



ONE CHATTANOOGA
ACFR 2023

Annual Comprehensive Financial Report
for the Year Ended June 30, 2023

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, 2023

DEPARTMENT OF FINANCE AND ADMINISTRATION

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



Mayor Tim Kelly

February 16, 2024

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

I am honored to present the City of Chattanooga's annual financial report for the fiscal year ending on June 30, 2023. The 2022-2023 fiscal year was defined by bold investments. With our One Chattanooga Plan in hand, we set forth to tackle the issues Chattanoogaans care about the most, from roads to housing to public safety — and we did it all without a tax increase.

As pledged during my campaign, we prioritized the repair of Chattanooga's aging infrastructure. The FY22-23 budget invested \$131 million into infrastructure improvements to bring Chattanooga's roads, bridges, and water projects up to par, and we have the results to show for it. We put taxpayer money to good use, filling over 15,000 potholes and paving 53 lane miles in this fiscal year alone. Plus, we secured a \$25 million federal grant to replace Wilcox Bridge.

This year was also pivotal in addressing affordable housing. We made a seed investment into our landmark \$100 million affordable housing initiative, recruited the city's first-ever Chief Housing Officer, and saw a 40% decrease in the number of people experiencing unsheltered homelessness in our city.

Finally, we continued our dedication to public safety, with nearly half of our operating budget going to fire, police, and other safety initiatives. In FY22-23, we hired the city's first Director of Community Safety and Gun Violence Prevention, and we began implementing our Roadmap to End Gun Violence in Chattanooga. With these efforts and CPD's continued excellence in closing investigations into violent crimes, we're making a safer Chattanooga for everyone.

I'd like to thank the City Council for their partnership over the past fiscal year, along with the many residents, community organizations, and staff members who helped make this year successful. Together, we will continue the important work of creating One Chattanooga in the years ahead.

Sincerely,

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

Mayor Tim Kelly
City of Chattanooga

City Council



Chip Henderson
District 1



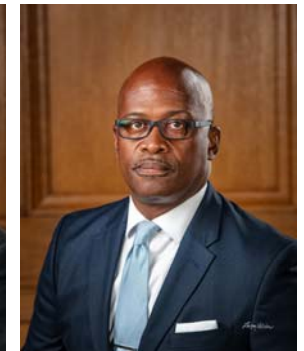
Jenny Hill
Vice-Chair
District 2



Ken Smith
District 3



Darrin Ledford
District 4



Isiah Hester
District 5



Carol Berz
District 6



Raquetta Dotley
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**

February 16, 2024

**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, 2023 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, 2023. 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.



Vickie Haley, Interim
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 five 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 12 million people live within a 2 to 2½ hour drive of Chattanooga. It encompasses a land area of 143 square miles and 7 square miles of water. Official results of the 2020 U.S. Census show a population of 181,099, an 8.0% growth since the 2010 Census. The estimated 2022 population, released in July, 2022, is 184,086. The City is empowered to levy a property tax on both real and personal property located within its boundaries. Corpo-

rate 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 Tennessee Valley Regional Communications System (TVCRS) operates the regional public safety communications system for Chattanooga and fourteen counties in Tennessee and Georgia. The City's Electric Power

Board (EPB) provides electric service and fiber-to-home to support phone, cable, and internet services. A recent U.S. Department of Energy grant of \$32.4 million will be combined with a \$125.0 million bond issue to fund upgrades and growth to the power grid. Over 3,000 electric meters were added within the EPB service area in 2023. Other services are provided through the legally separate Chattanooga Downtown Redevelopment Corporation, which is reported along with the separately managed EPB as an enterprise fund. Additional services are provided through the legally separate Chattanooga Metropolitan Airport Authority, the Chattanooga Area Regional Transportation Authority (CARTA), and the Downtown Chattanooga Business Improvement District (CBID), all 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 the budget can be obtained by reviewing the City's Comprehensive Annual Budget Report for 2024.

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 less apparent in the Chattanooga region, which has continued to show strength in manufacturing. The top employment sectors of trades, transportation, and utilities (21%), government (14%), manufacturing (21%), professional and business services (15%), education and health (11%), and leisure and hospitality (10%) comprise 92% of the workforce. The local unemployment rate of 3.3% for the Chattanooga Metropolitan Statistical Area is comparable to the state and national averages of 3.2% and 3.9% as of September, 2023, according to information from the U.S. Bureau of Labor Statistics. Recent growth announcements include redevelopment of one of Chattanooga's largest industrial sites located on 88 acres along North Access Road. The North River Commerce Center, which began

last year at a projected value of a \$120.0 million, will hold light industrial and warehousing. Just over 135,000 square feet have already been leased and almost 52 acres are still available for development.

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 in Southeast Tennessee, Northwest Georgia, and Northeast Alabama, 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 \$950.0 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 2026. The Chattanooga Metropolitan Airport is served by four airlines. Direct flights are currently available to eight major cities, and an additional city will be added in May, 2024. Air traffic has continued to improve from its low point during the pandemic. Enplanements are projected to reach 475,000 in 2023. This is less than the record high of 554,050 achieved in 2019, but is a significant recovery from the 225,000 enplanements in 2020. Construction is well underway 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 mid-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 37th 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 400 acres, including the 140 acres formerly occupied by the old Wheeland Foundry and U.S. Pipe factory. Anchoring the district development is a planned new \$120.0 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 \$30.0 million economic impact. The 140-acre district will also bring with it \$170.0 million in new housing, commercial space for small businesses, and new public green spaces and trails. Overall, this new development will provide an estimated \$2.3 billion economic impact to the city. 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.

Another Tax Increment Financing project known as The Bend will include the former Alstom plant site, located on 112 acres just north of the new South Broad TIF district. The project is expected to spur \$800.0 million in additional investment. One major project in the area is Novonix, which first opened a facility here in 2019. Last year they announced plans to retrofit the 400,000 square foot former Alstom facility to produce synthetic graphite, a major component for lithium-ion batteries. Produc-

tion in the facility which currently employs over 80 people is on track to produce 30,000 tons per year by the end of 2024. The \$250.0 million investment will directly create 1,000 jobs when complete. The TIF is expected to generate enough income to help fund the Westside redevelopment, a project which is adjacent to the footprint of The Bend.

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. This provides an entirely new level of data delivery options across a wide area. 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 \$111.0 million federal stimulus grant from the Department of Energy in 2010 dramatically accelerated the installation in 2012 of the Smart Grid, allowing for an implementation schedule to take only two years. A wireless mesh network is piggybacked onto the entire system, enhancing public safety as well. The network represents a total \$320.0 million investment. In 2023, EPB turned on America's first commercial quantum network. 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 job 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 \$4.0 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 110,000 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. Sales of the ID.4 electric SUV are continuing to climb. The new addition to the plant was an \$800.0 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. Production of the ID.4 is expected to be about 7,000 per month. 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 has started production. It is located on 30 acres which was once the location of public housing in the East Chattanooga Area. This \$61.0 million investment will bring 150 jobs. 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 shown as of June 30, 2023):

<u>Goal to increase</u>	<u>5 Year Target</u>	<u>Actual (4 years)</u>
Regional Employment	5,000	3,390
Private Investment	\$1.0 B	\$1.1 B
Payroll	\$500 M	\$375 M
Annual Income	\$55,000	\$52,388

The “Chattanooga Climbs” economic development strategy has focused 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 Com-

munity 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 \$1.56 billion to the local economy in 2022. Major events in 2023 included the Chattanooga Motorcar Festival which included an auction by Mecum Action, an Ironman competition, and the Head of the Hooch rowing competition. Downtown tourism has been anchored by the Tennessee River and the Tennessee Aquarium, opened in May, 1992. 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. A new 34 mile trail connective St. Elmo to Rising Fawn, Georgia was unveiled in November. 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. This has helped attract younger workers to the area. The age 25-34 group has grown 20.4% over the past decade according to Census estimates, outpacing the state and nation.

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 October, 2023. Fitch Ratings, which first upgraded their bond rating for the City to AAA in 2021, also reaffirmed AAA in October, 2023. 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 south-east 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, 2022. This was the thirty-first 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-nine 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, 2022. This is the twelfth 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,



Vickie Haley

Interim 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, 2022



Executive Director/CEO



City Officials as of June 30, 2023



EXECUTIVE BRANCH:

Tim Kelly, Mayor

Jermaine Freeman, Interim Chief of Staff

Brooke Satterfield, Deputy Chief of Staff

Ryan Ewalt, Chief Operating Officer

Julia Bursch, Deputy Chief Operating Officer

CITY COUNCIL:

Raquetta Dotley, Chair.....District 7

Chip Henderson.....District 1

Isiah Hester.....District 5

Jenny Hill, Vice-Chair.....District 2

Carol Berz.....District 6

Ken Smith.....District 3

Marvene Noel.....District 8

Darrin Ledford.....District 4

Demetrus Coonrod.....District 9

COURTS:

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

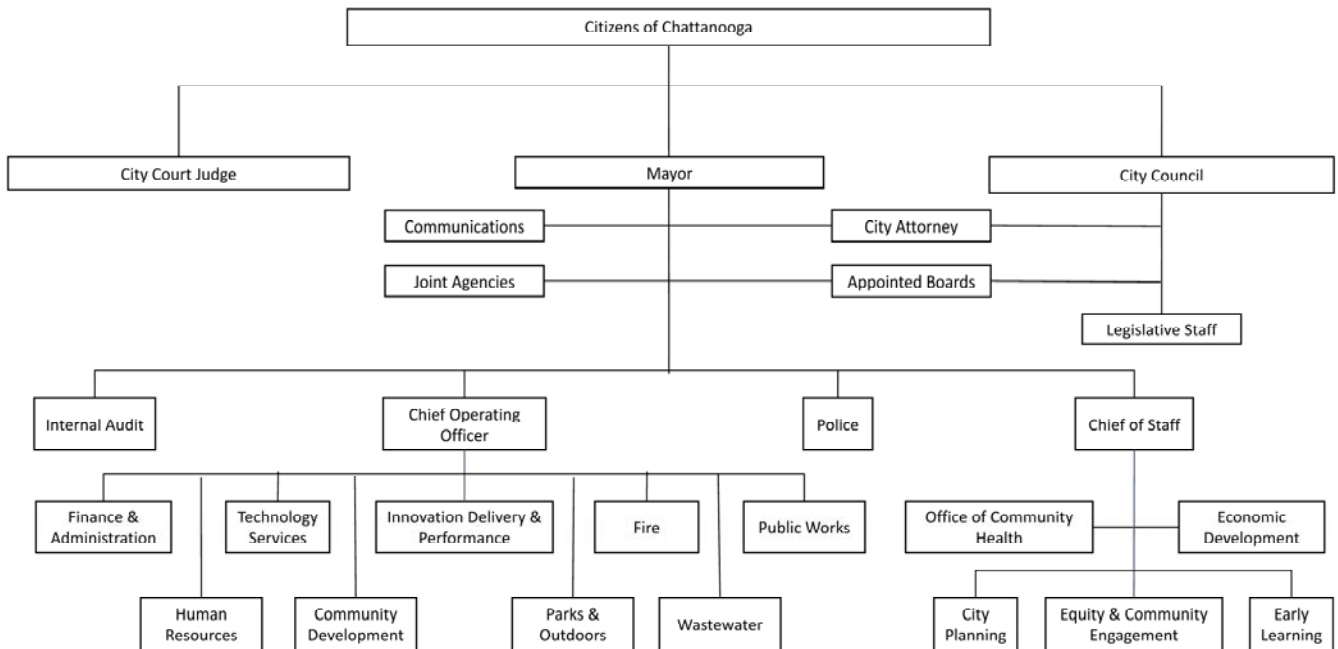
Anthony Byrd.....City Court Clerk

DEPARTMENT ADMINISTRATORS

Legal.....	Phil A. Noblett.....	City Attorney
Legislative.....	Nicole Gwyn.....	Clerk to the Council
Finance and Administration.....	Vickie Haley.....	Interim Administrator
Fire.....	Chief Phil Hyman.....	Administrator
Community Development.....	Donnie Walker.....	Administrator
Police.....	Chief Celeste Murphy.....	Administrator
Human Resources.....	Mande Lawrence.....	Administrator
Public Works.....	William Pitcairn.....	Administrator
Parks and Outdoors.....	Scott Martin.....	Administrator
Early Learning.....	Karitsa Jones.....	Administrator
City Planning.....	Dan Reuter.....	Administrator
Equity and Community Engagement.....	Anthony Sammons.....	Administrator
Economic Development.....	Richard Beeland.....	Administrator
Innovation Delivery and Performance.....	Tim Moreland.....	Administrator
Wastewater.....	Mark Heinzer.....	Administrator
Technology Services.....	Tyson Morris.....	Administrator
Office of Community Health.....	Geeta Maharaj.....	Administrator



Organizational Chart







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, 2023, 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, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 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, 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 February 16, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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
February 16, 2024

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, 2023. 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 \$2.9 billion (net position), an increase of \$204.9 million or 7.5 percent, at the close of the fiscal year. Of this amount, there is \$239.3 million in unrestricted net position, an increase of \$25.0 million. Governmental activities unrestricted net position decreased \$11.4 million while business-type activities increased \$36.4 million.
- Net position of governmental activities was \$1.6 billion, an increase of \$102.5 million, or 7.0 percent. Business-type activities reported an ending net position of \$1.4 billion, an increase of \$102.3 million, or 8.2 percent due to favorable operations trend in all business-type activities.
- Long-term liabilities for the City's primary government increased \$53.8 million or 4.8 percent, during the current fiscal year. Governmental activities long-term liabilities increased \$63.6 million or 12.5 percent. This was largely due to an increase in pension liabilities of \$105.6 million and a decrease in OPEB liabilities of \$21.1 million. \$19.6 million in debt was retired during the year and \$5.7 million of leases/SBITA were recorded. Compensated absences and debt premiums liabilities decreased by \$4.7 million and \$2.9 million respectively. Business-type activities decreased \$9.8 million or 1.6 percent. This includes a decrease in OPEB liabilities of \$3.6 million, \$42.1 million in retired debt and \$2.3 million in debt premiums. These were offset by \$10.8 million in new State Revolving Fund (SRF) loans for financing sewer consent decree projects, an increase in pension liabilities of \$18.1 million, an increase in compensated absences of \$300,000, \$7.8 million of leases/SBITAs were recorded, and \$1.1 million of landfill postclosure liabilities.
- At the end of the current fiscal year, fund balance for the General Fund is \$158.3 million, an increase of \$15.0 million or 10.4 percent. This compares with a \$15.1 million increase in fiscal year 2022. The unassigned fund balance increased \$14.9 million or 13.1 percent. Revenue highlights include an increase of \$8.9 million in total tax revenue, which includes an increase in property tax of \$7.5 million, an increase of \$8.2 million in total sales tax, inclusive of state, local and tourist development zone (TDZ) tax, and an increase in investment interest income of \$6.2 million. On the expenditure side, the City saw an increase in personnel expenditures of \$11.3 million due to the continuation of the compensation plans that provided an unprecedented overall raise of 24.0 percent to fire and police pay plans.

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, stormwater 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 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, Stormwater 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 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 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 \$2.9 billion at the close of the most recent fiscal year, an increase of \$204.9 million, or 7.5 percent, from last year. At the end of the fiscal year, the City 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.

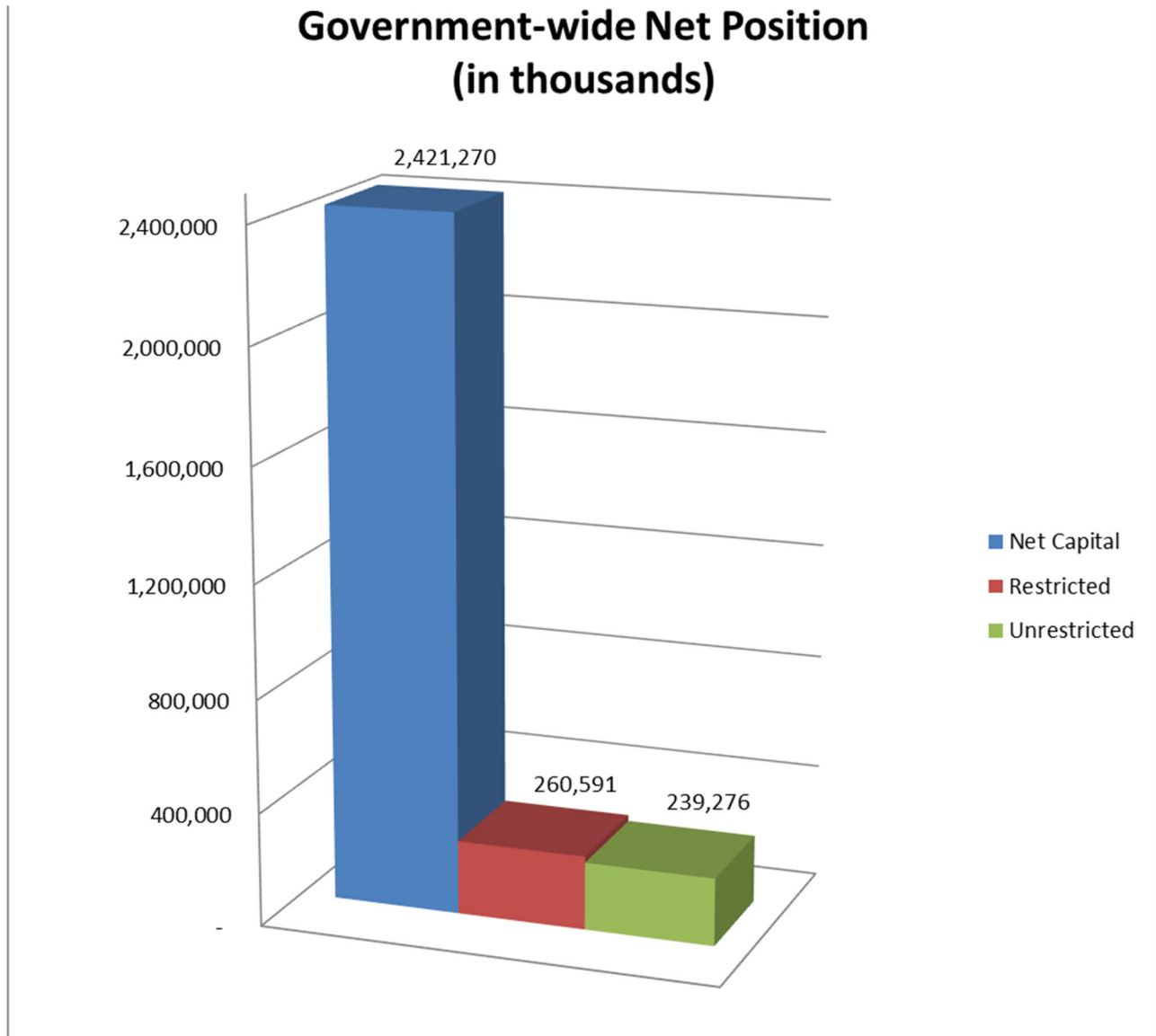
City of Chattanooga's Net Position

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 608,675	\$ 576,214	\$ 764,174	\$ 769,427	\$ 1,372,849	\$ 1,345,641
Capital assets	1,678,372	1,643,600	1,359,103	1,299,900	3,037,475	2,943,500
Total assets	<u>2,287,047</u>	<u>2,219,814</u>	<u>2,123,277</u>	<u>2,069,327</u>	<u>4,410,324</u>	<u>4,289,141</u>
Total deferred outflows of resources	155,158	90,074	39,199	21,545	194,357	111,619
Long-term liabilities outstanding	574,060	510,495	600,091	609,897	1,174,151	1,120,392
Other liabilities	70,084	79,341	201,485	214,408	271,569	293,749
Total liabilities	<u>644,144</u>	<u>589,836</u>	<u>801,576</u>	<u>824,305</u>	<u>1,445,720</u>	<u>1,414,141</u>
Total deferred inflows of resources	229,678	254,217	8,146	16,139	237,824	270,356
Net position:						
Net investment						
in capital assets	1,563,039	1,491,670	858,231	787,423	2,421,270	2,279,093
Restricted	142,302	99,678	118,289	123,212	260,591	222,890
Unrestricted	(136,958)	(125,513)	376,234	339,791	239,276	214,278
Total net position	<u>\$ 1,568,383</u>	<u>\$ 1,465,835</u>	<u>\$ 1,352,754</u>	<u>\$ 1,250,426</u>	<u>\$ 2,921,137</u>	<u>\$ 2,716,261</u>

