

ONE CHATTANOOGA

# ACFR

Annual Comprehensive Financial Report  
for the Year Ended June 30, 2022

Chattanooga, Tennessee

CITY OF CHATTANOOGA  
MAYOR TIM KELLY



### **About the Cover**

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

CITY OF CHATTANOOGA, TENNESSEE

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2022

DEPARTMENT OF FINANCE AND ADMINISTRATION  
BRENT GOLDBERG , ADMINISTRATOR

# CITY OF CHATTANOOGA, TENNESSEE

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# Mayor's Letter



City of Chattanooga  
Office of the Mayor

City Hall 101 East 11th Street Chattanooga, Tennessee 37402

March 24, 2023



Mayor Tim Kelly

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

I am honored to present to you the annual financial report for the City of Chattanooga for the fiscal year ending June 30, 2022.

This budget was the first of my administration — our first step in creating One Chattanooga. My team and I worked diligently over the past fiscal year to put policies and programs in place that would help create shared prosperity and opportunity for all Chattanoogans, and as you can see in this fiscal report, we've made great strides.

First, we looked at our internal practices at the City of Chattanooga. We reorganized the city government so we can better serve our residents, and we took steps to ensure that our staff members are paid livable, competitive wages.

Second, we stayed true to our promise to invest in our city's physical infrastructure, through an unprecedented \$10 million for repaving roads in the 2021-2022 fiscal year, along with a commitment to invest at least \$40 million in paving projects over the next four years.

Finally, we took bold action to support our city's residents from cradle to career through innovative investments into education and workforce development, including the establishment of the Community Forward Schools initiative and the creation of a Building and Construction Workforce Center.

As stewards of taxpayer dollars, we have a responsibility to be frugal with our finances, while also taking decisive steps toward the type of future we'd like to see. Together, with City Council, our residents, and our partners, we will create a city where every resident has an opportunity to thrive. We have the potential to be the best city in America, and we'll get there together, as One Chattanooga.

Sincerely,

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

Mayor Tim Kelly  
City of Chattanooga



# City Council



Chip Henderson  
District 1



Jenny Hill  
District 2



Ken Smith  
District 3



Darrin Ledford  
Chair  
District 4



Isiah Hester  
District 5



Carol Berz  
District 6



Raquetta Dotley  
Vice Chair  
District 7



Marvene Noel  
District 8



Demetrus Coonrod  
District 9

# Letter of Transmittal



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

March 24, 2023

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

State and local statutes require that the City publish annual audited financial statements for each fiscal year. This Annual Comprehensive Financial Report (ACFR) of the City of Chattanooga for the fiscal year ended June 30, 2022 is submitted in compliance with this requirement.

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

Henderson, Hutcherson & McCullough, PLLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Chattanooga’s financial statements for the year ended June 30, 2022. The independent auditor’s report is presented as the first item in the financial section of this report.

The independent audit of the City’s financial statements was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements. Special emphasis is placed on internal controls and legal requirements involving the administration of federal awards. These reports are in a separate Single Audit section.

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



Brent Goldberg,  
City Finance Officer





## GOVERNMENTAL STRUCTURE, ECONOMIC CONDITIONS AND MAJOR INITIATIVES

### PROFILE OF THE GOVERNMENT

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

Founded as a ferry landing and warehouse site in 1815, the City of Chattanooga was incorporated under State of Tennessee Private Acts of 1839. The City is the county seat of Hamilton County and is located near the southeastern corner of the state on the Tennessee-Georgia border. Chattanooga is centrally located in relation to other major population centers of the southeast, being within a 150-mile radius of Knoxville and Nashville, Tennessee; Birmingham, Alabama; and Atlanta, Georgia. Over 11 million people live within a 2 to 2½ hour drive of Chattanooga. It encompasses an area of 148 square miles. Official results of the 2020 U.S. Census show a population of 181,099, an 8.0% growth since the 2010 Census. The estimated 2021 population, released in May, 2022, is 182,113. The City is empowered to levy a property tax on both real and personal property located within its boundaries. Corporate limits may be extended at the

request of an adjacent property owner or by a referendum of the people in the affected proposed annex areas who want to petition to be brought into the city boundary.

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

The City provides a full range of municipal services including but not limited to fire and police protection; sanitation services and recycling; construction and maintenance of highways, streets and infrastructure; recreation and cultural activities; equity and community engagement; economic development; public library; community development; planning and zoning; neighborhood services; social services; and administrative services for the government as a whole. It also operates a stormwater program, a solid waste program and a wastewater treatment system for its residents and for other communities in southeast Tennessee and northwest Georgia. The City's Electric Power Board (EPB) provides electric service and fiber-to-home to support phone, cable, and internet services. Other services are provided through the legally separate Chattanooga Downtown Redevelopment Corporation, which is reported along with EPB as an enter-



prise fund. Additional services are provided through the legally separate Chattanooga Metropolitan Airport Authority and the Chattanooga Area Regional Transportation Authority (CARTA), both of which are reported separately within the City's financial statements. Additional information on all these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial plan. It is legally enacted through passage of an ordinance with an operative date of July 1. The appropriated budget is adopted on a departmental basis; the legal level of budgetary control is the fund level. The City Finance Officer is authorized to make intra-fund transfers if necessary. Budgetary comparison schedules are provided in the budget document for each individual governmental fund for which an appropriated annual budget has been adopted. The City utilizes a Priority-Based Budgeting (PBB) Process which is an alternative to zero-based budgeting and has been recognized by the Government Finance Officers Association as a public finance best practice. The underlying philosophy of PBB is about how an organization should invest resources to meet its stated objectives. This helps the city better articulate the services delivered to the community, what price those services cost, and what value is provided to the community. Further details concerning this methodology can be obtained by reviewing the City's Comprehensive Annual Budget Report for 2023.

## FACTORS AFFECTING FINANCIAL CONDITION

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

### The Local Economy:

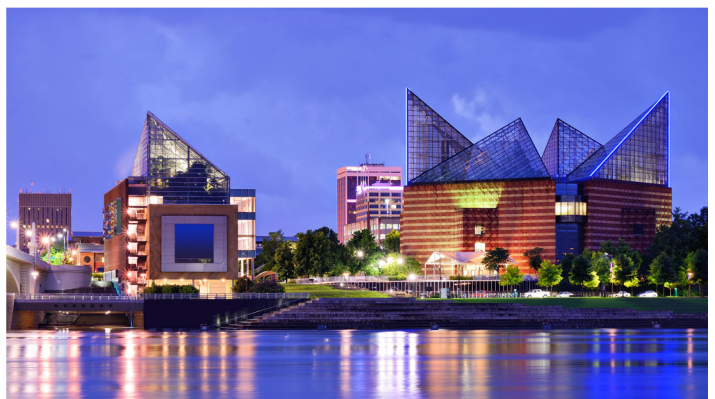
The City of Chattanooga remains well positioned for future growth. Employment in the Chattanooga area is diverse. The pandemic, which created devastating job loss nationwide in 2020, was much less apparent in the Chattanooga region, which has continued to show strength in manufacturing. The top employment sectors of trades, transportation, and utilities (20%), government (15%), manufacturing (13%), professional and business services (20%), education and health (13%), and leisure and hospitality (10%) comprise 91% of the workforce. The local unemployment rate of 2.8% for the Chattanooga Metropolitan Statistical Area is comparable to the state and national averages of 3.0% and 3.3% as of September, 2022, according to information from the U.S. Bureau of Labor Statistics. Recent growth announcements include redevelopment of one of Chattanooga's largest industrial sites along North Access Road. The North River Commerce Center, a \$120 million project, will hold light industrial and warehousing. As of October, 2022, 60,000 square feet had already been leased.

Chattanooga enjoys strategic advantages related to its location, strong transportation system, natural resources and competitive cost of doing business. The Chattanooga area is served by three interstate highways, seven U.S. highways, two railways, airlines, bus service, and the Tennessee River system. The Thrive Regional Partnership, comprised of 16 area counties, has partnered with the Federal Highway Administration to develop a

long-range transportation plan for the Chattanooga region, ensuring continued transportation needs are met. Work is still underway in the Tennessee River on the new Chickamauga Lock. Construction to cost an estimated \$850 million will replace the existing 60 by 360 foot lock, which opened in 1940, with one that is 110 by 600 feet. The project could be completed by the end of 2025. The Chattanooga Metropolitan Airport is served by four airlines. Direct flights are available to nine major cities. Air traffic has greatly improved from its low point during the pandemic. Enplanements for 2022 reached just over 432,000. This is a reduction from a high of 554,050 in 2019, but shows a significant recovery from the 225,000 enplanements in 2020. Construction has begun on a \$28 million expansion and renovation project of the passenger terminal which will add 26,000 square feet and renovate another 36,000 square feet. The passenger capacity of the terminal will double once construction is completed in March, 2024 and will accommodate more direct flight destinations. Chattanooga is home to three major air cargo facilities, three public use port terminals, and four major industrial parks. Railway service is provided by four divisions of the Norfolk Southern Railway System and two divisions of the CSX Transportation System, all with switching service throughout the entire area. Modern "piggyback" service is provided by both lines.

Hamilton Place Mall, which is in its 36th year of operation, anchors the area's I-75 retail corridor. Adaptation to change is the key to continued success of big-box retail as internet sales shift the shopping experience. Hotels on and adjacent to the mall will encourage shopping by travelers. The retail area just north of the mall, known as Waterside, could ultimately include 350,000 square feet of retail space, restaurants and housing on approximately 60 acres. Construction of 344 apartments on 15 acres within the development has just broken ground. The Hixson retail corridor along Highway 153 continues to thrive as well. Hotels recently constructed or announced within these areas promote shopping as a destination and bring additional visitors to the Chattanooga region. Continued renewal within these areas will keep retail thriving.

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



The Chattanooga City Council has given approval for the revitalization of the South Broad District. This is a renewal effort that will generate tens of millions of dollars in new money for schools, roads, and infrastructure across Chattanooga while transforming a blighted brownfield into a vast, vibrant live-work-play district. The district will encompass 140 acres formerly occupied by the old Wheeland Foundry and U.S. Pipe factory. Anchoring the district development is a planned new \$79.5 million stadium. The stadium, designed for multi-purpose community use, will not only serve as the new home for the Chattanooga Lookouts baseball team but also for numerous other events and entertainment. The stadium will ensure retention of the baseball team as a local franchise which provides an estimated \$30 million economic impact. The 140-acre district will also bring with it \$170 million in new housing, commercial space for small businesses, and new public green spaces and trails. The project is being funded by utilizing an economic development tool known as Tax Increment Financing (TIF) to leverage growth in property tax collections resulting from the new development. Debt service on the stadium will be funded by the TIF.

The former Alstom plant site, located on 112 acres just north of the new South Broad TIF district, is envisioned to attract \$2 billion of investment over the next few years. Novonix, which first opened a facility here in 2019, announced plans to retrofit the 400,000 square foot former Alstom facility to produce synthetic graphite, a major component for lithium-ion batteries. Production in the facility which currently employs over 80 people is on track to produce 10,000 tons per year by the end of 2023. The \$160 million investment should add 300 jobs when complete.

Chattanooga continues to receive recognition as a world leader in technology. The Electric Power Board (EPB) began offering one-gig high-speed internet in 2010. This service was upgraded to a ten-gigabit connection offered to all 170,000 homes in Chattanooga beginning in 2015, and now offers 25-gigabit service community wide. The Fiber-to-the-Home (FITH) network is available to individuals, schools, and businesses in a service area covering 600 square miles including urban, suburban, and rural places and a diverse population of 300,000 people. Beginning in 2016, EPB added 4K ultra high definition TV service, the first in the area. The utility surpassed 100,000 customers in 2018. The system is integrated with Smart Grid, a technology which allows remote monitoring of meters for every customer. A \$111 million federal stimulus grant from the De-

partment of Energy in 2010 dramatically accelerated the installation in 2012 of the Smart Grid, allowing for an implementation schedule to take only two years. A wireless mesh network is piggybacked onto the entire system, enhancing public safety as well. The network represents a total \$320 million investment. EPB announced in December that it will create a new network to attract researchers. The first commercial quantum network will be built on the EPB network and will also offer 25-gig service. This provides an entirely new level of data delivery options across a wide area. Chattanooga's reputation as a "Gig City" has provided as estimated \$2.7 billion to the local economy and contributed to the creation of thousands of jobs locally.

Automotive manufacturing that began here in 2008 with the announcement that Volkswagen AG would locate its United States manufacturing headquarters in Chattanooga continues to strengthen. Since that time, the area has attracted \$4 billion in foreign direct investment. The Enterprise South Industrial Park (ESIP), home to Volkswagen AG, hosts numerous companies associated with automobile manufacturing, as well as an Amazon distribution center. The 3,000 acre industrial site has essentially been filled or committed for additional potential expansion of the VW plant. The plant has achieved production of over 100,000 units per year. A new SUV, designed and built specifically for the U.S. market, began production in December 2016, with sales beginning in May 2017, has been the company's best seller. Production has begun of its ID.4 electric SUV. The new addition to the plant was an \$800 million expansion on 900 acres adjacent to the original 1,300 acre facility. The vehicle has an estimated 275-mile range and an entry level price of under \$40,000. Vehicle production is expected to reach 90,000 units in 2023. Once at full production capacity of 185,000 units, the addition to the plant is expected to create 1,000 additional jobs. Nippon Paint, a Japanese company, has nearly completed phase 1 of its 270,000 square foot factory and is currently taking applications in anticipation of production. It is located on 30 acres which was the location of the former Harriet Tubman housing project in the East Chattanooga area. This \$61 million investment will bring 150 jobs to supply the Toyota/Mazda plant in Huntsville, AL. The development is adjacent to a Tax Increment Financing District which is designed to spur additional growth in the area and has already begun to generate revenue.

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

	<u>5 Year</u>	<u>Actual</u>
Regional Employment	5,000	2,875
Private Investment	\$1.0 B	\$1.0 B
Payroll	\$500 M	\$312 M
Annual Income	\$55,000	\$50,426





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

Quality education is also the centerpiece of a successful community. A study released in 2015 by the Manhattan Institute shows the number of adults age 25 and over in the Chattanooga MSA with a bachelor’s degree or higher increased over 40% since 2000. Chattanooga State Technical Community College maintains five training partnerships to provide industry-specific training to students, allowing flexibility so programs can be tailored to current needs. This approach to educational and training support to industry will serve to attract additional new manufacturing and technical jobs to the area. The Hamilton County Public School System has established a school for Science, Technology, Engineering and Math (STEM), located on the Chattanooga State campus, which provides coursework based on hands-on training and offers internships or apprenticeships to the students. Gestamp, a world leader in hot-stamp technology and a Tier 1 supplier for VW, BMW, and Mercedes-Benz, utilizes the ApprenticeshipTN program as a workforce training tool. The program partners with the local high school system and Chattanooga State Community College to train prospective workers in industrial maintenance, tool and die, press, and assembly processes. This is a workplace learning program, designated as a registered apprenticeship program with the U.S. Department of Labor, which pays the student participants as they gain manufacturing skills in conjunction with their education. The University of Tennessee at Chattanooga (UTC) offers undergraduate and graduate degree opportunities in twenty-nine academic departments. The Chattanooga Smart Community Collaborative, a joint effort by a growing number of partners including The Enterprise Center, EPB, UTC, Erlanger Hospital, Siskin Hospital, CARTA, the Tennessee Aquarium, CO.LAB, and Chattanooga and Hamilton County governments, will work to attract new research projects in energy, transportation, and health care. The Smart Factory Institute is a new program at the Volkswagen Academy which is designed to help companies improve manufacturing techniques.

Tourism, part of the bedrock of our downtown resurgence, is continuing its rebound from the collapse in 2020 due to the Coronavirus Pandemic. Local attractions along with several national events brought an estimated \$1.5 billion to the local economy in 2021. Major events in 2022 included the Chattanooga Motorcar Festival which included an auction by Mecum Action, an Ironman competition, and the Head of the Hooch rowing competition. Downtown will return as a popular tourist destination, anchored by the Tennessee River and the Tennessee Aquarium, which just celebrated its 30th anniversary. The Tennessee Riverwalk and River park system, which first opened a 2-mile section in 1989, now encompasses nearly 13 miles of walkway along the southern bank of the river, stretching from the Chickamauga Dam, through the northern edge of downtown, and terminating near the historic St. Elmo neighborhood. The Riverwalk is connected to the 12 mile South Chickamauga Creek Greenway. Chattanooga has become nationally recognized as a destination for those seeking outdoor

activities which include hiking, hang-gliding, rock climbing, biking, and water sports. Outdoor competition and activities bring millions to the local economy and help keep Chattanooga in the forefront.

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

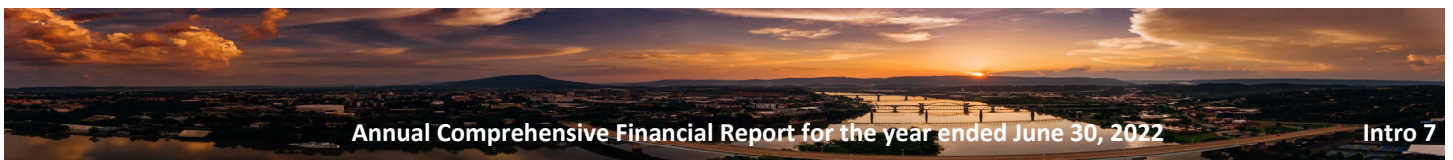


**Long-term financial planning:** The City takes a long range approach to capital spending by the adoption of a five year capital plan. The City continues to explore growth opportunities through economic development, regional growth plans, and other strategic initiatives that involve all citizens.

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

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

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



# Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chattanooga, Tennessee for its comprehensive annual financial report for the fiscal year ended June 30, 2021. This was the thirtieth consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

The GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting was received for the fiscal year ended June 30, 2021. This is the eleventh consecutive year for which the City received the award. In order to qualify, a government must publish a Popular Annual Financial Report with contents that conform to program standards of creativity, presentation, understandability, and reader appeal.

The preparation of this report could not have been accomplished without the professional and dedicated services of the

entire staff of the Finance Department and the City's independent public accountants, Henderson, Hutcherson & McCullough PLLC. We would like to express our appreciation to members of various City departments who assisted and contributed to the preparation of this report. Further appreciation is extended to the Mayor and the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,



Brent Goldberg  
City Finance Officer



Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Chattanooga  
Tennessee**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021



Executive Director/CEO



# City Officials as of June 30, 2022



## EXECUTIVE BRANCH:

**Tim Kelly, Mayor**

Joda Thongnopnua, Chief of Staff

Brooke Satterfield, Deputy Chief of Staff

Ryan Ewalt, Chief Operating Officer

Julia Bursch, Deputy Chief Operating Officer

## CITY COUNCIL:

Darrin Ledford, Chair.....District 4	
Chip Henderson.....District 1	Carol Berz.....District 6
Jenny Hill.....District 2	Raquetta Dotley, Vice Chair.....District 7
Ken Smith.....District 3	Marvene Noel.....District 8
Isiah Hester.....District 5	Demetrus Coonrod.....District 9

## COURTS:

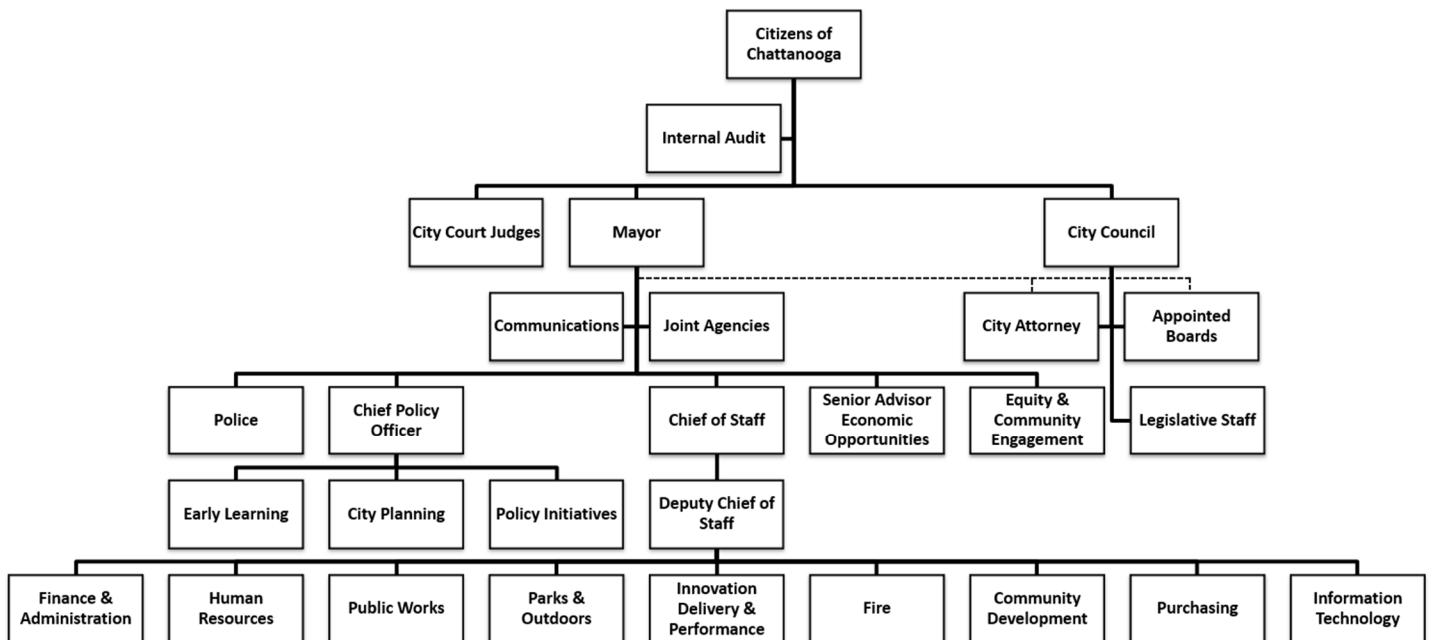
Sherry B. Paty.....City Court Judge	Russell J. Bean.....City Court Judge
Anthony Byrd.....City Court Clerk	

## DEPARTMENT ADMINISTRATORS

Legal.....	Emily O'Donnell.....	City Attorney
Legislative.....	Nicole Gwyn.....	Clerk to the Council
Finance and Administration.....	Brent Goldberg.....	Administrator
Fire.....	Chief Phil Hyman.....	Administrator
Community Development.....	Anthony Sammons.....	Administrator
Police.....	Chief Celeste Murphy.....	Administrator
Human Resources.....	Mande Lawrence.....	Administrator
Public Works.....	Thomas Hutka.....	Administrator
Parks and Outdoors.....	Scott Martin.....	Administrator
Early Learning.....	Karitsa Jones.....	Administrator
City Planning.....	Dan Reuter.....	Administrator
Equity and Community Engagement.....	Tamara Steward.....	Administrator
Economic Development.....	Jemaine Freeman.....	Interim Administrator
Innovation Delivery and Performance.....	Tim Moreland.....	Administrator



# Organizational Chart









CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Chattanooga, Tennessee (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, and Downtown Chattanooga Business Improvement District, which represent 100 percent of the assets, net position, and revenues of the discretely-presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, and Downtown Chattanooga Business Improvement District is based solely on the report of the other auditors.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

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AN INDEPENDENT MEMBER OF THE BDO ALLIANCE USA

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv through xxi of the Financial Section and the required supplementary information on pages B-1 through B-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Chattanooga, Tennessee  
March 24, 2023

*Henderson Hutcherson*  
*in McCullough, PLLC*



# Management's Discussion and Analysis

As management of the City of Chattanooga (the "City"), we provide readers of the City's financial statements with this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with our Letter of Transmittal beginning on page Intro 3 and the financial statements beginning on page A-1.

## Financial Highlights

- Assets and deferred outflow of resources for the primary government exceeded liabilities and deferred inflow of resources by \$2.7 billion (net position), an increase of \$291.1 million or 12.0 percent, at the close of the fiscal year. Of this amount, there is \$214.3 million in unrestricted net position, an increase of \$214.6 million. Governmental activities unrestricted net position increased \$46.1 million while business-type activities increased \$168.5 million.
- Net position of governmental activities was \$1.5 billion, an increase of \$163.9 million, or 12.6 percent. Business-type activities reported an ending net position of \$1.3 billion, an increase of \$127.2 million, or 11.3 percent due to favorable operations trend in all business-type activities.
- Long-term liabilities for the City's primary government decreased \$129.3 million or 10.3 percent, during the current fiscal year. Governmental activities long-term liabilities decreased \$94.6 million or 15.6 percent. This was largely due to decreases in pension liabilities of \$80.0 million and other post-employment benefits (OPEB) liabilities of \$17.5 million. During the year, the city issued \$34.5 million in bonds; \$12.5 million to finance new projects and \$22.0 million to refinance \$25.1 million. \$18.2 million in debt was retired during the year. Compensated absences and debt premiums liabilities increased by \$7.4 million and \$2.5 million respectively. Business-type activities decreased \$34.7 million or 5.4 percent. This includes decreases in pension liabilities of \$24.5 million, OPEB liabilities of \$2.2 million, \$29.6 million in retired debt and \$2.3 million in debt premiums. These were offset by \$20.7 million in new State Revolving Fund (SRF) loans for financing sewer consent decree projects.
- At the end of the current fiscal year, fund balance for the General Fund is \$143.3 million, an increase of \$15.1 million or 11.8 percent. This compares with a \$24.3 million increase in FY21. The unassigned fund balance increased \$15.8 million or 16.0 percent. Revenue highlights include an increase in property taxes by \$29.0 million or 18.6 percent due to FY22 being a property reappraisal year and an increase of \$10.4 million in total sales tax, inclusive of state, local and TDZ tax. On the expenditure side, the City saw an increase in personnel expenditures of \$29.6 million due to the implementation of compensation plans that provided an unprecedented overall raise of 24.0 percent to fire and police pay plans. The City also raised the minimum pay of the general pay plan to \$15 per hour.

## Overview of the Financial Statements

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



# Government-wide Financial Statements

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

There are two government-wide financial statements:

**Statement of Net Position** - This statement presents information about the City's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements reflect three distinct activities:

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

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

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

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

## Fund Financial Statements

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

## Notes to the Financial Statements

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

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

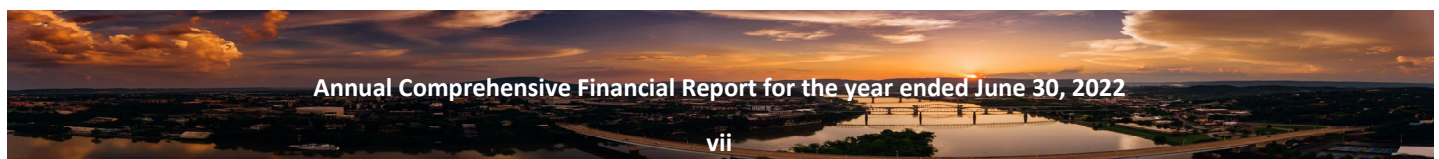
## Supplemental Information

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

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

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

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





# Government-wide Overall Financial Analysis

Net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$2.7 billion at the close of the most recent fiscal year, an increase of \$291.1 million, or 12.0 percent, from last year. At the end of the fiscal year, the City of Chattanooga is once again able to report a positive net position for the government as a whole, as well as for its governmental and business-type activities individually.

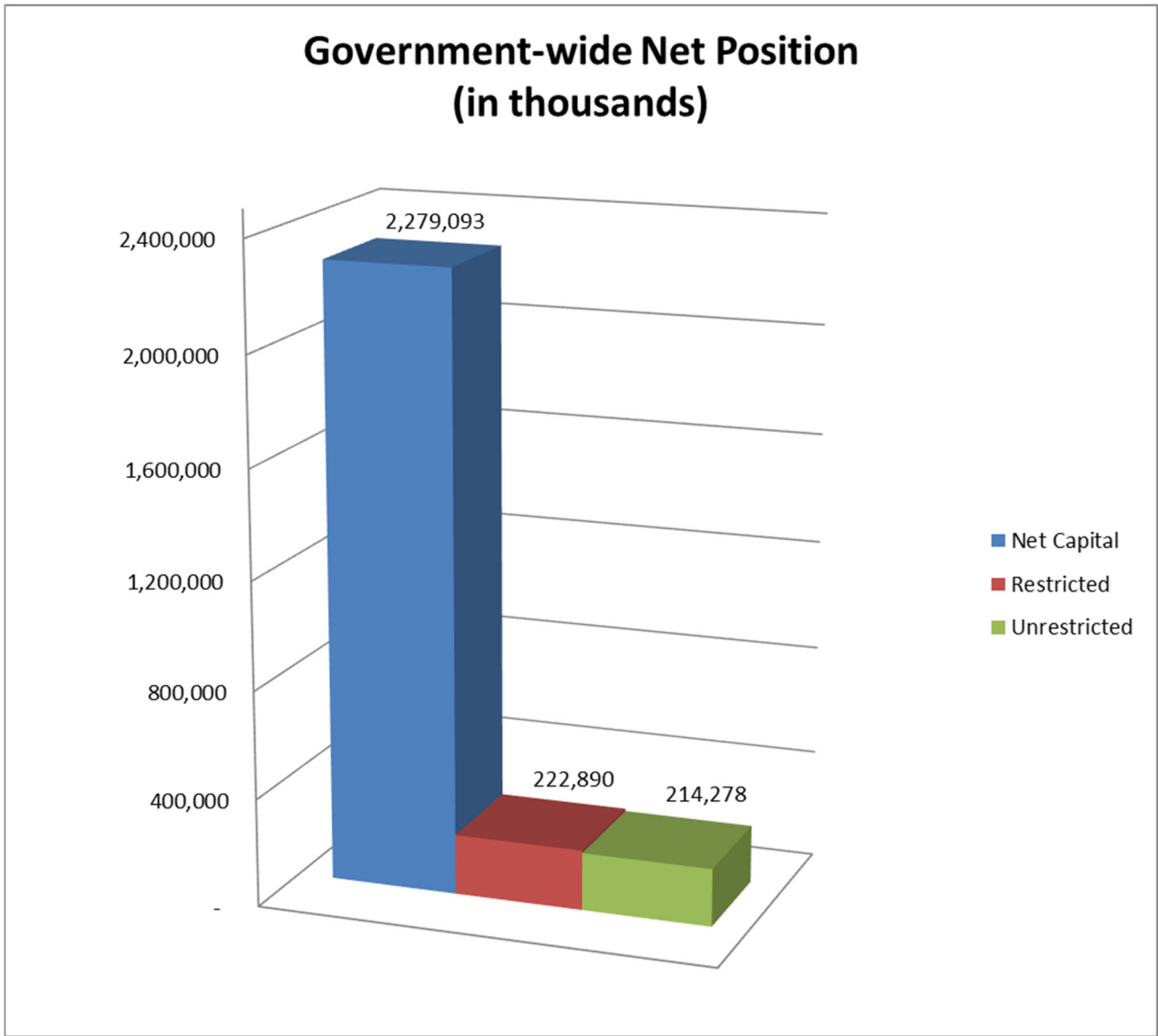
## City of Chattanooga's Net Position

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 577,393	\$ 473,518	\$ 775,197	\$ 655,915	\$1,352,590	\$1,129,433
Capital assets	1,642,421	1,538,312	1,294,130	1,279,693	2,936,551	2,818,005
Total assets	<u>2,219,814</u>	<u>2,011,830</u>	<u>2,069,327</u>	<u>1,935,608</u>	<u>4,289,141</u>	<u>3,947,438</u>
Total deferred outflows of resources	90,074	116,223	21,545	45,862	111,619	162,085
Long-term liabilities outstanding	510,495	605,066	609,897	644,621	1,120,392	1,249,687
Other liabilities	79,341	55,775	214,408	202,287	293,749	258,062
Total liabilities	<u>589,836</u>	<u>660,841</u>	<u>824,305</u>	<u>846,908</u>	<u>1,414,141</u>	<u>1,507,749</u>
Total deferred inflows of resources	254,217	165,302	16,139	11,335	270,356	176,637
Net position:						
Net investment						
in capital assets	1,491,670	1,383,672	787,423	835,498	2,279,093	2,219,170
Restricted	99,678	89,816	123,212	116,432	222,890	206,248
Unrestricted	<u>(125,513)</u>	<u>(171,578)</u>	<u>339,791</u>	<u>171,296</u>	<u>214,278</u>	<u>(282)</u>
Total net position	<u>\$1,465,835</u>	<u>\$1,301,910</u>	<u>\$1,250,426</u>	<u>\$ 1,123,226</u>	<u>\$2,716,261</u>	<u>\$2,425,136</u>

By far the largest portion of the City's net position, \$2.3 billion, reflects its investment in capital assets (land, buildings, equipment, infrastructure, etc.), less any related outstanding debt that was issued to acquire those assets. While capital assets are used to provide services to citizens, these assets are not available for future spending. It should be noted that although the City reports capital assets net of related debt, the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$222.9 million, represents resources that are subject to external restrictions on how they may be used. The City also has a unrestricted net position of \$214.3 million.



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

**City of Chattanooga's Changes in Net Position**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 22,408	\$ 22,654	\$ 943,454	\$ 864,264	\$ 965,862	\$ 886,918
Operating grants	42,721	51,743	-	-	42,721	51,743
Capital grants	114,542	41,880	19,593	4,242	134,135	46,122
General revenues:						
Property taxes	187,610	154,826	-	-	187,610	154,826
Other taxes	33,337	29,175	-	-	33,337	29,175
Investment income	(131)	2,172	1,608	3,190	1,477	5,362
Miscellaneous	504	1,714	-	-	504	1,714
Unrestricted grants and contributions	111,506	100,577	-	-	111,506	100,577
Total revenues	<u>512,497</u>	<u>404,741</u>	<u>964,655</u>	<u>871,696</u>	<u>1,477,152</u>	<u>1,276,437</u>
<b>Expenses</b>						
Governmental activities:						
General government	93,231	80,871	-	-	93,231	80,871
Economic and community development	24,875	18,131	-	-	24,875	18,131
Public safety	133,327	132,694	-	-	133,327	132,694
Public works	64,023	73,484	-	-	64,023	73,484
Parks and outdoors	17,056	-	-	-	17,056	-
Early learning	12,620	30,998	-	-	12,620	30,998
Interest on long-term debt	3,440	4,237	-	-	3,440	4,237
Business-type activities:						
Electric utility	-	-	741,342	678,231	741,342	678,231
Sewer	-	-	71,466	62,120	71,466	62,120
Solid waste	-	-	4,518	3,629	4,518	3,629
Water quality	-	-	17,037	16,325	17,037	16,325
Regional communications	-	-	1,645	1,754	1,645	1,754
Downtown redevelopment	-	-	1,447	2,411	1,447	2,411
Total expenses	<u>348,572</u>	<u>340,415</u>	<u>837,455</u>	<u>764,470</u>	<u>1,186,027</u>	<u>1,104,885</u>
Excess (deficiency) before transfers	163,925	64,326	127,200	107,226	291,125	171,552
Transfers	-	(9)	-	9	-	-
Increase (decrease) in net position	163,925	64,317	127,200	107,235	291,125	171,552
Net position, beginning	1,301,910	1,240,345	1,123,226	1,016,974	2,425,137	2,257,319
Propr period adjustment	-	(2,752)	-	(983)	-	(3,735)
Net position, restated	<u>1,301,910</u>	<u>1,237,593</u>	<u>1,123,226</u>	<u>1,015,991</u>	<u>2,425,136</u>	<u>2,253,584</u>
Net position, ending	<u>\$ 1,465,835</u>	<u>\$1,301,910</u>	<u>\$ 1,250,426</u>	<u>\$ 1,123,226</u>	<u>\$2,716,261</u>	<u>\$2,425,136</u>

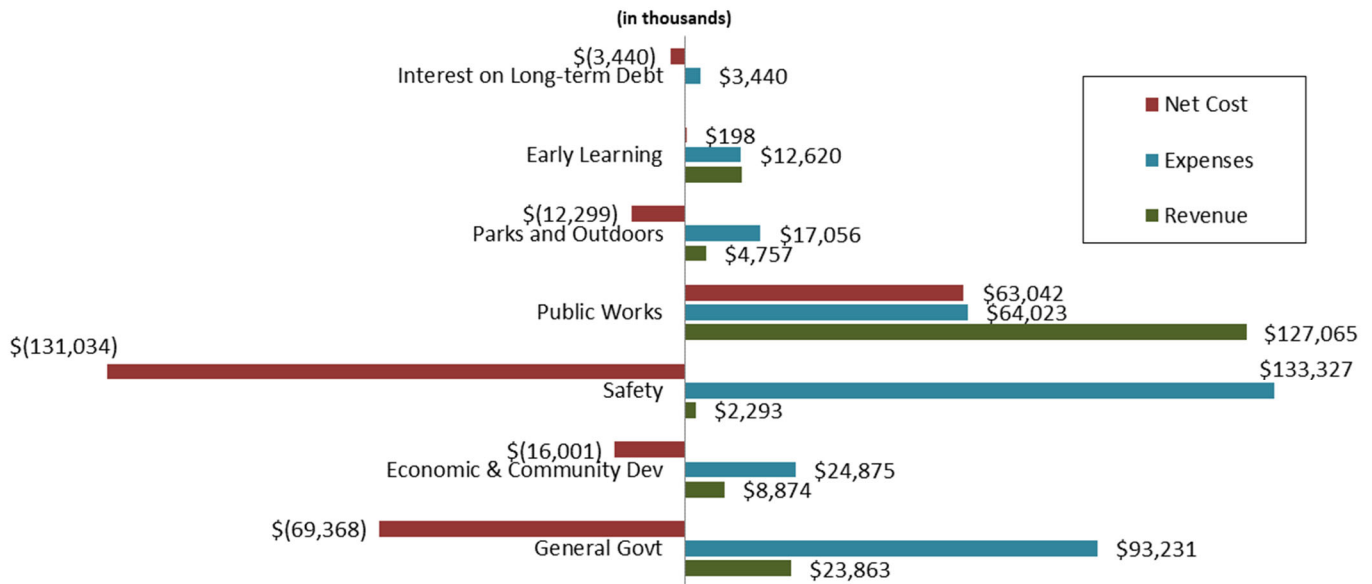
# Governmental Activities

During the current fiscal year, net position of the City’s governmental activities increased \$163.9 million from the prior year for an ending balance of \$1.5 billion. Overall revenue and transfers increased \$107.8 million or 26.6 percent. Revenue for operating activities decreased \$9.0 million or 17.4 percent due to the absence of COVID-19 and FEMA related funds that was received in FY21. Revenue for capital projects increased \$72.7 million or 173.5 percent due to an increase in donated streets of \$73.1 million or 185.5 percent from the prior year. Property tax increased by \$32.8 million or 21.2 percent due to FY22 being a property reappraisal year. Due to higher property tax values, the State certified the rate at \$1.8529. City Council approved a rate of \$2.25 per \$100 assessed value, \$0.27 lower than the previous rate, in order to capture the economic growth to fund a compensation plan to attract and retain a professional workforce. Sales tax, both local option and state, increased \$13.4 million or 14.8 percent.

Expenses for the current year increased \$8.2 million or 2.4 percent. Personnel costs increased \$38.0 million or 22.7 percent, due to the implementation of new compensation plans including increasing the fire and police pay plans by an overall 24.0 percent to move first responders to the market rate. The City also raised the minimum pay for the general pay plan to \$15 per hour. Operational costs decreased 29.9 million or 17.3 percent, due to lower than expected Pension and OPEB expenses.

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

## Expenses and Program Revenues Governmental Activities





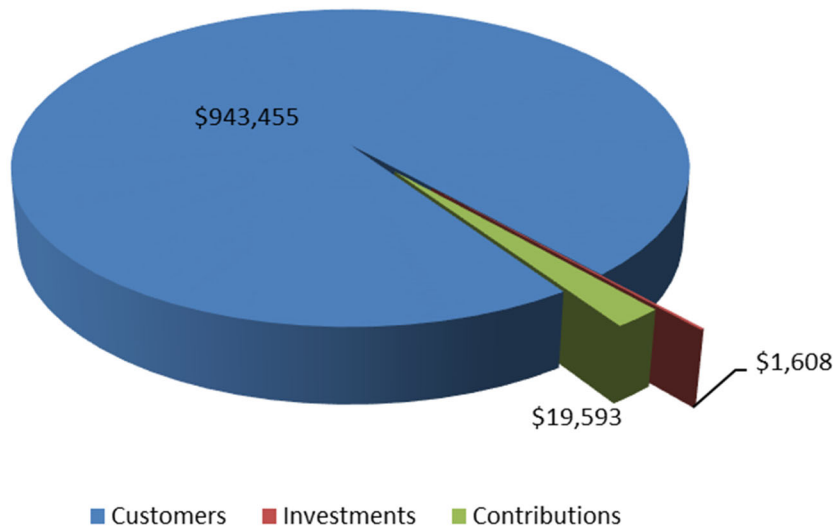
# Business-type Activities

During the current year, net position of the business-type activities increased \$127.2 million or 11.3 percent, to \$1.3 billion. This net position is dedicated solely to finance the continuing operations of the electric, sewer, water quality systems, solid waste disposal, regional communications systems and downtown redevelopment operations.

Revenues for the City’s business-type activities were \$964.7 million for the year just completed; this is a \$93.0 million or 10.7 percent increase. Expenses increased \$73.0 million or 9.5 percent resulting in total expense of \$837.5 million for the year. Please see Enterprise Fund detail for additional information.

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

**Revenues by Source Business-type Activities**  
(in thousands)



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

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

	Electric	Sewer	Solid Waste	Water Quality	Regional Communication System	Downtown Revelopment	Total
Expenses	\$ 741,342	\$ 71,466	\$ 4,518	\$ 17,037	\$ 1,645	\$ 1,448	\$837,455
Revenues	816,217	108,057	5,526	29,164	1,896	3,794	964,655
Transfers In (Out)	-	-	-	-	-	-	-
Change in net position	\$ 74,875	\$ 36,591	\$ 1,008	\$ 12,127	\$ 251	\$ 2,346	\$127,200



# Financial Analysis of the City's Funds

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

## Governmental Funds

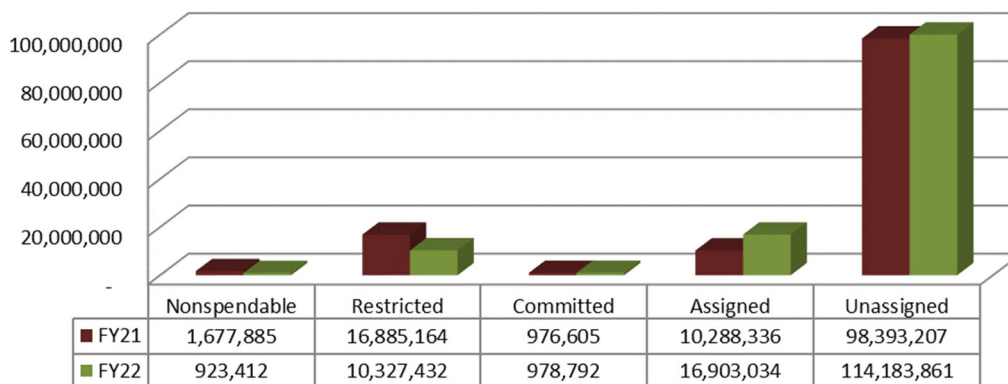
Governmental funds focus on the near-term flow of resources and balance of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's resources available for discretionary use since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

The City's governmental funds reported a combined fund balance of \$273.4 million at the end of the fiscal year. Of this amount, 41.8 percent or \$114.2 million is available for spending at the City's discretion (unassigned fund balance). Total fund balance is made up of the following:

- \$6.7 million is in non-spendable form such as inventories and notes receivable.
- \$128.6 million is restricted for particular purposes due to restrictions placed by grants, bond covenants, other governments or by City ordinance.
- \$7.0 million is committed for specific purposes based on City resolutions.
- \$16.9 million is assigned for particular purposes such as under control of boards or designated purpose by management.
- \$114.2 million is unassigned for General Fund discretionary use.

**General Fund:** This is the chief operating fund of the City. Total fund balance of the General Fund increased by \$15.1 million or 11.8 percent to \$143.3 million during the fiscal year. Unassigned fund balance increased \$15.8 million or 16.0 percent to \$114.2 million. During fiscal year 2022 there was a \$13.2 million planned use of fund balance for pay-as-you-go capital and economic development incentives.

### General Fund Fund Balance



As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Unassigned fund balance represents approximately 33.7 percent of total General Fund expenditures and transfers out, while total fund balance represents 42.4 percent.

**Revenues** - Total revenues increased \$35.2 million or 10.8 percent, from the prior year, largely due to an increase of tax and intergovernmental revenue . All major revenue sources are discussed as follows.

- Tax revenue saw the largest increase of \$29.5 million or 16.6 percent over the prior year. Property tax revenue, which includes current and delinquent taxes, increased by \$29.0 million or 18.6 percent, from the prior year, due to a property reappraisal year. While the certified tax rate was \$1.8529, the City Council approved a rate of \$2.25, in order to capture the economic growth to fund a compensation plan to attract and retain a professional workforce. Other taxes, which includes gross receipts tax, liquor and beer taxes, saw a combined increase of \$400,000 or 2.5 percent.
- Licenses and permits revenues decreased by only \$163,000 or 2.4 percent.
- Intergovernmental revenues increased \$5.4 million or 4.6 percent from the prior year. This includes a \$10.4 million or 11.2 percent increase in total sales tax, which includes local option and state sales tax and Tourist Development Zone (TDZ) sales tax. This was offset by a decrease in State funding of \$5.4 million or 61.3 percent largely due to absence of COVID-19 and FEMA funding that was received in the prior year.
- Charges for services increased just \$72,000 or 1.9 percent.
- Fines, forfeitures and penalties saw an increase of \$807,000 or 55.7 percent from the prior year. This was due to an increase of \$830,000 or 157.0 percent in automated traffic fines. This was offset by a small decrease of \$35,000 or 6.2 percent in city and criminal court fines.
- Investment income increased \$81,000 or 11.9 percent. The increase is primarily due to increased interest rates resulting from favorable market conditions in FY22 versus FY21.
- Contributions and donations decreased \$70,000 or 33.2 percent. This was due to a decrease in miscellaneous and private donations, mostly for public art, in FY22 versus FY21.
- Sale of property decreased \$111,000 or 43.4 percent. This was largely due to a decrease in the sale of city equipment in FY22.
- All other revenues saw a decrease of \$922,000 or 10.7 percent largely due a high speed rail study refund from the state of Georgia of \$1.3 million that was received in FY21.



**Expenditures** - Total expenditures increased \$45.8 million or 15.1 percent, from the previous year. Major changes during fiscal year 2022 are discussed below.

- Employee Compensation increased by \$29.6 million or 19.6 percent. In fiscal year 2022, the City implemented new compensation plans including increasing the fire and police pay plans by an overall 24.0 percent to move first responders to the market rate. The City also raised the minimum pay for the general pay plan to \$15 per hour.
- Operations costs increased by \$13.2 million or 14.3 percent. The largest increase was for the City's fleet leased vehicles, including diesel fuel and gasoline, which saw a total increase of \$5.1 million or 51.1 percent due to new purchases from the City's fleet fund and rising costs in diesel and gasoline. Capital asset purchases were up \$3.5 million or 167.9 percent largely due to the purchase of the Airport Inn for \$2.8 million, which the City intends on utilizing for affordable housing. Other increases include an increase in firearms and police protection equipment of \$1.3 million and an overall increase of \$1.9 million in lease expenses due to the implementation of GASB 87.

**Transfers** - Total transfers out increased \$2.9 million or 5.0 percent primarily due to an increase in general fund dollars for capital in the amount of \$5.7 million. This was offset by a decrease of \$2.9 million to fleet.

**Capital Projects Fund** — This fund focuses on project-to-date costs for many projects within the City. At the end of the year, the fund reported \$93.5 million in fund balance, an increase of \$10.9 million. Fund balance for this fund fluctuates from year-to-year based on debt issued and project expenditures; new debt increases fund balance while project expenditures decreases it. Analysis of project income and expenditures follows.

Funding sources during the current fiscal year include \$18.5 million in new bonds and premiums, \$22.1 million in refunding bonds, transfers in of \$30.9 million, including \$27.9 million from General Fund and \$2.6 million from State Street Aid. Sources also includes \$2.4 million in revenue. This is primarily Federal and State revenues and private donations.

Current year expenditures of \$38.2 million include \$16.7 million for street paving, sidewalk, bridge and tunnel projects, \$3.4 million for park and playground improvements, \$5.2 million for community center renovations and expansions, \$2.3 million for new fire and police equipment and technology, \$4.7 million for IT upgrades, including costs for the City's new Software as a Service (SaaS) implementation in FY21, and additional appropriations totaling \$4.6 million, which include \$1.2 million for CARTA and \$2.0 million to help open a new vocational school in Chattanooga.

## Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As the City completed the fiscal year, its proprietary funds, which include both enterprise funds and an internal service fund, have a combined net position of \$1.3 billion. Net investment in capital assets is \$804.3 million, with an additional \$123.2 million restricted for future use, leaving \$386.0 million available to meet on-going obligations.



**Enterprise Funds** - Total net position of the enterprise funds is \$1.3 billion, an increase of \$127.2 million or 11.3 percent. Details for each fund are presented below:

- **Electric Power Board** – The largest enterprise fund is EPB, which has both an electric and a fiber optic division. Total net position increased \$74.9 million or 14.7 percent to \$583.9 million, mainly due to an increase of \$31.7 million in receivables related to the April 2020 severe weather event in addition to increase of \$17.7 million in cash and investments. Operating revenues were up \$55.2 million or 7.7 percent. Combined operating expenses, which includes tax equivalents and depreciation, increased by \$45.6 million or 6.9 percent, largely due to increase of \$38.0 million in a TVA fuel cost adjustment.
- **Interceptor Sewer System** – Net position of the Interceptor Sewer System increased \$36.6 million or 7.7 percent, to \$509.5 million. Operating revenues rose \$7.1 million or 7.0 percent while operating expenses increased by \$8.9 million or 15.1 percent. Unrestricted net position (available to finance on-going operations) increased \$38.3 million or 44.4 percent to \$124.6 million. An additional \$96.2 million is restricted for future capital spending, which is an increase of \$600,000. Capital net position decreased \$2.3 million or 0.8 percent.
- **Solid Waste** – The City of Chattanooga operates a municipal solid waste landfill. The fund has a net position of \$16.1 million, an increase of \$1.0 million or 6.7 percent. To date the City has accrued liabilities of \$4.7 million for closure and post closure care costs with adequate investments earmarked to cover these costs, in compliance with the Environmental Protection Agency (EPA) mandate establishing closure and post closure requirements.
- **Water Quality Management** – The Water Quality Fund, established to comply with EPA guidelines, now has \$120.6 million in net position, an increase of \$12.1 million or 11.2 percent from last year. Net investment in capital is \$57.8 million, leaving the amount available to fund day-to-day operations (unrestricted net position) at \$58.8 million. An additional \$4.0 million is restricted for future capital spending.
- **Tennessee Valley Regional Communications System** – The Tennessee Valley Regional Communications System was established in fiscal year 2016 to account for a regional communication system that services a multi-county/multi-state region. The fund has a net position of \$7.6 million which is a \$300,000 increase from last year due.
- **Chattanooga Downtown Redevelopment Corporation** – The Chattanooga Downtown Redevelopment Corporation (CDRC) accounts for redevelopment financing, the operations of the Southside Parking Garage and other redevelopment activities. CDRC has a net position of \$12.7 million, an increase of \$2.3 million from last year.

**Internal Service Fund** - The internal service fund is used to account for the City’s vehicle operation and maintenance program, employee medical benefits program, technology replacement and third party liability claims. The fund has a net position of \$63.1 million, an increase of \$6.1 million or 10.7 percent from last year.





# General Fund Budgetary Highlights

## Original Budget Compared to Final Budget

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

## Final Budget Compared to Actual Results

Revenues exceeded budget for the year by \$18.2 million or 5.5 percent. All revenue categories except taxes exceeded expectations and are addressed below.

- Total tax revenue for the year was slightly under budget by \$141,000 or 0.1 percent. This was mainly due to total property taxes, which includes both current and delinquent taxes, being under budget by \$1.4 million or 0.8 percent. All other taxes, including gross receipts tax, liquor and beer taxes, exceeded budget by \$1.3 million or 6.1 percent.
- Licenses and permits revenue was higher than budget by \$1.9 million or 40.3 percent. This was largely due to building permits exceeding budget by \$1.0 million or 51.1 percent.
- Intergovernmental revenue is \$13.9 million or 12.7 percent more than budget, primarily due to local option sales tax. Local option sales tax is \$11.0 million or 15.0 percent over budget. State shared mixed drink tax also exceeded budget by \$2.1 million or 65.2 percent.
- Charges for services are \$614,000 above budget or 18.8 percent, primarily due to the continued success of the City's public golf courses, resulting in being over budget by \$218,000 or 10.9 percent. Facility rentals and program fees were also over budget by \$300,000 or 118.0 percent due to the increase involvement in outdoor public facilities in the post pandemic era.
- Fines and forfeitures are \$988,000 above estimates or 77.8 percent. This is primarily due to higher than expected automated traffic fines, which exceeded budget by \$979,000 or 139.8 percent.
- Miscellaneous revenue is \$963,000 or 12.4 percent above budget primarily due interest income coming in \$400,000 or 92.2 percent higher than expected due to favorable market conditions in FY22. Donations and other special programs also saw an increase in miscellaneous revenue sources which helped this area perform better than expected.

Expenditures were less than budget by \$15.3 million or 5.1 percent. All departments were under budget. Employee compensation made up nearly the entire deficit being under budget by \$15.3 million or 7.8 percent due to vacancies. Operations were slightly under budget by \$34,000 or less than a tenth of a percent.

# Capital Assets and Debt Administration

## Capital Assets

At fiscal year end, the City had a \$2.9 billion net investment in capital assets, an increase of \$88.9 million or 3.1 percent. This investment includes land, buildings, utility system improvements, machinery and equipment, park facilities and infrastructure. Net investment in capital assets for governmental funds increased \$104.1 million or 6.8 percent while business-type net investment in capital assets decreased by \$15.2 million or 1.2 percent. The following table shows the net investment in capital assets by both governmental activities and business-type activities.

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

### City of Chattanooga's Capital Assets

(net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Non-depreciable:</b>						
Land & Easements	\$ 1,215,730	\$ 1,141,926	\$ 22,673	\$ 22,676	\$ 1,238,403	\$ 1,164,602
Construction in progress	74,361	74,920	175,835	249,687	250,196	324,607
<b>Depreciable:</b>						
Buildings & Improvements	86,405	76,161	111,942	101,467	198,346	177,628
Vehicles & Machinery	33,637	35,653	123,497	133,444	157,134	169,097
Infrastructure	232,289	209,652	860,183	802,099	1,092,472	1,011,751
<b>Total</b>	<b>\$ 1,642,421</b>	<b>\$ 1,538,312</b>	<b>\$ 1,294,130</b>	<b>\$ 1,309,373</b>	<b>\$ 2,936,551</b>	<b>\$ 2,847,685</b>

- Land & easements saw an increase of \$73.8 million in FY22. This was largely due to an increase exceeding \$73.1 million of donated streets. Streets are donated annually to the City by developers and contractors after construction projects are completed. Public Works tracks all of these projects through the issuance of construction permits.
- Business-type activities construction-in-progress (CIP) decreased by \$73.9 million, which includes \$52.1 million in completed Sewer Projects and \$11.2 million in completed buildings and improvements for sewer. Construction of projects related to the sewer system's consent decree comprised the majority of the decrease in business-type activities. More information on the City's consent decree agreement can be found in Note 13 to the financial statements.
- Infrastructure saw an increase of \$80.7 million in FY22. This was largely due to the \$52.1 million that was capitalized from CIP for the sewer system's consent decree projects that was described above.
- The City of Chattanooga has opted to use depreciation rather than the maintenance method to report infrastructure assets. During the current fiscal year governmental activities recognized depreciation expense of \$37.1 million while business-type activities recognized depreciation expense of \$85.3 million.

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



# Debt Administration

At June 30, the City had \$677.9 million in long-term debt outstanding. This is a \$16.0 million decrease or 2.3 percent, from last year. Detail is provided in the table and narrative that follows.

