,000</b>	<b>2,432,247</b>	<b>(12,262,847)</b>	<b>1,467,627</b>	<b>(3,109,973)</b>	<b>6,639,623</b>
Operating transfers in	-	48,949	6,385,238	683,952	7,118,139	7,802,641
Operating transfers out	-	-	-	-	-	(1,429,227)
<b>INCOME (LOSS) BEFORE EXTRAORDINARY LOSS</b>	<b>5,253,000</b>	<b>2,481,196</b>	<b>(5,877,609)</b>	<b>2,151,579</b>	<b>4,008,166</b>	<b>13,013,037</b>
Extraordinary loss on demolition of treatment plant	-	(1,948,410)	-	-	(1,948,410)	-
<b>NET INCOME (LOSS)</b>	<b>5,253,000</b>	<b>532,786</b>	<b>(5,877,609)</b>	<b>2,151,579</b>	<b>2,059,756</b>	<b>13,013,037</b>
Amortization of contributed capital	-	2,097,833	513,867	6,566	2,618,266	2,648,106
<b>RETAINED EARNINGS (DEFICIT) at beginning of year</b>	<b>220,717,000</b>	<b>145,815,450</b>	<b>(11,123,695)</b>	<b>18,228,018</b>	<b>373,636,773</b>	<b>357,975,630</b>
<b>RETAINED EARNINGS (DEFICIT) at end of year</b>	<b>\$ 225,970,000</b>	<b>\$ 148,446,069</b>	<b>\$ (16,487,437)</b>	<b>\$ 20,386,163</b>	<b>\$ 378,314,795</b>	<b>\$ 373,636,773</b>

The Notes to Financial Statements are an integral part of this statement.



CITY OF CHATTANOOGA, TENNESSEE  
 ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 Year Ended June 30, 2001  
 (With Comparative Totals for 2000)

	EPB	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 11,005,000	\$ 5,908,480	\$ (11,599,126)	\$ 2,168,658	\$ 7,483,012	\$ 14,951,895
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	13,450,000	9,110,428	1,169,890	784,214	24,514,532	22,107,882
Provision for uncollectible accounts	-	147,589	830	188,782	337,201	41,483
Payment of tax equivalents	(7,798,000)	-	-	-	(7,798,000)	(7,254,000)
Changes in operating assets and liabilities:						
Accounts receivable	(594,000)	579,228	218,927	(190,209)	13,946	(2,349,503)
Inventory	(614,000)	(53,059)	294	-	(666,765)	(1,132,169)
Due from other funds	-	(99,221)	(16,745)	(19,281)	(135,247)	58,143
Other current assets	1,982,000	-	-	-	1,982,000	3,223,443
Prepaid items	-	-	-	-	-	7,217
Deferred charges	1,525,000	(63,914)	6,714	-	1,467,800	(1,351,817)
Accounts payable	596,000	(219,126)	199,868	(67,687)	509,055	2,498,608
Customer deposits	889,000	-	-	-	889,000	1,535,000
Other current liabilities	342,000	(237,830)	95,848	(601)	199,417	(921,689)
Accrued closure and postclosure care	-	-	2,427,290	-	2,427,290	(936,729)
Deferred credits	(152,000)	-	-	-	(152,000)	260,000
Other	-	131,133	57,793	(271,616)	(82,690)	56,103
Total adjustments	9,626,000	9,295,228	4,160,709	423,602	23,505,539	15,841,972
Net cash provided by (used in) operating activities	20,631,000	15,203,708	(7,438,417)	2,592,260	30,988,551	30,793,867
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating transfers in	-	48,949	6,385,238	683,952	7,118,139	7,802,641
Operating transfers out	-	-	-	-	-	(1,429,227)
Net cash provided by noncapital financing activities	-	48,949	6,385,238	683,952	7,118,139	6,373,414

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

(continued from previous page)

	EPB	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					2001	2000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of fixed assets	\$ (28,400,000)	\$ (11,391,860)	\$ (1,906,861)	\$ (4,111,863)	\$ (45,810,584)	\$ (68,374,927)
Proceeds of bonds, notes and capital leases payable	39,631,000	316,052	6,734,000	2,000,000	48,681,052	180,657
Principal paid on bonds, notes and capital leases	-	(8,442,164)	(1,340,345)	(1,075,272)	(10,857,781)	(10,401,373)
Interest paid on bonds	(1,003,000)	(5,970,590)	(1,552,593)	(1,087,525)	(9,613,708)	(7,858,254)
Capital contributions	-	89,151	-	-	89,151	1,040,264
Net cash provided by (used in) capital and related financing	<u>10,228,000</u>	<u>(25,399,411)</u>	<u>1,934,201</u>	<u>(4,274,660)</u>	<u>(17,511,870)</u>	<u>(85,413,633)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(33,709,000)	(193,812,082)	(32,620,551)	(34,126,908)	(294,268,541)	(492,344,281)
Proceeds from sale and maturities of investments	300,000	207,885,998	36,238,670	33,062,680	277,487,348	507,599,641
Interest on investments	2,034,000	2,676,998	635,157	334,346	5,680,501	7,038,710
Net cash provided by (used in) investing activities	<u>(31,375,000)</u>	<u>16,750,914</u>	<u>4,253,276</u>	<u>(729,882)</u>	<u>(11,100,692)</u>	<u>22,294,070</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(516,000)	6,604,160	5,134,298	(1,728,330)	9,494,128	(25,952,282)
CASH AND CASH EQUIVALENTS at beginning of year	<u>42,852,000</u>	<u>2,825,380</u>	<u>7,727,254</u>	<u>6,960,666</u>	<u>60,365,300</u>	<u>86,317,582</u>
CASH AND CASH EQUIVALENTS at end of year	<u>\$ 42,336,000</u>	<u>\$ 9,429,540</u>	<u>\$ 12,861,552</u>	<u>\$ 5,232,336</u>	<u>\$ 69,859,428</u>	<u>\$ 60,365,300</u>
SIGNIFICANT NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Net increase (decrease) in fair value of investments	\$ (61,000)	\$ 309,370	\$ 118,472	\$ 37,982	\$ 404,824	\$ (219,603)
Extraordinary loss on demolition of treatment plant	-	1,948,410	-	-	1,948,410	-

The Notes to Financial Statements are an integral part of this statement.

## PROPRIETARY FUNDS

### INTERNAL SERVICE FUNDS

Internal Service Funds are used to provide goods or services to other governmental operating units such as departments, bureaus, and agencies. The costs associated with providing these goods or services are usually recovered from those governmental units that receive benefits.

Municipal Fleet Services Fund accounts for revenues and expenditures associated with the operation of the City's garage and gasoline services. The cost for these services are paid by the departments and agencies of City government.

Liability Insurance Fund accounts for the City's self-insurance programs for liability claims and losses due to liabilities arising under the laws of State and Federal governments. The costs for these programs are funded through premiums paid by the departments and agencies of City government.

CITY OF CHATTANOOGA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(With Comparative Totals for 2000)

	Municipal Fleet Services	Liability Insurance	Totals	
			2001	2000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 129,715	\$ 967,452	\$ 1,097,167	\$ 1,531,298
Accounts receivable	69,264	-	69,264	38,243
Due from other funds	-	1,283,333	1,283,333	-
Due from other governments	125,740	-	125,740	42,558
Inventories of materials and supplies	987,104	-	987,104	908,805
<b>Total current assets</b>	<b>1,311,823</b>	<b>2,250,785</b>	<b>3,562,608</b>	<b>2,520,904</b>
<b>FIXED ASSETS</b>				
Buildings	589,948	-	589,948	589,948
Machinery and equipment	1,126,775	-	1,126,775	1,071,373
Less accumulated depreciation	1,716,723 (910,549)	-	1,716,723 (910,549)	1,661,321 (766,020)
<b>Net fixed assets</b>	<b>806,174</b>	<b>-</b>	<b>806,174</b>	<b>895,301</b>
<b>Total assets</b>	<b>\$ 2,117,997</b>	<b>\$ 2,250,785</b>	<b>\$ 4,368,782</b>	<b>\$ 3,416,205</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 140,138	\$ 1,058	\$ 141,196	\$ 404,612
Accrued claims	-	2,098,000	2,098,000	884,000
Due to other funds	-	-	-	47,693
<b>Total current liabilities</b>	<b>140,138</b>	<b>2,099,058</b>	<b>2,239,196</b>	<b>1,336,305</b>
<b>OTHER LIABILITIES</b>				
Compensated absences	560,831	-	560,831	494,749
<b>FUND EQUITY</b>				
Contributed capital	818,973	-	818,973	818,973
Retained earnings	598,055	151,727	749,782	766,178
<b>Total fund equity</b>	<b>1,417,028</b>	<b>151,727</b>	<b>1,568,755</b>	<b>1,585,151</b>
<b>Total liabilities and fund equity</b>	<b>\$ 2,117,997</b>	<b>\$ 2,250,785</b>	<b>\$ 4,368,782</b>	<b>\$ 3,416,205</b>

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	Municipal Fleet Services	Liability Insurance	Totals	
			2001	2000
REVENUES				
Billings to departments	\$ 8,096,785	\$ 2,050,000	\$ 10,146,785	\$ 7,863,609
Other	92,703	-	92,703	42,689
Total revenues	<u>8,189,488</u>	<u>2,050,000</u>	<u>10,239,488</u>	<u>7,906,298</u>
OPERATING EXPENSES				
Repairs and maintenance - Amnicola	3,118,331	-	3,118,331	2,954,462
Repairs and maintenance - 12th Stree	3,784,460	-	3,784,460	3,603,897
Operations - Amnicola	454,336	-	454,336	392,507
Operations - 12th Street	1,056,339	-	1,056,339	819,984
Judgments and costs	-	1,473,068	1,473,068	(216,482)
Claims and tort liabilities	-	185,809	185,809	191,252
Special counsel	-	183,541	183,541	629,072
Total operating expenses	<u>8,413,466</u>	<u>1,842,418</u>	<u>10,255,884</u>	<u>8,374,692</u>
OPERATING INCOME (LOSS)	(223,978)	207,582	(16,396)	(468,394)
Operating transfers in	-	-	-	-
NET INCOME (LOSS)	(223,978)	207,582	(16,396)	(468,394)
RETAINED EARNINGS (DEFICIT) at beginning of year	<u>822,033</u>	<u>(55,855)</u>	<u>766,178</u>	<u>1,234,572</u>
RETAINED EARNINGS at end of year	<u>\$ 598,055</u>	<u>\$ 151,727</u>	<u>\$ 749,782</u>	<u>\$ 766,178</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	Municipal Fleet Services	Liability Insurance	Totals	
			2001	2000
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (223,978)	\$ 207,582	\$ (16,396)	\$ (468,394)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	144,529	-	144,529	130,391
Changes in operating assets and liabilities:				
Due from other funds	-	(1,283,333)	(1,283,333)	-
Due from other governments	(83,182)	-	(83,182)	17,430
Accounts receivable	(31,021)	-	(31,021)	(28,540)
Inventories	(78,299)	-	(78,299)	(113,223)
Due to other funds	(47,693)	-	(47,693)	(703,030)
Accounts payable and accrued liabilities	(241,325)	1,191,909	950,584	(676,841)
Compensated absences	66,082	-	66,082	(440)
Total adjustments	(270,909)	(91,424)	(362,333)	(1,374,253)
Net cash provided by (used in) operating activities	(494,887)	116,158	(378,729)	(1,842,647)
CASH FLOWS PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	-	-	-
CASH FLOWS USED IN CAPITAL AND RELATED FINANCIAL ACTIVITIES				
Acquisition and construction of fixed assets	(55,402)	-	(55,402)	(308,173)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(550,289)	116,158	(434,131)	(2,150,820)
CASH AND CASH EQUIVALENTS at beginning of year	680,004	851,294	1,531,298	3,682,118
CASH AND CASH EQUIVALENTS at end of year	\$ 129,715	\$ 967,452	\$ 1,097,167	\$ 1,531,298

The Notes to Financial Statements are an integral part of this statement.

## FIDUCIARY FUNDS

### EXPENDABLE TRUST FUNDS

Expendable Trust Funds are used to account for assets held by the City as trustee. These funds are accounted for in the same manner as governmental funds.

Community Development Fund accounts for Community Development Block Grant funds received from the federal government for the purpose of enhancing the economic condition of low-to-moderate income residents of the City.

Home Investment Fund accounts for funds received from the federal government for the purpose of meeting various types of housing needs for low and very low income residents of the City.

Chattanooga High School Medal Fund accounts for revenues and expenditures associated with the award of medals to outstanding high school students at Chattanooga High School. Revenues are derived from interest earned on trust funds established by Mr. Ochs.

Ochs-Oakes Fire and Police Medal Fund accounts for the cost of providing medals to outstanding high school students. Revenues are derived from interest earned on trust funds established by Mr. Ochs and Mr. Oakes.

Ochs-Oakes High School Medal Fund accounts for the cost of providing medals to outstanding high school students. Revenues are derived from interest earned on trust funds established by Mr. Ochs and Mr. Oakes.

### PENSION TRUST FUNDS

Pension Trust Funds account for assets held by the City as trustee. These funds are accounted for in the same manner as business enterprises providing similar services.

General Pension Plan Fund accounts for revenues and expenses associated with the General Pension Plan administered by the City. Revenues are derived primarily from contributions made by the City and employees and earnings on investments.

Firemen's and Policemen's Insurance and Pension Fund accounts for revenues and expenses associated with the administration of the pension plan on behalf of the firemen and policemen employed by the City. Revenues are derived primarily from contributions made by the employer and employees and investment earnings.

CITY OF CHATTANOOGA, TENNESSEE  
 FIDUCIARY FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2001  
 (With Comparative Totals for 2000)

	Expendable Trust	Pension Trust	Totals	
			2001	2000
<b>ASSETS</b>				
Cash and cash equivalents	\$ 168,115	\$ (486,578)	\$ (318,463)	\$ 56,890
Investments	71,293	-	71,293	67,800
Restricted investments	-	382,771,046	382,771,046	413,637,840
Due from plan custodian	-	181,784	181,784	610,995
Receivables, net of allowance for uncollectibles:				
Notes	3,365,095	-	3,365,095	3,504,234
Accrued income	-	1,705,514	1,705,514	1,678,624
Contributions	-	2,044	2,044	243,091
Other	360,365	-	360,365	60,360
Due from other governments	32,297	-	32,297	107,662
<b>Total assets</b>	<b>\$ 3,997,165</b>	<b>\$ 384,173,810</b>	<b>\$ 388,170,975</b>	<b>\$ 419,967,496</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to plan custodian	\$ -	\$ 223,799	\$ 223,799	\$ 823,721
Accounts payable and accrued expenses	265,690	399,267	664,957	568,537
Deferred revenue	-	-	-	21,705
Due to other funds	32,643	-	32,643	117,301
<b>Total liabilities</b>	<b>298,333</b>	<b>623,066</b>	<b>921,399</b>	<b>1,531,264</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances	-	-	-	163,136
Reserved for employees' pension benef	-	383,550,744	383,550,744	414,834,082
Unreserved	3,698,832	-	3,698,832	3,439,014
<b>Total fund balances</b>	<b>3,698,832</b>	<b>383,550,744</b>	<b>387,249,576</b>	<b>418,436,232</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,997,165</b>	<b>\$ 384,173,810</b>	<b>\$ 388,170,975</b>	<b>\$ 419,967,496</b>

The Notes to Financial Statements are an integral part of this statement.



CITY OF CHATTANOOGA, TENNESSEE  
EXPENDABLE TRUST FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(With Comparative Totals for 2000)

	Community Development	Home Investment	Chattanooga High School Medal	Ochs-Oakes Fire and Police Medal	Ochs-Oakes High School Medal	Totals	
						2001	2000
<b>ASSETS</b>							
Cash and cash equivalents	\$ 141,163	\$ 22,341	\$ 4,611	\$ -	\$ -	\$ 168,115	\$ 125,743
Investments	-	-	-	60,644	10,649	71,293	67,800
Accounts receivable	360,365	-	-	-	-	360,365	60,360
Notes receivable, net of allowance for uncollectibles of \$3,543	3,365,095	-	-	-	-	3,365,095	3,504,234
Due from other governments	-	32,297	-	-	-	32,297	107,662
<b>Total assets</b>	<b>\$ 3,866,623</b>	<b>\$ 54,638</b>	<b>\$ 4,611</b>	<b>\$ 60,644</b>	<b>\$ 10,649</b>	<b>\$ 3,997,165</b>	<b>\$ 3,865,799</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accruals	\$ 233,393	\$ 32,297	\$ -	\$ -	\$ -	\$ 265,690	\$ 124,643
Deferred revenue	-	-	-	-	-	-	21,705
Due to other funds	32,643	-	-	-	-	32,643	117,301
<b>Total liabilities</b>	<b>266,036</b>	<b>32,297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>298,333</b>	<b>263,649</b>
<b>FUND BALANCES</b>							
Reserved for encumbrances	-	-	-	-	-	-	163,136
Unreserved	3,600,587	22,341	4,611	60,644	10,649	3,698,832	3,439,014
<b>Total fund balances</b>	<b>3,600,587</b>	<b>22,341</b>	<b>4,611</b>	<b>60,644</b>	<b>10,649</b>	<b>3,698,832</b>	<b>3,602,150</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,866,623</b>	<b>\$ 54,638</b>	<b>\$ 4,611</b>	<b>\$ 60,644</b>	<b>\$ 10,649</b>	<b>\$ 3,997,165</b>	<b>\$ 3,865,799</b>