By far the largest portion of the City’s net position, \$2.4 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, \$260.6 million, represents resources that are subject to external restrictions on how they may be used. The City also has a unrestricted fund balance of \$239.3 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)

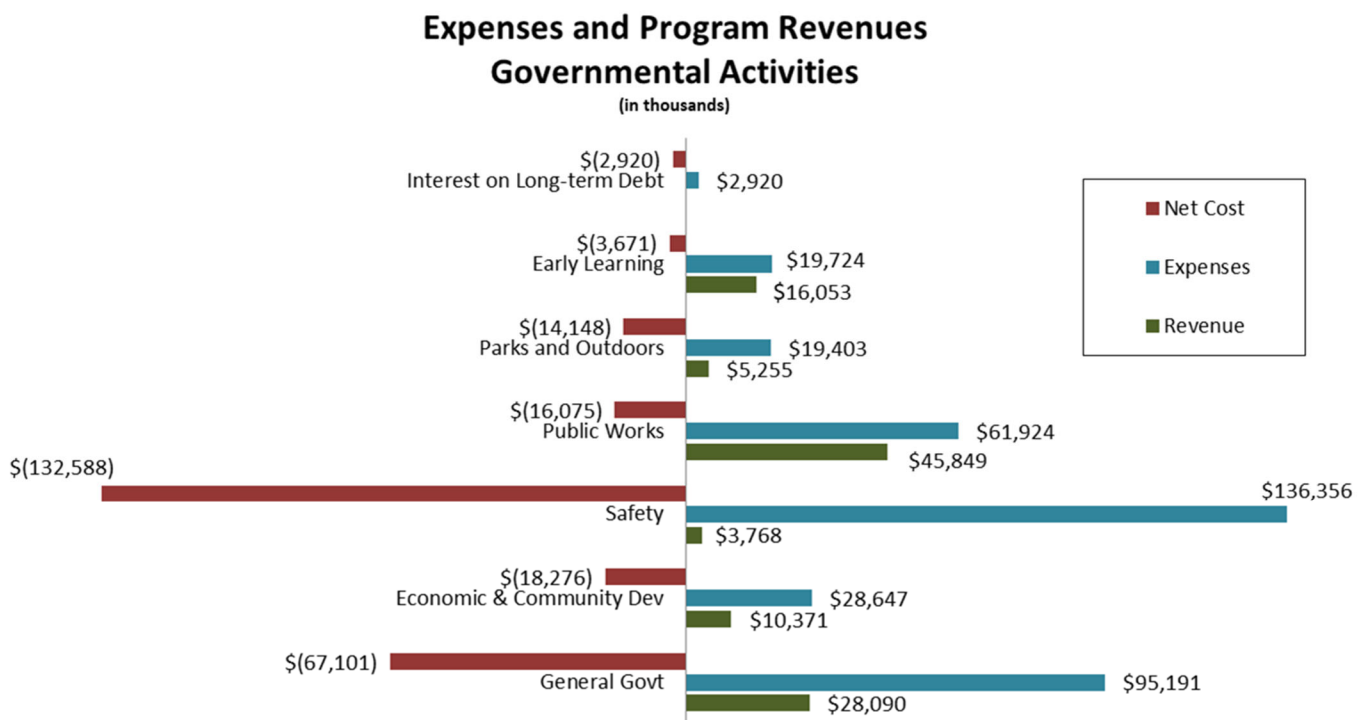
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 27,193	\$ 22,408	\$ 970,041	\$ 943,454	\$ 997,234	\$ 965,862
Operating grants	52,209	42,721	-	-	52,209	42,721
Capital grants	29,983	114,542	2,869	19,593	32,852	134,135
General revenues:						
Property taxes	193,741	187,610	-	-	193,741	187,610
Other taxes	35,159	33,337	-	-	35,159	33,337
Investment income	8,081	(131)	8,340	1,608	16,421	1,477
Miscellaneous	1,355	504	-	-	1,355	504
Unrestricted grants and contributions	118,992	111,506	-	-	118,992	111,506
Total revenues	<u>466,713</u>	<u>512,497</u>	<u>981,250</u>	<u>964,655</u>	<u>1,447,963</u>	<u>1,477,152</u>
Expenses						
Governmental activities:						
General government	95,191	93,231	-	-	95,191	93,231
Economic and community development	28,647	24,875	-	-	28,647	24,875
Public safety	136,356	133,327	-	-	136,356	133,327
Public works	61,924	64,023	-	-	61,924	64,023
Parks and outdoors	19,403	17,056	-	-	19,403	17,056
Early learning	19,724	12,620	-	-	19,724	12,620
Interest on long-term debt	2,920	3,440	-	-	2,920	3,440
Business-type activities:						
Electric utility	-	-	782,778	741,342	782,778	741,342
Sewer	-	-	69,174	71,466	69,174	71,466
Solid waste	-	-	6,035	4,518	6,035	4,518
Stormwater	-	-	17,162	17,037	17,162	17,037
Regional communications	-	-	2,047	1,645	2,047	1,645
Downtown redevelopment	-	-	1,726	1,447	1,726	1,447
Total expenses	<u>364,165</u>	<u>348,572</u>	<u>878,922</u>	<u>837,455</u>	<u>1,243,087</u>	<u>1,186,027</u>
Excess (deficiency) before transfers	102,548	163,925	102,328	127,200	204,876	291,125
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	102,548	163,925	102,328	127,200	204,876	291,125
Net position, beginning	1,465,835	1,301,910	1,250,426	1,123,226	2,716,261	2,425,136
Net position, ending	<u>\$ 1,568,383</u>	<u>\$ 1,465,835</u>	<u>\$ 1,352,754</u>	<u>\$ 1,250,426</u>	<u>\$ 2,921,137</u>	<u>\$ 2,716,261</u>

Governmental Activities

During the current fiscal year, net position of the City’s governmental activities increased \$102.5 million from the prior year for an ending balance of \$1.6 billion. Compared to the previous fiscal year, overall revenue and transfers decreased \$45.8 million or 8.9 percent. Revenue for property tax increased by \$6.1 million or 3.3 percent due to an increase in the number of completed properties. Total sales tax, inclusive of local option, state and TDZ, increased \$7.1 million or 6.8 percent. Investment income also increased \$8.2 million. This was offset by a decrease in of \$84.6 million, or 73.8 percent, of revenue in capital projects, which is due to a decrease in donated streets of \$55.4 million or 75.8 percent from the prior year, which was unusually high.

Expenses for the current year increased \$15.6 million or 4.5 percent. Personnel costs increased by \$900,000, or 0.4 percent. The largest increase in expenditures was operational costs which increased \$14.7 million or 10.3 percent. Pension and OPEB related expenses, in government-wide, increased by \$8.1 million. The City also saw an increase in sub-recipient funding of \$5.4 million, part of which can be attributed to the City distributing funds related to the American Rescue Plan Act (ARPA).

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



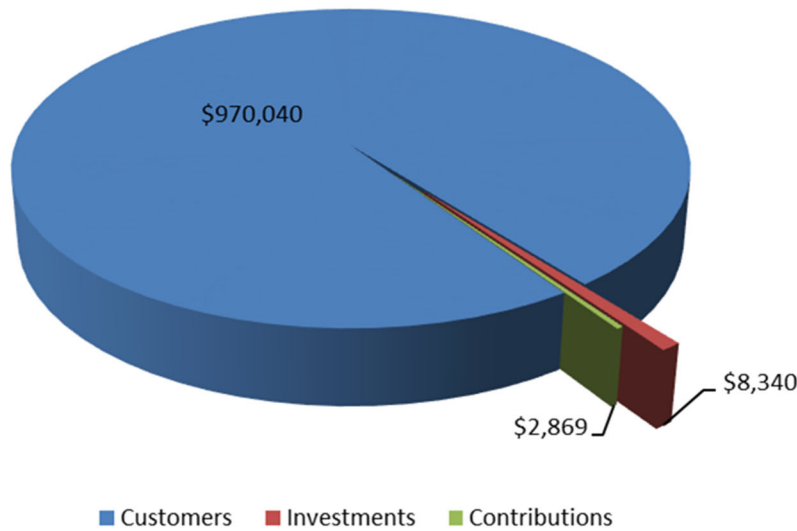
Business-type Activities

During the current year, net position of the business-type activities increased \$102.3 million or 8.2 percent, to \$1.4 billion. This net position is dedicated solely to finance the continuing operations of the electric, sewer, stormwater systems, solid waste disposal, regional communications systems and downtown redevelopment operations.

Revenues for the City’s business-type activities were \$981.2 million for the year just completed; this is a \$16.6 million or 1.7 percent increase. Expenses increased \$41.5 million or 5.0 percent resulting in total expense of \$878.9 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	Storm water	Regional Communication System	Downtown Revelopment	Total
Expenses	\$ 782,778	\$ 69,174	\$ 6,035	\$ 17,162	\$ 2,047	\$ 1,727	\$ 878,922
Revenues	814,313	118,023	5,686	36,506	1,938	4,782	981,249
Transfers In (Out)	-	-	-	-	-	-	-
Change in net position	\$ 31,535	\$ 48,849	\$ (349)	\$ 19,344	\$ (109)	\$ 3,055	\$ 102,327

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

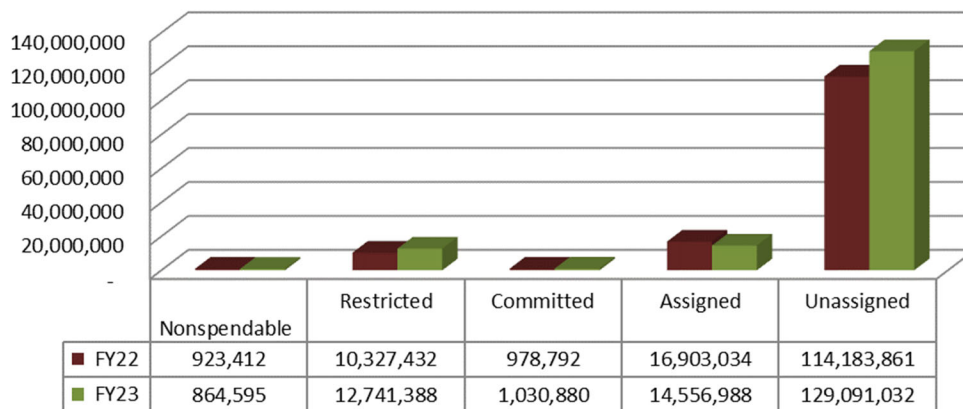
Governmental funds focus on the near-term flow of resources and balance of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's resources available for discretionary use since 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 \$294.1 million at the end of the fiscal year. Of this amount, 43.9 percent or \$129.1 million is available for spending at the City's discretion (unassigned fund balance). Total fund balance is made up of the following:

- \$7.1 million is in non-spendable form such as inventories and notes receivable.
- \$135.5 million is restricted for particular purposes due to restrictions placed by grants, bond covenants, other governments or by City ordinance.
- \$7.8 million is committed for specific purposes based on City resolutions.
- \$14.6 million is assigned for particular purposes such as under control of boards or designated purpose by management.
- \$129.1 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 \$15.0 million or 10.4 percent to \$158.3 million during the fiscal year. Unassigned fund balance increased \$14.9 million or 13.1 percent to \$129.1 million. During fiscal year 2023, there was a \$33.0 million planned use of fund balance for pay-as-you-go capital and economic development incentives.

General Fund Fund Balance



As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Unassigned fund balance represents approximately 36.8 percent of total General Fund expenditures and transfers out, while total fund balance represents 43.2 percent.

Revenues - Total revenues increased \$24.5 million or 6.8 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 \$8.9 million or 8.9 percent over the prior year. Property tax revenue, which includes current and delinquent taxes, increased by \$7.5 million or 4.1 percent, from the prior year. This increase is primarily due to the growth of the Chattanooga area. Other taxes, which includes gross receipts tax, liquor and beer taxes, saw a combined increase of \$1.4 million or 5.5 percent.
- Licenses and permits revenues increased by only \$946,000 or 0.9 percent, which includes an increase in building permits of \$590,000, or 20.9 percent.
- Intergovernmental revenues increased \$8.2 million or 6.7 percent from the prior year. This includes a \$7.5 million or 7.3 percent increase in total sales tax, which includes local option and state sales tax and Tourist Development Zone (TDZ) sales tax.
- Charges for services increased just \$800,000 or 0.8 percent., which includes an increase of \$272,000 in golf course charges and an increase in charges for City owned park and outdoors rentals of \$215,000.
- Fines, forfeitures and penalties saw a decrease of \$300,000 or 0.3 percent from the prior year. This was due to an increase of \$830,000 or 157.0 percent in automated traffic fines that occurred in fiscal year 2022, whereas this change was relatively flat in fiscal year 2023.
- Investment income increased \$6.2 million or 810.5 percent. The increase is primarily due to increased interest rates resulting from favorable market conditions in FY23 versus FY22 and the prior years.
- Contributions and donations increased \$140,000 or 100.7 percent. The increase was largely due to a private foundation grant in FY23 for \$105,000 for the renovation of the Philip Grymes Outdoor Chattanooga Building and the surrounding grounds.
- Sale of property increased \$500,000 or 332.2 percent. This was largely due to an increase in the sale of city equipment in FY23.
- All other revenues saw a decrease of \$160,000 or 2.0 percent.



Expenditures - Total expenditures increased \$25.4 million or 7.3 percent, from the previous year. Major changes during fiscal year 2023 are discussed below.

- Total employee compensation increased by \$11.3 million or 6.2 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. During fiscal year 2023, the continuation of the new compensation plan using steps within grades was implemented.
- Operations costs increased by \$12.4 million or 11.8 percent. Services expenses, which includes consultant fees, IT maintenance fees, repairs and rentals, increased by \$7.4 million, or 15.9 percent. There was also an increase in the vehicle related expenses, including fuel, of \$1.6 million or 10.3 percent compared to 2022.

Transfers - Total transfers out increased \$1.7 million or 2.8 percent primarily due to an increase in general fund dollars for capital in the amount of \$3.1 million. This was offset by a decrease of \$1.5 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 \$94.2 million in fund balance, an increase of \$800,000. Fund balance for this fund fluctuates from year-to-year based on debt issued and project expenditures; new debt increases fund balance while project expenditures decreases it. Analysis of project income and expenditures follows.

Funding sources during the current fiscal year include transfers in of \$36.0 million, including \$30.9 million from General Fund, \$1.1 million from State Street Aid, and \$4.0 million from Hotel/Motel Tax. Sources also include \$5.7 million in revenue. This is primarily Federal and State revenues and private donations. Another revenue source during this year relates to the adoption of new GASB pronouncements relating to Leases and Subscription Based Information Technology Arrangements (SBITAs).

Current year expenditures of \$42.9 million include \$21.4 million for street paving, sidewalk, bridge and tunnel projects, \$3.7 million for park and playground improvements, \$8.3 million for economic development, including \$5.5 million for an Enterprise South Industrial Park (ESIP) Early Site Prep, \$1.4 million for IT upgrades, including costs for the City's new Software as a Service (SaaS) implementation in the previous fiscal years, and additional appropriations totaling \$7.0 million, which include \$1.0 million for CARTA and \$5.8 million to help revitalize the Tivoli Theatre.

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 \$1.4 billion. Net investment in capital assets is \$872.6 million, with an additional \$118.3 million restricted for future use, leaving \$436.7 million available to meet on-going obligations.