The City of Chattanooga maintains a “AAA” rating from Standard & Poor’s and a “AAA” from Fitch Inc. The City Charter limits the amount of net general obligation debt to 10 percent of the assessed value of all taxable property within its corporate limits. The City’s general obligation debt, net of self-supporting debt, is \$116.4 million; this is 1.51 percent of the assessed value of \$7,722,694,431. As of year-end, EPB had \$283.3 million in revenue bond debt outstanding compared to \$295.8 million last year; these bonds are rated “AA+” by Standard & Poor’s and Fitch. CDRC had \$44.5 million in revenue bonds outstanding compared to \$50.0 million last year; these bonds are rated “AA+” by Standard & Poor’s and Fitch.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds (backed by the City)	\$ 129,157	\$ 134,808	\$ 14,228	\$ 16,252	\$ 143,385	\$ 151,060
Revenue bonds (backed by specific revenues)	-	-	327,780	345,735	327,780	345,735
Notes payable and other	3,752	5,587	201,291	190,163	205,043	195,750
Leases	1,639	1,323	22	-	1,661	1,323
Total	\$ 134,548	\$ 141,718	\$ 543,321	\$ 552,150	\$ 677,869	\$ 693,868

During the year the City issued the following new debt:

- The City issued \$12.5 million in new general obligation debt; all related to governmental activities.
- \$22.0 million in general obligation bonds were issued to refund \$25.1 million; all related to governmental activities.
- The Interceptor Sewer System drew down \$20.7 million from a state revolving loan fund for EPA consent decree projects.
- A total of \$47.4 million in debt was retired during the fiscal year; \$35.4 million in bond principal payments were made with an additional \$12.3 million in note and lease repayments.

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



# Economic Factors and Next Year's Budgets and Rates

The following factors were taken into account when adopting the budget for 2023:

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

- Build a universal path to early learning
- Catalyze economic vitality in the Black community
- Ensure accessible housing choices for all Chattanoogaans
- Improve local infrastructure
- Build a competitive regional economy
- Close the gaps in public health
- Provide responsive and effective local government

The following factors were taken into account when adopting the budget for 2023:

- Anticipated revenues in the General Fund are \$317,000,000 with a planned use of fund balance of \$33,000,000 for capital and economic development initiatives. This is a \$15.0 million or 5.0 percent increase over the previous budget with the largest increase in intergovernmental revenues of \$12.7 million or 15.8 percent. The budget for property taxes increased as well by \$1.4 million or 0.7 percent.
- Sales tax remained strong and is expected to continue to increase. State sales tax is budgeted \$2.4 million or 13.6 percent higher and local option sales tax is budgeted \$7.6 million or 13.6 percent higher.
- Expenditures of \$350,000,000 reflect a \$34.7 million or 11.0 percent increase over prior year budget. This budget allocates an unprecedented \$33 million investment to seed a \$100 million affordable housing initiative that will aggressively seek to preserve or create thousands of units of affordable housing over the next five years. This budget includes a 3% cost of living adjustment (COLA) for all regular full-time and part-time employees, raising the minimum wage to \$15.45 per hour. The COLA will be applied to sworn employees for the first time in eight years.
- The budget also provides supplemental funds for Head Start in order to fully implement the \$15.45 minimum wage and address pay compression throughout the Head Start program. In addition to these common-sense investments, we are also investing in continuous process improvement and innovation throughout the City government. This budget includes \$500,000 for an innovation fund that will allow us to reimagine and improve City services to provide effective and responsive government.





# Requests for Information

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

## **City of Chattanooga Finance Department**

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

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

## **Chattanooga Metropolitan Airport Authority**

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

## **CARTA**

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

## **CBID**

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



**BASIC FINANCIAL  
STATEMENTS**

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 147,976,692	\$ 321,382,297	\$ 469,358,989	\$ 21,395,200
Investments	166,486,475	194,973,772	361,460,247	-
Receivables, net of allowance for uncollectible	248,740,847	106,402,488	355,143,335	6,133,990
Internal balances	(39,443,563)	39,443,563	-	-
Inventories	5,253,162	26,486,416	31,739,578	1,240,204
Certificates of deposit	-	-	-	27,000,000
Prepaid items	4,000	10,177,000	10,181,000	1,737,662
Leases receivable, current	-	3,699,000	3,699,000	13,244,954
Restricted assets:				
Cash and cash equivalents	33,528,579	7,611,408	41,139,987	3,871,621
Investments	-	15,883,317	15,883,317	-
Endowment investments	5,786,457	-	5,786,457	-
Receivables	1,580	-	1,580	209,091
Other	-	1,311,080	1,311,080	-
Accrued post-employment benefit asset	-	8,979,000	8,979,000	-
Right to use leased assets, net of amortization	1,177,815	2,477,233	3,655,048	-
Leases receivable, non-current	1,884,439	4,691,000	6,575,439	-
FEMA grant receivable	-	31,679,000	31,679,000	-
Equity interest in joint venture	5,996,109	-	5,996,109	-
Land and other nondepreciable assets	1,290,090,683	198,507,735	1,488,598,418	17,317,124
Other capital assets, net of accumulated depreciation	352,330,320	1,095,622,367	1,447,952,687	157,746,496
<b>Total assets</b>	<b>2,219,813,595</b>	<b>2,069,326,676</b>	<b>4,289,140,271</b>	<b>249,896,342</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	1,096,104	8,442,503	9,538,607	-
Deferred pension	70,859,206	13,102,265	83,961,471	3,406,576
Deferred OPEB	18,119,044	-	18,119,044	170,863
<b>Total deferred outflows of resources</b>	<b>90,074,354</b>	<b>21,544,768</b>	<b>111,619,122</b>	<b>3,577,439</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	40,925,937	176,009,554	216,935,491	5,253,323
Customer deposits	-	24,686,000	24,686,000	-
Contracts payable	1,548,693	5,019,553	6,568,246	400,667
Unearned grants revenue	36,866,556	6,516,000	43,382,556	83,340
Other liabilities	-	2,177,000	2,177,000	-
Long-term liabilities:				
Due within one year	20,735,306	34,812,472	55,547,778	1,725,168
Due in more than one year	489,760,040	575,084,978	1,064,845,018	32,242,797
<b>Total liabilities</b>	<b>589,836,532</b>	<b>824,305,557</b>	<b>1,414,142,089</b>	<b>39,705,295</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	183,211,234	-	183,211,234	912,053
Deferred pension	51,067,641	-	51,067,641	2,986,755
Deferred OPEB	18,075,380	7,749,425	25,824,805	139,731
Deferred lease	1,862,505	8,390,000	10,252,505	12,913,508
<b>Total deferred inflows of resources</b>	<b>254,216,760</b>	<b>16,139,425</b>	<b>270,356,185</b>	<b>16,952,047</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,491,670,241	787,423,277	2,279,093,518	154,138,017
Restricted for:				
Capital projects	93,464,852	-	93,464,852	-
Debt service reserve	-	9,802,296	9,802,296	4,080,712
Renewal and replacement	-	102,294,807	102,294,807	-
Landfill postclosure Programs	-	11,114,876	11,114,876	-
Permanent endowments:				
Expendable	426,480	-	426,480	-
Nonexpendable	5,786,456	-	5,786,456	-
Unrestricted	(125,513,372)	339,791,206	214,277,834	38,587,254
<b>Total net position</b>	<b>\$ 1,465,834,657</b>	<b>\$ 1,250,426,462</b>	<b>\$ 2,716,261,119</b>	<b>\$196,816,439</b>

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



CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 93,231,324	\$ 12,532,756	\$ 11,290,289	\$ 39,951
Economic and community development	24,874,764	185,521	8,688,091	-
Public safety	133,326,649	642,243	1,651,455	-
Public works	64,023,445	6,353,488	6,744,622	113,966,796
Parks and outdoors	17,056,164	2,693,496	1,528,067	535,485
Early Learning	12,619,804	-	12,818,197	-
Interest on long-term debt	3,439,422	-	-	-
Total governmental activities	<u>348,571,572</u>	<u>22,407,504</u>	<u>42,720,721</u>	<u>114,542,232</u>
Business-type activities:				
Electric utility, including fiber optics	741,342,000	795,811,000	-	19,593,000
Sewer	71,465,618	108,046,621	-	-
Solid waste	4,517,692	5,483,628	-	-
Water quality management	17,036,630	29,001,080	-	-
Regional Communications	1,645,265	1,896,742	-	-
Downtown redevelopment	1,447,442	3,215,564	-	-
Total business-type activities	<u>837,454,647</u>	<u>943,454,635</u>	<u>-</u>	<u>19,593,000</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 1,186,026,219</u>	<u>\$ 965,862,139</u>	<u>\$ 42,720,721</u>	<u>\$ 134,135,232</u>
<b>COMPONENT UNITS</b>				
Airport authority	\$ 30,255,847	\$ 29,745,397	\$ -	\$ 8,777,003
Downtown Chattanooga Business Improvement District (CBID)	1,027,581	878,767	-	-
Transportation authority	28,220,161	9,817,553	10,367,183	15,254,584
<b>TOTAL COMPONENT UNITS</b>	<u>\$ 59,503,589</u>	<u>\$ 40,441,717</u>	<u>\$ 10,367,183</u>	<u>\$ 24,031,587</u>
General revenues:				
Property taxes				
Liquor and beer taxes				
Hotel-Motel tax				
Local gross receipts tax				
Franchise taxes				
Other taxes				
Grants and contributions not allocated to specific programs:				
County-wide sales taxes				
City allocation of state sales taxes				
City allocation of state income taxes				
City allocation of TDZ tax				
City allocation of other shared taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (69,368,328)	\$ -	\$ (69,368,328)	\$ -
(16,001,152)	-	(16,001,152)	-
(131,032,951)	-	(131,032,951)	-
63,041,461	-	63,041,461	-
(12,299,116)	-	(12,299,116)	-
198,393	-	198,393	-
(3,439,422)	-	(3,439,422)	-
(168,901,115)	-	(168,901,115)	-
-	74,062,000	74,062,000	-
-	36,581,003	36,581,003	-
-	965,936	965,936	-
-	11,964,450	11,964,450	-
-	251,477	251,477	-
-	1,768,122	1,768,122	-
-	125,592,988	125,592,988	-
(168,901,115)	125,592,988	(43,308,127)	-
-	-	-	8,266,553
-	-	-	(148,814)
-	-	-	7,219,159
-	-	-	15,336,898
187,610,412	-	187,610,412	-
9,059,006	-	9,059,006	-
9,959,496	-	9,959,496	-
7,351,259	-	7,351,259	-
5,022,621	-	5,022,621	-
1,944,302	-	1,944,302	-
83,300,899	-	83,300,899	-
20,549,722	-	20,549,722	-
170,346	-	170,346	-
375,915	-	375,915	-
7,108,766	-	7,108,766	-
(131,166)	1,607,609	1,476,443	508,172
-	-	-	2,504,792
503,875	-	503,875	-
332,825,453	1,607,609	334,433,062	3,012,964
163,924,338	127,200,597	291,124,935	18,349,862
1,301,910,319	1,123,225,865	2,425,136,184	178,466,577
\$ 1,465,834,657	\$ 1,250,426,462	\$ 2,716,261,119	\$ 196,816,439

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

**CITY OF CHATTANOOGA, TENNESSEE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2022**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 55,552,267	\$ 64,000,552	\$ 20,097,465	\$ 139,650,284
Investments	117,980,158	38,506,316	5,786,457	162,272,931
Receivables, net of allowance for uncollectibles:				
Property taxes	176,022,855	-	-	176,022,855
Other taxes	16,761,858	-	1,772,592	18,534,450
Notes	5,186,998	-	7,026,657	12,213,655
Other	1,102,708	1,240,257	710,571	3,053,536
Due from other governments	21,612,935	15,689	15,828,345	37,456,969
Inventories	919,412	-	-	919,412
Prepaid items	4,000	-	-	4,000
<b>Total assets</b>	<b>\$ 395,143,191</b>	<b>\$ 103,762,814</b>	<b>\$ 51,222,087</b>	<b>\$ 550,128,092</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities:				
Accounts payable	\$ 10,115,731	\$ 8,650,865	\$ 2,206,583	\$ 20,973,179
Accrued payroll	6,285,897	-	592,184	6,878,081
Due to other governments	103,887	-	65,955	169,842
Contracts payable	3,956	1,544,738	-	1,548,694
Unearned grants revenue	34,599,469	102,359	2,164,728	36,866,556
<b>Total liabilities</b>	<b>51,108,940</b>	<b>10,297,962</b>	<b>5,029,450</b>	<b>66,436,352</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	187,950,255	-	-	187,950,255
Unavailable revenue - other local taxes	2,328,356	-	860,647	3,189,003
Unavailable revenue - shared tax revenue	9,086,317	-	525,833	9,612,150
Unavailable revenue - CDBG loans	-	-	8,227,781	8,227,781
Unavailable revenue - other	1,352,792	-	-	1,352,792
<b>Total deferred inflows of resources</b>	<b>200,717,720</b>	<b>-</b>	<b>9,614,261</b>	<b>210,331,981</b>
<b>FUND BALANCES</b>				
Nonspendable	923,412	-	5,786,456	6,709,868
Restricted	10,327,432	93,464,852	24,817,889	128,610,173
Committed	978,792	-	5,974,031	6,952,823
Assigned	16,903,034	-	-	16,903,034
Unassigned	114,183,861	-	-	114,183,861
<b>Total fund balances</b>	<b>143,316,531</b>	<b>93,464,852</b>	<b>36,578,376</b>	<b>273,359,759</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 395,143,191</b>	<b>\$ 103,762,814</b>	<b>\$ 51,222,087</b>	<b>\$ 550,128,092</b>

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

**CITY OF CHATTANOOGA, TENNESSEE**

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

**June 30, 2022**

Differences in amounts reported for governmental activities in the statement of net position on page A-1:		
Fund balances - total governmental funds	\$	273,359,759
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		1,626,700,371
Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and are deferred in the funds.		27,120,747
The equity interest in the joint venture represents an interest in the capital assets of the joint venture. This interest is not a financial resource and is not reported in the funds.		5,996,109
The internal service fund is used by management to charge the costs of fleet management and risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position		63,133,534
Contributions to pension plans made after the measurement date are recorded as expenditures in governmental fund but must be deferred in the statement of net position in addition to certain other items:		
Deferred pension	\$ 87,801,315	
Deferred OPEB	<u>20,418,631</u>	108,219,946
The City's other post-employment benefit plan has not been fully funded. This OPEB obligation is considered a long term obligation and is not reported in the funds.		(92,470,998)
The City's pollution remediation obligation is considered a long term obligation		(42,375)
The City's lessor leases receivable, due to the implementation of GASB87, are considered non-current and are not reported in the funds.		1,889,094
Net pension liabilities are not due and payable in the current period and are not reported in the funds:		
General pension	(43,400,978)	
Fire and police pension	<u>(188,032,586)</u>	(231,433,564)
Long-term liabilities are not due and payable in the current period and are not reported in the funds. Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due. All liabilities, both due in one year and due in more than one year, are reported in the statement of net position. This item consists of:		
General obligation serial bonds	(129,157,113)	
Add net deferred refunding, issue premiums and discounts	(17,841,224)	
Notes payable	(3,752,425)	
Capital leases	(455,510)	
GASB87 leases	(1,183,673)	
Capital lease payable to CDRC - reported as internal balance	(39,443,563)	
Compensated absences	(32,748,910)	
Accrued interest payable	<u>(1,808,326)</u>	(226,390,744)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds:		
Deferred pension	(68,009,750)	
Deferred OPEB	(20,374,967)	
Deferred lease	<u>(1,862,505)</u>	(90,247,222)
Net position of governmental activities	<u>\$</u>	<u>1,465,834,657</u>

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



CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2022

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 207,597,651	\$ -	\$ 10,586,270	\$ 218,183,921
Licenses and permits	6,769,131	-	752,947	7,522,078
Intergovernmental	122,901,792	1,456,723	27,970,510	152,329,025
Charges for services	3,877,385	-	509,832	4,387,217
Fines, forfeitures and penalties	2,257,231	-	19,550	2,276,781
Investment income	768,601	64,194	(897,519)	(64,724)
Contributions and donations	141,396	193,000	-	334,396
Sale of property	144,716	353,804	5,355	503,875
Miscellaneous	7,668,513	293,417	60,229	8,022,159
<b>Total revenues</b>	<b>352,126,416</b>	<b>2,361,138</b>	<b>39,007,174</b>	<b>393,494,728</b>
<b>EXPENDITURES</b>				
Current:				
General government	71,976,117	-	7,559,752	79,535,869
Finance and administration	6,461,022	-	-	6,461,022
Economic and community development	14,327,898	-	7,150,223	21,478,121
Public safety	140,269,787	-	296,186	140,565,973
Public works	37,975,144	-	4,121,626	42,096,770
Parks and outdoors	14,603,013	-	85,301	14,688,314
Early Learning	807,077	-	13,036,592	13,843,669
Capital outlay/capital assets	-	38,214,854	-	38,214,854
Debt service:				
Principal retirement	-	-	18,145,412	18,145,412
Interest and fiscal charges	-	-	5,700,700	5,700,700
<b>Total expenditures</b>	<b>286,420,058</b>	<b>38,214,854</b>	<b>56,095,792</b>	<b>380,730,704</b>
Excess (deficiency) of revenues over (under) expenditures	65,706,358	(35,853,716)	(17,088,618)	12,764,024
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	30,944,972	27,777,293	58,722,265
Transfers out	(51,980,980)	-	(7,191,285)	(59,172,265)
General obligation bonds issued	-	12,455,000	-	12,455,000
Refunding bonds issued	-	22,075,000	-	22,075,000
Premium on bonds issued	-	6,085,845	-	6,085,845
Leases	1,369,956	535,485	462,445	2,367,886
Payments to refunded bonds escrow agent	-	(25,369,127)	-	(25,369,127)
<b>Total other financing sources (uses)</b>	<b>(50,611,024)</b>	<b>46,727,175</b>	<b>21,048,453</b>	<b>17,164,604</b>
Net change in fund balances	15,095,334	10,873,459	3,959,835	29,928,628
FUND BALANCES, beginning	128,221,197	82,591,393	32,618,541	243,431,131
FUND BALANCES, ending	\$ 143,316,531	\$ 93,464,852	\$ 36,578,376	\$ 273,359,759

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

**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2022**

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

Net change in fund balances - total governmental funds \$ 29,928,628

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

Capital outlay expenditures in governmental funds, that meet the capitalization threshold, are shown as capital assets in the statement of net position. 26,722,557

Depreciation expense for governmental capital assets are included in the governmental activities. (32,560,920)

Contributions of capital assets are not reflected in the governmental funds but are reported in the statement of activities. This item consists primarily of streets contributed by developers. 112,535,375

The net effect of various transactions involving capital assets is to decrease net positions. (69,203)

The net effect of various transactions involving the implementation of GASB 87 is to increase net position. 61,818

The Loss of equity interest in joint venture is reported in the statement of activities. This loss does not use current financial resources and is not reflected in the governmental funds. (189,332)

Bond proceeds and notes issues provide financial resources to governmental funds while repayment of principal consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and deferred amounts on refundings when debt is first issued; these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt is as follows:

Principal paid	\$ 18,145,412	
Principal paid - Leases per GASB 87	648,728	
Payment of capital lease	3,778,511	
Bonds issued	(12,455,000)	
Premiums on bonds issued	(6,085,845)	
Refunding bonds issued	(22,075,000)	
Escrow payment	25,369,127	
Amortization	2,246,247	
Amortization - Leases per GASB 87	(654,585)	
Change in accrued interest payable	<u>(11,568)</u>	8,906,027

Net gain of the internal service funds are reported with governmental activities. 6,116,812

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of:

Change in personal leave liability	(7,379,921)	
Change in pension expense	9,890,138	
Change in pollution remediation liability	(17,614)	
Change in OPEB liability	<u>5,908,637</u>	8,401,240

Governmental revenues that provide current financial resources are reported in the governmental funds, while revenues that will not be collected for several months after the fiscal year are deferred. The statement of activities includes certain revenues that do not provide current financial resources. This item consists of:

Change in deferred revenue to earned revenue	<u>4,071,336</u>	<u>4,071,336</u>
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Change in net position of governmental activities \$ 163,924,338

**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 207,738,244	\$ 207,738,244	\$ 207,597,651	\$ (140,593)
Licenses and permits	4,824,000	4,824,000	6,769,131	1,945,131
Intergovernmental	111,075,847	109,040,399	122,901,792	13,861,393
Charges for services	3,263,673	3,263,673	3,877,385	613,712
Fines, forfeitures and penalties	1,269,200	1,269,200	2,257,231	988,031
Investment income	400,000	400,000	768,601	368,601
Miscellaneous	7,360,691	7,360,691	7,954,625	593,934
<b>Total revenues</b>	<b>335,931,655</b>	<b>333,896,207</b>	<b>352,126,416</b>	<b>18,230,209</b>
<b>EXPENDITURES</b>				
General government	62,468,914	62,468,914	57,421,093	(5,047,821)
Executive	10,258,053	10,258,053	9,082,420	(1,175,633)
Finance and administration	7,081,912	7,081,912	6,461,022	(620,890)
Human resources	3,308,855	3,308,855	2,899,156	(409,699)
Community development	13,997,997	13,997,997	13,637,656	(360,341)
Police	84,441,763	84,441,763	83,854,277	(587,486)
Fire	59,132,210	59,132,210	56,415,510	(2,716,700)
Public works	38,181,757	38,181,757	37,975,144	(206,613)
Parks and outdoors	15,735,254	15,735,254	14,603,013	(1,132,241)
Early learning	1,431,433	1,431,433	807,077	(624,356)
City planning	1,052,908	1,052,908	601,705	(451,203)
Equity and community engagement	886,862	886,862	354,487	(532,375)
Economic development	1,494,441	1,494,441	690,242	(804,199)
Innovation delivery and performance	2,283,116	2,283,116	1,617,256	(665,860)
<b>Total expenditures</b>	<b>301,755,475</b>	<b>301,755,475</b>	<b>286,420,058</b>	<b>(15,335,417)</b>
<b>Excess of revenues over expenditures</b>	<b>34,176,180</b>	<b>32,140,732</b>	<b>65,706,358</b>	<b>33,565,626</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(52,017,845)	(52,017,845)	(51,980,980)	36,865
Leases	-	-	1,369,956	1,369,956
<b>Total other financing sources (uses)</b>	<b>(52,017,845)</b>	<b>(52,017,845)</b>	<b>(50,611,024)</b>	<b>1,406,821</b>
<b>Net change in fund balances</b>	<b>(17,841,665)</b>	<b>(19,877,113)</b>	<b>15,095,334</b>	<b>34,972,447</b>
<b>FUND BALANCES, beginning</b>	<b>128,221,197</b>	<b>128,221,197</b>	<b>128,221,197</b>	<b>-</b>
<b>FUND BALANCES, ending</b>	<b>\$ 110,379,532</b>	<b>\$ 108,344,084</b>	<b>\$ 143,316,531</b>	<b>\$ 34,972,447</b>

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

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2022

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	EPB	Interceptor Sewer System	Solid Waste	Water Quality Management	Downtown Redevelopment	Regional Communications		
<b>ASSETS</b>								
Current Assets:								
Cash and cash equivalents	\$ 206,220,000	\$ 59,791,261	\$ 5,850,179	\$ 36,890,648	\$ 8,523,048	\$ 4,107,161	\$ 321,382,297	\$ 41,854,988
Investments	4,505,000	156,469,108	-	33,999,664	-	-	194,973,772	10,000,000
Receivables:								
Customer service	80,551,000	28,292,499	12,066	5,808,277	-	-	114,663,842	1,400,987
Other	-	4,562,456	149	38,193	5,618	33,482	4,639,898	-
Less allowance for doubtful accounts	(2,504,000)	(12,588,645)	(100)	(2,421,017)	-	-	(17,513,762)	-
Inventories	23,252,000	3,234,416	-	-	-	-	26,486,416	4,333,750
Due from other governments	-	4,264,562	36,270	311,678	-	-	4,612,510	55,322
Prepaid items	10,176,000	-	-	-	-	1,000	10,177,000	-
Leases receivable, current	3,699,000	-	-	-	-	-	3,699,000	-
Total current assets	<u>325,899,000</u>	<u>244,025,657</u>	<u>5,898,564</u>	<u>74,627,443</u>	<u>8,528,666</u>	<u>4,141,643</u>	<u>663,120,973</u>	<u>57,645,047</u>
Noncurrent Assets:								
Restricted Assets:								
Cash and cash equivalents	-	-	5,155,823	2,455,585	-	-	7,611,408	-
Investments	101,000	-	5,980,021	-	9,802,296	-	15,883,317	-
Investment in capital lease	-	-	-	-	39,443,563	-	39,443,563	-
Other	1,304,000	-	6,737	343	-	-	1,311,080	-
Accrued post-employment benefit asset	8,979,000	-	-	-	-	-	8,979,000	-
Right to use leased assets, net of amortization	2,455,000	13,340	2,223	4,447	-	2,223	2,477,233	-
Leases receivable, non-current	4,691,000	-	-	-	-	-	4,691,000	-
FEMA grant receivable	31,679,000	-	-	-	-	-	31,679,000	-
Total restricted assets	<u>49,209,000</u>	<u>13,340</u>	<u>11,144,804</u>	<u>2,460,375</u>	<u>49,245,859</u>	<u>2,223</u>	<u>112,075,601</u>	<u>-</u>
Capital Assets:								
Land	6,490,000	12,433,970	1,517,514	2,186,077	45,541	-	22,673,102	-
Construction in progress	28,220,000	141,701,138	159,446	5,754,049	-	-	175,834,633	597,981
Buildings	66,600,000	86,168,678	1,983,173	11,452,211	927,723	-	167,131,785	5,788,909
Equipment	107,026,000	46,269,472	4,595,837	2,431,958	211,121	12,293,159	172,827,547	9,686,124
Vehicles	-	4,357,136	2,164,238	2,668,372	-	-	9,189,746	45,652,017
Infrastructure	934,676,000	582,450,277	9,553,299	72,114,127	-	-	1,598,793,703	-
	1,143,012,000	873,380,671	19,973,507	96,606,794	1,184,385	12,293,159	2,146,450,516	61,725,031
Less accumulated depreciation	(430,863,000)	(371,249,047)	(12,375,516)	(29,154,647)	(488,238)	(8,189,966)	(852,320,414)	(44,826,582)
Net capital assets	<u>712,149,000</u>	<u>502,131,624</u>	<u>7,597,991</u>	<u>67,452,147</u>	<u>696,147</u>	<u>4,103,193</u>	<u>1,294,130,102</u>	<u>16,898,449</u>
Total noncurrent assets	<u>761,358,000</u>	<u>502,144,964</u>	<u>18,742,795</u>	<u>69,912,522</u>	<u>49,942,006</u>	<u>4,105,416</u>	<u>1,406,205,703</u>	<u>16,898,449</u>
Total assets	<u>1,087,257,000</u>	<u>746,170,621</u>	<u>24,641,359</u>	<u>144,539,965</u>	<u>58,470,672</u>	<u>8,247,059</u>	<u>2,069,326,676</u>	<u>74,543,496</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred refunding	9,249,000	33,305	89,985	7,827	194,896	-	9,575,013	-
Deferred pension	19,065,000	1,792,173	77,493	1,414,027	-	61,706	22,410,399	-
Deferred OPEB	5,323,000	1,158,677	44,196	1,038,983	-	72,015	7,636,871	-
Total deferred outflows of resources	<u>\$ 33,637,000</u>	<u>\$ 2,984,155</u>	<u>\$ 211,674</u>	<u>\$ 2,460,837</u>	<u>\$ 194,896</u>	<u>\$ 133,721</u>	<u>\$ 39,622,283</u>	<u>\$ -</u>

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



CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2022

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	EPB	Interceptor Sewer System	Solid Waste	Water Quality Management	Downtown Redevelopment	Regional Communications		
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable and accrued liabilities:								
Accounts payable	\$ 157,184,000	\$ 16,807,827	\$ 265,501	\$ 336,690	\$ -	\$ 11,720	\$ 174,605,738	\$ 10,994,253
Accrued payroll	-	398,579	21,161	287,831	-	13,448	721,019	102,263
Other accrued liabilities	-	91,163	35,811	170,397	385,426	-	682,797	-
Due to other governments	-	-	-	-	-	-	-	-
Current maturities of long-term liabilities:								
Bonds payable	13,015,000	122,930	580,228	1,292,250	5,720,000	-	20,730,408	-
Notes payable	-	12,656,988	37,996	-	-	-	12,694,984	-
Compensated absences	168,000	80,499	6,020	66,496	-	4,031	325,046	19,622
Landfill postclosure costs	-	-	192,407	-	-	-	192,407	-
Lease liability, current	848,000	12,976	2,163	4,325	-	2,163	869,627	-
Contracts payable	-	5,002,300	1,447	15,806	-	-	5,019,553	-
Unearned revenue	6,516,000	-	-	-	-	-	6,516,000	-
Total current liabilities	177,731,000	35,173,262	1,142,734	2,173,795	6,105,426	31,362	222,357,579	11,116,138
Long-term liabilities:								
Bonds payable	295,322,000	566,988	2,422,737	11,320,282	38,740,000	-	348,372,007	-
Notes payable	-	188,557,919	38,447	-	-	-	188,596,366	-
Compensated absences	404,000	1,205,431	90,147	995,744	-	60,362	2,755,684	293,824
OPEB liability	-	5,913,336	225,552	5,302,480	-	367,533	11,808,901	-
Pension liability	7,747,000	5,188,605	224,355	4,093,821	-	178,649	17,432,430	-
Landfill postclosure costs	-	-	4,512,590	-	-	-	4,512,590	-
Customer deposits	24,686,000	-	-	-	-	-	24,686,000	-
Lease liabilities, non-current	1,607,000	-	-	-	-	-	1,607,000	-
Other noncurrent liabilities	2,177,000	-	-	-	-	-	2,177,000	-
Total long-term liabilities	331,943,000	201,432,279	7,513,828	21,712,327	38,740,000	606,544	601,947,978	293,824
Total liabilities	509,674,000	236,605,541	8,656,562	23,886,122	44,845,426	637,906	824,305,557	11,409,962
DEFERRED INFLOWS OF RESOURCES								
Deferred refunding	-	-	-	-	1,132,510	-	1,132,510	-
Deferred pension	5,862,000	1,846,136	79,827	1,456,606	-	63,565	9,308,134	-
Deferred OPEB	13,078,000	1,155,885	44,089	1,036,480	-	71,842	15,386,296	-
Deferred lease	8,390,000	-	-	-	-	-	8,390,000	-
Total deferred inflows of resources	27,330,000	3,002,021	123,916	2,493,086	1,132,510	135,407	34,216,940	-
NET POSITION								
Net investment in capital assets	429,822,000	288,775,901	6,235,275	57,790,761	696,146	4,103,194	787,423,277	16,898,449
Restricted for renewal and replacement	-	96,163,854	2,007,833	4,008,761	-	114,359	102,294,807	-
Restricted for landfill postclosure	-	-	11,114,876	-	-	-	11,114,876	-
Restricted for debt service	-	-	-	-	9,802,296	-	9,802,296	-
Unrestricted	154,068,000	124,607,459	(3,285,429)	58,822,072	2,189,190	3,389,914	339,791,206	46,235,085
Total net position	\$ 583,890,000	\$ 509,547,214	\$ 16,072,555	\$ 120,621,594	\$ 12,687,632	\$ 7,607,467	\$ 1,250,426,462	\$ 63,133,534

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

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	EPB	Interceptor Sewer System	Solid Waste	Water Quality Management	Downtown Redevelopment	Regional Communications		
<b>OPERATING REVENUES</b>								
Charges for services:								
Electric	\$ 580,606,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,606,000	\$ -
Fiber optic	176,308,000	-	-	-	-	-	176,308,000	-
Sewer	-	106,982,283	-	-	-	-	106,982,283	-
Waste disposal	-	-	5,155,588	-	-	-	5,155,588	-
Water quality	-	-	-	28,977,185	-	-	28,977,185	-
Lease rental revenue	-	-	-	-	2,597,203	-	2,597,203	-
Parking garage	-	-	-	-	618,361	-	618,361	-
Regional Communications Services	-	-	-	-	-	1,857,808	1,857,808	-
Other services	19,811,000	1,045,233	20,559	-	-	38,934	20,915,726	61,516,635
Other	-	7,976	267,672	-	-	-	275,648	9,211,023
Total operating revenues	<u>776,725,000</u>	<u>108,035,492</u>	<u>5,443,819</u>	<u>28,977,185</u>	<u>3,215,564</u>	<u>1,896,742</u>	<u>924,293,802</u>	<u>70,727,658</u>
<b>OPERATING EXPENSES</b>								
Power purchases	439,497,000	-	-	-	-	-	439,497,000	-
Other electric operations	78,347,000	-	-	-	-	-	78,347,000	-
Fiber optic operations	107,984,000	-	-	-	-	-	107,984,000	-
Sewer plant operations	-	52,316,598	-	-	-	-	52,316,598	-
Waste disposal operations	-	-	3,549,496	-	-	-	3,549,496	-
Closure/postclosure costs	-	-	158,561	-	-	-	158,561	-
Water quality operations	-	-	-	13,875,634	-	-	13,875,634	-
Parking garage operations	-	-	-	-	230,384	-	230,384	-
Regional Communication Services	-	-	-	-	-	737,031	737,031	-
Fleet operations	-	-	-	-	-	-	-	13,061,447
Liability insurance	-	-	-	-	-	-	-	1,591,413
Health services	-	-	-	-	-	-	-	45,999,899
Technology replacement	-	-	-	-	-	-	-	345,566
Depreciation	64,741,000	15,974,925	750,530	2,840,986	64,908	908,227	85,280,576	4,494,546
Other	12,931,000	-	-	-	30,318	-	12,961,318	-
Total operating expenses	<u>703,500,000</u>	<u>68,291,523</u>	<u>4,458,587</u>	<u>16,716,620</u>	<u>325,610</u>	<u>1,645,258</u>	<u>794,937,598</u>	<u>65,492,871</u>
<b>OPERATING INCOME (LOSS)</b>	<u>73,225,000</u>	<u>39,743,969</u>	<u>985,232</u>	<u>12,260,565</u>	<u>2,889,954</u>	<u>251,484</u>	<u>129,356,204</u>	<u>5,234,787</u>

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

**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2022**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Major Funds							
	EPB	Interceptor Sewer System	Solid Waste	Water Quality Management	Downtown Redevelopment	Regional Communications		Total
NONOPERATING REVENUES (EXPENSES)								
Investment income	813,000	11,357	42,221	163,074	577,957	-	1,607,609	2,708
Interest expense	(9,761,000)	(3,014,095)	(59,105)	(320,010)	(1,121,832)	(7)	(14,276,049)	-
Tax equivalent	(8,488,000)	-	-	-	-	-	(8,488,000)	-
Other income	509,000	11,129	39,809	23,895	-	-	583,833	429,317
FEMA grant revenue	18,577,000	-	-	-	-	-	18,577,000	-
Other expense	(19,593,000)	(160,000)	-	-	-	-	(19,753,000)	-
Total nonoperating revenues (expenses)	<u>(17,943,000)</u>	<u>(3,151,609)</u>	<u>22,925</u>	<u>(133,041)</u>	<u>(543,875)</u>	<u>(7)</u>	<u>(21,748,607)</u>	<u>432,025</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>55,282,000</u>	<u>36,592,360</u>	<u>1,008,157</u>	<u>12,127,524</u>	<u>2,346,079</u>	<u>251,477</u>	<u>107,607,597</u>	<u>5,666,812</u>
Capital contributions	19,593,000	-	-	-	-	-	19,593,000	-
Transfers in	-	-	-	-	-	-	-	450,000
CHANGE IN NET POSITION	74,875,000	36,592,360	1,008,157	12,127,524	2,346,079	251,477	127,200,597	6,116,812
NET POSITION, as previously reported	<u>509,015,000</u>	<u>472,954,854</u>	<u>15,064,398</u>	<u>108,494,070</u>	<u>10,341,553</u>	<u>7,355,990</u>	<u>1,123,225,865</u>	<u>57,016,722</u>
NET POSITION, ending	<u>\$ 583,890,000</u>	<u>\$ 509,547,214</u>	<u>\$ 16,072,555</u>	<u>\$ 120,621,594</u>	<u>\$ 12,687,632</u>	<u>\$ 7,607,467</u>	<u>\$ 1,250,426,462</u>	<u>\$ 63,133,534</u>

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

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year ended June 30, 2022

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	EPB	Interceptor Sewer System	Major Funds Solid Waste	Water Quality Management	Downtown Development	Communications	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	\$ 767,832,845	\$ 107,570,065	\$ 995,435	\$ 29,870,669	\$ 3,246,113	\$ 905,508	\$ 910,420,635	\$ 70,668,641
Receipts from interfund services provided	3,889,155	1,023,938	4,429,000	734,788	-	959,242	11,036,123	-
Receipts from operating grants	-	-	20,559	1,137,655	-	-	1,158,214	-
Payments to suppliers	(584,205,000)	(48,281,612)	(605,481)	(7,759,986)	(260,701)	(649,857)	(641,762,637)	(57,145,455)
Payments to employees	(51,383,000)	(12,075,440)	(2,731,774)	(8,794,182)	-	(470,637)	(75,455,033)	(3,455,144)
Payments in lieu of taxes	(21,254,000)	-	-	-	-	-	(21,254,000)	-
Net cash from operating activities	114,880,000	48,236,951	2,107,739	15,188,944	2,985,412	744,256	184,143,302	10,068,042
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers in	-	-	-	-	-	-	-	4,950,000
Transfers out	-	-	-	-	-	-	-	(4,500,000)
Net cash flows from noncapital financing	-	-	-	-	-	-	-	450,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Principal paid on capital debt	(12,440,000)	(9,683,257)	(636,631)	(1,299,124)	(5,515,000)	-	(29,574,012)	-
Interest paid on capital debt	(10,792,000)	(3,020,122)	(127,753)	(517,398)	(1,646,271)	(7)	(16,103,551)	-
Line of credit	(3,000)	-	-	-	-	-	(3,000)	-
Proceeds from capital debt	-	20,735,804	-	-	3,704,460	-	24,440,264	-
Bond issuance costs	(12,000)	-	-	-	-	-	(12,000)	-
Capital grants and contributions	5,858,000	-	-	-	-	-	5,858,000	-
(Additions) Subtractions to capital assets	(80,636,000)	(36,487,907)	(93,048)	(1,920,613)	-	-	(119,137,568)	(1,514,024)
Net cash flows used in capital and related financing activities	(98,025,000)	(28,455,482)	(857,432)	(3,737,135)	(3,456,812)	(7)	(134,531,868)	(1,514,024)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchase of investments	(1,083,000)	(49,067,774)	(32,484,873)	(13,710,336)	(75,149,988)	-	(171,495,971)	-
Proceeds from sales and maturities of investments	16,785,000	42,649,932	26,504,852	25,434,771	75,115,732	-	186,490,287	3,000,000
Interest	538,000	11,357	64,271	163,074	577,958	-	1,354,660	-
Net cash flows from investing activities	16,240,000	(6,406,485)	(5,915,750)	11,887,509	543,702	-	16,348,976	3,000,000
Net increase (decrease) in cash and cash equivalents	33,095,000	13,374,984	(4,665,444)	23,339,318	72,302	744,249	65,960,409	12,004,018
Cash and cash equivalents, beginning of year	173,125,000	46,416,277	15,671,446	16,006,915	8,450,746	3,362,912	263,033,296	29,850,970
Cash and cash equivalents, end of year	\$ 206,220,000	\$ 59,791,261	\$ 11,006,002	\$ 39,346,233	\$ 8,523,048	\$ 4,107,161	\$ 328,993,705	\$ 41,854,988
<b>CLASSIFIED AS:</b>								
Current assets	\$ 206,220,000	\$ 59,791,261	\$ 5,850,179	\$ 36,890,648	\$ 8,523,048	\$ 4,107,161	\$ 321,382,297	\$ 41,854,988
Restricted assets	-	-	5,155,823	2,455,585	-	-	7,611,408	-
	\$ 206,220,000	\$ 59,791,261	\$ 11,006,002	\$ 39,346,233	\$ 8,523,048	\$ 4,107,161	\$ 328,993,705	\$ 41,854,988

(Continued on next page)

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



CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year ended June 30, 2022

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	EPB	Interceptor Sewer System	Major Funds Solid Waste	Water Quality Management	Downtown Development	Communications	Total	
(Continued from previous page)								
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES								
OPERATING INCOME (LOSS)	\$ 73,225,000	\$ 39,743,969	\$ 985,232	\$ 12,260,565	\$ 2,889,954	\$ 251,484	\$ 129,356,204	\$ 5,234,787
ADJUSTMENTS NOT AFFECTING CASH								
Depreciation and amortization	65,585,000	15,974,925	750,531	2,840,986	64,908	908,227	86,124,577	4,494,547
Miscellaneous nonoperating expenses	509,000	-	-	-	-	-	509,000	-
Tax equivalents transferred to City	(7,402,000)	-	-	-	-	-	(7,402,000)	-
Provision for uncollectible accounts	-	(717,107)	-	1,176,348	-	-	459,241	-
(Increase) decrease in:								
Accounts receivable	(17,893,000)	1,264,614	1,233	474,822	30,550	(31,932)	(16,153,713)	(483,425)
Due from other funds	-	(125)	-	-	-	-	(125)	(1,260)
Due from other governments	-	-	-	1,114,757	-	-	1,114,757	-
Inventory	(6,666,000)	(188,308)	-	-	-	-	(6,854,308)	(1,444,617)
Leases receivables and payables	(754,000)	-	(59)	-	-	(60)	(754,119)	-
Prepaid Items	(919,000)	-	-	-	-	-	(919,000)	-
Increase (decrease) in:								
Accounts payable	19,986,000	(7,053,038)	174,026	(1,720,579)	-	(194,540)	11,191,869	1,832,174
Accrued liabilities	-	(378,417)	153,447	(137,708)	-	(10,147)	(372,825)	-
Other assets/liabilities	826,000	(607,598)	170,528	3,639,058	-	(183,140)	3,844,848	432,027
Net pension liability	(8,719,000)	-	(110,738)	(3,678,916)	-	-	(12,508,654)	-
OPEB liability	(2,898,000)	-	(16,461)	(1,004,779)	-	-	(3,919,240)	-
Compensated absences	-	198,036	-	224,390	-	4,364	426,790	3,809
Total adjustments	41,655,000	8,492,982	1,122,507	2,928,379	95,458	492,772	54,787,098	4,833,255
Net cash from operating activities	\$ 114,880,000	\$ 48,236,951	\$ 2,107,739	\$ 15,188,944	\$ 2,985,412	\$ 744,256	\$ 184,143,302	\$ 10,068,042

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

**CITY OF CHATTANOOGA, TENNESSEE**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**June 30, 2022**

	<u>Other Postemployment Benefits and Pension Trust Fund</u>
<b>ASSETS</b>	
Investments:	
Corporate bonds and notes	\$ 6,216,977
Corporate stocks	66,719,500
Foreign equity	104,355,065
Private debt	10,257,241
Mutual funds - equity	202,574,311
Mutual funds - fixed income	122,412,501
Real estate	73,295,968
Hedge funds	62,577,596
Private equity	37,237,905
Temporary investments	19,012,975
Receivables:	
Accrued income	144,950
Due from plan custodian	<u>1,413,185</u>
Total assets	<u>706,218,174</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities:	
Accrued payable	179,979
Due to plan custodian	<u>400,531</u>
Total liabilities	<u>580,510</u>
<b>NET POSITION</b>	
Net position restricted for OPEB	66,443,741
Net position restricted for pensions	<u>639,193,923</u>
Total net position	<u><u>\$ 705,637,664</u></u>

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

**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2022**

	Other Postemployment Benefits and Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 57,538,104
Plan member	9,703,047
Other	111,545
	<u>67,352,696</u>
Total contributions	
Investment income:	
Net appreciation (depreciation) in fair value of investments	(51,661,173)
Interest	4,973
Dividends	7,396,080
	<u>(44,260,120)</u>
Less investment expense	(620,275)
	<u>(44,880,395)</u>
Net investment income (loss)	
Total additions	<u>22,472,301</u>
DEDUCTIONS	
Benefits paid to participants	66,838,435
Administrative expenses	1,182,415
	<u>68,020,850</u>
Total deductions	
CHANGE IN NET POSITION	(45,548,549)
NET POSITION - beginning	<u>751,186,213</u>
NET POSITION - ending	<u><u>\$ 705,637,664</u></u>

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

**CITY OF CHATTANOOGA, TENNESSEE**

**COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS**

**June 30, 2022**

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,793,109	\$ 3,138,082	\$ 464,009	\$ 21,395,200
Accounts receivable, net	2,474,639	2,892,817	766,534	6,133,990
Inventories	284,944	955,260	-	1,240,204
Certificates of deposit	27,000,000	-	-	27,000,000
Prepaid items	984,853	749,554	3,255	1,737,662
Restricted assets:				
Cash and cash equivalents	3,871,621	-	-	3,871,621
Receivables	209,091	-	-	209,091
Lease receivable	12,749,900	495,054	-	13,244,954
Land and other nondepreciable assets	13,660,207	3,656,917	-	17,317,124
Other capital assets, net of accumulated depreciation	129,429,598	28,267,531	49,367	157,746,496
Total assets	<u>208,457,962</u>	<u>40,155,215</u>	<u>1,283,165</u>	<u>249,896,342</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension outflows	702,849	2,703,727	-	3,406,576
Deferred OPEB outflows	159,725	11,138	-	170,863
Total deferred outflows of resources	<u>862,574</u>	<u>2,714,865</u>	<u>-</u>	<u>3,577,439</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	2,780,778	2,346,151	126,394	5,253,323
Contracts payable	400,667	-	-	400,667
Unearned revenue	83,340	-	-	83,340
Net pension obligation	1,988,115	11,129,329	-	13,117,444
Net OPEB obligation	510,329	196,763	-	707,092
Compensated absences payable	-	505,291	-	505,291
Notes payable	484,498	-	-	484,498
Revenue bonds payable	19,153,640	-	-	19,153,640
Total liabilities	<u>25,401,367</u>	<u>14,177,534</u>	<u>126,394</u>	<u>39,705,295</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	12,428,926	484,582	-	12,913,508
Deferred fee revenue	-	-	912,053	912,053
Deferred OPEB inflows	99,463	40,268	-	139,731
Deferred pension inflows	660,515	2,326,240	-	2,986,755
Total deferred inflows of resources	<u>13,188,904</u>	<u>2,851,090</u>	<u>912,053</u>	<u>16,952,047</u>
<b>NET POSITION</b>				
Net investment in capital assets	123,051,000	31,037,650	49,367	154,138,017
Restricted				
Debt service and construction	4,080,712	-	-	4,080,712
Trash for cash program	-	-	10,456	10,456
Unrestricted	43,598,553	(5,196,194)	184,895	38,587,254
Total net position	<u>\$ 170,730,265</u>	<u>\$ 25,841,456</u>	<u>\$ 244,718</u>	<u>\$ 196,816,439</u>

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



CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS

Year Ended June 30, 2022

	Program Revenues				Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Chattanooga Metropolitan Airport Authority	CARTA	CBID	Total
CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY								
Airport operations	\$30,255,847	\$29,745,397	\$ -	\$ 8,777,003	\$ 8,266,553	\$ -	\$ -	\$ 8,266,553
DOWNTOWN CHATTANOOGA BUSINESS IMPROVEMENT DISTRICT (CBID)								
CBID operations	1,027,581	878,767	-	-	-	-	(148,814)	(148,814)
CARTA								
CARTA operations	28,220,161	9,817,553	10,367,183	15,254,584	-	7,219,159	-	7,219,159
Total component units	<u>\$ 59,503,589</u>	<u>\$ 40,441,717</u>	<u>\$ 10,367,183</u>	<u>\$ 24,031,587</u>	8,266,553	7,219,159	(148,814)	15,336,898
General revenues:								
Investment income					475,644	32,528	-	508,172
Miscellaneous					2,444,206	10,809	49,777	2,504,792
Total general revenues					2,919,850	43,337	49,777	3,012,964
CHANGE IN NET POSITION					11,186,403	7,262,496	(99,037)	18,349,862
Net position, beginning					159,543,862	18,578,960	343,755	178,466,577
Net position, ending					<u>\$ 170,730,265</u>	<u>\$ 25,841,456</u>	<u>\$ 244,718</u>	<u>\$ 196,816,439</u>

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



**NOTES TO BASIC  
FINANCIAL STATEMENTS**

**CITY OF CHATTANOOGA, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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# CITY OF CHATTANOOGA, TENNESSEE

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Description of Government-wide Financial Statements

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

#### Reporting Entity

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

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

The City reports the following blended component unit:

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

The City reports the following discretely-presented component units:

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

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

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

(Continued)



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

CARTA  
1617 Wilcox Boulevard  
Chattanooga, TN 37406

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

Downtown Chattanooga Alliance  
407 Broad Street, Suite 202  
Chattanooga, TN 37402

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

### **Basis of Presentation**

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

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

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

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

#### **Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

(Continued)

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

### **Budgetary Information**

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

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

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

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

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

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

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

#### **Investments**

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

(Continued)

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

### Internal Balances

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

### Inventories and Prepaid Items

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

### Capital Assets

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

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

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

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

### Deferred Outflows/Inflows of Resources

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

(Continued)

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

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

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

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

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

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

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

### **Net Position Flow Assumption**

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

### **Fund Balance Flow Assumptions**

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

### **Fund Balance Policies**

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

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

(Continued)



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

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

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

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

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

**Revenues, Expenditures/Expenses**

**Program Revenues**

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

**Property Taxes**

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

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

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

**Indirect Costs**

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

**Compensated Absences**

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

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

(Continued)

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

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

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

**Estimates**

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

**NOTE 2. CASH AND INVESTMENTS**

**Cash Deposits with Financial Institutions**

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

**Investments**

The City utilizes a pooled investment concept. The City's investment policy with respect to the cash and investment pool is to maximize investment earnings while maintaining an acceptable level of risk. At June 30, 2022, investments of the primary government (except for Permanent, Restricted, Pension Trust and Other Postemployment Benefits Trust Funds) consist of the following:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value or Carrying Amount</u>
Primary Government – Governmental Activities:		
U.S. Government agency securities	2.46	<u>\$ 166,486,475</u>
Primary Government – Business-Type Activities:		
Treasury bonds	1.00	\$ 9,802,296
U.S. Government agency securities	1.77	196,448,793
Certificates of deposit classified as investments	1.00	<u>4,606,000</u>
		<u>\$ 210,857,089</u>

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

	<u>S&amp;P or Moody's Rating</u>	Fair Value Measurements Using:	
		<u>Fair Value</u>	<u>Level 1</u>
Primary Government – Governmental Activities:			
Corporate Bonds – Federal Home Loan Bank	AA+	\$ 41,867,248	\$ 41,867,248
Corporate Bonds – Federal Farm Credit Bank	AA+	<u>124,619,227</u>	<u>124,619,227</u>
		<u>\$ 166,486,475</u>	<u>\$ 166,486,475</u>

(Continued)

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

	S&P or Moody's Rating	Fair Value Measurements Using:	
		Fair Value	Level 1
Primary Government – Business-Type Activities:			
Certificates of deposit classified as investments	N/A	\$ 4,606,000	\$ 4,606,000
Treasury Bonds	AA+	9,802,296	9,802,296
Corporate Bonds – Federal Farm Credit Bank	AA+	112,202,021	112,202,021
Corporate Bonds – Federal Home Loan Bank	AA+	<u>84,246,772</u>	<u>84,246,772</u>
		<u>\$ 210,857,089</u>	<u>\$ 210,857,089</u>

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

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

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

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

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

(Continued)

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

	S&P or Moody's Rating	Fair Value	Fair Value Measurements Using:	
			Level 1	Level 2
<b>Permanent Fund</b>				
Mutual funds – equity	Not rated	\$ 3,233,328	\$ 3,233,328	\$ -
Mutual funds – fixed income	Not rated	1,854,476	1,854,476	-
Other investments	Not rated	561,857	-	561,857
Temporary investments	Not rated	<u>136,796</u>	<u>136,796</u>	<u>-</u>
		<u>\$ 5,786,457</u>	<u>\$ 5,224,600</u>	<u>\$ 561,857</u>

	S&P or Moody's Rating	Fair Value	Fair Value Measurements Using:	
			Level 1	Level 2
<b>City of Chattanooga General Pension Plan</b>				
Domestic corporate bonds	Not rated	\$ 5	\$ 5	\$ -
Corporate stocks	Not rated	66,719,500	66,719,500	-
Foreign equity	Not rated	44,030,556	44,030,556	-
Private debt	Not rated	9,127,084	9,127,084	-
Mutual funds – equity	Not rated	42,609,601	42,609,601	-
Mutual funds – fixed income	Not rated	56,521,672	56,521,672	-
Real estate	Not rated	47,924,440	-	47,924,440
Hedge funds	Not rated	55,846,768	-	55,846,768
Private equity	Not rated	848,721	-	848,721
Temporary investments	Not rated	<u>8,546,832</u>	<u>8,546,832</u>	<u>-</u>
		<u>\$ 332,175,179</u>	<u>\$ 227,555,250</u>	<u>\$ 104,619,929</u>

<b>Fire and Police Pension Fund</b>				
Corporate bonds and notes	Not rated	\$ 6,216,972	\$ 6,216,972	\$ -
Foreign equity	Not rated	48,817,744	48,817,744	-
Mutual funds – equity	Not rated	103,692,114	103,692,114	-
Mutual funds – fixed income	Not rated	49,670,101	49,670,101	-
Real estate	Not rated	18,683,069	-	18,683,069
Private equity	Not rated	33,894,595	-	33,894,595
Temporary investments	Not rated	<u>2,643,191</u>	<u>2,643,191</u>	<u>-</u>
		<u>\$ 263,617,786</u>	<u>\$ 211,040,122</u>	<u>\$ 52,577,664</u>

<b>Other Postemployment Benefit Trust Fund</b>				
Foreign equity	Not rated	\$ 11,506,765	\$ 11,506,765	\$ -
Private debt	Not rated	1,130,157	1,130,157	-
Mutual funds – equity	Not rated	56,272,596	56,272,596	-
Mutual funds – fixed income	Not rated	16,220,728	16,220,728	-
Real estate	Not rated	6,688,459	-	6,688,459
Hedge funds	Not rated	6,730,828	-	6,730,828
Private equity	Not rated	2,494,589	-	2,494,589
Temporary investments	Not rated	<u>7,822,952</u>	<u>7,822,952</u>	<u>-</u>
		<u>\$ 108,867,074</u>	<u>\$ 92,953,198</u>	<u>\$ 15,913,876</u>

(Continued)

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

At June 30, 2022, the fair values of the City's investments in items classified as Level 2 on the fair value hierarchy totaling \$173,673,326 are based on valuations for which a readily determinable fair value does not exist. These investments are not listed on national exchanges or over-the-counter markets, and quoted market prices are not available. These investments include hedge funds, limited partnerships, private equity funds, and other types of non-traditional investments. Management estimates the fair values of these investments based on a review of all available information provided by fund managers and general partners. These fair value estimates are evaluated on a regular basis by management and are susceptible to revisions as more information becomes available. Because of these factors, it is reasonably possible that the estimated fair values of these investments may change materially in the near term.

**NOTE 3. RECEIVABLES**

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

	Governmental Activities Funds					Total
	General	Capital Projects	Other Governmental	Internal Service	Business-Type Activities	
<b>Primary Government</b>						
Receivables:						
Taxes	\$ 180,352,294	\$ -	\$ -	\$ -	\$ -	\$ 180,352,294
Accounts	16,761,858	-	1,772,592	-	-	18,534,450
Notes	5,186,998	-	7,885,021	-	-	13,072,019
Customer service	-	-	-	1,400,987	114,663,842	116,064,829
Other	1,102,704	1,240,257	710,570	-	4,617,848	7,671,383
Restricted	-	-	-	-	36,370,000	36,370,000
Leases	-	-	-	-	3,699,000	3,699,000
Intergovernmental	<u>21,612,935</u>	<u>15,689</u>	<u>15,828,346</u>	<u>55,322</u>	<u>4,612,510</u>	<u>42,124,802</u>
Gross receivables	225,016,789	1,255,946	26,196,529	1,456,309	163,963,200	417,888,777
Less:						
Allowance for uncollectable	<u>(4,329,435)</u>	<u>-</u>	<u>(858,364)</u>	<u>-</u>	<u>(17,513,762)</u>	<u>(22,701,565)</u>
Net receivables	<u>\$ 220,687,354</u>	<u>\$ 1,255,946</u>	<u>\$ 25,338,165</u>	<u>\$ 1,456,309</u>	<u>\$ 146,449,438</u>	<u>\$ 395,187,212</u>

**Taxes Receivable**

Taxes receivable include the uncollected property taxes from tax levies made during the current and past nine years, as well as the anticipated levy for the current calendar year. The allowance for uncollectible taxes of \$4,329,439 is the weighted average percentage of prior year collections on delinquent taxes to the total delinquent taxes receivable at June 30, 2022.