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
EXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	Community Development	Home Investment	Chattanooga High School Medal	Ochs-Oakes Fire and Police Medal	Ochs-Oakes High School Medal	Totals	
						2001	2000
REVENUES							
Intergovernmental	\$ 3,095,474	\$ 1,522,843	\$ -	\$ -	\$ -	\$ 4,618,317	\$ 5,455,196
Investment income	263,343	-	84	3,241	552	267,220	213,008
Miscellaneous	838,630	304,858	-	-	-	1,143,488	1,065,336
Total revenues	<u>4,197,447</u>	<u>1,827,701</u>	<u>84</u>	<u>3,241</u>	<u>552</u>	<u>6,029,025</u>	<u>6,733,540</u>
EXPENDITURES							
Community development projects	3,757,564	1,833,359	-	-	-	5,590,923	6,010,850
Administration	-	1,355	-	150	150	1,655	2,000
Total expenditures	<u>3,757,564</u>	<u>1,834,714</u>	<u>-</u>	<u>150</u>	<u>150</u>	<u>5,592,578</u>	<u>6,012,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>439,883</u>	<u>(7,013)</u>	<u>84</u>	<u>3,091</u>	<u>402</u>	<u>436,447</u>	<u>720,690</u>
OTHER FINANCING USES							
Operating transfers out	(339,765)	-	-	-	-	(339,765)	(891,541)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>100,118</u>	<u>(7,013)</u>	<u>84</u>	<u>3,091</u>	<u>402</u>	<u>96,682</u>	<u>(170,851)</u>
FUND BALANCE at beginning of year	<u>3,500,469</u>	<u>29,354</u>	<u>4,527</u>	<u>57,553</u>	<u>10,247</u>	<u>3,602,150</u>	<u>3,773,001</u>
FUND BALANCE at end of year	<u>\$ 3,600,587</u>	<u>\$ 22,341</u>	<u>\$ 4,611</u>	<u>\$ 60,644</u>	<u>\$ 10,649</u>	<u>\$ 3,698,832</u>	<u>\$ 3,602,150</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF PLAN NET ASSETS  
June 30, 2001  
(With Comparative Totals for 2000)

ASSETS	General Pension Plan	Firemen's and Policemen's Insurance and Pension Fund	Totals	
			2001	2000
Cash and cash equivalents	\$ (478,265)	\$ (8,313)	\$ (486,578)	\$ (68,853)
Receivables:				
Accrued income	892,854	812,660	1,705,514	1,678,624
Contributions:				
Employer	-	-	-	142,014
Employee	2,044	-	2,044	101,077
Due from plan custodian	-	181,784	181,784	610,995
Total receivables	<u>894,898</u>	<u>994,444</u>	<u>1,889,342</u>	<u>2,532,710</u>
Investments, at fair value:				
U.S. Government securities	22,286,152	19,442,200	41,728,352	47,789,577
Municipal bonds	-	125,076	125,076	-
Corporate bonds	14,260,377	28,974,906	43,235,283	44,771,548
Foreign bonds	530,965	2,956,531	3,487,496	2,317,661
Asset-backed securities	16,974,715	2,355,090	19,329,805	13,796,283
Corporate stocks	91,000,179	63,277,458	154,277,637	161,738,269
Mutual funds	37,997,049	44,800,278	82,797,327	99,514,782
Temporary investments	-	10,757,211	10,757,211	8,771,652
Investment in Common Trust Fund	-	20,099,247	20,099,247	23,296,663
Other investments	<u>6,033,612</u>	<u>900,000</u>	<u>6,933,612</u>	<u>11,641,405</u>
Total investments	<u>189,083,049</u>	<u>193,687,997</u>	<u>382,771,046</u>	<u>413,637,840</u>
Total assets	<u>189,499,682</u>	<u>194,674,128</u>	<u>384,173,810</u>	<u>416,101,697</u>
LIABILITIES				
Due to plan custodian	-	223,799	223,799	823,721
Accrued expenses	<u>147,321</u>	<u>251,946</u>	<u>399,267</u>	<u>443,894</u>
Total liabilities	<u>147,321</u>	<u>475,745</u>	<u>623,066</u>	<u>1,267,615</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (a schedule of funding progress is presented on pag	<u>\$ 189,352,361</u>	<u>\$ 194,198,383</u>	<u>\$ 383,550,744</u>	<u>\$ 414,834,082</u>

The Notes to Financial Statements are an integral part of this statement.

## ACCOUNT GROUPS

Account Groups are not funds. They are used to account for fixed assets and long-term debt related to governmental fund types.

General Fixed Asset Account Group is an account where long-lived fixed assets that are not available to finance current operations are recorded. Fixed assets consist of land, buildings, improvements, machinery and equipment, and construction work in progress.

General Long-Term Debt Account Group is an account (not a fund) which provides a place to record long-term debt that will not require the use of current resources.

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF GENERAL FIXED ASSETS  
 June 30, 2001  
 (With Comparative Totals for 2000)

	2001	2000
<b>GENERAL FIXED ASSETS</b>		
Land	\$ 34,868,639	\$ 28,380,434
Buildings	36,391,540	36,344,758
Machinery and equipment	56,234,039	52,750,479
Improvements	18,516,809	18,189,253
Construction work in progress	10,625,121	1,980,095
Total general fixed assets	\$ 156,636,148	\$ 137,645,019
<b>INVESTMENT IN GENERAL FIXED ASSETS</b>		
General Fund	\$ 62,097,571	\$ 62,141,029
Special Revenue Funds	16,165,106	15,787,197
Capital Projects Funds	77,045,042	58,173,563
Trust and other funds	1,328,429	1,543,230
Total investment in general fixed assets	\$ 156,636,148	\$ 137,645,019

The Notes to Financial Statements are an integral part of these statements.

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE  
 Year Ended June 30, 2001

	Land	Buildings	Machinery and Equipment	Improvements	Construction Work in Progress	Total
GENERAL FIXED ASSETS, July 1, 2000	\$ 28,380,434	\$ 36,344,758	\$ 52,750,479	\$ 18,189,253	\$ 1,980,095	\$ 137,645,019
Additions:						
Acquired by expenditures from:						
General Fund	159,198	-	914,930	-	-	1,074,128
Special Revenue Funds	-	-	449,542	-	-	449,542
Capital Projects Funds	6,984,630	1,228,371	3,948,443	327,556	8,645,026	21,134,026
Trust and other funds	14,710	-	-	-	-	14,710
Transfers from Proprietary Fun	(183,947)	4,980,634	2,699,954	-	-	7,496,641
Total additions	<u>6,974,591</u>	<u>6,209,005</u>	<u>8,012,869</u>	<u>327,556</u>	<u>8,645,026</u>	<u>30,169,047</u>
Deductions:						
Fixed assets abandoned, sold, or traded	53,948	1,573,536	1,824,282	-	-	3,451,766
Transfers to Proprietary Fun	432,438	4,588,687	2,705,027	-	-	7,726,152
Total deductions	<u>486,386</u>	<u>6,162,223</u>	<u>4,529,309</u>	<u>-</u>	<u>-</u>	<u>11,177,918</u>
GENERAL FIXED ASSETS, June 30, 2001	\$ 34,868,639	\$ 36,391,540	\$ 56,234,039	\$ 18,516,809	\$ 10,625,121	\$ 156,636,148

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
 June 30, 2001

FUNCTION AND ACTIVITY	Land	Buildings	Machinery and Equipment	Improvements	Total
General Government:					
General government and administrat	\$ -	\$ -	\$ 206,047	\$ 1,639,998	\$ 1,846,045
Neighborhood Services	-	-	230,639	-	230,639
Personnel	-	-	14,733	-	14,733
Bessie Smith Preservation Hall	718,388	-	38,080	-	756,468
Air Pollution	-	-	490,399	-	490,399
Regional Planning Agency	-	-	401,222	-	401,222
Public Library	381,859	5,469,098	1,406,096	762,350	8,019,403
Real estate	5,834,833	2,493,145	-	-	8,327,978
Stadium	1,250,557	-	-	-	1,250,557
Other unassigned	3,503,264	-	14,875	-	3,518,139
<b>Total General Government</b>	<b>11,688,901</b>	<b>7,962,243</b>	<b>2,802,091</b>	<b>2,402,348</b>	<b>24,855,583</b>
Finance and Administration:					
Finance administration	-	-	459,640	-	459,640
Information services	-	-	1,783,556	-	1,783,556
City Treasurer	-	-	22,953	-	22,953
City Court Clerk's Office	-	-	239,059	-	239,059
Radio and electronics	-	-	2,519,772	-	2,519,772
Building maintenance	208,000	4,591,437	15,270	-	4,814,707
Resource management system	-	-	1,368,428	-	1,368,428
Other unassigned	-	-	158,250	-	158,250
<b>Total Finance and Administration</b>	<b>208,000</b>	<b>4,591,437</b>	<b>6,566,928</b>	<b>-</b>	<b>11,366,365</b>
Police:					
Police	79,464	1,512,009	13,368,589	43,182	15,003,244
Narcotics	-	-	871,204	-	871,204
Shop	-	3,336,751	-	-	3,336,751
Other unassigned	-	-	2,307,396	-	2,307,396
<b>Total Police</b>	<b>79,464</b>	<b>4,848,760</b>	<b>16,547,189</b>	<b>43,182</b>	<b>21,518,595</b>
Fire	657,294	4,194,118	9,454,622	-	14,306,034

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
 June 30, 2001

(continued from previous page)

FUNCTION AND ACTIVITY	Land	Buildings	Machinery and Equipment	Improvements	Total
Public Works:					
Sewer construction and maintenance	\$ -	\$ 3,359	\$ 426,750	\$ -	\$ 430,109
Street maintenance/constructive	64,698	-	1,305,582	-	1,370,280
State Street Aid	-	82,821	4,117,558	-	4,200,379
Public Works administration	-	-	129,904	-	129,904
Engineering	4,520	-	731,711	-	736,231
City yards	759,765	295,691	3,177,256	40,842	4,273,554
Inspection	-	-	433,498	-	433,498
Traffic division	230,012	372,336	919,613	-	1,521,961
Georgia Avenue/Barton Bridge	1,065,274	-	-	-	1,065,274
Other unassigned	224,852	1,348	2,823,716	-	3,049,916
<b>Total Public Works</b>	<b>2,349,121</b>	<b>755,555</b>	<b>14,065,588</b>	<b>40,842</b>	<b>17,211,106</b>
Parks and Recreation:					
Municipal Golf Course	2,155,390	546,553	647,087	-	3,349,030
Community centers	3,255,619	5,925,141	364,678	1,099,549	10,644,987
Administration	-	70,337	242,471	-	312,808
Parks, playgrounds and zoo	5,631,199	3,630,156	2,779,332	1,529,571	13,570,258
Miller Park	937,199	-	-	-	937,199
Greenway Farm	1,210,409	7,600	-	-	1,218,009
Ross's Landing/Plaza	-	-	260,561	-	260,561
Memorial Auditorium	4,712,824	-	88,102	6,736,782	11,537,708
Tivoli	719,000	1,821,468	18,055	6,589,276	9,147,799
Other unassigned	936,696	1,700	564,698	2,099	1,505,193
<b>Total Parks and Recreation</b>	<b>19,558,336</b>	<b>12,002,955</b>	<b>4,964,984</b>	<b>15,957,277</b>	<b>52,483,552</b>
Community Development	326,710	297,118	1,279	18,900	644,007
Human Services Program	813	1,739,354	1,831,358	54,260	3,625,785
<b>Total general fixed assets</b>	<b>\$ 34,868,639</b>	<b>\$ 36,391,540</b>	<b>\$ 56,234,039</b>	<b>\$ 18,516,809</b>	<b>146,011,027</b>
Construction work in progress					10,625,121
<b>Total general fixed assets</b>					<b>\$ 156,636,148</b>



CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY  
 FUNCTION AND ACTIVITY  
 Year Ended June 30, 2001

FUNCTION AND ACTIVITY	Total July 1, 2000	Additions	Deletions	Total June 30, 2001
<b>General Government:</b>				
General government and administration	\$ 1,843,668	\$ 19,188	\$ 16,811	\$ 1,846,045
Neighborhood Services	230,639	-	-	230,639
Personnel	14,733	-	-	14,733
Bessie Smith Preservation Hall	756,468	-	-	756,468
Air pollution	487,824	22,005	19,430	490,399
Regional Planning Agency	392,396	20,259	11,433	401,222
Public Library	8,008,829	10,574	-	8,019,403
Real estate	9,669,986	309,964	1,651,972	8,327,978
Stadium	1,250,557	-	-	1,250,557
Other unassigned	-	3,518,139	-	3,518,139
<b>Total General Government</b>	<b>22,655,100</b>	<b>3,900,129</b>	<b>1,699,646</b>	<b>24,855,583</b>
<b>Finance and Administration:</b>				
Finance administration	459,640	-	-	459,640
Information Services	1,695,342	88,214	-	1,783,556
City Treasurer	22,953	-	-	22,953
City Court Clerk's Office	199,378	39,681	-	239,059
Building maintenance	-	4,814,707	-	4,814,707
Radio and electronics	-	2,519,772	-	2,519,772
Resource management system	1,368,428	-	-	1,368,428
Other unassigned	-	158,250	-	158,250
<b>Total Finance and Administration</b>	<b>3,745,741</b>	<b>7,620,624</b>	<b>-</b>	<b>11,366,365</b>
<b>Police:</b>				
Police	14,471,979	1,747,412	1,216,147	15,003,244
Narcotics	883,062	-	11,858	871,204
Shop	3,336,751	-	-	3,336,751
Other unassigned	2,307,396	-	-	2,307,396
<b>Total Police</b>	<b>20,999,188</b>	<b>1,747,412</b>	<b>1,228,005</b>	<b>21,518,595</b>
<b>Fire</b>	<b>13,135,927</b>	<b>1,471,499</b>	<b>301,392</b>	<b>14,306,034</b>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY  
 FUNCTION AND ACTIVITY  
 Year Ended June 30, 2001

(continued from previous page)

FUNCTION AND ACTIVITY	Total July 1, 2000	Additions	Deletions	Total June 30, 2001
<b>Public Works:</b>				
Sewer construction and maintenance	\$ 409,451	\$ 20,658	\$ -	\$ 430,109
Street maintenance/construction	1,397,280	-	27,000	1,370,280
State Street Aid	3,821,186	438,968	59,775	4,200,379
Public Works administration	129,904	-	-	129,904
Engineering	736,231	-	-	736,231
City yards	3,784,371	489,183	-	4,273,554
Inspection	433,498	-	-	433,498
Traffic division	1,329,191	192,770	-	1,521,961
Georgia Avenue/Barton Bridge	1,065,274	-	-	1,065,274
Other unassigned	3,341,130	66,590	357,804	3,049,916
<b>Total Public Works</b>	<b>16,447,516</b>	<b>1,208,169</b>	<b>444,579</b>	<b>17,211,106</b>
<b>Parks and Recreation:</b>				
Municipal Golf Course	3,318,266	30,764	-	3,349,030
Community centers	5,780,560	4,864,427	-	10,644,987
Administration	242,728	70,080	-	312,808
Parks, playgrounds and zoo	13,026,883	543,375	-	13,570,258
Miller Park	937,199	-	-	937,199
Greenway Farm	1,218,009	-	-	1,218,009
Ross's Landing/Plaza	252,571	7,990	-	260,561
Memorial Auditorium	11,519,741	17,967	-	11,537,708
Tivoli	9,147,799	-	-	9,147,799
Other unassigned	1,514,510	5,000	14,317	1,505,193
<b>Total Parks and Recreation</b>	<b>46,958,266</b>	<b>5,539,603</b>	<b>14,317</b>	<b>52,483,552</b>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY  
 FUNCTION AND ACTIVITY  
 Year Ended June 30, 2001

(continued from previous page)

FUNCTION AND ACTIVITY	Total July 1, 2000	Additions	Deletions	Total June 30, 2001
General Services:				
Administration	\$ 151,454	\$ -	\$ 151,454	\$ -
City Hall/Annex maintenance	4,811,957	-	4,811,957	-
Radio and electronics	2,497,897	21,875	2,519,772	-
Purchasing	6,796	-	6,796	-
Total General Services	<u>7,468,104</u>	<u>21,875</u>	<u>7,489,979</u>	<u>-</u>
Community Development	<u>629,297</u>	<u>14,710</u>	<u>-</u>	<u>644,007</u>
Human Services Program	<u>3,625,785</u>	<u>-</u>	<u>-</u>	<u>3,625,785</u>
Construction Work in progress	<u>1,980,095</u>	<u>8,645,026</u>	<u>-</u>	<u>10,625,121</u>
Total general fixed assets	<u>\$ 137,645,019</u>	<u>\$ 30,169,047</u>	<u>\$ 11,177,918</u>	<u>\$ 156,636,148</u>

CITY OF CHATTANOOGA, TENNESSEE  
 STATEMENTS OF GENERAL LONG-TERM DEBT  
 Year Ended June 30, 2001  
 (With Comparative Totals for 2000)

	2001	2000
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG-TERM DEBT		
Amount available in Debt Service Fund	\$ 4,163,307	\$ 2,671,606
Amount to be provided	91,058,864	55,957,658
Total available and to be provided	\$ 95,222,171	\$ 58,629,264
GENERAL LONG-TERM DEBT PAYABLE		
Direct indebtedness:		
Serial bonds	\$ 72,013,679	\$ 34,888,987
Notes and capital leases payable	8,369,944	8,765,624
Compensated absences	14,838,548	14,974,653
Total general long-term debt	\$ 95,222,171	\$ 58,629,264

The Note to Financial Statements are an integral part of these statements.

## 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 operations of the Chattanooga Metropolitan Airport.

Chattanooga Area Regional Transit Authority (CARTA) accounts for the operations of the mass transit system for the Chattanooga Metropolitan Area.

Southside Redevelopment Corporation accounts for the expansion of the Conference Center, construction of the Resource Development Center, and redevelopment of the Southside section of the City financed by lease rental revenue bonds. The operations include the conference center and parking garage.