Enterprise Funds - Total net position of the enterprise funds is \$1.4 billion, an increase of \$102.3 million or 8.2 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 \$31.5 million or 5.4 percent to \$615.4 million, mainly due to an increase of \$23.4 million in utility plant assets, in addition to an increase of \$19.1 million in cash and investments. Operating revenues were up \$28.1 million or 3.6 percent. Combined operating expenses, which includes tax equivalents and depreciation, increased by \$58.8 million or 8.4 percent, largely due to an increase of \$44.0 million in a TVA fuel cost adjustment.
- **Interceptor Sewer System** – Net position of the Interceptor Sewer System increased \$48.8 million, or 9.6 percent, to \$558.4 million. Operating revenues rose \$8.9 million or 8.2 percent while operating expenses decreased by \$2.4 million or 3.5 percent. Unrestricted net position (available to finance on-going operations) increased \$7.6 million or 6.1 percent to \$132.2 million. An additional \$96.8 million is restricted for future capital spending, which is an increase of \$600,000. Capital net position increased \$40.6 million or 14.1 percent.
- **Solid Waste** – The City operates a municipal solid waste landfill. The fund has a net position of \$15.7 million, a decrease of \$300,000 or 2.2 percent. To date the City has accrued liabilities of \$5.8 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.
- **Stormwater Management** – The Stormwater Fund, established to comply with EPA guidelines, now has \$140.0 million in net position, an increase of \$19.3 million or 19.3 percent from last year. Net investment in capital is \$61.2 million, leaving the amount available to fund day-to-day operations (unrestricted net position) at \$72.9 million. An additional \$5.9 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 \$7.5 million which is a \$100,000 decrease from last year.
- **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 \$15.7 million, an increase of \$3.1 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 \$74.9 million, a increase of \$11.7 million or 18.6 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 \$25.4 million or 7.2 percent. All revenue categories except fines and forfeitures exceeded expectations and are addressed below.

- Total tax revenue for the year was higher than budget by \$7.8 million or 3.7 percent. This was due to total property taxes, which includes both current and delinquent taxes, being higher than budget by \$4.7 million or 2.5 percent. All other taxes, including gross receipts tax, liquor and beer taxes, exceeded budget by \$3.1 million or 14.9 percent.
- Licenses and permits revenue was higher than budget by \$2.0 million or 35.7 percent. This was largely due to permits being higher than budget by \$1.5 million or 39.7 percent, specifically building permits exceeding budget by \$1.2 million or 55.0 percent.
- Intergovernmental revenue is \$9.8 million or 8.1 percent more than budget, primarily due to local option sales tax. Local option sales tax is \$5.6 million or 6.9 percent over budget. State shared city allocated state sales tax also exceeded budget by \$1.8 million or 9.1 percent. State shared TDZ (tourist development zone) sales tax increased by \$1.7 million, from \$0 in fiscal year 2022.
- Charges for services are \$70,000 above budget or 1.6 percent.
- Fines and forfeitures are under budget by \$800,000 or 29.1 percent. This is primarily due to lower than expected automated traffic fines, which were below budget by \$900,000 or 39.2 percent.
- Miscellaneous revenue is \$6.6 million or 71.7 percent above budget primarily due interest income coming in \$5.4 million or 963.8 percent higher than expected due to favorable market conditions in FY23 compared to prior years.

Expenditures were less than budget by \$13.4 million or 4.2 percent. All departments were under budget. Employee compensation made up nearly the entire deficit being under budget by \$13.2 million or 7.4 percent due to vacancies. Operations were slightly under budget by \$250,000 or less than a quarter of a percent.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the City had a net of \$3.0 billion in capital assets, an increase of \$94.0 million or 3.0 percent. This investment includes land, buildings, utility system improvements, machinery and equipment, park facilities and infrastructure. Capital assets, net of depreciation, for governmental funds increased \$34.8 million or 2.1 percent and capital assets, net of depreciation, for business-type increased by \$59.2 million or 4.6 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	
	2023	2022	2023	2022	2023	2022
Non-depreciable:						
Land & Easements	\$ 1,233,687	\$ 1,215,730	\$ 23,002	\$ 22,673	\$1,256,689	\$ 1,238,403
Construction in progress	90,436	74,361	236,775	175,835	327,210	250,196
Depreciable:						
Buildings & Improvements	81,382	86,405	105,702	111,942	187,084	198,347
Vehicles & Machinery	33,133	33,637	110,864	123,497	143,997	157,134
Infrastructure	234,453	232,289	876,109	860,183	1,110,563	1,092,472
Right to use asset	5,282	1,178	6,650	5,770	11,932	6,948
Total	\$ 1,678,372	\$ 1,643,600	\$ 1,359,103	\$ 1,299,900	\$3,037,474	\$ 2,943,500

- Land & easements saw an increase of \$18.0 million in FY23. This was largely due to an increase exceeding \$17.7 million of donated streets. Streets are donated annually to the City by developers and contractors after construction projects are completed. Public Works tracks all of these projects through the issuance of construction permits.
- Construction-in-progress (CIP) increased for business-type activities includes an increase of \$45.6 million in not yet completed Sewer projects. 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.
- Right to use assets increased in FY23 due to the adoption of GASB 96, *Subscription Based Information Technology Arrangements*, as well as the adoption of GASB 87, *Leases*, in FY22.
- The City 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 \$32.8 million while business-type activities recognized depreciation expense of \$86.2 million.

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



Debt Administration

At June 30, 2023, the City had \$636.2 million in long-term debt outstanding. This is a \$41.6 million decrease or 6.31 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 \$107.6 million; this is 1.35 percent of the assessed value of \$7,972,736,488. As of year-end, EPB had \$270.3 million in revenue bond debt outstanding compared to \$283.3 million last year; these bonds are rated “AA+” by Standard & Poor’s and Fitch. CDRC had \$32.6 million in revenue bonds outstanding compared to \$44.5 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	
	2023	2022	2023	2022	2023	2022
General obligation bonds (backed by the City)	\$ 113,078	\$ 129,157	\$ 12,232	\$ 14,228	\$ 125,310	\$ 143,385
Revenue bonds (backed by specific revenues)	-	-	302,939	327,780	302,939	327,780
Notes payable and other	1,877	3,752	200,464	201,291	202,341	205,043
Leases/SBITAS	5,633	1,639	-	22	5,633	1,661
Total	\$ 120,588	\$ 134,548	\$ 515,635	\$ 543,321	\$ 636,223	\$ 677,869

During the year the City issued the following new debt:

- The adoption of GASB 96, *Subscription Based Information Technology Arrangements (SBITA)*, as well as a new lease has caused an increase of \$5.7 million.
- The Interceptor Sewer System drew down \$10.8 million from a state revolving loan fund for EPA consent decree projects.
- A total of \$58.1 million in debt was retired during the fiscal year; \$42.9 million in bond principal payments were made with an additional \$15.2 million in note, lease, and SBITA 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 2024:

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 2024:

- Anticipated revenues in the General Fund are \$329 million with a planned use of fund balance of \$10 million for capital and economic development initiatives. This is a \$12.0 million or 3.8 percent increase over the previous budget. Intergovernmental revenues increased by \$4.9 million or 5.2 percent. Interest revenues were projected \$2.3 million over budget. The budget for property taxes increased as well by \$3.6 million or 1.9 percent.
- Sales tax remained strong and is expected to continue to increase. State sales tax is budgeted \$1.3 million or 6.7 percent higher and local option sales tax is budgeted \$3.6 million or 5.6 percent higher.
- Expenditures of \$339 million reflect a \$11.0 million or 3.1 percent decrease over prior year budget. This budget allocates \$10 million of reserves to paving projects. This budget includes a new pay step plan for non-sworn employees to help attract and retain our frontline workforce.



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 11th Street; Suite 101
Chattanooga, Tennessee 37402
(423) 643-7363
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

CARTA

1617 Wilcox Boulevard
Chattanooga, TN 37406
(423) 629-1411
www.gocarta.org

CBID

407 Broad Street, Suite 202
Chattanooga, TN 37402
(423) 206-4200
www.dtchattalliance.org



**BASIC FINANCIAL
STATEMENTS**

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 185,226,651	\$ 359,050,575	\$ 544,277,226	\$ 25,002,129
Investments	163,987,447	203,369,536	367,356,983	-
Receivables, net of allowance for uncollectible	251,470,042	93,680,992	345,151,034	6,716,842
Internal balances	(35,503,951)	35,503,951	-	-
Certificates of deposit	-	-	-	30,000,000
Inventories	5,060,015	31,086,818	36,146,833	1,198,799
Prepaid items	4,000	10,562,000	10,566,000	1,605,280
Leases receivable, current	-	3,745,000	3,745,000	11,667,517
Restricted assets:				
Cash and cash equivalents	23,685,638	2,478,246	26,163,884	3,328,997
Investments	-	16,088,672	16,088,672	-
Endowment investments	6,259,977	-	6,259,977	-
Receivables	1,580	-	1,580	258,184
Other	-	1,250,130	1,250,130	-
Accrued post-employment benefit asset	-	1,278,000	1,278,000	-
Leases receivable, non-current	1,757,825	4,401,000	6,158,825	-
FEMA grant receivable	-	1,679,000	1,679,000	-
Equity interest in joint venture	6,726,115	-	6,726,115	-
Land and other nondepreciable assets	1,324,122,296	259,776,900	1,583,899,196	38,903,630
Other capital assets, net of accumulated depreciation	354,249,400	1,099,325,894	1,453,575,294	157,555,449
Total assets	<u>2,287,047,035</u>	<u>2,123,276,714</u>	<u>4,410,323,749</u>	<u>276,236,827</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	948,396	7,997,810	8,946,206	-
Deferred pension	126,730,025	30,299,738	157,029,763	5,716,171
Deferred OPEB	27,479,691	901,400	28,381,091	136,108
Total deferred outflows of resources	<u>155,158,112</u>	<u>39,198,948</u>	<u>194,357,060</u>	<u>5,852,279</u>
LIABILITIES				
Accounts payable and accrued liabilities	37,111,428	159,915,438	197,026,866	4,344,889
Customer deposits	-	26,136,000	26,136,000	-
Contracts payable	1,420,974	6,492,996	7,913,970	1,369,611
Unearned grants revenue	31,551,543	6,700,000	38,251,543	78,140
Other liabilities	-	2,241,000	2,241,000	-
Long-term liabilities:				
Due within one year	21,859,664	36,212,684	58,072,348	1,834,724
Due in more than one year	552,200,080	563,877,998	1,116,078,078	36,011,628
Total liabilities	<u>644,143,689</u>	<u>801,576,116</u>	<u>1,445,719,805</u>	<u>43,638,992</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	185,762,644	-	185,762,644	-
Deferred pension	2,571,698	-	2,571,698	585,759
Deferred OPEB	39,631,638	-	39,631,638	249,942
Deferred lease	1,712,049	8,146,000	9,858,049	11,163,546
Total deferred inflows of resources	<u>229,678,029</u>	<u>8,146,000</u>	<u>237,824,029</u>	<u>11,999,247</u>
NET POSITION				
Net investment in capital assets	1,563,039,685	858,231,113	2,421,270,798	176,441,330
Restricted for:				
Capital projects	94,249,667	-	94,249,667	-
Debt service reserve	-	3,960,184	3,960,184	3,587,181
Renewal and replacement	-	103,201,402	103,201,402	-
Landfill postclosure	-	11,127,342	11,127,342	-
Grant purposes	4,847,448	-	4,847,448	-
Miscellaneous special revenue	23,399,849	-	23,399,849	-
Other	13,016,358	-	13,016,358	-
Permanent endowments:				
Expendable	528,844	-	528,844	-
Nonexpendable	6,259,977	-	6,259,977	-
Unrestricted	(136,958,399)	376,233,505	239,275,106	46,422,356
Total net position	<u>\$ 1,568,383,429</u>	<u>\$ 1,352,753,546</u>	<u>\$ 2,921,136,975</u>	<u>\$ 226,450,867</u>

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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 95,191,494	\$ 12,405,014	\$ 14,465,062	\$ 1,220,011
Economic and community development	28,646,538	3,180,597	7,190,080	-
Public safety	136,355,857	1,433,831	2,316,830	16,704
Public works	61,924,488	7,030,465	10,072,157	28,746,536
Parks and outdoors	19,402,649	3,142,589	2,111,773	-
Early Learning	19,723,689	-	16,053,417	-
Interest on long-term debt	2,919,734	-	-	-
Total governmental activities	<u>364,164,449</u>	<u>27,192,496</u>	<u>52,209,319</u>	<u>29,983,251</u>
Business-type activities:				
Electric utility, including fiber optics	782,778,000	805,630,000	-	2,869,000
Sewer	69,174,190	116,944,844	-	-
Solid waste	6,034,886	5,488,599	-	-
Stormwater management	17,161,571	35,689,943	-	-
Regional Communications	2,047,397	1,938,181	-	-
Downtown redevelopment	1,726,498	4,348,888	-	-
Total business-type activities	<u>878,922,542</u>	<u>970,040,455</u>	<u>-</u>	<u>2,869,000</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,243,086,991</u>	<u>\$ 997,232,951</u>	<u>\$ 52,209,319</u>	<u>\$ 32,852,251</u>
COMPONENT UNITS				
Airport authority	\$ 33,034,527	\$ 33,081,496	\$ -	\$ 17,865,915
Downtown Chattanooga Business Improvement District (CBID)	1,543,499	1,927,236	-	-
Transportation authority	31,683,192	10,807,324	12,915,249	15,033,662
TOTAL COMPONENT UNITS	<u>\$ 66,261,218</u>	<u>\$ 45,816,056</u>	<u>\$ 12,915,249</u>	<u>\$ 32,899,577</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

Gain on equity interest in joint venture

Total general revenues and transfers

Change in net position

Net position, beginning, as previously reported

Prior period adjustment

Net position, beginning, as restated

Net position, ending

The notes to 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
\$ (67,101,407)	\$ -	\$ (67,101,407)	\$ -
(18,275,861)	-	(18,275,861)	-
(132,588,492)	-	(132,588,492)	-
(16,075,330)	-	(16,075,330)	-
(14,148,287)	-	(14,148,287)	-
(3,670,272)	-	(3,670,272)	-
(2,919,734)	-	(2,919,734)	-
<u>(254,779,383)</u>	<u>-</u>	<u>(254,779,383)</u>	<u>-</u>
-	25,721,000	25,721,000	-
-	47,770,654	47,770,654	-
-	(546,287)	(546,287)	-
-	18,528,372	18,528,372	-
-	(109,216)	(109,216)	-
-	2,622,390	2,622,390	-
<u>-</u>	<u>93,986,913</u>	<u>93,986,913</u>	<u>-</u>
<u>(254,779,383)</u>	<u>93,986,913</u>	<u>(160,792,470)</u>	<u>-</u>
-	-	-	17,912,884
-	-	-	383,737
-	-	-	7,073,043
<u>-</u>	<u>-</u>	<u>-</u>	<u>25,369,664</u>
193,741,398	-	193,741,398	-
8,779,569	-	8,779,569	-
9,948,881	-	9,948,881	-
8,528,112	-	8,528,112	-
5,408,674	-	5,408,674	-
2,493,258	-	2,493,258	-
88,024,075	-	88,024,075	-
21,602,606	-	21,602,606	-
14,654	-	14,654	-
1,720,950	-	1,720,950	-
7,630,092	-	7,630,092	-
8,080,465	8,340,171	16,420,636	1,534,182
-	-	-	2,732,857
625,415	-	625,415	-
730,006	-	730,006	-
<u>357,328,155</u>	<u>8,340,171</u>	<u>365,668,326</u>	<u>4,267,039</u>
102,548,772	102,327,084	204,875,856	29,636,703
<u>1,465,834,657</u>	<u>1,250,426,462</u>	<u>2,716,261,119</u>	<u>196,816,439</u>
-	-	-	(2,275)
<u>1,465,834,657</u>	<u>1,250,426,462</u>	<u>2,716,261,119</u>	<u>196,814,164</u>
<u>\$ 1,568,383,429</u>	<u>\$ 1,352,753,546</u>	<u>\$ 2,921,136,975</u>	<u>\$ 226,450,867</u>

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

CITY OF CHATTANOOGA, TENNESSEE

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2023

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 42,546,271	\$ 86,490,626	\$ 28,815,082	\$ 157,851,979
Investments	138,482,896	15,504,551	6,259,977	160,247,424
Receivables, net of allowance for uncollectibles:				
Property taxes	181,216,131	-	-	181,216,131
Other taxes	16,676,884	-	1,706,650	18,383,534
Notes	4,938,562	-	6,474,428	11,412,990
Other	1,850,501	119,135	72,473	2,042,109
Due from other governments	22,662,423	15,689	14,147,285	36,825,397
Inventories	860,595	-	-	860,595
Prepaid items	4,000	-	-	4,000
	<u>\$ 409,238,263</u>	<u>\$ 102,130,001</u>	<u>\$ 57,475,895</u>	<u>\$ 568,844,159</u>
LIABILITIES				
Accounts payable and accrued liabilities:				
Accounts payable	\$ 8,346,047	\$ 6,340,317	\$ 3,481,862	\$ 18,168,226
Accrued payroll	7,220,847	-	665,570	7,886,417
Accrued pension and OPEB contributions	75,240	-	-	75,240
Other accrued liabilities	-	19,105	-	19,105
Due to other governments	715,616	-	72,184	787,800
Contracts payable	-	1,420,975	-	1,420,975
Unearned grants revenue	28,858,127	99,937	2,593,479	31,551,543
	<u>45,215,877</u>	<u>7,880,334</u>	<u>6,813,095</u>	<u>59,909,306</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	192,301,691	-	-	192,301,691
Unavailable revenue - other local taxes	2,870,849	-	746,417	3,617,266
Unavailable revenue - shared tax revenue	9,468,059	-	553,877	10,021,936
Unavailable revenue - CDBG loans	-	-	7,763,652	7,763,652
Unavailable revenue - other	1,096,904	-	-	1,096,904
	<u>205,737,503</u>	<u>-</u>	<u>9,063,946</u>	<u>214,801,449</u>
FUND BALANCES				
Nonspendable	864,595	-	6,259,977	7,124,572
Restricted	12,741,388	94,249,667	28,522,267	135,513,322
Committed	1,030,880	-	6,816,610	7,847,490
Assigned	14,556,988	-	-	14,556,988
Unassigned	129,091,032	-	-	129,091,032
	<u>158,284,883</u>	<u>94,249,667</u>	<u>41,598,854</u>	<u>294,133,404</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 409,238,263</u>	<u>\$ 102,130,001</u>	<u>\$ 57,475,895</u>	<u>\$ 568,844,159</u>