**Community Development Loans**

Other governmental funds notes receivable of \$7,885,021, represent various loans made from community development funds received from HUD, including CDBG, HOME, and other special grants. These loans are provided to low-income recipients for the purchase and repair of homes. The allowance for uncollectible loans is \$858,364.

## NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers In</u>	<u>Deductions/ Transfers Out</u>	<u>Ending Balance</u>
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities:</b>				
Non-depreciable assets:				
Land and land improvements	\$ 1,141,926,376	\$ 73,803,161	\$ -	\$ 1,215,729,537
Construction in progress	<u>74,919,781</u>	<u>26,272,824</u>	<u>26,831,459</u>	<u>74,361,146</u>
Total non-depreciable assets	<u>1,216,846,157</u>	<u>100,075,985</u>	<u>26,831,459</u>	<u>1,290,090,683</u>
Depreciable assets:				
Buildings and improvements	213,856,273	17,575,611	-	231,431,884
Vehicles and machinery	175,456,183	5,388,696	1,182,662	179,662,217
Infrastructure	<u>835,330,916</u>	<u>44,955,354</u>	<u>-</u>	<u>880,286,270</u>
Total depreciable assets	<u>1,224,643,372</u>	<u>67,919,661</u>	<u>1,182,662</u>	<u>1,291,380,371</u>
Less accumulated depreciation for:				
Buildings and improvements	137,695,369	7,331,935	-	145,027,304
Vehicles and machinery	139,803,126	7,404,609	1,182,662	146,025,073
Infrastructure	<u>625,678,752</u>	<u>22,318,922</u>	<u>-</u>	<u>647,997,674</u>
Total accumulated depreciation	<u>903,177,247</u>	<u>37,055,466</u>	<u>1,182,662</u>	<u>939,050,051</u>
Depreciable assets, net	<u>321,466,125</u>	<u>30,864,195</u>	<u>-</u>	<u>352,330,320</u>
Governmental activities capital assets, net	<u>\$ 1,538,312,282</u>	<u>\$ 130,940,180</u>	<u>\$ 26,831,459</u>	<u>\$ 1,642,421,003</u>
<b>Business-Type Activities</b>				
Non-depreciable assets:				
Land	\$ 22,676,146	\$ 5,956	\$ 9,000	\$ 22,673,102
Construction in progress	<u>220,006,129</u>	<u>50,054,973</u>	<u>94,226,469</u>	<u>175,834,633</u>
Total non-depreciable assets	<u>242,682,275</u>	<u>50,060,929</u>	<u>94,235,469</u>	<u>198,507,735</u>
Depreciable assets:				
Buildings and improvements	153,788,084	15,719,777	2,376,077	167,131,784
Vehicles and machinery	188,829,982	12,256,565	19,069,253	182,017,294
Sewer system	530,310,185	52,140,092	-	582,450,277
Solid waste system	9,553,299	-	-	9,553,299
Water quality management system	67,533,163	4,580,964	-	72,114,127
Electric system	778,463,000	48,521,000	22,846,000	804,138,000
Communication system	<u>127,640,000</u>	<u>10,231,000</u>	<u>7,333,000</u>	<u>130,538,000</u>
Total depreciable assets	<u>1,856,117,713</u>	<u>143,449,398</u>	<u>51,624,330</u>	<u>1,947,942,781</u>
Less accumulated depreciation for:				
Buildings and improvements	72,404,836	5,078,040	2,102,000	75,380,876
Vehicles and machinery	113,099,787	12,255,607	15,860,253	109,495,141
Sewer system	272,062,180	11,632,901	-	283,695,081
Solid waste system	4,267,490	319,400	-	4,586,890
Water quality management system	17,154,797	2,310,629	-	19,465,426
Electric system	265,627,000	33,182,000	23,816,000	274,993,000
Communication system	<u>74,491,000</u>	<u>20,591,000</u>	<u>10,378,000</u>	<u>84,704,000</u>
Total accumulated depreciation	<u>819,107,090</u>	<u>85,369,577</u>	<u>52,156,253</u>	<u>852,320,414</u>
Depreciable assets, net	<u>1,037,010,623</u>	<u>58,079,821</u>	<u>(531,923)</u>	<u>1,095,622,367</u>
Business-type activities capital assets, net	<u>\$ 1,279,692,898</u>	<u>\$ 108,140,750</u>	<u>\$ 93,703,546</u>	<u>\$ 1,294,130,102</u>

(Continued)



**NOTE 4. CAPITAL ASSETS (Continued)**

**DISCRETELY-PRESENTED COMPONENT UNITS**

Non-depreciable assets:				
Land	\$ 12,510,421	\$ 951,938	\$ -	\$ 13,462,359
Construction in progress	<u>23,886,430</u>	<u>4,556,198</u>	<u>24,587,863</u>	<u>3,854,765</u>
Total non-depreciable assets	<u>36,396,851</u>	<u>5,508,136</u>	<u>24,587,863</u>	<u>17,317,124</u>
Depreciable assets:				
Buildings and improvements	240,092,084	25,695,550	21,725	265,765,909
Vehicles and equipment	<u>85,287,517</u>	<u>8,106,640</u>	<u>-</u>	<u>93,394,157</u>
Total depreciable assets	<u>325,379,601</u>	<u>33,802,190</u>	<u>21,725</u>	<u>359,160,066</u>
Less accumulated depreciation	<u>188,397,054</u>	<u>13,038,241</u>	<u>21,725</u>	<u>201,411,094</u>
Depreciable assets, net	<u>136,982,547</u>	<u>20,763,949</u>	<u>-</u>	<u>157,748,972</u>
Component unit's capital assets, net	<u>\$ 173,379,398</u>	<u>\$ 20,532,642</u>	<u>\$ 24,587,863</u>	<u>\$ 175,066,096</u>

Depreciation expense is charged to functions as follows:

Primary Government – Governmental Activities:

General Government	\$ 6,205,320
Public Safety	3,162,361
Economic Development	2,203,897
Public Works	25,471,247
Parks Management	11,658
Early Learning	<u>984</u>
Total	<u>\$ 37,055,467</u>

Primary Government – Business-Type Activities:

Sewer	\$ 15,974,925
Solid Waste	750,530
Water Quality	2,840,986
Tennessee Valley Regional Communications	908,227
Downtown Redevelopment	64,908
Electric Utility*	<u>64,741,000</u>
Total	<u>\$ 85,280,576</u>

Discretely Presented Component Units:

CARTA	\$ 3,142,434
Airport Authority	9,889,611
Downtown Chattanooga Business Improvement District	<u>6,196</u>
Total	<u>\$ 13,038,241</u>

\*The Electric Utilities automobile depreciation is booked under operating expenses and thus will be included in the accumulated depreciation additions but not included in the depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position. For fiscal year 2022, the auto depreciation was \$0.8 million.

## NOTE 5. LONG-TERM LIABILITIES

### Governmental Activities

Debt related to governmental activities at June 30, 2022, consisted of the following:

#### General Obligation Bonds

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

General obligation bonds are summarized by issue as follows:

<u>Series</u>	<u>Original Principal</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal June 30, 2022</u>
General Obligation Bonds, Series 2011 A	26,495,000	2.00% - 4.00%	10/01/26	-
General Obligation Refunding Bonds, Series 2011 B	1,949,250	2.00% - 4.00%	10/01/27	-
Hotel-Motel Tax Refunding Bonds, Series 2011 B	15,595,750	2.00% - 4.00%	10/01/27	-
General Obligation Bonds, Series 2013	19,355,000	2.00% - 5.00%	10/01/28	9,190,000
Hotel-Motel Tax Pledge, Series 2013	7,420,000	2.00% - 5.00%	10/01/28	3,520,000
General Obligation Refunding Bonds, Series 2014 A	13,792,100	1.75% - 5.00%	11/01/26	3,540,224
Hotel-Motel Tax Refunding Bonds, Series 2014 A	3,961,340	1.75% - 5.00%	11/01/26	1,017,439
General Obligation Bonds, Series 2015 A	28,245,000	5.00%	09/01/30	16,935,000
General Obligation Refunding Bonds, Series 2015 B	18,955,000	3.00% - 5.00%	11/01/28	16,375,000
General Obligation Bonds, Series 2017 A	8,200,000	5.00%	03/01/31	4,905,000
General Obligation Refunding Bonds, Series 2017 B	12,640,000	3.00% - 5.00%	03/01/26	8,610,000
General Obligation Bonds, Series 2019 A	20,156,711	5.00%	02/01/34	16,119,450
General Obligation Refunding Bonds, Series 2019 B	4,055,000	2.00% - 5.00%	02/01/31	3,195,000
Hotel-Motel Tax Refunding Bonds, Series 2019 B	14,805,000	2.00% - 5.00%	02/01/31	11,220,000
General Obligation Bonds, Series 2021 A	12,455,000	5.00%	10/01/31	12,455,000
General Obligation Refunding Bonds, Series 2021 B	9,515,000	5.00%	10/01/27	9,515,000
Hotel-Motel Tax Refunding Bonds, Series 2021 B	<u>12,560,000</u>	5.00%	10/01/27	<u>12,560,000</u>
 Total payable from Debt Service Fund	 <u>\$ 230,155,151</u>			 <u>\$ 129,157,113</u>

#### Notes and Loans Payable

Tennessee Municipal Bond Fund Loan (2004) - Pursuant to a loan agreement with the Tennessee Municipal Bond Fund, the City of Chattanooga was authorized to incur indebtedness up to \$25,000,000 for the purpose of paying for certain general government capital projects. The loan is being repaid over a 20-year period at variable rates through 2024. Interest rate changes are based on the short-term tax-exempt rate that is remarketed and published weekly. The balance at June 30, 2022, is \$3,217,868, of which \$3,141,425 is due from Governmental Activities and \$76,443 is due from Solid Waste Fund (a Business-type Activity).

HUD Section 108 Loan - On June 12, 2008, the City received a loan from the U.S. Department of Housing and Urban Development for an aggregate principal amount of \$4,576,000. A significant portion of the money was authorized to be used for repayment of the 2003 Fannie Mae Loan, with the remaining balance to be used for the Brownfields/Community Development Loan Fund and public infrastructure projects. The note bears an interest rate of 4% and is being amortized over 15 years with an optional redemption after 10 years. The balance at June 30, 2022 is \$611,000.

(Continued)

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

### **Capital Leases**

Chattanooga Downtown Redevelopment Corporation Capital Lease - In October 2000, the City entered into a non-cancelable long-term lease with the Chattanooga Downtown Redevelopment Corporation (CDRC), for financing the cost of designing, acquiring, constructing and equipping four facilities in the Tourist Development Zone comprising more than 631,210 square feet at a cost of over \$120 million. Facilities include (1) The Chattanooga - a residential conference center, (2) parking garage, (3) the Development Resource Center, and (4) an expansion of the Chattanooga-Hamilton County Convention and Trade Center. The lease provides for semi-annual payments in amounts sufficient to meet the annual debt service requirements on \$129 million in revenue bonds issued by the Industrial Development Board of the City of Chattanooga (IDB) on behalf of the CDRC, a non-profit corporation. The IDB bonds are secured by payments to be made by the CDRC. The lease payments are funded by the City's share of the 0.5% increase in the county-wide sales tax passed by county-wide referendum, state incremental sales tax generated in the Tourist Development Zone and interest income from a debt service reserve fund in excess of \$9 million included as part of the bond issue. In the event these sources are insufficient, the City agreed to appropriate sufficient moneys to make the lease payments. In October 2018, the Chattanooga was sold to a private developer for \$27 million. One hundred percent of the proceeds from the sale were used to defease a pro-rata share of the outstanding bonds. The City's lease payment for the year ended June 30, 2022, was \$7,161,271, of which \$5,515,000 was a reduction of principal. The debt service reserve fund held by the fiscal agent at June 30, 2022 is \$9,802,296. The fiscal agent is required by the agreement to apply any interest on the debt service reserve fund toward the lease payments. The debt service reserve fund will be used to retire debt near the end of the lease.

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

Regional Communication Capital Lease – In August 2016, the City entered into an equipment lease-purchase agreement to finance radio communication equipment totaling \$5,977,735. The lease term is five years and provides for annual payments which began August 1, 2017. The recorded liability under this capital lease at June 30, 2022 is \$0.

Golf Course Capital Lease - In January 2018, the City entered into an equipment lease-purchase agreement to finance golf carts at the Brainerd and Brown Acres Golf Courses totaling \$346,000. The lease term is five years and provides for monthly payments which began April 1, 2018. In FY22, the City entered into a new six year equipment lease-purchase agreement totaling \$461,434. The City was able to apply equity in the current equipment lease-purchase to the new lease-purchase. The recorded liability under the new capital lease at June 30, 2022 is \$455,510.

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

### **Business-type Activities**

Debt related to business-type activities at June 30, 2022, consisted of the following:

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

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

(Continued)

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

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

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2022
<b>Electric Power Board</b>				
2015 A Electric System Revenue Bonds	\$ 218,855,000	2.88%-5.00%	09/01/33	\$ 180,845,000
2015 B Electric System Revenue Bonds	15,355,000	0.70%-3.38%	09/01/25	6,310,000
2015 C Electric System Revenue Bonds	25,880,000	4.00%-5.00%	09/01/40	25,085,000
2021 Electric System Revenue Bonds	71,080,000	2.00%-4.00%	09/01/41	71,080,000
<b>Interceptor Sewer System</b>				
General Obligation Refunding Bonds, Series 2014A	2,343,620	1.75%-5.00%	11/01/26	601,806
<b>Solid Waste Fund</b>				
General Obligation Refunding Bonds, Series 2014A	4,674,278	1.75%-5.00%	11/01/26	1,199,618
General Obligation Refunding Bonds, Series 2017B	2,155,000	3.00%-5.00%	03/01/26	1,465,000
<b>Water Quality Fund</b>				
General Obligation Bonds, Series 2013	5,245,000	2.00%-5.00%	10/01/28	2,485,000
General Obligation Refunding Bonds, Series 2014A	1,153,663	1.75%-5.00%	11/01/26	295,914
General Obligation Bonds, Series 2015A	8,100,000	5.00%	09/01/30	4,860,000
General Obligation Refunding Bonds, Series 2017B	615,000	3.00%-5.00%	03/01/26	420,000
General Obligation Bonds, Series 2019 A	3,628,289	5.00%	02/01/34	2,900,550
<b>Chattanooga Downtown Redevelopment Corporation</b>				
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/01/28	29,575,000
2018C IDB Rev Refunding 2010 Bonds Taxable	<u>28,200,000</u>	3.90%	10/01/24	<u>14,885,000</u>
Total payable from Business-type Activities	<u>\$ 419,519,850</u>			<u>\$ 342,007,888</u>

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

State Revolving Loan 2003 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan for the purpose of financing sewer projects. The loan is being repaid in monthly installments through 2025 at 2.98% interest. The balance at June 30, 2022 to be paid from Interceptor Sewer Fund is \$7,103,903.

Tennessee Municipal Bond Fund Loan (2004) - Pursuant to a loan agreement with the Tennessee Municipal Bond Fund, the City of Chattanooga was authorized to incur indebtedness up to \$25,000,000 for the purpose of paying for certain general government capital projects. The loan is being repaid over a 20-year period at variable rates through 2024. Interest rate changes are based on the short-term tax-exempt rate that is remarketed and published weekly. The balance at June 30, 2022, is \$3,217,868, of which \$3,141,425 is due from Governmental Activities and \$76,443 is due from Solid Waste Fund (a Business-type Activity).

State Revolving Loan 2007 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$13,000,000 loan for the purpose of financing sewer projects. The loan is being repaid in monthly installments through September 2031 at 2.79% interest. The balance at June 30, 2022 to be paid from Interceptor Sewer Fund is \$6,913,507.

(Continued)

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

State Revolving Loan 2011 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$20,000,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 2.00% interest. The balance at June 30, 2022 to be paid from Interceptor Sewer Fund is \$14,909,046.

State Revolving Loan 2012 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$33,100,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.15% interest. The balance at June 30, 2022 to be paid from Interceptor Sewer Fund is \$24,908,052.

State Revolving Loan 2013 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$66,800,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.67% interest. The balance at June 30, 2022 to be paid from Interceptor Sewer Fund is \$50,455,819.

State Revolving Loan 2016 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$42,500,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.29% interest. The balance at June 30, 2022 to be paid from Interceptor Sewer Fund is \$37,104,025.

State Revolving Loan 2018 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure three loans worth \$48,100,000 for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.41% interest. The balance at June 30, 2022 to be paid from Interceptor Sewer Fund is \$46,506,435.

State Revolving Loan 2019 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure two loans worth \$24,000,000 for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 2.05% interest. The balance at June 30, 2022 to be paid from Interceptor Sewer Fund is \$12,066,472.

State Revolving Loan 2020 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan worth \$15,000,000 for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 0.61% interest. The balance at June 30, 2022 to be paid from Interceptor Sewer Fund is \$1,247,648.

**Component Units**

Component Units debt at June 30, 2022, consisted of the following:

**Revenue Bonds**

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2022
Metropolitan Airport Authority				
Series 2019A Tax Exempt Revenue Bond	\$ 16,250,000	2.29%	02/01/39	\$ 15,052,167
Series 2019B Taxable Revenue Bond	<u>8,750,000</u>	2.87%	02/01/29	<u>4,101,474</u>
Total revenue bonds	\$ 25,000,000			\$ 19,153,641

**Note Payable**

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2022
Metropolitan Airport Authority	\$ 754,000	2.29%	02/01/39	\$ 484,498
Total note payable	\$ 754,000			\$ 484,498
Total payable from Component Units	<u>\$ 25,754,000</u>			<u>\$ 19,638,139</u>

(Continued)

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

**Refunding**

During fiscal year 2022, the City issued \$22,075,000 of general obligation bonds to refinance \$25,125,000 resulting in debt service savings of \$2,586,858 with net present value savings of \$2,527,165.

In prior years, the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts assets and the liabilities for the refunded bonds are not included in the City's financial statements. At June 30, 2022, the remaining liabilities for the bonds refunded were as follows.

<u>Year</u> <u>Refunded</u>	<u>Primary</u> <u>Government</u>
2011	\$ 16,360,000
2014	6,654,999
2015	16,375,000
2017	10,495,000
2019	14,415,000
2021	22,075,000

Changes in long-term liabilities for the fiscal year ended June 30, 2022, were as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Primary Government</u></b>					
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation serial bonds	\$ 134,808,063	\$ 34,530,000	\$ 40,180,950	\$ 129,157,113	\$ 16,079,594
Notes payable	5,586,530	-	1,834,105	3,752,425	1,875,004
Capital leases payable	1,323,484	461,434	1,329,408	455,510	72,285
Lease payable (GASB 87)	-	1,183,673	-	1,183,673	596,343
Accrued pollution remediation costs	59,991	-	17,614	42,377	42,377
Accrued postemployment benefits	109,993,533	-	17,522,535	92,470,998	-
Accrued general pension costs	75,652,648	-	32,251,669	43,400,979	-
Accrued fire and police pension costs	235,496,723	-	47,464,135	188,032,588	-
Compensated absences	25,662,392	27,893,240	20,493,276	33,062,356	2,069,703
Original issue premium	<u>16,482,191</u>	<u>2,455,136</u>	<u>-</u>	<u>18,937,327</u>	<u>-</u>
Total governmental activities	<u>\$ 605,065,555</u>	<u>\$ 66,523,483</u>	<u>\$161,093,692</u>	<u>\$ 510,495,346</u>	<u>\$ 20,735,306</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>EPB:</b>					
Revenue bonds	\$ 295,760,000	\$ -	\$ 12,440,000	\$ 283,320,000	\$ 13,015,000
Lease payable (GASB 87)	-	2,455,000	-	2,455,000	848,000
Accrued postemployment benefits	-	-	-	-	-
Accrued pension costs	24,472,000	-	16,725,000	7,747,000	-
Compensated absences	523,000	49,000	-	572,000	168,000
Original issue premium	<u>26,990,000</u>	<u>-</u>	<u>1,973,000</u>	<u>25,017,000</u>	<u>-</u>
	<u>347,745,000</u>	<u>2,504,000</u>	<u>29,165,000</u>	<u>319,111,000</u>	<u>14,031,000</u>
<b>Interceptor Sewer System:</b>					
General obligation serial bonds	726,996	-	125,190	601,806	122,930
Notes payable	190,050,146	20,705,533	9,540,792	201,214,907	12,656,988
Lease payable (GASB 87)	-	12,976	-	12,976	12,976
Accrued postemployment benefits	7,033,868	-	1,120,533	5,913,335	-
Accrued general pension costs	8,784,442	-	3,595,837	5,188,605	-
Compensated absences	1,087,894	1,091,948	893,912	1,285,930	80,499
Original issue premium	<u>105,734</u>	<u>-</u>	<u>17,622</u>	<u>88,112</u>	<u>-</u>
	<u>207,789,080</u>	<u>21,810,477</u>	<u>15,293,886</u>	<u>214,305,671</u>	<u>12,873,393</u>

(Continued)



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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
<b>Solid Waste Fund:</b>					
General obligation serial bonds	\$ 3,264,354	\$ -	\$ 599,736	\$ 2,664,618	\$ 580,228
Notes payable	113,338	-	36,895	76,443	37,996
Lease payable (GASB 87)	-	2,163	-	2,163	2,163
Accrued landfill closure costs	4,552,440	158,561	6,003	4,704,998	192,407
Accrued postemployment benefits	268,293	-	42,741	225,552	-
Accrued general pension costs	335,093	-	110,738	224,355	-
Compensated absences	88,508	53,090	45,431	96,167	6,020
Original issue premium	418,874	-	80,527	338,347	-
	<u>9,040,900</u>	<u>213,814</u>	<u>922,071</u>	<u>8,332,643</u>	<u>818,814</u>
<b>Water Quality Management Fund:</b>					
General obligation serial bonds	12,260,588	-	1,299,124	10,961,464	1,292,250
Lease Payable (GASB 87)	-	4,325	-	4,325	4,325
Accrued postemployment benefits	6,307,259	-	1,004,779	5,302,480	-
Accrued general pension costs	7,772,737	-	3,678,916	4,093,821	-
Compensated absences	837,850	1,041,394	817,004	1,062,240	66,496
Original issue premium	1,849,269	-	198,201	1,651,068	-
	<u>29,027,703</u>	<u>1,045,719</u>	<u>6,998,024</u>	<u>23,075,398</u>	<u>1,363,071</u>
<b>Tennessee Valley Regional Communication Systems Fund:</b>					
Lease Payable (GASB 87)	-	2,163	-	2,163	2,163
Accrued postemployment benefits	437,178	-	69,645	367,533	-
Accrued general pension costs	546,028	-	367,379	178,649	-
Compensated absences	60,029	44,987	40,623	64,393	4,031
	<u>1,043,235</u>	<u>47,150</u>	<u>477,647</u>	<u>612,738</u>	<u>6,194</u>
<b>Chattanooga Downtown Redevelopment Corporation:</b>					
Revenue bonds	<u>49,975,000</u>	<u>-</u>	<u>5,515,000</u>	<u>44,460,000</u>	<u>5,720,000</u>
<b>Total business-type activities</b>	<u>\$ 644,620,918</u>	<u>\$ 25,621,160</u>	<u>\$ 58,371,628</u>	<u>\$ 609,897,450</u>	<u>\$ 34,812,472</u>
<b>Discretely-Presented Component Units</b>					
<b>Airport Authority:</b>					
Revenue bonds	\$ 18,719,663	\$ 1,450,260	\$ 1,016,283	\$ 19,153,640	\$ 1,219,877
Note payable	606,749	-	122,251	484,498	80,154
Accrued postemployment benefits	607,033	-	96,704	510,329	-
Accrued general pension costs	3,328,434	-	1,340,319	1,988,115	-
	<u>23,261,879</u>	<u>1,450,260</u>	<u>2,575,557</u>	<u>22,136,582</u>	<u>1,300,031</u>
<b>CARTA:</b>					
Accrued postemployment benefits	231,165	9,806	44,208	196,763	-
Accrued general pension costs	11,358,432	5,051,604	5,280,707	11,129,329	-
Compensated absences	472,592	55,490	22,791	505,291	505,291
	<u>12,062,189</u>	<u>5,116,900</u>	<u>5,347,706</u>	<u>11,831,383</u>	<u>505,291</u>
<b>Total component units</b>	<u>\$ 35,324,068</u>	<u>\$ 6,567,160</u>	<u>\$ 7,923,263</u>	<u>\$ 33,967,965</u>	<u>\$ 1,805,322</u>

(Continued)

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

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

Year	Primary Government			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 17,954,598	\$ 5,735,182	\$ 33,425,391	\$ 15,683,773
2024	18,251,743	4,490,685	34,516,086	14,498,172
2025	16,689,049	4,180,072	35,170,529	13,268,443
2026	17,018,778	3,401,750	34,186,017	12,051,435
2027	14,907,358	2,589,538	34,822,083	11,063,720
2028-2032	45,401,437	5,137,610	161,736,498	39,413,042
2033-2037	2,686,575	161,195	127,519,707	15,138,255
2038-2042	-	-	81,922,928	3,785,060
	<u>\$ 132,909,538</u>	<u>\$ 26,146,032</u>	<u>\$ 543,299,238</u>	<u>\$ 124,901,900</u>

Year	Component Units	
	Principal	Interest
2023	\$ 1,139,723	\$ 449,272
2024	1,168,854	420,142
2025	1,198,738	390,258
2026	1,229,397	359,599
2027	1,260,849	328,146
2028-2032	5,611,445	1,172,461
2033-2037	4,449,142	618,246
2038-2042	<u>3,095,492</u>	<u>116,648</u>
	<u>\$ 19,153,640</u>	<u>\$ 3,854,772</u>

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

Year	Primary Government	
	Governmental Activities	
	Principal	Interest
2023	\$ 72,285	\$ 13,281
2024	74,554	11,012
2025	76,895	8,671
2026	79,462	6,104
2027	82,009	3,557
2028-3032	<u>70,305</u>	<u>1001</u>
	<u>\$ 455,510</u>	<u>\$ 43,626</u>

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

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

**General Pension Plan**

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

**Plan Description**

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

(Continued)

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

Plan membership - Pension plan membership as of January 1, 2022, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,317
Inactive plan members entitled to but not yet receiving benefits	159
Active plan members	<u>1,362</u>
Total	<u><u>2,838</u></u>

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

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

Contributions - The GPP Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate and amount is determined as of January 1 and projected to July 1, so that the City's contributions are based on their fiscal year. The contribution as determined in the January 1, 2021 valuation, for the year ended June 30, 2022, is 22.33% of projected payroll. The active member contribution rate was 2% of payroll.

**Plan Investments**

Investment policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the GPP Board of Trustees. It is the policy of the GPP Board of Trustees to pursue an investment strategy that provides sufficient return to meet its actuarial assumptions without undue investment risk. The following was the adopted asset allocation policy as of June 30, 2022:

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

(Continued)

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

Rate of return - For the year ended June 30, 2022, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was (9.80) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability of the City at June 30, 2022 were as follows:

Total pension liability	\$ 412,449,088
Plan fiduciary net position	<u>(332,119,636)</u>
Net pension liability	<u>\$ 80,329,452</u>
Plan fiduciary net position as a percentage of the total pension liability	80.52%

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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

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

Actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2017, dated February 21, 2019. The investment rate of return was decreased from 7.00 percent to 6.75 percent as of January 1, 2019.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US large cap equity	5.2%
US small cap equity	5.8
International equity	6.5
US core fixed income	3.5
US high yield fixed income	6.0
International fixed developed	3.3
Private debt	9.0
Equity hedge funds	7.0
Diversified hedge funds	6.0
Private equity	13.0
Private real estate	7.5
Cash	2.5

\*Arithmetic mean

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

(Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GPP net pension liability	\$ 125,681,949	\$ 80,329,452	\$ 42,116,562

**Fire and Police Pension Plan**

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

**Plan Description**

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

Plan membership - Pension plan membership as of January 1, 2022, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	816
Inactive plan members entitled to but not yet receiving benefits	53
Active plan members	834
Total	1,703

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

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

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

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

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

(Continued)

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

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

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

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

Contributions - The CFPPF Board of Directors establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate and amount is determined as of January 1 and projected to July 1, so that the City's contributions are based on their fiscal year. The contribution as determined in the January 1, 2022 valuation, for the year ended June 30, 2022, is 49.77% of projected payroll. The active member contribution rate was 11% of payroll.

### Plan Investments

Investment policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the CFPPF Board of Directors. It is the policy of the CFPPF Board of Directors to pursue an investment strategy that provides sufficient return to meet its actuarial assumptions without undue investment risk. The following was the adopted asset allocation policy as of June 30, 2022:

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

Rate of return - For the year ended June 30, 2022, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was (11.76) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net Pension Liability

The components of the net pension liability of the City at June 30, 2022 were as follows:

Total pension liability	\$ 537,075,269
Plan fiduciary net position	<u>(263,618,707)</u>
Net pension liability	<u>\$ 273,456,562</u>
Plan fiduciary net position as a percentage of the total pension liability	49.08%

(Continued)

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

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.25 percent
Salary increases	2.25 percent – 2.75 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation
COLA	1.50 percent

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2021 (see the discussion of the pension plan’s investment policy) are summarized in the table below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return*</u>
Large cap equity	6.20%
Mid cap equity	6.80
Small cap equity	7.20
International equity	6.80
Fixed income	0.40
Emerging markets	8.50
Private equity	10.40
Real estate	3.90
Timber	3.20
Farmland	5.95
*Arithmetic mean	

Discount rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current 11% of pay contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
CFPPF net pension liability	<u>\$ 335,130,900</u>	<u>\$ 273,456,562</u>	<u>\$ 221,764,530</u>

(Continued)



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

**Combining Statements for Pension Trust Fund**

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

Combining Statement of Pension Trust Net Position:

	<u>General Pension Plan</u>	<u>Fire and Police Pension Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Receivables:			
Accrued income	\$ 111,925	\$ 13,432	\$ 125,357
Total receivables	<u>111,925</u>	<u>13,432</u>	<u>125,357</u>
Investments:			
Corporate bonds and notes	5	6,216,972	6,216,977
Corporate stocks	66,719,500	-	66,719,500
Foreign equity	44,030,556	48,817,744	92,848,300
Private debt	9,127,084	-	9,127,084
Mutual funds – equity	42,609,601	103,692,114	146,301,715
Mutual funds – fixed income	56,521,672	49,670,101	106,191,773
Real estate	47,924,440	18,683,069	66,607,509
Hedge funds	55,846,768	-	55,846,768
Private equity	848,721	33,894,595	34,743,316
Temporary investments	<u>8,546,832</u>	<u>2,643,191</u>	<u>11,190,023</u>
Total investments	<u>332,175,179</u>	<u>263,617,786</u>	<u>595,792,965</u>
Total assets	<u>332,287,104</u>	<u>263,631,218</u>	<u>595,918,322</u>
<b>LIABILITIES</b>			
Accrued expenses	<u>167,468</u>	<u>12,511</u>	<u>179,979</u>
Total liabilities	<u>167,468</u>	<u>12,511</u>	<u>179,979</u>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<u>\$ 332,119,636</u>	<u>\$ 263,618,707</u>	<u>\$ 595,738,343</u>

Combining Statement of Changes in Plan Net Position:

<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 15,381,260	\$ 27,054,427	\$ 42,435,687
Employee	1,411,067	5,472,722	6,883,789
Other	-	111,546	111,546
Total contributions	<u>16,792,327</u>	<u>32,638,695</u>	<u>49,431,022</u>
Investments income:			
Net appreciation in fair value of investments	(3,544,713)	(36,278,987)	(39,823,700)
Interest	-	4,973	4,973
Dividends	<u>2,570,166</u>	<u>4,032,010</u>	<u>6,602,176</u>
Less investment expense	<u>(974,547)</u>	<u>(32,242,004)</u>	<u>(33,216,551)</u>
Net investment income (loss)	<u>(1,497,045)</u>	<u>(32,319,781)</u>	<u>(33,816,826)</u>
Total additions	<u>15,295,282</u>	<u>318,914</u>	<u>15,614,196</u>
<b>DEDUCTIONS</b>			
Benefits paid to participants	25,185,064	31,393,805	56,578,869
Administrative expenses	<u>160,754</u>	<u>955,057</u>	<u>1,115,811</u>
Total deductions	<u>25,345,818</u>	<u>32,348,862</u>	<u>57,694,680</u>
<b>NET CHANGE</b>	(10,050,536)	(32,029,948)	(42,080,484)
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
Beginning of year	<u>342,170,172</u>	<u>295,648,655</u>	<u>637,818,827</u>
End of year	<u>\$ 332,119,636</u>	<u>\$ 263,618,707</u>	<u>\$ 595,738,343</u>

(Continued)

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

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

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

#### **Plan Description**

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

Plan membership – OPEB plan membership as of January 1, 2022, the date of the valuation, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,308
Active plan members	<u>2,204</u>
Total	<u>3,512</u>

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

Contributions - The City contributes to the plan at an actuarially determined rate. Retired plan members and beneficiaries are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees who retired prior to 2002 contribute an amount equal to the amount paid by active employees. Employees who retire after 2002 with 25 years of service or a job-related disability contribute an amount equal to 1.5 times that paid by active employees. Employees who retire after 2002 with less than 25 years of service or a non-job-related disability contribute an increased amount on the member of years' service less than 25 years. The City pays the remainder of the costs of medical coverage. The City established an Other Postemployment Benefits Trust (the Trust) in 2008 to partially pre-fund benefits. Beginning in 2011, the City began funding the Trust based on actuarial calculation in which all unfunded prior service costs as well as normal costs are allocated to various funds based on applicable payroll. The City is currently contributing 12.46 percent of the total covered payroll of participants. All obligations are liquidated from the OPEB trust.

#### **Plan Investments**

Investment policy - The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the GPP Board of Trustees. It is the policy of the GPP Board of Trustees to pursue an investment strategy that provides sufficient return to meet its actuarial assumptions without undue investment risk. The following was the adopted asset allocation policy as of June 30, 2022:

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

(Continued)

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

Rate of return - For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB investments, net of OPEB plan investment expense, was -12.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**OPEB Liability**

The components of the net OPEB liability of the City at June 30, 2022 were as follows:

Total OPEB liability	\$ 189,767,244
Plan fiduciary net position	<u>(109,899,320)</u>
City's net OPEB liability	<u>\$ 79,867,924</u>
Plan fiduciary net position as a percentage of the total OPEB liability	57.91%

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of January 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.50 percent
Salary increases	
General Employees	3.00 to 5.25 percent, including inflation
Fire and Police Employees	2.25 to 2.75 percent, including inflation
Long-term Investment rate of return	6.75 percent compounded annually, net of investment expense, including inflation
Municipal Bond Index Rate	3.54 percent
Single equivalent interest rate	6.75 percent
Healthcare cost trend rates: Pre-Medicare eligible	7.00 percent
Healthcare cost trend rates: Medicare eligible	5.25 percent
Ultimate trend rate: Pre-Medicare eligible	4.50 percent
Ultimate trend rate: Medicare eligible	4.50 percent
Year of trend rates: Pre-Medicare eligible	2023
Year of trend rates: Medicare eligible	2027

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the January 1, 2022 valuation for general employees reflect the results of the experience investigation of the General Pension Fund for the period ending December 31, 2017. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases for fire and police employees reflect the results of the experience investigation of the Fire and Police Pension Fund for the period ending December 31, 2019, with an additional update to the mortality assumption based on most recent assumptions used in the Fund's GASB 67 and 68 actuarial valuations prepared as of June 30, 2019

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the January 1, 2022 valuation were based on a review of recent plan experience done concurrently with the January 1, 2022 valuation.

(Continued)

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

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

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

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

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

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

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

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB liability	\$ 97,890,489	\$ 79,867,924	\$ 64,080,393

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. - The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.00% decreasing to 3.50% for pre-Medicare, 3.75% decreasing 3.50% for Medicare eligible) or 1-percentage point higher (8.00% decreasing to 5.50% for pre-Medicare, 5.75% decreasing to 5.50% for Medicare eligible) than the current healthcare cost trend rates. The current healthcare cost trend rates are 7.00% decreasing to 4.50% for pre-Medicare, 5.75% decreasing to 4.50% for Medicare eligible.

(Continued)

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

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 61,922,195	\$ 79,867,924	\$ 100,689,056

Alternative measurement method – January 1, 2022 is the actuarial valuation date upon which the total OPEB liability is based. The roll forward calculation to the current measurement date of June 30, 2022 from the prior measurement date of June 30, 2020 adds the normal cost (also called the service cost) for the fiscal year 2022, subtracts the actual benefit payments for the same period and then applies the expected investment rate of return for the period. If applicable, actuarial gains and losses arising from benefit changes, the differences between estimates and actual experience, and changes in assumptions or other inputs are reconciled to the total OPEB liability as of the Measurement Date.

The procedure was used to determine the total OPEB liability as of June 30, 2022, as shown in the following:

Total OPEB Liability Roll Forward

Total OPEB Liability as of June 30, 2021	\$ 218,157,614
Actual benefit payment and refunds for July 1, 2021 – June 30, 2022	(7,440,308)
Interest on TOL	14,474,529
Service cost for the period July 1, 2021 – June 30, 2022 at the end of period	4,076,344
Experience (Gain)/Loss	(47,050,115)
Assumption Change (Gain)/Loss	<u>7,549,180</u>
Total OPEB liability rolled forward to June 30, 2022	<u>\$ 189,767,244</u>

Combining Statement of OPEB Trust Net Position:

ASSETS

Investments:

Foreign equity	\$ 11,506,765
Private debt	1,130,157
Mutual funds – equity	56,272,596
Mutual funds – fixed income	16,220,728
Real estate	6,688,459
Hedge funds	6,730,828
Private equity	2,494,589
Temporary investments	<u>7,822,952</u>
Total investments	<u>108,867,074</u>

Receivables:

Accrued income	19,593
Due from plan custodian	<u>1,413,185</u>
Total receivables	<u>1,432,778</u>
Total assets	<u>110,299,852</u>

LIABILITIES

Due to plan custodian	<u>400,531</u>
Total liabilities	<u>400,531</u>

NET POSITION RESTRICTED FOR OPEB \$ 109,899,321

(Continued)

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

Combining Statement of Changes in Plan Net Position:

ADDITIONS

Contributions:	
Employer	\$ 15,102,417
Employee	<u>2,819,258</u>
Total contributions	<u>17,921,675</u>

Investments income:

Net appreciation in fair value of investments	(11,837,473)
Dividends	793,903
Less investment expense	<u>(20,000)</u>
Net investment income (loss)	<u>(11,063,570)</u>
Total additions	<u>6,858,105</u>

DEDUCTIONS

Benefits paid to participants	10,259,566
Administrative expenses	<u>66,605</u>
Total deductions	<u>10,326,171</u>

NET CHANGE (3,468,066)

NET POSITION RESTRICTED FOR OPEB

Beginning of year	<u>113,367,387</u>
End of year	<u>\$ 109,899,321</u>

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

**PENSION**

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

(Continued)

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

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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2020	\$ 916,790,897	\$ 571,075,400	\$ 345,715,497
Changes for the year:			
Service cost	18,382,941	-	18,382,941
Interest expense	61,877,319	-	61,877,319
Experience losses (gains)	3,730,897	-	3,730,897
Changes of assumptions	6,410,000	-	6,410,000
Contributions – city	-	43,343,466	(43,343,466)
Contributions – members	-	5,762,554	(5,762,554)
Net investment income	-	121,777,561	(121,777,561)
Benefits paid	(58,222,105)	(58,222,105)	-
Plan administrative expenses	-	(479,740)	479,740
Other	-	121,816	(121,816)
Net changes	<u>32,179,052</u>	<u>112,303,552</u>	<u>(80,124,500)</u>
Balances at 6/30/2021	<u>\$ 948,969,949</u>	<u>\$ 683,378,952</u>	<u>\$ 265,590,997</u>
	Component Units		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2020	\$ 44,573,620	\$ 29,734,580	\$ 14,839,040
Changes for the year:			
Service cost	1,301,103	-	1,301,103
Interest expense	3,137,048	-	3,137,048
Experience losses (gains)	(166,282)	-	(166,282)
Changes in assumptions	1,732,793	-	1,732,793
Contributions – city	-	2,291,509	(2,291,509)
Contributions – members	-	517,963	(517,963)
Net investment income	-	5,003,519	(5,003,519)
Benefits paid	(2,761,305)	(2,761,305)	-
Plan administrative expenses	-	(86,733)	86,733
Net changes	<u>3,243,357</u>	<u>4,964,953</u>	<u>(1,721,596)</u>
Balances at 6/30/2021	<u>\$ 47,816,977</u>	<u>\$ 34,699,533</u>	<u>\$ 13,117,444</u>

(Continued)



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

	Primary Government			Totals
	General City Pension Plan	Fire & Police Pension Plan	EPB Pension Plan	
Net pension liability	\$ 53,086,409	\$ 188,032,588	\$ 24,472,000	\$ 265,590,997
Deferred pension outflows				
Contributions	15,307,968	27,054,427	-	42,362,395
Change in assumptions	1,776,896	16,645,803	8,254,000	26,676,699
Difference between expected and actual experience	1,251,469	12,168,039	10,811,000	24,230,508
	18,336,333	55,868,269	19,065,000	93,269,602
Deferred pension inflows				
Change in assumptions	-	575,208	-	575,208
Net difference between projected and actual earnings on pension plan investments	17,291,009	32,576,440	5,862,000	55,729,449
Difference between expected and actual experience	1,597,447	2,473,668	-	4,071,115
	18,888,456	35,625,316	5,862,000	60,375,772
Pension expense	11,047,957	20,441,636	6,800,000	38,289,593
	Component Units			
	CARTA Pension Plan	General Airport Pension Plan	Totals	
Net pension liability	\$ 11,129,329	\$ 1,988,115	\$ 13,117,444	
Deferred pension outflows				
Contributions	798,232	573,292	1,371,524	
Change in assumptions	1,429,857	66,546	1,496,403	
Difference between expected and actual experience	475,638	46,868	522,506	
Changes of proportion pension plan*	-	63,012	63,012	
	2,703,727	749,718	3,453,445	
Deferred pension inflows				
Difference between expected and actual experience	356,986	59,825	416,811	
Net difference between projected and actual earnings on pension plan investments	1,969,254	647,558	2,616,812	
	2,326,240	707,383	3,033,623	
Pension expense	929,972	413,752	1,343,724	

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

The following is a summary of each of these plans:

**City of Chattanooga General Pension Plan**

**General Information**

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

(Continued)

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

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

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

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

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

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

Contributions - The GPP Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, the active member contribution rate was 2.0 percent of annual pay and the City's contribution rate was 20.94 percent of the total covered payroll of participants.

**Net Pension Liability**

The City's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, rolled-forward to June 30, 2021 using standard roll forward techniques.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

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

Both pre-retirement and post-retirement mortality rates were based on the RP-2014 Mortality Table with Blue Collar Adjustment set forward four years for males and set forward three years for females and using a Scale MP-2017 projection to 2025. Post-disability mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years for males and set forward seven years for females and using a Scale MP-2017 projection to 2025. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2017, dated February 21, 2019. The investment rate of return was decreased from 7.00% to 6.75% as of January 1, 2019.

(Continued)

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
US large cap equity	25.0%	3.8%
US small cap equity	5.0	4.5
International equity	10.0	4.9
US core fixed income	16.0	-0.4
US high yield fixed income	4.5	2.5
International fixed developed	6.0	-0.5
Private debt	5.0	9.0
Equity hedge funds	7.5	5.0
Diversified hedge funds	7.5	4.5
Private equity	3.0	12.0
Private real estate	10.0	6.0
Cash	0.5	0.0
	<u>100.0%</u>	

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

**Changes in Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) – (b)</u>
Balances at 6/30/2020	\$ 390,406,699	\$ 293,987,317	\$ 96,419,382
Changes for the year:			
Service cost	7,669,324	-	7,669,324
Interest expense	25,535,915	-	25,535,915
Difference between expected and actual experience	(2,173,556)	-	(2,173,556)
Contributions – city	-	13,886,732	(13,886,732)
Contributions – members	-	1,259,372	(1,259,372)
Net investment income	-	57,435,710	(57,435,710)
Benefits paid	(24,193,687)	(24,193,687)	-
Plan administrative expenses	-	(205,273)	205,273
Net changes	<u>6,837,996</u>	<u>48,182,854</u>	<u>(41,344,858)</u>
Balances at 6/30/2021	<u>\$ 397,244,695</u>	<u>\$ 342,170,171</u>	<u>\$ 55,074,524</u>

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

(Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City’s net pension liability	\$ 98,220,720	\$ 55,074,524	\$ 18,171,032

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

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

For the year ended June 30, 2021, the City recognized pension expense of \$11,047,957 with an additional \$413,752 for the Airport Authority, a component unit of the City.

Deferred outflows of resources related to pensions are as follows:

	Primary Government	Airport Authority	Total
Deferred contributions	\$ 15,307,968	\$ 573,292	\$ 15,881,260
Difference between expected and actual experience	1,251,469	46,868	1,298,337
Change of assumptions	1,776,896	66,546	1,843,442
Changes of proportion pension plan	-	63,012	63,012
Total deferred outflow of resources	<u>\$ 18,336,333</u>	<u>\$ 749,718</u>	<u>\$ 19,086,051</u>

Deferred inflows of resources related to pensions are as follows:

	Primary Government	Airport Authority	Total
Difference between expected and actual experience	\$ 1,597,447	\$ 59,825	\$ 1,657,272
Net difference between projected and actual earnings on pension plan investments	<u>17,291,009</u>	<u>647,558</u>	<u>17,938,567</u>
Total deferred inflow of resources	<u>\$ 18,888,456</u>	<u>\$ 707,383</u>	<u>\$ 19,595,839</u>

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

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

Year ended June 30,	Primary Government	Airport Authority	Total
2022	\$ (2,073,175)	\$ (77,642)	\$ (2,150,817)
2023	(1,405,773)	(52,647)	(1,458,420)
2024	(4,969,522)	(186,111)	(5,155,633)
2025	<u>(7,411,621)</u>	<u>(277,569)</u>	<u>(7,689,190)</u>
	<u>\$ (15,860,091)</u>	<u>\$ (593,969)</u>	<u>\$ (16,454,060)</u>

(Continued)

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

### Payable to the Pension Plan

At June 30, 2022, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan.

### Fire and Police Pension Fund

#### General Information

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

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

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

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

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

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

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

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

(Continued)

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

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

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

Contributions - The CFPPF Board of Directors establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, the active member contribution rate was 11 percent of payroll. The City’s contribution rate was 51.28 percent of the total covered payroll of participants.

**Net Pension Liability**

The City’s net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, rolled-forward to June 30, 2021.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

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

Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality Table set forward two years. Healthy annuitant mortality rates are based on the RP-2014 Blue Collar Healthy Mortality Table set forward three years. Disabled annuitant mortality rates are based on the RP-2014 Disabled Retiree Mortality Table set forward three years. All mortality tables are projected generationally with Scale SSA2019-2D times 75 percent. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an experience study for the period January 1, 2015 through December 31, 2019 and based on changes to the retirement rate and COLA assumptions made in the conjunction with plan changes effective July 1, 2014. The investment return and administrative expense assumptions were further modified in the January 1, 2021 valuation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap equity	20%	6.90%
Mid cap equity	15	7.30
Small cap equity	5	7.00
International equity	10	7.60
Fixed income	20	2.40
Emerging markets	10	8.60
Private equity	5	10.20
Real estate	5	5.00
Timber	5	5.30
Farmland	5	7.00
	<u>100%</u>	

(Continued)

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

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

**Changes in Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balances at 6/30/2019	\$ 470,391,345	\$ 234,894,622	\$ 235,496,723
Changes for the year:			
Service cost	6,850,469	-	6,850,469
Interest expense	32,357,215	-	32,357,215
Difference between expected and actual experience	4,073,991	-	4,073,991
Contributions – city	-	22,018,026	(22,018,026)
Contributions – members	-	4,548,644	(4,548,644)
Net investment income	-	64,314,201	(64,314,201)
Benefits paid	(29,991,777)	(29,991,777)	-
Plan administrative expenses	-	(256,877)	256,877
Other	-	121,816	(121,816)
Net changes	<u>13,289,898</u>	<u>60,754,033</u>	<u>(47,464,135)</u>
Balances at 6/30/2020	<u>\$ 483,381,243</u>	<u>\$ 295,648,655</u>	<u>\$ 188,032,588</u>

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

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

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

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

(Continued)



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

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

For the year ended June 30, 2020, the City recognized \$20,441,636 in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 12,168,039	\$ 2,473,668
Change of assumptions	16,645,803	575,208
Deferred contributions	27,054,427	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>32,576,440</u>
Total	<u>\$ 55,868,269</u>	<u>\$ 35,625,316</u>

Deferred outflows of resources totaling \$27,054,427 represent contributions made after the plan’s valuation date. Amounts reported as deferred outflows of resources and deferred inflows of resources, excluding deferred contributions, related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2022	\$ (373,416)
2023	(737,814)
2024	(1,517,131)
2025	(6,872,481)
2026	2,689,386
2027	<u>-</u>
	<u>\$ (6,811,474)</u>

**Payable to the Pension Plan**

At June 30, 2022, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan.

**Electric Power Board of Chattanooga Retirement Plan**

**General Information**

Plan administration - The Electric Power Board of Chattanooga Retirement Plan (Plan) provides retirement benefits to all employees hired before January 1, 2022, who have completed six months of employment. The Plan assigns the authority to establish and amend benefit provisions to EPB. A stand-alone financial report is not issued for this plan.

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

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

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

(Continued)

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

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

Employees covered by benefit terms – The following employees were covered by the benefit terms as of June 30, 2022:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	167
Active plan members	<u>516</u>
	<u>699</u>

Contributions – Plan members are not required to contribute to the Plan. EPB’s contributions are calculated based on an actuarially determined rate, which is currently 14.8% of annual covered payroll.

**Net Pension Liability**

EPB’s net pension liability was measured as of August 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of August 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

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

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

The actuarial assumptions used in the August 1, 2021 valuation were based on the results of an experience study for the period August 1, 2017 through July 31, 2020.

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

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

(Continued)

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

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

**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2020	\$ 70,086,000	\$ 52,806,000	\$ 17,280,000
Changes for the year:			
Service cost	4,140,000	-	4,140,000
Interest expense	4,906,000	-	4,906,000
Difference between expected and actual experience	1,752,000	-	1,752,000
Changes of assumptions	6,410,000	-	6,410,000
Contributions – EPB	-	7,940,000	(7,940,000)
Net investment income	-	2,101,000	(2,101,000)
Benefits paid	(4,910,000)	(4,910,000)	-
Plan administrative expenses	-	(25,000)	25,000
Net changes	<u>12,298,000</u>	<u>5,106,000</u>	<u>7,192,000</u>
Balance at 6/30/2021	<u>\$ 82,384,000</u>	<u>\$ 57,912,000</u>	<u>\$ 24,472,000</u>

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
City's net pension liability	<u>\$ 21,629,000</u>	<u>\$ 7,747,000</u>	<u>\$ (3,701,000)</u>

The plan does not issue a separate report.

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

For the year ended June 30, 2022, EPB recognized \$6,800,000 in pension expense. Deferred outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,811,000	\$ -
Change in assumptions	8,254,000	-
Net difference between projected and actual earnings on pension plan investments	-	5,862,000
Total	<u>\$ 19,065,000</u>	<u>\$ 5,862,000</u>

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

(Continued)

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

Year ended June 30,	
2022	\$ 274,000
2023	291,000
2024	(23,000)
2025	(313,000)
2026	1,523,000
Thereafter	<u>11,451,000</u>
	<u>\$ 13,203,000</u>

**Payable to the Pension Plan**

At June 30, 2022, EPB reported a payable of \$0 for the outstanding amount of contributions to the pension plan.

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

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

	Primary Government		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) – (b)
Balances at 6/30/2020*	\$ 231,217,007	\$ 109,134,876	\$ 122,082,131
Changes for the year:			
Service cost	4,758,470	-	4,758,470
Interest expense	15,302,836	-	15,302,836
Changes of assumptions	(433,000)		(433,000)
Contributions – employer	-	14,492,834	(14,492,834)
Net investment income	-	31,986,489	(31,986,489)
Benefits paid	(9,054,126)	(9,054,126)	-
Plan administrative expenses	-	(69,784)	69,784
Net changes	<u>10,574,179</u>	<u>37,355,412</u>	<u>(26,781,233)</u>
Balances at 6/30/2021**	<u>\$ 241,791,186</u>	<u>\$ 146,490,288</u>	<u>\$ 95,300,899</u>

\*EPB balance at 6/30/2021

\*\*EPB balance at 6/30/2022

	Component Unit Total OPEB Liability
Total OPEB liability (TOL) as of June 30, 2020*	\$ 838,197
Changes for the year:	
Service cost	23,101
Interest on TOL and cash flows	71,941
Changes in assumptions	(35,201)
Difference between actual and expected experience	549
Contributions - employer	(62,136)
Net investment income	(120,591)
Benefits paid	(9,007)
Plan administrative expenses	239
Net changes	<u>(131,105)</u>
Total OPEB liability (TOL) as of June 30, 2021**	<u>\$ 707,091</u>

\*CARTA Balance at 6/30/2021

\*\*CARTA Balance at 6/30/2022

(Continued)

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

	Primary Government		
	City	EPB	Total
	OPEB Plan	OPEB Plan	
Net OPEB liability	\$ 104,279,899	\$ (8,979,000)	\$ 95,300,899
Deferred OPEB outflows:			
Deferred contributions	15,028,868	2,068,000	17,096,868
Difference between expected and actual experience	60,007	3,255,000	3,315,007
Change in assumptions	5,344,040	-	5,344,040
	<u>20,432,915</u>	<u>5,323,000</u>	<u>25,755,915</u>
Deferred OPEB inflows:			
Difference between expected and actual experience	(7,614,433)	(4,668,000)	(12,282,433)
Change in assumptions	-	(4,934,000)	(4,934,000)
Net difference between projected and actual earnings on OPEB plan investments	<u>(12,769,243)</u>	<u>(3,476,000)</u>	<u>(16,245,243)</u>
	<u>(20,383,676)</u>	<u>(13,078,000)</u>	<u>(33,461,676)</u>
OPEB expense	\$ 8,365,670	\$ 800,000	\$ 9,165,670
	Component Units		
	Airport	CARTA	Total
	OPEB Plan	OPEB Plan	
Net OPEB liability	\$ 510,328	\$ 196,763	\$ 707,091
Deferred OPEB outflows:			
Deferred contributions	73,549	-	73,549
Difference between expected and actual experience	294	723	1,017
Change in assumptions	26,153	10,415	36,568
Changes of proportion OPEB plan*	60,023	-	60,023
	<u>160,019</u>	<u>11,138</u>	<u>171,157</u>
Deferred OPEB inflows:			
Difference between expected and actual experience	(37,264)	(12,251)	(49,515)
Change in assumptions	-	(28,017)	(28,017)
Net difference between projected and actual earnings on OPEB plan investments	<u>(62,490)</u>	<u>-</u>	<u>(62,490)</u>
	<u>(99,754)</u>	<u>(40,268)</u>	<u>(140,022)</u>
OPEB expense	\$ 40,940	\$ 1,427	\$ 42,367

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

The following is a summary of each plan:

**Other Postemployment Benefits (City Fund)**

**General Information**

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

(Continued)

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

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

Employees covered by benefit terms. The following employees were covered by the benefit terms as of January 1, 2020, the date of the valuation used to determine the June 30, 2021:

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

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

**Net OPEB Liability**

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

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

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

(Continued)

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>3-yr Expected Real Rate of Return</u>
US equity – mid/large cap	38.0 %	3.8 %
US equity – small cap	5.0 %	4.5 %
International equity	15.0 %	4.9 %
Core fixed income	12.0 %	(0.4) %
High yield fixed income	3.0 %	2.5 %
International fixed income	2.5 %	(0.5) %
E.M. debt	5.0 %	4.1 %
Private debt	2.5 %	9.0 %
Equity hedge funds	3.5 %	5.0 %
Diversified hedge funds	3.5 %	4.5 %
Private Equity	5.0 %	12.0 %
Real estate	5.0 %	6.0 %
	<u>100.0 %</u>	

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

(Continued)

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

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

**Changes in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) – (b)
Balances at 6/30/2020	\$ 207,781,905	\$ 83,134,742	\$ 124,647,163
Changes for the year:			
Service cost	3,834,142	-	3,834,142
Interest expense	13,780,949	-	13,780,949
Contributions – employer	-	12,758,970	(12,758,970)
Net investment income	-	24,762,080	(24,762,080)
Benefits paid	(7,239,382)	(7,239,382)	-
Plan administrative expenses	-	(49,023)	49,023
Net changes	<u>10,375,709</u>	<u>30,232,645</u>	<u>(19,856,936)</u>
Balance at 6/30/2021	<u>\$ 218,157,614</u>	<u>\$ 113,367,387</u>	<u>\$ 104,790,227</u>

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

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 82,358,161	\$ 104,790,227	\$ 131,051,539

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

(Continued)



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

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$8,365,670 with an additional \$40,940 for the Airport Authority, a component unit of the City.