CITY OF CHATTANOOGA, TENNESSEE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING BALANCE SHEET  
June 30, 2001  
(With Comparative Totals for 2000)

	Metropolitan Airport Authority	CARTA	Southside Redevelopment Corporation	Totals	
				2001	2000
<b>ASSETS</b>					
Cash and cash equivalents	\$ 494,814	\$ 1,296,661	\$ -	\$ 1,791,475	\$ 1,432,156
Investments	-	100,417	-	100,417	373,716
Accounts receivable	1,060,642	228,378	75,291	1,364,311	1,239,792
Notes receivable	100,415	-	-	100,415	106,824
Due from other governments	-	836,696	-	836,696	194,850
Due from primary government	-	-	2,671,001	2,671,001	-
Deferred charges	284,599	-	1,815,042	2,099,641	299,641
Inventories	-	192,949	76,450	269,399	189,443
Prepaid items	47,425	125,082	117,962	290,469	-
Other	-	-	18,530	18,530	119,750
Restricted assets:					
Cash and cash equivalents	112,202	-	281,555	393,757	3,761,041
Investments	4,338,467	-	56,531,802	60,870,269	2,153,683
Accounts receivable	148,419	-	267,453	415,872	-
Fixed assets, net of accumulated depreciation	32,685,844	28,261,811	73,213,573	134,161,228	58,104,489
<b>Total assets</b>	<b>\$ 39,272,827</b>	<b>\$ 31,041,994</b>	<b>\$ 135,068,659</b>	<b>\$ 205,383,480</b>	<b>\$ 67,975,385</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 723,664	\$ 779,168	\$ 6,507,165	\$ 8,009,997	\$ 1,736,776
Due to primary government	-	500,000	-	500,000	500,000
Contracts payable	179,997	-	378,008	558,005	7,708
Notes payable	-	-	-	-	574,770
Revenue bonds payable	11,836,149	-	129,200,000	141,036,149	12,104,256
Other liabilities	40,667	-	106,848	147,515	56,677
<b>Total liabilities</b>	<b>12,780,477</b>	<b>1,279,168</b>	<b>136,192,021</b>	<b>150,251,666</b>	<b>14,980,187</b>
<b>EQUITY AND OTHER CREDITS</b>					
Contributed capital	5,735,555	29,762,826	-	35,498,381	55,400,207
Retained earnings (deficit)	20,756,795	-	(1,123,362)	19,633,433	(2,405,009)
<b>Total equity and other credits</b>	<b>26,492,350</b>	<b>29,762,826</b>	<b>(1,123,362)</b>	<b>55,131,814</b>	<b>52,995,198</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 39,272,827</b>	<b>\$ 31,041,994</b>	<b>\$ 135,068,659</b>	<b>\$ 205,383,480</b>	<b>\$ 67,975,385</b>

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	Metropolitan Airport Authority	CARTA	Southside Redevelopment Corporation	Totals	
				2001	2000
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,531,293	\$ 3,227,481	\$ 1,045,470	\$ 9,804,244	\$ 8,637,763
Other	-	71,870	115,687	187,557	65,343
Total operating revenues	<u>5,531,293</u>	<u>3,299,351</u>	<u>1,161,157</u>	<u>9,991,801</u>	<u>8,703,106</u>
<b>OPERATING EXPENSES</b>					
Airport operations	4,349,270	-	-	4,349,270	4,180,511
CARTA operations	-	5,850,231	-	5,850,231	5,466,409
SRC operations	-	-	1,709,314	1,709,314	-
Management fees	-	-	115,125	115,125	-
Other operating expenses	-	1,807,587	-	1,807,587	1,733,500
Maintenance	181,837	2,264,073	-	2,445,910	2,324,303
Depreciation and amortization	1,424,965	2,573,634	1,272,520	5,271,119	3,642,534
Total operating expenses	<u>5,956,072</u>	<u>12,495,525</u>	<u>3,096,959</u>	<u>21,548,556</u>	<u>17,347,257</u>
OPERATING LOSS	<u>(424,779)</u>	<u>(9,196,174)</u>	<u>(1,935,802)</u>	<u>(11,556,755)</u>	<u>(8,644,151)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	204,480	50,178	2,919,352	3,174,010	257,869
Interest expense	(959,322)	-	(5,399,231)	(6,358,553)	(932,955)
Project administration costs	-	-	(1,845,873)	(1,845,873)	-
Other income (expense)	1,089,989	-	(434,831)	655,158	997,131
Intergovernmental revenue	2,015,521	2,275,801	5,573,023	9,864,345	1,957,728
Total nonoperating revenues (expenses)	<u>2,350,668</u>	<u>2,325,979</u>	<u>812,440</u>	<u>5,489,087</u>	<u>2,279,773</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,925,889	(6,870,195)	(1,123,362)	(6,067,668)	(6,364,378)
Operating transfers from primary government	-	2,770,276	-	2,770,276	3,299,934
NET INCOME (LOSS)	1,925,889	(4,099,919)	(1,123,362)	(3,297,392)	(3,064,444)
Amortization of contributed capital	-	4,099,919	-	4,099,919	3,151,393
RETAINED EARNINGS (DEFICIT) at beginning of year, as previously reported	(2,405,009)	-	-	(2,405,009)	(2,491,958)
Restatements of retained earnings	21,235,915	-	-	21,235,915	-
RETAINED EARNINGS (DEFICIT) at beginning of year, as restated	18,830,906	-	-	18,830,906	(2,491,958)
RETAINED EARNINGS (DEFICIT) at end of year	\$ 20,756,795	\$ -	\$ (1,123,362)	\$ 19,633,433	\$ (2,405,009)

The Notes to Financial Statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2001  
(With Comparative Totals for 2000)

	Metropolitan Airport Authority	CARTA	Southside Redevelopment Corporation	Totals	
				2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating loss	\$ (424,772)	\$ (9,196,174)	\$ (1,935,802)	\$ (11,556,755)	\$ (8,644,151)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,424,965	2,573,634	1,272,520	5,271,119	3,642,534
Project administration costs	-	-	(1,845,873)	(1,845,873)	-
Changes in operating assets and liabilities:					
Accounts receivable	(299,918)	43,501	(3,013,745)	(3,270,162)	95,380
Deferred charges	-	-	(1,815,042)	(1,815,042)	-
Inventory	-	(3,506)	(76,450)	(79,956)	(22,006)
Prepaid items	(6,757)	(46,000)	(117,962)	(170,719)	-
Accounts payable and accrued liabilities	(174,863)	159,741	6,507,165	6,492,043	(57,360)
Other	(2,437,474)	-	31,495	(2,405,979)	506,473
Total adjustments	(1,494,047)	2,727,370	942,108	2,175,431	4,165,021
Net cash provided by (used in) operating activities	(1,918,826)	(6,468,804)	(993,694)	(9,381,324)	(4,479,130)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers from primary government	-	2,770,276	-	2,770,276	3,299,934
Intergovernmental revenues	-	2,275,801	5,573,023	7,848,824	1,957,728
Net cash provided by noncapital financing activities	-	5,046,077	5,573,023	10,619,100	5,257,662
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of fixed assets	(2,976,588)	(3,889,586)	(74,486,093)	(81,352,267)	(4,071,618)
Proceeds from notes and bonds payable	-	-	129,200,000	129,200,000	574,770
Principal paid on notes and bonds	(858,887)	-	-	(858,887)	(284,420)
Interest paid on bonds	(966,404)	-	(5,399,231)	(6,365,635)	(932,955)
Capital contributions	1,994,946	4,953,807	-	6,948,753	4,760,814
Net cash provided by (used in) capital and related financing activities	(2,806,933)	1,064,221	49,314,676	47,571,964	46,591
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	(100,417)	(860,514,767)	(860,615,184)	(164,397)
Proceeds from sale and maturities of investments	1,288,302	380,000	803,982,965	805,651,267	220,000
Interest on investments	204,480	22,380	2,919,352	3,146,212	220,550
Net cash provided by (used in) investing activities	1,492,782	301,963	(53,612,450)	(51,817,705)	276,153
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,232,977)	(56,543)	281,555	(3,007,965)	1,101,276
CASH AND CASH EQUIVALENTS at beginning of year	3,839,993	1,353,204	-	5,193,197	4,091,921
CASH AND CASH EQUIVALENTS at end of year	\$ 607,016	\$ 1,296,661	\$ 281,555	\$ 2,185,232	\$ 5,193,197

The Notes to Financial Statements are an integral part of this statement.



## 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 CERTIFICATES OF DEPOSIT BY FUND  
 June 30, 2001

	Interest Rate	Maturity Date	Amount
GENERAL FUND			
SunTrust	3.92%	07/06/01	\$ 1,000,000
SunTrust	3.92%	07/11/01	3,750,000
SunTrust	3.87%	07/12/01	678,036
SunTrust	4.64%	09/05/01	368,019
First Tennessee Bank	3.85%	07/30/01	10,985
SPECIAL REVENUE FUNDS			
Downtown Development Fund:			
First Tennessee Bank	3.63%	07/30/01	367,775
State Street Aid			
First Tennessee Bank	3.95%	07/05/01	368,000
First Tennessee Bank	3.63%	07/30/01	749,536
DEBT SERVICE FUND			
First Tennessee Bank	3.63%	07/30/01	2,671,527
CAPITAL PROJECTS FUNDS			
Capital Improvement Bond:			
SunTrust	4.64%	07/09/01	449,629
SunTrust	3.92%	07/12/01	1,226,911
ENTERPRISE FUNDS			
Electric Power Board:			
First Tennessee Bank	4.00%	07/02/01	600,000
First Tennessee Bank	4.00%	07/13/01	700,000
First Tennessee Bank	4.00%	07/02/01	600,000
First Tennessee Bank	4.00%	07/02/01	2,900,000
First Tennessee Bank	4.00%	07/02/01	300,000
First Tennessee Bank	4.00%	07/02/01	1,400,000
First Tennessee Bank	3.95%	07/02/01	1,100,000
Interceptor Sewer System:			
SunTrust	4.64%	07/05/01	500,000
SunTrust	4.64%	07/12/01	500,000
First Tennessee Bank	3.93%	07/19/01	500,000
First Tennessee Bank	3.63%	07/26/01	500,000
First Tennessee Bank	3.63%	08/02/01	500,000
SunTrust	4.64%	09/19/01	500,000
SunTrust	3.92%	07/30/01	6,139,385
Solid Waste Fund:			
First Tennessee Bank	4.00%	07/02/01	2,965,884
First Tennessee Bank	3.95%	07/10/01	4,223,164
SunTrust	3.92%	07/12/01	118,000
First Tennessee Bank	4.00%	07/27/01	175,000
Storm Water Fund:			
SunTrust	3.87%	07/25/01	832,000
First Tennessee Bank	4.25%	07/26/01	85,160
Total certificates of deposit			<u>\$ 36,779,011</u>

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENTS BY FUND  
June 30, 2001

	Interest Rate	Maturity Date	Amount
<b>GENERAL FUND</b>			
Federal Home Loan Bank	4.38%	10/17/01	\$ 28,949,196
<b>ENTERPRISE FUNDS</b>			
<b>EPB:</b>			
Federal Home Loan Bank	6.55%	09/28/01	4,650,000
Federal Home Loan Bank Tap Note	6.53%	11/15/01	4,017,000
Federal Home Loan Bank Tap Note	6.53%	02/15/02	3,134,000
Federal National Mortgage Association	3.88%	07/05/01	210,000
Federal Home Loan Bank	3.82%	08/13/01	120,000
Federal Home Loan Bank	5.95%	08/13/01	4,913,000
Federal Home Loan Bank	6.53%	11/15/01	6,622,000
Federal Home Loan Bank	4.13%	02/14/03	4,700,000
Federal National Mortgage Association	3.88%	07/05/01	6,517,000
Federal Home Loan Bank	3.82%	08/13/01	199,000
Federal Home Loan Mortgage Association	3.68%	06/20/02	5,887,000
Mutual Funds	N/A	N/A	94,000
<b>Interceptor Sewer Fund:</b>			
Federal Home Loan Mortgage Association	3.76%	08/23/01	1,294,305
Federal Home Loan Mortgage Association	3.75%	08/30/01	20,125,402
Federal Home Loan Bank	4.59%	08/31/01	1,499,381
Federal Home Loan Bank	4.30%	09/12/01	4,999,270
Federal National Mortgage Association	4.13%	02/08/02	2,499,140
Federal National Mortgage Association	4.28%	02/08/01	2,999,447
<b>Solid Waste/Sanitation Fund:</b>			
Federal Home Loan Bank	4.40%	08/03/01	172,390
Federal Home Loan Bank	4.35%	08/28/01	98,224
Federal National Mortgage Association	4.30%	09/27/01	4,430,313
<b>Storm Water Fund:</b>			
Federal Home Loan Bank Mortgage Corporation	4.55%	07/12/01	1,398,623
Federal Home Loan Bank	4.54%	07/05/01	242,127
Federal Home Loan Bank	4.30%	08/29/01	262,225
Federal National Mortgage Association	4.30%	9/27/01	997,457
<b>CAPITAL PROJECT FUND</b>			
<b>Capital Improvement Bond:</b>			
Federal National Mortgage Association	4.40%	08/02/01	1,574,366
Federal Home Loan Bank	4.40%	08/03/01	349,707
Federal Home Loan Bank	4.35%	08/17/01	836,032
Federal Home Loan Bank	4.35%	08/31/01	1,963,750
Federal National Mortgage Association	4.30%	09/27/01	12,958,127
Federal Home Loan Bank	4.03%	10/18/01	1,424,368
Certificate of Deposit	3.95%	11/15/01	1,697,582
<b>EXPENDABLE TRUST FUNDS</b>			
<b>Ochs-Oakes Fire and Police Medal Fund:</b>			
Mutual Funds	N/A	N/A	60,644
<b>Ochs-Oakes High School Medal Fund:</b>			
Mutual Funds	N/A	N/A	<u>10,649</u>
Total investments of Governmental, Proprietary and Expendable Trust Funds			<u>\$ 131,905,725</u>

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE  
 Year Ended June 30, 2001

Tax Year (1)	Property Taxes Receivable Balance June 30, 2000	Property Taxes Levied	Anticipated Current Year Levy (2)	Net Pick-Ups and Charge-Offs	Collections	Property Taxes Receivable Balance June 30, 2001	Allowance for Uncollectibles	Net Receivable Balance June 30, 2001
2001	\$ -	\$ -	\$ 75,894,305	\$ -	\$ -	\$ 75,894,305	\$ 2,250,115	\$ 73,644,190
2000	-	63,044,578	-	(19,558)	59,976,260	3,048,760	230,176	2,818,584
1999	2,977,120	-	-	(95,141)	1,677,085	1,204,894	213,840	991,054
1998	1,118,328	-	-	(4,778)	486,567	626,983	191,425	435,558
1997	613,637	-	-	(3,985)	280,555	329,097	223,557	105,540
1996	211,337	-	-	(9,385)	34,925	167,027	148,450	18,577
1995	137,495	-	-	(8,329)	7,246	121,920	121,920	-
1994	131,789	-	-	(1,031)	5,680	125,078	125,078	-
1993	172,795	-	-	(240)	1,610	170,945	170,945	-
1992	138,890	-	-	(18)	592	138,280	138,280	-
1991	143,865	-	-	-	1,033	142,832	142,832	-
1990	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 5,645,256</b>	<b>\$ 63,044,578</b>	<b>\$ 75,894,305</b>	<b>\$ (142,465)</b>	<b>\$ 62,471,553</b>	<b>\$ 81,970,121</b>	<b>\$ 3,956,618</b>	<b>\$ 78,013,503</b>

- Note:  
 (1) All years prior to 2000 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.

CITY OF CHATTANOOGA, TENNESSEE  
SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
June 30, 2001

	Principal	Interest	Total
<b>GENERAL LONG-TERM DEBT</b>			
2002	\$ 4,802,954	\$ 4,060,124	\$ 8,863,078
2003	4,631,212	3,831,564	8,462,776
2004	3,815,542	3,600,510	7,416,052
2005	3,969,444	3,410,692	7,380,136
2006	4,094,968	3,212,579	7,307,547
2007	4,266,060	3,005,854	7,271,914
2008	3,191,950	2,787,112	5,979,062
2009	4,519,441	2,591,201	7,110,642
2010	4,718,882	2,353,650	7,072,532
2011	4,735,724	2,111,101	6,846,825
2012	3,246,146	1,902,000	5,148,146
2013	2,924,828	1,734,603	4,659,431
2014	2,857,475	1,585,365	4,442,840
2015	2,996,497	1,435,016	4,431,513
2016	2,963,300	1,281,378	4,244,678
2017	2,065,600	1,124,827	3,190,427
2018	2,180,100	1,020,108	3,200,208
2019	1,892,400	920,175	2,812,575
2020	1,998,900	825,555	2,824,455
2021	2,105,400	725,610	2,831,010
2022	2,224,200	620,340	2,844,540
2023	2,342,900	509,130	2,852,030
2024	2,469,900	391,985	2,861,885
2025	2,613,200	268,490	2,881,690
2026	2,756,600	137,830	2,894,430
Total general long-term debt	<u>80,383,623</u>	<u>45,446,799</u>	<u>125,830,422</u>
<b>PROPRIETARY FUNDS</b>			
2002	12,696,366	10,980,636	23,677,002
2003	12,990,705	10,341,443	23,332,148
2004	12,990,736	9,691,286	22,682,022
2005	13,351,993	9,030,258	22,382,251
2006	13,565,458	8,351,559	21,917,017
2007	14,089,224	7,657,665	21,746,889
2008	12,446,319	6,930,886	19,377,205
2009	14,549,559	6,236,016	20,785,575
2010	12,733,838	5,466,434	18,200,272
2011	12,048,769	4,814,813	16,863,582
2012	10,196,734	4,231,989	14,428,723
2013	10,392,759	3,688,680	14,081,439
2014	9,428,165	3,172,787	12,600,952
2015	9,748,380	2,680,161	12,428,541
2016	7,816,746	2,196,722	10,013,468
2017	8,140,614	1,793,067	9,933,681
2018	8,477,736	1,373,877	9,851,613
2019	7,252,529	978,373	8,230,902
2020	2,339,796	738,594	3,078,390
2021	2,064,600	630,140	2,694,740
2022	2,090,800	522,910	2,613,710
2023	2,117,100	413,370	2,530,470
2024	2,145,100	301,515	2,446,615
2025	2,176,800	188,260	2,365,060
2026	2,208,400	73,420	2,281,820
Total proprietary funds indebtedness	<u>218,059,226</u>	<u>102,484,861</u>	<u>320,544,087</u>
Total primary government indebtedness	<u>\$ 298,442,849</u>	<u>\$ 147,931,660</u>	<u>\$ 446,374,509</u>

CITY OF CHATTANOOGA, TENNESSEE  
SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
June 30, 2001