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, 2023

Differences in amounts reported for governmental activities in the statement of net position on page A-1:		
Fund balances - total governmental funds	\$	294,133,404
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.		1,661,491,350
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.		29,038,805
The equity interest in the joint venture represents an interest in the capital assets of the joint venture. This interest is not a financial resource and is not reported in the funds.		6,726,115
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		74,850,560
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	\$ 173,535,531	
Deferred OPEB	<u>37,641,311</u>	211,176,842
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.		(71,320,071)
The City's pollution remediation obligation is considered a long term obligation		(614,600)
The City's lessor leases receivable, due to the implementation of GASB 87, are considered non-current and are not reported in the funds.		1,762,292
Net pension liabilities are not due and payable in the current period and are not reported in the funds:		
General pension	(63,606,390)	
Fire and police pension	<u>(273,456,562)</u>	(337,062,952)
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	(113,077,520)	
Add net deferred refunding, issue premiums and discounts	(15,115,233)	
Notes payable	(1,877,310)	
Leases	(5,632,506)	
Lease payable to CDRC - reported as internal balance	(35,503,951)	
Compensated absences	(28,110,743)	
Accrued interest payable	<u>(1,598,542)</u>	(200,915,805)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds:		
Deferred pension	(49,377,204)	
Deferred OPEB	(49,793,258)	
Deferred lease	<u>(1,712,049)</u>	(100,882,511)
Net position of governmental activities	<u>\$</u>	<u>1,568,383,429</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, 2023

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 216,497,194	\$ -	\$ 10,894,424	\$ 227,391,618
Licenses and permits	7,715,561	-	642,803	8,358,364
Intergovernmental	131,111,844	4,333,062	31,124,093	166,568,999
Charges for services	4,675,562	-	512,627	5,188,189
Fines, forfeitures and penalties	1,948,632	-	24,718	1,973,350
Investment income	6,998,211	1,155,378	1,096,118	9,249,707
Contributions and donations	283,821	160,618	-	444,439
Sale of property	625,415	-	-	625,415
Miscellaneous	7,825,182	3,826	3,538,531	11,367,539
Total revenues	377,681,422	5,652,884	47,833,314	431,167,620
EXPENDITURES				
Current:				
General government	75,560,262	-	6,289,122	81,849,384
Finance and administration	6,556,236	-	-	6,556,236
Economic and community development	18,932,743	-	8,387,114	27,319,857
Public safety	147,978,386	-	259,948	148,238,334
Public works	38,121,153	-	4,668,485	42,789,638
Parks and outdoors	18,807,895	-	-	18,807,895
Early Learning	2,652,833	-	16,784,841	19,437,674
Capital outlay/capital assets	-	42,901,731	-	42,901,731
Debt service:				
Principal retirement	1,462,075	-	18,177,188	19,639,263
Interest and fiscal charges	59,896	-	6,471,946	6,531,842
Total expenditures	310,131,479	42,901,731	61,038,644	414,071,854
Excess (deficiency) of revenues over (under) expenditures	67,549,943	(37,248,847)	(13,205,330)	17,095,766
OTHER FINANCING SOURCES (USES)				
Transfers in	28,957	35,996,713	27,561,603	63,587,273
Transfers out	(56,251,477)	-	(9,335,795)	(65,587,272)
Leases	368,108	2,036,949	-	2,405,057
Subscription-based IT arrangements	3,272,821	-	-	3,272,821
Total other financing sources (uses)	(52,581,591)	38,033,662	18,225,808	3,677,879
Net change in fund balances	14,968,352	784,815	5,020,478	20,773,645
FUND BALANCES, beginning	143,316,531	93,464,852	36,578,376	273,359,759
FUND BALANCES, ending	\$ 158,284,883	\$ 94,249,667	\$ 41,598,854	\$ 294,133,404

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, 2023

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	\$	20,773,645	
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.		30,981,327	
Depreciation expense for governmental capital assets are included in the governmental activities.		(27,490,402)	
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.		27,196,005	
The net effect of various transactions involving the implementation of GASB 87 is to increase net position.		23,653	
The increase of equity interest in joint venture is reported in the statement of activities. This gain does not use current financial resources and is not reflected in the governmental funds.		730,006	
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	\$	18,026,994	
Principal paid - Leases and SBITAs		1,612,269	
Payment of Southside lease		3,939,612	
Amortization		2,725,991	
Amortization - Leases per GASB 87		(775,015)	
Amortization - SBITAs per GASB 96		(798,821)	
Change in accrued interest payable		209,789	24,940,819
Net gain of the internal service funds are reported with governmental activities.			11,717,026
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		4,638,167	
Change in pension expense		(1,262,623)	
Change in pollution remediation liability		(572,225)	
Change in OPEB liability		8,955,315	11,758,634
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		1,918,059	1,918,059
Change in net position of governmental activities			<u>\$ 102,548,772</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 - BUDGET AND ACTUAL
GENERAL FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 208,730,630	\$ 208,730,630	\$ 216,497,194	\$ 7,766,564
Licenses and permits	5,685,350	5,685,350	7,715,561	2,030,211
Intergovernmental	121,339,052	121,339,052	131,111,844	9,772,792
Charges for services	4,602,621	4,602,621	4,675,562	72,941
Fines, forfeitures and penalties	2,747,940	2,747,940	1,948,632	(799,308)
Investment income	1,388,752	1,388,752	6,998,211	5,609,459
Miscellaneous	7,774,615	7,774,615	8,734,418	959,803
Total revenues	352,268,960	352,268,960	377,681,422	25,412,462
EXPENDITURES				
General government	66,381,026	64,614,012	58,504,635	(6,109,377)
Executive	11,512,833	11,849,306	10,912,219	(937,087)
Finance and administration	7,720,543	7,823,332	6,722,902	(1,100,430)
Human resources	3,698,480	3,620,812	3,334,910	(285,902)
Community development	15,012,661	15,494,062	15,255,310	(238,752)
Police	87,820,818	88,744,837	88,706,834	(38,003)
Fire	60,915,469	60,915,469	59,271,552	(1,643,917)
Public works	39,370,620	39,370,620	38,300,172	(1,070,448)
Parks and outdoors	18,470,836	18,886,362	18,852,896	(33,466)
Early learning	2,936,180	2,936,180	2,652,833	(283,347)
City planning	1,247,367	1,247,367	854,736	(392,631)
Equity and community engagement	1,411,348	1,411,348	761,576	(649,772)
Economic development	4,689,668	4,274,142	3,677,433	(596,709)
Innovation delivery and performance	2,384,511	2,384,511	2,323,471	(61,040)
Total expenditures	323,572,360	323,572,360	310,131,479	(13,440,881)
Excess of revenues over expenditures	28,696,600	28,696,600	67,549,943	38,853,343
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	28,957	28,957
Transfers out	(69,041,650)	(69,041,650)	(56,251,477)	12,790,173
Leases	-	-	368,108	368,108
Subscription-based IT arrangements	-	-	3,272,821	3,272,821
Total other financing sources (uses)	(69,041,650)	(69,041,650)	(52,581,591)	16,460,059
Net change in fund balances	(40,345,050)	(40,345,050)	14,968,352	55,313,402
FUND BALANCES, beginning	143,316,531	143,316,531	143,316,531	-
FUND BALANCES, ending	\$ 102,971,481	\$ 102,971,481	\$ 158,284,883	\$ 55,313,402

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, 2023

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment	Regional Communications		
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 227,821,000	\$ 83,139,834	\$ 4,131,223	\$ 29,897,811	\$ 9,058,428	\$ 5,002,279	\$ 359,050,575	\$ 49,976,913
Investments	1,196,000	145,923,481	-	56,250,055	-	-	203,369,536	10,000,000
Receivables:								
Customer service	70,958,000	23,687,287	11,843	7,238,083	-	-	101,895,213	1,530,439
Other	-	7,374,855	53,392	442,070	32,750	4,659	7,907,726	-
Less allowance for doubtful accounts	(1,671,000)	(12,897,213)	(100)	(1,855,330)	-	-	(16,423,643)	-
Inventories	27,724,000	3,362,818	-	-	-	-	31,086,818	4,199,421
Due from other governments	-	281,992	-	19,704	-	-	301,696	56,556
Prepaid items	10,561,000	-	-	-	-	1,000	10,562,000	-
Leases receivable, current	3,745,000	-	-	-	-	-	3,745,000	-
Total current assets	340,334,000	250,873,054	4,196,358	91,992,393	9,091,178	5,007,938	701,494,921	65,763,329
Noncurrent Assets:								
Restricted Assets:								
Cash and cash equivalents	-	-	-	2,478,246	-	-	2,478,246	-
Investments	920,000	-	11,127,342	81,146	3,960,184	-	16,088,672	-
Investment in lease	-	-	-	-	35,503,951	-	35,503,951	-
Other	1,221,000	-	28,787	343	-	-	1,250,130	-
Accrued post-employment benefit asset	1,278,000	-	-	-	-	-	1,278,000	-
Leases receivable, non-current	4,401,000	-	-	-	-	-	4,401,000	-
FEMA grant receivable	1,679,000	-	-	-	-	-	1,679,000	-
Total restricted assets	9,499,000	-	11,156,129	2,559,735	39,464,135	-	62,678,999	-
Capital Assets:								
Land	6,490,000	12,762,970	1,517,514	2,186,077	45,541	-	23,002,102	-
Construction in progress	45,046,000	181,909,056	2,661,817	7,157,925	-	-	236,774,798	282,270
Buildings	62,958,000	86,240,863	1,983,173	11,452,211	927,723	-	163,561,970	5,797,446
Equipment	95,220,000	47,274,620	4,595,837	2,612,254	261,285	12,293,159	162,257,155	9,686,124
Vehicles	-	5,478,842	2,164,238	2,743,359	-	-	10,386,439	46,497,251
Infrastructure	962,467,000	587,408,188	9,553,299	72,114,127	-	-	1,631,542,614	-
Right to use leased assets, net of amortization	1,862,000	-	-	-	-	-	1,862,000	-
Right to use subscription assets, net of amortization	4,788,000	-	-	-	-	-	4,788,000	-
Total capital assets	1,178,831,000	921,074,539	22,475,878	98,265,953	1,234,549	12,293,159	2,234,175,078	62,263,091
Less accumulated depreciation	(436,585,000)	(384,376,287)	(13,015,095)	(31,148,007)	(572,715)	(9,375,180)	(875,072,284)	(45,382,745)
Net capital assets	742,246,000	536,698,252	9,460,783	67,117,946	661,834	2,917,979	1,359,102,794	16,880,346
Total noncurrent assets	751,745,000	536,698,252	20,616,912	69,677,681	40,125,969	2,917,979	1,421,781,793	16,880,346
Total assets	1,092,079,000	787,571,306	24,813,270	161,670,074	49,217,147	7,925,917	2,123,276,714	82,643,675
DEFERRED OUTFLOWS OF RESOURCES								
Deferred refunding	8,359,000	26,644	70,610	7,015	163,713	-	8,626,982	-
Deferred pension	25,565,000	4,523,388	233,725	4,033,014	-	156,880	34,512,007	-
Deferred OPEB	10,960,000	1,592,425	82,036	1,433,186	-	55,063	14,122,710	-
Total deferred outflows of resources	44,884,000	6,142,457	386,371	5,473,215	163,713	211,943	57,261,699	-

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, 2023

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment	Regional Communications		
LIABILITIES								
Current liabilities:								
Accounts payable and accrued liabilities:								
Accounts payable	\$ 147,738,000	\$ 9,834,812	\$ 229,115	\$ 462,787	\$ 27,533	\$ 13,208	\$ 158,305,455	\$ 7,360,780
Accrued payroll	-	603,056	31,963	343,879	-	19,673	998,571	131,923
Other accrued liabilities	-	86,450	28,385	149,886	346,691	-	611,412	-
Current maturities of long-term liabilities:								
Bonds payable	13,625,000	121,574	597,523	1,296,582	2,945,000	-	18,585,679	-
Notes payable	-	13,290,880	38,558	-	-	-	13,329,438	-
Compensated absences	173,000	137,965	8,120	75,869	-	4,889	399,843	23,642
Landfill postclosure costs	-	-	356,724	-	-	-	356,724	-
Lease liability	741,000	-	-	-	-	-	741,000	-
Subscription liabilities	2,800,000	-	-	-	-	-	2,800,000	-
Contracts payable	-	6,342,630	88,210	62,156	-	-	6,492,996	-
Unearned revenue	6,700,000	-	-	-	-	-	6,700,000	-
Total current liabilities	171,777,000	30,417,367	1,378,598	2,391,159	3,319,224	37,770	209,321,118	7,516,345
Long-term liabilities:								
Bonds payable	279,723,000	427,791	1,744,687	9,825,500	29,689,000	-	321,409,978	-
Notes payable	-	187,134,513	-	-	-	-	187,134,513	-
Compensated absences	352,000	1,615,088	95,060	888,163	-	57,236	3,007,547	276,770
OPEB liability	-	4,132,934	212,916	3,719,652	-	142,912	8,208,414	-
Pension liability	21,394,000	7,162,801	370,104	6,386,292	-	248,418	35,561,615	-
Landfill postclosure costs	-	-	5,446,931	-	-	-	5,446,931	-
Customer deposits	26,136,000	-	-	-	-	-	26,136,000	-
Lease liabilities	1,121,000	-	-	-	-	-	1,121,000	-
Subscription liabilities	1,988,000	-	-	-	-	-	1,988,000	-
Other noncurrent liabilities	2,241,000	-	-	-	-	-	2,241,000	-
Total long-term liabilities	332,955,000	200,473,127	7,869,698	20,819,607	29,689,000	448,566	592,254,998	276,770
Total liabilities	504,732,000	230,890,494	9,248,296	23,210,766	33,008,224	486,336	801,576,116	7,793,115
DEFERRED INFLOWS OF RESOURCES								
Deferred refunding	-	-	-	-	629,172	-	629,172	-
Deferred pension	-	2,129,621	110,038	1,898,752	-	73,858	4,212,269	-
Deferred OPEB	8,660,000	2,296,618	118,315	2,066,962	-	79,415	13,221,310	-
Deferred lease	8,146,000	-	-	-	-	-	8,146,000	-
Total deferred inflows of resources	16,806,000	4,426,239	228,353	3,965,714	629,172	153,273	26,208,751	-
NET POSITION								
Net investment in capital assets	455,763,000	329,407,509	8,323,250	61,157,541	661,834	2,917,979	858,231,113	16,880,346
Restricted for renewal and replacement	-	96,797,859	429,035	5,870,970	-	103,538	103,201,402	-
Restricted for landfill postclosure	-	-	11,127,342	-	-	-	11,127,342	-
Restricted for debt service	-	-	-	-	3,960,184	-	3,960,184	-
Unrestricted	159,662,000	132,191,662	(4,156,635)	72,938,298	11,121,446	4,476,734	376,233,505	57,970,214
Total net position	\$ 615,425,000	\$ 558,397,030	\$ 15,722,992	\$ 139,966,809	\$ 15,743,464	\$ 7,498,251	\$ 1,352,753,546	\$ 74,850,560

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, 2023

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Major Funds					Total		
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment			Regional Communications
OPERATING REVENUES								
Charges for services:								
Electric	\$ 609,294,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 609,294,000	\$ -
Fiber optic	176,699,000	-	-	-	-	-	176,699,000	-
Sewer	-	115,709,155	-	-	-	-	115,709,155	-
Waste disposal	-	-	5,430,749	-	-	-	5,430,749	-
Stormwater	-	-	-	35,651,829	-	-	35,651,829	-
Lease rental revenue	-	-	-	-	3,105,536	-	3,105,536	-
Parking garage	-	-	-	-	630,352	-	630,352	-
Regional Communications Services	-	-	-	-	-	1,621,311	1,621,311	-
Other services	18,847,000	1,209,042	31,834	33,700	-	316,870	20,438,446	68,332,848
Other	-	12,929	-	4	-	-	12,933	9,174,032
Total operating revenues	<u>804,840,000</u>	<u>116,931,126</u>	<u>5,462,583</u>	<u>35,685,533</u>	<u>3,735,888</u>	<u>1,938,181</u>	<u>968,593,311</u>	<u>77,506,880</u>
OPERATING EXPENSES								
Power purchases	479,747,000	-	-	-	-	-	479,747,000	-
Other electric operations	91,168,000	-	-	-	-	-	91,168,000	-
Fiber optic operations	109,334,000	-	-	-	-	-	109,334,000	-
Sewer plant operations	-	52,564,456	-	-	-	-	52,564,456	-
Waste disposal operations	-	-	4,463,134	-	-	-	4,463,134	-
Closure/postclosure costs	-	-	894,352	-	-	-	894,352	-
Stormwater operations	-	-	-	14,862,845	-	-	14,862,845	-
Parking garage operations	-	-	-	-	287,231	-	287,231	-
Regional Communication Services	-	-	-	-	-	862,183	862,183	-
Fleet operations	-	-	-	-	-	-	-	18,276,318
Liability insurance	-	-	-	-	-	-	-	700,381
Health services	-	-	-	-	-	-	-	44,379,393
Technology replacement	-	-	-	-	-	-	-	1,050,770
Depreciation	68,884,000	13,344,938	639,579	2,039,142	84,477	1,185,214	86,177,350	3,778,567
Other	13,213,000	-	-	-	407,445	-	13,620,445	-
Total operating expenses	<u>762,346,000</u>	<u>65,909,394</u>	<u>5,997,065</u>	<u>16,901,987</u>	<u>779,153</u>	<u>2,047,397</u>	<u>853,980,996</u>	<u>68,185,429</u>
OPERATING INCOME (LOSS)	<u>42,494,000</u>	<u>51,021,732</u>	<u>(534,482)</u>	<u>18,783,546</u>	<u>2,956,735</u>	<u>(109,216)</u>	<u>114,612,315</u>	<u>9,321,451</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, 2023