Deferred outflows of resources related to OPEB are as follows:

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Deferred outflow of resources:			
Deferred contribution	\$ 15,028,868	\$ 73,549	\$ 15,102,417
Difference between expected and actual experience	60,007	294	60,301
Changes of assumptions	5,344,040	26,153	5,370,193
Net difference between projected and actual earnings on OPEB investment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 20,432,915</u>	<u>\$ 99,996</u>	<u>\$ 20,532,911</u>

Deferred inflows of resources related to OPEB are as follows:

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Deferred outflow of resources:			
Difference between expected and actual experience	\$ 7,614,433	\$ 37,264	\$ 7,651,697
Net difference between projected and actual earnings on OPEB investment	<u>12,769,243</u>	<u>62,490</u>	<u>12,831,733</u>
Total	<u>\$ 20,383,676</u>	<u>\$ 99,754</u>	<u>\$ 20,483,430</u>

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

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

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Year ended June 30,			
2022	\$ (2,654,053)	\$ (12,988)	\$ (2,667,041)
2023	(2,390,347)	(11,698)	(2,402,045)
2024	(4,380,931)	(21,440)	(4,402,371)
2025	(5,519,406)	(27,011)	(5,546,417)
2026	<u>(34,893)</u>	<u>(171)</u>	<u>(35,064)</u>
	<u>\$ (14,979,630)</u>	<u>\$ (73,308)</u>	<u>\$ (15,052,938)</u>

**Payable to the OPEB Plan**

At June 30, 2022, the City reported a payable of \$0 for the outstanding required amount of contribution to the OPEB plan.

(Continued)

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

**Other Postemployment Benefits (EPB)**

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

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

Employees Covered by Benefit Terms - At June 30, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	452
Inactive plan members entitled to but not yet receiving benefits	62
Active plan members	<u>668</u>
	<u>1,182</u>

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

Category	Retirement After March 1, 1991				
	Years of Service/percent of Contributions				
	<u>5-9/85%</u>	<u>10-14,75%</u>	<u>15-19/55%</u>	<u>20-24/35%</u>	<u>25+/15%</u>
Pre-Age 65, EPO					
Individual	\$ 511.08	\$ 450.95	\$ 330.70	\$ 210.44	\$ 90.19
Employee +1	1,022.17	901.91	664.40	420.89	180.38
Family	1,533.22	1,352.86	992.10	631.34	270.57
Pre-Age 65, PPO					
Individual	\$ 408.47	\$ 360.76	\$ 264.56	\$ 168.36	\$ 72.15
Employee +1	817.73	721.53	529.12	336.71	144.31
Family	1,226.59	1,082.29	793.68	505.07	216.46
Age 65 & Over					
Individual	\$ 129.66	\$ 118.22	\$ 87.71	\$ 57.20	\$ 26.69
Spouse	129.66	118.22	87.71	57.20	26.69

EPB’s contributions are calculated based on claims actually paid under the plan, which were 3.4% of annual covered payroll as of June 30, 2022.

**Net OPEB Liability**

EPB’s net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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

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

(Continued)

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2021.

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

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

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

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

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u> <u>(a)</u>	<u>Plan Net Position</u> <u>(b)</u>	<u>Net OPEB Asset</u> <u>(a) – (b)</u>
Balances at 6/30/2021	\$ 24,447,000	\$ 26,405,000	\$ (1,958,000)
Changes for the year:			
Service cost	943,000	-	943,000
Interest expense	1,589,000	-	1,589,000
Changes of assumptions	(433,000)	-	(433,000)
Contributions – employer	-	1,796,000	(1,796,000)
Net investment income	-	7,345,000	(7,345,000)
Benefits paid	(1,850,000)	(1,850,000)	-
Plan administrative expenses	-	(21,000)	21,000
Net changes	<u>249,000</u>	<u>7,270,000</u>	<u>(7,021,000)</u>
Balance at 6/30/2022	<u>\$ 24,696,000</u>	<u>\$ 33,675,000</u>	<u>\$ (8,979,000)</u>

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

	<u>1% Decrease</u> <u>(5.5%)</u>	<u>Discount Rate</u> <u>(6.5%)</u>	<u>1% Increase</u> <u>(7.5%)</u>
Net OPEB liability (asset)	\$ (6,213,000)	\$ (8,979,000)	\$ (11,318,000)

(Continued)

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

Sensitivity of the net OPEB liability to changes in healthcare cost trend rate - The following presents the net OPEB liability (asset) of the Plan, calculated using the healthcare trend rate of 6.5 percent decreasing to an ultimate 4.0 percent, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent decreasing to 3.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.0 percent) than the current rate:

	1% Decrease <u>(5.5% to 3.0%)</u>	Healthcare Trend Rate <u>(6.5% to 4.0%)</u>	1% Increase <u>(7.5% to 5.0%)</u>
Net OPEB liability (asset)	\$ (11,608,000)	\$ (8,979,000)	\$ (5,759,000)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revisions as results are compared to the past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2021.

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

For the year ended June 30, 2022, EPB recognized an OPEB expense of \$0.8 million. At June 30, 2022, EPB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement date	\$ 2,068,000	\$ -
Difference between expected and actual experience	3,255,000	(4,668,000)
Changes in assumptions	-	(4,934,000)
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>(3,476,000)</u>
Total	<u>\$ 5,323,000</u>	<u>\$ (13,078,000)</u>

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

Year ended June 30,	
2023	\$ (1,444,000)
2024	(1,391,000)
2025	(1,454,000)
2026	(1,773,000)
2027	(647,000)
Thereafter	<u>(3,114,000)</u>
	<u>\$ (9,823,000)</u>

Deferred outflows of resources totaling \$2.1 million represent contributions made after the Plan's valuation date. These contributions will be used to reduce the net OPEB liability during 2023.

**Payable to the OPEB Plan**

At June 30, 2022, EPB reported \$0 payable balances for required outstanding contributions to the Plan.

**City Deferred Compensation Plan**

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

(Continued)

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

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, 2021	\$ 44,635,446
Deferrals of compensation	2,558,978
Earnings (losses)	(4,390,827)
Withdrawals	(2,576,951)
Administrative expenses	<u>(58,652)</u>
Asset balance at June 30, 2022	<u>\$ 40,167,955</u>

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

Effective August 1, 1984, EPB implemented a 401(k) defined contribution plan, the EPB Retirement Savings Plan, which allows employees to invest up to 100% of their salary in a tax-deferred savings plan. EPB contributes 100% matching contribution up to 4.0% of an employee's salary after one year of employment. All employees who have completed three months of employment and have attained age 18 are eligible to participate in the 401(k) defined contribution plan. Participating employees are immediately fully vested in EPB contributions, which amounted to approximately \$1.7 million in fiscal year 2021. Employee contributions were approximately \$4.2 million. The EPB Retirement Savings Plan is administered by an individual designated by EPB; the EPB Retirement Savings Plan assigns the authority to establish and amend the plan to EPB. All employees hired after January 1, 2022 are also eligible for an annual employer contribution of 6.0% of their eligible wages. The employer contributions will be made annually in January using prior year eligible wages. Employees are vested in the annual contributions after five complete years of employment.

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

Chattanooga Area Regional Transportation Authority (CARTA or Authority) is the only component unit with separate defined benefit pension plans. As of June 30, 2022, CARTA has two plans, The Disability and Retirement Plan and The Defined Benefit Plan. Condensed disclosures for CARTA's defined benefit pension plans are as follows:

#### **General Information**

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

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

Employees covered by benefit terms – The following employees were covered by the benefit terms as of January 1, 2022, the valuation date:

Inactive employees or beneficiaries currently receiving benefits	117
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>166</u>
	<u>290</u>

(Continued)

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

Contributions – All participants are required to make a contribution equal to 4.5 percent of their earnings, with CARTA contributing 16.0 percent.

**Net Pension Liability**

The Authority’s net pension liability was measured as of January 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Discount rate - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates.

**Changes in Net Pension Liability**

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 1/1/2021	\$ 30,480,473	\$ 19,122,041	\$ 11,358,432
Changes for the year:			
Service cost	1,024,251	-	1,024,251
Interest expense	2,215,237	-	2,215,237
Experience losses (gains)	(87,820)	-	(87,820)
Changes of assumptions	1,732,793	-	1,732,793
Contributions – CARTA	-	1,790,217	(1,790,217)
Contributions – members	-	472,501	(472,501)
Net investment income	-	2,930,169	(2,930,169)
Benefits paid	(1,887,946)	(1,887,946)	-
Plan administrative expenses	-	(79,323)	79,323
Net changes	<u>2,996,515</u>	<u>3,225,618</u>	<u>(229,103)</u>
Balance at 1/1/2022	<u>\$ 33,476,988</u>	<u>\$ 22,347,659</u>	<u>\$ 11,129,329</u>

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority, calculated using the discount rate of 7.0 percent for the Disability and Retirement Plan as well as what the Authority’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority’s net pension liability	\$ 14,750,273	\$ 11,129,329	\$ 8,790,315

(Continued)

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

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

For the year ended June 30, 2022, the Authority recognized pension expense of \$929,972. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

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

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

Year ended June 30,	
2023	\$ (74,767)
2024	(543,180)
2025	(85,107)
2026	75,251
2027	<u>207,058</u>
	<u>\$ (420,745)</u>

**Other Postemployment Benefits of Component Units**

**General Information**

As of June 30, 2018, CARTA has adopted an OPEB plan that was established by the Authority Board. The Board is authorized to approve amendments to the Plan. The Board has not elected to advance fund the Plan, but rather maintains the Plan as a “pay as you go” basis, in that claims are paid as they arise, rather than establish an irrevocable trust to accumulate restricted funds. The plan has no assets accumulated in a trust which meets the requirements to be netted against OPEB liabilities. The Plan does not issue separate financial statements.

**Plan administration**

CARTA provides life insurance and supplemental retirement benefits for certain members of management. The plan is a single-employer defined benefit plan. Participants of this plan who retire are entitled to a set benefit of \$1,500 for life insurance, with additional supplemental benefits available based on the retiree’s age.

**Funding Policy**

CARTA pays a \$1,500 supplement for life insurance and supplemental retirement benefits. The contribution requirements of CARTA are established and may be amended by CARTA’s Board of Directors. Plan members are currently not required to contribute. For fiscal year ended June 30, 2022, the Authority contributed \$9,007 for the pay as you go benefits.

**Membership**

The following schedule (derived from the recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of June 30, 2022.

Inactive employees or beneficiaries	101
DROP members	11
Active employees	<u>166</u>
Total	<u>278</u>

(Continued)

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

Contribution

Plan members are currently not required to contribute.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of the valuation date, June 30, 2022. An expected total OPEB liability is determined as of June 30, 2022.

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

Discount rate	3.37%
Salary increases	N/A
Inflation rate	3.00%
Municipal bond index rate	3.37%
Long-term expected rate of return	3.37%

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

Changes in Total OPEB Liability

The required schedule of changes in the Authority's total OPEB liability and related ratios immediately following the notes to the financial statements multi-year trend information about whether the value of plan assets are increasing or decreasing over time related to the total OPEB liability.

The following is the Authority's changes in the total OPEB liability by source for the fiscal year ended June 30, 2022:

Total OPEB Liability (TOL) as of June 30, 2021	\$	231,165
Changes for the Year:		
Service cost		4,429
Interest on TOL and cash flows		4,828
Difference between actual and expected		549
Changes of assumptions		(35,201)
Benefits paid		(9,007)
Net changes		(34,402)
Total OPEB Liability (TOL) as of June 30, 2022	\$	<u>196,763</u>

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

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

The following table represents the sensitivity analysis discussed above as of June 30, 2022:

	1% Decrease <u>(2.37%)</u>	Discount Rate <u>(3.37%)</u>	1% Increase <u>(4.37%)</u>
Authority's total OPEB Liability	\$ 224,348	\$ 196,763	\$ 174,599

(Continued)



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

For the fiscal year ended June 30, 2022, the Authority recognized OPEB expense of \$1,427 and reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 723	\$ 12,251
Changes in assumptions	<u>10,415</u>	<u>28,017</u>
Total	<u>\$ 11,138</u>	<u>\$ 40,268</u>

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

Fiscal Year Ending June 30:	
2023	\$ (7,832)
2024	(7,997)
2025	(6,937)
2026	<u>(6,364)</u>
Total	<u>\$ (29,130)</u>

**NOTE 8. INTERFUND TRANSFERS**

	<u>Transfers In:</u>			<u>Total</u>
	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	
<b>Transfers out:</b>				
General Fund	\$ 27,889,972	\$ 23,641,007	\$ 450,000	\$ 51,980,979
Nonmajor Governmental Funds				
Community Development	-	324,699	-	324,699
State Street Aid	2,555,000	-	-	2,555,000
Hotel/Motel Tax	<u>500,000</u>	<u>3,811,585</u>	-	<u>4,311,585</u>
Total	<u>\$ 30,944,972</u>	<u>\$ 27,777,291</u>	<u>\$ 450,000</u>	<u>\$ 59,172,263</u>

Transfers are used to: (1) move money from General Fund to Special Revenue fund, (2) move unrestricted revenues from the General Fund to the Capital Project fund for ongoing projects, (3) move revenues from the Narcotics Program, Community Development Fund, State Street Aid, and Hotel/Motel Fund to Capital Projects Fund for going projects, (4) move money from General Fund, Community Development, Hotel/Motel Fund, and Capital Project Fund to Debt Service fund, (5) move unrestricted revenue from the General Fund to Internal Service fund to fund Fleet leasing capital.

**NOTE 9. FUND BALANCE**

The City Council has adopted a policy to maintain a minimum level of unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) in the General Fund. The target level is a balance equal to a minimum of 15% of General Fund revenues and transfers in. This amount is intended to provide for one-time capital needs or for emergency expenditures which meet specific guidelines. If fund balance falls below the minimum target level, the policy provides for actions to replenish the amount to the minimum target level within a three-year period. For the year ended June 30, 2022, the minimum fund balance per policy is \$52.8 million. The current unrestricted fund balance is \$132.1 million.

(Continued)

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

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable				
Endowments	\$ -	\$ -	\$ 5,786,456	\$ 5,786,456
Inventory	919,412	-	-	919,412
Prepaid expenses	4,000	-	-	4,000
Restricted				
Law enforcement	67,393	-	1,619,793	1,687,186
Economic development	9,984,304	-	11,424	9,995,728
African American Museum	108,776	-	-	108,776
Special programs	166,959	-	-	166,959
Capital projects	-	93,464,852	-	93,464,852
Library Endowment	-	-	426,480	426,480
Human services program	-	-	10,959,442	10,959,442
State street aid	-	-	6,201,964	6,201,964
Community development	-	-	2,368,874	2,368,874
Hotel-Motel tax revenue pledge	-	-	11,681,799	11,681,799
Regional Planning Agency	-	-	1,469,613	1,469,613
Air Pollution Control Bureau	-	-	278,702	278,702
Committed				
Law enforcement	269,371	-	-	269,371
Economic development	548,415	-	-	548,415
Free Public Library	52,230	-	-	52,230
African American Museum	108,776	-	-	108,776
Regional Planning Agency	-	-	2,884,638	2,884,638
Air Pollution Control Bureau	-	-	418,054	418,054
Debt service	-	-	2,671,339	2,671,339
Assigned				
Public Library	1,773,660	-	-	1,773,660
Special programs	7,281,277	-	-	7,281,277
Golf course	931,046	-	-	931,046
Other purposes	6,917,051	-	-	6,917,051
Unassigned	<u>114,183,861</u>	<u>-</u>	<u>(10,200,202)</u>	<u>103,983,659</u>
Total fund balances	<u>\$ 143,316,531</u>	<u>\$ 93,464,852</u>	<u>\$ 36,578,376</u>	<u>\$ 273,359,759</u>
Summary for Governmental Funds				
Balance Sheet:				
Nonspendable	\$ 923,412	\$ -	\$ 5,786,456	\$ 6,709,868
Restricted	10,327,432	93,464,852	35,018,091	138,810,375
Committed	978,792	-	5,974,031	6,952,823
Assigned	16,903,034	-	-	16,903,034
Unassigned	<u>114,183,861</u>	<u>-</u>	<u>(10,200,202)</u>	<u>103,983,659</u>
Total fund balances	<u>\$ 143,316,531</u>	<u>\$ 93,464,852</u>	<u>\$ 36,578,376</u>	<u>\$ 273,359,759</u>

**NOTE 10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; medical benefits; certain retiree medical benefits; unemployment compensation; injuries to employees; errors and omissions; and natural disasters. The City maintains property and casualty insurance coverage against property loss above the deductible amount which is ranging from \$500 to \$500,000 depending on the type of damage. As of June 30, 2022, there were no significant reductions in insurance coverage in the prior year.

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

Interfund premiums in the Internal Service Fund are based on the insured funds' claims experience. Premiums are adjusted to cover all reported claims. It is anticipated that the settlement of an individual claim will be funded by premiums subsequent to the filing of the claim and prior to its settlement. At June 30, 2022, the Internal Service Fund liability consists of \$2,731,500 related to torts and \$3,880,596 related to medical benefits. Assets are sufficient in the fund to cover unpaid claims.

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

	<u>General Fund</u>	<u>Internal Service Fund</u>
Unpaid claims, June 30, 2020	\$ 346,170	\$ 7,036,357
Incurred claims, including IBNRs/reduction in estimated liabilities	1,636,918	34,111,524
Claim payments	<u>(1,703,123)</u>	<u>(33,899,674)</u>
Unpaid claims, June 30, 2021	279,965	7,248,207
Incurred claims, including IBNRs/reduction in estimated liabilities	2,109,783	30,940,375
Claim payments	<u>(2,052,372)</u>	<u>(31,576,486)</u>
Unpaid claims, June 30, 2022	<u>\$ 337,376</u>	<u>\$ 6,612,096</u>

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

**NOTE 11. ENDOWMENTS**

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

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

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

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

(Continued)

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

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

At June 30, 2022, net appreciation of \$426,480 is available to be spent, which is reflected in the restricted fund balance.

## **NOTE 12. TAX ABATEMENTS**

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

### **Downtown Housing Development**

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

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

### **Commercial and Industrial Development**

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

(Continued)

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

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

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

Information relevant to disclosure of these programs includes the following:

	Number of New Abatements During the Fiscal Year	Number of Abatements as of End of the Fiscal Year	Number of Future Abatements Approved by Council	Amounts of Abatements During the Fiscal Year
Downtown Housing Development Commercial and Industrial Development	-	11	1	\$ 772,385
	<u>-</u>	<u>18</u>	<u>2</u>	<u>14,778,698</u>
Total	<u><u>-</u></u>	<u><u>29</u></u>	<u><u>3</u></u>	<u><u>\$ 15,551,083</u></u>

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

The City has entered into various construction commitments. Such contracts include contracts for improvements to sewer, solid waste, and water quality systems, and acquisition and construction contracts related to general government capital projects. As of June 30, 2022, the City’s commitment with contractors was \$97,955,040.

**Landfill Closure and Post Closure Care Costs**

The Solid Waste Fund accounts for all aspects of solid waste disposal, including the city’s municipal landfill; operations include a current landfill as well as closure and post closure care costs of landfills closed in prior years. State and federal regulations require the City to place a final cover on all landfills after closure and perform certain maintenance and monitoring functions for 30 years thereafter. The City recognizes landfill closure and post closure care costs based on the amount of the landfill used during the year. The estimated liability is based on 15.77 percent of the City Landfill Area III capacity and 100 percent usage of the Summit Landfill and the City Landfill Area II. Estimated remaining life is calculated based on anticipated usage. Currently, the City diverts all its waste, under contract, to the Bradley County Landfill. This has reduced utilization of Area III by approximately 65,000 cubic yards per year below normal. Absent renewal of a contract, the useful life will be approximately 60 years.

Changes in the estimated liability for landfill closure and post closure care costs for the year ended June 30, 2022, are as follows:

Estimated liability, June 30, 2021	\$ 4,552,440
Expenses recognized	158,561
Costs incurred	<u>(6,003)</u>
Estimated liability, June 30, 2022	<u>\$ 4,704,998</u>
Due within one year	<u><u>\$ 192,407</u></u>

(Continued)

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

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

### **Consent Decree**

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

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

### **Pollution Remediation**

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

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

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

During the fiscal year, the City spent \$17,614 in pollution remediation obligation related activities and received no reimbursement from the State of Tennessee. At June 30, 2022, the City had a net pollution remediation obligation of \$42,377.

In the early 2000's, City took possession of the Butcher Block in a land swap deal worked out with EPB. At the same time, Butcher Block revealed contamination from former uses within the block: One Hour Valet Cleaners and a gas station. As part of the land swap agreement, the City agreed to remediate the pollution. The City applied and was granted assistance by the Dry Cleaner Environmental Remediation Program (DCERP) with the cleanup efforts and costs. DCERP is a state program funded by fees charged to drycleaner facilities to help clean up the contaminated property that has been affected by dry cleaning solvent. Based on the most recent work authorizations from DCERP and monitoring reports from S&ME, the company under contract with City to perform the remediation, it has been estimated that the remaining remediation could take up to ten (10) years to complete. Excluding the assistance from DCERP, the cost for the City to complete the remediation is estimated currently at \$23,819 at the end of fiscal year 2022.

(Continued)

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

In 2016, a new EPA grant was applied and granted for remediating a 50 foot buffer zone along approximately 2,050 lineal feet of Chattanooga Creek. This property is in the Chattanooga Creek floodway and has been responsible for depositing contaminants from former manufacturing sites upstream. The total project cost is \$240,000, with \$200,000 grant revenue from EPA. The grant is set to end by September of 2022. The estimated cost to finish the project at the end of fiscal year 2022 is \$18,558.

### **Contingencies**

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

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

### **Conduit Debt Obligations**

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

The Industrial Development Board currently has five (5) outstanding bond issues, the original amounts of which were \$223,489,045. The Health, Educational and Housing Facility Board currently has twenty-two (22) bond issues, the original amount of which were \$667,914,727. The Boards have no means of determining the outstanding amount of these bonds.

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

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

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

Prior to fiscal year 2021, IDB entered into TIF agreement with Black Creek, LLC and Evergreen Real Estate. Following City Council's approval of the economic impact plan in 2019, IDB entered into a third TIF agreement for the East Chattanooga Rising Development Area. One of the world's biggest paint and coating makers, Nippon Paint, is to build a 270,000 square foot manufacturing complex in the East Chattanooga area. In addition to taking on the site development construction, the City also gave a 20-year loan of \$4 million to the IDB to finance the project.

In fiscal year ending June 30, 2022, the City committed \$906,960 to the IDB for the three TIF projects.

## NOTE 14. SEGMENT INFORMATION

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

### CONDENSED STATEMENT OF NET POSITION

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Assets and deferred outflows of resources:				
Current assets	\$ 227,465,000	\$ 144,886,000	\$ (46,452,000)	\$ 325,899,000
Capital assets	636,019,000	86,514,000	-	722,533,000
Deferred outflows of resources	<u>30,607,000</u>	<u>27,099,000</u>	<u>(24,069,000)</u>	<u>33,637,000</u>
Total assets and deferred Outflows of resources	<u>894,091,000</u>	<u>258,499,000</u>	<u>(70,521,000)</u>	<u>1,082,069,000</u>
Liabilities and deferred inflows of resources:				
Current liabilities	151,994,000	23,339,000	2,398,000	177,731,000
Noncurrent liabilities	379,683,000	1,110,000	(48,850,000)	331,943,000
Deferred inflows of resources	<u>36,191,000</u>	<u>956,000</u>	<u>(24,069,000)</u>	<u>13,078,000</u>
Total liabilities and deferred Inflows of resources	<u>567,868,000</u>	<u>25,405,000</u>	<u>(70,521,000)</u>	<u>522,752,000</u>
Net position:				
Net investment in capital assets	295,114,000	85,858,000	48,850,000	429,822,000
Restricted for capital asset	-	-	-	-
Unrestricted	<u>59,938,000</u>	<u>142,980,000</u>	<u>(48,850,000)</u>	<u>154,068,000</u>
Total net position	<u>\$ 355,052,000</u>	<u>\$ 228,838,000</u>	<u>\$ -</u>	<u>\$ 583,890,000</u>

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

Customer charges	\$ 617,156,000	\$ 186,719,000	\$ (27,150,000)	\$ 776,725,000
Depreciation expense	(44,150,000)	(20,591,000)	-	(64,741,000)
Other operating expenses	<u>(530,376,000)</u>	<u>(135,533,000)</u>	<u>27,150,000</u>	<u>(638,759,000)</u>
Operating income	42,630,000	30,595,000	-	73,225,000
Nonoperating revenues (expenses):				
Investment earnings	412,000	401,000	-	813,000
Interest expense	(9,761,000)	-	-	(9,761,000)
Other nonoperating	97,000	412,000	-	509,000
Tax equivalent	<u>(7,752,000)</u>	<u>(736,000)</u>	<u>-</u>	<u>(8,488,000)</u>
Change in net position	<u>25,626,000</u>	<u>30,672,000</u>	<u>-</u>	<u>56,298,000</u>
Net position, beginning	<u>310,849,000</u>	<u>198,166,000</u>	<u>-</u>	<u>509,015,000</u>
Net position, end of year	<u>\$ 336,475,000</u>	<u>\$ 228,838,000</u>	<u>\$ -</u>	<u>\$ 565,313,000</u>

(Continued)



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

## CONDENSED STATEMENT OF CASH FLOWS

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided (used) by:				
Operating activities	\$ 83,358,000	\$ 31,522,000	\$ -	\$ 114,880,000
Capital and related financing activities	(84,030,000)	(13,995,000)	-	(98,025,000)
Investing activities	<u>2,527,000</u>	<u>13,713,000</u>	-	<u>16,240,000</u>
Net increase (decrease)	1,855,000	31,240,000	-	33,095,000
Beginning cash and cash equivalents	<u>125,677,000</u>	<u>47,488,000</u>	-	<u>173,165,000</u>
Ending cash and cash equivalents	<u>\$ 127,532,000</u>	<u>\$ 78,728,000</u>	<u>\$ -</u>	<u>\$ 206,260,000</u>

**NOTE 15. JOINT VENTURE**

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

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

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

Total net position	\$ 8,994,163
Multiplied by two-thirds	<u>x 2/3</u>
City's equity interest	<u>\$ 5,996,109</u>

Condensed financial information for Carter Street Corporation as of June 30, 2022, is as follows:

## STATEMENT OF NET POSITION

Assets:	
Cash	\$ 2,325,254
Accounts receivable, net	328,046
Prepaid expenses	6,686,031
Inventories	30,610
Capital assets, net	<u>7,344,405</u>
Total assets	<u>\$ 16,714,346</u>
Liabilities:	
Accounts payable	\$ 233,255
Accrued expenses	235,595
Advanced deposits	410,647
Long-term debt	<u>242,038</u>
Total liabilities	<u>1,121,535</u>
Deferred Inflows of Resources:	
Lease related	<u>\$ 6,598,648</u>
Total deferred inflows	<u>6,598,648</u>
Net Position:	
Net investment in capital assets	7,344,405
Unrestricted	<u>1,649,758</u>
Total net position	<u>8,994,163</u>
Total liabilities and net position	<u>\$ 16,714,346</u>

(Continued)

## NOTE 15. JOINT VENTURE (Continued)

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

Total operating revenues	\$ 2,641,869
Total operating expenses	<u>4,044,110</u>
Loss from operations	(1,402,241)
Nonoperating revenues	918,243
Capital contributions	<u>200,000</u>
Net decrease	(283,998)
Net position, beginning of year	<u>9,278,161</u>
Net position, end of year	<u>\$ 8,994,163</u>

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

## NOTE 16. LEASES

For the year ended June, 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

### Lessee Transactions

On July 1, 2021, the City entered into a 38 month lease as Lessee for the use of Bonny Oaks Office Park. An initial lease liability was recorded in the amount of \$422,110. As of June 30, 2022, the value of the lease liability is \$294,005. The City is required to make monthly fixed payments of \$10,449. The lease has an interest rate of 0.29%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$422,110 with accumulated amortization of \$133,298 is included with Buildings on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 69 month lease as Lessee for the use of Office Space - 5900 Building - Suite 1500. An initial lease liability was recorded in the amount of \$534,320. As of June 30, 2022, the value of the lease liability is \$444,282. The City is required to make monthly fixed payments of \$7,684. The lease has an interest rate of 0.64%. The Building's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$534,320 with accumulated amortization of \$92,925 is included with Building's on the Lease Class activities table found below. The City has 1 extension option(s), each for 60 months. The City had a termination period of 3 months as of the lease commencement.

On July 1, 2021, the City entered into a 29 month lease as Lessee for the use of Edney Building - 1100 Market St., Suite 300. An initial lease liability was recorded in the amount of \$422,210. As of June 30, 2022, the value of the lease liability is \$250,742. The City is required to make monthly fixed payments of \$14,094. The lease has an interest rate of 0.20%. The Building's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$422,210 with accumulated amortization of \$174,707 is included with Buildings on the Lease Class activities table found below. The City has 1 extension option(s), each for 24 months.

On July 1, 2021, the City entered into a 21 month lease as Lessee for the use of SWC 400 Multifunction Devices. An initial lease liability was recorded in the amount of \$504,180. As of June 30, 2022, the value of the lease liability is \$216,274. The City is required to make monthly fixed payments of \$24,050. The lease has an interest rate of 0.20%. The Equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$504,179 with accumulated amortization of \$281,839 is included with Equipment on the Lease Class activities table found below.

(Continued)

**NOTE 16. LEASES (Continued)**

The amount of lease assets by major class of underlying assets for the year ended June 30, 2022, as reported in the Statement of Net Position, are as follows:

<u>Asset Class</u>	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Equipment	\$ 504,179	\$ 281,839
Buildings	1,378,640	400,930
Total leases	<u>\$ 1,882,819</u>	<u>\$ 682,769</u>

The annual principal and interest expected to maturity as of June 30, 2022 for governmental activities are as follows:

<u>Governmental Activities</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>	<u>Payments</u>	<u>Payments</u>	<u>Payments</u>
2023	\$ 596,343	\$ 3,724	\$ 600,067
2024	305,316	2,287	307,603
2025	116,765	1,384	118,149
2026	94,202	778	94,980
2027	71,046	189	71,235
	<u>\$ 1,183,673</u>	<u>\$ 8,362</u>	<u>\$ 1,192,035</u>

<u>Business-Type Activities</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>	<u>Payments</u>	<u>Payments</u>	<u>Payments</u>
2023	\$ 21,629	\$ 18	\$ 21,647
	<u>\$ 21,629</u>	<u>\$ 18</u>	<u>\$ 21,647</u>

**Lessor Transactions**

On July 1, 2021, the City entered into an 87 month lease as Lessor for the use of Advertising Structure - Market St. An initial lease receivable was recorded in the amount of \$42,869. As of June 30, 2022, the value of the lease receivable is \$37,369. The lessee is required to make annual fixed payments of \$5,500. The lease has an interest rate of 0.75%. The Land's estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$36,983, and The City recognized lease revenue of \$5,886 during the fiscal year.

On July 1, 2021, the City entered into a 171 month lease as Lessor for the use of Wireless Communications Facilities - Land. An initial lease receivable was recorded in the amount of \$279,104. As of June 30, 2022, the value of the lease receivable is \$262,786. The lessee is required to make monthly fixed payments of \$1,604. The lease has an interest rate of 1.18%. The Land's estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$259,518, and The City recognized lease revenue of \$19,586 during the fiscal year. The lessee had a termination period of 6 months as of the lease commencement.

On July 1, 2021, the City entered into a 126 month lease as Lessor for the use of Moccasin Bend Golf Course. An initial lease receivable was recorded in the amount of \$744,304. As of June 30, 2022, the value of the lease receivable is \$676,784. The lessee is required to make monthly fixed payments of \$6,250. The lease has an interest rate of 1.08%. The Land's estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$673,418, and The City recognized lease revenue of \$70,886 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On July 1, 2021, the City entered into a 210 month lease as Lessor for the use of Reinert Berthing Site. An initial lease receivable was recorded in the amount of \$946,697. As of June 30, 2022, the value of the lease receivable is \$907,502. The lessee is required to make annual fixed payments of \$43,308. The lease has an interest rate of 0.87%. The Infrastructure's estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$892,600, and The City recognized lease revenue of \$54,097 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

(Continued)

**NOTE 16. LEASES (Continued)**

Governmental Activities			
<u>Fiscal Year</u> <u>June 30</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u> <u>Payments</u>
2023	\$ 126,615	\$ 18,885	\$ 269,790
2024	129,712	17,236	271,592
2025	132,910	15,556	148,466
2026	137,662	14,196	151,859
2027	141,578	12,789	154,367
2028-2032	731,060	41,836	754,896
2033-2037	422,483	14,341	436,824
2038-2040	80,420	699	81,119
	<u>\$ 1,884,440</u>	<u>\$ 135,538</u>	<u>\$ 2,268,913</u>

**NOTE 17. SUBSEQUENT EVENTS**

Management has evaluated events and transactions subsequent to the balance sheet date through March 27, 2023 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Except for the matters discussed in the following paragraphs, management has not identified any other items requiring recognition or disclosure.

In December 2022, the Chief Financial Officer (CFO) accepted a position at a local university and resigned from the City of Chattanooga. The CFO position is currently vacant, and the City is soliciting qualified applicants.

On November 29, 2022, the City of Chattanooga entered into a Water Infrastructure Finance and Innovation Act (WIFIA) agreement with the United States Environmental Protection Agency (EPA) for an amount up to \$186,080,000 to provide long-term, low interest loans for water and wastewater infrastructure projects.





**Required Supplementary Information**

Pension and OPEB Trust Fund

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
 PENSION TRUST FUND - GENERAL (Reporting per GASB 67)

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 7,819,389	\$ 7,669,324	\$ 7,713,580	\$ 7,739,257	\$ 7,437,871	\$ 6,982,512	\$ 6,379,426	\$ 6,381,168	\$ 6,069,090
Interest	25,964,021	25,535,915	24,827,265	24,677,422	23,936,377	23,280,746	22,693,730	21,950,480	22,247,450
Differences between expected and actual experience	6,606,047	(2,173,556)	1,777,809	348,190	1,236,249	2,630,676	735,472	(333,439)	-
Changes of assumptions	-	-	-	5,411,416	-	8,927,192	8,345,787	-	(5,893,894)
Benefit payments, including refund of member contributions	(25,185,064)	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
<b>Net change in total pension liability</b>	<b>15,204,393</b>	<b>6,837,996</b>	<b>10,872,074</b>	<b>15,823,779</b>	<b>10,914,710</b>	<b>21,543,664</b>	<b>19,184,389</b>	<b>10,791,812</b>	<b>6,002,154</b>
<b>Total pension liability - beginning</b>	<b>397,244,695</b>	<b>390,406,699</b>	<b>379,534,625</b>	<b>363,710,846</b>	<b>352,796,136</b>	<b>331,252,472</b>	<b>312,068,083</b>	<b>301,276,271</b>	<b>295,274,117</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 412,449,088</b>	<b>\$ 397,244,695</b>	<b>\$ 390,406,699</b>	<b>\$ 379,534,625</b>	<b>\$ 363,710,846</b>	<b>\$ 352,796,136</b>	<b>\$ 331,252,472</b>	<b>\$ 312,068,083</b>	<b>\$ 301,276,271</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 15,381,260	\$ 13,886,732	\$ 13,808,964	\$ 12,770,788	\$ 11,659,818	\$ 9,717,412	\$ 8,076,989	\$ 7,925,195	\$ 7,751,909
Contributions - member	1,411,067	1,259,372	1,293,351	1,245,864	1,203,981	1,179,685	1,158,835	1,140,121	1,130,354
Net investment income	(1,497,045)	57,435,710	5,788,076	6,280,709	27,938,443	25,744,473	193,190	9,290,101	31,178,197
Benefit payments, including refund of member contributions	(25,185,064)	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
Administrative expense	(160,754)	(205,273)	(221,766)	(164,522)	(393,230)	(158,790)	(161,500)	(205,580)	(192,205)
<b>Net change in plan fiduciary net position</b>	<b>(10,050,536)</b>	<b>48,182,854</b>	<b>(2,777,955)</b>	<b>(2,219,667)</b>	<b>18,713,225</b>	<b>16,205,318</b>	<b>(9,702,512)</b>	<b>943,440</b>	<b>23,447,763</b>
<b>Plan fiduciary net position - beginning</b>	<b>342,170,171</b>	<b>293,987,317</b>	<b>296,765,272</b>	<b>298,984,939</b>	<b>280,271,714</b>	<b>264,066,396</b>	<b>273,768,908</b>	<b>272,825,468</b>	<b>249,377,705</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 332,119,635</b>	<b>\$ 342,170,171</b>	<b>\$ 293,987,317</b>	<b>\$ 296,765,272</b>	<b>\$ 298,984,939</b>	<b>\$ 280,271,714</b>	<b>\$ 264,066,396</b>	<b>\$ 273,768,908</b>	<b>\$ 272,825,468</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 80,329,453</b>	<b>\$ 55,074,524</b>	<b>\$ 96,419,382</b>	<b>\$ 82,769,353</b>	<b>\$ 64,725,907</b>	<b>\$ 72,524,422</b>	<b>\$ 67,186,076</b>	<b>\$ 38,299,175</b>	<b>\$ 28,450,803</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	80.52%	86.14%	75.30%	78.19%	82.20%	79.44%	79.72%	87.73%	90.56%
<b>Covered payroll</b>	\$ 68,884,020	\$ 61,223,547	\$ 65,158,198	\$ 62,944,765	\$ 60,195,485	\$ 59,220,510	\$ 57,608,950	\$ 57,555,196	\$ 55,815,216
<b>Net pension liability as a percentage of covered payroll</b>	116.62%	89.96%	147.98%	131.50%	107.53%	122.47%	116.62%	66.54%	50.97%

Notes to Schedule:

Benefit changes. None

Changes in actuarial assumptions and methods:

2019:

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

2017:

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

This schedule will be 10 years as information is available.



CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
 PENSION TRUST FUND - FIRE AND POLICE (Reporting per GASB 67)

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 6,628,081	\$ 6,850,469	\$ 6,598,391	\$ 6,456,437	\$ 5,486,963	\$ 5,398,371	\$ 5,599,755	\$ 5,754,036	\$ 5,858,028
Interest	33,222,870	32,357,215	31,845,950	31,209,745	29,768,876	30,121,491	29,255,906	27,011,054	30,728,527
Changes of benefit terms	-	-	-	-	-	-	-	-	(65,257,551)
Differences between expected and actual experience	31,165,237	4,073,991	55,033	1,268,327	18,629,233	(8,657,838)	175,120	1,007,292	9,811,157
Changes of assumptions	13,771,643	-	14,017,546	(1,006,613)	8,251,113	10,839,776	-	23,999,640	-
Benefit payments, including refund of member contributions	(31,393,805)	(29,991,777)	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)	(30,114,186)
<b>Net change in total pension liability</b>	<b>53,394,026</b>	<b>13,289,898</b>	<b>22,953,584</b>	<b>8,902,026</b>	<b>32,072,508</b>	<b>8,692,596</b>	<b>5,519,346</b>	<b>29,671,098</b>	<b>(48,974,025)</b>
<b>Total pension liability - beginning</b>	<b>483,681,243</b>	<b>470,391,345</b>	<b>447,437,761</b>	<b>438,535,735</b>	<b>406,463,227</b>	<b>397,770,631</b>	<b>392,251,285</b>	<b>362,580,187</b>	<b>411,554,212</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 537,075,269</b>	<b>\$ 483,681,243</b>	<b>\$ 470,391,345</b>	<b>\$ 447,437,761</b>	<b>\$ 438,535,735</b>	<b>\$ 406,463,227</b>	<b>\$ 397,770,631</b>	<b>\$ 392,251,285</b>	<b>\$ 362,580,187</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 27,054,427	\$ 22,018,026	\$ 20,996,995	\$ 19,646,959	\$ 18,036,218	\$ 12,999,917	\$ 11,987,641	\$ 11,115,222	\$ 13,495,433
Contributions - member	5,472,722	4,548,644	4,555,733	4,496,310	4,456,026	4,137,743	3,869,165	3,528,823	3,199,093
Net investment income	(32,319,781)	64,314,201	8,976,784	13,644,639	14,333,154	21,850,184	(5,439,852)	6,760,919	33,750,882
Benefit payments, including refund of member contributions	(31,393,805)	(29,991,777)	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)	(30,114,186)
Administrative expense	(955,057)	(256,877)	(947,089)	(2,004,109)	(1,054,284)	(742,349)	(1,269,308)	(889,162)	(608,924)
Other	111,546	121,816	150,878	144,652	135,260	151,146	326,393	162,076	167,314
<b>Net change in plan fiduciary net position</b>	<b>(32,029,948)</b>	<b>60,754,033</b>	<b>4,169,965</b>	<b>6,902,581</b>	<b>5,842,697</b>	<b>9,387,437</b>	<b>(20,037,396)</b>	<b>(7,423,046)</b>	<b>19,889,612</b>
<b>Plan fiduciary net position - beginning</b>	<b>295,648,655</b>	<b>234,894,622</b>	<b>230,724,657</b>	<b>223,822,076</b>	<b>217,979,379</b>	<b>208,591,942</b>	<b>228,629,338</b>	<b>236,052,384</b>	<b>216,162,772</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 263,618,707</b>	<b>\$ 295,648,655</b>	<b>\$ 234,894,622</b>	<b>\$ 230,724,657</b>	<b>\$ 223,822,076</b>	<b>\$ 217,979,379</b>	<b>\$ 208,591,942</b>	<b>\$ 228,629,338</b>	<b>\$ 236,052,384</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 273,456,562</b>	<b>\$ 188,032,588</b>	<b>\$ 235,496,723</b>	<b>\$ 216,713,104</b>	<b>\$ 214,713,659</b>	<b>\$ 188,483,848</b>	<b>\$ 189,178,689</b>	<b>\$ 163,621,947</b>	<b>\$ 126,527,803</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	49.08%	61.12%	49.94%	51.57%	51.04%	53.63%	52.44%	58.29%	65.10%
<b>Covered payroll</b>	\$ 50,940,536	\$ 41,698,746	\$ 41,958,234	\$ 41,751,143	\$ 41,312,393	\$ 38,432,299	\$ 38,954,094	\$ 39,282,422	\$ 36,187,624
<b>Net pension liability as a percentage of covered payroll</b>	536.82%	450.93%	561.26%	519.06%	519.73%	490.43%	485.65%	416.53%	349.64%

Notes to Schedule:

Benefit changes: None.

Changes in assumptions:

2022:

\*The assumed rate of return was lowered from 7.00% to 6.75%.

2020:

\*The mortality improvement assumption was changed from the MP-2018 improvement scale to 75% of the improvement rates used in the alternative II projection in the 2019 OASDI Trustees Report.

\*The turnover rates for Police were increased for the first 10 years of service with minor adjustments to rates in later years.

\*The turnover rates for Fire were increased for the first 10 years of service.

\*The disability rates were increased from 25% to 100% of the Old Age Survivors and Disability Income Table.

\*The retirement rates for participants who were vested as of July 1, 2014 were increased for most years of service beginning at year 25 resulting in earlier projected retirement ages.

\*On average participants are assumed to retire mid-year.

\*The percent married assumption was lowered from 75% to 70%.

\*The inflation assumption was lowered from 2.75% to 2.25%.

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

\*The salary scale was increased for participants with less than 10 years of service and lowered for participants with 16 or more years of service.

\*The payroll growth assumption was lowered from 2.75% to 2.25%.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS  
PENSION TRUST FUND - GENERAL (Reporting per GASB 67)  
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 12,820,211	\$ 13,852,633	\$ 13,482,769	\$ 12,340,736	\$ 11,599,926	\$ 9,550,286	\$ 8,120,912	\$ 7,771,920	\$ 7,717,400	\$ 7,806,000
Contributions in relation to the actuarially determined contribution	15,381,260	13,886,732	13,808,964	12,770,788	11,659,818	9,717,412	8,076,989	7,925,195	7,751,909	7,599,939
Contribution deficiency (excess)	\$ (2,561,049)	\$ (34,099)	\$ (326,195)	\$ (430,052)	\$ (59,892)	\$ (167,126)	\$ 43,923	\$ (153,275)	\$ (34,509)	\$ 206,061
Covered payroll	\$ 68,884,020	\$ 61,223,547	\$ 65,158,198	\$ 62,944,765	\$ 60,195,485	\$ 59,220,510	\$ 57,608,950	\$ 57,555,196	\$ 55,815,216	\$ 56,270,053
Contributions as a percentage of covered payroll	22.33%	22.68%	21.19%	20.29%	19.37%	16.41%	14.02%	13.77%	13.89%	13.51%

Notes to Schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

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

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS

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

Last 10 Calendar Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 21,381,937	\$ 21,080,574	\$ 19,604,058	\$ 18,823,113	\$ 16,504,790	\$ 12,829,325	\$ 12,030,640	\$ 9,478,900	\$ 13,346,490	\$ 11,859,505
Contributions in relation to the actuarially determined contribution	27,054,427	22,018,026	20,996,995	19,646,959	18,036,218	12,999,917	11,987,641	11,115,222	13,495,433	12,258,360
Contribution deficiency (excess)	\$ (5,672,490)	\$ (937,452)	\$ (1,392,937)	\$ (823,846)	\$ (1,531,428)	\$ (170,592)	\$ 42,999	\$ (1,636,322)	\$ (148,943)	\$ (398,855)
Covered payroll	\$ 41,698,746	\$ 41,958,234	\$ 41,751,143	\$ 41,312,393	\$ 38,432,299	\$ 38,954,094	\$ 39,282,422	\$ 36,187,624	\$ 37,215,933	\$ 37,288,914
Contributions as a percentage of covered payroll	64.88%	52.48%	50.29%	47.56%	46.93%	33.37%	30.52%	30.72%	36.26%	32.87%

Notes to Schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

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

This schedule will be 10 years as information is available.

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF INVESTMENT RETURNS**

**Last 10 Fiscal Years**

**PENSION TRUST FUND**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense									
General Plan	-9.80%	24.60%	2.35%	5.56%	8.07%	11.46%	-0.78%	2.93%	16.11%
Fire & Police Plan	-11.76%	29.34%	3.85%	5.81%	6.35%	10.59%	-2.61%	2.89%	16.15%

**Notes to Schedule:**

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

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

OPEB TRUST FUND (Reporting Per GASB 74)

Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB liability</b>							
Service cost	\$ 4,076,344	\$ 3,834,142	\$ 3,883,018	\$ 3,910,132	\$ 3,796,244	\$ 3,285,014	\$ 3,078,079
Interest	14,474,529	13,780,949	14,274,983	13,649,152	13,031,065	12,436,672	12,016,977
Difference between expected and actual experience	(47,050,115)	-	(11,458,511)	-	167,505	-	-
Change in assumption	7,549,180	-	903,971	-	13,240,396	-	-
Benefit payments, including refund of member contributions	(7,440,308)	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
<b>Net change in total OPEB liability</b>	<u>(28,390,370)</u>	<u>10,375,709</u>	<u>103,682</u>	<u>7,821,379</u>	<u>21,983,418</u>	<u>8,380,562</u>	<u>3,437,945</u>
<b>Total OPEB liability - beginning</b>	<u>218,157,614</u>	<u>207,781,905</u>	<u>207,678,223</u>	<u>199,856,844</u>	<u>177,873,426</u>	<u>169,492,864</u>	<u>166,054,919</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 189,767,244</u>	<u>\$ 218,157,614</u>	<u>\$ 207,781,905</u>	<u>\$ 207,678,223</u>	<u>\$ 199,856,844</u>	<u>\$ 177,873,426</u>	<u>\$ 169,492,864</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 15,102,417	\$ 12,758,970	\$ 14,613,964	\$ 14,180,763	\$ 14,191,396	\$ 13,403,639	\$ 12,917,243
Contributions - member	-	-	-	-	-	-	2,739,171
Net investment income	(11,063,571)	24,762,080	2,367,394	2,848,123	5,662,711	7,313,765	(2,469,379)
Benefit payments, including refund of member contributions	(7,440,308)	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
Administrative expense	(66,605)	(49,023)	(37,505)	(44,054)	(50,522)	(41,992)	(41,906)
<b>Net change in plan fiduciary net position</b>	<u>(3,468,067)</u>	<u>30,232,645</u>	<u>9,444,074</u>	<u>7,246,927</u>	<u>11,551,793</u>	<u>13,334,288</u>	<u>1,488,018</u>
<b>Plan fiduciary net position - beginning</b>	<u>113,367,387</u>	<u>83,134,742</u>	<u>73,690,668</u>	<u>66,443,741</u>	<u>54,891,948</u>	<u>41,557,660</u>	<u>40,069,642</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 109,899,320</u>	<u>\$ 113,367,387</u>	<u>\$ 83,134,742</u>	<u>\$ 73,690,668</u>	<u>\$ 66,443,741</u>	<u>\$ 54,891,948</u>	<u>\$ 41,557,660</u>
<b>Net OPEB liability - ending (a) - (b)</b>	<u>\$ 79,867,924</u>	<u>\$ 104,790,227</u>	<u>\$ 124,647,163</u>	<u>\$ 133,987,555</u>	<u>\$ 133,413,103</u>	<u>\$ 122,981,478</u>	<u>\$ 127,935,204</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	57.91%	51.97%	40.01%	35.48%	33.25%	30.86%	24.52%
<b>Covered payroll</b>	\$ 121,255,128	\$ 107,477,193	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271
<b>Net OPEB liability as a percentage of covered payroll</b>	65.87%	97.50%	115.98%	133.90%	133.33%	127.53%	132.66%

Benefit changes. None

Changes in actuarial assumptions and methods:

January 1, 2022 valuation: Discount rate remains 6.75%. Healthcare trend assumption was updated.

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

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

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

Notes to Schedule:

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 14,247,478	\$ 12,628,570	\$ 13,588,664	\$ 13,588,664	\$ 13,163,283	\$ 13,163,283	\$ 12,759,200	\$ 12,759,200	\$ 13,275,679	\$ 12,857,800
Contributions in relation to the actuarially determined contribution	15,102,417	12,758,970	14,613,964	14,180,763	14,191,396	13,403,639	12,917,243	15,754,457	15,071,389	12,857,800
Contribution deficiency (excess)	<u>\$ (854,939)</u>	<u>\$ (130,400)</u>	<u>\$ (1,025,300)</u>	<u>\$ (592,099)</u>	<u>\$ (1,028,113)</u>	<u>\$ (240,356)</u>	<u>\$ (158,043)</u>	<u>\$ (2,995,257)</u>	<u>\$ (1,795,710)</u>	<u>\$ -</u>
Covered payroll	\$ 121,255,128	\$ 107,477,193	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271	\$ 95,390,933	\$ 95,390,933	\$ 95,280,557
Contributions as a percentage of covered payroll	12.46%	11.87%	13.60%	14.17%	14.18%	13.90%	13.39%	16.52%	15.80%	13.49%

**Notes to Schedule:**

Valuation date:

Valuations are performed every other year. The last valuation was January 1, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Fair value of assets
Inflation	2.50%
Healthcare cost trend rate: Pre-Medicare eligible	7.00%
Healthcare cost trend rate: Medicare eligible	5.25%
Ultimate trend rate: Pre-Medicare eligible	4.50%
Ultimate trend rate: Medicare eligible	4.50%
Year of ultimate trend rate: Pre-Medicare eligible	2023
Year of ultimate trend rate: Medicare eligible	2027
Investment rate of return	6.75% including inflation
Retirement:	
General employees:	Minimum 5 years of service and age 62 or Rule of 80 or 55.
Fire / Police:	Age 55 with 10 years of service or any age with 25 years of service (30 years if hired after July 1, 2014)
Disability:	Immediate eligibility if duty-related disability, otherwise 10 years of service
Mortality	
General employee deaths after retirement:	According to the RP-2014 Mortality Table with Blue Collar Adjustment, set forward four years for males and three years for females and projected to 2025 with projection scale MP-2017 for service retirements and beneficiaries of retired participants. The RP-2014 Disabled Mortality Table set forward four years for males and seven years for females and projected to 2025 using Scale MP-2017 is used for the period after disability retirement.
Fire and Police employee deaths after retirement:	According to the RP 2014 Blue Collar Mortality fully generational using a modified MP-2018 projection scale and set forward three years for males and female for service retirements and beneficiaries of retired participants. The RP 2014 Disabled Mortality fully generational using a modified MP-2018 projection scale and set forward three years for both males and females is used for the period after disability retirement.
Other information:	None

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF INVESTMENT RETURNS**

**OPEB TRUST (Reporting Per GASB 74)**

**Last 10 Fiscal Years**

**OPEB TRUST FUND**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense							
OPEB	-12.50%	28.90%	3.76%	5.98%	8.30%	12.86%	-0.77%

**Notes to Schedule:**

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**  
**ELECTRIC POWER BOARD OF CHATTANOOGA OPEB PLAN**  
**Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>					
Service cost	\$ 943,000	\$ 950,000	\$ 1,218,000	\$ 1,250,000	\$ 1,191,000
Interest	1,589,000	1,533,000	1,609,000	1,686,000	1,851,000
Difference between expected and actual experience	(433,000)	518,000	3,583,000	(2,537,000)	(3,860,000)
Changes of assumptions	-	(447,000)	(5,800,000)	-	-
Refunds of contributions	(1,850,000)	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
<b>Net change in total OPEB liability</b>	<u>249,000</u>	<u>866,000</u>	<u>(1,165,000)</u>	<u>(1,204,000)</u>	<u>(2,534,000)</u>
<b>Total OPEB liability - beginning</b>	<u>24,447,000</u>	<u>23,581,000</u>	<u>24,746,000</u>	<u>25,950,000</u>	<u>28,484,000</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 24,696,000</u>	<u>\$ 24,447,000</u>	<u>\$ 23,581,000</u>	<u>\$ 24,746,000</u>	<u>\$ 25,950,000</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	1,796,000	1,663,000	1,720,000	1,582,000	1,686,000
Net investment income	7,345,000	113,000	1,313,000	1,780,000	2,495,000
Benefit payments, net of member contributions	(1,850,000)	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
Administrative expense	(21,000)	(20,000)	(19,000)	(39,000)	(49,000)
<b>Net change in plan fiduciary net position</b>	<u>7,270,000</u>	<u>68,000</u>	<u>1,239,000</u>	<u>1,720,000</u>	<u>2,416,000</u>
<b>Plan fiduciary net position - beginning</b>	<u>26,405,000</u>	<u>26,337,000</u>	<u>25,098,000</u>	<u>23,378,000</u>	<u>20,962,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 33,675,000</u>	<u>\$ 26,405,000</u>	<u>\$ 26,337,000</u>	<u>\$ 25,098,000</u>	<u>\$ 23,378,000</u>
<b>Net OPEB liability / (asset) - ending (a) - (b)</b>	<u>\$ (8,979,000)</u>	<u>\$ (1,958,000)</u>	<u>\$ (2,756,000)</u>	<u>\$ (352,000)</u>	<u>\$ 2,572,000</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	136.36%	108.01%	111.69%	101.42%	90.09%
<b>Covered payroll</b>	\$ 48,884,000	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
<b>Net OPEB liability as a percentage of covered payroll</b>	-18.37%	-4.01%	-5.95%	-0.81%	6.04%

**Notes to Schedule:**

*Benefit changes:* None

*Assumption changes:*

Healthcare Cost Trend Rate decrease from 5.5% to 4.00% ultimate



CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CONTRIBUTIONS  
ELECTRIC POWER BOARD OF CHATTANOOGA OPEB PLAN  
Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer Contributions	\$ 1,796,000	\$ 1,663,000	\$ 1,720,000	\$ 1,582,000	\$ 1,686,000
Covered payroll	\$ 48,884,000	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
Contributions as a percentage of covered payroll	3.67%	3.41%	3.72%	3.66%	3.96%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	Fair Value
Inflation	1.50%
Healthcare cost trend rate: Active & Early Retirees	6.50% initial, 4.00% ultimate
Healthcare cost trend rate: Normal Retirees	7.00%
2021	4.00% per annum
Investment rate of return	6.50%
Retirement:	3% per year for ages 57-61; 20% at age 62; 10% at ages 63 and 64; and 100% at age 65
Mortality	Assumed life expectancies were computed using the UP 1984 Table.