COMPONENT UNITS	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 310,000	\$ 8,074,386	\$ 8,384,386
2003	335,000	8,052,686	8,387,686
2004	355,000	8,029,236	8,384,236
2005	380,000	8,004,386	8,384,386
2006	410,000	7,977,406	8,387,406
2007	3,010,000	7,882,919	10,892,919
2008	3,170,000	7,718,719	10,888,719
2009	3,340,000	7,545,681	10,885,681
2010	3,515,000	7,363,178	10,878,178
2011	3,705,000	7,163,050	10,868,050
2012	3,935,000	6,951,589	10,886,589
2013	4,135,000	6,733,953	10,868,953
2014	4,360,000	6,500,200	10,860,200
2015	4,605,000	6,250,055	10,855,055
2016	4,865,000	5,982,459	10,847,459
2017	5,150,000	5,697,417	10,847,417
2018	5,445,000	5,387,581	10,832,581
2019	5,770,000	5,051,562	10,821,562
2020	6,021,149	4,701,413	10,722,562
2021	5,290,000	4,336,531	9,626,531
2022	5,580,000	4,027,144	9,607,144
2023	5,910,000	3,689,625	9,599,625
2024	6,255,000	3,332,278	9,587,278
2025	6,620,000	2,954,075	9,574,075
2026	7,010,000	2,558,075	9,568,075
2027	7,415,000	2,143,356	9,558,356
2028	7,840,000	1,704,775	9,544,775
2029	8,290,000	1,246,219	9,536,219
2030	8,760,000	766,688	9,526,688
2031	9,250,000	260,156	9,510,156
 Total component units indebtedness	 <u>\$ 141,036,149</u>	 <u>\$ 158,086,798</u>	 <u>\$ 299,122,947</u>

CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF GENERAL OBLIGATION DEBT  
June 30, 2001

	Outstanding July 1, 2000	Interest Paid FY 2000-2001	Issued FY 2000-2001	Retired FY 2000-2001	Outstanding June 30, 2001	Maturing FY 2001-2002	Interest Payable FY 2001-2002
<b>GENERAL LONG-TERM DEBT</b>							
Serial Bonds:							
1987 Jail/Court Building	\$ 530,000	\$ 26,500	\$ -	\$ 265,000	\$ 265,000	\$ 265,000	\$ 13,250
1992 Municipal Public Improvement	960,000	58,646	-	135,000	825,000	145,000	47,796
1992 Series A Refunding	8,185,687	422,612	-	764,008	7,421,679	756,124	384,230
1995 Municipal Public Improvement	6,670,900	351,110	-	796,100	5,874,800	843,600	310,508
1996 Municipal Improvement	11,260,000	605,995	-	480,000	10,780,000	505,000	583,195
1998 Public Improvement Refunding	7,282,400	391,475	-	11,200	7,271,200	11,200	391,026
2001 Municipal Public Improvement	-	-	39,576,000	-	39,576,000	778,500	1,952,173
<b>Total serial bonds</b>	<b>34,888,987</b>	<b>1,856,338</b>	<b>39,576,000</b>	<b>2,451,308</b>	<b>72,013,679</b>	<b>3,304,424</b>	<b>3,682,178</b>
Notes payable:							
1990 Tennessee Municipal Bond Fund	483,500	14,535	-	483,500	-	-	-
1993 Tennessee Municipal Bond Fund	2,570,000	130,382	-	815,000	1,755,000	855,000	90,855
Hamilton County Parking Garage	425,467	24,890	-	60,781	364,686	60,781	21,213
1997 Tennessee Municipal Bond Fund	5,243,333	257,191	1,235,190	414,000	6,064,523	437,000	261,987
1999 Fire Hall Land Note	43,324	4,048	-	1,589	41,735	1,749	3,890
<b>Total notes payable</b>	<b>8,765,624</b>	<b>431,046</b>	<b>1,235,190</b>	<b>1,774,870</b>	<b>8,225,944</b>	<b>1,354,530</b>	<b>377,945</b>
Capital leases payable							
2000 Capital Lease M L King Dev Corp.	-	-	829,000	685,000	144,000	144,000	-
<b>Total capital leases payable</b>	<b>-</b>	<b>-</b>	<b>829,000</b>	<b>685,000</b>	<b>144,000</b>	<b>144,000</b>	<b>-</b>
Liability for compensated absences (1)	14,974,653	-	-	136,105	14,838,548	-	-
<b>Total general long-term debt</b>	<b>58,629,264</b>	<b>2,287,384</b>	<b>41,640,190</b>	<b>5,047,283</b>	<b>95,222,171</b>	<b>4,802,954</b>	<b>4,060,123</b>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF GENERAL OBLIGATION DEBT  
June 30, 2001

(continued from previous page)

	Outstanding July 1, 2000	Interest Paid FY 2000-2001	Issued FY 2000-2001	Retired FY 2000-2001	Outstanding June 30, 2001	Maturing FY 2001-2002	Interest Payable FY 2001-2002
PROPRIETARY FUNDS							
Interceptor Sewer System:							
Serial bonds -							
1976 Sewer and Sewage Facilities	\$ 260,000	\$ 11,700	\$ -	\$ 260,000	\$ -	\$ -	\$ -
1992 Sewer and Sewage Facilities	3,725,000	227,366	-	535,000	3,190,000	565,000	184,741
1992 Sewer and Sewage Facilities - Refundir	43,724,313	2,257,404	-	4,080,992	39,643,321	4,038,876	2,052,388
1995 Sewer and Sewage Facilities - Refundir	17,900,000	858,176	-	1,680,000	16,220,000	1,715,000	784,256
1995 Sewer and Sewage Facilities	13,205,000	710,301	-	610,000	12,595,000	635,000	679,801
1998 Municipal Public Improvement	31,615,190	1,575,613	-	1,034,392	30,580,798	1,082,799	1,527,976
1998 Municipal Public Improvement - Refundi	13,572,900	711,099	-	43,800	13,529,100	43,800	709,347
Total serial bonds	<u>124,002,403</u>	<u>6,351,659</u>	<u>-</u>	<u>8,244,184</u>	<u>115,758,219</u>	<u>8,080,475</u>	<u>5,938,509</u>
Notes payable -							
State Revolving Loan	1,954,603	75,600	-	121,110	1,833,493	126,024	70,686
Northwest Georgia Sewer Expansion Project	4,426,736	258,886	-	65,217	4,361,519	157,547	166,555
Total notes payable	<u>6,381,339</u>	<u>334,486</u>	<u>-</u>	<u>186,327</u>	<u>6,195,012</u>	<u>283,571</u>	<u>237,241</u>
Capital leases payable -							
2001 Capital Lease City of Collegedale	-	13,589	316,052	11,653	304,399	16,195	17,458
Total capital leases payable	<u>-</u>	<u>13,589</u>	<u>316,052</u>	<u>11,653</u>	<u>304,399</u>	<u>16,195</u>	<u>17,458</u>
Total Interceptor Sewer System	<u>130,383,742</u>	<u>6,699,734</u>	<u>316,052</u>	<u>8,442,164</u>	<u>122,257,630</u>	<u>8,380,241</u>	<u>6,193,208</u>

(continued on next page)



CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF GENERAL OBLIGATION DEBT  
June 30, 2001

(continued from previous page)

	Outstanding July 1, 2000	Interest Paid FY 2000-2001	Issued FY 2000-2001	Retired FY 2000-2001	Outstanding June 30, 2001	Maturing FY 2001-2002	Interest Payable FY 2001-2002
PROPRIETARY FUNDS (continued)							
Solid Waste/Sanitation Fund:							
Serial bonds -							
1995 Municipal Public Improvement	\$ 6,456,728	\$ 339,837	\$ -	\$ 770,540	\$ 5,686,188	\$ 816,516	\$ 300,540
1998 Municipal Public Improvement	17,415,541	867,942	-	569,805	16,845,736	596,471	841,701
1998 Municipal Public Improvement - Refunding	3,686,100	202,735	-	-	3,686,100	-	202,736
2001 Municipal Public Bond	-	-	6,734,000	-	6,734,000	132,300	332,171
Total Solid Waste/Sanitation Fund	<u>27,558,369</u>	<u>1,410,514</u>	<u>6,734,000</u>	<u>1,340,345</u>	<u>32,952,024</u>	<u>1,545,287</u>	<u>1,677,148</u>
Storm Water Fund:							
Serial bonds -							
1995 Municipal Public Improvement	4,427,371	233,026	-	528,359	3,899,012	559,884	206,080
1998 Municipal Public Improvement	13,014,270	648,595	-	425,803	12,588,467	445,730	628,985
1998 Municipal Public Improvement - Refunding	2,528,600	139,073	-	-	2,528,600	-	139,073
2001 Municipal Public Improvement	-	-	2,000,000	-	2,000,000	39,200	98,656
Total serial bonds	<u>19,970,241</u>	<u>1,020,694</u>	<u>2,000,000</u>	<u>954,162</u>	<u>21,016,079</u>	<u>1,044,814</u>	<u>1,072,794</u>
Notes payable -							
State Revolving Loan	1,954,603	75,600	-	121,110	1,833,493	126,024	70,686
Total notes payable	<u>1,954,603</u>	<u>75,600</u>	<u>-</u>	<u>121,110</u>	<u>1,833,493</u>	<u>126,024</u>	<u>70,686</u>
Total Storm Water Fund	<u>21,924,844</u>	<u>1,096,294</u>	<u>2,000,000</u>	<u>1,075,272</u>	<u>22,849,572</u>	<u>1,170,838</u>	<u>1,143,480</u>
Total general obligation debt	<u>\$ 238,496,219</u>	<u>\$ 11,493,926</u>	<u>\$ 50,690,242</u>	<u>\$ 15,905,064</u>	<u>\$ 273,281,397</u>	<u>\$ 15,899,320</u>	<u>\$ 13,073,959</u>

Note: General Obligation Serial Bonds reported as self-supporting indebtedness have the pledge of unlimited ad valorem on all taxable property in the City for their repayment. Such bonds are recorded as liabilities of the respective funds and are repaid by the City from the revenues generated from the individual funds activities.

(1) The City's accounting records do not provide for accumulation of total additions or total reductions in compensated absences; therefore, this amount represents the net increase during the fiscal year ended June 30, 2001.

CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF REVENUE BONDS  
June 30, 2001

	Outstanding July 1, 2000	Interest Paid FY 2000-2001	Issued FY 2000-2001	Retired FY 2000-2001	Outstanding June 30, 2001	Maturing FY 2001-2002	Interest Payable FY 2001-2002
PRIMARY GOVERNMENT							
EPB:							
2000 Electric System Revenue Bonds	\$ -	\$ 1,003,400	\$ 40,000,000	\$ -	\$ 40,000,000	\$ 1,600,000	\$ 1,966,800
Total primary government	-	1,003,400	40,000,000	-	40,000,000	1,600,000	1,966,800
COMPONENT UNITS							
Metropolitan Airport Authority:							
1990 Airport Revenue Bonds	12,104,256	892,086	-	268,107	11,836,149	310,000	871,795
Southside Redevelopment Corporation:							
2000 Chattanooga Lease Rental Revenue Bond	-	3,599,488	129,200,000	-	129,200,000	-	7,198,975
Total component units	12,104,256	4,491,574	129,200,000	268,107	141,036,149	310,000	8,070,770
Total revenue bonds	<u>\$ 12,104,256</u>	<u>\$ 5,494,974</u>	<u>\$ 169,200,000</u>	<u>\$ 268,107</u>	<u>\$ 181,036,149</u>	<u>\$ 1,910,000</u>	<u>\$ 10,037,570</u>

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS, NOTES, AND CAPITAL LEASES PAYABLE - BY FISCAL YEAR  
 June 30, 2001

<b>DIRECT INDEBTEDNESS</b>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2002	1987 Hamilton County, Tennessee Jail/Court Building - City of Chattanooga Portion	5.00	\$ 265,000	\$ 13,250	\$ 278,250
2002	1992 Municipal Public Improvement	7.75	145,000	47,796	192,796
2003		7.50	155,000	36,365	191,365
2004		5.75	165,000	25,809	190,809
2005		5.80	175,000	15,990	190,990
2006		5.90	185,000	5,458	190,458
			<u>825,000</u>	<u>131,418</u>	<u>956,418</u>
2002	1992 Series A Refunding Bonds	5.10	756,124	384,230	1,140,354
2003		5.20	743,508	345,618	1,089,126
2004		5.30	672,548	308,464	981,012
2005		5.40	666,240	272,653	938,893
2006		5.50	618,933	237,644	856,577
2007		5.60	609,472	203,558	813,030
2008		5.625	603,164	169,529	772,693
2009		5.70	611,049	135,150	746,199
2010		5.50	603,953	101,127	705,080
2011		5.50	394,225	73,677	467,902
2012		5.50	387,917	52,168	440,085
2013		5.50	383,975	30,941	414,916
2014		5.50	186,074	15,264	201,338
2015		5.50	184,497	5,074	189,571
				<u>7,421,679</u>	<u>2,335,097</u>
2002	1995 Municipal Public Improvement	5.10	843,600	310,508	1,154,108
2003		5.20	891,100	267,485	1,158,585
2004		5.25	944,300	221,148	1,165,448
2005		5.30	1,001,300	171,572	1,172,872
2006		5.40	1,064,000	118,503	1,182,503
2007		5.40	1,130,500	61,047	1,191,547
			<u>5,874,800</u>	<u>1,150,263</u>	<u>7,025,063</u>
2002	1996 Municipal Public Improvement	4.80	505,000	583,195	1,088,195
2003		4.90	525,000	558,955	1,083,955
2004		5.00	550,000	533,230	1,083,230
2005		5.10	575,000	505,730	1,080,730
2006		5.20	605,000	476,405	1,081,405
2007		5.30	630,000	444,945	1,074,945
2008		5.40	665,000	411,555	1,076,555
2009		5.40	700,000	375,645	1,075,645
2010		5.50	735,000	337,845	1,072,845
2011		5.50	770,000	297,420	1,067,420
2012		5.60	815,000	255,070	1,070,070
2013		5.60	855,000	209,430	1,064,430
2014		5.60	900,000	161,550	1,061,550
2015		5.70	950,000	111,150	1,061,150
2016		5.70	1,000,000	57,000	1,057,000
			<u>10,780,000</u>	<u>5,319,125</u>	<u>16,099,125</u>

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CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF BONDS, NOTES, AND CAPITAL LEASES PAYABLE - BY FISCAL YEAR  
June 30, 2001

(continued from previous page)

Fiscal Year Ended June 30	Issue	DIRECT INDEBTEDNESS			Total Interest and Principal
		Interest Rate	Principal	Interest Due	
2002	1998 Public Improvement Refunding	4.00	\$ 11,200	\$ 391,026	\$ 402,226
2003		4.00	12,200	390,558	402,758
2004		4.13	12,200	390,063	402,263
2005		4.25	13,200	389,531	402,731
2006		4.30	13,200	388,967	402,167
2007		5.00	208,800	383,463	592,263
2008		5.00	220,000	372,743	592,743
2009		5.50	1,413,900	328,361	1,742,261
2010		5.50	1,501,000	248,200	1,749,200
2011		5.50	1,593,800	163,094	1,756,894
2012		5.25	272,000	112,124	384,124
2013		5.25	288,300	97,416	385,716
2014		5.25	304,600	81,853	386,453
2015		5.25	321,900	65,407	387,307
2016		5.25	341,300	47,998	389,298
2017		5.25	361,600	29,547	391,147
2018		5.25	382,000	10,028	392,028
				<u>7,271,200</u>	<u>3,890,379</u>
2002	Note Payable - Tennessee Municipal Bond Fund 1993	5.10	855,000	90,855	945,855
2003		5.25	900,000	47,250	947,250
			<u>1,755,000</u>	<u>138,105</u>	<u>1,893,105</u>
2002	Hamilton County - City Portion of Series 1991 General Obligation Bonds	6.10	60,781	21,213	81,994
2003		6.20	60,781	17,475	78,256
2004		6.30	60,781	13,676	74,457
2005		6.40	60,781	9,816	70,597
2006		6.45	60,781	5,911	66,692
2007		6.50	60,781	1,975	62,756
				<u>364,686</u>	<u>70,066</u>
2002	Note Payable - Tennessee Municipal Bond Fund 1997	4.32	437,000	261,987	698,987
2003		4.32	461,000	243,109	704,109
2004		4.32	487,000	223,194	710,194
2005		4.32	513,000	202,155	715,155
2006		4.32	542,000	179,994	721,994
2007		4.32	571,000	156,579	727,579
2008		4.32	603,000	131,912	734,912
2009		4.32	636,000	105,863	741,863
2010		4.32	671,000	78,387	749,387
2011		4.32	708,000	49,400	757,400
2012		4.32	435,523	18,815	454,338
				<u>6,064,523</u>	<u>1,651,395</u>
2002	1999 Fire Hall Land Note	9.50	1,749	3,890	5,639
2003		9.50	1,923	3,716	5,639
2004		9.50	2,113	3,525	5,638
2005		9.50	2,323	3,316	5,639
2006		9.50	2,554	3,085	5,639
2007		9.50	2,807	2,832	5,639
2008		9.50	3,086	2,553	5,639

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS, NOTES, AND CAPITAL LEASES PAYABLE - BY FISCAL YEAR  
 June 30, 2001

(continued from previous page)