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Major Funds							
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment	Regional Communications		Total
NONOPERATING REVENUES (EXPENSES)								
Investment income	\$ 5,814,000	\$ 1,079,162	\$ 196,724	\$ 816,843	\$ 433,442	\$ -	\$ 8,340,171	\$ -
Interest expense	(8,994,000)	(3,131,112)	(37,821)	(259,584)	(922,345)	-	(13,344,862)	-
Tax equivalent	(8,569,000)	-	-	-	-	-	(8,569,000)	-
Other income	790,000	13,718	26,016	4,410	613,000	-	1,447,144	395,575
Other expense	(2,869,000)	(133,684)	-	-	(25,000)	-	(3,027,684)	-
Total nonoperating revenues (expenses)	(13,828,000)	(2,171,916)	184,919	561,669	99,097	-	(15,154,231)	395,575
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	28,666,000	48,849,816	(349,563)	19,345,215	3,055,832	(109,216)	99,458,084	9,717,026
Capital contributions	2,869,000	-	-	-	-	-	2,869,000	-
Transfers in	-	-	-	-	-	-	-	2,000,000
CHANGE IN NET POSITION	31,535,000	48,849,816	(349,563)	19,345,215	3,055,832	(109,216)	102,327,084	11,717,026
NET POSITION, beginning	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
NET POSITION, ending	\$ 615,425,000	\$ 558,397,030	\$ 15,722,992	\$ 139,966,809	\$ 15,743,464	\$ 7,498,251	\$ 1,352,753,546	\$ 74,850,560

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, 2023

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Development	Communications		
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 815,192,157	\$ 121,628,575	\$ 948,788	\$ 32,779,874	\$ 8,261,368	\$ 1,100,661	\$ 979,911,423	\$ 77,762,047
Receipts from interfund services provided	4,093,843	1,400,220	4,429,000	798,261	-	866,403	11,587,727	-
Receipts from operating grants	-	-	68,104	-	-	-	68,104	-
Payments to suppliers	(613,185,000)	(45,052,409)	(21,163)	(6,685,262)	(692,144)	(598,227)	(666,234,205)	(64,055,630)
Payments to employees	(58,246,000)	(14,282,169)	(4,099,980)	(8,903,062)	-	(473,716)	(86,004,927)	(3,824,028)
Payments in lieu of taxes	(21,413,000)	-	-	-	-	-	(21,413,000)	-
Net cash from operating activities	126,442,000	63,694,217	1,324,749	17,989,811	7,569,224	895,121	217,915,122	9,882,389
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	-	-	-	-	-	-	-	6,500,000
Transfers out	-	-	-	-	-	-	-	(4,500,000)
Net cash flows used in noncapital financing activities	-	-	-	-	-	-	-	2,000,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Principal paid on capital debt	(13,015,000)	(11,746,697)	(618,113)	(1,292,249)	(11,826,000)	-	(38,498,059)	-
Payments made to escrow agent	-	-	-	-	-	-	-	-
Bond refunded	-	-	-	-	-	-	-	-
Interest paid on capital debt	(10,768,000)	(3,146,785)	(106,397)	(456,968)	(1,433,234)	(3)	(15,911,387)	-
Proceeds from capital debt	-	10,821,275	-	-	-	-	10,821,275	-
Bond issuance costs	(4,000)	-	-	-	-	-	(4,000)	-
Capital grants and contributions	3,109,000	-	-	-	-	-	3,109,000	-
(Additions) Subtractions to capital assets	(92,467,000)	(47,898,226)	(2,502,371)	(1,700,487)	(50,164)	-	(144,618,248)	(3,760,464)
Proceeds from sale of capital assets	-	-	-	4,410	-	-	4,410	-
Net cash flows used in capital and related financing activities	(113,145,000)	(51,970,433)	(3,226,881)	(3,445,294)	(13,309,398)	(3)	(185,097,009)	(3,760,464)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of investments	(25,923,000)	(11,865,188)	(5,147,321)	(42,739,690)	(55,997,863)	-	(141,673,062)	-
Proceeds from sales and maturities of investments	28,453,000	22,410,815	-	20,408,153	61,839,975	-	133,111,943	-
Interest	5,774,000	1,079,162	174,674	816,844	433,442	-	8,278,122	-
Net cash flows from investing activities	8,304,000	11,624,789	(4,972,647)	(21,514,693)	6,275,554	-	(282,997)	-
Net increase (decrease) in cash and cash equivalents	21,601,000	23,348,573	(6,874,779)	(6,970,176)	535,380	895,118	32,535,116	8,121,925
Cash and cash equivalents, beginning 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
Cash and cash equivalents, end of year	\$ 227,821,000	\$ 83,139,834	\$ 4,131,223	\$ 32,376,057	\$ 9,058,428	\$ 5,002,279	\$ 361,528,821	\$ 49,976,913
CLASSIFIED AS:								
Current assets	\$ 227,821,000	\$ 83,139,834	\$ 4,131,223	\$ 29,897,811	\$ 9,058,428	\$ 5,002,279	\$ 359,050,575	\$ 49,976,913
Restricted assets	-	-	-	2,478,246	-	-	2,478,246	-
	\$ 227,821,000	\$ 83,139,834	\$ 4,131,223	\$ 32,376,057	\$ 9,058,428	\$ 5,002,279	\$ 361,528,821	\$ 49,976,913

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, 2023

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Development	Communications		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES								
OPERATING INCOME (LOSS)	\$ 42,494,000	\$ 51,021,732	\$ (534,482)	\$ 18,783,545	\$ 7,853,690	\$ (109,214)	\$ 119,509,271	\$ 9,321,450
ADJUSTMENTS NOT AFFECTING CASH								
Depreciation and amortization	70,155,000	13,344,938	639,579	2,039,142	84,477	1,185,214	87,448,350	3,778,567
Miscellaneous nonoperating expenses	795,000	-	-	-	-	-	795,000	-
Tax equivalents transferred to City	(8,488,000)	-	-	-	-	-	(8,488,000)	-
Provision for uncollectible accounts	-	311,586	-	(565,687)	-	-	(254,101)	-
(Increase) decrease in:								
Accounts receivable	38,760,000	5,772,365	(53,020)	(1,833,683)	(27,133)	28,823	42,647,352	(130,686)
Due from other funds	-	-	-	-	-	-	-	5,899
Due from other governments	-	-	36,270	291,973	-	-	328,243	-
Inventory	(4,472,000)	(128,402)	-	-	-	-	(4,600,402)	134,329
Leases receivables and payables	(798,000)	-	59	-	-	60	(797,881)	-
Subscription liabilities	(2,958,000)	-	-	-	-	-	(2,958,000)	-
Prepaid Items	(386,000)	-	-	-	-	-	(386,000)	-
Increase (decrease) in:								
Accounts payable	(11,050,000)	(5,632,686)	50,378	168,120	27,533	1,486	(16,435,169)	(3,625,945)
Accrued liabilities	-	81,755	1,116,471	35,528	-	6,225	1,239,979	-
Other assets/liabilities	3,459,000	(1,544,194)	(132,236)	(1,540,562)	(369,343)	(215,205)	(342,540)	395,575
Net pension liability	1,285,000	-	145,749	2,292,471	-	-	3,723,220	-
OPEB liability	(2,354,000)	-	55,981	(1,582,828)	-	-	(3,880,847)	-
Compensated absences	-	467,123	-	(98,208)	-	(2,268)	366,647	3,200
Total adjustments	83,948,000	12,672,485	1,859,231	(793,734)	(284,466)	1,004,335	98,405,851	560,939
Net cash from operating activities	\$ 126,442,000	\$ 63,694,217	\$ 1,324,749	\$ 17,989,811	\$ 7,569,224	\$ 895,121	\$ 217,915,122	\$ 9,882,389

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, 2023

	<u>Other Postemployment Benefits and Pension Trust Fund</u>
ASSETS	
Investments:	
Corporate bonds and notes	\$ 6,018,712
Corporate stocks	83,879,888
Foreign equity	56,530,068
Private debt	8,038,025
Mutual funds - equity	263,146,889
Mutual funds - fixed income	137,527,489
Real estate	67,448,159
Hedge funds	63,920,614
Private equity	37,659,783
Temporary investments	25,472,207
Receivables:	
Accrued income	309,657
Due from plan custodian	<u>1,504,537</u>
Total assets	<u>751,456,028</u>
LIABILITIES	
Accounts payable and accrued liabilities:	
Accrued payable	194,311
Due to plan custodian	<u>244,779</u>
Total liabilities	<u>439,090</u>
NET POSITION	
Net position restricted for OPEB	66,443,741
Net position restricted for pensions	<u>684,573,197</u>
Total net position	<u><u>\$ 751,016,938</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, 2023

	<u>Other Postemployment Benefits and Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 62,200,769
Plan member	10,298,023
Other	<u>94,214</u>
Total contributions	<u>72,593,006</u>
Investment income:	
Net appreciation in fair value of investments	40,113,611
Interest	171,230
Dividends	<u>9,904,001</u>
	50,188,842
Less investment expense	<u>(577,954)</u>
Net investment income	<u>49,610,888</u>
Total additions	<u>122,203,894</u>
DEDUCTIONS	
Benefits paid to participants	68,354,611
Administrative expenses	<u>8,470,009</u>
Total deductions	<u>76,824,620</u>
CHANGE IN NET POSITION	45,379,274
NET POSITION - beginning	<u>705,637,664</u>
NET POSITION - ending	<u>\$ 751,016,938</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, 2023

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District	Total
ASSETS				
Cash and cash equivalents	\$ 23,538,599	\$ 839,162	\$ 624,368	\$ 25,002,129
Accounts receivable, net	2,353,815	4,276,058	86,969	6,716,842
Inventories	215,704	983,095	-	1,198,799
Certificates of deposit	30,000,000	-	-	30,000,000
Prepaid items	819,302	782,723	3,255	1,605,280
Restricted assets:				
Cash and cash equivalents	3,328,997	-	-	3,328,997
Receivables	258,184	-	-	258,184
Lease receivable	11,180,149	487,368	-	11,667,517
Land and other nondepreciable assets	35,361,735	3,541,895	-	38,903,630
Other capital assets, net of accumulated depreciation	121,101,053	36,371,270	83,126	157,555,449
Total assets	<u>228,157,538</u>	<u>47,281,571</u>	<u>797,718</u>	<u>276,236,827</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	854,016	4,862,155	-	5,716,171
Deferred OPEB outflows	130,641	5,467	-	136,108
Total deferred outflows of resources	<u>984,657</u>	<u>4,867,622</u>	<u>-</u>	<u>5,852,279</u>
LIABILITIES				
Accounts payable and accrued liabilities	2,514,494	1,730,505	99,890	4,344,889
Contracts payable	1,369,611	-	-	1,369,611
Unearned revenue	78,140	-	-	78,140
Net pension obligation	2,555,447	15,746,332	-	18,301,779
Net OPEB obligation	339,440	189,917	-	529,357
Compensated absences payable	-	578,059	-	578,059
Lease payable	-	-	39,909	39,909
Notes payable	377,033	-	-	377,033
Revenue bonds payable	18,020,215	-	-	18,020,215
Total liabilities	<u>25,254,380</u>	<u>18,244,813</u>	<u>139,799</u>	<u>43,638,992</u>
DEFERRED INFLOWS OF RESOURCES				
Leases	10,696,693	466,853	-	11,163,546
Deferred fee revenue	-	-	-	-
Deferred OPEB inflows	217,235	32,707	-	249,942
Deferred pension inflows	135,099	450,660	-	585,759
Total deferred inflows of resources	<u>11,049,027</u>	<u>950,220</u>	<u>-</u>	<u>11,999,247</u>
NET POSITION				
Net investment in capital assets	136,695,929	39,702,184	43,217	176,441,330
Restricted				
Debt service and construction	3,587,181	-	-	3,587,181
Unrestricted	52,555,678	(6,748,024)	614,702	46,422,356
Total net position	<u>\$ 192,838,788</u>	<u>\$ 32,954,160</u>	<u>\$ 657,919</u>	<u>\$ 226,450,867</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, 2023

	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	\$ 33,034,527	\$ 33,081,496	\$ -	\$ 17,865,915	\$ 17,912,884	\$ -	\$ -	\$ 17,912,884
DOWNTOWN CHATTANOOGA BUSINESS IMPROVEMENT DISTRICT (CBID)								
CBID operations	1,543,499	1,927,236	-	-	-	-	383,737	383,737
CARTA								
CARTA operations	31,683,192	10,807,324	12,915,249	15,033,662	-	7,073,043	-	7,073,043
Total component units	<u>\$ 66,261,218</u>	<u>\$ 45,816,056</u>	<u>\$ 12,915,249</u>	<u>\$ 32,899,577</u>	17,912,884	7,073,043	383,737	25,369,664
General revenues:								
Investment income					1,495,704	38,478	-	1,534,182
Miscellaneous					2,699,935	1,183	31,739	2,732,857
Total general revenues					4,195,639	39,661	31,739	4,267,039
CHANGE IN NET POSITION					22,108,523	7,112,704	415,476	29,636,703
Net position, beginning					170,730,265	25,841,456	244,718	196,816,439
Prior period adjustment					-	-	(2,275)	(2,275)
Net position, beginning, as restated					170,730,265	25,841,456	242,443	196,814,164
Net position, ending					<u>\$ 192,838,788</u>	<u>\$ 32,954,160</u>	<u>\$ 657,919</u>	<u>\$ 226,450,867</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, 2023

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CITY OF CHATTANOOGA, TENNESSEE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

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

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

The City reports the following blended component unit:

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

The City reports the following discretely-presented component units:

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

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CARTA
1617 Wilcox Boulevard
Chattanooga, TN 37406

Downtown Chattanooga Business Improvement District (CBID) – This entity was established October 18, 2020, under Tennessee Code Annotated 7-84. CBID was established to administer special assessment revenue collected by the City. CBID's duties and responsibilities are defined in an ordinance approved by City Council and include, but not limited to, providing services for improvement and operation of the CBID. CBID is a legally separate entity which is closely related to and financially dependent on the City as the City has the legal obligation to levy the CBID taxes. These taxes represent substantially all of CBID's revenue. The CBID recently changed its fiscal year end to June 30. This report will include 18 months' worth of transactions, from January 1, 2022 through June 30, 2023. 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 are considered to be major component units; 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 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 lease payable in governmental activities with a corresponding 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
Stormwater 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, 2023, investments of the primary government (except for Permanent, Restricted, Pension Trust and Other Postemployment Benefits Trust Funds) consist of the following:

	Weighted Average Maturity (Years)	Fair Value or Carrying Amount
Primary Government – Governmental Activities:		
U.S. Government agency securities	2.36	<u>\$ 163,987,447</u>
Primary Government – Business-Type Activities:		
U.S. Treasury bonds	1.00	\$ 3,960,184
U.S. Government agency securities	2.70	213,382,024
Certificates of deposit classified as investments	1.00	<u>2,116,000</u>
		<u>\$ 219,458,208</u>

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

	S&P or Moody's Rating	Fair Value Measurements Using:	
		Fair Value	Level 1
Primary Government – Governmental Activities:			
Corporate Bonds – Federal Home Loan Bank	AA+	\$ 88,138,964	\$ 88,138,964
Corporate Bonds – Federal Farm Credit Bank	AA+	69,890,992	69,890,992
Corporate Bonds – Federal Home Mortgage Corp.	AA+	<u>5,957,491</u>	<u>5,957,491</u>
		<u>\$ 163,987,447</u>	<u>\$ 163,987,447</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	\$ 2,116,000	\$ 2,116,000
US Treasury Bonds	AA+	3,960,184	3,960,184
Corporate Bonds – Federal Home Loan Bank	AA+	119,769,578	119,769,578
Corporate Bonds – Federal Farm Credit Bank	AA+	93,612,446	93,612,446
		<u>\$ 219,458,208</u>	<u>\$ 219,458,208</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 four 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
Permanent Fund				
Mutual funds – equity	Not rated	\$ 3,798,705	\$ 3,798,705	\$ -
Mutual funds – fixed income	Not rated	1,861,796	1,861,796	-
Other investments	Not rated	590,954	-	590,954
Temporary investments	Not rated	103,148	103,148	-
		<u>\$ 6,354,603</u>	<u>\$ 5,763,649</u>	<u>\$ 590,954</u>

	S&P or Moody's Rating	Fair Value	Fair Value Measurements Using:	
			Level 1	Level 2
City of Chattanooga General Pension Plan				
Domestic corporate bonds	Not rated	\$ 5	\$ 5	\$ -
Corporate stocks	Not rated	83,879,888	83,879,888	-
Foreign equity	Not rated	2,666,633	2,666,633	-
Private debt	Not rated	7,023,033	7,023,033	-
Mutual funds – equity	Not rated	68,295,557	68,295,557	-
Mutual funds – fixed income	Not rated	69,670,092	69,670,092	-
Real estate	Not rated	43,909,588	-	43,909,588
Hedge funds	Not rated	57,049,500	-	57,049,500
Private equity	Not rated	663,837	-	663,837
Temporary investments	Not rated	8,276,747	8,276,747	-
		<u>\$ 341,434,880</u>	<u>\$ 239,811,955</u>	<u>\$ 101,622,925</u>

Fire and Police Pension Fund				
Corporate bonds and notes	Not rated	\$ 6,018,707	\$ 6,018,707	\$ -
Foreign equity	Not rated	52,307,650	52,307,650	-
Mutual funds – equity	Not rated	118,488,133	118,488,133	-
Mutual funds – fixed income	Not rated	46,167,782	46,167,782	-
Real estate	Not rated	16,990,819	-	16,990,819
Private equity	Not rated	34,347,731	-	34,347,731
Temporary investments	Not rated	7,877,492	7,877,492	-
		<u>\$ 282,198,314</u>	<u>\$ 230,859,764</u>	<u>\$ 51,338,550</u>

Other Postemployment Benefit Trust Fund				
Foreign equity	Not rated	\$ 1,555,785	\$ 1,555,785	\$ -
Private debt	Not rated	1,014,992	1,014,992	-
Mutual funds – equity	Not rated	76,363,199	76,363,199	-
Mutual funds – fixed income	Not rated	21,689,615	21,689,615	-
Real estate	Not rated	6,547,752	-	6,547,752
Hedge funds	Not rated	6,871,114	-	6,871,114
Private equity	Not rated	2,648,215	-	2,648,215
Temporary investments	Not rated	9,317,968	9,317,968	-
		<u>\$ 126,008,640</u>	<u>\$ 109,941,559</u>	<u>\$ 16,067,081</u>

(Continued)

NOTE 2. CASH AND INVESTMENTS (Continued)

At June 30, 2023, the fair values of the City's investments in items classified as Level 2 on the fair value hierarchy totaling \$169,619,510 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	
Primary Government						
Receivables:						
Taxes	\$ 185,650,209	\$ -	\$ -	\$ -	\$ -	\$ 185,650,209
Accounts	16,676,884	-	1,706,650	-	-	18,383,534
Notes	4,938,562	-	7,244,568	-	-	12,183,130
Customer service	-	-	-	1,530,439	101,895,213	103,425,652
Other	1,850,501	119,135	72,473	-	7,907,726	9,949,835
Restricted	-	-	-	-	6,080,000	6,080,000
Leases	-	-	-	-	3,745,000	3,745,000
Intergovernmental	<u>22,662,423</u>	<u>15,689</u>	<u>14,147,285</u>	<u>56,556</u>	<u>301,696</u>	<u>37,183,649</u>
Gross receivables	231,778,579	134,824	23,170,976	1,586,995	119,929,635	376,601,009
Less:						
Allowance for uncollectibles	<u>(4,434,078)</u>	<u>-</u>	<u>(770,140)</u>	<u>-</u>	<u>(16,423,643)</u>	<u>(21,627,861)</u>
Net receivables	<u>\$ 227,344,501</u>	<u>\$ 134,824</u>	<u>\$ 22,400,836</u>	<u>\$ 1,586,995</u>	<u>\$ 103,505,992</u>	<u>\$ 354,973,148</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 \$4,434,078 is the weighted average percentage of prior year collections on delinquent taxes to the total delinquent taxes receivable at June 30, 2023.