This schedule will be 10 years as information is available.

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF INVESTMENT RETURNS  
ELECTRIC POWER BOARD OF CHATTANOOGA OPEB PLAN  
Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	27.90%	0.40%	5.30%	7.60%	12.00%

**Notes to Schedule:**

This schedule will be 10 years as information is available.

**Required Supplementary Information**

City Pension and OPEB Plans

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
GENERAL PENSION PLAN (Reporting per GASB 68)

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 7,669,324	\$ 7,713,580	\$ 7,739,257	\$ 7,437,871	\$ 6,982,512	\$ 6,379,426	\$ 6,381,168	\$ 6,069,090
Interest	25,535,915	24,827,265	24,677,422	23,936,377	23,280,746	22,693,730	21,950,480	22,247,450
Changes of assumptions	-	-	5,411,416	1,236,249	8,927,192	8,345,787	-	(5,893,894)
Difference between expected and actual experience	(2,173,556)	1,777,809	348,190	-	2,630,676	735,472	(333,439)	-
Benefit payments, including refund of member contributions	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
<b>Net change in total pension liability</b>	<b>6,837,996</b>	<b>10,872,074</b>	<b>15,823,779</b>	<b>10,914,710</b>	<b>21,543,664</b>	<b>19,184,389</b>	<b>10,791,812</b>	<b>6,002,154</b>
<b>Total pension liability - beginning</b>	<b>390,406,699</b>	<b>379,534,625</b>	<b>363,710,846</b>	<b>352,796,136</b>	<b>331,252,472</b>	<b>312,068,083</b>	<b>301,276,271</b>	<b>295,274,117</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 397,244,695</b>	<b>\$ 390,406,699</b>	<b>\$ 379,534,625</b>	<b>\$ 363,710,846</b>	<b>\$ 352,796,136</b>	<b>\$ 331,252,472</b>	<b>\$ 312,068,083</b>	<b>\$ 301,276,271</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	13,886,732	13,808,964	12,770,788	11,659,818	9,717,412	8,076,989	7,925,195	7,751,909
Contributions - member	1,259,372	1,293,351	1,245,864	1,203,981	1,179,685	1,158,835	1,140,121	1,130,354
Net investment income	57,435,710	5,788,076	6,280,709	27,938,443	25,744,473	193,190	9,290,101	31,178,197
Benefit payments, including refund of member contributions	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
Administrative expense	(205,273)	(221,766)	(164,522)	(393,230)	(158,790)	(161,500)	(205,580)	(192,205)
<b>Net change in plan fiduciary net position</b>	<b>48,182,854</b>	<b>(2,777,955)</b>	<b>(2,219,667)</b>	<b>18,713,225</b>	<b>16,205,318</b>	<b>(9,702,512)</b>	<b>943,440</b>	<b>23,447,763</b>
<b>Plan fiduciary net position - beginning</b>	<b>293,987,317</b>	<b>296,765,272</b>	<b>298,984,939</b>	<b>280,271,714</b>	<b>264,066,396</b>	<b>273,768,908</b>	<b>272,825,468</b>	<b>249,377,705</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 342,170,171</b>	<b>\$ 293,987,317</b>	<b>\$ 296,765,272</b>	<b>\$ 298,984,939</b>	<b>\$ 280,271,714</b>	<b>\$ 264,066,396</b>	<b>\$ 273,768,908</b>	<b>\$ 272,825,468</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 55,074,524</b>	<b>\$ 96,419,382</b>	<b>\$ 82,769,353</b>	<b>\$ 64,725,907</b>	<b>\$ 72,524,422</b>	<b>\$ 67,186,076</b>	<b>\$ 38,299,175</b>	<b>\$ 28,450,803</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	86.14%	75.30%	78.19%	82.20%	79.44%	79.72%	87.73%	90.56%
<b>Covered payroll</b>	\$ 61,223,547	\$ 65,158,198	\$ 62,944,765	\$ 60,195,485	\$ 59,220,510	\$ 57,608,950	\$ 57,555,196	\$ 55,815,216
<b>Net pension liability as a percentage of covered payroll</b>	89.96%	147.98%	131.50%	107.53%	122.47%	116.62%	66.54%	50.97%

Notes to Schedule:

Benefit changes: None

Assumption changes:

2019:

\*The assumed investment rate of return was lowered from 7.00% to 6.75%.

\*Retirement, withdrawal, and disability rates were changed to more closely reflect recent experiences.

\*The pre-retirement and post-retirement healthy mortality tables were changed to the RP-2014 Mortality Table set forward four years for males and three years for females and using a Scale MP-2017 projection to 2025.

\*The post-retirement mortality table was changed to the RP-2014 Disability Mortality Table set forward four years for males and set forward seven years for females and using a Scale MP-2017 projection to 2025 for disability retirements.

\*Salary increase rates were changed to more closely reflect recent experience.

\*The administrative expense assumption was increased from 0.42% to 0.50% of payroll.

\*The asset smoothing method was changed from 10-year to 5-year smoothing.

2017:

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

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
 FIRE AND POLICE PENSION FUND (Reporting per GASB 68)  
 Last 10 Fiscal Years

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

Notes to Schedule:

Benefit changes: None.

Changes in assumptions:

2020:

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

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
ELECTRIC POWER BOARD OF CHATTANOOGA RETIREMENT PLAN

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 4,826,353	\$ 4,139,928	\$ 4,007,999	\$ 4,052,285	\$ 3,419,789	\$ 3,191,879	\$ 2,765,420	\$ 2,395,069
Interest	5,354,957	4,905,978	4,542,966	4,221,731	4,431,537	4,250,696	4,043,136	3,637,040
Differences between expected and actual experience	1,191,415	1,752,001	1,735,358	2,277,706	1,460,427	734,695	2,594,311	3,608,092
Changes in assumptions	-	6,410,690	-	-	-	4,049,739	-	-
Benefit payments, including refund of member contributions	(9,994,448)	(4,910,035)	(5,100,449)	(5,962,649)	(7,177,555)	(6,568,775)	(5,237,213)	(2,455,053)
<b>Net change in total pension liability</b>	<u>1,378,277</u>	<u>12,298,562</u>	<u>5,185,874</u>	<u>4,589,073</u>	<u>2,134,198</u>	<u>5,658,234</u>	<u>4,165,654</u>	<u>7,185,148</u>
<b>Total pension liability - beginning</b>	<u>82,383,955</u>	<u>70,085,393</u>	<u>64,899,519</u>	<u>60,310,446</u>	<u>58,176,248</u>	<u>52,518,014</u>	<u>48,352,360</u>	<u>41,167,212</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 83,762,232</u>	<u>\$ 82,383,955</u>	<u>\$ 70,085,393</u>	<u>\$ 64,899,519</u>	<u>\$ 60,310,446</u>	<u>\$ 58,176,248</u>	<u>\$ 52,518,014</u>	<u>\$ 48,352,360</u>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 15,500,000	\$ 7,940,000	\$ 5,600,000	\$ 5,834,370	\$ 5,825,000	\$ 7,000,000	\$ 5,700,000	\$ 3,630,048
Net investment income	12,625,571	2,101,620	1,791,891	3,213,690	4,174,435	(345,933)	2,142,992	5,735,092
Benefit payments, including refund of member contributions	(9,994,448)	(4,910,035)	(5,100,449)	(5,962,649)	(7,177,555)	(6,568,775)	(5,237,213)	(2,455,053)
Administrative expense	(28,567)	(25,016)	(23,686)	(55,831)	(74,716)	(74,572)	(73,572)	(86,522)
<b>Net change in plan fiduciary net position</b>	<u>18,102,556</u>	<u>5,106,569</u>	<u>2,267,756</u>	<u>3,029,580</u>	<u>2,747,164</u>	<u>10,720</u>	<u>2,532,207</u>	<u>6,823,565</u>
<b>Plan fiduciary net position - beginning</b>	<u>57,912,356</u>	<u>52,805,787</u>	<u>50,538,031</u>	<u>47,508,451</u>	<u>44,761,287</u>	<u>44,750,567</u>	<u>42,218,360</u>	<u>35,394,795</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 76,014,912</u>	<u>\$ 57,912,356</u>	<u>\$ 52,805,787</u>	<u>\$ 50,538,031</u>	<u>\$ 47,508,451</u>	<u>\$ 44,761,287</u>	<u>\$ 44,750,567</u>	<u>\$ 42,218,360</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 7,747,320</u>	<u>\$ 24,471,599</u>	<u>\$ 17,279,606</u>	<u>\$ 14,361,488</u>	<u>\$ 12,801,995</u>	<u>\$ 13,414,961</u>	<u>\$ 7,767,447</u>	<u>\$ 6,134,000</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.75%	70.30%	75.34%	77.87%	78.77%	76.94%	85.21%	87.31%
<b>Covered payroll</b>	\$ 46,589,520	\$ 47,656,428	\$ 44,354,016	\$ 42,505,392	\$ 37,195,884	\$ 37,808,796	\$ 35,014,644	\$ 32,127,132
<b>Net pension liability as a percentage of covered payroll</b>	16.63%	51.35%	38.96%	33.79%	34.42%	35.48%	22.18%	19.09%

Notes to Schedule:

Benefit changes. None.

Changes in assumptions. None.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS  
GENERAL PENSION FUND (Reporting per GASB 68)  
Last 10 Fiscal Years**

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

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, eighteen months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25.4 years
Asset valuation method	5-year smoothed fair value with a 20% corridor
Inflation	2.50%
Salary increases	3.00-5.25%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS

FIRE AND POLICE PENSION FUND (Reporting per GASB 68)

Last 10 Calendar Years

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

Notes to Schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	100% level dollar
Remaining amortization period	30 years
Asset valuation method	10-year smoothed fair value with 20% corridor
Inflation	2.25%
Salary increases	1.50%-2.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Cost of living adjustment	1.50%, (starting January 1 after third anniversary of retirement date)



**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF CITY CONTRIBUTIONS  
ELECTRIC POWER BOARD OF CHATTANOOGA RETIREMENT PLAN  
Last 10 Calendar Years**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 7,481,564	\$ 5,926,623	\$ 5,596,508	\$ 5,573,063	\$ 5,058,640	\$ 4,758,552	\$ 3,561,883	\$ 3,646,080
Contributions in relation to the actuarially determined contribution	7,500,000	5,940,000	5,600,000	5,584,370	5,075,000	4,500,000	3,700,000	3,630,048
Contribution deficiency (excess)	\$ (18,436)	\$ (13,377)	\$ (3,492)	\$ (11,307)	\$ (16,360)	\$ 258,552	\$ (138,117)	\$ 16,032
Covered payroll	\$ 46,759,776	\$ 43,578,112	\$ 42,079,004	\$ 40,978,404	\$ 37,195,884	\$ 35,295,564	\$ 34,480,956	\$ 32,127,132
Contributions as a percentage of covered payroll	16.04%	13.63%	13.31%	13.63%	13.64%	12.75%	10.73%	11.30%

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of August 1, 23 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	Three year smoothing
Inflation	1.50%
Salary increases	3.00%
Investment rate of return	7.00%

Changes in assumptions

The investment rate of return was changed from 7.5% to 7.0% beginning in 2016.

This schedule will be 10 years as information is available.

**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**  
**CITY'S OPEB FUND (Reporting Per GASB 75)**  
**Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB liability</b>						
Service cost	\$ 3,834,142	\$ 3,883,018	\$ 3,910,132	\$ 3,796,244	\$ 3,285,014	\$ 3,078,078
Interest	13,780,949	14,274,983	13,649,152	13,031,065	12,436,672	12,016,977
Difference between expected and actual experience	-	(11,458,511)	-	167,505	-	-
Changes of assumptions	-	903,971	-	13,240,396	-	-
Benefit payments	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
<b>Net change in total OPEB liability</b>	<b>10,375,709</b>	<b>103,682</b>	<b>7,821,379</b>	<b>21,983,418</b>	<b>8,380,562</b>	<b>3,437,944</b>
<b>Total OPEB liability - beginning</b>	<b>207,781,905</b>	<b>207,678,223</b>	<b>199,856,844</b>	<b>177,873,426</b>	<b>169,492,864</b>	<b>166,054,919</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 218,157,614</b>	<b>\$ 207,781,905</b>	<b>\$ 207,678,223</b>	<b>\$ 199,856,844</b>	<b>\$ 177,873,426</b>	<b>\$ 169,492,864</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	12,758,970	14,613,964	14,180,763	14,191,396	13,403,639	12,917,243
Contributions - member	-	-	-	-	-	2,739,171
Net investment income	24,762,080	2,367,394	2,848,123	5,662,711	7,313,765	(2,469,379)
Benefit payments, net of member contributions	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
Administrative expense	(49,023)	(37,505)	(44,054)	(50,522)	(41,992)	(41,906)
<b>Net change in plan fiduciary net position</b>	<b>30,232,645</b>	<b>9,444,074</b>	<b>7,246,927</b>	<b>11,551,793</b>	<b>13,334,288</b>	<b>1,488,018</b>
<b>Plan fiduciary net position - beginning</b>	<b>83,134,742</b>	<b>73,690,668</b>	<b>66,443,741</b>	<b>54,891,948</b>	<b>41,557,660</b>	<b>40,069,642</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 113,367,387</b>	<b>\$ 83,134,742</b>	<b>\$ 73,690,668</b>	<b>\$ 66,443,741</b>	<b>\$ 54,891,948</b>	<b>\$ 41,557,660</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 104,790,227</b>	<b>\$ 124,647,163</b>	<b>\$ 133,987,555</b>	<b>\$ 133,413,103</b>	<b>\$ 122,981,478</b>	<b>\$ 127,935,204</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>51.97%</b>	<b>40.01%</b>	<b>35.48%</b>	<b>33.25%</b>	<b>30.86%</b>	<b>24.52%</b>
<b>Covered payroll</b>	<b>\$ 107,477,193</b>	<b>\$ 107,477,193</b>	<b>\$ 100,062,772</b>	<b>\$ 100,062,772</b>	<b>\$ 96,436,271</b>	<b>\$ 96,436,271</b>
<b>City's net OPEB liability as a percentage of covered payroll</b>	<b>97.50%</b>	<b>115.98%</b>	<b>133.90%</b>	<b>133.33%</b>	<b>127.53%</b>	<b>132.66%</b>

**Notes to Schedule:**

*Benefit changes:* None

*Assumption changes:*

2021: None

2020: Discount rate was changed to 6.75%. Health care trend rates were updated. The demographic actuarial assumptions for general employees reflect the results of the experience investigation of the General Pension Fund for the period ending December 31, 2017. The demographic actuarial assumptions for mortality for fire and police employees reflect the most recent assumptions used in the Fund's GASB 67 and 68 actuarial valuations prepared as of June 30, 2019.

2019: None

2018: Discount rate was changed to 7.00%. Health care trend rates were updated

2016: The demograph actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases for fire and police employees reflect the result s of the experience investigation of the Fire and Police Pension Fund for the period ending December 31, 2014.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS  
CITY'S OPEB FUND (Reporting Per GASB 75)  
Last 10 Fiscal Years**

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

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, eighteen months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Fair value of assets
Inflation	2.50%
Healthcare cost trend rate: Pre-Medicare eligible	7.00%
Healthcare cost trend rate: Medicare eligible	5.75%
Ultimate trend rate: Pre-Medicare eligible	4.50%
Ultimate trend rate: Medicare eligible	4.50%
Year of ultimate trend rate: Pre-Medicare eligible	2023
Year of ultimate trend rate: Medicare eligible	2027
Investment rate of return	6.75% including inflation
Salary increases	3.00% to 5.25%, including inflation
Investment rate of return	7.00%, including inflation
Retirement:	
General employees:	Minimum 5 years of service and age 62 or Rule of 80 or 55.
Fire / Police:	Age 55 with 10 years of service or any age with 25 years of service (30 years if hired after July 1, 2014)
Disability:	Immediate eligibility if duty-related disability, otherwise 10 years of service
Mortality	
General employee deaths after retirement:	According to the RP-2000 Combined Mortality Table set forward 4 years for males and set forward 2 years for females and using a Scale AA projection to 2025, for service retirements and beneficiaries of retired participants. The RP-2000 Disabled Mortality Table set forward 8 years for males and set forward 9 years for females and using a Scale AA projection to 2025 is used for the period after disability retirement.
Fire and Police employee deaths after retirement:	According to the RP-2014 Blue Collar Mortality fully generational using a modified MP-2014 projection scale and set forward 3 years for males and females for service retirements and beneficiaries of retired participants. The RP-2014 Disabled Retiree Mortality fully generational using a modified MP-2014 projection scale and set forward 3 years for both males and females is used for the period after disability retirement.
Other information:	None

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS  
ELECTRIC POWER BOARD OF CHATTANOOGA OPEB PLAN  
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 950,000	\$ 1,218,000	\$ 1,250,000	\$ 1,191,000
Interest	1,533,000	1,609,000	1,686,000	1,851,000
Difference between expected and actual experience	518,000	3,583,000	(2,537,000)	(3,860,000)
Changes of assumptions	(447,000)	(5,800,000)	-	-
Refunds of contributions	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
<b>Net change in total OPEB liability</b>	<u>866,000</u>	<u>(1,165,000)</u>	<u>(1,204,000)</u>	<u>(2,534,000)</u>
<b>Total OPEB liability - beginning</b>	<u>23,581,000</u>	<u>24,746,000</u>	<u>25,950,000</u>	<u>28,484,000</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 24,447,000</u>	<u>\$ 23,581,000</u>	<u>\$ 24,746,000</u>	<u>\$ 25,950,000</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	1,663,000	1,720,000	1,582,000	1,686,000
Net investment income	113,000	1,313,000	1,780,000	2,495,000
Benefit payments, net of member contributions	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
Administrative expense	(20,000)	(19,000)	(39,000)	(49,000)
<b>Net change in plan fiduciary net position</b>	<u>68,000</u>	<u>1,239,000</u>	<u>1,720,000</u>	<u>2,416,000</u>
<b>Plan fiduciary net position - beginning</b>	<u>26,337,000</u>	<u>25,098,000</u>	<u>23,378,000</u>	<u>20,962,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 26,405,000</u>	<u>\$ 26,337,000</u>	<u>\$ 25,098,000</u>	<u>\$ 23,378,000</u>
<b>Net OPEB liability / (asset) - ending (a) - (b)</b>	<u>\$ (1,958,000)</u>	<u>\$ (2,756,000)</u>	<u>\$ (352,000)</u>	<u>\$ 2,572,000</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	108.01%	111.69%	101.42%	90.09%
<b>Covered payroll</b>	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
<b>Net OPEB liability as a percentage of covered payroll</b>	-4.01%	-5.95%	-0.81%	6.04%

**Notes to Schedule:**

*Benefit changes:* None

*Assumption changes:*

Healthcare Cost Trend Rate decrease from 5.5% to 4.00% ultimate

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF CITY CONTRIBUTIONS  
ELECTRIC POWER BOARD OF CHATTANOOGA OPEB PLAN  
Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer Contributions	\$ 1,720,000	\$ 1,720,000	\$ 1,582,000	\$ 1,686,000
Covered payroll	\$ 46,282,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
Contributions as a percentage of covered payroll	3.72%	3.72%	3.66%	3.96%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	Fair Value
Inflation	1.50%
Healthcare cost trend rate: Active & Early Retirees	6.50% initial, 4.00% ultimate
Healthcare cost trend rate: Normal Retirees	7.00%
Investment rate of return	6.50%
Retirement:	3% per year for ages 57-61; 20% at age 62; 10% at ages 63 and 64; and 100% at age 65
Mortality	Assumed life expectancies were computed using the UP 1984 Table.

This schedule will be 10 years as information is available.



**COMBINING FINANCIAL  
STATEMENTS**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

These are the operating funds which are restricted as to use by the federal or state governments and special purpose funds established by the City Council.

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

Social Services Program Fund accounts for revenues and expenditures associated with various grants and donations for specific programs administered by the City.

Narcotics Program Fund accounts for drug fines and grants received and usage of those monies to further drug education and investigations.

State Street Aid Fund accounts for revenues and expenditures of the City's share of state gasoline taxes. State law requires that gasoline taxes be used to maintain streets.

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

Hotel/Motel Tax Fund accounts for revenues and expenditures of the City's hotel/motel privilege tax. The City ordinance requires that hotel/motel taxes be used to develop and implement public improvements in the downtown and waterfront areas

River Pier Garage Fund accounts for revenues and expenditures of the River Pier Garage located near the waterfront area. .

Regional Planning Agency Fund accounts for revenues and expenditures of the Chattanooga-Hamilton County Regional Planning Agency.

Air Pollution Control Bureau Fund accounts for the grants, revenues and expenditures of the Air Pollution Control Bureau, a jointly funded agency of the City of Chattanooga and Hamilton County.

Scenic Cities Beautiful Commission Fund accounts for revenues and expenditures of Scenic Cities Beautiful Commission, a jointly funded agency of the City of Chattanooga and Hamilton County.

Downtown Chattanooga Business Improvement District Fund accounts for tax revenues associated with a special assessment tax collected by the City. The CBID was established to provide improvements to a portion of downtown Chattanooga.

### DEBT SERVICE FUND

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

### PERMANENT FUND

Library Endowment Fund accounts for several nonexpendable gifts to The Public Library.



CITY OF CHATTANOOGA, TENNESSEE

CONSOLIDATING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2022

	Special Revenue					
	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,424	\$ (9,528,032)	\$ 3,066,047	\$ 5,801,586	\$ 2,927,503	\$ 8,662,207
Investments	-	-	-	-	-	-
Receivables, net of allowance for uncollectibles:						
Other taxes	-	-	-	-	-	1,772,592
Notes	-	-	-	-	7,026,657	-
Other	-	561,380	7,978	-	87,021	4
Due from other governments:						
Federal	-	8,577,948	-	-	2,696,387	-
State of Tennessee	-	1,820,114	-	1,081,831	182,452	-
Other	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 11,424</b>	<b>\$ 1,431,410</b>	<b>\$ 3,074,025</b>	<b>\$ 6,883,417</b>	<b>\$ 12,920,020</b>	<b>\$ 10,434,803</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities:						
Accounts payable	\$ -	\$ 258,753	\$ 1,454,232	\$ 69,384	\$ 125,805	\$ 26,945
Accrued payroll	-	373,366	-	86,236	7,928	-
Due to other governments	-	268	-	-	64,687	-
Unearned grants revenue	-	39,783	-	-	2,124,945	-
<b>Total liabilities</b>	<b>-</b>	<b>672,170</b>	<b>1,454,232</b>	<b>155,620</b>	<b>2,323,365</b>	<b>26,945</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - other local taxes	-	-	-	-	-	860,647
Unavailable revenue - shared tax revenue	-	-	-	525,833	-	-
Unavailable revenue - CDBG loans	-	-	-	-	8,227,781	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>525,833</b>	<b>8,227,781</b>	<b>860,647</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	11,424	759,240	1,619,793	6,201,964	2,368,874	9,547,211
Committed	-	-	-	-	-	-
<b>Total fund balances</b>	<b>11,424</b>	<b>759,240</b>	<b>1,619,793</b>	<b>6,201,964</b>	<b>2,368,874</b>	<b>9,547,211</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 11,424</b>	<b>\$ 1,431,410</b>	<b>\$ 3,074,025</b>	<b>\$ 6,883,417</b>	<b>\$ 12,920,020</b>	<b>\$ 10,434,803</b>

Special Revenue

River Pier Garage	Regional Planning Agency	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Total Special Revenue	Debt Service	Permanent	Total Nonmajor Funds
							Fund Library Endowment	
\$ 2,097,347	\$ 3,080,387	\$ 830,653	\$ 9,414	\$ 36,892	\$ 16,995,428	\$ 2,671,339	\$ 430,698	\$ 20,097,465
-	-	-	-	-	-	-	5,786,457	5,786,457
-	-	-	-	-	1,772,592	-	-	1,772,592
-	-	-	-	-	7,026,657	-	-	7,026,657
37,241	1,271	3,181	3,708	8,787	710,571	-	-	710,571
-	658	-	-	-	11,274,993	-	-	11,274,993
-	1,468,175	-	-	-	4,552,572	-	-	4,552,572
-	780	-	-	-	780	-	-	780
<u>\$ 2,134,588</u>	<u>\$ 4,551,271</u>	<u>\$ 833,834</u>	<u>\$ 13,122</u>	<u>\$ 45,679</u>	<u>\$ 42,333,593</u>	<u>\$ 2,671,339</u>	<u>\$ 6,217,155</u>	<u>\$ 51,222,087</u>
\$ -	\$ 110,909	\$ 100,316	\$ 10,341	\$ 45,679	\$ 2,202,364	\$ -	\$ 4,219	\$ 2,206,583
-	86,111	35,762	2,781	-	592,184	-	-	592,184
-	-	1,000	-	-	65,955	-	-	65,955
-	-	-	-	-	2,164,728	-	-	2,164,728
-	197,020	137,078	13,122	45,679	5,025,231	-	4,219	5,029,450
-	-	-	-	-	860,647	-	-	860,647
-	-	-	-	-	525,833	-	-	525,833
-	-	-	-	-	8,227,781	-	-	8,227,781
-	-	-	-	-	9,614,261	-	-	9,614,261
-	-	-	-	-	-	-	5,786,456	5,786,456
2,134,588	1,469,613	278,702	-	-	24,391,409	-	426,480	24,817,889
-	2,884,638	418,054	-	-	3,302,692	2,671,339	-	5,974,031
2,134,588	4,354,251	696,756	-	-	27,694,101	2,671,339	6,212,936	36,578,376
<u>\$ 2,134,588</u>	<u>\$ 4,551,271</u>	<u>\$ 833,834</u>	<u>\$ 13,122</u>	<u>\$ 45,679</u>	<u>\$ 42,333,593</u>	<u>\$ 2,671,339</u>	<u>\$ 6,217,155</u>	<u>\$ 51,222,087</u>

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2022

	Special Revenue						
	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax	River Pier Garage
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,602,739	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental:							
Federal	-	12,516,993	33,948	-	2,200,029	-	-
State	-	3,999,297	125	6,327,026	782,127	-	-
County	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Charges for services	-	286	-	-	104,179	-	389,655
Fines, forfeitures and penalties	-	-	19,550	-	-	-	-
Investment income	-	-	3,013	51,972	29,746	-	-
Sale of property	-	-	-	-	-	-	-
Miscellaneous	-	-	215,627	-	(173,207)	-	-
<b>Total revenues</b>	<b>-</b>	<b>16,516,576</b>	<b>272,263</b>	<b>6,378,998</b>	<b>2,942,874</b>	<b>9,602,739</b>	<b>389,655</b>
<b>EXPENDITURES</b>							
Current:							
General government:							
General government	-	-	-	-	-	281,544	134,872
City planning	-	-	-	-	-	-	-
Economic and community development	-	4,532,048	-	-	2,618,175	-	-
Public safety	-	-	296,186	-	-	-	-
Public works and transportation	-	-	-	4,121,626	-	-	-
Parks and outdoors	-	85,301	-	-	-	-	-
Early learning	-	13,036,592	-	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>17,653,941</b>	<b>296,186</b>	<b>4,121,626</b>	<b>2,618,175</b>	<b>281,544</b>	<b>134,872</b>
Excess (deficiency) of revenues over (under) expenditures	-	(1,137,365)	(23,923)	2,257,372	324,699	9,321,195	254,783
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	1,359,693	-	-	-	-	-
Transfers out	-	-	-	(2,555,000)	(324,699)	(4,311,585)	-
Leases	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,359,693</b>	<b>-</b>	<b>(2,555,000)</b>	<b>(324,699)</b>	<b>(4,311,585)</b>	<b>-</b>
Net change in fund balances	-	222,328	(23,923)	(297,628)	-	5,009,610	254,783
FUND BALANCES, beginning	11,424	536,912	1,643,716	6,499,592	2,368,874	4,537,601	1,879,805
FUND BALANCES, ending	\$ 11,424	\$ 759,240	\$ 1,619,793	\$ 6,201,964	\$ 2,368,874	\$ 9,547,211	\$ 2,134,588

Regional Planning Agency	Special Revenue				Total Special Revenue	Debt Service	Permanent	Total Nonmajor Funds
	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Interfund Eliminations			Fund Library Endowment	
\$ -	\$ -	\$ -	\$ 983,531	\$ -	\$ 10,586,270	\$ -	\$ -	\$ 10,586,270
174,035	578,912	-	-	-	752,947	-	-	752,947
-	462,527	-	-	-	15,213,497	-	-	15,213,497
1,432,899	-	44,528	-	-	12,586,002	-	-	12,586,002
-	172,828	-	-	-	172,828	-	-	172,828
(1,817)	-	-	-	-	(1,817)	-	-	(1,817)
-	15,712	-	-	-	509,832	-	-	509,832
-	-	-	-	-	19,550	-	-	19,550
-	-	-	-	-	84,731	-	(982,250)	(897,519)
-	5,355	-	-	-	5,355	-	-	5,355
-	-	-	17,809	-	60,229	-	-	60,229
<u>1,605,117</u>	<u>1,235,334</u>	<u>44,528</u>	<u>1,001,340</u>	<u>-</u>	<u>39,989,424</u>	<u>-</u>	<u>(982,250)</u>	<u>39,007,174</u>
-	1,955,095	63,588	1,001,340	-	3,436,439	-	29,714	3,466,153
4,093,599	-	-	-	-	4,093,599	-	-	4,093,599
-	-	-	-	-	7,150,223	-	-	7,150,223
-	-	-	-	-	296,186	-	-	296,186
-	-	-	-	-	4,121,626	-	-	4,121,626
-	-	-	-	-	85,301	-	-	85,301
-	-	-	-	-	13,036,592	-	-	13,036,592
-	-	-	-	-	-	18,145,412	-	18,145,412
-	-	-	-	-	-	5,700,700	-	5,700,700
<u>4,093,599</u>	<u>1,955,095</u>	<u>63,588</u>	<u>1,001,340</u>	<u>-</u>	<u>32,219,966</u>	<u>23,846,112</u>	<u>29,714</u>	<u>56,095,792</u>
<u>(2,488,482)</u>	<u>(719,761)</u>	<u>(19,060)</u>	<u>-</u>	<u>-</u>	<u>7,769,458</u>	<u>(23,846,112)</u>	<u>(1,011,964)</u>	<u>(17,088,618)</u>
2,217,991	720,363	19,060	-	(663,870)	3,653,237	24,124,056	-	27,777,293
(214,328)	(449,543)	-	-	663,870	(7,191,285)	-	-	(7,191,285)
35,293	427,152	-	-	-	462,445	-	-	462,445
<u>2,038,956</u>	<u>697,972</u>	<u>19,060</u>	<u>-</u>	<u>-</u>	<u>(3,075,603)</u>	<u>24,124,056</u>	<u>-</u>	<u>21,048,453</u>
(449,526)	(21,789)	-	-	-	4,693,855	277,944	(1,011,964)	3,959,835
<u>4,803,777</u>	<u>718,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,000,246</u>	<u>2,393,395</u>	<u>7,224,900</u>	<u>32,618,541</u>
<u>\$ 4,354,251</u>	<u>\$ 696,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,694,101</u>	<u>\$ 2,671,339</u>	<u>\$ 6,212,936</u>	<u>\$ 36,578,376</u>

## **DISCRETELY PRESENTED COMPONENT UNITS**

Discretely presented component units are entities that are legally separate from the City, but the City is considered to be financially accountable for these entities. These entities are presented in the same manner as Proprietary Funds.

Chattanooga Metropolitan Airport Authority accounts for the operation of the Chattanooga Metropolitan Airport.

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

Downtown Chattanooga Business Improvement District (CBID) accounts for the operation of the City's Business Improvement District.

**CITY OF CHATTANOOGA, TENNESSEE**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
COMPONENT UNITS**

**Year Ended June 30, 2022**

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District (CBID)	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 29,745,397	\$ 9,817,553	\$ 878,767	\$ 40,441,717
Total operating revenues	<u>29,745,397</u>	<u>9,817,553</u>	<u>878,767</u>	<u>40,441,717</u>
<b>OPERATING EXPENSES</b>				
Airport operations	19,887,667	-	-	19,887,667
CARTA operations	-	25,077,727	-	25,077,727
CBID operations	-	-	1,027,581	-
Depreciation and amortization	9,889,611	3,142,434	-	13,032,045
Total operating expenses	<u>29,777,278</u>	<u>28,220,161</u>	<u>1,027,581</u>	<u>57,997,439</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(31,881)</u>	<u>(18,402,608)</u>	<u>(148,814)</u>	<u>(17,555,722)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental revenue	-	10,367,183	-	10,367,183
Investment income	475,644	32,528	-	508,172
Interest expense	(478,569)	-	-	(478,569)
Other income (expense)	2,444,206	10,809	49,777	2,504,792
Total nonoperating revenues (expenses)	<u>2,441,281</u>	<u>10,410,520</u>	<u>49,777</u>	<u>12,901,578</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	2,409,400	(7,992,088)	(99,037)	(4,654,144)
Capital contributions	<u>8,777,003</u>	<u>15,254,584</u>	<u>-</u>	<u>24,031,587</u>
<b>CHANGE IN NET POSITION</b>	11,186,403	7,262,496	(99,037)	18,349,862
<b>NET POSITION, beginning</b>	<u>159,543,862</u>	<u>18,578,960</u>	<u>343,755</u>	<u>178,466,577</u>
<b>NET POSITION, ending</b>	<u>\$ 170,730,265</u>	<u>\$ 25,841,456</u>	<u>\$ 244,718</u>	<u>\$ 196,816,439</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**COMBINING STATEMENT OF CASH FLOWS  
COMPONENT UNITS**

**Year Ended June 30, 2022**

	Chattanooga Metropolitan Airport Authority	CARTA	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 26,252,615	\$ 10,636,972	\$ 36,889,587
Cash received from lessees	2,294,105	-	2,294,105
Payments to suppliers	(15,493,362)	(15,688,123)	(31,181,485)
Payments to employees	(3,544,623)	(9,704,730)	(13,249,353)
Net cash from operating activities	<u>9,508,735</u>	<u>(14,755,881)</u>	<u>(5,247,146)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental payments received	-	9,977,932	9,977,932
Net cash from noncapital financing activities	<u>-</u>	<u>9,977,932</u>	<u>9,977,932</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on capital debt	(1,138,534)	-	(1,138,534)
Proceeds from sale of property and equipment	131,700	-	131,700
Proceeds from issuance of long-term debt	1,450,260	-	1,450,260
Interest paid on capital debt	(478,569)	-	(478,569)
Capital contributions	8,777,003	16,179,175	24,956,178
Additions to capital assets	(5,825,736)	(9,421,977)	(15,247,713)
Passenger/customer facility charges collected	2,585,289	-	2,585,289
Net cash flows from capital and related financing activities	<u>5,501,413</u>	<u>6,757,198</u>	<u>12,258,611</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of certificates of deposit	(27,000,000)	-	(27,000,000)
Proceeds from certificates of deposit	15,000,000	-	15,000,000
Interest on investments	475,644	32,528	508,172
Net cash flows from investing activities	<u>(11,524,356)</u>	<u>32,528</u>	<u>(11,491,828)</u>
Net increase (decrease) in cash and cash equivalents	3,485,792	2,011,777	5,497,569
Cash and cash equivalents, beginning of year	18,178,938	1,126,305	19,305,243
Cash and cash equivalents, end of year	<u>\$ 21,664,730</u>	<u>\$ 3,138,082</u>	<u>\$ 24,802,812</u>
<b>CLASSIFIED AS:</b>			
Current assets	\$ 17,793,109	\$ 3,138,082	\$ 20,931,191
Restricted assets	3,871,621	-	3,871,621
	<u>\$ 21,664,730</u>	<u>\$ 3,138,082</u>	<u>\$ 24,802,812</u>

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

**COMBINING STATEMENT OF CASH FLOWS  
COMPONENT UNITS**

**Year Ended June 30, 2022**

	Chattanooga Metropolitan Airport Authority	CARTA	Total
(Continued from previous page)			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
OPERATING INCOME (LOSS)	\$ (31,881)	\$(18,402,608)	\$ (18,434,489)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Depreciation and amortization	9,889,611	3,142,434	13,032,045
Net general pension expense (benefit)	(160,359)	(229,103)	(389,462)
Net general other post-employment benefit	2,823	(34,402)	(31,579)
Bad debt expense	10,565	-	10,565
Change in operating assets and liabilities:			
Trade receivables, net	(878,483)	1,314,473	435,990
Inventory	(77,307)	(44,703)	(122,010)
Deferred outflows	-	(1,188,373)	(1,188,373)
Prepaid items	212,373	(62,097)	150,276
Accounts payable and accrued liabilities	861,587	(153,357)	708,230
Unearned revenue	780	-	780
Leases receivable	(320,974)	(495,054)	(816,028)
Deferred pension items	-	1,396,909	1,396,909
TOTAL ADJUSTMENTS	9,540,616	3,646,727	13,187,343
NET CASH FROM OPERATING ACTIVITIES	\$ 9,508,735	\$(14,755,881)	\$ (5,247,146)





**BUDGETARY COMPARISON  
SCHEDULES**

**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 172,802,396	\$ 172,802,396	\$ 171,121,365	\$ (1,681,031)
Payments in lieu of tax:				
PILOT CHA	191,900	191,900	189,477	(2,423)
PILOT TVA	1,900,800	1,900,800	1,923,319	22,519
PILOT Good Neighbors	2,800	2,800	2,808	8
PILOT Dev Corp O Knob	500	500	466	(34)
PILOT UnumProvident Corporation	57,200	57,200	83,445	26,245
PILOT Wm Wrigley Jr Co	25,000	25,000	26,171	1,171
PILOT Blue Cross Blue Shield	998,100	998,100	1,196,440	198,340
PILOT MK LLC	13,000	13,000	19,304	6,304
PILOT Southern Champion Tray	74,800	74,800	100,152	25,352
PILOT Gestamp Chattanooga, LLC	981,900	981,900	861,774	(120,126)
PILOT Westinghouse Electric Co.	62,600	62,600	-	(62,600)
PILOT EPB	7,401,739	7,401,739	7,401,739	-
PILOT Coca Cola	162,700	162,700	165,854	3,154
PILOT Plastic Omnium Auto Exteriors LLC	222,100	222,100	170,995	(51,105)
PILOT UTC Two LLC	10,100	10,100	10,148	48
PILOT UTC Three LLC	5,800	5,800	5,790	(10)
PILOT Alco Woodlawn Partners	33,900	33,900	33,300	(600)
PILOT Yanfeng US Automotive Interior Systems LLC	38,400	38,400	56,636	18,236
PILOT Choo Choo Partners	20,700	20,700	-	(20,700)
PILOT M & M Industries Inc	35,400	35,400	61,848	26,448
PILOT Homeserve USA	14,300	14,300	-	(14,300)
Interest and penalty on taxes				
Current year	-	-	75,487	75,487
Prior years	1,300,000	1,300,000	1,423,634	123,634
Collection fees on delinquent taxes	237,100	237,100	225,164	(11,936)
Total property taxes	186,593,235	186,593,235	185,155,316	(1,437,919)
Other local taxes:				
Franchise Taxes	4,328,500	4,328,500	5,077,166	748,666
Liquor Taxes	3,637,609	3,637,609	3,281,851	(355,758)
Beer Taxes	5,401,300	5,401,300	5,759,144	357,844
Local Litigation City Court	2,600	2,600	2,251	(349)
Gross receipts Tax	6,500,000	6,500,000	7,363,403	863,403
Corp Intangible Property Tax	600,000	600,000	947,225	347,225
NonDep Excise Tax TCA 67-4-2020	675,000	675,000	11,295	(663,705)
Total other taxes	21,145,009	21,145,009	22,442,335	1,297,326
Total taxes	207,738,244	207,738,244	207,597,651	(140,593)

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Licenses, fees and permits:				
Licenses:				
Business License Int & Pen	-	-	5	5
Wrecker Business License	3,700	3,700	1,550	(2,150)
Liquor by Drink License	163,300	163,300	150,252	(13,048)
Liquor by Drink Int & Pen	5,000	5,000	1,938	(3,062)
Transient Vendor License	200	200	250	50
Motor Vehicle License	441,700	441,700	527,480	85,780
Wrecker Contractor License	300	300	640	340
Original Business License Fee	24,100	24,100	24,480	380
Special Gathering Permit	100	100	-	(100)
Permits:				
Building Permits	1,866,400	1,866,400	2,820,626	954,226
Electrical Permits	390,000	390,000	534,486	144,486
Plumbing Fixtures Connection Permits	230,000	230,000	327,622	97,622
Street Cut-in Permits	280,400	280,400	430,684	150,284
Mechanical Code Permits	250,000	250,000	326,314	76,314
Hotel Permits	4,000	4,000	1,400	(2,600)
Gas Permits	44,600	44,600	50,500	5,900
Sign Permits	106,500	106,500	102,263	(4,237)
Taxicab Driver Permits	3,800	3,800	4,150	350
Temporary Use Permits	1,700	1,700	1,540	(160)
Traffic Eng Special Events Permits	1,900	1,900	13,815	11,915
Push Cart Permits	100	100	25	(75)
Mobile Food Unit	400	400	550	150
Tree Ordinance Permit	25,000	25,000	24,000	(1,000)
Tire Haulers Permit	-	-	50	50
Short Term Vacation Rental Permit	30,300	30,300	74,100	43,800
Fees:				
Business License Issuance Fees	67,200	67,200	73,149	5,949
Plumbing Examiners Fees	20,700	20,700	37,405	16,705
Electrical Examiners Fees	55,400	55,400	81,820	26,420
Gas Examiners Fees	1,400	1,400	28,286	26,886
Beer Board Application Fees	39,100	39,100	20,387	(18,713)
Mechanical Exam Fees	67,200	67,200	100,479	33,279
Permit Issuance Fees	60,400	60,400	83,490	23,090
Exhibitors Fees	-	-	7	7
Subdivision Review & Inspection Fees	26,100	26,100	35,070	8,970
Adult Entertain Application Fees	5,200	5,200	4,600	(600)
Zoning Letter Fees	19,400	19,400	30,450	11,050
Variance Request Fees	13,200	13,200	10,200	(3,000)
Certificate of Occupancy Fees	38,300	38,300	41,452	3,152
Code Compliance Letter Fees	3,000	3,000	3,933	933
Modular Home Site Investigation Fees	-	-	150	150
Plan Checking Fees	260,000	260,000	444,263	184,263
Phased Construction Plan Review Fees	5,000	5,000	-	(5,000)
Construction Board of Appeals Fees	900	900	2,100	1,200

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Sign Board of Appeals Fees	200	200	900	700
Historic Zone Construction Fee	-	-	22,325	22,325
Northshore Design Appeal Fee	4,700	4,700	5,200	500
Fire District Removal Request Fee	600	600	-	(600)
Fire Permits City Code 16-29	216,000	216,000	266,453	50,453
Fire Re-Inspection of Business & Hotels	400	400	-	(400)
Wine in Grocery Store Application	400	400	400	-
Beer Permit	45,700	45,700	57,692	11,992
Re Inspection Fee	-	-	200	200
Total licenses, fees & permits	4,824,000	4,824,000	6,769,131	1,945,131
Intergovernmental:				
Federal funds	-	-	43,002	43,002
State funds:				
State Operations Funds TEMA	-	-	(59,467)	(59,467)
State Operations Funds Training Supplement F&P	707,200	707,200	654,400	(52,800)
State Shared Ops Maintenance of Streets	128,700	128,700	118,570	(10,130)
State Shared City Alloc State Sales Tax	17,339,100	17,339,100	20,352,689	3,013,589
State Shared City Alloc State Income Tax	-	-	170,346	170,346
State Shared City Alloc State Beer Tax	79,000	79,000	82,723	3,723
State Shared Mixed Drink Tax	3,241,800	3,241,800	5,355,187	2,113,387
State Shared Ci Interstate Telecommunication Sales Tax	250,000	250,000	294,591	44,591
State Shared Alcoholic Beverage Tax	165,400	165,400	183,675	18,275
State Shared Gas Inspection Fees	331,200	331,200	332,147	947
State Shared Commission Gross Receipts	525,000	525,000	687,644	162,644
State Shared Sports Gambling TCA 4-51-304	62,000	62,000	172,800	110,800
County funds:				
Ham Co Oper Appropriation	-	-	314	314
Ham Co Oper Ross's Landing	1,516,700	1,516,700	1,478,690	(38,010)
Ham Co Local Option Sales Tax	55,836,396	55,836,396	64,511,180	8,674,784
Ham Co Local Option Sales Tax TDZ	-	-	607,246	607,246
Designated revenue:				
Ham Co Local Option Sales Tax (Economic Dev)	15,700,000	15,700,000	17,377,689	1,677,689
State Shared TDZ Sales Tax	3,200,000	3,200,000	375,915	(2,824,085)
FEMA April 2020 Disaster	-	-	76,604	76,604
Other	11,993,351	9,957,903	10,085,847	127,944
Total intergovernmental revenues	111,075,847	109,040,399	122,901,792	13,861,393
Charges for services				
Court charges:				
Court Cost Current	148,000	148,000	139,987	(8,013)
Court Commissions	5,600	5,600	4,812	(788)
Court Clerk's Fee Current	500,000	500,000	462,059	(37,941)
Court Clerk's Fee Delinquent	-	-	1,343	1,343
Court Service of Process Current	-	-	56	56
Court Service of Process Delinquent	-	-	(4,065)	(4,065)
Court Processing of Release Forms	13,000	13,000	11,069	(1,931)

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Court Administrative Cost	300	300	125	(175)
Court Current State Cost	1,600	1,600	1,260	(340)
Facility charges:				
Facility Rents	-	-	4,245	4,245
Property Rental Revenue	150,000	150,000	126,909	(23,091)
Ballfield Income	20,000	20,000	19,250	(750)
Skateboard Park Fees	-	-	60	60
Carousel Ridership	1,300	1,300	123,904	122,604
Walker Pavilion Rent	5,000	5,000	28,850	23,850
Heritage Park House Rent	5,000	5,000	1,005	(3,995)
Renaissance Park Rent	500	500	3,250	2,750
Greenway Facility Rent	-	-	220	220
Fitness Center Fees	-	-	5,838	5,838
Dock Rental	43,900	43,900	42,166	(1,734)
Ross' Landing Rent	16,000	16,000	11,129	(4,871)
Champion's Club Fees	8,900	8,900	21,344	12,444
Recreation Center Rental	100	100	1,585	1,485
Carousel Room Rental	-	-	21,381	21,381
Coolidge Park Rental	-	-	15,470	15,470
Walnut Street Bridge Rental	-	-	6,150	6,150
Program charges:				
Program Fees	-	-	6	6
Park Event Fees	-	-	27,336	27,336
Kidz Kamp Fees	-	-	(639)	(639)
Sports Program Fees	-	-	15,200	15,200
OutVenture Fees	4,300	4,300	13,815	9,515
Therapeutic Fees	-	-	450	450
Swimming Pool Fees	9,300	9,300	87,298	77,998
Counter sales:				
Police Report Fees	500	500	4,872	4,372
Memberships	-	-	412	412
Credit Card Processing Fee	5,600	5,600	4,698	(902)
Concessions	-	-	3,410	3,410
Other charges:				
Financial Service EPB	7,200	7,200	7,200	-
General Pension Admin Cost	400	400	46,773	46,373
Technology Fee	-	-	9,675	9,675
Returned Check Fee	1,500	1,500	3,614	2,114
Waste Container Purchases	15,000	15,000	43,575	28,575
Non Profit Request Fee	2,800	2,800	2,350	(450)
E-citation fee TCA 55-10-207 (sunset 2022)	-	-	27	27
CBID Admin Fee 2%	16,300	16,300	20,027	3,727
Revenue adjustments:				
Chargebacks	-	-	654	654
Over & Under	-	-	1,682	1,682
Designated revenue	2,281,573	2,281,573	2,535,548	253,975
Total charges for services	3,263,673	3,263,673	3,877,385	613,712

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Fines, forfeitures and penalties				
City court fines	460,100	460,100	428,695	(31,405)
Criminal court fines	90,700	90,700	97,812	7,112
Traffic court fines	18,400	18,400	30,596	12,196
Air pollution penalties	-	-	21,556	21,556
Designated revenue	700,000	700,000	1,678,572	978,572
Total fines and forfeitures	1,269,200	1,269,200	2,257,231	988,031
Miscellaneous:				
Investment income	400,000	400,000	570,299	170,299
Sale of property	430,300	430,300	144,718	(285,582)
Donations	-	-	1,000	1,000
Departmental billings	6,553,935	6,553,935	6,549,106	(4,829)
Miscellaneous revenue	350,600	350,600	579,587	228,987
Designated revenue:				
Investment income	-	-	198,302	198,302
Donations	2,600	2,600	140,396	137,796
Miscellaneous revenue	23,256	23,256	539,818	516,562
Total miscellaneous revenue	7,760,691	7,760,691	8,723,226	962,535
Total revenues	335,931,655	333,896,207	352,126,416	18,230,209
EXPENDITURES				
General government:				
City Council	946,750	946,750	728,706	(218,044)
City Judges	1,062,219	1,062,219	1,063,634	1,415
City Attorney	1,882,305	1,882,305	1,760,840	(121,465)
Records Retention Management	48,235	48,235	39,027	(9,208)
Internal Audit	746,734	746,734	771,828	25,094
Information Technology:				
Information Technology	9,523,347	9,523,347	10,107,369	584,022
GG IS Smart Cities	5,850,589	5,850,589	4,517,035	(1,333,554)
Purchasing	990,567	990,567	867,753	(122,814)
External Appropriations:				
Arts Build	266,252	266,252	266,250	(2)
Chatt Neighborhood Enterprise	705,000	705,000	705,000	-
WTCI-TV Channel 45	80,000	80,000	80,000	-
Tennessee River Park	1,490,591	1,490,591	1,507,144	16,553
Children's Advocacy Center	63,700	63,700	63,700	-
Chatt Area Urban League	132,000	132,000	132,000	-
Bessie Smith Cultural Center	95,000	95,000	95,000	-
Enterprise South Nature Park	1,087,672	1,087,672	663,161	(424,511)
Chattanooga Area Food Bank	20,000	20,000	20,000	-
Homeless Coalition	70,000	70,000	70,000	-
Partnership Family,Child,Adult	63,700	63,700	63,700	-
Chambliss Center for Children	350,000	350,000	350,000	-
Fortwood Ctr (Helen Ross McNabb)	60,760	60,760	60,760	-

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Joe Johnson Mental Health	81,225	81,225	58,800	(22,425)
Speech & Hearing Center	67,700	67,700	67,700	-
Orange Grove	106,000	106,000	106,000	-
Signal Center	962,763	962,763	875,000	(87,763)
Family Promise of Greater Chattanooga	17,750	17,750	-	(17,750)
AIM Center, Inc	63,700	63,700	63,700	-
Bethlehem Center	63,700	63,700	63,700	-
Greater Chattanooga Sports & Events	100,000	100,000	100,000	-
Chattanooga Room in the Inn	30,000	30,000	24,000	(6,000)
LaPaz Chattanooga	49,000	49,000	49,000	-
Green Spaces	5,000	5,000	-	(5,000)
Chattanooga Goodwill Industries	10,000	10,000	10,000	-
United Way of Greater Chattanooga	558,392	558,392	465,438	(92,954)
Chattanooga Basketball	90,000	90,000	90,000	-
Chattanooga Design Studio	200,000	200,000	200,000	-
Chattanooga Football Club Foundation	17,500	17,500	17,500	-
Habitat for Humanity of Greater Chattanooga Area	40,000	40,000	40,000	-
Lookout Mountain Conservancy	12,000	12,000	12,000	-
LAUNCH	59,375	59,375	59,375	-
Tennessee Golf Foundation	16,000	16,000	-	(16,000)
Creative Discovery Museum	20,000	20,000	20,000	-
CADAS (Council for Alcohol and Drug Abuse Services)	25,000	25,000	25,000	-
Pathway Lending	50,000	50,000	50,000	-
Chattanooga Community Kitchen	70,000	70,000	70,000	-
Component Unit Appropriations:				
CARTA Subsidy	5,824,996	5,824,996	5,800,000	(24,996)
Election Expense	25,000	25,000	198,658	173,658
City Code Revision	22,536	22,536	1,598	(20,938)
Unemployment Insurance	150,000	150,000	22,485	(127,515)
Contingency Fund	4,515,212	4,515,212	849,854	(3,665,358)
Renewal & Replacement	1,062,179	1,062,179	479,329	(582,850)
Audits, Dues & Surveys	175,000	175,000	119,747	(55,253)
Intergovernmental Relations	308,979	308,979	352,102	43,123
City Water Quality Mgmt Fees	675,000	675,000	625,089	(49,911)
Liability Insurance Premiums	1,000,000	1,000,000	1,000,000	-
Education Per TCA 57-4-306	1,500,000	1,500,000	2,677,594	1,177,594
ESIP Administration	16,910	16,910	3,093	(13,817)
Tuition Assistance Program	25,000	25,000	13,000	(12,000)
Designated expenditures:				
Automated Traffic Enforcement	1,033,128	1,033,128	1,330,230	297,102
Public Library	7,984,448	7,984,448	8,574,251	589,803
Economic Development	9,900,000	9,900,000	8,973,943	(926,057)
Total general government	<u>62,468,914</u>	<u>62,468,914</u>	<u>57,421,093</u>	<u>(5,047,821)</u>

(Continued on next page)



**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Executive Office of the Mayor:				
Executive Office Admin	2,737,508	2,737,508	2,916,230	178,722
MAYOR Community Health	2,018,742	2,018,742	599,009	(1,419,733)
Family Justice Center	624,706	624,706	747,937	123,231
Mayor Communications	354,647	354,647	292,550	(62,097)
Designated expenditures:				
Mayors Youth Council	-	-	(1,551)	(1,551)
Economic Mobility	-	-	400	400
Cities for Financial Empowerment Fund & Inc	-	-	2,400	2,400
FJC Miscellaneous Donations	-	-	2,959	2,959
Chattanooga FJC VOCA Grant	118,969	118,969	118,969	-
OVW Abuse in Later Life Program Grant	-	-	36	36
FJC OVC Hope & Healing 2019 V3 GX K036	148,581	148,581	148,581	-
FY22 ONH Public Health Grant	104,943	104,943	104,943	-
American Rescue Plan Act of 2021	4,129,481	4,129,481	4,129,481	-
FY22 TANF Grant	20,476	20,476	20,476	-
Total executive office	<u>10,258,053</u>	<u>10,258,053</u>	<u>9,082,420</u>	<u>(1,175,633)</u>
Finance and administration:				
Finance Office	3,668,622	3,668,622	3,528,212	(140,410)
Office of the City Treasurer	1,870,979	1,870,979	1,695,038	(175,941)
City Court Clerk's Office	1,542,311	1,542,311	1,237,772	(304,539)
Total finance and administration	<u>7,081,912</u>	<u>7,081,912</u>	<u>6,461,022</u>	<u>(620,890)</u>
Human resources:				
Human Resoucre Administration	2,565,440	2,565,440	2,127,141	(438,299)
Insurance Officer and Programs	743,415	743,415	772,015	28,600
Total human resources	<u>3,308,855</u>	<u>3,308,855</u>	<u>2,899,156</u>	<u>(409,699)</u>
Community development:				
Neighborhood Services Administration	48	48	17,990	17,942
Codes & Community Services	2,060,286	2,060,286	2,004,987	(55,299)
Community Development Administration	333,485	333,485	855,873	522,388
Community Centers	8,057,371	8,057,371	7,041,758	(1,015,613)
Homeless andd Supportive Housing	1,107,619	1,107,619	1,101,960	(5,659)
Community Development Neighborhood Services	506,346	506,346	346,067	(160,279)
Designated expenditures:				
Neighborhood Partners Projects & Initiatives	1,907,107	1,907,107	1,917,887	10,780
Special Projects	-	-	96,318	96,318
Community Development Programs	-	-	19,000	19,000
Public Art Initiative	-	-	203,081	203,081
Eastgate Grant	25,735	25,735	25,735	-
Open Spaces	-	-	7,000	7,000
Total community development	<u>13,997,997</u>	<u>13,997,997</u>	<u>13,637,656</u>	<u>(360,341)</u>