<b>DIRECT INDEBTEDNESS</b>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2009	1999 Fire Hall Land Note	9.50	\$ 3,392	\$ 2,247	\$ 5,639
2010		9.50	3,729	1,910	5,639
2011		9.50	4,099	1,540	5,639
2012		9.50	4,506	1,133	5,639
2013		9.50	4,953	686	5,639
2014		9.50	4,501	198	4,699
			<u>41,735</u>	<u>30,631</u>	<u>72,366</u>
2002	2001 Municipal Public Improvement	4.00	778,500	1,952,173	2,730,673
2003		4.50	880,700	1,921,033	2,801,733
2004		4.50	921,600	1,881,401	2,803,001
2005		4.50	962,600	1,839,930	2,802,530
2006		4.50	1,003,500	1,796,613	2,800,113
2007		5.00	1,052,700	1,751,455	2,804,155
2008		5.00	1,097,700	1,698,820	2,796,520
2009		5.00	1,155,100	1,643,935	2,799,035
2010		5.00	1,204,200	1,586,180	2,790,380
2011		5.00	1,265,600	1,525,970	2,791,570
2012		5.00	1,331,200	1,462,690	2,793,890
2013		5.00	1,392,600	1,396,130	2,788,730
2014		5.00	1,462,300	1,326,500	2,788,800
2015		5.00	1,540,100	1,253,385	2,793,485
2016		5.00	1,622,000	1,176,380	2,798,380
2017		5.00	1,704,000	1,095,280	2,799,280
2018		5.00	1,798,100	1,010,080	2,808,180
2019		5.00	1,892,400	920,175	2,812,575
2020		5.00	1,998,900	825,555	2,824,455
2021		5.00	2,105,400	725,610	2,831,010
2022		5.00	2,224,200	620,340	2,844,540
2023		5.00	2,342,900	509,130	2,852,030
2024	5.00	2,469,900	391,985	2,861,885	
2025	5.00	2,613,200	268,490	2,881,690	
2026	5.00	2,756,600	137,830	2,894,430	
			<u>39,576,000</u>	<u>30,717,070</u>	<u>70,293,070</u>
2002	2000 Capital Lease M L King Corp	-	<u>144,000</u>	-	<u>144,000</u>
	<b>Total direct indebtedness</b>		<u>80,383,623</u>	<u>45,446,799</u>	<u>125,830,422</u>
<b>INTERCEPTOR SEWER SYSTEM</b>					
2002	1992 Sewer and Sewage Facilities	7.75	565,000	184,741	749,741
2003		7.50	600,000	140,348	740,348
2004		5.75	635,000	99,591	734,591
2005		5.80	675,000	61,760	736,760
2006		5.90	715,000	21,093	736,093
				<u>3,190,000</u>	<u>507,533</u>

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS, NOTES, AND CAPITAL LEASES PAYABLE - BY FISCAL YEAR  
 June 30, 2001

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<u>INTERCEPTOR SEWER SYSTEM</u>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2002	1992 Series A Refunding Bonds	5.10	\$ 4,038,876	\$ 2,052,388	\$ 6,091,264
2003		5.20	3,971,492	1,846,138	5,817,630
2004		5.30	3,592,452	1,647,679	5,240,131
2005		5.40	3,558,760	1,456,393	5,015,153
2006		5.50	3,306,067	1,269,390	4,575,457
2007		5.60	3,255,528	1,087,318	4,342,846
2008		5.625	3,221,836	905,549	4,127,385
2009		5.70	3,263,951	721,912	3,985,863
2010		5.50	3,226,047	540,173	3,766,220
2011		5.50	2,105,775	393,548	2,499,323
2012		5.50	2,072,083	278,657	2,350,740
2013		5.50	2,051,025	165,272	2,216,297
2014		5.50	993,926	81,536	1,075,462
2015		5.50	985,503	27,101	1,012,604
				<u>39,643,321</u>	<u>12,473,054</u>
2002	1995 Sewer & Sewage Facilities Refunding Bonds	4.50	1,715,000	784,256	2,499,256
2003		4.60	1,795,000	707,081	2,502,081
2004		4.70	1,880,000	624,511	2,504,511
2005		4.80	1,955,000	536,151	2,491,151
2006		4.80	2,085,000	442,311	2,527,311
2007		5.00	2,310,000	342,231	2,652,231
2008		5.00	2,295,000	226,731	2,521,731
2009		5.125	2,185,000	111,981	2,296,981
				<u>16,220,000</u>	<u>3,775,253</u>
2002	1995 Sewer & Sewage Facilities	5.00	635,000	679,801	1,314,801
2003		5.00	665,000	648,051	1,313,051
2004		5.00	700,000	614,801	1,314,801
2005		5.10	735,000	579,801	1,314,801
2006		5.20	770,000	542,316	1,312,316
2007		5.25	810,000	502,276	1,312,276
2008		5.40	850,000	459,751	1,309,751
2009		5.50	895,000	413,851	1,308,851
2010		5.50	945,000	364,626	1,309,626
2011		5.50	995,000	312,651	1,307,651
2012		5.60	1,055,000	257,926	1,312,926
2013		5.60	1,115,000	198,846	1,313,846
2014		5.625	1,180,000	136,406	1,316,406
2015		5.625	1,245,000	70,031	1,315,031
			<u>12,595,000</u>	<u>5,781,134</u>	<u>18,376,134</u>
2002	1992 State Revolving Sewer Loan	3.98	126,024	70,686	196,710
2003		3.98	131,130	65,580	196,710
2004		3.98	136,446	60,264	196,710
2005		3.98	141,978	54,732	196,710
2006		3.98	147,732	48,978	196,710
2007		3.98	153,720	42,990	196,710
2008		3.98	159,948	36,762	196,710
2009		3.98	166,434	30,276	196,710
2010		3.98	173,178	23,532	196,710

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS, NOTES, AND CAPITAL LEASES PAYABLE - BY FISCAL YEAR  
 June 30, 2001

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Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest
					and Principal
<b>INTERCEPTOR SEWER SYSTEM</b>					
2011	1992 State Revolving Sewer Loan	3.98	\$ 180,198	\$ 16,512	\$ 196,710
2012		3.98	187,500	9,210	196,710
2013		3.98	129,205	1,935	131,140
				<u>1,833,493</u>	<u>461,457</u>
2002	1998 General Obligation Bonds	4.50	1,082,799	1,527,976	2,610,775
2003		5.00	1,131,206	1,475,333	2,606,539
2004		5.25	1,187,258	1,415,887	2,603,145
2005		5.25	1,248,404	1,351,951	2,600,355
2006		4.75	1,314,646	1,287,958	2,602,604
2007		5.00	1,375,792	1,222,340	2,598,132
2008		5.00	1,444,582	1,151,831	2,596,413
2009		5.00	1,518,467	1,077,755	2,596,222
2010		5.375	1,594,900	996,930	2,591,830
2011		5.375	1,678,976	908,945	2,587,921
2012		5.375	1,770,695	816,235	2,586,930
2013		5.375	1,864,962	718,526	2,583,488
2014		5.00	1,964,325	619,297	2,583,622
2015		5.00	2,063,688	518,597	2,582,285
2016		5.00	2,165,598	412,865	2,578,463
2017		5.00	2,275,152	301,846	2,576,998
2018		5.00	2,389,802	185,222	2,575,024
2019	5.00	2,509,546	62,739	2,572,285	
			<u>30,580,798</u>	<u>16,052,233</u>	<u>46,633,031</u>
2002	1998 Public Improvement Refunding	4.00	43,800	709,347	753,147
2003		4.00	47,800	707,516	755,316
2004		4.13	47,800	705,574	753,374
2005		4.25	51,800	703,487	755,287
2006		4.30	51,800	701,272	753,072
2007		5.00	816,200	679,753	1,495,953
2008		5.00	860,000	637,848	1,497,848
2009		5.50	857,800	592,759	1,450,559
2010		5.50	910,500	544,131	1,454,631
2011		5.50	963,300	492,601	1,455,901
2012		5.25	1,063,000	438,207	1,501,207
2013		5.25	1,126,700	380,728	1,507,428
2014		5.25	1,190,400	319,904	1,510,304
2015		5.25	1,258,100	255,631	1,513,731
2016	5.25	1,333,700	187,596	1,521,296	
2017	5.25	1,413,400	115,484	1,528,884	
2018	5.25	1,493,000	39,191	1,532,191	
			<u>13,529,100</u>	<u>8,211,029</u>	<u>21,740,129</u>
2002	Georgia Environmental Facilities Authority	4.00	157,547	166,555	324,102
2003		4.00	163,944	160,158	324,102
2004		4.00	170,600	153,502	324,102
2005		4.00	177,527	146,575	324,102
2006		4.00	184,736	139,366	324,102
2007		4.00	192,237	131,865	324,102
2008		4.00	200,042	124,060	324,102

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS, NOTES, AND CAPITAL LEASES PAYABLE - BY FISCAL YEAR  
 June 30, 2001

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Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
<b>INTERCEPTOR SEWER SYSTEM</b>					
2009	Georgia Environmental Facilities Authority	4.00	\$ 208,165	\$ 115,937	\$ 324,102
2010		4.00	216,617	107,485	324,102
2011		4.00	225,413	98,689	324,102
2012		4.00	234,565	89,537	324,102
2013		4.00	244,090	80,012	324,102
2014		4.00	254,001	70,101	324,102
2015		4.00	264,314	59,788	324,102
2016		4.00	275,046	49,056	324,102
2017		4.00	286,214	37,888	324,102
2018		4.00	297,836	26,266	324,102
2019		4.00	309,929	14,173	324,102
2020		4.00	298,696	2,399	301,095
2021		-	-	-	-
			4,361,519	1,773,412	6,134,931
2002	2001 Capital Lease City of Collegedale	5.85	16,195	17,458	33,653
2003		5.90	17,009	16,644	33,653
2004		5.96	17,892	15,761	33,653
2005		6.02	18,850	14,802	33,652
2006		6.08	19,891	13,762	33,653
2007		6.13	21,019	12,633	33,652
2008		6.19	22,245	11,408	33,653
2009		6.24	23,575	10,078	33,653
2010		6.30	25,018	8,635	33,653
2011		6.36	26,585	7,068	33,653
2012		6.41	28,286	5,366	33,652
2013		6.47	30,133	3,520	33,653
2014		6.52	32,138	1,515	33,653
2015		6.68	5,563	46	5,609
			304,399	138,696	443,095
	Total Interceptor Sewer System indebtedness		122,257,630	49,173,801	171,431,431
<b>SOLID WASTE/SANITATION FUND</b>					
2002	1995 Municipal Public Improvement	5.10	816,516	300,540	1,117,056
2003		5.20	862,491	258,897	1,121,388
2004		5.25	913,983	214,048	1,128,031
2005		5.30	969,153	166,064	1,135,217
2006		5.40	1,029,840	114,698	1,144,538
2007		5.40	1,094,205	59,087	1,153,292
			5,686,188	1,113,334	6,799,522
2002	1998 General Obligation Bonds	4.50	596,471	841,701	1,438,172
2003		5.00	623,136	812,702	1,435,838
2004		5.25	654,013	779,956	1,433,969
2005		5.25	687,696	744,736	1,432,432

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS, NOTES, AND CAPITAL LEASES PAYABLE - BY FISCAL YEAR  
 June 30, 2001

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**SOLID WASTE/SANITATION FUND**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal	
2006	1998 General Obligation Bonds	4.75	\$ 724,186	\$ 709,484	\$ 1,433,670	
2007		5.00	757,869	673,338	1,431,207	
2008		5.00	795,762	634,497	1,430,259	
2009		5.375	836,462	593,692	1,430,154	
2010		5.375	878,566	549,169	1,427,735	
2011		5.375	924,880	500,701	1,425,581	
2012		5.375	975,405	449,631	1,425,036	
2013		5.00	1,027,333	395,807	1,423,140	
2014		5.00	1,082,068	341,146	1,423,214	
2015		5.00	1,136,803	285,674	1,422,477	
2016		5.00	1,192,941	227,431	1,420,372	
2017		5.00	1,253,290	166,275	1,419,565	
2018		5.00	1,316,446	102,032	1,418,478	
2019		5.00	1,382,409	34,560	1,416,969	
				<u>16,845,736</u>	<u>8,842,532</u>	<u>25,688,268</u>
2002		1998 Public Improvement Refunding	4.00	-	202,736	202,736
2003			4.00	-	202,736	202,736
2004			4.13	-	202,736	202,736
2005			4.25	-	202,736	202,736
2006			4.30	-	202,736	202,736
2007	5.00		-	202,736	202,736	
2008	5.00		-	202,736	202,736	
2009	5.50		1,155,600	170,957	1,326,557	
2010	5.50		1,226,900	105,438	1,332,338	
2011	5.50		1,303,600	35,849	1,339,449	
				<u>3,686,100</u>	<u>1,731,396</u>	<u>5,417,496</u>
2002	2001 General Obligation Bonds	4.00	132,300	332,171	464,471	
2003		4.50	149,800	326,879	476,679	
2004		4.50	156,800	320,138	476,938	
2005		4.50	163,800	313,082	476,882	
2006		4.50	170,800	305,711	476,511	
2007		5.00	179,100	298,025	477,125	
2008		5.00	186,800	289,070	475,870	
2009		5.00	196,500	279,730	476,230	
2010		5.00	204,900	269,905	474,805	
2011		5.00	215,400	259,660	475,060	
2012		5.00	226,500	248,890	475,390	
2013		5.00	237,000	237,565	474,565	
2014		5.00	248,800	225,715	474,515	
2015		5.00	262,100	213,275	475,375	
2016		5.00	276,000	200,170	476,170	
2017		5.00	289,900	186,370	476,270	
2018		5.00	306,000	171,875	477,875	
2019		5.00	322,000	156,575	478,575	
2020		5.00	340,100	140,475	480,575	
2021		5.00	358,200	123,470	481,670	
2022		5.00	378,400	105,560	483,960	
2023		5.00	398,700	86,640	485,340	
2024		5.00	420,300	66,705	487,005	

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 SCHEDULE OF BONDS, NOTES, AND CAPITAL LEASES PAYABLE - BY FISCAL YEAR  
 June 30, 2001

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Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
<b>SOLID WASTE/SANITATION FUND</b>					
2025	2001 General Obligation Bonds	5.00	\$ 444,700	\$ 45,690	\$ 490,390
2026		5.00	469,100	23,455	492,555
			<u>6,734,000</u>	<u>5,226,801</u>	<u>11,960,801</u>
	Total Solid Waste/Sanitation Fund indebtedness		<u>32,952,024</u>	<u>16,914,063</u>	<u>49,866,087</u>
<b>STORM WATER FUND</b>					
2002	1992 State Revolving General Obligation Loan	3.98	126,024	70,686	196,710
2003		3.98	131,130	65,580	196,710
2004		3.98	136,446	60,264	196,710
2005		3.98	141,978	54,732	196,710
2006		3.98	147,732	48,978	196,710
2007		3.98	153,720	42,990	196,710
2008		3.98	159,948	36,762	196,710
2009		3.98	166,434	30,276	196,710
2010		3.98	173,178	23,532	196,710
2011		3.98	180,198	16,512	196,710
2012		3.98	187,500	9,210	196,710
2013		3.98	129,205	1,935	131,140
				<u>1,833,493</u>	<u>461,457</u>
2002	1995 Municipal Public Improvement	5.10	559,884	206,080	765,964
2003		5.20	591,409	177,525	768,934
2004		5.25	626,717	146,771	773,488
2005		5.30	664,547	113,870	778,417
2006		5.40	706,160	78,649	784,809
2007		5.40	750,295	40,516	790,811
			<u>3,899,012</u>	<u>763,411</u>	<u>4,662,423</u>
2002	1998 General Bond Issue	4.50	445,730	628,985	1,074,715
2003		5.00	465,657	607,315	1,072,972
2004		5.25	488,730	582,845	1,071,575
2005		5.25	513,901	556,525	1,070,426
2006		4.75	541,169	530,183	1,071,352
2007		5.00	566,339	503,172	1,069,511
2008		5.00	594,656	474,147	1,068,803
2009		5.00	625,071	443,654	1,068,725
2010		5.375	656,534	410,382	1,066,916
2011		5.375	691,144	374,164	1,065,308
2012		5.375	728,900	336,000	1,064,900
2013		5.375	767,705	295,779	1,063,484
2014		5.00	808,607	254,931	1,063,538
2015		5.00	849,509	213,478	1,062,987
2016		5.00	891,460	169,954	1,061,414
2017		5.00	936,558	124,254	1,060,812
2018		5.00	983,752	76,246	1,059,998
2019	5.00	1,033,045	25,826	1,058,871	
			<u>12,588,467</u>	<u>6,607,840</u>	<u>19,196,307</u>
2002	1998 Public Improvement Refunding	4.00	-	139,073	139,073
2003		4.00	-	139,073	139,073
2004		4.13	-	139,073	139,073

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Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2005	1998 Public Improvement Refunding	4.25	\$ -	\$ 139,073	\$ 139,073
2006		4.30	-	139,073	139,073
2007		5.00	-	139,073	139,073
2008		5.00	-	139,073	139,073
2009		5.50	792,700	117,274	909,974
2010		5.50	841,600	72,331	913,931
2011		5.50	894,300	24,593	918,893
			2,528,600	1,187,709	3,716,309
2002	2001 General Obligation Bonds	4.00	39,200	98,656	137,856
2003		4.50	44,500	97,088	141,588
2004		4.50	46,600	95,086	141,686
2005		4.50	48,600	92,989	141,589
2006		4.50	50,700	90,802	141,502
2007		5.00	53,200	88,520	141,720
2008		5.00	55,500	85,860	141,360
2009		5.00	58,400	83,085	141,485
2010		5.00	60,900	80,165	141,065
2011		5.00	64,000	77,120	141,120
2012		5.00	67,300	73,920	141,220
2013		5.00	70,400	70,555	140,955
2014		5.00	73,900	67,035	140,935
2015		5.00	77,800	63,340	141,140
2016		5.00	82,000	59,450	141,450
2017		5.00	86,100	55,350	141,450
2018		5.00	90,900	51,045	141,945
2019		5.00	95,600	46,500	142,100
2020		5.00	101,000	41,720	142,720
2021		5.00	106,400	36,670	143,070
2022	5.00	112,400	31,350	143,750	
2023	5.00	118,400	25,730	144,130	
2024	5.00	124,800	19,810	144,610	
2025	5.00	132,100	13,570	145,670	
2026	5.00	139,300	6,964	146,264	
			2,000,000	1,552,380	3,552,380
Total Storm Water Fund indebtedness			22,849,572	10,572,797	33,422,369
<b>EPB</b>					
2002	2000 Electric System Revenue Bonds	5.00	1,600,000	1,966,800	3,566,800
2003		5.00	1,600,000	1,886,800	3,486,800
2004		4.25	1,600,000	1,812,800	3,412,800
2005		4.75	1,600,000	1,740,800	3,340,800
2006		4.75	1,600,000	1,664,800	3,264,800
2007		4.75	1,600,000	1,588,800	3,188,800
2008		4.50	1,600,000	1,514,800	3,114,800
2009		4.50	1,600,000	1,442,800	3,042,800
2010		4.60	1,600,000	1,370,000	2,970,000
2011		4.63	1,600,000	1,296,200	2,896,200
2012		5.00	1,600,000	1,219,200	2,819,200
2013		5.13	1,600,000	1,138,200	2,738,200
2014		5.25	1,600,000	1,055,200	2,655,200
2015		5.00	1,600,000	973,200	2,573,200