Community Development Loans

Notes receivable of \$7,244,568, represent various loans made from community development funds received from HUD, including CDBG, HOME, and other special grants. These loans are provided to low-income recipients for the purchase and repair of homes. The allowance for uncollectable loans is \$770,140.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers In</u>	<u>Deductions/ Transfers Out</u>	<u>Ending Balance</u>
PRIMARY GOVERNMENT				
Governmental Activities:				
Non-depreciable assets:				
Land and land improvements	\$ 1,215,729,537	\$ 17,957,260	\$ -	\$ 1,233,686,797
Construction in progress	<u>74,361,146</u>	<u>28,984,057</u>	<u>12,909,704</u>	<u>90,435,499</u>
Total non-depreciable assets	<u>1,290,090,683</u>	<u>46,941,317</u>	<u>12,909,704</u>	<u>1,324,122,296</u>
Depreciable assets:				
Buildings and improvements	231,431,884	1,336,435	-	232,768,319
Vehicles and machinery	179,662,217	5,525,938	3,670,465	181,517,690
Infrastructure	880,286,270	21,043,819	-	901,330,089
Right to use assets	<u>1,832,402</u>	<u>5,677,877</u>	<u>453,761</u>	<u>7,056,518</u>
Total depreciable assets	<u>1,293,212,773</u>	<u>33,584,069</u>	<u>4,124,226</u>	<u>1,322,672,616</u>
Less accumulated depreciation for:				
Buildings and improvements	145,027,304	6,359,504	-	151,386,808
Vehicles and machinery	146,025,073	6,030,184	3,670,465	148,384,792
Infrastructure	647,997,674	18,879,281	-	666,876,955
Right to use assets	<u>654,586</u>	<u>1,573,836</u>	<u>453,761</u>	<u>1,774,661</u>
Total accumulated depreciation	<u>939,704,637</u>	<u>32,842,805</u>	<u>4,124,226</u>	<u>968,423,216</u>
Depreciable assets, net	<u>353,508,136</u>	<u>741,264</u>	<u>-</u>	<u>354,249,400</u>
Governmental activities capital assets, net	<u>\$ 1,643,598,819</u>	<u>\$ 47,682,581</u>	<u>\$ 12,909,704</u>	<u>\$ 1,678,371,696</u>
Business-Type Activities				
Non-depreciable assets:				
Land	\$ 22,673,102	\$ 329,000	\$ -	\$ 23,002,102
Construction in progress	<u>175,834,633</u>	<u>63,583,165</u>	<u>2,643,000</u>	<u>236,774,798</u>
Total non-depreciable assets	<u>198,507,735</u>	<u>63,912,165</u>	<u>2,643,000</u>	<u>259,776,900</u>
Depreciable assets:				
Buildings and improvements	167,131,784	85,185	3,655,000	163,561,969
Vehicles and machinery	182,017,294	6,680,780	16,054,480	172,643,594
Sewer system	582,450,277	4,957,911	-	587,408,188
Solid waste system	9,553,299	-	-	9,553,299
Stormwater management system	72,114,127	-	-	72,114,127
Electric system	804,138,000	51,615,000	24,286,000	831,467,000
Communication system	130,538,000	16,390,000	15,928,000	131,000,000
Right to use assets	<u>8,321,419</u>	<u>4,794,000</u>	<u>50,419</u>	<u>13,065,000</u>
Total depreciable assets	<u>1,956,264,200</u>	<u>84,522,876</u>	<u>59,973,899</u>	<u>1,980,813,177</u>
Less accumulated depreciation for:				
Buildings and improvements	75,380,876	4,910,061	3,558,000	76,732,937
Vehicles and machinery	109,495,141	11,733,513	7,151,480	114,077,174
Sewer system	283,695,081	9,266,772	-	292,961,853
Solid waste system	4,586,890	318,170	-	4,905,060
Stormwater management system	19,465,426	1,515,833	-	20,981,259
Electric system	274,993,000	34,202,000	25,525,000	283,670,000
Communication system	84,704,000	21,749,000	24,709,000	81,744,000
Right to use assets	<u>2,551,790</u>	<u>3,913,629</u>	<u>50,419</u>	<u>6,415,000</u>
Total accumulated depreciation	<u>854,872,204</u>	<u>87,608,978</u>	<u>60,993,899</u>	<u>881,487,283</u>

(Continued)

NOTE 4. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Additions/ Transfers In</u>	<u>Deductions/ Transfers Out</u>	<u>Ending Balance</u>
Business-Type Activities				
Depreciable assets, net	<u>1,101,391,996</u>	<u>(3,086,102)</u>	<u>(1,020,000)</u>	<u>1,099,325,894</u>
Business-type activities capital assets, net	<u>\$ 1,299,899,731</u>	<u>\$ 60,826,063</u>	<u>\$ 1,623,000</u>	<u>\$ 1,359,102,794</u>

DISCRETELY-PRESENTED COMPONENT UNITS

Non-depreciable assets:				
Land	\$ 13,462,359	\$ 205,860	\$ -	\$ 13,668,219
Construction in progress	<u>3,854,765</u>	<u>23,080,546</u>	<u>1,699,900</u>	<u>25,235,411</u>
Total non-depreciable assets	<u>17,317,124</u>	<u>23,286,406</u>	<u>1,699,900</u>	<u>38,903,630</u>
Depreciable assets:				
Buildings and improvements	265,765,909	1,419,412	9,205	267,176,116
Vehicles and equipment	<u>93,457,514</u>	<u>11,987,635</u>	<u>-</u>	<u>105,445,149</u>
Total depreciable assets	<u>359,223,423</u>	<u>13,407,047</u>	<u>9,205</u>	<u>372,621,265</u>
Less accumulated depreciation	<u>201,404,898</u>	<u>13,646,521</u>	<u>6,367</u>	<u>215,045,052</u>
Depreciable assets, net	<u>157,818,525</u>	<u>(239,474)</u>	<u>2,838</u>	<u>157,576,213</u>
Component unit's capital assets, net	<u>\$ 175,135,649</u>	<u>\$ 23,046,932</u>	<u>\$ 1,702,738</u>	<u>\$ 196,479,843</u>

Depreciation expense is charged to functions as follows:

Primary Government – Governmental Activities:

General Government	\$ 5,854,571
Public Safety	2,097,818
Economic Development	1,371,308
Public Works	23,174,880
Parks Management	175,823
Early Learning	75,524
City Planning	20,800
Innovation, Delivery & Performance	<u>72,081</u>
Total	<u>\$ 32,842,805</u>

Primary Government – Business-Type Activities:

Sewer	\$ 13,358,279
Solid Waste	641,803
Stormwater	2,043,588
Tennessee Valley Regional Communications	1,187,438
Downtown Redevelopment	84,477
Electric Utility	<u>68,884,000</u>
Total	<u>\$ 86,199,585</u>

Discretely Presented Component Units:

CARTA	\$ 4,085,178
Airport Authority	9,535,491
Downtown Chattanooga Business Improvement District	<u>25,852</u>
Total	<u>\$ 13,646,521</u>

NOTE 5. LONG-TERM LIABILITIES

Governmental Activities

Debt related to governmental activities at June 30, 2023, 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, 2023</u>
General Obligation Bonds, Series 2013	\$ 19,355,000	2.00% - 5.00%	10/01/28	\$ 7,875,000
Hotel-Motel Tax Pledge, Series 2013	7,420,000	2.00% - 5.00%	10/01/28	3,015,000
General Obligation Refunding Bonds, Series 2014 A	13,792,100	1.75% - 5.00%	11/01/26	2,816,687
Hotel-Motel Tax Refunding Bonds, Series 2014 A	3,961,340	1.75% - 5.00%	11/01/26	809,670
General Obligation Bonds, Series 2015 A	28,245,000	5.00%	09/01/30	15,050,000
General Obligation Refunding Bonds, Series 2015 B	18,955,000	3.00% - 5.00%	11/01/28	13,825,000
General Obligation Bonds, Series 2017 A	8,200,000	5.00%	03/01/31	4,360,000
General Obligation Refunding Bonds, Series 2017 B	12,640,000	3.00% - 5.00%	03/01/26	6,630,000
General Obligation Bonds, Series 2019 A	20,156,711	5.00%	02/01/34	14,776,163
General Obligation Refunding Bonds, Series 2019 B	4,055,000	2.00% - 5.00%	02/01/31	2,885,000
Hotel-Motel Tax Refunding Bonds, Series 2019 B	14,805,000	2.00% - 5.00%	02/01/31	9,290,000
General Obligation Bonds, Series 2021 A	12,455,000	5.00%	10/01/31	11,205,000
General Obligation Refunding Bonds, Series 2021 B	9,515,000	5.00%	10/01/31	7,980,000
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>\$ 186,115,151</u>			 <u>\$ 113,077,520</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, 2023, is \$1,609,868, of which \$1,571,310 is due from Governmental Activities and \$38,558 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, 2023 is \$306,000.

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

Long-Term Agreement

Chattanooga Downtown Redevelopment Corporation Agreement - In October 2000, the City entered into a non-cancelable long-term agreement 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 agreement 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 agreement 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 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 payment for the year ended June 30, 2023, was \$13,253,234, of which \$11,826,000 was a reduction of principal. The debt service reserve fund held by the fiscal agent at June 30, 2023 is \$3,952,300. The fiscal agent is required by the agreement to apply any interest on the debt service reserve fund toward the lease payments. During fiscal year 2023, the amount that was required to be held in the debt service reserve fund was decreased. 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 lease payable in governmental activities and the lease receivable in business-type activities are eliminated for purposes of government-wide financial statements as a component of internal balances.

Golf Cart Agreement - In December 2021, the City entered into an equipment lease-purchase agreement to finance golf carts at the Brainerd and Brown Acres Golf Courses totaling \$461,434. The lease term is six years and provides for monthly payments which began January 1, 2022. This agreement has the option to purchase the golf carts at the end of the lease, but the City does not plan on exercising this option. The recorded liability under the lease at June 30, 2023 is \$383,225.

Debt service requirements for general obligation bonds, notes payable, leases, and subscription-based information technologies arrangements (SBITA) 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 and notes payable are included in the calculation of net investment in capital assets.

Business-type Activities

Debt related to business-type activities at June 30, 2023, 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, 2023
Electric Power Board				
2015 A Electric System Revenue Bonds	\$ 218,855,000	2.88%-5.00%	09/01/33	\$ 170,300,000
2015 B Electric System Revenue Bonds	15,355,000	0.70%-3.38%	09/01/25	4,675,000
2015 C Electric System Revenue Bonds	25,880,000	4.00%-5.00%	09/01/40	24,250,000
2021 Electric System Revenue Bonds	71,080,000	2.00%-4.00%	09/01/41	71,080,000
Interceptor Sewer System				
General Obligation Refunding Bonds, Series 2014A	2,343,620	1.75%-5.00%	11/01/26	478,875
Solid Waste Fund				
General Obligation Refunding Bonds, Series 2014A	4,674,278	1.75%-5.00%	11/01/26	954,390
General Obligation Refunding Bonds, Series 2017B	2,155,000	3.00%-5.00%	03/01/26	1,130,000
Stormwater Fund				
General Obligation Bonds, Series 2013	5,245,000	2.00%-5.00%	10/01/28	2,130,000
General Obligation Refunding Bonds, Series 2014A	1,153,663	1.75%-5.00%	11/01/26	235,377
General Obligation Bonds, Series 2015A	8,100,000	5.00%	09/01/30	4,320,000
General Obligation Refunding Bonds, Series 2017B	615,000	3.00%-5.00%	03/01/26	325,000
General Obligation Bonds, Series 2019 A	3,628,289	5.00%	02/01/34	2,658,838
Chattanooga Downtown Redevelopment Corporation				
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/01/28	25,524,000
2018C IDB Rev Refunding 2010 Bonds Taxable	<u>28,200,000</u>	3.90%	10/01/24	<u>7,110,000</u>
Total payable from Business-type Activities	<u>\$ 419,519,850</u>			<u>\$ 315,171,480</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, 2023 to be paid from Interceptor Sewer Fund is \$4,664,603.

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, 2023, is \$1,609,868, of which \$1,571,310 is due from Governmental Activities and \$38,558 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, 2023 to be paid from Interceptor Sewer Fund is \$6,249,079.

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, 2023 to be paid from Interceptor Sewer Fund is \$14,059,014.

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

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, 2023 to be paid from Interceptor Sewer Fund is \$23,422,800.

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, 2023 to be paid from Interceptor Sewer Fund is \$47,561,911.

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, 2023 to be paid from Interceptor Sewer Fund is \$40,119,680.

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, 2023 to be paid from Interceptor Sewer Fund is \$44,374,179.

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, 2023 to be paid from Interceptor Sewer Fund is \$14,639,088.

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 two loans worth \$34,000,000 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, 2023 to be paid from Interceptor Sewer Fund is \$5,335,035.

WIFIA Loan – The City 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 rate loans for water and wastewater infrastructure projects at an interest rate of 3.83%. As of June 30, 2023, the City has not drawn down any funds from this agreement.

Component Units

Component Units debt at June 30, 2023, consisted of the following:

<u>Description</u>	<u>Original Principal</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal June 30, 2023</u>
Revenue Bonds				
Metropolitan Airport Authority				
Series 2019A Tax Exempt Revenue Bond	\$ 16,250,000	2.29%	02/01/39	\$ 14,381,053
Series 2019B Taxable Revenue Bond	<u>8,750,000</u>	2.87%	02/01/29	<u>3,639,162</u>
	25,000,000			18,020,215
Notes Payable				
Metropolitan Airport Authority	754,000	0.00%	04/01/27	377,033
Lease Payable				
Downtown Chattanooga Business Improvement District	<u>65,632</u>	4.44%	01/31/26	<u>39,908</u>
Total payable from Component Units	<u>\$ 25,819,632</u>			<u>\$ 18,437,156</u>

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

Refunding

During fiscal year 2023, the City did not issue any new general obligation bonds.

In prior years, the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts assets and the liabilities for the refunded bonds are not included in the City's financial statements. At June 30, 2023, the remaining liabilities for the bonds refunded were as follows.