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Police:				
Police Administration	3,058,897	3,058,897	2,978,639	(80,258)
Uniform Services	39,104,443	39,104,443	36,795,728	(2,308,715)
Investigative Services	16,622,163	16,622,163	17,091,822	469,659
Support Services	24,805,028	24,805,028	26,102,750	1,297,722
Designated expenditures:				
Reduction of Part 1 Offenses	-	-	11,891	11,891
Police Special Programs	-	-	22,137	22,137
Law Enforcement Planning	89,447	89,447	1,022	(88,425)
Other Police Grants	761,785	761,785	850,288	88,503
Total police	84,441,763	84,441,763	83,854,277	(587,486)
Fire:				
Fire Administration	500,913	500,913	805,211	304,298
Station Operations	53,620,305	53,620,305	50,931,211	(2,689,094)
Safety, Training and Tactical Services	5,003,688	5,003,688	4,629,111	(374,577)
Designated expenditures:				
Fire Programs and Grants	7,304	7,304	49,977	42,673
Total fire	59,132,210	59,132,210	56,415,510	(2,716,700)
Public works:				
Public Works Administration	122,517	122,517	1,143,805	1,021,288
City Engineer's Office	1,711,333	1,711,333	1,303,882	(407,451)
Field Surveyors	194,208	194,208	172,730	(21,478)
Facilities Management	862,185	862,185	612,714	(249,471)
Mail Room	101,888	101,888	96,435	(5,453)
Building Maintenance	2,347,953	2,347,953	1,966,338	(381,615)
Storage on Main Street	44,500	44,500	51,932	7,432
GIS	270,494	270,494	305,475	34,981
Summer Youth Worker Program	79,249	79,249	12,421	(66,828)
YFD Facilities Maintenance	171,500	171,500	329,236	157,736
Utilities	172,301	172,301	174,125	1,824
Solid Waste Disposal	5,370,370	5,370,370	5,564,850	194,480
Farmer's Market	1,000	1,000	-	(1,000)
City-wide Services Administration	1,401,246	1,401,246	1,376,453	(24,793)
Emergency	927,334	927,334	714,490	(212,844)
Central Business District	640,939	640,939	528,820	(112,119)
Street Cleaning Crews	1,320,515	1,320,515	996,782	(323,733)
Mowing Tractors/Leaf Collection	923,342	923,342	1,131,736	208,394
Street Sweeping	808,924	808,924	811,980	3,056
Waste Pickup	10,700,735	10,700,735	11,711,417	1,010,682
Municipal Forestry	1,192,691	1,192,691	1,201,933	9,242
Land Development Office	3,405,877	3,405,877	3,195,738	(210,139)
Traffic Engineering	142,210	142,210	11	(142,199)
Street Lighting	-	-	4,765	4,765
Park Management	16,195	16,195	-	(16,195)
Transportation	4,560,110	4,560,110	3,947,096	(613,014)

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Designated expenditures:				
Public Works Programs	-	-	156,497	156,497
Heritage Hall Maintenance	181,021	181,021	113,729	(67,292)
Municipal Forestry Grants and Tree Program	-	-	58,330	58,330
Building Operations	361,669	361,669	139,581	(222,088)
Transportation Programs	-	-	2,392	2,392
Other Public Works Grants	149,451	149,451	149,451	-
Total public works	<u>38,181,757</u>	<u>38,181,757</u>	<u>37,975,144</u>	<u>(206,613)</u>
Parks and outdoors:				
Parks and Outdoors - Administration	946,936	946,936	1,159,518	212,582
Parks and Outdoors - Recreation	3,514,354	3,514,354	3,171,457	(342,897)
Therapeutic Programs	355,284	355,284	162,234	(193,050)
Fitness Center	-	-	20,287	20,287
Recreation Facilities	993	993	17,622	16,629
Outdoor Chattanooga	636,266	636,266	537,711	(98,555)
Park Management	3,797,447	3,797,447	3,294,075	(503,372)
Hamilton County Shared Parks Maintenance	3,794,305	3,794,305	3,316,977	(477,328)
Zoo	751,030	751,030	750,000	(1,030)
Designated expenditures:				
Brainerd Golf Course	944,848	944,848	1,044,767	99,919
Brown Acres Golf Course	993,791	993,791	1,123,456	129,665
Parks and Outdoors Special Programs	-	-	1,323	1,323
Parks and Outdoors Grants	-	-	3,586	3,586
Total parks and outdoors	<u>15,735,254</u>	<u>15,735,254</u>	<u>14,603,013</u>	<u>(1,132,241)</u>
Early learning:				
Early Learning Administration	1,154,993	1,154,993	448,298	(706,695)
Youth Development	36,900	36,900	19,616	(17,284)
Youth Development CAPS	83	83	25,443	25,360
Youth Develoepment Education	212,575	212,575	259,605	47,030
Office of Early Learning	26,882	26,882	35,709	8,827
Designated expenditures:				
HSD Community Foundation Family Connects and Prit	-	-	18,406	18,406
Total early learning	<u>1,431,433</u>	<u>1,431,433</u>	<u>807,077</u>	<u>(624,356)</u>
City planning:				
City Planning Administration	723,421	723,421	339,458	(383,963)
Strategic Capital Planning	203,166	203,166	135,166	(68,000)
Sustainability	126,321	126,321	127,081	760
Total city planning	<u>1,052,908</u>	<u>1,052,908</u>	<u>601,705</u>	<u>(451,203)</u>
Equity and community engagement:				
Equity and Community Engagement Administration	886,862	886,862	354,487	(532,375)
Total equity and community engagement	<u>886,862</u>	<u>886,862</u>	<u>354,487</u>	<u>(532,375)</u>

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Economic development:				
Economic Development Administration	803,240	803,240	306,405	(496,835)
Economic Development	86,473	86,473	17,872	(68,601)
Back Tax Properties Abatement	109,352	109,352	66,343	(43,009)
ED Workforce Development	126,971	126,971	176,654	49,683
ED Arts & Culture	368,245	368,245	109,394	(258,851)
Shared Maint Riverpark Art	-	-	8,230	8,230
ED Memorial Auditorium	160	160	4,410	4,250
ED Tivoli Theatre	-	-	934	934
Total economic development	<u>1,494,441</u>	<u>1,494,441</u>	<u>690,242</u>	<u>(804,199)</u>
Innovation delivery and performance:				
Innovation Delivery and Performance Administration	535,319	535,319	395,697	(139,622)
Office of Performance Mgmt & Open Data	663,465	663,465	376,837	(286,628)
311 Call Center	1,084,332	1,084,332	844,722	(239,610)
Total innovation delivery and performance	<u>2,283,116</u>	<u>2,283,116</u>	<u>1,617,256</u>	<u>(665,860)</u>
Total expenditures	<u>301,755,475</u>	<u>301,755,475</u>	<u>286,420,058</u>	<u>(15,335,417)</u>
Excess of revenues over expenditures	<u>34,176,180</u>	<u>32,140,732</u>	<u>65,706,358</u>	<u>33,565,626</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(52,017,845)	(52,017,845)	(51,980,980)	36,865
Capital lease	-	-	1,369,956	1,369,956
Total other financing sources (uses)	<u>(52,017,845)</u>	<u>(52,017,845)</u>	<u>(50,611,024)</u>	<u>1,406,821</u>
Net change in fund balances	(17,841,665)	(19,877,113)	15,095,334	34,972,447
FUND BALANCES, beginning	<u>128,221,197</u>	<u>128,221,197</u>	<u>128,221,197</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 110,379,532</u>	<u>\$ 108,344,084</u>	<u>\$ 143,316,531</u>	<u>\$ 34,972,447</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
DOWNTOWN DEVELOPMENT FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Final Budget- Over (Under)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning	11,424	11,424	11,424	-
FUND BALANCES, ending	\$ 11,424	\$ 11,424	\$ 11,424	\$ -

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
SOCIAL SERVICES PROGRAM FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 12,818,197	\$ 12,818,197	\$ 12,516,993	\$ (301,204)
State of Tennessee funds	2,544,673	2,544,673	3,999,297	1,454,624
Miscellaneous	-	-	286	286
<b>Total revenues</b>	<b>15,362,870</b>	<b>15,362,870</b>	<b>16,516,576</b>	<b>1,153,706</b>
<b>EXPENDITURES</b>				
Administration	1,376,899	1,376,899	1,133,499	(243,400)
Headstart program	12,348,529	12,348,529	12,299,103	(49,426)
Foster grandparent program	469,668	469,668	468,973	(695)
Low-income energy assistance	2,754,726	2,754,726	2,747,184	(7,542)
Community services block grant	922,461	922,461	919,278	(3,183)
Other programs	-	-	1,178	1,178
Capital outlay	19,209	19,209	84,726	65,517
<b>Total expenditures</b>	<b>17,891,493</b>	<b>17,891,493</b>	<b>17,653,941</b>	<b>(237,552)</b>
Excess (deficiency) of revenues over (under) expenditures	(2,528,623)	(2,528,623)	(1,137,365)	1,391,257
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,359,693	1,359,693	1,359,693	-
<b>Total other financing sources (uses)</b>	<b>1,359,693</b>	<b>1,359,693</b>	<b>1,359,693</b>	<b>-</b>
Net change in fund balances	(1,168,930)	(1,168,930)	222,328	1,391,257
FUND BALANCES, beginning	536,912	536,912	536,912	-
FUND BALANCES, ending	\$ (632,018)	\$ (632,018)	\$ 759,240	\$ 1,391,257

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
NARCOTICS PROGRAM FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 10,000	\$ 10,000	\$ 33,948	\$ 23,948
State of Tennessee funds	-	-	125	125
Confiscations	230,000	230,000	166,667	(63,333)
Investment income	-	-	3,013	3,013
Miscellaneous	20,000	20,000	68,510	48,510
<b>Total revenues</b>	<b>260,000</b>	<b>260,000</b>	<b>272,263</b>	<b>12,263</b>
<b>EXPENDITURES</b>				
Narcotics program	360,000	360,000	219,125	(140,875)
Capital outlay	-	-	77,061	77,061
<b>Total expenditures</b>	<b>360,000</b>	<b>360,000</b>	<b>296,186</b>	<b>(63,814)</b>
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(100,000)	(23,923)	76,077
Net change in fund balances	(100,000)	(100,000)	(23,923)	76,077
FUND BALANCES, beginning	1,643,716	1,643,716	1,643,716	-
FUND BALANCES, ending	\$ 1,543,716	\$ 1,543,716	\$ 1,619,793	\$ 76,077

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
STATE STREET AID FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
State of Tennessee	\$ 4,435,000	\$ 4,435,000	\$ 4,692,000	\$ 257,000
State of Tennessee Improve Act	1,525,000	1,525,000	1,635,026	110,026
Investment Income	-	-	51,972	51,972
<b>Total revenues</b>	<b>5,960,000</b>	<b>5,960,000</b>	<b>6,378,998</b>	<b>418,998</b>
<b>EXPENDITURES</b>				
Salaries and wages	1,689,580	1,689,580	1,690,516	936
Fringe benefits	1,260,256	1,260,256	969,471	(290,785)
Purchased services	112,066	112,066	176,879	64,813
Vehicle operations	770,690	770,690	611,027	(159,663)
Materials and supplies	751,518	751,518	557,845	(193,673)
Other expense	4,000	4,000	4,669	669
Capital outlay	168,981	168,981	111,219	(57,762)
<b>Total expenditures</b>	<b>4,757,091</b>	<b>4,757,091</b>	<b>4,121,626</b>	<b>(635,465)</b>
Excess (deficiency) of revenues over (under) expenditures	1,202,909	1,202,909	2,257,372	1,054,463
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,555,000)	(2,555,000)	(2,555,000)	-
<b>Total other financing sources (uses)</b>	<b>(2,555,000)</b>	<b>(2,555,000)</b>	<b>(2,555,000)</b>	<b>-</b>
Net change in fund balances	(1,352,091)	(1,352,091)	(297,628)	1,054,463
FUND BALANCES, beginning	6,499,592	6,499,592	6,499,592	-
FUND BALANCES, ending	<u>\$ 5,147,501</u>	<u>\$ 5,147,501</u>	<u>\$ 6,201,964</u>	<u>\$ 1,054,463</u>



**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
COMMUNITY DEVELOPMENT FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 2,830,622	\$ 2,830,622	\$ 2,200,029	\$ (630,593)
State of Tennessee funds	-	-	782,127	782,127
Investment income	-	-	29,746	29,746
Miscellaneous	903,116	903,116	(69,028)	(972,144)
<b>Total revenues</b>	<b>3,733,738</b>	<b>3,733,738</b>	<b>2,942,874</b>	<b>(790,864)</b>
<b>EXPENDITURES</b>				
Administration	2,577,089	2,577,089	2,906	(2,574,183)
Community development programs	1,196,368	1,196,368	1,357,698	161,330
Home investment programs	1,581,257	1,581,257	590,279	(990,978)
Emergency shelter programs	342,802	342,802	456,414	113,612
Other programs	61,183	61,183	208,828	147,645
Capital outlay	3,792	3,792	2,050	(1,742)
<b>Total expenditures</b>	<b>5,762,491</b>	<b>5,762,491</b>	<b>2,618,175</b>	<b>(3,144,316)</b>
Excess (deficiency) of revenues over (under) expenditures	(2,028,753)	(2,028,753)	324,699	2,353,452
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(350,000)	(350,000)	(324,699)	25,301
<b>Total other financing sources (uses)</b>	<b>(350,000)</b>	<b>(350,000)</b>	<b>(324,699)</b>	<b>25,301</b>
Net change in fund balances	(2,378,753)	(2,378,753)	-	2,378,753
FUND BALANCES, beginning	2,368,874	2,368,874	2,368,874	-
FUND BALANCES, ending	\$ (9,879)	\$ (9,879)	\$ 2,368,874	\$ 2,378,753

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
HOTEL/MOTEL TAX FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Hotel/Motel tax	\$ 6,059,947	\$ 6,059,947	\$ 9,602,739	\$ 3,542,792
Total revenues	6,059,947	6,059,947	9,602,739	3,542,792
<b>EXPENDITURES</b>				
Contracted services	195,000	195,000	281,544	86,544
Total expenditures	195,000	195,000	281,544	86,544
Excess (deficiency) of revenues over (under) expenditures	5,864,947	5,864,947	9,321,195	3,456,248
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(4,391,848)	(4,391,848)	(4,311,585)	80,263
Total other financing sources (uses)	(4,391,848)	(4,391,848)	(4,311,585)	80,263
Net change in fund balances	1,473,099	1,473,099	5,009,610	3,536,511
FUND BALANCES, beginning	4,537,601	4,537,601	4,537,601	-
FUND BALANCES, ending	\$ 6,010,700	\$ 6,010,700	\$ 9,547,211	\$ 3,536,511

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
RIVER PIER GARAGE FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Parking garage income	\$ 248,390	\$ 248,390	\$ 389,655	\$ 141,265
Total revenues	248,390	248,390	389,655	141,265
<b>EXPENDITURES</b>				
Contracted services	169,456	169,456	134,872	(34,584)
Total expenditures	169,456	169,456	134,872	(34,584)
Excess (deficiency) of revenues over (under) expenditures	78,934	78,934	254,783	175,849
Net change in fund balances	78,934	78,934	254,783	175,849
FUND BALANCES, beginning	1,879,805	1,879,805	1,879,805	-
FUND BALANCES, ending	\$ 1,958,739	\$ 1,958,739	\$ 2,134,588	\$ 175,849

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
REGIONAL PLANNING AGENCY FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
State of Tennessee funds	\$ 1,005,932	\$ 1,005,932	\$ 1,432,899	\$ 426,967
Hamilton County funds	830,790	-	-	-
Other intergovernmental	10,000	10,000	-	(10,000)
Miscellaneous	97,500	97,500	172,218	74,718
<b>Total revenues</b>	<b>1,944,222</b>	<b>1,113,432</b>	<b>1,605,117</b>	<b>491,685</b>
<b>EXPENDITURES</b>				
Administration	4,210,463	4,210,463	3,022,115	(1,188,348)
Transportation planning	-	-	1,005,932	1,005,932
Other program	-	-	10,328	10,328
Capital outlay	22,600	22,600	55,224	32,624
<b>Total expenditures</b>	<b>4,233,063</b>	<b>4,233,063</b>	<b>4,093,599</b>	<b>(139,464)</b>
Excess (deficiency) of revenues over (under) expenditures	(2,288,841)	(3,119,631)	(2,488,482)	631,149
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,003,663	2,003,663	2,253,284	249,621
Transfers out	(137,316)	(299,025)	(214,328)	84,697
<b>Total other financing sources (uses)</b>	<b>1,866,347</b>	<b>1,704,638</b>	<b>2,038,956</b>	<b>334,318</b>
Net change in fund balances	(422,494)	(1,414,993)	(449,526)	965,467
FUND BALANCES, beginning	4,803,777	4,803,777	4,803,777	-
FUND BALANCES, ending	\$ 4,381,283	\$ 3,388,784	\$ 4,354,251	\$ 965,467

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
AIR POLLUTION CONTROL FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 925,054	\$ 925,054	\$ 462,527	\$ (462,527)
Hamilton County funds	188,548	188,548	172,828	(15,720)
Permits	540,960	540,960	578,912	37,952
Other	-	-	21,067	21,067
<b>Total revenues</b>	<b>1,654,562</b>	<b>1,654,562</b>	<b>1,235,334</b>	<b>(419,228)</b>
<b>EXPENDITURES</b>				
Operations	1,484,105	1,484,105	1,503,960	19,855
Special programs	513,267	513,267	12,984	(500,283)
Capital outlay	-	42,200	438,151	395,951
<b>Total expenditures</b>	<b>1,997,372</b>	<b>2,039,572</b>	<b>1,955,095</b>	<b>(84,477)</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(342,810)</b>	<b>(385,010)</b>	<b>(719,761)</b>	<b>(334,751)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	744,070	744,070	1,147,515	403,445
Transfers out	-	-	(449,543)	(449,543)
<b>Total other financing sources (uses)</b>	<b>744,070</b>	<b>744,070</b>	<b>697,972</b>	<b>(46,098)</b>
Net change in fund balances	401,260	359,060	(21,789)	(380,849)
FUND BALANCES, beginning	718,545	718,545	718,545	-
FUND BALANCES, ending	<b>\$ 1,119,805</b>	<b>\$ 1,077,605</b>	<b>\$ 696,756</b>	<b>\$ (380,849)</b>

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
SCENIC CITIES BEAUTIFUL COMMISSION FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
State of Tennessee funds	\$ 44,450	\$ 44,450	\$ 44,528	\$ 78
Total revenues	44,450	44,450	44,528	78
<b>EXPENDITURES</b>				
Operations	89,257	89,257	63,398	(25,859)
Capital outlay	-	-	190	190
Total expenditures	89,257	89,257	63,588	(25,669)
Excess (deficiency) of revenues over (under) expenditures	(44,807)	(44,807)	(19,060)	25,747
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	44,195	44,195	19,060	(25,135)
Total other financing sources (uses)	44,195	44,195	19,060	(25,135)
Net change in fund balances	(612)	(612)	-	612
FUND BALANCES, beginning	-	-	-	-
FUND BALANCES, ending	\$ (612)	\$ (612)	\$ -	\$ 612

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
CENTRAL BUSINESS IMPROVEMENT DISTRICT**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Special Assessment Central Business Improvement District Interest	\$ 912,054	\$ 912,054	\$ 983,531	\$ 71,477
	-	-	17,809	17,809
Total revenues	912,054	912,054	1,001,340	89,286
<b>EXPENDITURES</b>				
BID Assessment Fee	1,086,920	1,086,920	1,001,340	(85,580)
Total expenditures	1,086,920	1,086,920	1,001,340	(85,580)
Excess (deficiency) of revenues over (under) expenditures	(174,866)	(174,866)	-	174,866
Net change in fund balances	(174,866)	(174,866)	-	174,866
FUND BALANCES, beginning	-	-	-	-
FUND BALANCES, ending	\$ (174,866)	\$ (174,866)	\$ -	\$ 174,866

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

**Year Ended June 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Principal retirement	18,157,654	18,157,654	18,145,412	(12,242)
Interest	5,958,395	5,958,395	5,669,071	(289,324)
Fiscal charges	100,000	100,000	31,629	(68,371)
Total expenditures	<u>24,216,049</u>	<u>24,216,049</u>	<u>23,846,112</u>	<u>(369,937)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,216,049)</u>	<u>(24,216,049)</u>	<u>(23,846,112)</u>	<u>369,937</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>24,216,049</u>	<u>24,216,049</u>	<u>24,124,056</u>	<u>(91,993)</u>
Total other financing sources (uses)	<u>24,216,049</u>	<u>24,216,049</u>	<u>24,124,056</u>	<u>(91,993)</u>
Net change in fund balances	-	-	277,944	277,944
FUND BALANCES, beginning	<u>2,393,395</u>	<u>2,393,395</u>	<u>2,393,395</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 2,393,395</u>	<u>\$ 2,393,395</u>	<u>\$ 2,671,339</u>	<u>\$ 277,944</u>





**FINANCIAL SCHEDULES**

## **FINANCIAL SCHEDULES**

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENTS BY FUND

June 30, 2022

Issuer	Interest Rate %	Maturity Date	Amount
<b>GOVERNMENTAL FUNDS</b>			
General fund			
Federal Farm Credit Bank	0.150	9/9/2022	\$ 15,000,847
Federal Farm Credit Bank	0.875	11/18/2024	12,664,735
Federal Farm Credit Bank	0.180	7/13/2023	20,000,000
Federal Farm Credit Bank	0.300	11/12/2024	4,995,248
Federal Farm Credit Bank	0.110	3/1/2023	10,998,167
Federal Farm Credit Bank	0.160	9/15/2023	11,988,386
Federal Farm Credit Bank	0.090	2/2/2023	4,999,512
Federal Home Loan Bank	0.650	3/17/2025	4,500,000
Federal Home Loan Bank	1.050	7/25/2024	12,352,107
Federal Home Loan Bank	0.620	12/9/2024	10,515,141
Federal Farm Credit Bank	0.125	7/14/2023	9,966,015
			<u>117,980,158</u>
Capital projects			
Federal Farm Credit Bank	0.150	9/9/2022	23,006,316
Federal Home Loan Bank	0.625	12/22/2023	4,500,000
Federal Farm Credit Bank	0.300	3/28/2024	10,000,000
Federal Farm Credit Bank	0.125	1/13/2023	1,000,000
			<u>38,506,316</u>
Nonmajor funds			
Library endowments -Raymond James & Associate Inc.			<u>5,786,457</u>
Total governmental fund investments			<u>\$ 162,272,931</u>
<b>ENTERPRISE FUNDS</b>			
Interceptor Sewer Fund			
Federal Home Loan Bank	2.000	9/9/2022	\$ 5,017,342
Federal Home Loan Bank	2.000	9/9/2022	2,006,937
Federal Home Loan Bank	0.700	6/30/2025	5,014,755
Federal Farm Credit Bank	0.190	10/13/2022	5,000,000
Federal Farm Credit Bank	0.280	10/13/2023	4,300,000
Federal Farm Credit Bank	0.170	11/3/2023	9,998,783
Federal Farm Credit Bank	0.125	5/3/2023	6,000,000
Federal Farm Credit Bank	0.150	8/10/2023	20,000,000
Federal Farm Credit Bank	0.150	8/10/2023	8,000,000
Federal Farm Credit Bank	0.080	8/4/2022	9,999,890
Federal Farm Credit Bank	0.300	11/12/2024	1,993,054
Federal Farm Credit Bank	0.150	8/10/2023	4,944,087
Federal Farm Credit Bank	0.250	3/1/2024	3,990,874
Federal Farm Credit Bank	0.480	9/3/2024	9,995,648
Federal Home Loan Bank	0.650	3/17/2025	5,000,000
Federal Home Loan Bank	0.625	12/30/2024	5,000,000
Federal Home Loan Bank	0.450	7/26/2024	6,210,000
Federal Home Loan Bank	0.580	1/28/2025	3,500,000
Federal Home Loan Bank	0.220	8/10/2023	2,999,501
Federal Home Loan Bank	0.350	7/12/2024	1,998,237
Federal Home Loan Bank	0.500	7/29/2024	10,500,000
Federal Home Loan Bank	0.250	8/18/2023	10,000,000
Federal Home Loan Bank	0.400	5/24/2024	5,000,000
Federal Home Loan Bank	0.750	4/14/2025	10,000,000
			<u>156,469,108</u>
Solid Waste			
Federal Farm Credit Bank	0.450	4/7/2025	2,992,969
Federal Farm Credit Bank	0.450	4/7/2025	2,987,052
			<u>5,980,021</u>
Water quality			
Federal Farm Credit Bank	0.160	10/13/2022	13,000,000
Federal Farm Credit Bank	0.300	11/12/2024	8,999,664
Federal Home Loan Bank	0.500	7/29/2024	2,000,000
Federal Home Loan Bank	0.420	6/26/2024	5,000,000
Federal Home Loan Bank	0.600	3/28/2025	5,000,000
			<u>33,999,664</u>
Internal service funds			
Federal Home Loan Bank	0.650	3/17/2025	5,000,000
Federal Home Loan Bank	0.650	3/17/2025	5,000,000
			<u>10,000,000</u>
Chattanooga Downtown Redevelopment Corporation			
Bank of China		9/6/2022	9,632,894
US Treasury Bonds	1.000	9/6/2022	169,402
			<u>9,802,296</u>
Electric Power Board			
Tower Community Bank (CDARS) - Fund 1	0.500	04/06/23	1,083,615
Citizens Bank (CDARS) - Fund 1	0.300	02/09/23	903,743
Citizens Bank (CDARS) - Fund 1	0.400	02/08/24	100,555
United Community Bank (CDARS) - Fund 3	2.800	07/14/22	247,291
United Community Bank (CDARS) - Fund 3	2.800	07/14/22	548,631
United Community Bank (CDARS) - Fund 3	0.550	04/06/23	1,722,165
			<u>4,606,000</u>
Total enterprise fund investments			<u>\$ 220,857,089</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE**

**Year Ended June 30, 2022**

TAX YEAR (1)	Property Taxes Receivable Balance 6/30/2021	Property Tax Levied	Anticipated Current Year Levy (2)	Net Pick-Ups and Charge-Offs	Collections	Property Taxes Receivable Balance 6/30/2022	Allowance for Uncollectibles	Net Receivable Balance 6/30/2022
2022	\$ -	\$ -	\$ 169,352,962	\$ -	\$ -	\$ 169,352,962	\$ -	\$ 169,352,962
2021	-	174,590,683	-	(2,277,782)	166,770,305	5,542,596	720,538	4,822,058
2020	4,296,632	-	-	276,302	2,914,401	1,658,533	431,218	1,227,315
2019	1,496,180	-	-	67,977	624,006	940,151	413,666	526,485
2018	978,186	-	-	78,793	642,490	414,489	339,881	74,608
2017	430,145	-	-	(1,992)	39,604	388,549	369,122	19,427
2016	399,434	-	-	1,179	33,255	367,358	367,358	-
2015	402,101	-	-	21,643	37,010	386,734	386,734	-
2014	387,075	-	-	1,014	7,234	380,855	380,855	-
2013	461,531	-	-	402	5,740	456,193	456,193	-
2012	468,345	-	-	623	5,093	463,875	463,875	-
	<u>\$ 9,319,629</u>	<u>\$ 174,590,683</u>	<u>\$ 169,352,962</u>	<u>\$ (1,831,841)</u>	<u>\$ 171,079,138</u>	<u>\$ 180,352,295</u>	<u>\$ 4,329,440</u>	<u>\$ 176,022,855</u>

Note:

- (1) All years prior to 2016 have been turned over to the Clerk and Master for collection.
- (2) Accrual of the anticipated current year levy is required by GASB Statement No. 33. The accrual is recorded net of the allowance for uncollectible amounts.

**CITY OF CHATTANOOGA, TENNESSEE**

**SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**June 30, 2022**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>GOVERNMENTAL ACTIVITIES</b>			
2023	\$ 18,623,225	\$ 5,752,187	\$ 24,375,412
2024	18,631,613	4,953,984	23,585,597
2025	16,882,709	4,190,127	21,072,836
2026	17,192,442	3,408,632	20,601,074
2027	15,060,414	2,593,283	17,653,697
2028	12,663,592	1,961,870	14,625,462
2029	12,588,288	1,475,005	14,063,293
2030	8,838,288	975,665	9,813,953
2031	8,793,288	533,751	9,327,039
2032	2,588,288	192,320	2,780,608
2033	1,343,288	107,463	1,450,751
2034	1,343,286	53,732	1,397,018
	<u>134,548,721</u>	<u>26,198,019</u>	<u>160,746,740</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
2023	33,447,020	15,683,790	49,130,810
2024	34,516,086	14,498,172	49,014,258
2025	35,170,529	13,268,443	48,438,972
2026	34,186,017	12,051,435	46,237,452
2027	34,822,083	11,063,720	45,885,803
2028	34,853,723	10,116,977	44,970,700
2029	36,139,257	8,887,618	45,026,875
2030	29,737,767	7,814,240	37,552,007
2031	30,629,363	6,855,885	37,485,248
2032	30,376,388	5,738,321	36,114,709
2033	31,274,040	4,574,253	35,848,293
2034	32,445,369	3,521,795	35,967,164
2035	20,722,602	2,878,683	23,601,285
2036	21,289,211	2,306,374	23,595,585
2037	21,788,484	1,857,151	23,645,635
2038	18,055,236	1,443,429	19,498,665
2039	15,925,243	1,097,916	17,023,159
2040	16,264,994	751,998	17,016,992
2041	16,471,726	396,618	16,868,344
2042	15,205,729	95,099	15,300,828
	<u>543,320,867</u>	<u>124,901,917</u>	<u>668,222,784</u>
Total primary government indebtedness	<u>\$ 677,869,588</u>	<u>\$ 151,099,936</u>	<u>\$ 828,969,524</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**June 30, 2022**

COMPONENT UNITS	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,139,723	\$ 449,272	\$ 1,588,995
2024	1,168,854	420,142	1,588,996
2025	1,198,738	390,258	1,588,996
2026	1,229,397	359,599	1,588,996
2027	1,260,849	328,146	1,588,995
2028	1,293,117	295,878	1,588,995
2029	1,326,221	262,774	1,588,995
2030	1,350,150	228,811	1,578,961
2031	811,588	201,890	1,013,478
2032	830,369	183,108	1,013,477
2033	849,586	163,892	1,013,478
2034	869,247	144,231	1,013,478
2035	889,363	124,115	1,013,478
2036	909,944	103,533	1,013,477
2037	931,002	82,475	1,013,477
2038	952,547	60,930	1,013,477
2039	974,591	38,887	1,013,478
2040	997,145	16,333	1,013,478
2041	171,209	498	171,707
	<hr/>	<hr/>	<hr/>
Total component units indebtedness	\$ 19,153,640	\$ 3,854,772	\$ 23,008,412

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2022

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2021	Issued FY 2022	Retired FY 2022	Refunded FY 2022	Outstanding June 30, 2022
GOVERNMENTAL ACTIVITIES:									
Serial Bonds:									
Tax Supported									
2011 Series A General Obligation	\$ 26,495,000	2.00% - 4.00%	10/13/2011	10/1/2026	\$ 10,590,000	\$ -	\$ 1,765,000	\$ 8,825,000	\$ -
2011 Series B Refunding GO bonds	1,949,250	2.00% - 4.00%	10/13/2011	10/1/2027	1,814,263	-	3,333	1,810,930	-
2013 Series General Improvement Bond	19,355,000	2.00% - 5.00%	1/8/2014	10/1/2028	10,505,000	-	1,315,000	-	9,190,000
2014 Municipal Public Improvement Refunding	13,792,100	1.75% - 5.00%	7/8/2014	11/1/2026	4,277,061	-	736,837	-	3,540,224
2015 Series A GO Bond	28,245,000	5.00%	11/10/2015	9/1/2030	18,820,000	-	1,885,000	-	16,935,000
2015 Series B Refunding GO Bond	18,955,000	3.00% - 5.00%	11/10/2015	11/1/2028	18,955,000	-	2,580,000	-	16,375,000
2017 Series A GO Bond	8,200,000	5.00%	1/25/2017	3/1/2031	5,455,000	-	550,000	-	4,905,000
2017 Series B Refunding GO Bond	12,640,000	3.00% - 5.00%	1/25/2017	3/1/2026	10,655,000	-	2,045,000	-	8,610,000
2019 Series A GO Bond	20,156,711	5.00%	10/24/2019	2/1/2034	17,466,975	-	1,347,525	-	16,119,450
2019 Series B Refunding GO Bond	4,055,000	2.00% - 5.00%	10/24/2019	2/1/2031	3,480,000	-	285,000	-	3,195,000
2021 Series A GO Bond	12,455,000	5.00%	12/8/2021	10/1/2031	-	12,455,000	-	-	12,455,000
2021 Series B Refunding GO Bond	9,515,000	5.00%	12/8/2021	10/1/2027	-	9,515,000	-	-	9,515,000
Total Tax Supported Bonds					<u>102,018,299</u>	<u>21,970,000</u>	<u>12,512,695</u>	<u>10,635,930</u>	<u>100,839,674</u>
Self Supported									
2011 Series B Refunding Hotel Motel Tax Pledge	15,595,750	2.00% - 4.00%	10/13/2011	10/1/2027	14,515,737	-	26,667	14,489,070	-
2013 Series Hotel-Motel Tax Pledge	7,420,000	2.00% - 5.00%	1/8/2014	10/1/2028	4,025,000	-	505,000	-	3,520,000
2014 Hotel Motel Refunding	3,961,340	1.75% - 5.00%	7/8/2014	11/1/2026	1,229,027	-	211,588	-	1,017,439
2019 Series Hotel Motel Refunding	14,805,000	2.00% - 5.00%	10/24/2019	2/1/2031	13,020,000	-	1,800,000	-	11,220,000
2021 Series Hotel Motel Refunding	12,560,000	5.00%	12/8/2021	10/1/2027	-	12,560,000	-	-	12,560,000
Total Self Supported Bonds					<u>32,789,764</u>	<u>12,560,000</u>	<u>2,543,255</u>	<u>14,489,070</u>	<u>28,317,439</u>
Total Serial Bonds					<u>134,808,063</u>	<u>34,530,000</u>	<u>15,055,950</u>	<u>25,125,000</u>	<u>129,157,113</u>
Notes Payable:									
Tax Supported									
2004 TML Bond Fund	24,406,300	Variable	12/6/2004	5/25/2024	4,670,530	-	1,529,105	-	3,141,425
Total Tax Supported Notes Payable					<u>4,670,530</u>	<u>-</u>	<u>1,529,105</u>	<u>-</u>	<u>3,141,425</u>
Self Supported									
2008 HUD Section 108 Loan Program	4,576,000	4.00%	6/12/2008	8/1/2023	916,000	-	305,000	-	611,000
Total Self Supported Notes Payable					<u>916,000</u>	<u>-</u>	<u>305,000</u>	<u>-</u>	<u>611,000</u>
Total Notes Payable					<u>5,586,530</u>	<u>-</u>	<u>1,834,105</u>	<u>-</u>	<u>3,752,425</u>

(continued on next page)



CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2022

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2021	Issued FY 2022	Retired FY 2022	Refunded FY 2022	Outstanding June 30, 2022
GOVERNMENTAL ACTIVITIES: (continued)									
Leases Payable:									
Tax Supported									
2016 Regional Communication Capital Lease	5,977,735	0.00%	8/16/2016	8/1/2021	1,195,547	-	1,195,547	-	-
2018 Golf Course Capital Lease	346,000	3.45%	1/9/2018	3/4/2023	127,937	-	53,886	74,051	-
2022 Golf Course Capital Lease	461,434	3.14%	4/1/2021	5/15/2028	-	461,434	5,924	-	455,510
Bonny Oaks Office Park	1,340,483	0.29%	9/1/2014	8/31/2024	-	422,110	128,105	-	294,005
Office Space - 5900 Building - Suite 1500	935,913	0.64%	4/1/2017	3/31/2027	-	534,320	900,389	-	444,282
Edney Building - 1100 Market St., Suite 300	1,014,503	0.20%	12/1/2017	11/1/2023	-	422,210	171,468	-	250,742
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	-	453,761	259,117	-	194,644
Total Tax Supported Leases Payable					1,323,484	2,293,835	2,714,436	74,051	1,639,183
Total governmental activities					141,718,077	36,823,835	19,604,491	25,199,051	134,548,721
BUSINESS TYPE ACTIVITIES:									
Interceptor Sewer System:									
Serial Bonds:									
2014 Municipal Public Improvement Refunding	2,343,620	1.75% - 5.00%	7/8/2014	11/1/2026	726,996	-	125,190	-	601,806
Total Serial Bonds					726,996	-	125,190	-	601,806
Notes Payable:									
2003-168 State Revolving Loan	37,321,000	2.98%	12/5/2002	4/20/2025	9,471,671	-	2,367,768	-	7,103,903
2007-204 State Revolving Loan	13,000,000	2.79%	6/25/2007	9/20/2031	7,559,683	-	646,176	-	6,913,507
2011-289 State Revolving Loan	20,000,000	2.00%	11/1/2011	8/20/2037	15,742,254	-	833,208	-	14,909,046
2012-307 State Revolving Loan	33,100,000	1.15%	6/25/2013	11/20/2037	26,376,324	-	1,468,272	-	24,908,052
2013-318 State Revolving Loan	66,800,000	1.67%	6/18/2014	11/20/2037	53,301,835	-	2,846,016	-	50,455,819
2016-357 State Revolving Loan	42,500,000	1.29%	2/8/2016	2/20/2039	26,973,852	10,130,173	-	-	37,104,025
2018-405 State Revolving Loan	1,000,000	1.41%	11/7/2017	5/20/2041	896,793	-	38,808	-	857,985
2018-406 State Revolving Loan	17,100,000	1.41%	11/28/2017	3/20/2041	16,095,567	1,004,433	-	-	17,100,000
2019-428 State Revolving Loan	3,000,000	2.05%	12/6/2018	11/20/2041	363,329	2,534,123	-	-	2,897,452
2019-429 State Revolving Loan	21,000,000	2.05%	12/6/2018	4/20/2042	4,655,587	4,513,433	-	-	9,169,020
2018-406-01 State Revolving Loan	30,000,000	1.41%	10/10/2019	6/20/2041	27,794,660	2,094,334	1,340,544	-	28,548,450
2020-440 State Revolving Loan	15,000,000	0.61%	11/24/2020	11/20/2041	818,591	429,057	-	-	1,247,648
Total Notes Payable					190,050,146	20,705,553	9,540,792	-	201,214,907

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2022

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2021	Issued FY 2022	Retired FY 2022	Refunded FY 2022	Outstanding June 30, 2022
BUSINESS TYPE ACTIVITIES: (continued)									
Interceptor Sewer System:									
Leases Payable:									
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	-	30,251	17,273	-	12,978
Total Leases Payable					-	30,251	17,273	-	12,978
Total Interceptor Sewer System					190,777,142	20,735,804	9,683,255	-	201,829,691
Solid Waste Fund:									
Serial Bonds:									
2014 Municipal Public Improvement Refunding	4,674,278	1.75% - 5.00%	7/8/2014	11/1/2026	1,449,354	-	249,736	-	1,199,618
2017 Series B Refundng GO Bond	2,155,000	3.00% - 5.00%	1/25/2017	3/1/2026	1,815,000	-	350,000	-	1,465,000
Total Serial Bonds					3,264,354	-	599,736	-	2,664,618
Notes Payable:									
2004 TML Bond Fund	593,700	Variable	12/6/2004	5/25/2024	113,338	-	36,895	-	76,443
Total Notes Payable					113,338	-	36,895	-	76,443
Leases Payable:									
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	-	5,042	2,879	-	2,163
Total Leases Payable					-	5,042	2,879	-	2,163
Total Solid Waste & Sanitation Fund					3,377,692	5,042	639,510	-	2,743,224
Water Quality Fund									
Serial Bonds:									
2013 Water Quality Bonds	5,245,000	2.00% - 5.00%	1/8/2014	10/1/2028	2,840,000	-	355,000	-	2,485,000
2014 Municipal Public Improvement Refunding	1,153,663	1.75% - 5.00%	7/8/2014	11/1/2026	357,563	-	61,649	-	295,914
2015 Series A GO Bond	8,100,000	5.00%	11/10/2015	9/1/2030	5,400,000	-	540,000	-	4,860,000
2017 Series B Refundng GO Bond	615,000	3.00% - 5.00%	1/25/2017	3/1/2026	520,000	-	100,000	-	420,000
2019 Series A Water Quality GO Bond	3,628,289	5.00%	10/24/2019	2/1/2034	3,143,025	-	242,475	-	2,900,550
Total Serial Bonds					12,260,588	-	1,299,124	-	10,961,464

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2022

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2021	Issued FY 2022	Retired FY 2022	Refunded FY 2022	Outstanding June 30, 2022
BUSINESS TYPE ACTIVITIES: (continued)									
Water Quality Fund									
Leases Payable:									
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	-	10,084	5,759	-	4,325
Total Leases Payable					-	10,084	5,759	-	4,325
Total Water Quality Fund					12,260,588	10,084	1,304,883	-	10,965,789
Tennessee Valley Regional Communications Fund									
Leases Payable:									
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	-	5,042	2,879	-	2,163
Total leases payable					-	5,042	2,879	-	2,163
Total TVRCS Fund					-	5,042	2,879	-	2,163
Total Business-Type Activities					206,415,422	20,755,972	11,630,527	-	215,540,867
TOTAL GENERAL OBLIGATION DEBT					348,133,499	57,579,807	31,235,018	25,199,051	350,089,588
Electric Power Board									
Revenue Bonds:									
2015A Electric System Refunding Revenue Bonds	218,855,000	2.88% - 5.00%	8/31/2015	9/1/2033	190,815,000	-	9,970,000	-	180,845,000
2015B Electric System Revenue Bonds	15,355,000	2.60% - 3.38%	8/31/2015	9/1/2025	7,985,000	-	1,675,000	-	6,310,000
2015C Electric System Revenue Bonds	25,880,000	4.00% - 5.00%	8/31/2015	9/1/2040	25,880,000	-	795,000	-	25,085,000
2021 Electric System Revenue Bonds	71,080,000	2.00% - 4.00%	6/29/2021	9/1/2041	71,080,000	-	-	-	71,080,000
Total Revenue Bonds					295,760,000	-	12,440,000	-	283,320,000
Total Electric Power Board					295,760,000	-	12,440,000	-	283,320,000

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2022

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2021	Issued FY 2022	Retired FY 2022	Refunded FY 2022	Outstanding June 30, 2022
Chattanooga Downtown Redevelopment Corporation:									
Revenue Bonds:									
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/1/2018	10/1/2028	30,490,000	-	915,000	-	29,575,000
2018C IDB Rev Refunding 2010 Bonds Taxable	28,200,000	3.90%	10/1/2018	10/1/2024	19,485,000	-	4,600,000	-	14,885,000
Total Revenue Bonds					<u>49,975,000</u>	<u>-</u>	<u>5,515,000</u>	<u>-</u>	<u>44,460,000</u>
Total Chattanooga Downtown Redevelopment Corp.					<u>49,975,000</u>	<u>-</u>	<u>5,515,000</u>	<u>-</u>	<u>44,460,000</u>
Total Primary Government					<u>\$ 693,868,499</u>	<u>\$ 57,579,807</u>	<u>\$ 49,190,018</u>	<u>\$ 25,199,051</u>	<u>\$ 677,869,588</u>
COMPONENT UNITS									
Metropolitan Airport Authority:									
Revenue Bonds:									
2020 Tax Exempt Garage	16,250,000	2.29%	12/11/2019	7/10/2041	14,712,562	942,669	603,065	-	15,052,166
2020 Taxable Garage	8,750,000	2.87%	12/11/2019	7/10/2041	4,007,101	507,591	413,218	-	4,101,474
Total Revenue Bonds					<u>18,719,663</u>	<u>1,450,260</u>	<u>1,016,283</u>	<u>-</u>	<u>19,153,640</u>
Total Metropolitan Airport Authority					<u>18,719,663</u>	<u>1,450,260</u>	<u>1,016,283</u>	<u>-</u>	<u>19,153,640</u>
Total Component Units					<u>\$ 18,719,663</u>	<u>\$ 1,450,260</u>	<u>\$ 1,016,283</u>	<u>\$ -</u>	<u>\$ 19,153,640</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

**DIRECT INDEBTEDNESS**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2004 Note Payable - Tennessee Municipal Bond Fund	0.823%	\$ 1,570,004	\$ 25,867	\$ 1,595,871
2024		0.823%	1,571,421	12,941	1,584,362
			<u>3,141,425</u>	<u>38,808</u>	<u>3,180,233</u>
2023	2008 Section 108 HUD Loan	4.00%	305,000	11,895	316,895
2024		4.00%	306,000	4,006	310,006
			<u>611,000</u>	<u>15,901</u>	<u>626,901</u>
2023	2013 General Obligation	5.00%	1,315,000	310,068	1,625,068
2024		3.00%	1,315,000	257,468	1,572,468
2025		3.00%	1,315,000	218,018	1,533,018
2026		3.13%	1,315,000	177,747	1,492,747
2027		4.00%	1,310,000	131,000	1,441,000
2028		4.00%	1,310,000	78,600	1,388,600
2029		4.00%	1,310,000	26,200	1,336,200
			<u>9,190,000</u>	<u>1,199,101</u>	<u>10,389,101</u>
2023	2013 Hotel Motel	5.00%	505,000	118,706	623,706
2024		3.00%	505,000	98,506	603,506
2025		3.00%	505,000	83,355	588,355
2026		3.13%	505,000	67,890	572,890
2027		4.00%	500,000	50,000	550,000
2028		4.00%	500,000	30,000	530,000
2029		4.00%	500,000	10,000	510,000
			<u>3,520,000</u>	<u>458,457</u>	<u>3,978,457</u>
2023	2014 Series A Refunding Hotel Motel	2.25%	207,769	26,605	234,374
2024		3.00%	205,477	21,186	226,663
2025		3.00%	203,186	15,056	218,242
2026		3.00%	200,894	8,994	209,888
2027		3.00%	200,113	2,990	203,103
			<u>1,017,439</u>	<u>74,831</u>	<u>1,092,270</u>
2023	2014 Series A Refunding General Obligation	2.25%	723,537	92,650	816,187
2024		3.00%	715,557	73,777	789,334
2025		3.00%	707,576	52,430	760,006
2026		3.00%	699,596	31,322	730,918
2027		3.00%	693,958	10,414	704,372
			<u>3,540,224</u>	<u>260,593</u>	<u>3,800,817</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

(continued from previous page)

<b><u>DIRECT INDEBTEDNESS</u></b>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2015 Series A General Obligation	5.00%	\$ 1,885,000	\$ 799,625	\$ 2,684,625
2024		5.00%	1,885,000	705,375	2,590,375
2025		5.00%	1,885,000	611,125	2,496,125
2026		5.00%	1,880,000	517,000	2,397,000
2027		5.00%	1,880,000	423,000	2,303,000
2028		5.00%	1,880,000	329,000	2,209,000
2029		5.00%	1,880,000	235,000	2,115,000
2030		5.00%	1,880,000	141,000	2,021,000
2031		5.00%	1,880,000	47,000	1,927,000
			<u>16,935,000</u>	<u>3,808,125</u>	<u>20,743,125</u>
2023	2015 Series B Refunding General Obligation	3.00%	2,550,000	591,700	3,141,700
2024		3.00%	2,520,000	515,650	3,035,650
2025		5.00%	2,515,000	414,975	2,929,975
2026		5.00%	2,205,000	296,975	2,501,975
2027		5.00%	2,215,000	186,475	2,401,475
2028		3.00%	2,205,000	98,025	2,303,025
2029		3.00%	2,165,000	32,475	2,197,475
				<u>16,375,000</u>	<u>2,136,275</u>
2023	2017 Series A General Obligation	5.00%	545,000	245,250	790,250
2024		5.00%	545,000	218,000	763,000
2025		5.00%	545,000	190,750	735,750
2026		5.00%	545,000	163,500	708,500
2027		5.00%	545,000	136,250	681,250
2028		5.00%	545,000	109,000	654,000
2029		5.00%	545,000	81,750	626,750
2030		5.00%	545,000	54,500	599,500
2031		5.00%	545,000	27,250	572,250
			<u>4,905,000</u>	<u>1,226,250</u>	<u>6,131,250</u>
2023	2017 Series B Refunding General Obligation	3.00%	1,980,000	430,500	2,410,500
2024		3.00%	2,090,000	331,500	2,421,500
2025		3.00%	2,210,000	227,000	2,437,000
2026		3.00%	2,330,000	116,500	2,446,500
			<u>8,610,000</u>	<u>1,105,500</u>	<u>9,715,500</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

(continued from previous page)

<b><u>DIRECT INDEBTEDNESS</u></b>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2019 Series A General Obligation	5.00%	\$ 1,343,288	\$ 752,241	\$ 2,095,529
2024		5.00%	1,343,288	685,077	2,028,365
2025		5.00%	1,343,288	617,912	1,961,200
2026		5.00%	1,343,288	550,748	1,894,036
2027		5.00%	1,343,288	483,584	1,826,872
2028		5.00%	1,343,288	416,419	1,759,707
2029		5.00%	1,343,288	349,255	1,692,543
2030		5.00%	1,343,288	282,090	1,625,378
2031		5.00%	1,343,288	214,926	1,558,214
2032		5.00%	1,343,288	161,195	1,504,483
2033		5.00%	1,343,288	107,463	1,450,751
2034		5.00%	1,343,282	53,732	1,397,014
			<u>16,119,450</u>	<u>4,674,642</u>	<u>20,794,092</u>
2023	2019 Series B General Obligation Refunding	5.00%	310,000	145,850	455,850
2024		0.00%	-	130,350	130,350
2025		0.00%	-	130,350	130,350
2026		5.00%	285,000	130,350	415,350
2027		2.00%	290,000	116,100	406,100
2028		5.00%	285,000	110,300	395,300
2029		5.00%	735,000	96,050	831,050
2030		5.00%	770,000	59,300	829,300
2031		4.00%	520,000	20,800	540,800
				<u>3,195,000</u>	<u>939,450</u>
2023	2019 Series B Hotel Motel Refunding	5.00%	1,930,000	527,350	2,457,350
2024		0.00%	-	430,850	430,850
2025		0.00%	-	430,850	430,850
2026		5.00%	35,000	430,850	465,850
2027		2.00%	35,000	429,100	464,100
2028		5.00%	40,000	428,400	468,400
2029		5.00%	2,865,000	426,400	3,291,400
2030		5.00%	3,055,000	283,150	3,338,150
2031		4.00%	3,260,000	130,400	3,390,400
				<u>11,220,000</u>	<u>3,517,350</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

(continued from previous page)

<b><u>DIRECT INDEBTEDNESS</u></b>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2021 Series A General Obligation	5.00%	\$ 1,250,000	\$ 591,500	\$ 1,841,500
2024		5.00%	1,245,000	529,125	1,774,125
2025		5.00%	1,245,000	466,875	1,711,875
2026		5.00%	1,245,000	404,625	1,649,625
2027		5.00%	1,245,000	342,375	1,587,375
2028		5.00%	1,245,000	280,125	1,525,125
2029		5.00%	1,245,000	217,875	1,462,875
2030		5.00%	1,245,000	155,625	1,400,625
2031		5.00%	1,245,000	93,375	1,338,375
2032		5.00%	1,245,000	31,125	1,276,125
			<u>12,455,000</u>	<u>3,112,625</u>	<u>15,567,625</u>
2023	2021 Series B General Obligation Refunding	5.00%	1,535,000	437,375	1,972,375
2024		5.00%	1,835,000	353,125	2,188,125
2025		5.00%	1,885,000	260,125	2,145,125
2026		5.00%	1,930,000	164,750	2,094,750
2027		5.00%	1,970,000	67,250	2,037,250
2028		5.00%	360,000	9,000	369,000
				<u>9,515,000</u>	<u>1,291,625</u>
2023	2021 Series B Hotel Motel Refunding	5.00%	-	628,000	628,000
2024		5.00%	2,170,000	573,750	2,743,750
2025		5.00%	2,330,000	461,250	2,791,250
2026		5.00%	2,500,000	340,500	2,840,500
2027		5.00%	2,680,000	211,000	2,891,000
2028		5.00%	2,880,000	72,000	2,952,000
				<u>12,560,000</u>	<u>2,286,500</u>
2023	2022 Golf Cart Capital Lease	3.14%	72,285	13,281	85,566
2024		3.14%	74,554	11,012	85,566
2025		3.14%	76,895	8,671	85,566
2026		3.14%	79,462	6,104	85,566
2027		3.14%	82,009	3,557	85,566
2028		3.14%	70,305	1,001	71,306
				<u>455,510</u>	<u>43,626</u>
2023	Bonny Oaks Office Park	0.29%	132,892	665	133,557
2024		0.29%	137,952	280	138,232
2025		0.29%	23,161	8	23,169
			<u>294,005</u>	<u>953</u>	<u>294,958</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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<b><u>DIRECT INDEBTEDNESS</u></b>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	Office Space - 5900 Building - Suite 1500	0.64%	\$ 92,419	\$ 2,561	\$ 94,980
2024		0.64%	93,010	1,970	94,980
2025		0.64%	93,604	1,376	94,980
2026		0.64%	94,202	778	94,980
2027		0.64%	71,047	189	71,236
			<u>444,282</u>	<u>6,874</u>	<u>451,156</u>
2023	Edney Building - 1100 Market St., Suite 300	0.20%	176,387	338	176,725
2024		0.20%	74,355	37	74,392
			<u>250,742</u>	<u>375</u>	<u>251,117</u>
2023	SWC 400 Multifunction Devices	0.20%	<u>194,644</u>	<u>161</u>	<u>194,805</u>
	Total direct indebtedness		<u>134,548,721</u>	<u>26,198,022</u>	<u>160,746,743</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE

June 30, 2022

(continued from previous page)

**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2003 State Revolving Loan	2.98%	\$ 2,439,300	\$ 178,572	\$ 2,617,872
2024		2.98%	2,512,992	104,880	2,617,872
2025		2.98%	2,151,611	26,541	2,178,152
			<u>7,103,903</u>	<u>309,993</u>	<u>7,413,896</u>
2023	2007 State Revolving Loan	2.79%	664,428	184,440	848,868
2024		2.79%	683,208	165,660	848,868
2025		2.79%	702,516	146,352	848,868
2026		2.79%	722,376	126,492	848,868
2027		2.79%	742,788	106,080	848,868
2028		2.79%	763,776	85,092	848,868
2029		2.79%	785,364	63,504	848,868
2030		2.79%	807,552	41,316	848,868
2031		2.79%	830,376	18,492	848,868
2032		2.79%	211,123	1,001	212,124
			<u>6,913,507</u>	<u>938,429</u>	<u>7,851,936</u>
2023	2011-289 State Revolving Loan	2.00%	850,032	290,412	1,140,444
2024		2.00%	867,180	273,264	1,140,444
2025		2.00%	884,688	255,756	1,140,444
2026		2.00%	902,544	237,900	1,140,444
2027		2.00%	920,760	219,684	1,140,444
2028		2.00%	939,348	201,096	1,140,444
2029		2.00%	958,308	182,136	1,140,444
2030		2.00%	977,652	162,792	1,140,444
2031		2.00%	997,380	143,064	1,140,444
2032		2.00%	1,017,516	122,928	1,140,444
2033		2.00%	1,038,048	102,396	1,140,444
2034		2.00%	1,059,000	81,444	1,140,444
2035		2.00%	1,080,372	60,072	1,140,444
2036		2.00%	1,102,188	38,256	1,140,444
2037		2.00%	1,124,436	16,008	1,140,444
2038		2.00%	189,594	474	190,068
			<u>14,909,046</u>	<u>2,387,682</u>	<u>17,296,728</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE