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Fiscal Year Ended June 30	Issue	<u>EPB</u>			
		Interest Rate	Principal	Interest Due	Total Interest and Principal
2016		5.38	\$ 1,600,000	\$ 890,200	\$ 2,490,200
2017		5.20	1,600,000	805,600	2,405,600
2018		5.25	1,600,000	722,000	2,322,000
2019		5.25	1,600,000	638,000	2,238,000
2020		5.25	1,600,000	554,000	2,154,000
2021		5.25	1,600,000	470,000	2,070,000
2022		5.25	1,600,000	386,000	1,986,000
2023		5.38	1,600,000	301,000	1,901,000
2024		5.38	1,600,000	215,000	1,815,000
2025		5.38	1,600,000	129,000	1,729,000
2026		5.38	1,600,000	43,000	1,643,000
			40,000,000	25,824,200	65,824,200
	Total Primary Government Indebtedness		\$ 298,442,849	\$ 147,931,660	\$ 446,374,509
<u>METROPOLITAN AIRPORT AUTHORITY</u>					
2002	1990 Airport Revenue Bonds	7.00	\$ 310,000	\$ 875,411	\$ 1,185,411
2003		7.00	335,000	853,711	1,188,711
2004		7.00	355,000	830,261	1,185,261
2005		7.10	380,000	805,411	1,185,411
2006		7.375	410,000	778,431	1,188,431
2007		7.375	440,000	748,194	1,188,194
2008		7.375	470,000	715,744	1,185,744
2009		7.375	505,000	681,081	1,186,081
2010		7.375	540,000	643,828	1,183,828
2011		7.375	580,000	604,013	1,184,013
2012		7.375	625,000	561,238	1,186,238
2013		7.375	670,000	515,144	1,185,144
2014		7.375	720,000	465,731	1,185,731
2015		7.375	775,000	412,631	1,187,631
2016		7.375	830,000	355,475	1,185,475
2017		7.375	895,000	294,263	1,189,263
2018		7.375	960,000	228,256	1,188,256
2019		7.375	1,030,000	157,456	1,187,456
2020		7.375	1,006,149	81,494	1,087,643
			11,836,149	10,607,773	22,443,922
<u>SOUTHSIDE REDEVELOPMENT CORPORATION</u>					
2002	2001 Lease Revenue Bonds	-	-	7,198,975	7,198,975
2003		-	-	7,198,975	7,198,975
2004		-	-	7,198,975	7,198,975
2005		-	-	7,198,975	7,198,975
2006		-	-	7,198,975	7,198,975
2007		5.000	2,570,000	7,134,725	9,704,725
2008		5.000	2,700,000	7,002,975	9,702,975
2009		5.000	2,835,000	6,864,600	9,699,600
2010		5.000	2,975,000	6,719,350	9,694,350
2011		5.500	3,125,000	6,559,038	9,684,038
2012		5.000	3,310,000	6,390,350	9,700,350
2013		5.125	3,465,000	6,218,809	9,683,809

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS, NOTES, AND CAPITAL LEASES PAYABLE - BY FISCAL YEAR  
 June 30, 2001

(continued from previous page)

SOUTHSIDE REDEVELOPMENT CORPORATION

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2014	2001 Lease Revenue Bonds	5.250	\$ 3,640,000	\$ 6,034,469	\$ 9,674,469
2015		5.300	3,830,000	5,837,424	9,667,424
2016		5.400	4,035,000	5,626,984	9,661,984
2017		5.400	4,255,000	5,403,154	9,658,154
2018		5.750	4,485,000	5,159,325	9,644,325
2019		5.750	4,740,000	4,894,106	9,634,106
2020		5.500	5,015,000	4,619,919	9,634,919
2021		5.500	5,290,000	4,336,531	9,626,531
2022		5.875	5,580,000	4,027,144	9,607,144
2023		5.875	5,910,000	3,689,625	9,599,625
2024		5.875	6,255,000	3,332,278	9,587,278
2025		5.875	6,620,000	2,954,075	9,574,075
2026		5.750	7,010,000	2,558,075	9,568,075
2027		5.750	7,415,000	2,143,356	9,558,356
2028		5.750	7,840,000	1,704,775	9,544,775
2029		5.625	8,290,000	1,246,219	9,536,219
2030		5.625	8,760,000	766,688	9,526,688
2031		5.625	9,250,000	260,156	9,510,156
			129,200,000	147,479,025	276,679,025
	Total component unit indebtedness		\$ 141,036,149	\$ 158,086,798	\$ 299,122,947

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF INTERFUND TRANSFERS - ALL FUNDS  
 Year Ended June 30, 2001

<u>Transfer To</u>	<u>Transfers From</u>	<u>Amount</u>
Public Library Fund	General Fund	\$ 2,230,262
Human Services Fund	General Fund	1,424,655
Debt Service Fund	General Fund	6,424,417
Capital Projects Fund	General Fund	11,389,630
State Street Aid	General Fund	320,000
Solidwaste/Sanitation Fund	General Fund	6,307,718
Storm Water Fund	General Fund	683,952
General Fund	Capital Projects Fund	42,497
Debt Service Fund	Capital Projects Fund	4,048
Solidwaste/Sanitation Fund	Capital Projects Fund	77,520
Interceptor Sewer Fund	Capital Projects Fund	48,949
General Fund	Community Development Fund	103,759
Human Services Fund	Community Development Fund	22,950
Capital Projects Fund	Community Development Fund	213,056
Total interfund transfers		<u>\$ 29,293,413</u>

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2001

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
U.S. DEPARTMENT OF AGRICULTURE						
Passed through Tennessee Department of Agriculture:						
Emergency Food Assistance Program (Administrative Costs)	10.568	Z-00-096473	\$ (7,727)	\$ 14,655	\$ 6,928	\$ -
Emergency Food Assistance Program (Administrative Costs)	10.568	Z-01-001799	-	26,574	35,435	(8,861)
Total Emergency Food Assistance Program			(7,727)	41,229	42,363	(8,861)
Emergency Food Assistance Program (Food Commodities - Noncash)	10.569	N/A	-	188,323	188,323	-
Cooperative Forestry Assistance	10.664	Z-00-096424	-	13,512	13,512	-
Cooperative Forestry Assistance	10.664	Z-01-099773-02	-	-	19,013	(19,013)
Total Cooperative Forestry Assistance			-	13,512	32,525	(19,013)
Passed through Tennessee Department of Human Services:						
Child and Adult Care Food Program	10.558	03-47-55915-00-8	(27,374)	255,683	261,063	(32,754)
Child and Adult Care Food Program	10.558	03-47-56136-00-6	(11,275)	52,867	51,849	(10,257)
Child and Adult Care Food Program	10.558	03-47-60076-00-9	(5,295)	24,162	23,005	(4,138)
Total Child and Adult Care Food Program			(43,944)	332,712	335,917	(47,149)
Summer Food Service Program for Children	10.559	DG-00-01534-00/30-010	(252,572)	606,474	353,902	-
Summer Food Service Program for Children	10.559	DG-00-015711-00	-	-	291,350	(291,350)
Total Summer Food Service Program for Children			(252,572)	606,474	645,252	(291,350)
Total U.S. Department of Agriculture			(304,243)	1,182,250	1,244,380	(366,373)
U.S. DEPARTMENT OF COMMERCE						
Economic Development - Technical Assistance	11.303	42504272-98	6,075	-	6,075	-

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2001

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
HUD Counseling Assistance Program	14.169	N/A	\$ 5,051	\$ -	\$ 5,051	\$ -
Community Development Block Grants/Entitlement Grants	14.218	B99MC47001	(214,824)	2,435,752	2,220,928	-
Community Development Block Grants/Entitlement Grants	14.218	B00MC47001	-	1,090,536	1,431,718	(341,182)
Total Community Development Block Grants/Entitlement Grants			(214,824)	3,526,288	3,652,646	(341,182)
Emergency Shelter Grants Program	14.231	S98MC47003	-	5,879	5,879	-
Emergency Shelter Grants Program	14.231	S99MC47003	-	4,574	4,574	-
Emergency Shelter Grants Program	14.231	S00MC47003	-	74,893	74,893	-
Total Emergency Shelter Grants Program			-	85,346	85,346	-
Shelter Plus Care	14.238	TN37C931017	(8,955)	71,206	81,334	(19,083)
HOME Investment Partnerships Program	14.239	M99MC470200	(100,649)	1,329,530	1,228,881	-
HOME Investment Partnerships Program	14.239	M00MC470200	-	573,536	605,833	(32,297)
Total HOME Investment Partnerships Program			(100,649)	1,903,066	1,834,714	(32,297)
Total U.S. Department of Housing and Urban Development			(319,377)	5,585,906	5,659,091	(392,562)
U.S. DEPARTMENT OF JUSTICE						
Local Law Enforcement Block Grants Program	16.592	97-LB-VX-2151	146,324	-	146,324	-
Local Law Enforcement Block Grants Program	16.592	98-LB-WX-2151	114,550	-	114,550	-
Local Law Enforcement Block Grants Program	16.592	1999-LB-VX-7822	-	482,825	88,094	394,731
Local Law Enforcement Block Grants Program	16.592	2000-LB-BX-0878	-	469,070	183,720	285,350
Total Local Law Enforcement Block Grants Program			260,874	951,895	532,688	680,081

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2001

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
Executive Office for Weed and Seed	16.595		\$ (162,335)	\$ 87,057	\$ 18,853	\$ (94,131)
Public Safety Partnership and Community Policing Grants (COPS	16.710	95CCWX0214	(238,516)	1,129,157	1,264,868	(374,227)
Public Safety Partnership and Community Policing Grants (COPS	16.710	97-CL-WX-0018	-	96,527	147,059	(50,532)
Total Public Safety Partnership and Community Policing			(238,516)	1,225,684	1,411,927	(424,759)
Passed through Tennessee Department of Children's Services:						
Juvenile Accountability Incentive Block Grant	16.523	GG-008561	82,175	20,097	102,272	-
Juvenile Accountability Incentive Block Grant	16.523	GG-0109052	-	-	84,016	(84,016)
Total Juvenile Accountability Incentive Block Grant			82,175	20,097	186,288	(84,016)
Total U.S. Department of Justice			(57,802)	2,284,733	2,149,756	77,175
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through Tennessee Department of Transportation:						
Highway Planning and Construction	20.205	STP-M-9202(54)	-	3,192	-	3,192
Highway Planning and Construction	20.205	Z-01-000781-00	-	34,137	73,760	(39,623)
Highway Planning and Construction	20.205	Z-00-95852-00	(12,147)	111,329	156,495	(57,313)
Highway Planning and Construction	20.205	CDP 99-258	-	73,600	73,600	-
Total Highway Planning and Construction			(12,147)	222,258	303,855	(93,744)
Federal Transit Metropolitan Planning grants	20.505	Z-00-098031-00	1,247	20,257	51,328	(29,824)
State and Community Highway Safety	20.600	Z-01-002160	-	-	11,000	(11,000)

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2001

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
Passed through Georgia Department of Transportation:						
Highway Planning and Construction	20.205	50558-1565-00-020(9)653.6	\$ (3,848)	\$ 4,616	\$ 768	\$ -
Highway Planning and Construction	20.205	50558-1565-00-001(9)653.6	-	2,788	17,541	(14,753)
Total Highway Planning and Construction			(3,848)	7,404	18,309	(14,753)
Total U.S. Department of Transportation			(14,748)	249,919	384,492	(149,321)
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
Passed through Tennessee Libraries and Archives:						
State Library Program	45.310	GG-01-08800	-	203,095	203,095	-
State Library Program	45.310	Z-00-000975	-	2,364	2,364	-
Total Institute of Museum and Library Services			-	205,459	205,459	-
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Air Pollution Control Program Support	66.001	A004084-00-0	-	265,125	265,125	-
Surveys, Studies, Investigations and Special Purpose Grants	66.606	PM98437198	-	20,500	20,500	-
CEPP Technical Assistance Grants Program	66.810	CX82685801	-	17,903	17,903	-
Brownfield Pilots Cooperative Agreements	66.811	BP9847789	-	88,784	88,784	-
Total U.S. Environmental Protection Agency			-	392,312	392,312	-
U.S. DEPARTMENT OF ENERGY						
Passed through Tennessee Department of Human Services:						
Weatherization Assistance for Low-Income Persons	81.042	Z-00-094051-00	(17,841)	17,841	-	-
Weatherization Assistance for Low-Income Persons	81.042	Z-01-098227-00	-	133,472	216,182	(82,710)
Total Weatherization Assistance for Low-Income Persons			(17,841)	151,313	216,182	(82,710)

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2001

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Emergency Food and Shelter National Board Program	83.523	19-7682-00	\$ 9	\$ 31,746	\$ 31,755	\$ -
Passed through Tennessee Department of Military (Disaster Relief)						
Hazard Mitigation Grant	83.548	GG-99-08308-00	(251,306)	262,528	179,779	(168,557)
Total Federal Emergency Management Agency			(251,297)	294,274	211,534	(168,557)
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Head Start	93.600	04CH0047/24	(216,511)	5,419,362	5,378,792	(175,941)
Passed Through Tennessee Department of Human Services:						
Low-Income Home Energy Assistance	93.568	Z-00-092632-00	(253,123)	253,123	-	-
Low-Income Home Energy Assistance	93.568	Z-01-098246-00	-	880,033	912,616	(32,583)
Total Low-Income Home Energy Assistance			(253,123)	1,133,156	912,616	(32,583)
Community Services Block Grant	93.569	Z-00-093411	(28,070)	28,070	-	-
Community Services Block Grant	93.569	Z-01-099751-00	-	400,197	464,852	(64,655)
Total Community Services Block Grant			(28,070)	428,267	464,852	(64,655)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	GG-00-08462	(38,511)	434,521	439,200	(43,190)
Total U.S. Department of Health and Human Services			(536,215)	7,415,306	7,195,460	(316,369)
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
Foster Grandparent Program	94.011	439S019/17	-	389,434	279,474	109,960
TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT UNIT			(1,495,448)	18,150,906	17,944,215	(1,288,757)

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2001

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
<b>Component Units</b>						
<b>Chattanooga Area Regional Transportation Authority</b>						
U.S. DEPARTMENT OF TRANSPORTATION						
Federal Transit - Capital Investment Grants	20.500	TN-03-0042	\$ -	\$ 1,260,408	\$ 1,260,408	\$ -
Federal Transit - Capital Investment Grants	20.500	TN-03-0046	-	58,414	58,414	-
Federal Transit - Capital Investment Grants	20.500	TN-03-0055	-	<u>78,059</u>	<u>78,059</u>	-
Total Federal Transit - Capital Investment Grants			-	<u>1,396,881</u>	<u>1,396,881</u>	-
Federal Transit - Formula Grants	20.507	TN-37-X001	(14,395)	354,208	361,169	(21,356)
Federal Transit - Formula Grants	20.507	TN-37-X008	-	85,299	103,568	(18,269)
Federal Transit - Formula Grants	20.507	TN90-X142	-	28,800	28,800	-
Federal Transit - Formula Grants	20.507	TN-90-X153	-	4,080	4,080	-
Federal Transit - Formula Grants	20.507	TN-90-X164	-	1,234,892	1,235,770	(878)
Federal Transit - Formula Grants	20.507	TN-90-X169	-	844,614	963,325	(118,711)
Federal Transit - Formula Grants	20.507	TN-90-X180	-	<u>100,604</u>	<u>465,992</u>	<u>(365,388)</u>
Total Federal Transit - Formula Grants			<u>(14,395)</u>	<u>2,652,497</u>	<u>3,162,704</u>	<u>(524,602)</u>
Total Expenditures of Federal Awards - Chattanooga Area Regional Transportation Authority			<u>(14,395)</u>	<u>4,049,378</u>	<u>4,559,585</u>	<u>(524,602)</u>
<u>Awards Audited by Other Auditors</u>						
<b>Chattanooga Metropolitan Airport Authority</b>						
U.S. DEPARTMENT OF TRANSPORTATION						
Airport Improvement Program	20.106	3-47-0009-15	(6,938)	6,938	-	-

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2001

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
Airport Improvement Program	20.106	3-47-0009-17	\$ -	\$ 2,000	\$ 2,338	\$ (338)
Airport Improvement Program	20.106	3-47-0009-18	-	1,024,520	1,024,520	-
Airport Improvement Program	20.106	3-47-0009-20	-	22,977	29,800	(6,823)
Airport Improvement Program	20.106	3-47-0009-21	-	356,873	430,019	(73,146)
Airport Improvement Program	20.106	3-47-0009-22	-	54,000	80,325	(26,325)
Airport Improvement Program	20.106	3-47-0009-23	-	-	20,079	(20,079)
Total Expenditures of Federal Awards - Component Unit Audited by Other Auditors			<u>(6,938)</u>	<u>1,467,308</u>	<u>1,587,081</u>	<u>(126,711)</u>
Total Expenditures of Federal Awards - Component Units			<u>(21,333)</u>	<u>5,516,686</u>	<u>6,146,666</u>	<u>(651,313)</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY			<u>(1,516,781)</u>	<u>23,667,592</u>	<u>24,090,881</u>	<u>(1,940,070)</u>
STATE AWARDS						
Tennessee Department of Criminal Justice						
Safe Neighborhood Act of 1998		Z-98-091338	-	272,022	272,022	-
Safe Neighborhood Act of 1998		Z-98-091339	-	70,000	70,000	-
Tennessee Department of Environment and Conservation						
Household Hazardous Waste Grant		GG-97-07431-05	-	85,049	149,166	(64,117)
Tennessee Department of Finance and Administration						
Development Resource Center		529/000-11-96	-	897,688	1,220,325	(322,637)
Tennessee Housing Development Agency						
THDA Entitlement - CNE Project		HS99E003	-	33,000	33,000	-
THDA Entitlement - CNE Project		LM-00-003/DG99-01323	-	161,298	161,298	-