<u>Year</u> <u>Refunded</u>	<u>Primary</u> <u>Government</u>
2011	\$ 16,270,000
2014	5,294,998
2015	13,825,000
2017	8,085,000
2019	12,175,000
2021	20,540,000

Changes in long-term liabilities for the fiscal year ended June 30, 2023, were as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
<u>Primary Government</u>					
GOVERNMENTAL ACTIVITIES					
General obligation serial bonds	\$ 129,157,113	\$ -	\$ 16,079,593	\$ 113,077,520	\$ 15,864,242
Notes payable	3,752,425	-	1,875,115	1,877,310	1,877,310
Leases payable/SBITA	1,639,183	5,677,878	1,684,555	5,632,506	1,717,554
Accrued pollution remediation costs	42,377	585,377	13,154	614,600	164,600
Accrued postemployment benefits	92,470,998	-	21,150,927	71,320,071	-
Accrued general pension costs	43,400,979	20,205,411	-	63,606,390	-
Accrued fire and police pension costs	188,032,588	85,423,974	-	273,456,562	-
Compensated absences	33,062,356	17,719,007	22,370,208	28,411,155	2,235,958
Original issue premium	<u>18,937,327</u>	<u>-</u>	<u>2,873,697</u>	<u>16,063,630</u>	<u>-</u>
Total governmental activities	<u>\$ 510,495,346</u>	<u>\$ 129,611,645</u>	<u>\$ 66,047,247</u>	<u>\$ 574,059,744</u>	<u>\$ 21,859,664</u>
BUSINESS-TYPE ACTIVITIES					
EPB:					
Revenue bonds	\$ 283,320,000	\$ -	\$ 13,015,000	\$ 270,305,000	\$ 13,625,000
Lease payable	2,455,000	-	593,000	1,862,000	741,000
SBITA payable	-	7,806,000	3,018,000	4,788,000	2,800,000
Accrued pension costs	7,747,000	13,647,000	-	21,394,000	-
Compensated absences	572,000	-	47,000	525,000	173,000
Original issue premium	<u>25,017,000</u>	<u>-</u>	<u>1,974,000</u>	<u>23,043,000</u>	<u>-</u>
	<u>319,111,000</u>	<u>21,453,000</u>	<u>18,647,000</u>	<u>321,917,000</u>	<u>17,339,000</u>
Interceptor Sewer System:					
General obligation serial bonds	601,806	-	122,931	478,875	121,574
Notes payable	201,214,907	10,821,275	11,610,789	200,425,393	13,290,880
Leases/SBITA payable	12,976	-	12,976	-	-
Accrued postemployment benefits	5,913,336	-	1,780,402	4,132,934	-
Accrued general pension costs	5,188,605	1,974,196	-	7,162,801	-
Compensated absences	1,285,930	1,546,297	1,079,174	1,753,053	137,965
Original issue premium	<u>88,112</u>	<u>-</u>	<u>17,622</u>	<u>70,490</u>	<u>-</u>
	<u>214,305,672</u>	<u>14,341,768</u>	<u>14,623,894</u>	<u>214,023,546</u>	<u>13,550,419</u>

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Solid Waste Fund:					
General obligation serial bonds	\$ 2,664,618	\$ -	\$ 580,228	\$ 2,084,390	\$ 597,523
Notes payable	76,443	-	37,885	38,558	38,558
Lease/SBITA payable	2,163	-	2,163	-	-
Accrued landfill closure costs	4,704,998	1,109,762	11,105	5,803,655	356,724
Accrued postemployment benefits	225,552	-	12,636	212,916	-
Accrued general pension costs	224,355	145,749	-	370,104	-
Compensated absences	96,167	44,941	37,928	103,180	8,120
Original issue premium	338,347	-	80,527	257,820	-
	<u>8,332,643</u>	<u>1,300,452</u>	<u>762,472</u>	<u>8,870,623</u>	<u>1,000,925</u>
Stormwater Management Fund:					
General obligation serial bonds	10,961,464	-	1,292,249	9,669,215	1,296,582
Lease/SBITA payable	4,325	-	4,325	-	-
Accrued postemployment benefits	5,302,480	-	1,582,828	3,719,652	-
Accrued general pension costs	4,093,821	2,292,471	-	6,386,292	-
Compensated absences	1,062,240	641,340	739,548	964,032	75,869
Original issue premium	1,651,068	-	198,201	1,452,867	-
	<u>23,075,398</u>	<u>2,933,811</u>	<u>3,817,151</u>	<u>22,192,058</u>	<u>1,372,451</u>
Tennessee Valley Regional Communication Systems Fund:					
Lease/SBITA payable	2,163	-	2,163	-	-
Accrued postemployment benefits	367,533	-	224,621	142,912	-
Accrued general pension costs	178,649	69,769	-	248,418	-
Compensated absences	64,393	44,057	46,324	62,125	4,889
	<u>612,738</u>	<u>113,826</u>	<u>273,108</u>	<u>453,455</u>	<u>4,889</u>
Chattanooga Downtown Redevelopment Corporation:					
Revenue bonds	44,460,000	-	11,826,000	32,634,000	2,945,000
Total business-type activities	<u>\$ 609,897,451</u>	<u>\$ 40,142,857</u>	<u>\$ 49,949,625</u>	<u>\$ 600,090,682</u>	<u>\$ 36,212,684</u>
Discretely-Presented Component Units					
Airport Authority:					
Revenue bonds	\$ 19,153,640	\$ -	\$ 1,133,425	\$ 18,020,215	\$ 1,161,603
Note payable	484,498	-	107,465	377,033	76,573
Accrued postemployment benefits	510,329	-	170,889	339,440	-
Accrued general pension costs	1,988,115	567,332	-	2,555,447	-
	<u>22,136,582</u>	<u>567,332</u>	<u>1,411,780</u>	<u>21,292,134</u>	<u>1,238,176</u>
CARTA:					
Accrued postemployment benefits	196,763	9,755	16,601	189,917	-
Accrued general pension costs	11,129,329	7,086,573	2,469,570	15,746,332	-
Compensated absences	505,291	122,155	49,387	578,059	578,059
	<u>11,831,383</u>	<u>7,218,483</u>	<u>2,535,558</u>	<u>16,514,308</u>	<u>578,059</u>
CBID:					
Lease payable	57,247	-	17,338	39,909	18,489
	<u>57,247</u>	<u>-</u>	<u>17,338</u>	<u>39,909</u>	<u>18,489</u>
Total component units	<u>\$ 34,025,212</u>	<u>\$ 7,785,815</u>	<u>\$ 3,964,675</u>	<u>\$ 37,846,352</u>	<u>\$ 1,834,724</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
2024	\$ 18,251,632	\$ 4,940,686	\$ 31,915,117	\$ 14,503,759
2025	16,689,050	4,180,071	35,574,099	13,422,488
2026	17,018,778	3,401,750	34,594,294	12,189,008
2027	14,907,358	2,589,538	35,235,136	11,199,928
2028	12,593,286	1,960,869	35,271,621	10,245,010
2029-2033	34,151,438	3,284,204	157,215,581	34,428,916
2034-2038	1,343,288	53,732	116,598,168	12,419,669
2039-2043	-	-	69,231,416	2,618,095
	<u>\$ 114,954,830</u>	<u>\$ 20,410,850</u>	<u>\$ 515,635,432</u>	<u>\$ 111,026,873</u>

Year	Component Units	
	Principal	Interest
2024	\$ 1,272,002	\$ 427,392
2025	1,308,954	396,110
2026	1,326,493	365,166
2027	1,343,398	333,409
2028	1,287,369	301,626
2029-2033	5,156,462	1,060,429
2034-2038	4,538,223	529,166
2039-2043	2,204,255	59,881
	<u>\$ 18,437,156</u>	<u>\$ 3,473,179</u>

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

Year	Primary Government	
	Governmental Activities	
	Principal	Interest
2024	\$ 1,717,554	\$ 99,085
2025	1,339,923	69,495
2026	1,230,095	45,198
2027	905,327	20,902
2028	439,607	3,586
	<u>\$ 5,632,506</u>	<u>\$ 238,266</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, 2023, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,352
Inactive plan members entitled to but not yet receiving benefits	154
Active plan members	<u>1,439</u>
Total	<u>2,945</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, 2022 valuation, for the year ended June 30, 2023, is 20.94% 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, 2023:

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

(Continued)

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

Rate of return - For the year ended June 30, 2023, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 6.90 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, 2023 were as follows:

Total pension liability	\$ 435,056,596
Plan fiduciary net position	<u>(341,465,967)</u>
Net pension liability	<u>\$ 93,590,629</u>
Plan fiduciary net position as a percentage of the total pension liability	78.49%

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2023 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation	2.50 percent
Salary increases	3.00 - 5.25 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation
Cost-of-Living Adjustment (COLA)	3.00 percent

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, 2023 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2017, dated February 21, 2019. The investment rate of return was decreased from 7.00 percent to 6.75 percent as of January 1, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>
US large cap equity	5.2%
US small cap equity	6.0
International equity	6.8
US core fixed income	3.7
US high yield fixed income	7.0
International fixed developed	4.2
Private debt	11.0
Equity hedge funds	6.5
Diversified hedge funds	6.0
Private equity	13.5
Private real estate	7.5
Cash	3.0
*Arithmetic mean	

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

(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	\$ 141,704,567	\$ 93,590,629	\$ 53,264,416

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, 2023, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	812
Inactive plan members entitled to but not yet receiving benefits	62
Active plan members	<u>832</u>
Total	<u>1,706</u>

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

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

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

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

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

(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, 2023, 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, 2023:

<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	100%

Rate of return - For the year ended June 30, 2023, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 8.57 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, 2023 were as follows:

Total pension liability	\$ 555,857,578
Plan fiduciary net position	<u>(282,213,237)</u>
Net pension liability	<u>\$ 273,644,341</u>
Plan fiduciary net position as a percentage of the total pension liability	50.77%

(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, 2023, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

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 January 1, 2023 (see the discussion of the pension plan’s investment policy) are summarized in the table below:

<u>Asset Class (updated in excel)</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic large cap	6.71%
Domestic mid cap	7.31
Domestic small cap	7.61
Developed international	7.21
Domestic fixed income	1.61
Emerging markets	8.71
Private debt	9.96
Real estate	3.61
Timber	3.51
Farmland	6.21
*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:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
CFPPF net pension liability	<u>\$ 337,355,754</u>	<u>\$ 273,644,341</u>	<u>\$ 220,276,162</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>
ASSETS			
Receivables:			
Accrued income	\$ 211,982	\$ 28,339	\$ 240,321
Total receivables	<u>211,982</u>	<u>28,339</u>	<u>240,321</u>
Investments:			
Corporate bonds and notes	5	6,018,707	6,018,712
Corporate stocks	83,879,888	-	83,879,888
Foreign equity	2,666,633	52,307,650	54,974,283
Private debt	7,023,033	-	7,023,033
Mutual funds – equity	68,295,557	118,488,133	186,783,690
Mutual funds – fixed income	69,670,092	46,167,782	115,837,874
Real estate	43,909,588	16,990,819	60,900,407
Hedge funds	57,049,500	-	57,049,500
Private equity	663,837	34,347,731	35,011,568
Temporary investments	8,276,747	7,877,492	16,154,239
Total investments	<u>341,434,880</u>	<u>282,198,314</u>	<u>623,633,194</u>
Total assets	<u>341,646,862</u>	<u>282,226,653</u>	<u>623,873,515</u>
LIABILITIES			
Accrued expenses	180,895	13,416	194,311
Total liabilities	<u>180,895</u>	<u>13,416</u>	<u>194,311</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 341,465,967</u>	<u>\$ 282,213,237</u>	<u>\$ 623,679,204</u>

Combining Statement of Changes in Plan Net Position:

ADDITIONS			
Contributions:			
Employer	\$ 16,694,619	\$ 29,471,834	\$ 46,166,453
Employee	1,641,422	5,907,228	7,548,650
Other	-	94,214	94,214
Total contributions	<u>18,336,041</u>	<u>35,473,276</u>	<u>53,809,317</u>
Investments income:			
Net appreciation in fair value of investments	13,465,178	19,438,509	32,903,687
Interest	-	171,230	171,230
Dividends	4,684,259	3,363,334	8,047,593
Less investment expense	<u>(483,754)</u>	<u>(84,200)</u>	<u>(567,954)</u>
Net investment income (loss)	<u>17,665,683</u>	<u>22,888,873</u>	<u>40,554,556</u>
Total additions	<u>36,001,724</u>	<u>58,362,149</u>	<u>94,363,873</u>
DEDUCTIONS			
Benefits paid to participants	26,193,541	31,822,443	58,015,984
Administrative expenses	461,852	7,945,176	8,407,028
Total deductions	<u>26,655,393</u>	<u>39,767,619</u>	<u>66,423,012</u>
NET CHANGE	9,346,331	18,594,530	27,940,861
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of year	<u>332,119,636</u>	<u>263,618,707</u>	<u>595,738,343</u>
End of year	<u>\$ 341,465,967</u>	<u>\$ 282,213,237</u>	<u>\$ 623,679,204</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 13.22 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, 2023:

<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, 2023, the annual money-weighted rate of return on OPEB investments, net of OPEB plan investment expense, was 9.7 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, 2023 were as follows:

Total OPEB liability	\$ 198,612,324
Plan fiduciary net position	<u>(127,337,733)</u>
Net OPEB liability	<u>\$ 71,274,591</u>
Plan fiduciary net position as a percentage of the total OPEB liability	64.11%

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, 2023:

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	3.65 percent
Single equivalent interest rate	6.75 percent
Healthcare cost trend rate:	
Pre-Medicare eligible	7.00 percent to 4.50 percent
Medicare eligible	4.75 percent to 4.50 percent
Year of trend rates	
Pre-Medicare eligible	2029
Medicare eligible	2023

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 Mortality Table with Blue Collar Adjustment, set forward three years for males and female 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 three years for males and females and projected to 2025 using MP-2017 is used for 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 the exception that the mortality improvement scale assumption and spousal age difference are based upon the same assumptions used for the General Pension Fund.

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	5.2 %
US equity - small cap	6.0
International equity	6.8
Core fixed income	3.7
High yield fixed income	7.0
International fixed income	4.2
E.M. debt	7.5
Private debt	11.0
Equity hedge funds	6.5
Diversified hedge funds	6.0
Private equity	13.5
Real estate	7.5

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	\$ 89,373,128	\$ 71,274,591	\$ 55,395,309

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 to 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, 4.75% 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	\$ 51,459,481	\$ 71,274,591	\$ 94,331,377

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, 2023 from the prior measurement date of June 30, 2022 adds the normal cost (also called the service cost) for the fiscal year 2023, 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, 2023, as shown in the following:

Total OPEB Liability Roll Forward	
Total OPEB Liability as of June 30, 2022	\$ 189,767,244
Actual benefit payment and refunds for July 1, 2022 – June 30, 2023	(7,589,254)
Interest on TOL	12,553,152
Service cost for the period July 1, 2022 – June 30, 2023 at the end of period	<u>3,881,182</u>
Total OPEB liability rolled forward to June 30, 2023	<u>\$ 198,612,324</u>

Combining Statement of Pension and OPEB Trust Net Position:

	<u>General Pension Plan</u>	<u>Fire and Police Pension Plan</u>	<u>OPEB</u>	<u>Total</u>
ASSETS				
Receivables:				
Accrued income	\$ 211,982	\$ 28,339	\$ 69,336	\$ 309,657
Due from plan custodian	<u>-</u>	<u>-</u>	<u>1,504,537</u>	<u>1,504,537</u>
Total receivables	<u>211,982</u>	<u>28,339</u>	<u>1,573,873</u>	<u>1,814,194</u>
Investments:				
Corporate bonds and notes	5	6,018,707	-	6,018,712
Corporate stocks	83,879,888	-	-	83,879,888
Foreign equity	2,666,633	52,307,650	1,555,785	56,530,068
Private debt	7,023,033	-	1,014,992	8,038,025
Mutual funds – equity	68,295,557	118,488,133	76,363,199	263,146,889
Mutual funds – fixed income	69,670,092	46,167,782	21,689,615	137,527,489
Real estate	43,909,588	16,990,819	6,547,752	67,448,159
Hedge funds	57,049,500	-	6,871,114	63,920,614
Private equity	663,837	34,347,731	2,648,215	37,659,783
Temporary investments	<u>8,276,747</u>	<u>7,877,492</u>	<u>9,317,968</u>	<u>25,472,207</u>
Total investments	<u>341,434,880</u>	<u>282,198,314</u>	<u>126,008,640</u>	<u>749,641,834</u>
Total assets	<u>341,646,862</u>	<u>282,226,653</u>	<u>127,582,513</u>	<u>751,456,028</u>
LIABILITIES				
Accrued expenses	<u>180,895</u>	<u>13,416</u>	<u>244,779</u>	<u>439,090</u>
Total liabilities	<u>180,895</u>	<u>13,416</u>	<u>244,779</u>	<u>439,090</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB	<u>\$ 341,465,967</u>	<u>\$ 282,213,237</u>	<u>\$ 127,337,734</u>	<u>\$ 751,016,938</u>

(Continued)

NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)Combining Statement of Changes in Plan Net Position:

	<u>General Pension Plan</u>	<u>Fire and Police Pension Plan</u>	<u>OPEB</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 16,694,619	\$ 29,471,834	\$ 16,034,316	\$ 62,200,769
Employee	1,641,422	5,907,228	2,749,373	10,298,023
Other	-	94,214	-	94,214
Total contributions	<u>18,336,041</u>	<u>35,473,276</u>	<u>18,783,689</u>	<u>72,593,006</u>
Investment income:				
Net appreciation in fair value of investments	13,465,178	19,438,509	7,209,924	40,113,611
Interest	-	171,230	-	171,230
Dividends	4,684,259	3,363,334	1,856,408	9,904,001
	<u>18,149,437</u>	<u>22,973,073</u>	<u>9,066,332</u>	<u>50,188,842</u>
Less investment expense	<u>(483,754)</u>	<u>(84,200)</u>	<u>(10,000)</u>	<u>(577,954)</u>
Total additions	<u>36,001,724</u>	<u>58,362,149</u>	<u>27,840,021</u>	<u>122,203,894</u>
DEDUCTIONS				
Benefits	26,193,541	31,822,443	10,338,627	68,354,611
Administrative expenses	461,852	7,945,176	62,981	8,470,009
Total deductions	<u>26,655,393</u>	<u>39,767,619</u>	<u>10,401,608</u>	<u>76,824,620</u>
NET CHANGE	9,346,331	18,594,530	17,438,413	45,379,274
NET POSITION RESTRICTED FOR PENSIONS AND OPEB				
Beginning of year	<u>332,119,636</u>	<u>263,618,707</u>	<u>109,889,321</u>	<u>705,637,664</u>
End of year	<u>\$ 341,465,967</u>	<u>\$ 282,213,237</u>	<u>\$ 127,337,734</u>	<u>\$ 751,016,938</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 6/30/2021	\$ 950,672,757	\$ 684,845,681	\$ 265,827,076
Changes for the year:			
Service cost	19,024,719	-	19,024,719
Interest expense	63,715,921	-	63,715,921
Experience losses (gains)	38,752,132	-	38,752,132
Changes of assumptions	13,771,643	-	13,771,643
Contributions – city	-	57,446,377	(57,446,377)
Contributions – members	-	6,838,900	(6,838,900)
Net investment income	-	(21,143,202)	21,143,202
Benefits paid	(65,771,680)	(65,771,680)	-
Plan administrative expenses	-	(1,139,696)	1,139,696
Other	-	111,546	(111,546)
Net changes	<u>69,492,735</u>	<u>(23,657,755)</u>	<u>93,150,940</u>
Balances at 6/30/2022	<u>\$1,020,165,492</u>	<u>\$ 661,187,926</u>	<u>\$ 358,977,566</u>
	Component Units		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2021	\$ 46,114,169	\$ 33,232,804	\$ 12,881,365
Changes for the year:			
Service cost	1,466,660	-	1,466,660
Interest expense	3,107,430	-	3,107,430
Experience losses (gains)	(81,164)	-	(81,164)
Contributions – city	-	2,229,119	(2,229,119)
Contributions – members	-	483,334	(483,334)
Net investment income	-	(3,545,335)	3,545,335
Benefits paid	(2,570,583)	(2,570,583)	-
Plan administrative expenses	-	(94,606)	94,606
Net changes	<u>1,922,343</u>	<u>(3,498,071)</u>	<u>5,420,414</u>
Balances at 6/30/2022	<u>\$ 48,036,512</u>	<u>\$ 29,734,733</u>	<u>\$ 18,301,779</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	\$ 77,774,005	\$ 273,456,562	\$ 7,747,000	\$ 358,977,567
Deferred pension outflows				
Contributions	16,163,528	29,471,834	-	45,635,362
Change in assumptions	519,208	23,392,397	7,630,000	31,541,605
Difference between expected and actual experience	5,424,016	34,584,682	14,824,000	54,832,698
Net difference between projected and actual earnings on pension plan investments	<u>4,989,564</u>	<u>17,120,767</u>	<u>3,111,000</u>	<u>25,221,331</u>
	<u>27,096,316</u>	<u>104,569,680</u>	<u>25,565,000</u>	<u>157,230,996</u>
Deferred pension inflows				
Change in assumptions	-	431,406	-	431,406
Difference between expected and actual experience	<u>1,104,691</u>	<u>1,236,834</u>	<u>-</u>	<u>2,341,525</u>
	<u>1,104,691</u>	<u>1,668,240</u>	<u>-</u>	<u>2,772,931</u>
Pension expense	13,584,777	32,237,321	8,300,000	54,122,098
	Component Units			
	CARTA Pension Plan	General Airport Pension Plan	Totals	
Net pension liability	\$ 15,746,332	\$ 2,555,447	\$ 18,301,779	
Deferred pension outflows				
Contributions	955,201	531,091	1,486,292	
Change in assumptions	1,126,921	17,060	1,143,981	
Difference between expected and actual experience	310,933	178,219	489,152	
Net difference between projected and actual earnings on pension plan investments	<u>2,469,100</u>	<u>163,943</u>	<u>2,633,043</u>	
	<u>4,862,155</u>	<u>890,313</u>	<u>5,752,468</u>	
Deferred pension inflows				
Difference between expected and actual experience	450,660	36,297	486,957	
Changes of proportion pension plan*	<u>-</u>	<u>135,099</u>	<u>135,099</u>	
	<u>450,660</u>	<u>171,396</u>	<u>622,056</u>	
Pension expense	2,479,773	446,329	2,926,102	

*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, 2022, the valuation date:

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>2,838</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, 2022, 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, rolled-forward to June 30, 2022 using standard roll forward techniques.