June 30, 2022

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2012-307 State Revolving Loan	1.15%	\$ 1,485,252	\$ 278,628	\$ 1,763,880
2024		1.15%	1,502,424	261,456	1,763,880
2025		1.15%	1,519,788	244,092	1,763,880
2026		1.15%	1,537,356	226,524	1,763,880
2027		1.15%	1,555,128	208,752	1,763,880
2028		1.15%	1,573,104	190,776	1,763,880
2029		1.15%	1,591,296	172,584	1,763,880
2030		1.15%	1,609,692	154,188	1,763,880
2031		1.15%	1,628,304	135,576	1,763,880
2032		1.15%	1,647,132	116,748	1,763,880
2033		1.15%	1,666,164	97,716	1,763,880
2034		1.15%	1,685,436	78,444	1,763,880
2035		1.15%	1,704,912	58,968	1,763,880
2036		1.15%	1,724,628	39,252	1,763,880
2037		1.15%	1,744,560	19,320	1,763,880
2038		1.15%	732,876	2,109	734,985
			<u>24,908,052</u>	<u>2,285,133</u>	<u>27,193,185</u>
2023	2013-318 State Revolving Loan	1.67%	2,893,908	820,536	3,714,444
2024		1.67%	2,942,616	771,828	3,714,444
2025		1.67%	2,992,128	722,316	3,714,444
2026		1.67%	3,042,492	671,952	3,714,444
2027		1.67%	3,093,684	620,760	3,714,444
2028		1.67%	3,145,752	568,692	3,714,444
2029		1.67%	3,198,684	515,760	3,714,444
2030		1.67%	3,252,516	461,928	3,714,444
2031		1.67%	3,307,248	407,196	3,714,444
2032		1.67%	3,362,904	351,540	3,714,444
2033		1.67%	3,419,496	294,948	3,714,444
2034		1.67%	3,477,036	237,408	3,714,444
2035		1.67%	3,535,560	178,884	3,714,444
2036		1.67%	3,595,056	119,388	3,714,444
2037		1.67%	3,655,548	58,896	3,714,444
2038		1.67%	1,541,191	6,055	1,547,246
			<u>50,455,819</u>	<u>6,808,087</u>	<u>57,263,906</u>
2023	2014 General Obligation Refunding	3.00%	122,930	15,742	138,672
2024		3.00%	121,574	12,535	134,109
2025		3.00%	120,219	8,908	129,127
2026		3.00%	118,863	5,322	124,185
2027		3.00%	118,220	1,769	119,989
			<u>601,806</u>	<u>44,276</u>	<u>646,082</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2016-357 State Revolving Loan	1.29%	\$ 1,638,035	\$ 478,642	\$ 2,116,677
2024		1.29%	1,659,165	457,511	2,116,676
2025		1.29%	1,680,568	436,108	2,116,676
2026		1.29%	1,702,248	414,429	2,116,677
2027		1.29%	1,724,207	392,470	2,116,677
2028		1.29%	1,746,449	370,227	2,116,676
2029		1.29%	1,768,978	347,698	2,116,676
2030		1.29%	1,791,798	324,878	2,116,676
2031		1.29%	1,814,912	301,764	2,116,676
2032		1.29%	1,838,325	278,352	2,116,677
2033		1.29%	1,862,039	254,637	2,116,676
2034		1.29%	1,886,059	230,617	2,116,676
2035		1.29%	1,910,389	206,287	2,116,676
2036		1.29%	1,935,034	181,643	2,116,677
2037		1.29%	1,959,995	156,681	2,116,676
2038		1.29%	1,985,279	131,397	2,116,676
2039		1.29%	2,010,889	105,787	2,116,676
2040		1.29%	2,036,830	79,847	2,116,677
2041		1.29%	2,063,105	53,571	2,116,676
2042	1.29%	2,089,721	26,957	2,116,678	
			<u>37,104,025</u>	<u>5,229,503</u>	<u>42,333,528</u>
2023	2018-405 State Revolving Loan	1.53%	39,408	12,852	52,260
2024		1.53%	40,020	12,240	52,260
2025		1.53%	40,632	11,628	52,260
2026		1.53%	41,256	11,004	52,260
2027		1.53%	41,892	10,368	52,260
2028		1.53%	42,540	9,720	52,260
2029		1.53%	43,200	9,060	52,260
2030		1.53%	43,860	8,400	52,260
2031		1.53%	44,532	7,728	52,260
2032		1.53%	45,228	7,032	52,260
2033		1.53%	45,924	6,336	52,260
2034		1.53%	46,620	5,640	52,260
2035		1.53%	47,340	4,920	52,260
2036		1.53%	48,072	4,188	52,260
2037		1.53%	48,816	3,444	52,260
2038		1.53%	49,572	2,688	52,260
2039	1.53%	50,328	1,932	52,260	
2040	1.53%	51,108	1,152	52,260	
2041	1.53%	43,190	360	43,550	
2042	1.53%	4,447	6	4,453	
			<u>857,985</u>	<u>130,698</u>	<u>988,683</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2018-406 State Revolving Loan	1.53%	\$ 737,320	\$ 261,630	\$ 998,950
2024		1.53%	748,601	250,349	998,950
2025		1.53%	760,055	238,895	998,950
2026		1.53%	771,684	227,267	998,951
2027		1.53%	783,490	215,460	998,950
2028		1.53%	795,478	203,472	998,950
2029		1.53%	807,648	191,302	998,950
2030		1.53%	820,006	178,945	998,951
2031		1.53%	832,552	166,398	998,950
2032		1.53%	845,290	153,660	998,950
2033		1.53%	858,223	140,728	998,951
2034		1.53%	871,353	127,597	998,950
2035		1.53%	884,685	114,265	998,950
2036		1.53%	898,221	100,729	998,950
2037		1.53%	911,964	86,987	998,951
2038		1.53%	925,917	73,034	998,951
2039		1.53%	940,083	58,867	998,950
2040	1.53%	954,466	44,484	998,950	
2041	1.53%	969,070	29,880	998,950	
2042	1.53%	983,894	15,054	998,948	
			<u>17,100,000</u>	<u>2,879,003</u>	<u>19,979,003</u>
2023	2019-428 State Revolving Loan	2.05%	118,657	59,398	178,055
2024		2.05%	121,090	56,965	178,055
2025		2.05%	123,572	54,483	178,055
2026		2.05%	126,105	51,950	178,055
2027		2.05%	128,690	49,365	178,055
2028		2.05%	131,328	46,726	178,054
2029		2.05%	134,021	44,034	178,055
2030		2.05%	136,768	41,287	178,055
2031		2.05%	139,572	38,483	178,055
2032		2.05%	142,433	35,622	178,055
2033		2.05%	145,353	32,702	178,055
2034		2.05%	148,333	29,722	178,055
2035		2.05%	151,373	26,681	178,054
2036		2.05%	154,477	23,578	178,055
2037		2.05%	157,643	20,411	178,054
2038	2.05%	160,875	17,180	178,055	
2039	2.05%	164,173	13,882	178,055	
2040	2.05%	167,539	10,516	178,055	
2041	2.05%	170,973	7,082	178,055	
2042	2.05%	174,477	3,577	178,054	
			<u>2,897,452</u>	<u>663,644</u>	<u>3,561,096</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2019-429 State Revolving Loan	2.05%	\$ 375,492	\$ 187,965	\$ 563,457
2024		2.05%	383,189	180,267	563,456
2025		2.05%	391,045	172,412	563,457
2026		2.05%	399,061	164,396	563,457
2027		2.05%	407,242	156,215	563,457
2028		2.05%	415,590	147,866	563,456
2029		2.05%	424,110	139,347	563,457
2030		2.05%	432,804	130,652	563,456
2031		2.05%	441,676	121,780	563,456
2032		2.05%	450,731	112,726	563,457
2033		2.05%	459,971	103,486	563,457
2034		2.05%	469,400	94,056	563,456
2035		2.05%	479,023	84,434	563,457
2036		2.05%	488,843	74,614	563,457
2037		2.05%	498,864	64,592	563,456
2038		2.05%	509,091	54,366	563,457
2039		2.05%	519,527	43,929	563,456
2040		2.05%	530,178	33,279	563,457
2041		2.05%	541,046	22,410	563,456
2042		2.05%	552,137	11,319	563,456
			<u>9,169,020</u>	<u>2,100,111</u>	<u>11,269,131</u>
2023	2018-406-01 State Revolving Loan	1.17%	1,356,312	326,760	1,683,072
2024		1.17%	1,372,272	310,800	1,683,072
2025		1.17%	1,388,412	294,660	1,683,072
2026		1.17%	1,404,744	278,328	1,683,072
2027		1.17%	1,421,268	261,804	1,683,072
2028		1.17%	1,437,984	245,088	1,683,072
2029		1.17%	1,454,904	228,168	1,683,072
2030		1.17%	1,472,004	211,068	1,683,072
2031		1.17%	1,489,320	193,752	1,683,072
2032		1.17%	1,506,840	176,232	1,683,072
2033		1.17%	1,524,576	158,496	1,683,072
2034		1.17%	1,542,504	140,568	1,683,072
2035		1.17%	1,560,648	122,424	1,683,072
2036		1.17%	1,579,008	104,064	1,683,072
2037	1.17%	1,597,584	85,488	1,683,072	
2038	1.17%	1,616,376	66,696	1,683,072	
2039	1.17%	1,635,384	47,688	1,683,072	
2040	1.17%	1,654,620	28,452	1,683,072	
2041	1.17%	1,533,690	8,986	1,542,676	
			<u>28,548,450</u>	<u>3,289,522</u>	<u>31,837,972</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2020-440 State Revolving Loan	0.61%	\$ 58,844	\$ 7,611	\$ 66,455
2024		0.61%	59,203	7,252	66,455
2025		0.61%	59,564	6,891	66,455
2026		0.61%	59,928	6,527	66,455
2027		0.61%	60,293	6,162	66,455
2028		0.61%	60,661	5,794	66,455
2029		0.61%	61,031	5,424	66,455
2030		0.61%	61,403	5,052	66,455
2031		0.61%	61,778	4,677	66,455
2032		0.61%	62,155	4,300	66,455
2033		0.61%	62,534	3,921	66,455
2034		0.61%	62,915	3,540	66,455
2035		0.61%	63,299	3,156	66,455
2036		0.61%	63,685	2,770	66,455
2037		0.61%	64,074	2,381	66,455
2038		0.61%	64,465	1,990	66,455
2039		0.61%	64,858	1,597	66,455
2040	0.61%	65,253	1,201	66,454	
2041	0.61%	65,652	803	66,455	
2042	0.61%	66,053	403	66,456	
			<u>1,247,648</u>	<u>81,452</u>	<u>1,329,100</u>
2023	SWC 400 Multifunction Devices	0.20%	<u>12,978</u>	<u>8</u>	<u>12,986</u>
	Total Interceptor Sewer System indebtedness		<u>201,829,691</u>	<u>27,147,541</u>	<u>228,977,232</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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**SOLID WASTE FUND**

2023	2004 Note Payable - Tennessee Municipal	0.823%	\$ 37,996	\$ 627	\$ 38,623
2024	Bond Fund	0.823%	38,447	314	38,761
			<u>76,443</u>	<u>941</u>	<u>77,384</u>
2023	2014 General Obligation Refunding	2.25%	245,228	31,402	276,630
2024		3.00%	242,523	25,005	267,528
2025		3.00%	239,818	17,770	257,588
2026		3.00%	237,114	10,616	247,730
2027		3.00%	234,935	3,529	238,464
			<u>1,199,618</u>	<u>88,322</u>	<u>1,287,940</u>
2023	2017 Series B General Obligation Refunding	3.00%	335,000	73,250	408,250
2024		3.00%	355,000	56,500	411,500
2025		3.00%	375,000	38,750	413,750
2026		5.00%	400,000	20,000	420,000
			<u>1,465,000</u>	<u>188,500</u>	<u>1,653,500</u>
2023	SWC 400 Multifunction Devices	0.20%	2,163	2	2,165
	Total Solid Waste Fund indebtedness		<u>2,743,224</u>	<u>277,765</u>	<u>3,020,989</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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**WATER QUALITY FUND**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2013 General Obligation	5.000%	\$ 355,000	\$ 83,869	\$ 438,869
2024		3.000%	355,000	69,668	424,668
2025		3.000%	355,000	59,017	414,017
2026		3.125%	355,000	48,147	403,147
2027		4.000%	355,000	35,500	390,500
2028		4.000%	355,000	21,300	376,300
2029		4.000%	355,000	7,100	362,100
				<u>2,485,000</u>	<u>324,601</u>
2023	2014 General Obligation Refunding	3.00%	60,537	7,752	68,289
2024		3.00%	59,869	6,173	66,042
2025		3.00%	59,201	4,387	63,588
2026		3.00%	58,534	2,621	61,155
2027		3.00%	57,773	871	58,644
			<u>295,914</u>	<u>21,804</u>	<u>317,718</u>
2023	2015 Series A General Obligation	5.00%	540,000	229,500	769,500
2024		5.00%	540,000	202,500	742,500
2025		5.00%	540,000	175,500	715,500
2026		5.00%	540,000	148,500	688,500
2027		5.00%	540,000	121,500	661,500
2028		5.00%	540,000	94,500	634,500
2029		5.00%	540,000	67,500	607,500
2030		5.00%	540,000	40,500	580,500
2031		5.00%	540,000	13,500	553,500
				<u>4,860,000</u>	<u>1,093,500</u>
2023	2017 Series B General Obligation Refunding	3.00%	95,000	21,000	116,000
2024		3.00%	100,000	16,250	116,250
2025		3.00%	110,000	11,250	121,250
2026		5.00%	115,000	5,750	120,750
			<u>420,000</u>	<u>54,250</u>	<u>474,250</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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2023	2019 Series A General Obligation	5.00%	\$ 241,713	\$ 135,359	\$ 377,072
2024		5.00%	241,713	123,273	364,986
2025		5.00%	241,713	111,188	352,901
2026		5.00%	241,713	99,102	340,815
2027		5.00%	241,713	87,017	328,730
2028		5.00%	241,713	74,931	316,644
2029		5.00%	241,713	62,845	304,558
2030		5.00%	241,713	50,760	292,473
2031		5.00%	241,713	38,674	280,387
2032		5.00%	241,713	29,006	270,719
2033		5.00%	241,713	19,337	261,050
2034		5.00%	241,707	9,669	251,376
			<u>2,900,550</u>	<u>841,161</u>	<u>3,741,711</u>
2023	SWC 400 Multifunction Devices	0.20%	<u>4,325</u>	<u>5</u>	<u>4,330</u>
	Total Water Quality Fund indebtedness		<u>10,965,789</u>	<u>2,335,321</u>	<u>13,301,110</u>

**TENNESSEE VALLEY REGIONAL COMMUNICATIONS FUND**

2023	SWC 400 Multifunction Devices	0.20%	<u>2,163</u>	<u>2</u>	<u>2,165</u>
	Total TVRCS Fund indebtedness		<u>2,163</u>	<u>2</u>	<u>2,165</u>

**ELECTRIC POWER BOARD**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal	
2023	2015 A Electric System Refunding Revenue Bonds	5.00%	10,545,000	7,456,606	18,001,606	
2024		5.00%	11,160,000	6,903,731	18,063,731	
2025		5.00%	11,810,000	6,318,648	18,128,648	
2026		5.00%	12,485,000	5,700,023	18,185,023	
2027		2.88%	14,735,000	5,242,955	19,977,955	
2028		3.00%	15,160,000	4,793,350	19,953,350	
2029		5.00%	15,610,000	4,067,133	19,677,133	
2030		4.00%	16,395,000	3,390,550	19,785,550	
2031		4.00%	17,050,000	2,712,917	19,762,917	
2032		5.00%	17,730,000	1,860,500	19,590,500	
2033		5.00%	18,615,000	937,125	19,552,125	
2034		4.00%	19,550,000	130,333	19,680,333	
				<u>180,845,000</u>	<u>49,513,871</u>	<u>230,358,871</u>
2023		2015 B Electric System Revenue Bonds	2.90%	1,635,000	157,770	1,792,770
2024	3.05%		1,595,000	109,328	1,704,328	
2025	3.20%		1,560,000	59,620	1,619,620	
2026	3.38%		1,520,000	8,550	1,528,550	
			<u>6,310,000</u>	<u>335,268</u>	<u>6,645,268</u>	

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE

June 30, 2022

(continued from previous page)

**ELECTRIC POWER BOARD**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2015 C Electric System Revenue Bonds	4.00%	\$ 835,000	\$ 1,208,917	\$ 2,043,917
2024		5.00%	870,000	1,167,100	2,037,100
2025		4.00%	915,000	1,129,350	2,044,350
2026		5.00%	950,000	1,083,667	2,033,667
2027		5.00%	995,000	1,034,292	2,029,292
2028		5.00%	1,045,000	982,458	2,027,458
2029		5.00%	1,100,000	927,917	2,027,917
2030		5.00%	1,155,000	870,625	2,025,625
2031		5.00%	1,210,000	810,583	2,020,583
2032		5.00%	1,275,000	747,375	2,022,375
2033		5.00%	1,335,000	681,125	2,016,125
2034		5.00%	1,405,000	611,458	2,016,458
2035		5.00%	1,475,000	538,292	2,013,292
2036		5.00%	1,545,000	461,625	2,006,625
2037		5.00%	1,625,000	381,042	2,006,042
2038		5.00%	1,705,000	296,458	2,001,458
2039		5.00%	1,790,000	207,667	1,997,667
2040		5.00%	1,880,000	114,417	1,994,417
2041		5.00%	1,975,000	16,458	1,991,458
			<u>25,085,000</u>	<u>13,270,826</u>	<u>38,355,826</u>
2023	2021 Electric System Revenue Bonds		-	1,741,300	1,741,300
2024			-	1,741,300	1,741,300
2025			-	1,741,300	1,741,300
2026			-	1,741,300	1,741,300
2027			-	1,741,300	1,741,300
2028			-	1,741,300	1,741,300
2029			-	1,741,300	1,741,300
2030			-	1,741,300	1,741,300
2031			-	1,741,300	1,741,300
2032			-	1,741,300	1,741,300
2033			-	1,741,300	1,741,300
2034			-	1,741,300	1,741,300
2035		4.00%	7,830,000	1,480,300	9,310,300
2036		4.00%	8,155,000	1,156,267	9,311,267
2037		2.00%	8,400,000	961,900	9,361,900
2038		2.00%	8,575,000	790,983	9,365,983
2039	2.00%	8,750,000	616,567	9,366,567	
2040	2.00%	8,925,000	438,650	9,363,650	
2041	2.00%	9,110,000	257,067	9,367,067	
2042	2.00%	11,335,000	37,783	11,372,783	
			<u>71,080,000</u>	<u>26,635,117</u>	<u>97,715,117</u>
	Total Electric Power Board indebtedness		<u>283,320,000</u>	<u>89,755,082</u>	<u>373,075,082</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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**CHATTANOOGA DOWNTOWN REDEVELOPMENT CORPORATION**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2023	2018 Series A IDB Rev Refunding 2007 Bonds	3.25%	\$ 945,000	\$ 945,831	\$ 1,890,831
2024		3.25%	980,000	914,550	1,894,550
2025		3.25%	1,005,000	882,294	1,887,294
2026		3.25%	6,455,000	761,069	7,216,069
2027		3.25%	6,665,000	547,869	7,212,869
2028		3.25%	6,460,000	334,588	6,794,588
2029		3.25%	7,065,000	114,806	7,179,806
			<u>29,575,000</u>	<u>4,501,006</u>	<u>34,076,006</u>
2023	2018 Series C IDB Rev Refunding 2010 Bonds Taxable	3.90%	4,775,000	487,403	5,262,403
2024		3.90%	4,965,000	297,473	5,262,473
2025		3.90%	5,145,000	100,328	5,245,328
			<u>14,885,000</u>	<u>885,203</u>	<u>15,770,203</u>
	Total Chattanooga Downtown Redevelopment Corporation indebtedness		<u>44,460,000</u>	<u>5,386,209</u>	<u>49,846,209</u>
	Total Primary Government		<u>\$ 677,869,588</u>	<u>\$ 151,099,941</u>	<u>\$ 828,969,529</u>

**METROPOLITAN AIRPORT AUTHORITY**

2023	2020 Tax Exempt Garage	2.29%	675,847	337,630	1,013,477
2024		2.29%	691,488	321,990	1,013,478
2025		2.29%	707,490	305,988	1,013,478
2026		2.29%	723,863	289,615	1,013,478
2027		2.29%	740,614	272,863	1,013,477
2028		2.29%	757,753	255,724	1,013,477
2029		2.29%	775,289	238,188	1,013,477
2030		2.29%	793,231	220,247	1,013,478
2031		2.29%	811,588	201,890	1,013,478
2032		2.29%	830,369	183,108	1,013,477
2033		2.29%	849,586	163,892	1,013,478
2034		2.29%	869,247	144,231	1,013,478
2035		2.29%	889,363	124,115	1,013,478
2036		2.29%	909,944	103,533	1,013,477
2037		2.29%	931,002	82,475	1,013,477
2038		2.29%	952,547	60,930	1,013,477
2039		2.29%	974,591	38,887	1,013,478
2040	2.29%	997,145	16,333	1,013,478	
2041	2.29%	171,209	498	171,707	
			<u>15,052,166</u>	<u>3,362,137</u>	<u>18,414,303</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2022**

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**METROPOLITAN AIRPORT AUTHORITY**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal	
2023	2020 Taxable Garage	2.870%	\$ 463,876	\$ 111,642	\$ 575,518	
2024		2.870%	477,366	98,152	575,518	
2025		2.870%	491,248	84,270	575,518	
2026		2.870%	505,534	69,984	575,518	
2027		2.870%	520,235	55,283	575,518	
2028		2.870%	535,364	40,154	575,518	
2029		2.870%	550,932	24,586	575,518	
2030		2.870%	556,919	8,564	565,483	
				<u>4,101,474</u>	<u>492,635</u>	<u>4,594,109</u>
		Total Airport Authority indebtedness		<u>19,153,640</u>	<u>3,854,772</u>	<u>23,008,412</u>
	Total component unit indebtedness		<u>\$ 19,153,640</u>	<u>\$ 3,854,772</u>	<u>\$ 23,008,412</u>	





# CITY OF CHATTANOOGA, TENNESSEE

## STATISTICAL SECTION (Unaudited)

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CITY OF CHATTANOOGA, TENNESSEE

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 93,231,324	\$ 80,870,897	\$ 75,953,230	\$ 63,023,449	\$ 64,499,674	\$ 74,480,647	\$ 68,405,139	\$ 68,922,709	\$ 70,744,329	\$ 68,097,422
Economic & community development	24,874,764	18,130,506	14,806,447	12,156,617	10,021,209	11,379,757	18,390,875	25,728,093	6,785,001	-
Public safety	133,326,649	132,694,493	132,524,318	132,778,507	119,561,798	116,346,808	104,952,395	82,128,786	38,174,721	90,260,439
Public works	64,023,445	-	-	-	-	-	-	-	-	61,278,623
Public works & transportation	-	73,484,269	82,470,389	76,435,104	75,170,258	64,442,601	63,429,352	66,224,659	64,730,037	-
Youth & family development	-	30,998,037	31,152,643	31,340,713	28,892,158	27,234,006	26,048,987	23,455,413	21,716,619	-
Parks and outdoors	17,056,164	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	22,884,259
Early learning	12,619,804	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-	17,513,922
Interest on long-term debt	3,439,422	4,236,694	4,565,153	5,328,912	6,028,962	6,380,122	6,854,540	6,904,505	6,819,652	6,763,002
Total governmental activities expenses	<u>348,571,572</u>	<u>340,414,896</u>	<u>341,472,180</u>	<u>321,063,302</u>	<u>304,174,059</u>	<u>300,263,941</u>	<u>288,081,288</u>	<u>273,364,165</u>	<u>208,970,359</u>	<u>266,797,667</u>
Business-type activities:										
Electric utility, including fiber optics	741,342,000	678,231,000	709,943,000	708,305,000	689,008,000	683,959,000	653,115,000	655,053,000	639,502,000	630,133,000
Sewer	71,465,618	62,119,991	67,086,717	59,351,594	55,483,626	51,040,686	46,229,974	48,140,754	48,359,508	51,882,717
Solid waste	4,517,692	3,628,459	3,958,406	2,638,142	3,431,188	3,948,930	4,145,986	4,126,419	4,392,822	6,457,957
Water quality management	17,036,630	16,325,436	18,827,597	12,113,690	15,370,685	14,525,893	13,688,806	13,151,961	13,175,781	12,868,856
Housing management	-	-	-	-	-	-	-	-	-	602,886
Downtown redevelopment	1,447,442	1,753,892	2,122,563	37,205,161	16,140,720	17,794,859	16,759,306	16,760,841	16,049,380	16,196,291
Regional communication	1,645,265	2,411,054	1,899,550	2,602,144	2,616,794	1,039,599	931,065	-	-	-
Total business-type activities expenses	<u>837,454,647</u>	<u>764,469,832</u>	<u>803,837,833</u>	<u>822,215,731</u>	<u>782,051,013</u>	<u>772,308,967</u>	<u>734,870,137</u>	<u>737,232,975</u>	<u>721,479,491</u>	<u>718,141,707</u>
Total primary government expenses	<u>1,186,026,219</u>	<u>1,104,884,728</u>	<u>1,145,310,013</u>	<u>1,143,279,033</u>	<u>1,086,225,072</u>	<u>1,072,572,908</u>	<u>1,022,951,425</u>	<u>1,010,597,140</u>	<u>930,449,850</u>	<u>984,939,374</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	12,532,756	14,109,942	12,656,487	13,255,087	11,968,056	14,166,467	14,530,075	16,177,423	15,401,345	11,696,397
Economic & community development	185,521	4,892,896	5,635,373	5,673,454	4,811,693	4,949,579	4,130,813	3,645,519	3,537,586	-
Public safety	642,243	706,085	788,301	708,997	691,340	960,516	878,733	934,476	820,316	1,854,727
Public works	6,353,488	-	-	-	-	-	-	-	-	3,195,233
Public works & transportation	-	2,858,193	2,813,739	2,427,357	2,256,844	536,615	524,452	581,137	501,462	-
Youth & family development	-	87,319	241,719	466,502	478,048	532,507	553,403	559,531	599,463	-
Parks and recreation	2,693,496	-	-	-	-	-	-	-	-	3,649,255
Social services	-	-	-	-	-	-	-	-	-	344,385
Operating grants and contributions	40,888,320	51,743,000	32,525,747	32,629,404	36,569,368	33,639,774	30,519,758	36,065,180	28,078,849	38,425,404
Capital grants and contributions	114,001,942	41,879,674	17,837,542	46,910,666	14,265,850	8,761,232	28,317,766	1,556,749	215,908	1,472,538
Total governmental activities program revenues	<u>177,297,766</u>	<u>116,277,109</u>	<u>72,498,908</u>	<u>102,071,467</u>	<u>71,041,199</u>	<u>63,546,690</u>	<u>79,455,000</u>	<u>59,520,015</u>	<u>49,154,929</u>	<u>60,637,939</u>
Business-type activities:										
Charges for services:										
Electric utility, including fiber optics	795,811,000	721,628,000	714,862,000	741,762,000	729,971,000	716,889,000	684,060,000	671,251,000	654,818,000	625,486,000
Sewer	108,046,621	100,966,032	100,567,367	91,924,327	83,455,871	78,169,727	70,770,332	64,055,861	63,155,547	52,708,135
Solid waste	5,483,628	4,574,506	4,718,160	5,950,273	6,048,011	6,322,756	6,981,881	7,314,318	7,085,846	6,343,124
Water quality management	29,001,080	30,663,356	26,735,084	23,478,180	19,443,914	21,239,224	19,526,288	19,945,571	19,100,534	17,245,533
Housing management	-	-	-	-	-	-	-	-	-	2,667,646
Downtown redevelopment	3,215,564	3,717,660	4,367,108	36,227,818	18,875,249	19,324,706	18,882,874	18,659,042	17,038,504	17,706,905
Regional communication	1,896,742	2,714,137	2,110,687	2,533,273	2,505,410	1,330,745	1,306,785	-	-	-
Capital grants and contributions	19,593,000	4,242,489	1,292,383	1,751,000	2,178,000	2,639,203	985,000	739,109	1,833,500	19,983,000
Total business-type activities program revenues	<u>963,047,635</u>	<u>868,506,180</u>	<u>854,652,789</u>	<u>903,626,871</u>	<u>862,477,455</u>	<u>845,915,361</u>	<u>802,513,160</u>	<u>781,964,901</u>	<u>763,031,931</u>	<u>742,140,343</u>
Total primary government program revenues	<u>1,140,345,401</u>	<u>984,783,289</u>	<u>927,151,697</u>	<u>1,005,698,338</u>	<u>933,518,654</u>	<u>909,462,051</u>	<u>881,968,160</u>	<u>841,484,916</u>	<u>812,186,860</u>	<u>802,778,282</u>

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CITY OF CHATTANOOGA, TENNESSEE

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

(continued from previous page)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Net (expense)/revenue:</b>										
Governmental activities	\$ (171,273,806)	\$ (224,137,787)	\$ (268,973,273)	\$ (218,991,835)	\$ (233,132,860)	\$ (236,717,250)	\$ (208,626,288)	\$ (213,844,150)	\$ (159,815,430)	\$ (206,159,728)
Business-type activities	125,592,988	104,036,348	50,814,956	81,411,140	80,426,442	73,606,394	67,643,023	44,731,926	41,552,440	23,998,636
Total primary government net expense	<u>(45,680,818)</u>	<u>(120,101,439)</u>	<u>(218,158,317)</u>	<u>(137,580,695)</u>	<u>(152,706,418)</u>	<u>(163,110,856)</u>	<u>(140,983,265)</u>	<u>(169,112,224)</u>	<u>(118,262,990)</u>	<u>(182,161,092)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	187,610,412	154,825,821	151,749,670	149,034,245	146,283,546	134,943,202	130,902,972	127,519,982	125,641,150	129,150,158
Liquor and beer taxes	9,059,006	9,237,593	8,560,765	8,270,282	8,330,478	8,737,791	8,997,261	7,606,018	8,186,392	7,606,723
Gross receipts tax	7,351,259	6,865,870	6,218,255	6,032,093	5,748,596	5,958,597	5,882,100	4,899,150	4,797,634	4,231,661
Franchise tax	5,022,621	4,426,095	4,247,252	4,656,152	4,824,817	4,498,990	4,382,373	4,725,955	4,221,364	4,115,338
Hotel-motel tax	9,959,496	6,302,228	6,478,478	7,604,794	7,206,593	7,030,339	6,589,452	5,995,649	5,364,901	5,004,320
Other taxes	1,944,302	2,343,018	2,017,775	362,712	658,303	750,707	222,074	134,509	162,765	69,598
Unrestricted investment earnings	(131,166)	2,171,964	4,117,538	3,824,381	3,079,718	2,992,787	1,753,046	954,972	1,331,773	1,069,002
Grants not allocated to specific programs	111,505,648	100,575,920	96,718,359	95,070,994	91,059,607	82,923,454	79,585,292	75,505,288	70,667,626	70,563,200
Gain on sale of capital assets	503,875	1,714,974	285,040	723,448	1,110,365	831,846	836,089	1,501,675	197,445	890,681
Gain on equity interest in joint venture	-	-	-	-	-	229,028	-	23,684	65,251	-
Endowment contributions	-	-	-	-	-	-	-	-	105	-
Transfers	2,372,691	(8,535)	4,902,278	(19,030)	(10,047,603)	-	50,952	-	-	1,363,048
Total governmental activities	<u>335,198,144</u>	<u>288,454,948</u>	<u>285,295,410</u>	<u>275,560,071</u>	<u>258,254,420</u>	<u>248,896,741</u>	<u>239,201,611</u>	<u>228,866,882</u>	<u>220,636,406</u>	<u>224,063,729</u>
Business-type activities:										
Unrestricted investment earnings	1,607,609	3,190,451	6,190,417	5,326,319	3,058,133	1,898,682	1,815,617	1,186,019	990,099	1,055,895
Miscellaneous	-	-	-	-	-	-	-	-	-	388,268
Transfers	-	8,535	(4,902,279)	19,030	10,047,603	-	(50,952)	-	-	(1,363,048)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(4,150,506)
Total business-type activities	<u>1,607,609</u>	<u>3,198,986</u>	<u>1,288,138</u>	<u>5,345,349</u>	<u>13,105,736</u>	<u>1,898,682</u>	<u>1,764,665</u>	<u>1,186,019</u>	<u>990,099</u>	<u>(4,069,391)</u>
Total primary government	<u>336,805,753</u>	<u>291,653,934</u>	<u>286,583,548</u>	<u>280,905,420</u>	<u>271,360,156</u>	<u>250,795,423</u>	<u>240,966,276</u>	<u>230,052,901</u>	<u>221,626,505</u>	<u>219,994,338</u>
<b>Change in Net Position</b>										
Governmental activities	163,924,338	64,317,161	16,322,137	56,568,236	25,121,560	12,179,491	30,575,323	15,022,732	60,820,976	17,904,001
Business-type activities	127,200,597	107,235,334	52,103,094	86,756,489	93,532,178	75,505,076	69,407,688	45,917,945	42,542,539	19,929,245
Total primary government	<u>\$ 291,124,935</u>	<u>\$ 171,552,495</u>	<u>\$ 68,425,231</u>	<u>\$ 143,324,725</u>	<u>\$ 118,653,738</u>	<u>\$ 87,684,567</u> <sup>(3)</sup>	<u>\$ 99,983,011</u>	<u>\$ 60,940,677</u>	<u>\$ 103,363,515</u> <sup>(2)</sup>	<u>\$ 37,833,246</u> <sup>(1)</sup>

<sup>(1)</sup> In fiscal year 2013 the City recorded Community Development loans handled by CNE as unavailable revenue in deferred inflows of resources of \$17,403,653.

<sup>(2)</sup> In fiscal year 2014, GASB 67 and 68 were implemented.

<sup>(3)</sup> In fiscal year 2017, GASB 74 and 75 were implemented.

**CITY OF CHATTANOOGA, TENNESSEE**

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	Fiscal Year			
	2022	2021	2020	2019
Governmental activities				
Net investment in capital assets	\$ 1,491,670,241	\$ 1,383,671,937	\$ 1,323,233,082	\$ 1,324,097,124
Restricted	99,677,788	89,816,293	91,569,529	71,556,811
Unrestricted	(125,513,372)	(171,577,911)	(174,457,122)	(171,630,583)
Total governmental activities net position	<u>1,465,834,657</u>	<u>1,301,910,319</u>	<u>1,240,345,489</u>	<u>1,224,023,352</u>
Business-type activities				
Net investment in capital assets	787,423,277	835,498,170	813,975,284	741,029,373
Restricted	123,211,979	116,431,327	102,022,445	97,897,857
Unrestricted <sup>(1)</sup>	339,791,206	171,296,368	100,976,688	125,944,093
Total business-type activities net position	<u>1,250,426,462</u>	<u>1,123,225,865</u>	<u>1,016,974,417</u>	<u>964,871,323</u>
Primary government				
Net investment in capital assets	2,279,093,518	2,219,170,107	2,137,208,366	2,065,126,497
Restricted	222,889,767	206,247,620	193,591,974	169,454,668
Unrestricted	214,277,834	(281,543)	(73,480,434)	(45,686,490)
Total primary government net position	<u>\$ 2,716,261,119</u>	<u>\$ 2,425,136,184</u>	<u>\$ 2,257,319,906</u>	<u>\$ 2,188,894,675</u>

<sup>(1)</sup> Solid Waste Fund has a negative, unrestricted net position balance due to EPA unfunded mandates for an old landfill.

<sup>(2)</sup> In 2014, City implemented GASB 67 and 68.

<sup>(3)</sup> In 2017, City implemented GASB 74 and 75.

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 1,285,941,167	\$ 1,277,949,718	\$ 1,272,353,698	\$ 1,275,429,168	\$ 1,204,844,784	\$ 1,212,457,120
65,361,086	60,727,476	66,118,034	47,791,629	47,931,872	28,150,164
(183,847,137)	(196,343,638) <sup>(3)</sup>	(134,094,903)	(149,419,291)	(93,997,882) <sup>(2)</sup>	92,237,845
<u>1,167,455,116</u>	<u>1,142,333,556</u>	<u>1,204,376,829</u>	<u>1,173,801,506</u>	<u>1,158,778,774</u>	<u>1,332,845,129</u>
720,686,418	652,037,064	590,844,184	603,011,447	573,918,419	537,001,543
70,984,783	76,121,378	49,238,536	69,421,422	46,644,598	45,014,643
86,443,633	53,364,214 <sup>(3)</sup>	78,680,556	(23,077,281)	(13,959,374) <sup>(2)</sup>	(10,293,881)
<u>878,114,834</u>	<u>781,522,656</u>	<u>718,763,276</u>	<u>649,355,588</u>	<u>606,603,643</u>	<u>571,722,305</u>
2,006,627,585	1,929,986,782	1,863,197,882	1,878,440,615	1,778,763,203	1,749,458,663
136,345,869	136,848,854	115,356,570	117,213,051	94,576,470	73,164,807
(97,403,504)	(142,979,424) <sup>(3)</sup>	(55,414,347)	(172,496,572)	(107,957,256) <sup>(2)</sup>	81,943,964
<u>\$ 2,045,569,950</u>	<u>\$ 1,923,856,212</u>	<u>\$ 1,923,140,105</u>	<u>\$ 1,823,157,094</u>	<u>\$ 1,765,382,417</u>	<u>\$ 1,904,567,434</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

Fiscal Year	Property Tax	Liquor & Beer Tax		Other City-Levied Taxes				Total
		Liquor	Beer	Gross Receipts	Franchise Tax	Hotel- Motel Tax	Other Taxes	
2013	\$ 129,150,158	\$ 2,164,510	\$ 5,442,213	\$ 4,231,661	\$ 4,115,338	\$ 5,004,320	\$ 69,598	\$ 150,177,798
2014	125,641,150	2,243,288	5,943,103	4,797,634	4,221,364	5,364,901	162,765	148,374,205
2015	127,519,982	2,468,684	5,137,334	4,899,150	4,725,955	5,995,649	134,509	150,881,263
2016	130,902,972	2,796,779	6,200,482	5,882,100	4,382,373	6,589,452	222,074	156,976,232
2017	134,943,202	2,708,237	6,029,553	5,958,597	4,498,990	7,030,339	750,707	161,919,626
2018	146,283,546	2,698,025	5,632,453	5,748,596	4,824,817	7,206,593	658,303	173,052,333
2019	149,034,245	2,817,350	5,452,931	6,032,093	4,656,152	7,604,794	362,712	175,960,277
2020	151,749,670	3,161,466	5,399,299	6,218,255	4,247,252	6,478,478	2,017,775	179,272,195
2021	154,825,821	3,613,616	5,623,977	6,865,870	4,426,095	6,302,228	2,343,018	184,000,625
2022	187,610,412	3,280,969	5,778,037	7,351,259	5,022,621	9,959,496	1,944,302	220,947,096

CITY OF CHATTANOOGA, TENNESSEE

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General fund										
Nonspendable	\$ 923,412	\$ 1,677,885	\$ 1,187,344	\$ 1,449,989	\$ 1,131,708	\$ 1,131,569	\$ 1,521,502	\$ 1,783,514	\$ 2,482,752	\$ 2,852,473
Restricted	10,327,432	16,885,164	16,494,405	19,381,904	18,515,906	10,599,175	5,924,050	5,449,595	6,213,426	7,567,786
Committed	978,792	976,605	952,883	895,680	808,990	810,609	645,036	795,692	689,137	733,927
Assigned	16,903,034	10,288,336	8,398,973	9,546,750	9,194,748	11,105,986	8,830,766	6,293,667	5,100,983	3,111,037
Unassigned	114,183,861	98,393,207	76,908,146	78,168,460	80,489,150	77,758,552	65,922,139	55,113,696	64,225,680	55,580,376
Total general fund	<u>143,316,531</u>	<u>128,221,197</u>	<u>103,941,751</u>	<u>109,442,783</u>	<u>110,140,502</u>	<u>101,405,891</u>	<u>82,843,493</u>	<u>69,436,164</u>	<u>78,711,978</u>	<u>69,845,599</u>
All other governmental funds										
Nonspendable	5,786,456	6,864,317	5,470,369	5,289,761	5,131,170	4,748,454	4,814,493	5,623,182	5,857,179	5,587,435
Restricted	118,282,741	101,524,470	102,425,708	78,221,716	73,045,107	70,681,969	73,783,314	52,110,734	51,548,075	32,077,331
Committed	5,974,031	6,821,147	7,410,718	8,286,685	8,103,627	6,423,455	6,413,573	8,656,519	9,227,214	5,466,410
Assigned	-	-	-	-	1,795,550	1,556,472	1,315,448	1,107,806	827,293	953,975
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>130,043,228</u>	<u>115,209,934</u>	<u>115,306,795</u>	<u>91,798,162</u>	<u>88,075,454</u>	<u>83,410,350</u>	<u>86,326,828</u>	<u>67,498,241</u>	<u>67,459,761</u>	<u>44,085,151</u>
Total governmental funds	<u>\$ 273,359,759</u>	<u>\$ 243,431,131</u>	<u>\$ 219,248,546</u>	<u>\$ 201,240,945</u>	<u>\$ 198,215,956</u>	<u>\$ 184,816,241</u>	<u>\$ 169,170,321</u>	<u>\$ 136,934,405</u>	<u>\$ 146,171,739</u>	<u>\$ 113,930,750</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year			
	2022	2021	2020	2019
<b>Revenues</b>				
Taxes	\$ 218,183,921	\$ 185,209,894	\$ 179,386,665	\$ 175,253,318
Licenses and permits	7,522,078	7,614,966	7,593,342	7,916,922
Intergovernmental	152,329,025	147,448,984	129,091,166	126,600,057
Charges for services	4,387,217	4,091,389	3,927,303	4,020,963
Fines, forfeitures and penalties	2,276,781	1,464,849	1,358,350	1,364,832
Investment income	(64,724)	2,202,409	4,443,739	4,191,025
Contributions and donations	334,396	6,779,620	1,191,805	1,851,373
Sale of property	503,875	1,721,994	285,042	723,642
Miscellaneous	8,022,159	9,294,434	8,958,698	8,969,818
Total revenues	<u>393,494,728</u>	<u>365,828,539</u>	<u>336,236,110</u>	<u>330,891,950</u>
<b>Expenditures</b>				
General government	85,996,891	71,291,961	68,774,665	64,751,771
Economic & community development	21,478,121	13,188,443	11,116,453	10,092,368
Public safety	140,565,973	113,184,112	120,584,851	116,575,652
Public works	42,096,770	-	-	-
Public works & transportation	-	48,953,553	52,128,431	48,376,794
Youth & family development	-	28,594,469	29,383,343	29,607,847
Parks and recreation, education, arts & culture	-	-	-	-
Parks and outdoors	14,688,314	-	-	-
Social Services	-	-	-	-
Early leaning	13,843,669	-	-	-
Capital outlay	38,214,854	39,125,641	32,468,708	27,412,439
Debt service:				
Principal	18,145,412	18,153,780	19,298,160	20,982,893
Interest	5,700,700	6,276,326	6,035,667	6,793,170
Total expenditures	<u>380,730,704</u>	<u>338,768,285</u>	<u>339,790,278</u>	<u>324,592,934</u>
Excess of revenues over (under) expenditures	12,764,024	27,060,254	(3,554,168)	6,299,016
<b>Other financing sources (uses)</b>				
Transfers in	58,722,265	53,936,070	54,370,712	64,620,727
Transfers out	(59,172,265)	(56,813,742)	(56,980,523)	(64,639,757)
Refunding bonds issued	22,075,000	-	18,860,000	-
Bonds issued	12,455,000	-	20,156,711	-
Premium on bonds issued	6,085,845	-	7,689,396	-
Payments to refunded bond escrow agent	(25,369,127)	-	(22,534,528)	(3,255,000)
Notes issued	-	-	-	-
Leases	2,367,886	-	-	-
Total other financing sources (uses)	<u>17,164,604</u>	<u>(2,877,672)</u>	<u>21,561,768</u>	<u>(3,274,030)</u>
Net change in fund balances	<u>\$ 29,928,628</u>	<u>\$ 24,182,582</u>	<u>\$ 18,007,600</u>	<u>\$ 3,024,986</u>
Debt service as a percentage of non-capital expenditures	6.74%	7.96%	7.95%	9.07%

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 172,980,292	\$ 163,443,650	\$ 155,799,808	\$ 151,630,655	\$ 147,420,648	\$ 144,654,630
6,938,663	7,569,081	7,352,468	6,519,237	6,384,410	5,830,254
122,729,461	113,376,554	109,583,823	104,921,960	96,926,638	107,416,967
4,394,849	4,558,271	4,491,755	5,596,920	6,017,985	6,333,801
1,367,852	2,117,601	2,599,585	2,721,488	2,051,888	1,422,556
3,451,398	3,277,471	1,972,171	1,111,693	1,581,549	1,185,179
5,322,453	1,244,604	1,609,166	982,639	782,545	218,028
-	-	-	-	-	-
8,763,086	7,445,416	6,651,589	8,144,924	6,236,014	6,340,451
<u>325,948,054</u>	<u>303,032,648</u>	<u>290,060,365</u>	<u>281,629,516</u>	<u>267,401,677</u>	<u>273,401,866</u>
63,148,457	65,960,761	63,105,668	64,148,350	61,432,644	64,000,423
9,768,808	8,917,998	8,633,354	8,617,777	6,896,838	-
111,685,239	103,566,128	96,260,548	93,447,712	93,249,612	92,123,889
-	-	-	-	-	40,854,938
47,288,529	39,207,550	37,834,604	37,822,758	38,201,294	-
28,071,723	26,506,698	25,772,920	23,744,490	21,738,673	-
-	-	-	-	-	19,872,077
-	-	-	-	-	-
-	-	-	-	-	16,515,906
-	-	-	-	-	-
25,286,422	33,351,247	35,147,388	35,186,418	22,598,368	18,236,057
20,689,981	18,058,024	17,164,347	19,324,913	12,970,806	13,037,072
7,454,385	7,500,114	7,426,116	7,421,843	7,030,200	7,178,691
<u>313,393,544</u>	<u>303,068,520</u>	<u>291,344,945</u>	<u>289,714,261</u>	<u>264,118,435</u>	<u>271,819,053</u>
12,554,510	(35,872)	(1,284,580)	(8,084,745)	3,283,242	1,582,813
55,217,621	39,699,793	44,454,692	59,632,771	38,834,687	31,557,514
(55,217,621)	(39,699,794)	(44,403,738)	(61,032,771)	(39,321,328)	(35,544,306)
-	12,640,000	-	17,753,440	-	-
-	8,200,000	47,200,000	-	26,775,000	-
-	3,762,622	7,684,371	1,735,417	2,369,489	-
-	(14,898,565)	(21,414,829)	(19,324,578)	-	-
-	-	-	83,132	-	128,416
845,200	5,977,735	-	-	-	301,493
<u>845,200</u>	<u>15,681,791</u>	<u>33,520,496</u>	<u>(1,152,589)</u>	<u>28,657,848</u>	<u>(3,556,883)</u>
<u>\$ 13,399,710</u>	<u>\$ 15,645,919</u>	<u>\$ 32,235,916</u>	<u>\$ (9,237,334)</u>	<u>\$ 31,941,090</u>	<u>\$ (1,974,070)</u>
9.69%	9.10%	9.12%	9.69%	8.24%	8.08%



**CITY OF CHATTANOOGA, TENNESSEE**

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

Fiscal Year Ended June 30	Assessed Value						Direct Tax Rate	Estimated Actual Taxable Value <sup>(1)</sup>	Assessed Value as a Percentage of Actual Value
	Real Property <sup>(3)</sup>			Personalty	Public Utilities	Original Total Taxable Value <sup>(1)(2)</sup>			
	Residential Property	Commercial Property	Multi-Use Property						
2013	\$ 1,795,943,110	\$ 2,261,110,225	\$ 58,632,465	\$ 538,856,958	\$ 219,981,451	\$ 4,874,524,209	2.309	\$ 15,498,290,496	31.45%
2014	1,784,295,979	2,348,871,997	74,573,687	531,222,301	216,285,095	4,955,249,059	2.309	15,679,940,525	31.60%
2015	1,840,532,560	2,374,091,013	70,770,559	532,072,812	227,140,466	5,044,607,410	2.309	16,071,141,262	31.39%
2016	1,865,936,950	2,418,840,319	68,275,406	531,204,313	226,768,904	5,111,025,892	2.309	16,253,882,118	31.44%
2017	1,900,272,750	2,476,752,924	61,714,906	558,833,997	228,322,303	5,225,896,880	2.309	16,617,822,120	31.45%
2018	2,127,444,981	2,895,632,080	69,792,695	596,315,999	228,623,897	5,917,809,652	2.277	18,515,514,113	31.96%
2019	2,169,319,715	2,927,137,436	89,320,033	611,696,491	233,024,409	6,030,498,084	2.277	18,964,225,231	31.80%
2020	2,216,255,370	3,018,692,513	80,273,470	614,530,887	220,255,645	6,150,007,885	2.277	23,200,776,303	26.51%
2021	2,242,473,200	3,074,708,527	84,812,896	626,331,747	234,071,617	6,262,397,987	2.277	19,899,791,161	31.47%
2022	2,884,464,642	3,814,508,427	77,648,590	724,109,745	269,768,950	7,770,500,354	2.250	24,548,314,465	31.65%

Source: City Treasurer

<sup>(1)</sup> All assessments and estimated actual values are based on initial levy and do not include any adjustments.

<sup>(2)</sup> Assessments for tax exempt properties are excluded from taxable value. The Hamilton County Tax Assessor does not maintain assessments for these properties.

<sup>(3)</sup> Real property includes commercial and industrial property assessed at 40% and residential and farms assessed at 25% of the estimated actual value.

Personal property is assessed at 30% of the estimated actual value. Utilities are assessed at 55% of estimated actual value.

Multi-Use is a combination of assessment rates based on the use of the property.

**CITY OF CHATTANOOGA, TENNESSEE**

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	City of Chattanooga Tax Rate	Hamilton County			Total Tax Rate	Total Direct & Overlapping Rates <sup>(1)</sup>
		General Fund Tax Rate	School Fund Tax Rate	Road Fund Tax Rate		
2013	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742
2014	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742
2015	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742
2016	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742
2017	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742
2018	2.2770	1.5050	1.2503	0.0099	2.7652	5.0422
2019	2.2770	1.5050	1.2503	0.0099	2.7652	5.0422
2020	2.2770	1.5050	1.2503	0.0099	2.7652	5.0422
2021	2.2500	1.2177	1.0116	0.0080	2.2373	4.4873
2022	2.2500	1.2177	1.0116	0.0080	2.2373	4.4873

Source: [www.hamiltontn.gov/trustee/](http://www.hamiltontn.gov/trustee/)

<sup>(1)</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Chattanooga.

**CITY OF CHATTANOOGA, TENNESSEE**

**PRINCIPAL PROPERTY TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer <sup>(1)</sup>	2022			2013		
	Taxable Assessed	Rank	Percentage of	Taxable Assessed	Rank	Percentage of
	Value		Total Taxable Assessed	Value		Total Taxable Assessed
Electric Power Board	\$ 315,894,906	1	3.89%	\$ 276,790,949	1	5.17%
CBL & Associates	95,139,680	2	1.17%	75,289,041	4	1.41%
Tennessee Valley Authority (Computer Center)	84,467,238	3	1.04%	88,377,696	3	1.65%
Tennessee-American Water Co.	63,906,788	4	0.79%	42,030,950	6	0.78%
Unum/Provident	60,047,248	5	0.74%	36,670,433	7	0.68%
Vision Chattanooga	51,832,560	6	0.64%			
CS1031	50,485,360	7	0.62%			
Parkridge Medical Center	37,076,840	8	0.46%	25,606,975	10	0.48%
AGL Resources-Chatt. Gas Co.	35,491,326	9	0.44%	21,220,771	12	0.40%
WALMART	33,200,960	10	0.41%	30,540,770	8	0.57%
BlueCross BlueShield				98,149,117	2	1.83%
AT&T (BellSouth)				54,886,822	5	1.02%
JDK Real Estate (Kenco Group)				28,841,006	9	0.54%
Totals	<u>\$ 827,542,906</u>		<u>10.18%</u>	<u>\$ 778,404,530</u>		<u>14.53%</u>

Source: The City Treasurer

<sup>(1)</sup> Property taxpayers includes both property taxes and payments in-lieu of taxes.

**CITY OF CHATTANOOGA, TENNESSEE**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Original Tax Levy <sup>(1)</sup>	Cumulative Adjustments to Tax Levy <sup>(2)</sup>	Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 112,552,779	\$ (598,045)	\$ 111,954,734	\$ 105,385,912	94.1%	\$ 5,948,109	\$ 111,334,021	99.4%
2014	114,416,715	(634,990)	113,781,725	107,610,482	94.6%	5,241,462	112,851,944	99.2%
2015	116,480,000	(35,414)	116,444,586	110,399,359	94.8%	4,630,579	115,029,938	98.8%
2016	118,013,601	(42,531)	117,971,070	112,528,120	95.4%	4,836,028	117,364,148	99.5%
2017	120,665,972	(311,088)	120,354,884	116,366,570	96.7%	3,288,696	119,655,266	99.4%
2018	134,748,526	(765,281)	133,983,245	128,784,910	96.1%	3,545,964	132,330,874	98.8%
2019	137,314,441	(1,227,753)	136,086,688	130,780,192	96.1%	3,586,542	134,366,734	98.7%
2020	140,035,693	(653,091)	139,382,602	133,369,720	95.7%	4,291,372	137,661,092	98.8%
2021	142,594,816	(498,476)	142,096,340	136,763,252	96.2%	2,914,401	139,677,653	98.3%
2022	174,590,683	(635,993)	173,954,690	166,770,305	95.9%	-	166,770,305	95.9%

<sup>(1)</sup> Total billed amounts from City Treasurer's Office.

<sup>(2)</sup> Adjusted for errors and releases as well as pickups in each subsequent year.

**CITY OF CHATTANOOGA, TENNESSEE**

**PROPERTY VALUE AND CONSTRUCTION PERMITS  
LAST TEN CALENDAR YEARS**

Calendar Year <sup>(1)</sup>	Commercial Construction/Others		Residential Construction		Property Value		
	Number of Permits	Value	Number of Permits	Value	Commercial	Residential	Public Utilities
2012	1228	\$ 526,589,240	1,155	\$ 92,540,434	\$ 5,946,058,500	\$ 7,183,769,166	\$ 572,274,272
2013	619	309,615,547	1,319	118,773,260	6,296,210,200	7,123,787,316	563,981,000
2014	743	354,627,089	1,313	167,484,483	6,462,411,280	7,248,274,500	587,014,861
2015	720	522,770,623	1,476	127,443,336	6,375,533,044	7,463,747,800	589,291,000
2016	987	480,609,555	1,668	140,670,709	6,501,615,759	7,601,091,000	594,958,000
2017	1265	542,892,582	1,515	131,819,969	7,602,456,450	8,509,779,926	415,679,813
2018	1267	379,908,204	1,592	150,086,791	7,766,808,645	8,744,997,800	423,680,744
2019	510	289,463,495	1,346	163,745,034	7,948,691,009	12,574,180,470	400,464,809
2020	649	250,000,000	2,223	147,000,000	8,116,660,168	9,036,365,400	425,584,758
2021	636	513,670,339	2,170	262,820,912	10,010,531,239	11,636,867,185	490,489,000

Source: Permits from Land Development office. The values are based on the current industry averages as published Estimated actual values from Property Tax Assessor's Office records.

<sup>(1)</sup> Latest information available for the calendar year.

**CITY OF CHATTANOOGA, TENNESSEE**

**GENERAL FUND INTERGOVERNMENTAL REVENUE**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>County-Wide Sales Tax</u>	<u>City Allocation State Sales Tax</u>	<u>County-Wide Designated Sales Tax</u>	<u>City Allocation State Income Tax</u>	<u>Mixed Drink Tax</u>	<u>Other Revenue</u>	<u>Total</u>
2013	\$ 40,007,670	\$ 11,544,670	\$ 11,405,092	\$ 4,199,313	\$ 2,229,008	\$ 10,323,819	\$ 79,709,572
2014	39,781,604	11,948,621	11,340,990	3,744,628	2,402,905 <sup>(1)</sup>	6,293,761	75,512,509
2015	42,428,955	12,624,796	12,093,914	4,137,843	2,601,751	4,923,476	78,810,735
2016	45,479,387	13,491,087	12,961,844	3,532,771	2,909,666	5,021,382	83,396,137
2017	45,012,507	13,901,449	12,827,046	3,268,174	3,066,428	9,404,322	87,479,926
2018	49,450,575	14,236,066	13,937,255	2,866,453	3,312,240	11,579,054	95,381,643
2019	51,528,837	14,836,056	14,660,843	1,902,862	3,813,432	12,839,950	99,581,980
2020	51,347,406	15,185,906	14,657,430	731,005	3,517,154	16,114,356	101,553,257
2021	55,974,548	17,504,152	15,965,680	1,695,590	3,902,793	22,463,082	117,505,845
2022	64,511,180	20,352,689	17,377,689	170,346	5,355,187	15,023,760	122,790,851

<sup>(1)</sup> In fiscal year 2014, the City started remitting 50% of this revenue to the Department of Education.