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2001

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
Tennessee Libraries and Archives						
U.S. Library and Technology Act Grant		Z-01-005389	\$ -	\$ 8,000	\$ 8,000	\$ -
Tennessee Wildlife Resources Agency						
Rivermont Boat Ramp		GG-0108945	-	75,000	75,000	-
TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT UNIT			-	1,602,057	1,988,811	(386,754)
<b>Component Units</b>						
<b>Chattanooga Area Regional Transportation Authority</b>						
State Funding for Capital Assistance to Local Transit Agencies	N/A	GG-0008466	(1,295)	8,597	7,302	-
State Funding for TN-90-X164	N/A	GG-0008467	(102,609)	255,144	154,363	(1,828)
State Funding for TN-03-0048	N/A	GG-0008597	(8,885)	8,885	-	-
State Sacramento Bus Rehab	N/A	GG-0008615	-	95,352	95,352	-
State Operating Grant	N/A	GG-0108839	-	1,595,696	1,595,696	-
State Funding for TN-90-X169	N/A	GG-0108880	(8,328)	59,567	147,910	(96,671)
State Funding for TN-90-X142	N/A	GG-9707542	-	2,914	3,601	(687)
State Funding for TN-90-X153	N/A	GG-9908039	(7,537)	8,047	510	-
State Funding for TN-03-0042	N/A	GG-9908187	-	157,551	157,551	-
State Funding for TN-37-X001	N/A	Z-00097875	(39,801)	318,400	374,810	(96,211)
State Funding for TN-03-0055	N/A	GG-0109005	-	-	9,758	(9,758)
Total Expenditures of State Awards - Chattanooga Area Regional Transportation Authority			(168,455)	2,510,153	2,546,853	(205,155)

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2001

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
<b>Awards Audited by Other Auditors</b>						
<b>Chattanooga Metropolitan Airport Authority</b>						
Airport Improvement Program		33-555-0133-04	\$ (20,411)	\$ 20,411	\$ -	\$ -
Airport Improvement Program		33-555-0750-04	(135,360)	208,260	72,900	-
Airport Improvement Program		33-555-0324-04	(15,753)	70,079	54,326	-
Airport Improvement Program		33-555-0752-04	-	3,573	3,573	-
Airport Improvement Program		33-555-0351-04	-	144,008	144,008	-
Airport Improvement Program		33-555-0146-04	(30)	-	119	(149)
Airport Improvement Program		33-555-0457-04	-	-	41,085	(41,085)
Airport Improvement Program		33-555-0147-04	-	-	1,656	(1,656)
Airport Improvement Program		33-555-0149-04	-	-	23,890	(23,890)
Airport Improvement Program			-	-	4,463	(4,463)
Airport Improvement Program			-	-	1,113	(1,113)
Airport Improvement Program		33-555-0755-04	-	30,712	30,712	-
Airport Improvement Program		33-555-0331-04	-	<u>50,595</u>	<u>50,595</u>	-
Total Expenditures of State Awards - Component Unit Audited by Other Auditors			<u>(171,554)</u>	<u>527,638</u>	<u>428,440</u>	<u>(72,356)</u>
Total Expenditures of State Awards - Component Units			<u>(340,009)</u>	<u>3,037,791</u>	<u>2,975,293</u>	<u>(277,511)</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>(340,009)</u>	<u>4,639,848</u>	<u>4,964,104</u>	<u>(664,265)</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ (1,856,790)</u>	<u>\$ 28,307,440</u>	<u>\$ 29,054,985</u>	<u>\$ (2,604,335)</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
June 30, 2001

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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 OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

Note 2. Program Income

Cash receipts for the Community Development Block Grant (CFDA 14.218) and HOME Investment Partnerships Program (CFDA 14.239) include program income of \$1,143,687 and \$304,858, respectively.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided To Subrecipient</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 3,078,250
Emergency Shelter Grants Program	14.231	85,346
HOME Investment Partnerships Program	14.239	1,833,359



Report of Independent Certified Public Accountants on Compliance and on Internal  
Control Over Financial Reporting Based on an Audit of the General-Purpose  
Financial Statements and the Combining and Individual Fund and Account Group  
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 the general-purpose financial statements and the combining and individual fund and account group financial statements of the City of Chattanooga, Tennessee, as of and for the year ended June 30, 2001, and have issued our report thereon dated October 3, 2001. We did not audit the financial statements of EPB and the Chattanooga Metropolitan Airport Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on those financial statements, insofar as it relates to the amounts included for EPB and Chattanooga Metropolitan Airport Authority, was based solely on the work of 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance, which we have reported to management in a separate letter dated October 3, 2001.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and the combining and individual fund and account group financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, the City Council, City of Chattanooga, Tennessee's management, federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Chattanooga, Tennessee  
October 3, 2001

Report of Independent Certified Public Accountants on Compliance  
With Requirements Applicable to Each Major Federal Program and Internal  
Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of the City of Chattanooga, Tennessee, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. We did not audit the compliance of the Chattanooga Metropolitan Airport Authority whose federal and state financial assistance is \$2,015,521. The report of the other auditors on compliance with the requirements applicable to major programs has been furnished to us, and our opinion on compliance with those requirements, insofar as it relates to the amounts included for the Chattanooga Metropolitan Airport Authority was based solely on the report of the other auditors. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States and Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Chattanooga, Tennessee complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 2001-1 and 2001-2.

#### Internal Control Over Compliance

The management of the City of Chattanooga, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters and the report of other auditors did not disclose any matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, the City Council, City of Chattanooga, Tennessee's management, federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Chattanooga, Tennessee  
October 3, 2001

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2001

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Reportable conditions 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
- Reportable conditions identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.559	U.S. Department of Agriculture Summer Food Service Program for Children
16.592 16.710	U.S. Department of Justice: Local Law Enforcement Block Grants Program Public Safety Partnership and Community Policing Grants (COPS)
20.106 20.500 20.507	U.S. Department of Transportation: Airport Improvement Program Federal Transit Capital - Improvement Grants Federal Transit - Formula Grants
93.600	U.S. Department of Health and Human Services Head Start

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2001

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Dollar threshold used to distinguish between type A  
and type B programs: \$722,726

Auditee qualified as low-risk auditee?                    \_\_\_ yes              X   no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2001-1: Reporting

Federal program:            CFDA 16.592 Local Law Enforcement Block Grants Program  
Federal agency:            U.S. Department of Justice  
Award year:                October 1, 1998 to September 30, 2000

Criteria: According to the grant agreement, the recipient agrees to submit, at a minimum, semi-annual reports on its programmatic activities within 30 days after the end of each six-month period for the term of the award. In addition, a final report on the programmatic activities is due 120 days following the end of the grant period.

Condition: The City did not submit semi-annual programmatic reports or a final grant closeout report.

Questioned costs: None

Effect: The City is not in compliance with grant regulations regarding performance reporting requirements.

Cause: Proper personnel were not aware of the filing requirements.

Recommendation: Care must be taken to ensure grant provisions are followed.

Management's response: We concur with the finding. All reports have now been filed. Procedures are in place to ensure timely filings in the future.

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2001

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

Finding 2001-2: Reporting

Federal programs: CFDA 16.592 Local Law Enforcement Block Grants Program  
CFDA 16.710 Public Safety Partnership and Community Policing Grants  
(COPS)  
Federal agency: U.S. Department of Justice  
Award years: October 1, 1997 to April 15, 2001  
October 1, 1999 to September 30, 2001  
October 1, 2000 to September 30, 2002  
March 1, 1999 to February 28, 2002 (COPS)  
January 1, 1997 to December 31, 2001 (COPS)

Criteria: According to the grant agreement, the recipient agrees to submit quarterly financial reports. The financial report is due 45 days after the end of each calendar quarter.

Condition: The City did not submit timely reports for two out of four quarters.

Questioned costs: None

Effect: The City is not in compliance with grant regulations regarding financial reporting requirements.

Cause: Procedures for accumulating data were not conducive to efficient reporting.

Recommendation: Care must be taken to ensure grant provisions are followed.

Management's response: We concur with the finding. The late filing, due to an oversight, has been corrected. Reports will be filed on a timely basis going forward. Procedures have been established to accumulate data in an efficient manner which now facilitates timely reporting.

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2001

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Finding 2000-1 from June 30, 2000

Federal program: CFDA 16.592 Local Law Enforcement Block Grants Program

Condition: The City did not submit semi-annual programmatic reports.

Current status: The City has taken steps toward grant compliance with reporting requirements, but missing programmatic reports are also reported in the current year as Finding 2001-1.

Finding 2000-2 from June 30, 2000

Federal programs: CFDA 16.592 Local Law Enforcement Block Grants Program  
CFDA 16.710 Public Safety Partnership and Community Policing Grants  
(COPS)

Condition: The City did not submit three out of four quarterly reports timely.

Current status: The City has taken steps toward improving timely reporting; however, untimely reporting is also reported in the current year as Finding 2001-2.



CITY OF CHATTANOOGA, TENNESSEE  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Property Taxes	Other Local Taxes	Licenses and Permits	Inter-Governmental	Charges for Services	Fines, Forfeitures and Penalties	Investment Income	Miscellaneous	Total
1992	\$ 57,943,847	\$ 4,693,360	\$ 3,507,879	\$ 118,204,115	\$ 7,341,278	\$ 1,207,966	\$ 2,659,490	\$ 4,822,896	\$ 200,380,831
1993	59,266,895	4,919,351	3,707,760	143,013,793	8,303,582	1,349,297	1,663,412	3,928,215	226,152,305
1994	61,356,169	5,048,321	4,131,628	142,569,973	8,342,304	1,266,112	2,326,198	6,147,657	231,188,362
1995	71,061,842	5,133,580	4,159,161	135,647,682	4,402,528	1,482,496	4,112,847	6,227,331	232,227,467
1996	72,147,987	5,322,460	5,059,012	139,128,935	4,460,791	1,645,901	4,022,283	6,083,666	237,871,035
1997	66,725,268	16,505,914	5,315,140	146,431,963	4,686,720	1,760,268	4,178,729	5,828,088	251,432,090
1998	62,837,381	21,956,152	5,482,906	59,384,581	2,364,791	1,805,903	3,086,343	6,416,760	163,334,817
1999	63,927,435	22,938,301	5,593,174	62,245,526	2,640,477	2,143,025	3,258,820	9,660,580	172,407,338
2000	64,262,529	23,912,119	6,102,055	64,081,912	2,700,574	1,895,159	3,533,489	8,038,712	174,526,549
2001	66,868,120	24,131,228	6,133,506	58,682,200	2,744,292	1,825,737	3,217,133	6,326,147	169,928,363

Notes:  
(1) Includes general, special revenue, debt service, and capital projects funds.

CITY OF CHATTANOOGA, TENNESSEE  
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Government (2)	Finance and Administration	Public Safety	Public Works	Parks and Recreation	General Services	Education	Debt Services	Capital Outlay	Social Services	Total
1992	\$ 27,039,951	\$ 3,570,331	\$ 29,689,037	\$ 14,108,694	\$ 5,005,300	\$ 10,630,316	\$ 79,042,473	\$ 6,530,063	\$ 28,137,161	\$ 9,189,182	\$ 212,942,508
1993	26,588,285	3,748,014	27,841,742	15,937,355	5,224,447	10,478,139	92,111,382	6,523,416	17,674,964	8,427,892	214,555,636
1994	19,753,860	4,771,897	34,807,160	12,910,022	7,984,729	10,168,662	99,957,853	6,636,830	18,195,819	9,487,265	224,674,097
1995	17,045,619	4,542,789	37,067,540	13,082,451	8,418,986	10,428,911	97,159,632	5,943,855	22,460,035	14,097,296	230,247,114
1996	17,578,266	4,806,407	38,863,226	13,587,704	8,853,506	10,324,153	98,716,585	6,839,092	23,774,426	14,969,700	238,313,065
1997	19,615,441	5,593,165	41,239,008	13,100,104	9,645,826	11,162,219	108,785,421	7,610,454	25,333,133	14,643,491	256,728,262
1998	26,751,553	5,101,425	43,300,303	12,505,996	9,795,435	11,799,661	-	8,175,752	21,513,790	17,109,854	156,053,769
1999	28,400,715	5,347,504	44,099,492	13,013,318	10,854,732	12,596,657	-	7,477,848	21,799,963	17,405,968	160,996,197
2000	28,793,205	5,420,736	49,282,463	16,340,771	12,071,498	12,366,425	-	7,232,436	22,361,690	19,269,739	173,138,963
2001	30,804,003	5,507,500	51,526,079	17,113,740	12,009,878	12,837,433	-	6,522,170	36,392,794	12,970,057	185,683,654

Notes:

(1) Includes general, special revenue, debt service, and capital projects funds.

(2) Beginning in 1994, pension benefits and social security expenses were allocated to the appropriate departments. Prior to 1994, these items were recorded as a general government expenditure.

CITY OF CHATTANOOGA, TENNESSEE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
1992	\$ 54,631,287	\$ 50,869,912	93.1%	\$ 2,482,385	\$ 53,352,297	97.7%	\$ 7,021,437	12.9%
1993	54,855,475	52,108,748	95.0%	3,484,893	55,593,641	101.3%	6,059,296	11.0%
1994	56,890,595	54,141,733	95.2%	2,312,510	56,454,243	99.2%	6,499,904	11.4%
1995	65,526,453	62,692,608	95.7%	3,148,835	65,841,443	100.5%	5,820,496	8.9%
1996	66,277,436	63,788,287	96.2%	2,273,018	66,061,305	99.7%	5,924,547	8.9%
1997	61,988,345	58,976,664	95.1%	2,498,964	61,475,628	99.2%	5,757,609	9.3%
1998	58,443,299	55,449,615	94.9%	2,930,520	58,380,135	99.9%	5,423,483	9.3%
1999	60,155,010	57,660,552	95.9%	2,574,338	60,234,890	100.1%	5,126,800	8.5%
2000	60,465,150	57,721,509	95.5%	2,139,956	59,852,775	99.0%	5,848,089	9.7%
2001	63,044,578	59,976,260	95.1%	2,495,293	62,471,553	99.1%	6,075,816	9.6%

Note 1: The property taxes levied on taxable assessed valuation in the City are billed by the City on October 1st of each year and are due without penalty by the last day in February of the following year. For failure to pay the tax bill by the due date, a penalty of 1/2 of 1% and interest of 1/2 of 1% is added on the first of March and each month thereafter until the tax bill is paid. If a tax bill continues to be unpaid through February of the following year, it is then transferred to the Clerk and Master's office by the City treasurer on July 1 of such year for collection. Additional penalties and costs of collection will be added thereafter to tax bills when they are filed in the Chancery Court of the county.

CITY OF CHATTANOOGA, TENNESSEE

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property (1)		Personal Property (2)		Public Utilities (3)		Total		Assessed to Total Estimated Actual Value
	Assessed Value (5)	Estimated Actual Value (5)	Assessed Value (5)	Estimated Actual Value (5)	Assessed Value (5)	Estimated Actual Value (5)	Assessed Value (5)	Estimated Actual Value (5)	
1992	\$ 1,623,471,083	\$ 4,947,161,599	\$ 276,327,564	\$ 921,091,880	\$ 131,104,207	\$ 238,371,285	\$ 2,030,902,854	\$ 6,106,624,764	33.26%
1993	1,633,805,813	4,985,486,870	265,998,097	886,660,323	139,430,519	253,150,035	2,039,234,429	6,125,657,228	33.29%
1994	1,711,202,108	5,254,372,948	306,309,606	1,021,032,020	153,885,032	279,790,967	2,171,396,746	6,555,195,935	33.12%
1995	1,733,174,165	5,324,263,360	307,830,119	1,026,100,397	157,865,664	287,028,480	2,198,869,948	6,637,392,237	33.13%
1996	1,764,147,467	5,421,140,894	308,318,501	1,027,728,337	151,604,715	275,644,936	2,224,070,683	6,724,514,167	33.07%
1997	1,797,441,847	5,523,206,725	344,984,883	1,149,949,610	153,432,945	278,968,991	2,295,859,675	6,952,125,326	33.02%
1998	1,987,416,146	6,147,138,482	381,056,931	1,270,189,770	161,516,615	293,666,573	2,529,989,692	7,710,994,825	32.81%
1999	2,031,602,544	6,284,950,419	407,967,358	1,359,891,193	164,540,123	299,163,860	2,604,110,025	7,944,005,472	32.78%
2000	2,075,650,791	6,420,828,988	382,030,624	1,273,435,413	159,854,460	290,644,473	2,617,535,875	7,984,908,874	32.78%
2001	2,126,364,954	6,569,990,348	406,302,688	1,354,342,293	196,521,415	357,311,664	2,729,189,057	8,281,644,305	32.78%

Notes:

- (1) The real property includes commercial and industrial property assessed at 40% and residential and farms assessed at 25% of the estimated actual value.
- (2) Personal property is assessed at 30% of the estimated actual value.
- (3) The Public Utilities assessments are made by the State of Tennessee for all counties and cities in the state. The Electric Power Board (EPB) and the Tennessee Valley Authority (TVA) are not included in these totals.
- (4) The estimated actual property values have not been adjusted for changes in market value. Amounts shown are calculated based on the known relationship between assessed values and actual values disregarding the fact that market value may have changed.
- (5) All assessments and estimated actual values are based on the initial levy and do not include any adjustments.

CITY OF CHATTANOOGA, TENNESSEE  
PROPERTY TAX RATES AND LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Tax Rates Per \$100 Assessed Value			Tax Levies		
	City	County	Total	City	County	Total
1992	\$ 2.69	\$ 2.43	\$ 5.12	\$ 54,631,287	\$ 76,192,815	\$ 130,824,102
1993	2.69	2.93	5.62	54,855,475	93,012,723	147,868,198
1994	2.62	2.81	5.43	56,890,595	96,378,123	153,268,718
1995	2.98	2.81	5.79	65,526,453	98,321,810	163,848,263
1996	2.98	2.81	5.79	66,277,436	100,264,781	166,542,217
1997	2.70	3.22	5.92	61,988,345	118,833,274	180,821,619
1998	2.31	2.93	5.24	58,443,299	121,892,101	180,335,400
1999	2.31	2.93	5.24	60,155,010	126,038,952	186,193,962
2000	2.31	3.52	5.83	60,465,150	127,944,083	188,409,233
2001	2.31	3.52	5.83	63,044,578	155,122,581	218,167,159

Notes: Property taxes levied on taxable assessed valuation in the City and County are billed on October 1 of each year and are due without penalty by the last day in February of the following year. The Assessor of Property performed a general reappraisal of property during 1997 which resulted in an increase in assessed values for the 1998 fiscal year. The lower tax rates are the result of such reappraisal along with a further \$.20 reduction in rates by the City Council.