**CITY OF CHATTANOOGA, TENNESSEE**

**EPB UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Residential Customers	Cents per KWH	Small Commercial Customers	Cents per KWH	Large Commercial Customers	Cents per KWH	Outdoor Lighting Customers	Cents per KWH	Total Customers	Cents per KWH
2013	149,875	10.19	20,079	11.36	3,387	8.67	143	12.06	173,484	9.47
2014	150,901	10.16	20,482	11.33	3,137	8.55	142	12.14	174,662	9.42
2015	152,503	10.22	20,910	11.39	3,127	8.58	142	12.01	176,682	9.46
2016	154,273	10.59	21,082	11.94	3,178	8.52	144	11.70	178,677	9.58
2017	155,745	10.93	21,500	12.30	3,199	8.55	145	12.07	180,589	9.77
2018	157,547	10.86	21,627	12.23	3,135	8.45	144	12.57	182,454	9.72
2019	159,504	10.94	21,841	12.32	3,173	8.43	143	13.63	184,661	9.76
2020	162,048	10.83	21,745	12.27	3,125	8.35	140	14.18	187,058	9.70
2021	163,996	10.77	22,184	12.24	2,948	8.10	141	14.73	189,269	9.54
2022	165,729	11.42	22,557	12.84	2,982	8.68	138	15.86	191,405	10.14

Source: EPB Financial Reports

Note: Number of customers and rate are the average for the year.

CITY OF CHATTANOOGA, TENNESSEE

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Total		Total Excluding	
	General Obligation	Notes	Capital	Revenue	General Obligation	Notes	Capital		Percentage of Personal	Per	Percentage of Personal	Per
	Bonds	Payable	Leases	Bonds	Bonds	Payable	Leases		Income <sup>(1)</sup>	Capita <sup>(1)</sup>	Income <sup>(1)</sup>	Capita <sup>(1)</sup>
2013	\$ 177,238,092	\$ 23,950,371	\$ 287,958 <sup>(2)</sup>	\$ 406,889,598 <sup>(2)</sup>	\$ 47,709,242	\$ 57,542,512	\$ 37,701	\$ 713,655,474	11.55%	4,167	4.97%	1,791
2014	194,931,457	33,678,384	232,290	395,635,613	45,186,500	52,400,294	5,562	722,070,100	11.19%	4,165	5.06%	1,883
2015	182,335,696	26,990,086	174,098	383,215,627	36,956,413	61,741,959	-	691,413,879	10.56%	3,988	4.71%	1,778
2016	203,311,219 <sup>(3)</sup>	22,937,045	113,267	405,428,642	39,750,749	92,504,381	-	764,045,303	11.02%	4,327	5.17%	2,031
2017	197,788,968 <sup>(3)</sup>	18,866,275	6,027,412	378,853,657	32,089,501	104,170,481	-	737,796,294	10.45%	4,155	5.08%	2,021
2018	181,054,741 <sup>(3)</sup>	14,775,559	5,486,668	382,792,672	23,941,286	122,572,720	-	730,623,646	9.57%	4,079	4.56%	1,942
2019	160,361,732 <sup>(3)</sup>	11,097,170	4,101,248	322,871,000	19,677,853	147,761,316	-	665,870,319	8.28%	3,688	4.27%	1,900
2020	168,371,703 <sup>(3)</sup>	7,380,601	2,713,547	316,630,000	20,920,512	163,612,136	-	679,628,499	8.10%	3,718	4.33%	1,986
2021	151,290,256 <sup>(3)</sup>	5,586,530	1,323,484	372,725,000	18,625,816	190,163,484	-	739,714,570	8.54%	4,047	4.24%	2,008
2022	142,581,492 <sup>(3)</sup>	3,752,425	1,639,183	352,797,000	16,305,415	201,291,350	21,629	718,388,494	7.91%	3,945	4.03%	2,007

<sup>(1)</sup> See the schedule of Demographic and Economic Statistics for income and population data.

<sup>(2)</sup> CDRC became a blended component unit in FY13 per GASB 61 and classified as a Business-Type Activity.

<sup>(3)</sup> Includes premium and discount



**CITY OF CHATTANOOGA, TENNESSEE**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

Fiscal Year	GO Bonds <sup>(1)</sup>	Notes and Capital Leases	Total	Less: Debt Service Fund Balance	Debt Supported by Property Tax Total	% Estimated Actual Taxable Value of Property <sup>(2)</sup>	Per Capita <sup>(3)</sup>
2013	\$ 130,146,664	\$ 20,594,370	\$ 150,741,034	\$ 2,476,637	\$ 148,264,397	0.96%	866
2014	142,507,961	30,627,384	173,135,345	5,020,752	168,114,593	1.07%	970
2015	132,550,033	24,244,086	156,794,119	3,446,011	153,348,108	0.95%	885
2016	156,253,190	20,496,045	176,749,235	2,161,977	174,587,258	1.07%	989
2017	152,787,396	16,730,275	169,517,671	1,778,396	167,739,275	1.01%	945
2018	139,425,007	12,944,559	152,369,566	2,990,089	149,379,477	0.81%	834
2019	120,903,070	13,672,418	134,575,488	3,049,310	131,526,178	0.69%	728
2020	133,165,629	8,873,148	142,038,777	2,118,813	139,919,964	0.60%	765
2021	118,500,492	5,994,014	124,494,506	2,393,395	122,101,111	0.61%	662
2022	114,264,053	4,780,608	119,044,661	2,671,340	116,373,321	0.47%	639

<sup>(1)</sup> GO Bonds includes premiums and discounts

<sup>(2)</sup> See the schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>(3)</sup> See the schedule of Demographic and Economic Statistics for population data.

**CITY OF CHATTANOOGA, TENNESSEE**

**SUMMARY OF OUTSTANDING DEBT  
PRIMARY GOVERNMENT  
LAST TEN FISCAL YEARS**

Fiscal Year	Primary Government <sup>(1)</sup>			Debt Supported by Designated Revenue Streams Other Than Property Taxes						
	Total	Less:	Total	Hotel-Motel	HUD Sec.	Sewer	Solid Waste	Water Quality	EPB	
	Debt	Tax Supported Gen Gov Debt	Self Supported Debt	Debt	Capital Lease	108 Notes	Debt	Debt	Debt	Debt
2013	\$ 306,765,876	\$ 150,741,034	\$ 156,024,842	\$ 47,091,427	\$ 287,958	\$ 3,356,000	\$ 70,632,818	\$ 16,811,099	\$ 6,984,540	\$ 10,861,000
2014	326,434,487	173,135,345	153,299,142	52,423,496	232,290	3,051,000	66,235,357	14,913,893	11,666,106	4,777,000
2015	308,198,253	156,794,119	151,404,134	49,785,663	174,098	2,746,000	74,920,454	13,300,710	10,477,209	-
2016	358,616,661	176,749,235	181,867,426	47,058,029	113,267	2,441,000	102,232,212	11,426,361	18,596,557	-
2017	358,942,637	169,517,671	189,424,966	45,001,572	6,027,412	2,136,000	110,264,335	9,491,440	16,504,207	-
2018	347,830,974	152,369,566	195,461,408	41,629,734	5,486,668	1,831,000	124,729,023	7,499,337	14,285,646	-
2019	342,999,319	134,575,488	208,423,831	39,458,662	-	1,526,000	149,040,684	5,556,831	12,841,654	-
2020	349,998,499	142,038,777	207,959,722	35,206,074	-	1,221,000	151,440,220	4,506,363	14,686,064	-
2021	366,989,570	124,494,506	242,495,064	32,789,764	-	916,000	190,882,876	3,796,566	13,507,604	-
2022	365,591,494	119,044,661	246,546,833	28,317,439	-	611,000	201,917,802	3,081,571	12,063,437	-

<sup>(1)</sup> Primary Government includes premiums and discounts

**CITY OF CHATTANOOGA, TENNESSEE**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**As of June 30, 2022**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(2)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hamilton County General Obligation Debt	\$ 364,522,192	58.2615%	<u>\$ 212,376,097</u>
Subtotal, overlapping debt <sup>(1)</sup>			212,376,097
City of Chattanooga debt related to governmental activities <sup>(3)</sup>			134,548,721
City original issue premiums and discounts			<u>13,424,379</u>
Total direct and overlapping debt			<u><u>\$ 360,349,197</u></u>

Source: Assessed value data used to estimate applicable percentages provided by Hamilton County.

Notes:

- <sup>(1)</sup> Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Chattanooga. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.
- <sup>(2)</sup> The percentage of overlapping debt is calculated by dividing the City's assessed property values by the total Hamilton County assessments.
- <sup>(3)</sup> Please see Ratios of General Bonded Debt Outstanding for the debt supported by property taxes.

**CITY OF CHATTANOOGA, TENNESSEE**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	2022	2021	Fiscal Year 2020	2019
Debt limit <sup>(1)</sup>	\$ 772,269,443	\$ 623,441,294	\$ 610,060,489	\$ 599,278,414
Total net debt applicable to limit <sup>(2)</sup>	<u>116,373,321</u>	<u>122,101,111</u>	<u>139,919,964</u>	<u>131,526,178</u>
Legal debt margin	<u>\$ 655,896,122</u>	<u>\$ 501,340,183</u>	<u>\$ 470,140,525</u>	<u>\$ 467,752,236</u>
Total net debt applicable to the limit as a percentage of debt limit	15.07%	19.59%	22.94%	21.95%

Legal Debt Margin Calculation by Fiscal Year

Assessed value	\$ 7,722,694,431	\$ 6,234,412,936	\$ 6,100,604,893	\$ 5,992,784,141
Debt limit (10% of total assessed value)	772,269,443	623,441,294	610,060,489	599,278,414
Debt applicable to limit:				
General obligation debt	119,044,661	124,494,506	142,038,777	134,575,488
Less: amount set aside for repayment of general obligation debt	<u>(2,671,340)</u>	<u>(2,393,395)</u>	<u>(2,118,813)</u>	<u>(3,049,310)</u>
Total net debt applicable to limit	<u>116,373,321</u>	<u>122,101,111</u>	<u>139,919,964</u>	<u>131,526,178</u>
Legal debt margin	<u>\$ 655,896,122</u>	<u>\$ 501,340,182</u>	<u>\$ 470,140,525</u>	<u>\$ 467,752,236</u>

<sup>(1)</sup> The City of Chattanooga's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

<sup>(2)</sup> General obligation debt may be offset by amounts set aside for repaying general obligation bonds. See "Ratio's of General Bonded Debt Outstanding" on page F-17 and F-18 for details.

2018	2017	2016	Fiscal Year 2015	2014	2013
\$ 590,946,293	\$ 522,577,906	\$ 511,102,589	\$ 504,460,741	\$ 495,524,906	\$ 487,452,421
149,379,477	167,739,275	174,587,258	153,348,109	168,114,593	148,264,399
<u>\$ 441,566,816</u>	<u>\$ 354,838,631</u>	<u>\$ 336,515,331</u>	<u>\$ 351,112,632</u>	<u>\$ 327,410,313</u>	<u>\$ 339,188,022</u>
25.28%	32.10%	34.16%	30.40%	33.93%	30.42%

Legal Debt Margin Calculation by Fiscal Year

\$ 5,909,462,932	\$ 5,225,779,059	\$ 5,111,025,892	\$ 5,044,607,410	\$ 4,955,249,059	\$ 4,874,524,209
590,946,293	522,577,906	511,102,589	504,460,741	495,524,906	487,452,421
152,369,566	169,517,671	176,749,235	156,794,120	173,135,345	150,741,036
(2,990,089)	(1,778,396)	(2,161,977)	(3,446,011)	(5,020,752)	(2,476,637)
<u>149,379,477</u>	<u>167,739,275</u>	<u>174,587,258</u>	<u>153,348,109</u>	<u>168,114,593</u>	<u>148,264,399</u>
<u>\$ 441,566,816</u>	<u>\$ 354,838,631</u>	<u>\$ 336,515,331</u>	<u>\$ 351,112,632</u>	<u>\$ 327,410,313</u>	<u>\$ 339,188,022</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**HISTORICAL DEBT RATIOS**

**June 30, 2022**

	Fiscal Year			
	2022	2021	2020	2019
Estimated population	182,113	182,799	182,799	180,557
Appraised property valuation	\$ 24,548,314,465	\$ 19,899,791,161	\$ 23,200,776,303	\$ 18,964,234,130
Assessed property valuation	7,722,694,431	6,234,412,936	6,100,604,893	5,992,784,141
Gross indebtedness <sup>(1)</sup>	393,344,286	398,108,498	384,056,285	388,039,735
Less: Self-supporting indebtedness <sup>(2)</sup>	288,907,677	290,096,185	260,612,579	266,592,168
Debt Service Fund	2,671,339	2,396,142	2,118,813	3,049,310
Net direct indebtedness	101,765,270	105,616,171	121,324,893	118,398,257
Plus: Estimated net overlapping indebtedness	212,376,097	167,399,967	161,569,272	183,016,242
Net direct and overlapping indebtedness	\$ 314,141,367	\$ 273,016,138	\$ 282,894,165	\$ 301,414,499
Gross debt per capita	\$ 2,159.89	\$ 2,177.85	\$ 2,100.98	\$ 2,149.13
Net direct debt per capita	558.80	577.77	663.71	655.74
Net direct and overlapping debt per capita	1,724.98	1,493.53	1,547.57	1,669.36
Gross debt to appraised valuation	1.60%	2.00%	1.66%	2.05%
Net direct debt to appraised valuation	0.41%	0.53%	0.52%	0.62%
Net direct debt and overlapping debt to appraised valuation	1.28%	1.37%	1.22%	1.59%
Gross debt to assessed valuation	5.09%	6.39%	6.30%	6.48%
Net direct debt to assessed valuation	1.32%	1.69%	1.99%	1.98%
Net direct and overlapping debt to assessed valuation	4.07%	4.38%	4.64%	5.03%

<sup>(1)</sup> Gross indebtedness of the primary government less revenue bonds payable by the EPB of Chattanooga.

<sup>(2)</sup> Includes the self-supporting debt of Governmental Activities, and Business-Type Activities other than EPB, including the blended Chattanooga Downtown Redevelopment Corporation

Fiscal Year					
2018	2017	2016	2015	2014	2013
179,139	177,571	176,588	173,366	173,366	171,279
\$ 18,515,514,113	\$ 16,617,822,120	\$ 16,253,882,118	\$ 15,484,126,401	\$ 15,754,641,402	\$ 15,498,290,496
5,909,462,932	5,225,896,880	5,111,025,892	5,044,607,410	4,955,249,059	4,874,524,209
421,599,947	435,929,169	442,659,694	404,376,144	422,909,531	403,192,541
283,502,826	282,579,251	279,996,798	255,342,366	257,073,903	257,949,312
2,990,089	1,778,396	2,161,977	3,446,011	5,020,752	2,476,637
135,107,032	151,571,522	160,500,919	145,587,767	160,814,876	142,766,592
204,647,086	158,510,550	170,209,506	164,152,697	146,010,497	158,657,256
\$ 339,754,118	\$ 310,082,072	\$ 330,710,425	\$ 309,740,464	\$ 306,825,373	\$ 301,423,848
\$ 2,353.48	\$ 2,454.96	\$ 2,506.74	\$ 2,332.50	\$ 2,439.40	\$ 2,354.01
754.20	853.58	908.90	839.77	927.60	833.53
1,896.59	1,746.24	1,872.78	1,786.63	1,769.81	1,759.84
2.28%	2.62%	2.72%	2.61%	2.68%	2.60%
0.73%	0.91%	0.99%	0.94%	1.02%	0.92%
1.83%	1.87%	2.03%	2.00%	1.95%	1.94%
7.13%	8.34%	8.66%	8.02%	8.53%	8.27%
2.29%	2.90%	3.14%	2.89%	3.25%	2.93%
5.75%	5.93%	6.47%	6.14%	6.19%	6.18%

**CITY OF CHATTANOOGA, TENNESSEE**

**REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	EPB Revenue Bonds					
	Total Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2013	\$ 555,051,000	\$ 486,769,000	\$ 68,282,000	\$ 2,965,000	\$ 13,256,000	4.2
2014	566,989,000	501,006,000	65,983,000	6,000,000	13,084,756	3.5
2015	567,528,000	500,078,000	67,450,000	7,040,000	12,832,000	3.4
2016	564,280,000	487,101,000	77,179,000	8,075,000	12,371,000	3.8
2017	582,900,000	507,571,000	75,329,000	9,560,000	11,895,000	3.5
2018	583,517,000	501,690,000	81,827,000	9,835,000	11,546,000	3.8
2019	590,915,000	510,216,000	80,699,000	10,205,000	11,127,000	3.8
2020	562,730,000	507,280,000	55,450,000	10,645,000	10,662,000	2.6
2021	563,904,000	469,030,000	94,874,000	11,130,000	10,167,000	4.5
2022	636,305,000	517,739,000	118,566,000	12,440,000	10,792,000	5.1

Source: Electric Power Board, Electric Division

Note: This schedule is consistent with EPB's MSRB continuing disclosure for the debt covenants.

Fiscal Year Ended June 30	CDRC Lease Rental Revenue Bonds					
	Total Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2013	\$ 13,182,618	\$ 6,890	\$ 13,175,728	\$ 4,240,000	\$ 5,336,719	1.4
2014	13,153,265	9,065	13,144,200	4,395,000	5,168,194	1.4
2015	13,467,751	6,890	13,460,861	4,520,000	5,033,569	1.4
2016	15,070,640	8,115	15,062,525	4,675,000	4,871,819	1.6
2017	19,501,990	20,038	19,481,952	4,890,000	4,656,569	2.0
2018	20,896,563	146,439	20,750,124	5,125,000	4,407,219	2.2
2019 <sup>(3)</sup>	22,237,730	71,556	22,166,174	32,690,000	3,238,756	0.6
2020	25,546,992	5,725	25,541,267	5,130,000	2,050,182	3.6
2021	20,149,205	8,200	20,141,005	5,330,000	1,851,883	2.8
2022	18,331,561	5,700	18,325,861	5,515,000	1,646,271	2.6

<sup>(1)</sup> Total revenues include economic development sales tax, tourist development zone incremental sales tax, conference center net revenue, and interests on the debt service reserve.

<sup>(2)</sup> Operating expenses include bank charges and arbitrage calculation cost.

<sup>(3)</sup> This includes \$27,315,000 of bonds issued and retired within the same year from the sale of the Chattanooga in FY19



**CITY OF CHATTANOOGA, TENNESSEE**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	Personal Income <sup>(4)</sup>	Population <sup>(1)</sup>	Per Capita Income <sup>(4)</sup>	Median Age <sup>(2)</sup>	Education Level In Years of Formal Schooling <sup>(2)</sup>	School Enrollment <sup>(5)</sup>	Unemployment Rate <sup>(3)</sup>
2013	\$ 6,177,348,414	171,279	\$ 36,066	40.0	23.0% 4yr. Degree	41,214	8.5%
2014	6,454,069,448	173,366	37,228	39.8	22.9% 4yr. Degree	43,691	7.1%
2015	6,546,300,160	173,366	37,760	39.8	23.0% 4yr. Degree	43,531	6.2%
2016	6,932,844,880	176,588	39,260	39.5	23.0% 4yr. Degree	43,797	5.1%
2017	7,061,998,670	177,571	39,770	40.1	15.3% 4yr. Degree	44,414	4.3%
2018	7,631,500,539	179,139	42,601	39.6	17.9% 4yr. Degree	44,444	4.1%
2019	8,039,842,096	180,557	44,528	40.3	18.8% 4yr. Degree	43,830	3.9%
2020	8,390,474,100	182,799	45,900	40.4	19.5% 4yr. Degree	44,376	8.1%
2021	8,627,785,488	182,113	47,376	39.6	21.7% 4yr. Degree	45,342	5.4%
2022	9,081,064,745	182,113	49,865	39.4	21.7% 4yr. Degree	46,021	3.8%

<sup>(1)</sup> U.S. Census Bureau.

<sup>(2)</sup> Chamber of Commerce

<sup>(3)</sup> Tennessee Department of Labor and Workforce Development

<sup>(4)</sup> U.S. Department of Commerce Bureau of Economic Analysis

<sup>(5)</sup> Hamilton County Schools Superintendent

**CITY OF CHATTANOOGA, TENNESSEE**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	2022 (1)			2013 (2)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
● Hamilton County Schools	4,980	1	2.73%	4,480	1	2.62%
● BlueCross BlueShield of Tennessee	4,855	2	2.67%	4,282	2	2.50%
● Erlanger Health System	4,852	3	2.66%	3,176	4	1.85%
CHI Memorial	3,549	4	1.95%	3,171	5	1.85%
Tennessee Valley Authority	3,431	5	1.88%	4,180	3	2.44%
Volkswagen Chattanooga	2,982	6	1.64%	2,459	8	1.44%
● McKee Foods Corporation	2,928	7	1.61%	2,950	7	1.72%
● Unum	2,800	8	1.54%	2,800	6	1.63%
Amazon.com Services LLC	2,518	9	1.38%	1,879	10	1.10%
● City of Chattanooga	2,217	10	1.22%	2,251	9	1.31%
<b>Total</b>	<b>35,112</b>		<b>19.28%</b>	<b>31,628</b>		<b>18.47%</b>

Sources: (1) Chattanooga Area Chamber of Commerce Business Information Center. Data shown is for the previous year; current year data will not be available until after this report is published.

(2) City of Chattanooga Comprehensive Annual Financial Report for the year ended June 30, 2013

- Locally owned and/or headquartered

**CITY OF CHATTANOOGA, TENNESSEE**

**FULL-TIME EQUIVALENT CITY GOVERNMENT POSITIONS BY FUNCTION  
LAST TEN FISCAL YEARS**

FUNCTION	Full-Time Equivalent Positions as of June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government	315	237	231	222	219 <sup>(4)</sup>	367	368	373	359 <sup>(1)</sup>	301
Public Safety										
Police										
Sworn	475	500	500	500	500	486	486	486	486	475
Civilian	115	115	115	115	120	119	115	115	103	129
Fire										
Sworn	443	443	443	443	429	429	429	429	429	429
Civilian	25	25	25	24	24	16	16	17	17	17
Public Works	386	374	407	407	404	366	368	368	376	337
Economic & Community Development	175	111	111	101	100	95	85	86	80	35
Youth & Family Development	-	600 <sup>(6)</sup>	386	403	406	424	423	426	412 <sup>(2)</sup>	-
Parks & Recreation	-	-	-	-	-	-	-	-	- <sup>(2)</sup>	230
Parks & Outdoors	263	-	-	-	-	-	-	-	-	-
Education, Arts and Culture	-	-	-	-	-	-	-	-	- <sup>(2)</sup>	28
Early Learning	307	-	-	-	-	-	-	-	- <sup>(2)</sup>	307
Transportation	-	66	65	61	60	60	60	58	47 <sup>(3)</sup>	-
Interceptor Sewer System	205	199	191	181	176	177	161	147	147	143
Solid Waste/Sanitation	15	15	15	15	20	20	20	20	20	19
Water Quality	155	155	153	149	143	152	152	151	141	138
EPB	659	630	617	602	592	597	552	545	547	521
Totals	<u>3,538</u>	<u>3,470</u>	<u>3,259</u>	<u>3,223</u>	<u>3,193</u>	<u>3,308</u>	<u>3,235</u>	<u>3,139</u>	<u>3,164</u>	<u>3,109</u>

Source: City Budget Office Position Summary.

- <sup>(1)</sup> In FY14, General Services absorbed the Civic Facilities positions from the Education Arts & Culture dissolved department
- <sup>(2)</sup> In FY14, the Parks & Recreation and Education, Arts & Culture departments were dissolved and the function absorbed by other departments.
- <sup>(3)</sup> In FY14, the Transportation department was established with 47 positions.
- <sup>(4)</sup> In FY18, the General Services department was merged with Public Works, Fire and Economic & Development departments
- <sup>(5)</sup> In FY21, added Part-time positions to the total count
- <sup>(6)</sup> In FY22, the Youth & Family department was merged with Community Development and Early Learning departments

**CITY OF CHATTANOOGA, TENNESSEE**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
311 Service Requests Created	136,686	149,102	153,475	150,443	131,225	156,370	137,005	154,546	156,724	135,664
% of Current Tax Levy Collected	100.1	103.3	100.8	95.47	95.6	96.4	95.4	94.8	94.0	94
Police										
Crimes Committed <sup>(1)</sup>	29,920	25,115	23,121	26,272	23,882	23,556	21,619	12,622	12,902	12,869
Moving/Parking Violations	25,216	27,590	33,489	24,870	24,618	22,534	39,326	47,425	40,727	51,674
Citizen Complaints	108	110	105	66	55	42	n/a	20	64	66
Fire										
Emergency Calls	24,005	20,403	18,887	19,704	18,849	19,429	17,311	16,356	15,926	15,858
Inspections	4,095	4,314	4,109	4,539	4,228	5,093	8,103	5,078	3,263	3,551
Public Works/Transportation										
Sidewalks Repaired (sq.ft.)	1,054	14,278	619	4,513	11,902	16,751	65,050	18,473	66,056	5,938
Streets Paved (sq.ft.)	338,076	361,648	778,097	382,353	2,124,852	1,467,417	2,024,985	1,384,359	389,500	1,966,402
Parks, Recreation, Arts & Culture										
Chattanooga Zoo-Attendance	291,729	288,561	192,514	289,399	262,426	252,629	232,123	183,173	152,561	151,699
Recreation Centers-Attendance <sup>(2)</sup>	54,098	75,532	88,103	123,749	462,314	536,199	791,138	510,599	600,805	833,674
Social Services										
Households Assisted	3,840	5,580	5,653	5,662	4,898	5,542	6,247	8,192	9,636	7,184
Interceptor Sewer System										
% of Consent Decree Requirements Met	100%	100%	100%	100%	100%	100%	100%	100%	100%	n/a
% of Capacity, Management, Operations and Maintenance goals met	67%	71%	64%	60%	80%	95%	100%	100%	100%	100%
# of Full NPDES Compliance Days at the MBWWTP	360	359	353	202	362	364	352	363	356	337
Solid Waste/Sanitation										
NPDES Landfill Violations	-	-	-	1	-	-	-	-	-	-
Violation Notices to Industry	-	-	-	-	-	-	-	37	-	50
Areas of Concern (New for FY17)	2	4	4	7	11	5	-	-	-	-
Water Quality										
311 Service Requests Created	2,047	2,371	2,864	2,673	2,138	1,238	1,576	1,440	1,650	2,229
311 Service Requests Unresolved	-	34	31	-	-	38	126	116	95	55

Source: City Budget office.

<sup>(1)</sup> Crimes committed are reported on the prior calendar year as reported by the Chattanooga Police Dept. ChattResults.

<sup>(2)</sup> Recreation & Community Centers were closed a portion of the 2022 fiscal year.

**CITY OF CHATTANOOGA, TENNESSEE**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
City Fleet	793	822	1,008	925	1,489	1,737	1,737	1,739	1,734	1,734
Properties Returned to Tax Rolls	-	-	-	74	57	80	100	111	57	138
Police										
Stations	6	6	4	4	4	4	4	4	4	4
Patrol Units	331	370	572	575	586	586	586	588	580	551
Fire										
Stations	20	20	20	20	20	20	19	19	19	18
Ladder Trucks/Fire Engines/Combos (1)	48	49	33	50	28	27	27	27	27	27
Public Works										
Miles of Paved Streets	1,217	1,214	1,212	1,210	1,210	1,200	1,160	1,160	1,160	1,151
Signalized Intersections	348	346	343	341	335	339	336	330	327	332
Garbage Trucks	24	22	25	28	25	26	25	25	25	25
Knuckleboom Trucks	23	24	20	24	27	27	22	22	22	22
Interceptor Sewer System										
Miles of Sewer	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,254
Pump Stations	78	78	78	77	82	82	82	71	71	70
Parks, Recreation, Arts & Culture										
Parks	84	84	84	84	84	82	80	79	74	70
Recreation Centers	15	15	15	15	15	15	15	15	15	17

Source: City of Chattanooga

(1) Only includes front line apparatus. Does not include reserve or support equipment.

**CITY OF CHATTANOOGA, TENNESSEE**

**EMPLOYMENT AND UNEMPLOYMENT STATS  
LAST TEN CALENDAR YEARS**

Calendar Year	MSA Civilian Labor-Force (in 000's)			Civilian Labor Force % Unemployed		
	Total	Employed	Unemployed	MSA	TN	U.S.
2012	264.4	245.5	18.9	7.1	7.8	7.9
2013	262.5	240.7	21.8	8.3	8.5	7.6
2014	246.5	232.0	14.5	5.9	6.1	5.6
2015	254.2	241.1	13.1	5.1	5.3	5.3
2016	261.4	248.5	12.9	4.9	4.9	5.1
2017	277.1	268.1	9.0	3.3	3.1	4.5
2018	267.9	259.6	8.3	3.1	3.3	4.0
2019	277.6	268.6	9.0	3.2	3.3	3.6
2020	274.1	260.2	13.9	5.1	5.6	6.3
2021	276.9	269.0	7.8	2.8	3.6	4.0

Source: Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

**CITY OF CHATTANOOGA, TENNESSEE**

**OTHER TAXES**

**LAST TEN FISCAL YEARS**

Fiscal Year	Local Option Sales Taxes <sup>(1)</sup>			Other Tax Receipts					
	County-Wide Sales Tax	County-Wide Designated Sales Tax	Total Local Option Tax	Tourist Development Zone Sales Tax <sup>(2)</sup>		Hotel-Motel Occupancy Tax <sup>(3)</sup>	State		
				State	Local		Sales Tax	Income Tax	
2013	\$ 40,007,670	\$ 11,405,092	\$ 51,412,762	\$ -	\$ -	\$ 4,970,247	\$ 11,544,670	\$ 4,199,313	
2014	39,781,604	11,340,990	51,122,594	-	-	5,352,640	11,948,621	3,744,628	
2015	42,428,955	12,093,914	54,522,869	-	-	5,916,859	12,624,797	4,137,843	
2016	45,479,387	12,961,844	58,441,231	-	-	6,668,896	13,491,087	3,532,771	
2017	45,012,507	12,827,046	57,839,553	3,294,273	1,049,789	6,984,506	13,901,449	3,268,174	
2018	49,450,575	13,937,255	63,387,830	4,421,397	1,328,139	7,175,882	14,236,066	2,866,453	
2019	51,528,837	14,660,843	66,189,680	5,386,763	1,802,163	7,588,058	14,836,056	1,902,862	
2020	51,347,406	14,657,430	66,004,836	8,251,144	2,067,321	6,309,081	15,185,906	731,005	
2021	55,974,548	15,965,680	71,940,228	3,541,883	-	5,644,500	17,504,152	1,695,590	
2022	64,511,180	17,377,689	81,888,869	375,915	-	8,661,472	20,352,689	170,346	

<sup>(1)</sup> Local Option Sales Taxes - In accordance with the 1963 Local Option Revenue Act Title 67, Chapter 6, Part 7 of the Tennessee Code Annotated, as amended, the City and the County have adopted a Local Option Sales Tax. The effective rate is 2.25%; the City earmarks .25 percent of its share for economic development.

<sup>(2)</sup> Tourist Development Zone (TDZ) Sales Tax - This tax is based on the incremental state and local sales taxes generated within TDZ. In some years sales in the TDZ do not exceed the base year revenues as adjusted for growth in the county as a whole.

<sup>(3)</sup> Hotel-Motel Occupancy Tax - The City of Chattanooga and Hamilton County are authorized to levy taxes on the occupancy of hotel and motel rooms by transients. Pursuant to the Private Act of 1980, in February 1981, Hamilton County levied a 3 percent tax and increased it to 4 percent in July 1988. In August 2002 the City also levied such a tax which was phased in over a 30-month period beginning October 1, 2002. The tax, now at 4 percent, is pledged to pay debt service on the 2002 general obligation bonds used to finance a portion of the 21st Century Waterfront Plan to develop 129 acres in the downtown riverfront area, a \$120 million project jointly funded by the public and private sectors.

**CITY OF CHATTANOOGA, TENNESSEE**

**CAPITAL IMPROVEMENT PROGRAM  
FIVE YEARS**

	2023	2024	2025	2026	2027	Total
<b>Department</b>						
Public Works	\$ 135,884,670	\$ 168,617,600	\$ 174,705,253	\$ 169,578,268	\$ 110,971,663	\$ 759,757,454
Police	8,600,000	9,500,000	-	3,500,000	-	21,600,000
Fire	8,300,000	5,100,000	3,100,000	6,500,000	7,000,000	30,000,000
Economic Development	38,019,000	1,760,000	860,000	760,000	760,000	42,159,000
General Government	10,533,171	3,700,000	3,850,000	1,250,000	1,250,000	20,583,171
Parks & Outdoors	1,175,750	7,100,000	6,925,000	7,125,000	8,125,000	30,450,750
City Planning	-	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Early Learning	425,000	-	-	-	-	425,000
<b>Total</b>	<b>\$ 202,937,591</b>	<b>\$ 196,777,600</b>	<b>\$ 190,440,253</b>	<b>\$ 189,713,268</b>	<b>\$ 129,106,663</b>	<b>\$ 908,975,375</b>
<b>Bonds/Loan</b>						
General Fund	\$ 30,000,000	\$ 30,000,000	\$ 20,000,000	\$ 18,200,000	\$ 20,000,000	\$ 118,200,000
ISS (Gen Oblig Bonds/WIFIA Loan)	37,000,000	20,600,000	27,030,000	16,350,000	-	100,980,000
ISS (SRF Loan)	10,000,000	30,900,000	21,200,000	19,620,000	-	81,720,000
<b>Total Bonds</b>	<b>77,000,000</b>	<b>81,500,000</b>	<b>68,230,000</b>	<b>54,170,000</b>	<b>20,000,000</b>	<b>300,900,000</b>
<b>Cash/Reserves</b>						
General Fund	35,500,000	19,039,000	17,810,000	17,710,000	11,000,000	101,059,000
Economic Development Fund	8,250,000	9,000,000	9,000,000	9,500,000	9,500,000	45,250,000
Hotel-Motel Fund	4,000,000	5,000,000	5,000,000	4,500,000	4,000,000	22,500,000
Fleet Fund	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	22,500,000
State Street Aid	1,050,000	2,500,000	2,000,000	2,000,000	2,000,000	9,550,000
Library Fund	(200,000)	-	-	-	-	(200,000)
Water Quality	9,835,000	11,317,600	11,314,253	13,699,268	8,206,663	54,372,784
Interceptor Sewer	50,000,000	52,221,000	40,386,000	46,434,000	52,640,000	241,681,000
<b>Total Cash/Reserves</b>	<b>112,935,000</b>	<b>103,577,600</b>	<b>90,010,253</b>	<b>98,343,268</b>	<b>91,846,663</b>	<b>496,712,784</b>
<b>External Sources</b>						
Hamilton County	6,159,500	4,500,000	-	2,000,000	-	12,659,500
State of Tennessee	950,000	5,000,000	5,000,000	10,000,000	5,060,000	26,010,000
Community Development Block Grant	200,000	200,000	200,000	200,000	200,000	1,000,000
Federal	5,693,091	2,000,000	27,000,000	25,000,000	12,000,000	71,693,091
<b>Total External Sources</b>	<b>13,002,591</b>	<b>11,700,000</b>	<b>32,200,000</b>	<b>37,200,000</b>	<b>17,260,000</b>	<b>111,362,591</b>
<b>Total All Sources</b>	<b>\$ 202,937,591</b>	<b>\$ 196,777,600</b>	<b>\$ 190,440,253</b>	<b>\$ 189,713,268</b>	<b>\$ 129,106,663</b>	<b>\$ 908,975,375</b>

Source: City of Chattanooga Capital Planning and Finance







**CITY OF CHATTANOOGA, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR PERIOD ENDING JUNE 30, 2022**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Emergency Watershed Protection Program EWP -Abor Creek Way USDA	10.923	NR204741xxxxC013	\$ (1,356,455)	\$ 1,087,380	\$ 22,897	\$ (291,972)
<b>Total U. S. Department of Agriculture</b>			<u>(1,356,455)</u>	<u>1,087,380</u>	<u>22,897</u>	<u>(291,972)</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-47-0001	-	12,034	143,956	(131,922)
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-47-0001	30,384	(230,352)	296,351	(496,319)
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-47-0001	-	226,167	797,213	(571,046)
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-47-0001	-	-	108,926	(108,926)
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-47-0001	-	111,746	753,838	(642,092)
Community Development Block Grants/Entitlement Grants-Program Income	14.218	Program Income	-	256,045	-	256,045
Total CDBG Entitlement Grants Cluster			<u>30,384</u>	<u>375,640</u>	<u>2,100,284</u>	<u>(1,694,260)</u>
THDA ESG Stage	14.231	E-18-MC-47-0001	11,005	-	11,005	-
THDA ESG Stage	14.231	E-19-MC-47-0001	2,795	-	2,795	-
THDA ESG Stage	14.231	E-20-MC-47-0001	(110,871)	110,571	-	(300)
COVID19-ESG-CV-20-01	14.231	E-20-DW-47-0001	(214,841)	372,136	181,552	(24,258)
ESG21-CV2-47	14.231	E-20-DW-47-0002	-	-	-	-
Total Emergency Solutions Grant			<u>(311,912)</u>	<u>482,707</u>	<u>195,352</u>	<u>(24,558)</u>
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	-	30,069	30,069	-
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	-	15,969	15,969	-
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	-	-	-	-
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	-	-	121,200	(121,200)
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	-	43,618	22,460	21,158
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	-	410,216	410,216	-
HOME Investment Partnerships Program	14.239	M-20-MC-47-0200	471,510	-	486,010	(14,500)
HOME Investment Partnerships Program	14.239	M21-MC470200	-	77,979	77,979	-
HOME Investment Partnerships Program	14.239	M-20-MC-47-0200	-	-	236	(236)
HOME Investment Partnerships Program	14.239	M-20-MC-47-0200	-	-	-	-
HOME Investment Partnerships Program - Program Income	14.239	Program Income	-	(91,036)	-	(91,036)
Total HOME Investment Partnerships Program			<u>471,510</u>	<u>486,815</u>	<u>1,164,138</u>	<u>(205,814)</u>
LBPH & Healthy Home (LHRD) Program	14.218	TNLHB0653-17	(425,779)	416,898	188	(9,069)
Total Other Housing and Urban Development Grants			<u>(425,779)</u>	<u>416,898</u>	<u>188</u>	<u>(9,069)</u>
<b>Total U. S. Department of Housing and Urban Development</b>			<u>(235,797)</u>	<u>1,762,060</u>	<u>3,459,962</u>	<u>(1,933,701)</u>

(Continued)

**CITY OF CHATTANOOGA, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR PERIOD ENDING JUNE 30, 2022**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
(Continued)						
<b>U.S. DEPARTMENT OF THE INTERIOR</b>						
National Park Service, Historic Preservation Grants	15.928	P14AP00191	\$ -	\$ 1,907,107	\$ 1,892,964	\$ 14,143
<b>Total U.S. Department of the Interior</b>			<u>-</u>	<u>1,907,107</u>	<u>1,892,964</u>	<u>14,143</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Hamilton Count Family Justice Center-OVW	16.528	2017-EW-AX-K003	(471)	506	35	-
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2017-DJ-BX-0306	6	-	-	6
2019 Police VOCA Grant	16.575	2015-VA-GX-0018	(57,700)	199,866	179,174	(37,008)
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2018-DJ-BX-0332	(500)	43,148	43,148	(500)
OVC 2018-V3-GX-0018	16.582	2018-V3-GX-0018	(24,204)	121,204	59,201	37,800
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2019-DJ-BX-0789	(1,398)	31,325	46,299	(16,372)
COVID19 BJA FY20 CESF Program Grant	16.034	2020-VD-BX-1434	-	3,998	8,796	(4,798)
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2019-DJ-BX-0228	-	73,404	74,100	(696)
2020 State Homeland Security Program	97.067	EMW-2018-SS-00033-S01	(12,662)	-	4,042	(16,704)
FY20 Crime Gun Intelligence Grant	97.067	EMW-2018-SS-00033-S01	(2,279)	195,206	283,343	(90,416)
2019 Domestic Preparedness State Homeland Security Grant	97.067	EMW-2019-SS-00029-S01	(9,506)	16,272	10,550	(3,784)
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	15PBJA-21-GG-01838-JAGX	-	-	22,632	(22,632)
Beyond Walls-JAG Prevention and Intervention for At Risk Youth	16.738	37294	(6,100)	6,100	-	-
FJC - OVC Hope & Healing Grant	16.582	2019-V3-GX-K036	(62,191)	96,070	148,581	(114,702)
FJC - VOCA Grant	16.575	N/A	-	73,316	118,969	(45,654)
Justice Funds	16.922	N/A	40,343	-	-	40,343
Treasury Funds	21.016	N/A	4,317	-	-	4,317
American Rescue Plan Act of 2021	21.027	N/A	19,336,781	19,362,709	4,129,481	34,570,009
<b>Total U. S. Department of Justice</b>			<u>19,204,436</u>	<u>20,223,124</u>	<u>5,128,351</u>	<u>34,299,209</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed Through Georgia Department of Transportation:						
Highway Planning and Construction	20.205	N/A	(73,098)	47,708	-	(25,390)
Highway Planning and Construction	20.205	0017156-PLN	(52,704)	224,199	172,153	(658)
Passed through Tennessee Department of Transportation:						
TDOT - Chattanooga Green Trips Program	20.205	33LPLM-F1-208	(44,096)	44,096	-	-
TDOT - 3rd and 4th Streets, From Lindsay to Hampton, Blackford	20.205	STP-M/TAP-90202(122)	(69,739)	-	-	(69,739)
TDOT - Central Ave	20.205	STP-M-9202(110)	(48,092)	-	-	(48,092)
TDOT - Federal Highway Administration	20.205	TBD	(636,475)	1,270,516	833,779	(199,738)
TDOT - Federal Highway Administration - CARTA	20.205	TN8000004-02	(780)	-	-	(780)
Total Highway Planning and Construction Cluster			<u>37,568,155</u>	<u>41,559,316</u>	<u>10,851,881</u>	<u>68,275,589</u>

(Continued)

**CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR PERIOD ENDING JUNE 30, 2022**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
(Continued)						
Governor's Highway Safety Grant-THSO	20.607	Z20THS037	\$ 745	\$ -	\$ -	\$ 745
Governor's Highway Safety Grant-THSO	20.607	Z21THS037	(93,274)	119,087	119,948	(94,135)
Governor's Highway Safety Grant-PSN	20.609	Z20THS037	405	(405)	-	-
<b>Total U. S. Department of Transportation</b>			<u>37,476,031</u>	<u>41,677,998</u>	<u>10,971,829</u>	<u>68,182,199</u>
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>						
Passed Through Tennessee Libraries and Archives:						
COVID19- State Digital CARES Library Grant	45.31	LS-246560-OLS-20	(9,139)	9,139	-	-
State Metro Gen Library Services Grant - FY21	45.31	LS-246189-OLS-20	-	307,500	307,500	-
<b>Total Institute of Museum and Library Services</b>			<u>(9,139)</u>	<u>316,639</u>	<u>307,500</u>	<u>-</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>						
Air Pollution Control Program	66.001	00408415	-	332,527	332,527	-
Surveys, Studies, Investigations and Special Purpose Grants	66.034	96497415	-	130,000	130,000	-
Total U.S. Environmental Protection Agency			<u>-</u>	<u>462,527</u>	<u>462,527</u>	<u>-</u>
Clean Water State Revolving Loan Program (SRF 2016-357)	66.458	SRF 2016-357	-	10,130,173	10,130,173	-
Clean Water State Revolving Loan Program (SRF 2018-406)	66.458	SRF 2018-406	-	1,004,433	1,004,433	-
Clean Water State Revolving Loan Program (SRF 2019-428)	66.458	SRF 2019-428	-	2,534,123	2,534,123	-
Clean Water State Revolving Loan Program (SRF 2019-429)	66.458	SRF 2019-429	-	4,513,433	4,513,433	-
Clean Water State Revolving Loan Program (SRF 2018-406-01)	66.458	SRF 2018-406-01	-	2,094,334	2,094,334	-
Clean Water State Revolving Loan Program (SRF 2020-440)	66.458	SRF 2020-440	-	429,057	429,057	-
Total Clean Water State Revolving Fund Cluster			<u>-</u>	<u>20,705,553</u>	<u>20,705,553</u>	<u>-</u>
<b>Total U. S. Environmental Protection Agency</b>			<u>-</u>	<u>21,168,080</u>	<u>21,168,080</u>	<u>-</u>
<b>U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY</b>						
Passed through from						
Financial Commission for Appalachia HIDTA	95.001	G20AP0001A	(7,889)	7,889	-	-
USSS	16.999	Public Safety	-	-	-	-
FBI	16.999	Public Safety	(12,528)	12,528	-	-
ATF	16.999	Public Safety	-	-	-	-
US Marshals	16.999	Public Safety	(10,643)	10,643	-	-
<b>Total U.S. Office of National Drug Control Policy</b>			<u>(31,060)</u>	<u>31,060</u>	<u>-</u>	<u>-</u>

(Continued)

**CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR PERIOD ENDING JUNE 30, 2022**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
(Continued)						
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Disaster Grants - Public Assistance- 4/17/19 FEMA 4427	97.036	FEMA 4427 DR TN	\$ (79,092)	\$ 79,092	\$ -	\$ -
Assistance to Firefighters Grant Program FY20	97.044	EMW-2018-FO-05638	(138,600)	139,300	7,304	(6,604)
Easter 2020 Tornado FEMA DR-4541	97.036	FEMA 4541DR-TN	(6,076,952)	6,226,403	149,451	-
<b>Total Federal Emergency Management Agency</b>			<u>(6,294,644)</u>	<u>6,444,795</u>	<u>156,755</u>	<u>(6,604)</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Early Head Start-Child Care Partnership Grant	93.600	04HP0041-03-00	2,207	-	-	2,207
Head Start	93.600	04CH010085-03-01	-	-	-	-
Early Head Start-Child Care Partnership Grant	93.600	04HP000428-01-02	(126,688)	828,847	1,469,934	(767,775)
Head Start	93.600	04CH01173401	(608,801)	608,801	-	-
COVID19-FY21 Head Start	93.600	04HE000254-01-00	(48,852)	55,199	113,705	(107,358)
Head Start	93.600	04CH01173401	-	2,839,853	10,655,047	(7,815,193)
Early Head Start-Child Care Partnership Grant	93.600	04HP000428-01-02	-	-	109,844	(109,844)
Total Head Start Cluster			<u>(782,134)</u>	<u>4,332,700</u>	<u>12,348,529</u>	<u>(8,797,963)</u>
Passed Through Tennessee Department of Human Services:						
Low-Income Home Energy Assistance	93.568	G-1801TNLIEA	13,419	4,225	-	17,644
Low-Income Home Energy Assistance	93.568	G-1801TNLIEA	(276,052)	1,609,485	2,750,582	(1,417,149)
COVID19-Low-Income Home Energy Assistance	93.568	2001TNE5C3	(32,774)	22,300	-	(10,474)
Low-Income Home Energy Assistance-Supplemental Benefits	93.568	2001TNLIEA	(61,300)	68,616	-	7,316
Low-Income Home Energy Assistance	93.568	G-1801TNLIEA	-	4,144	4,144	-
Total Low-Income Home Energy Assistance			<u>(356,707)</u>	<u>1,708,771</u>	<u>2,754,726</u>	<u>(1,402,663)</u>
Community Services Block Grant	93.569	Z20-49104A	(58,835)	58,841	-	6
Community Services Block Grant	93.569	Z21-49104	(96,454)	443,925	562,113	(214,641)
COVID19-Community Services Block Grant	93.569	Z22-49204 COV	(33,878)	149,138	285,662	(170,402)
Community Services Block Grant	93.569	Z21-49104	-	75,741	74,686	1,055
Total 477 Cluster			<u>(189,167)</u>	<u>727,645</u>	<u>922,461</u>	<u>(383,982)</u>
Community Program to Improve Minority Health-OMH	93.137	6 CPIMP211293-01-01	-	70,782	104,943	(34,161)
YFD After School Care Food Program	10.558	03-47-30140-00-8	8,399	-	-	8,399
YFD Summer Food Service Program	10.559	35-0014	(46,944)	50,508	-	3,564
Total YFD Food Service Program			<u>(38,545)</u>	<u>50,508</u>	<u>-</u>	<u>11,963</u>
<b>Total U. S. Department of Health and Human Services</b>			<u>(1,366,553)</u>	<u>6,890,406</u>	<u>16,130,659</u>	<u>(10,606,806)</u>

(Continued)

**CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR PERIOD ENDING JUNE 30, 2022**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
(Continued)						
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</b>						
Foster Grandparents Program	94.011	19SFSTN002	\$ (99,548)	\$ 99,548	\$ 51,367	\$ (51,367)
Foster Grandparents Program	94.011	20SFSTN002	-	123,063	418,301	(295,239)
Total Foster Grandparent/Senior Companion Cluster			<u>(99,548)</u>	<u>222,611</u>	<u>469,668</u>	<u>(346,606)</u>
<b>Total Corporation for National and Community Services</b>			<u>(99,548)</u>	<u>222,611</u>	<u>469,668</u>	<u>(346,606)</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT</b>			<u>47,287,271</u>	<u>101,731,260</u>	<u>59,708,665</u>	<u>89,309,862</u>
<b>STATE AWARDS</b>						
Tennessee Commission on Aging & Disability						
AAAD Grant Eastgate Senior Center	N/A	00072	(2,670)	9,019	6,349	-
AAAD Grant Eastgate Senior Center	N/A	00072	(2,607)	3,540	19,386	(18,454)
Total Tennessee Commission on Aging & Disability			<u>(5,277)</u>	<u>12,558</u>	<u>25,735</u>	<u>(18,454)</u>
FY20 Household Hazardous Waste						
Total Tennessee Department of Environment & Conservation	N/A	32701-03858	<u>(36,270)</u>	<u>-</u>	<u>-</u>	<u>(36,270)</u>
Tennessee Department of Finance & Administration						
THDA Entitlement - CNE Project	N/A	Program Income	413,667	40,677	61,183	393,162
OCJP- TN Complete Count Census	N/A	NA	1,712	-	-	1,712
2021 Local DA Grant	N/A	NA	-	4,016,271	4,016,271	-
Total Tennessee Department of Environment & Conservation			<u>415,379</u>	<u>4,056,949</u>	<u>4,077,454</u>	<u>394,874</u>
Tennessee Emergency Management Agency - Disaster relief						
Disaster Grants - Public Assistance- 4/17/19 FEMA 4427	N/A	FEMA 4427 DR TN	(13,183)	13,183	-	-
Easter 2020 Tornado FEMA DR-4541	N/A	FEMA 4541DR-TN	(1,012,825)	1,162,277	149,451	-
Total Tennessee Emergency Management Agency			<u>(1,026,008)</u>	<u>1,175,460</u>	<u>149,451</u>	<u>-</u>
Tennessee Department of Transportation						
TDOT - Federal Highway Administration - CARTA	N/A	TN8000004-02	(780)	-	-	(780)
Total Tennessee Emergency Management Agency			<u>(780)</u>	<u>-</u>	<u>-</u>	<u>(780)</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT</b>			<u>(652,956)</u>	<u>5,244,967</u>	<u>4,252,640</u>	<u>339,370</u>
<b>TOTAL EXPENDITURE OF FEDERAL AND STATE AWARDS - PRIMARY GOVERNMENT</b>			<u>\$ 46,634,315</u>	<u>\$ 106,976,227</u>	<u>\$ 63,961,305</u>	<u>\$ 89,649,232</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**June 30, 2022**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Indirect Cost Rate

The City of Chattanooga has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.





CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of the City of Chattanooga, Tennessee (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 24, 2023. Our report includes a reference to other auditors who audited the financial statements of Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, and Downtown Chattanooga Business Improvement District, as described in our report on the City of Chattanooga's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item 2022-01.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chattanooga, Tennessee  
March 24, 2023

Henderson Hutcherson  
is McCullough, PLLC



CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Chattanooga, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. 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. The City's basic financial statements include the operations of Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, and Downtown Chattanooga Business Improvement District, which expended federal awards which are not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit, described below, did not include the operations of these entities because the entities engage other auditors to perform audits in accordance with the Uniform Guidance.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, On a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chattanooga, Tennessee  
March 24, 2023

Henderson Hutcherson  
is McCullough, PLLC

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2022**

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified:  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified:  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed under the Uniform Guidance?  yes  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.600	U.S. Department of Health and Human Services Head Start
14.218	U.S. Department of Housing and Urban Development Community Development Block Grants/Entitlement Grants
15.928	U.S. Department of the Interior National Parks Service, Historic Preservation Grants
21.027	U.S. Department of Justice American Rescue Plan Act of 2021
93.569	U.S. Department of Health and Human Services 477 Cluster

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2022**

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$ 1,481,322

Auditee qualified as low-risk auditee?

yes no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2022-001**

Condition: The City’s accounting records were not closed within 60 days after June 30, 2022

Cause: Fiscal Year 2022 was the first year for the fully implemented ERP system which included General Ledger, Payables, Receivables, Cash Management, Project Management, Human Resources and Payroll modules. As the year progressed, the City continued to discover setup problems with several portions of the software system. Additionally, the new reporting tool used to develop and publish the financial statements experienced challenges which have just been resolved.

Criteria: TCA 6-56-205 and TCA 9-2-102 state in part that " ... all audits should be completed as soon as practicable after the end of the fiscal year" and that governments" ... have those records available for audit no later than two months after the close of the fiscal year."

Effect: The City was not in compliance with the Tennessee Code Annotated.

Views of the Responsible Officials: The officials concur with the finding.

Corrective Action Plan: See letter provided by management.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2022-002**

Condition: The City recorded grant expenditures that did not meet eligibility requirements.

Cause: The department tried charging expenditures to a non-grant fund, but the system overrode the transaction and coded it to the grant fund.

Criteria: Following of compliance requirements.

Effect: Two payments were made to beneficiaries that were ineligible to receive benefits under the grant.

Recommendation: Make changes to the software to ensure it will not override costs when they are being recorded by a department.

Views of the Responsible Officials: The officials concur with the finding.

Corrective Action Plan: See letter provided by management.

**CITY OF CHATTANOOGA, TENNESSEE**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2021**

None reported





**City of Chattanooga**  
**Department of Finance and Administration**  
**Mayor Tim Kelly**

For the Year Ended June 30, 2022

**2022-01 Financial Statement Findings**

Person Responsible for Implementing the Corrective Action;

Brian Smart, Manager of Financial Operations

Anticipated Completion Date for Corrective Action; June 30, 2023

Planned Corrective Action;

The City of Chattanooga experienced significant complications from the implementation of a new ERP (enterprise resource planning) software, which includes the General Ledger, Payables, Receivables, Cash Management, Project Management, Human Capital Management, Human Resources, and Payroll modules. The Finance Department has continued to work with our consultants to resolve issues in a timelier manner. The Finance Department believes that system setup modifications, which have been put into place since the end of fiscal year 2022, will result in a closing of the books within 60 days of June 30, 2023.

**2022-02 Federal Award Findings and Questioned Costs**

Person Responsible for Implementing the Corrective Action;

Brian Smart, Manager of Financial Operations

Anticipated Completion Date for Corrective Action; June 30, 2023

Planned Corrective Action;

The ERP system that was put into place in fiscal year 2022 had an override in the payables module that the City was unaware of. After discovering this, the City has put policies and procedures into place to prevent these errors in fiscal year 2023 and beyond. Also, reporting has been developed for a more thorough review of postings to the grants. Additionally, since the end of fiscal year 2022, we have hired a group that is responsible for grants and grants compliance.

Signature: \_\_\_\_\_

Brian Smart, Manager of Financial Operations





**City of Chattanooga**

**Department of Finance and Administration**

**City Hall**

**101 East 11<sup>th</sup> Street**

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