## CITY OF CHATTANOOGA, TENNESSEE

PRINCIPAL TAXPAYERS  
June 30, 2001

Taxpayer	2000 Assessment	Percent of Assessed Valuation	City Tax
Electric Power Board (Municipal Electric Utility)	\$ 97,549,009	3.73%	\$ 2,253,382
E.I. DuPont de Nemours and Company (Synthetic Yarns)	60,199,816	2.30%	1,390,616
BellSouth (Telephone Utility)	66,363,943	2.54%	1,533,007
CBL & Associates (Land Development)	42,407,173	1.62%	979,606
Chattanooga Valley Associates (TVA) (Office Leasing)	41,669,360	1.59%	962,562
Unum-Provident Insurance Company	30,859,947	1.18%	712,865
Tennessee-American Water Company (Water Utility)	33,720,784	1.29%	778,950
Tennessee Hospital Association (Blue Cross)	20,305,076	0.78%	469,047
Chattanooga Gas Company (Natural Gas)	19,520,559	0.75%	450,925
Komatsu American Corporation (Heavy Equipment Mfg.)	<u>18,476,035</u>	<u>0.71%</u>	<u>426,796</u>
	<u>\$ 431,071,702</u>	<u>16.49%</u>	<u>\$ 9,957,756</u>

Source: City Treasurer

CITY OF CHATTANOOGA, TENNESSEE  
HISTORICAL DEBT RATIOS  
June 30, 2001

	1993	1994	1995	1996	1997	1998	1999	2000	2001
Estimated population (1)	155,000	154,700	154,200	151,600	150,300	148,800	147,500	155,554	155,554
Appraised property valuation	\$ 6,125,657,228	\$ 6,555,195,935	\$ 6,637,392,236	\$ 6,724,514,167	\$ 6,952,125,326	\$ 7,710,994,825	\$ 7,944,005,472	\$ 7,984,908,874	\$ 8,281,644,305
Assessed property valuation	2,039,234,429	2,171,396,746	2,198,869,948	2,224,070,683	2,295,859,675	2,529,989,692	2,604,110,025	2,617,535,875	2,729,189,057
Gross indebtedness (2)	169,276,511	159,288,470	185,837,792	204,479,351	191,283,521	245,731,165	237,505,962	223,521,569	258,442,849
Less: Self-supporting indebtedness (3)	130,073,419	121,598,982	140,426,612	147,739,894	138,922,708	194,393,764	190,087,672	179,866,956	178,059,226
Debt Service Fund	8,062,547	8,268,907	9,128,676	9,127,569	8,802,830	7,126,274	2,566,687	2,671,606	4,163,307
Net direct indebtedness	31,140,545	29,420,581	36,282,504	47,611,888	43,557,983	44,211,127	44,851,603	40,983,007	76,220,316
Plus: Estimated net overlapping indebtedness	72,122,174	84,898,036	75,913,865	79,884,361	100,669,117	99,208,181	98,505,368	88,150,782	103,117,962
Net direct and overlapping indebtedness	\$ 103,262,719	\$ 114,318,617	\$ 112,196,369	\$ 127,496,249	\$ 144,227,100	\$ 143,419,308	\$ 143,356,971	\$ 129,133,789	\$ 179,338,278
Gross debt per capita	\$1,092.11	\$1,029.66	\$1,205.17	\$1,348.81	\$1,272.68	\$1,651.42	\$1,610.21	\$1,436.94	\$1,661.43
Net direct debt per capita	200.91	190.18	235.30	314.06	289.81	297.12	304.08	263.46	489.99
Net direct and overlapping debt per capita	666.21	738.97	727.60	841.00	959.59	963.84	971.91	830.15	1,152.90
Gross debt to appraised valuation	2.76%	2.43%	2.80%	3.04%	2.75%	3.19%	2.99%	2.80%	3.12%
Net direct debt to appraised valuation	.51%	.45%	.55%	.71%	.63%	.57%	.56%	.51%	.92%
Net direct debt and overlapping debt to appraised valuation	1.69%	1.74%	1.69%	1.90%	2.07%	1.86%	1.80%	1.62%	2.17%
Gross debt to assessed valuation	8.30%	7.34%	8.45%	9.19%	8.33%	9.71%	9.12%	8.54%	9.47%
Net direct debt to assessed valuation	1.53%	1.35%	1.65%	2.14%	1.90%	1.75%	1.72%	1.57%	2.79%
Net direct and overlapping debt to assessed valuation	5.06%	5.26%	5.10%	5.73%	6.28%	5.67%	5.51%	4.93%	6.57%

(1) Population figures for all years are estimates.

(2) Gross indebtedness excludes revenue bonds payable by the Electric Power Board of Chattanooga and the Metropolitan Airport Authority.

(3) The self-supporting debt includes Sewer Bonds and Municipal Public Improvement Bonds supported by Hotel-Motel taxes.

CITY OF CHATTANOOGA, TENNESSEE  
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL  
 BONDED DEBT (1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Bond Principal	Bond Interest & Fiscal Charges (2)	Total Debt Service Expenditures	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1992	\$ 4,339,929	\$ 2,190,134	\$ 6,530,063	\$ 212,942,508	3.1%
1993	4,435,743	2,087,673	6,523,416	214,555,636	3.0%
1994	4,253,402	2,383,428	6,636,830	224,674,097	3.0%
1995	3,884,314	2,059,541	5,943,855	230,247,114	2.6%
1996	4,295,735	2,543,357	6,839,092	238,313,065	2.9%
1997	4,719,181	2,891,273	7,610,454	256,728,262	3.0%
1998	5,233,898	2,941,854	8,175,752	156,053,769	5.2%
1999	4,852,826	2,625,022	7,477,848	160,996,197	4.6%
2000	4,750,143	2,482,293	7,232,436	173,138,963	4.2%
2001	4,226,180	2,295,990	6,522,170	185,683,654	3.5%

Notes:

- (1) General obligation bonds reported in the Enterprise Funds have been excluded.
- (2) Bond interest includes the interest paid on general obligation bonds and bond anticipation notes.



CITY OF CHATTANOOGA, TENNESSEE  
 COMPUTATION OF DIRECT AND OVERLAPPING INDEBTEDNESS  
 Year Ended June 30, 2001

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Jurisdiction	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Chattanooga	\$ 76,220,316	100.0000%	\$ 76,220,316
Overlapping:			
Hamilton County	<u>170,972,241</u>	60.3127%	<u>103,117,962</u>
Total	<u>\$ 247,192,557</u>		<u>\$ 179,338,278</u>

CITY OF CHATTANOOGA, TENNESSEE  
COMPUTATION OF DEBT LIMIT AND LEGAL DEBT MARGIN  
Year Ended June 30, 2001

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Debt limit (10% of assessed valuation)	\$ <u>272,918,906</u>
Gross Indebtedness:	
General obligation bonds outstanding	241,740,001
Notes and Capital Leases Payable	<u>16,702,848</u>
Gross indebtedness	<u>258,442,849</u>
Less self-supporting indebtedness for general obligation bonds:	
Interceptor Sewer System	122,257,630
Solid Waste/Sanitation Fund	32,952,024
Storm Water Fund	<u>22,849,572</u>
	<u>178,059,226</u>
Gross direct indebtedness	80,383,623
Less: Debt Service Fund balance	<u>4,163,307</u>
Debt subject to debt limitation	<u>76,220,316</u>
Net legal debt margin	<u>\$ 196,698,590</u>
Percentage of direct legal debt exhausted	<u>27.93%</u>

CITY OF CHATTANOOGA, TENNESSEE  
PROPERTY VALUE AND CONSTRUCTION  
LAST TEN FISCAL YEARS

Calendar Year (1)	Commercial Construction (2)		Residential Construction (2)		Property Value (3)		
	Number of Permits	Value	Number of Permits	Value	Commercial	Residential	Public Utilities
1991	548	\$ 118,775,834	1,180	\$ 36,148,872	\$ 2,549,545,833	\$ 2,397,615,766	\$ 238,371,285
1992	691	99,320,108	1,229	46,109,341	2,615,638,370	2,369,848,500	253,510,035
1993	757	96,390,346	1,320	58,710,817	2,684,870,032	2,569,502,916	279,790,967
1994	672	124,406,215	1,434	63,825,615	2,716,252,084	2,608,011,276	287,028,480
1995	749	152,369,585	1,360	63,336,445	2,758,077,658	2,663,063,236	275,644,936
1996	789	214,356,906	1,465	75,164,190	2,815,608,289	2,707,598,436	278,968,991
1997	834	151,458,193	1,509	85,398,111	3,041,450,294	3,105,688,188	293,666,573
1998	822	212,851,146	1,516	73,308,479	3,109,414,963	3,175,535,456	299,163,860
1999	762	219,143,098	1,501	84,969,747	3,180,873,852	3,239,955,136	290,644,473
2000	751	180,763,204	1,670	102,825,961	3,268,879,764	3,301,110,584	357,311,664

Notes:

- (1) Latest information available for the calendar year.
- (2) Source: City of Chattanooga Building Inspection Department. The values are based on the current industry averages as published by the Southern Building Code Congress International (SBCCI).
- (3) Estimated actual values from Property Tax Assessor's Office records.

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue (Note A)	Expenses (Note B)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Primary Government:							
			EPB				
1992	\$ 278,299,000	\$ 266,036,000	\$ 12,263,000	\$ 250,000	\$ 34,500	\$ 284,500	43.10
1993	283,491,000	265,463,000	18,028,000	250,000	20,000	270,000	66.77
1994	298,793,000	282,413,000	16,380,000	250,000	10,000	260,000	63.00
1995	286,546,000	272,502,000	14,044,000	-	-	-	-
1996	311,940,000	296,020,000	15,920,000	-	-	-	-
1997	292,026,000	277,576,000	14,450,000	-	-	-	-
1998	332,613,000	307,581,000	25,032,000	-	-	-	-
1999	336,984,000	314,757,000	22,227,000	-	-	-	-
2000	345,998,000	326,700,000	19,298,000	-	-	-	-
2001	362,105,000	356,852,000	5,253,000	-	1,003,400	1,003,400	5.24
Component Unit:							
			METROPOLITAN AIRPORT AUTHORITY (Note C)				
1992	2,848,714	2,477,223	371,491	-	1,012,186	1,012,186	0.37
1993	4,722,120	3,111,165	1,610,955	29,118	1,012,186	1,041,304	1.55
1994	5,021,700	3,461,550	1,560,150	185,000	1,001,161	1,186,161	1.32
1995	5,306,842	3,505,242	1,801,600	195,000	989,321	1,184,321	1.52
1996	5,147,790	3,253,459	1,894,331	212,500	976,646	1,189,146	1.59
1997	5,456,099	3,277,908	2,178,191	225,000	985,062	1,210,062	1.80
1998	5,820,799	3,423,511	2,397,288	237,275	947,711	1,184,986	2.02
1999	6,319,120	4,304,545	2,014,575	252,274	931,391	1,183,665	1.70
2000	6,547,743	4,354,853	2,192,890	268,108	914,051	1,182,159	1.85
2001	8,841,283	6,915,394	1,925,889	268,107	892,086	1,160,193	1.66
			SOUTHSIDE REDEVELOPMENT CORPORATION				
2001	9,653,532	4,105,053	5,548,479	-	3,599,488	3,599,488	1.54

Note A Includes operating and nonoperating revenue.

Note B Total expenses exclusive of depreciation and bond interest.

Note C Created in July 1985, the Metropolitan Airport Authority did not issue revenue bonds until 1990.

CITY OF CHATTANOOGA, TENNESSEE  
SALARIES AND FIDELITY BONDS OF PRINCIPAL OFFICIALS  
Year Ended June 30, 2001

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	<u>Description</u>	<u>Annual Salary</u>	<u>Fidelity Bonds</u>
Robert P. Corker, Jr.	Mayor	\$ 118,796	\$ 10,000
John M. Lively	Councilman, District 1	17,819	10,000
Sally L. Robinson	Councilwoman, District 2	17,819	10,000
Dan B. Page	Councilman, District 3	17,819	10,000
W. Jack Benson, Sr.	Councilman, District 4	17,819	10,000
John P. Franklin, Jr.	Councilman, District 5	17,819	10,000
Ronald C. Littlefield, Vice-Chairman	Councilman District 6	20,319	10,000
John R. Taylor, Sr.	Councilman, District 7	17,819	10,000
Leamon Pierce	Councilman, District 8	17,819	10,000
Yusuf A. Hakeem, Chairman	Councilman, District 9	22,819	10,000
James S. Boney	Administrator and City Finance Officer	106,902	100,000
Carl E. Levi	City Treasurer	76,944	500,000
Randall L. Nelson	City Attorney	103,377	10,000

CITY OF CHATTANOOGA, TENNESSEE

INSURANCE COVERAGE  
Year Ended June 30, 2001

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PUBLIC BUILDINGS	
Fire, extended coverage, vandalism, and malicious mischief	\$ 275,889,576
CHATTANOOGA PUBLIC LIBRARIES	
Fire, extended coverage, vandalism, and malicious mischief (80% coinsurance)	29,639,471
Automobile liability	500,000
Boiler	500,000
Flood	10,535,000
Earthquake	10,000,000
General liability	1,000,000
Employee dishonesty	125,000
Equipment	817,421
HUMAN SERVICES	
General liability	1,000,000
Fire, extended coverage, vandalism, and malicious mischief (80% coinsurance)	1,940,957
Employee dishonesty	400,000
AIR POLLUTION CONTROL BOARD	
General liability	2,000,000
Property damage (90% coinsurance)	400,000
Automobile liability	1,000,000
Public official and employee liability	1,000,000
Equipment (80% coinsurance)	419,044
Employee dishonesty	100,000
Workers compensation	500,000

CITY OF CHATTANOOGA, TENNESSEE

DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

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Calendar Year	Population (1)	Per Capita Income (1)	Median Age (1)	Unemployment Rate (2)
1991	153,800	\$12,906	35.1	5.9%
1992	155,000	13,566	35.3	6.1%
1993	154,700	14,328	35.7	4.3%
1994	154,200	15,131	36.1	2.8%
1995	151,600	14,613	37.1	4.9%
1996	150,300	15,366	36.6	4.6%
1997	148,800	15,943	36.9	5.0%
1998	147,500	16,381	38.2	4.0%
1999	145,700	24,622	37.5	3.5%
2000	155,554	26,228	37.4	3.0%

(1) Source: U.S. Census Bureau

(2) Source: Tennessee Department of Employment Security

CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2001

Date of Organization: 1839  
 Form of Government: Council - Mayor  
 Fiscal Year Begins: July 1  
 Area: 144 square miles

Miles of Streets:

	<u>City</u>	<u>County</u>
Paved	1,000	2,239
Unpaved	-	180

Building Permits:

	<u>Calendar Year</u>	<u>Number Issued</u>	<u>Value of Permits*</u>
	1991	1,728	\$154,924,706
	1992	1,920	145,429,449
	1993	2,077	155,101,163
	1994	2,106	188,231,830
	1995	2,109	215,706,030
	1996	2,254	289,521,096
	1997	2,343	236,856,304
	1998	2,338	286,159,625
	1999	2,263	304,112,845
	2000	2,421	283,589,165

\*Values are based on the current industry averages as published by the Southern Building Code Congress International (SBCCI).

Source: City Building Inspection Department

Education\*\*

Public

Elementary	46
Middle	16
Middle thru High	3
Senior High	12
Kindergarten through Twelve	2

Private

Parochial	18
Elementary	6
Preparatory	3

\*\*Source: Hamilton County Department of Education

(continued on next page)



CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2001

(continued from previous page)

Elections (County-Wide):

189,559 registered voters  
 120,584 votes cast in last election  
 63.61% registered voters voting

Population - Official U.S. Census:	<u>City</u>	<u>County</u>
1940	128,163	180,478
1950	131,041	208,255
1960	130,009	237,905
1970	119,923	255,077
1980	169,514	287,740
1990	152,466	285,536
2000	155,554	295,000
2001 Estimate	155,554	307,896

Recreation:

Number of parks	49
Municipal golf courses	17
Recreation centers	19
Supervised summer playgrounds	48
Ball fields	79
Public and private tennis courts	200
Swimming pools	55
Theaters	15
Bowling alleys	3

Libraries:

Chattanooga-Hamilton County Bicentennial Library  
 The University of Tennessee at Chattanooga  
 Chattanooga State Technical Community College

Public Safety:	<u>Fire</u>	<u>Police</u>
Sworn officers	399	458
School resource officers	-	14
Civilians:		
Full-time Park Rangers	-	8
Part-time Park Rangers	-	6
Part-time School Patrol	-	30
Full-time School Patrol	-	3
All other	<u>19</u>	<u>206</u>
Total Public Safety	<u>418</u>	<u>725</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2001

(continued from previous page)

Utilities:

	<u>User Class</u>	<u>Number of Customers</u>	<u>Rate Structure</u>
Electric Power Board*	Residential	135,773	\$0.0647 per kilowatt-hour
	Small Commercial and Power	18,750	0.0715 per kilowatt-hour
	Large Commercial and Power	3210	0.0519 per kilowatt-hour
	Outdoor Lighting	137	0.0780 per kilowatt-hour
Interceptor Sewer System (based on water used)	First 100,000 gallons	55,000	\$3.43 per 1,000 gallons
	Next 650,000 gallons		2.52 per 1,000 gallons
	Next 1,250,000 gallons		2.03 per 1,000 gallons
	Over 30,000,000 gallons		1.45 per 1,000 gallons
	Over 32,000,000 gallons		1.14 per 1,000 gallons
Average Income Level:		<u>City</u>	<u>County</u>
Per capita**		\$26,228	\$29,671
Per family***		42,259	46,956

\*Source: Average cost per Electric Power Board Annual Report for the year ended June 30, 2001.

\*\*Source: U.S. Department of Commerce-Bureau of Economic Analysis.

\*\*\*Source: Survey of Buying Power, Sales & Marketing Management Magazine.