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.

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, 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% to 6.75% as of January 1, 2019.

(Continued)

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US large cap equity	25.0%	5.2%
US small cap equity	5.0	5.8
International equity	10.0	6.5
US core fixed income	16.0	3.5
US high yield fixed income	4.5	6.0
International fixed developed	6.0	3.3
Private debt	5.0	9.0
Equity hedge funds	7.5	7.0
Diversified hedge funds	7.5	6.0
Private equity	3.0	13.0
Private real estate	10.0	7.5
Cash	0.5	2.5
	<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 2.0 percent 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 6/30/2021	\$ 397,244,695	\$ 342,170,171	\$ 55,074,524
Changes for the year:			
Service cost	7,819,389	-	7,819,389
Interest expense	25,964,021	-	25,964,021
Difference between expected and actual experience	6,606,047	-	6,606,047
Contributions – city	-	15,381,260	(15,381,260)
Contributions – members	-	1,411,067	(1,411,067)
Net investment income	-	(1,497,045)	1,497,045
Benefits paid	(25,185,064)	(25,185,064)	-
Plan administrative expenses	-	(160,753)	160,753
Net changes	<u>15,204,393</u>	<u>(10,050,535)</u>	<u>25,254,928</u>
Balances at 6/30/2022	<u>\$ 412,449,088</u>	<u>\$ 332,119,636</u>	<u>\$ 80,329,452</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	\$ 125,681,949	\$ 80,329,452	\$ 42,116,562

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, 2022, the City recognized pension expense of \$13,584,777 with an additional \$446,329 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	\$ 16,163,528	\$ 531,091	\$ 16,694,619
Net difference between projected and actual earnings on pension plan investments	4,989,564	163,943	5,153,507
Difference between expected and actual experience	5,424,016	178,219	5,602,235
Change of assumptions	519,208	17,060	536,268
Total deferred outflow of resources	<u>\$ 27,096,316</u>	<u>\$ 890,313</u>	<u>\$ 27,986,629</u>

Deferred inflows of resources related to pensions are as follows:

	Primary Government	Airport Authority	Total
Difference between expected and actual experience	\$ 1,104,691	\$ 36,297	\$ 1,140,988
Change of proportion pension plan*	-	135,099	135,099
Total deferred inflow of resources	<u>\$ 1,104,691</u>	<u>\$ 171,396</u>	<u>\$ 1,276,087</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
2023	\$ 4,839,210	\$ 159,004	\$ 4,998,214
2024	1,259,613	41,388	1,301,001
2025	(1,193,346)	(39,210)	(1,232,556)
2026	4,922,619	161,744	5,084,363
	<u>\$ 9,828,096</u>	<u>\$ 322,926</u>	<u>\$ 10,151,022</u>

(Continued)

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

Payable to the Pension Plan

At June 30, 2023, the City did not have a payable 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, 2022, the valuation date:

Inactive plan members or beneficiaries currently receiving benefits	816
Inactive plan members entitled to but not yet receiving benefits	53
Active plan members	<u>834</u>
	<u><u>1,703</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, 2022, 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, rolled-forward to June 30, 2022.

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.

Inflation	2.25 percent
Salary increases	2.25 - 2.75 percent plus service based merit increases
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 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%	6.20%
Mid cap equity	15	6.80
Small cap equity	5	7.20
International equity	10	6.80
Emerging markets	10	8.50
Private equity	5	10.40
Real estate	5	3.90
Timber	5	3.20
Farmland	5	5.95
Fixed income	<u>20</u>	0.40
	<u><u>100%</u></u>	

(Continued)

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

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 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 6/30/2021	\$ 483,681,243	\$ 295,648,655	\$ 188,032,588
Changes for the year:			
Service cost	6,628,081	-	6,628,081
Interest expense	33,222,870	-	33,222,870
Difference between expected and actual experience	31,165,237	-	31,165,237
Change of assumptions	13,771,643	-	13,771,643
Contributions – city	-	27,054,427	(27,054,427)
Contributions – members	-	5,472,722	(5,472,722)
Net investment income	-	(32,319,781)	32,319,781
Benefits paid	(31,393,805)	(31,393,805)	-
Plan administrative expenses	-	(955,057)	955,057
Other	-	111,546	(111,546)
Net changes	<u>53,394,026</u>	<u>(32,029,948)</u>	<u>85,423,974</u>
Balances at 6/30/2022	<u>\$ 537,075,269</u>	<u>\$ 263,618,707</u>	<u>\$ 273,456,562</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 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:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
City's net pension liability	<u>\$ 335,130,900</u>	<u>\$ 273,456,562</u>	<u>\$ 221,764,530</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, 2022, the City recognized \$32,237,321 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	\$ 34,584,682	\$ 1,236,834
Change of assumptions	23,392,397	431,406
Deferred contributions	29,471,834	-
Net difference between projected and actual earnings on pension plan investments	<u>17,120,767</u>	<u>-</u>
Total	<u>\$ 104,569,680</u>	<u>\$ 1,668,240</u>

Deferred outflows of resources totaling \$29,471,834 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,	
2023	\$ 17,356,732
2024	16,577,415
2025	11,222,065
2026	20,783,914
2027	<u>7,489,480</u>
	<u>\$ 73,429,606</u>

Payable to the Pension Plan

At June 30, 2023, 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 (the “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 65th 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, 2023:

Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	168
Active plan members	<u>557</u>
	<u>743</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 14.6% of annual covered payroll.

Net Pension Liability

EPB’s net pension liability was measured as of August 1, 2022, 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, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.0 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, 2022 valuation were based on the results of an experience study for the period August 1, 2019 - July 31, 2022.

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 6/30/2021	\$ 82,384,000	\$ 57,912,000	\$ 24,472,000
Changes for the year:			
Service cost	4,826,000	-	4,826,000
Interest expense	5,355,000	-	5,355,000
Difference between expected and actual experience	1,191,000	-	1,191,000
Contributions – EPB	-	15,500,000	(15,500,000)
Net investment income	-	12,626,000	(12,626,000)
Benefits paid	(9,994,000)	(9,994,000)	-
Plan administrative expenses	-	(29,000)	29,000
Net changes	<u>1,378,000</u>	<u>18,103,000</u>	<u>(16,725,000)</u>
Balance at 6/30/2022	<u>\$ 83,762,000</u>	<u>\$ 76,015,000</u>	<u>\$ 7,747,000</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 Plan'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%)
The Plan'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, 2023, EPB recognized \$8,300,000 in pension expense. Deferred outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 14,824,000
Change in assumptions	7,630,000
Net difference between projected and actual earnings on pension plan investments	<u>3,111,000</u>
Total	<u>\$ 25,565,000</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,	
2024	\$ 2,543,000
2025	2,229,000
2026	1,939,000
2027	3,775,000
2028	1,844,000
Thereafter	<u>13,235,000</u>
	<u>\$ 25,565,000</u>

Payable to the Pension Plan

At June 30, 2023, EPB did not have a payable for any 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 6/30/2021*	\$ 241,926,444	\$ 146,560,576	\$ 95,365,869
Changes for the year:			
Service cost	4,984,020	-	4,984,020
Interest expense	16,018,012	-	16,018,012
Changes of assumptions	7,517,096		7,517,096
Difference between expected and actual experience	(44,448,152)	-	(44,448,152)
Contributions – city	-	17,105,232	(17,105,232)
Net investment income	-	(15,829,551)	15,829,551
Benefits paid	(9,510,687)	(9,510,687)	-
Plan administrative expenses	-	(89,322)	89,322
Net changes	<u>(25,439,711)</u>	<u>(8,324,328)</u>	<u>(17,115,383)</u>
Balances at 6/30/2022**	<u>\$ 216,486,733</u>	<u>\$ 138,236,248</u>	<u>\$ 78,250,485</u>

*EPB balance at 6/30/2022

**EPB balance at 6/30/2023

	Component Unit
	Total OPEB Liability
Total OPEB liability (TOL) as of June 30, 2021*	\$ 642,121
Changes for the year:	
Service cost	20,600
Interest on TOL and cash flows	67,996
Changes in assumptions	25,142
Difference between actual and expected experience	(200,613)
Contributions - employer	(64,185)
Net investment income	47,020
Benefits paid	(9,009)
Plan administrative expenses	283
Net changes	<u>(112,766)</u>
Total OPEB liability (TOL) as of June 30, 2022**	<u>\$ 529,355</u>

*CARTA Balance at 6/30/2022

**CARTA Balance at 6/30/2023

(Continued)

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

	Primary Government		
	City	EPB	Total
	OPEB Plan	OPEB Plan	
Net OPEB liability	\$ 79,528,485	\$ (1,278,000)	\$ 78,250,485
Deferred OPEB outflows:			
Deferred contributions	15,966,170	2,844,000	18,810,170
Difference between expected and actual experience	33,358	5,197,000	5,230,358
Change in assumptions	9,260,744	-	9,260,744
Net difference between projected and actual earnings on OPEB plan investments	5,382,128	2,919,000	8,301,128
	30,642,400	10,960,000	41,602,400
Deferred OPEB inflows:			
Difference between expected and actual experience	(44,192,947)	(4,176,000)	(48,368,947)
Change in assumptions	-	(4,484,000)	(4,484,000)
	(44,192,947)	(8,660,000)	(52,852,947)
OPEB expense	\$ 4,749,605	\$ 500,000	\$ 5,249,605
	Component Units		
	Airport	CARTA	Total
	OPEB Plan	OPEB Plan	
Net OPEB liability	\$ 339,439	\$ 189,917	\$ 529,356
Deferred OPEB outflows:			
Deferred contributions	68,146	-	68,146
Difference between expected and actual experience	142	325	467
Change in assumptions	39,526	5,142	44,668
Net difference between projected and actual earnings on OPEB plan investments	22,972	-	22,972
	130,786	5,467	136,253
Deferred OPEB inflows:			
Difference between expected and actual experience	(188,622)	6,441	(182,181)
Change in assumptions	-	26,266	26,266
Changes in proportion OPEB plan*	(28,756)	-	(28,756)
	(217,378)	32,707	(184,671)
OPEB expense	\$ 20,272	\$ 273	\$ 20,545

* 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, 2022, the date of the valuation used to determine the June 30, 2022:

Inactive members or their beneficiaries currently receiving benefits	1,308
Active members	<u>2,204</u>
Total	<u>3,512</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 12.46 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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, rolled-forward to June 30, 2022.

Actuarial assumptions. The total OPEB liability in the January 1, 2022 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
Long-term investment rate of return	6.75 percent compounded annually, net of investment expense, and including inflation
Municipal Bond Index Rate	3.54%
Single equivalent interest rate	6.75 percent
Healthcare cost trend rates	
Pre-Medicare Eligible	7.00 percent
Medicare Eligible	4.75 percent
Ultimate trend rate	
Pre-Medicare Eligible	4.50 percent
Medicare Eligible	4.50 percent
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

(Continued)

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

Mortality – General Employee Deaths After Retirement: According to the RP-2014 Mortality Table with Blue Collar Adjustment, set forward four years for male 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 set forward 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 Mortality Table with Blue Collar adjustments, set forward three years for males and 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 three years for males and females and projected to 2025 using Scale MP-2017 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 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, 2019, with the exception that the mortality improvement scale assumption and spousal age difference are based upon the same assumptions used for the General Pension Fund.

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, 2022 valuation were based on a review of recent plan experience done concurrently with the January 1, 2022 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 Pension Liability (a) – (b)
Balances at 6/30/2021	\$ 218,157,614	\$ 113,367,387	\$ 104,790,227
Changes for the year:			
Service cost	4,076,344	-	4,076,344
Interest expense	14,474,529	-	14,474,529
Difference between expected and actual experience	(47,050,115)	-	(47,050,115)
Changes of assumptions	7,549,180	-	7,549,180
Contributions – employer	-	15,102,417	(15,102,417)
Net investment income	-	(11,063,571)	11,063,571
Benefits paid	(7,440,308)	(7,440,308)	-
Plan administrative expenses	-	(66,605)	66,605
Net changes	<u>(28,390,370)</u>	<u>(3,468,067)</u>	<u>(24,922,303)</u>
Balance at 6/30/2022	<u>\$ 189,767,244</u>	<u>\$ 109,899,320</u>	<u>\$ 79,867,924</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	\$ 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, 4.75% decreasing to 4.50% for Medicare eligible.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 61,922,195	\$ 79,867,924	\$ 100,689,056

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, 2022, the City recognized OPEB expense of \$4,749,605 with an additional \$20,272 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	\$ 15,966,170	\$ 68,146	\$ 16,034,316
Difference between expected and actual experience	33,358	142	33,500
Changes of assumptions	9,260,744	39,526	9,300,270
Net difference between projected and actual earnings on OPEB investment	<u>5,382,128</u>	<u>22,972</u>	<u>5,405,100</u>
Total	<u>\$ 30,642,400</u>	<u>\$ 130,786</u>	<u>\$ 30,773,186</u>

Deferred inflows of resources related to OPEB are as follows:

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Deferred inflow of resources:			
Difference between expected and actual experience	\$ (44,192,947)	\$ (188,622)	\$ (44,381,569)
Total	<u>\$ (44,192,947)</u>	<u>\$ (188,622)</u>	<u>\$ (44,381,569)</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,			
2023	\$ (5,649,844)	\$ (24,114)	\$ (5,673,958)
2024	(7,641,668)	(32,616)	(7,674,284)
2025	(8,780,850)	(37,478)	(8,818,328)
2026	(3,292,924)	(14,055)	(3,306,979)
2027	<u>(4,151,431)</u>	<u>(17,719)</u>	<u>(4,169,150)</u>
	<u>\$ (29,516,717)</u>	<u>\$ (125,982)</u>	<u>\$ (29,642,699)</u>

Payable to the OPEB Plan

At June 30, 2023, the City did not have a payable for any outstanding required amount of contributions 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, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	438
Inactive plan members entitled to but not yet receiving benefits	66
Active plan members	<u>708</u>
	<u>1,212</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 2023 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	\$ 612.00	\$ 540.00	\$ 396.00	\$ 252.00	\$ 108.00
Employee +1	1,230.80	1,086.00	796.40	506.80	217.20
Family	1,842.80	1,626.00	1,192.40	758.80	325.20
Pre-Age 65, PPO					
Individual	\$ 489.60	\$ 432.00	\$ 316.80	\$ 201.60	\$ 86.40
Employee +1	979.20	864.00	633.60	403.20	172.80
Family	1,468.80	1,296.00	950.40	604.80	259.20
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 4.3% of annual covered payroll as of June 30, 2022.

Net OPEB Liability

EPB’s net OPEB liability was measured as of June 30, 2022 (for FY2023), 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Healthcare cost trend	6.0 percent initial, 4.00 percent ultimate
Investment rate of return	6.50 percent
Mortality	Up-1984 Mortality Table

(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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2022.

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 6/30/2022	\$ 24,696,000	\$ 33,675,000	\$ (8,979,000)
Changes for the year:			
Service cost	925,000	-	925,000
Interest expense	1,605,000	-	1,605,000
Difference between expected and actual experience	2,402,000	-	2,402,000
Contributions – employer	-	2,067,000	(2,067,000)
Net investment income	-	(4,813,000)	4,813,000
Benefits paid	(2,102,000)	(2,102,000)	-
Plan administrative expenses	-	(23,000)	23,000
Net changes	<u>2,830,000</u>	<u>(4,871,000)</u>	<u>7,701,000</u>
Balance at 6/30/2023	<u>\$ 27,526,000</u>	<u>\$ 28,804,000</u>	<u>\$ (1,278,000)</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)	\$ 1,749,000	\$ (1,278,000)	\$ (3,842,000)

(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 6.0 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 (5.0 percent decreasing to 3.0 percent) or 1-percentage-point higher (7.0 percent decreasing to 5.0 percent) than the current rate:

	1% Decrease <u>(5.0% to 3.0%)</u>	Healthcare Trend Rate <u>(6.0% to 4.0%)</u>	1% Increase <u>(7.0% to 5.0%)</u>
Net OPEB liability (asset)	\$ (4,179,000)	\$ (1,278,000)	\$ 2,277,000

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, 2022.

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

For the year ended June 30, 2023, EPB recognized an OPEB expense of \$0.5 million. At June 30, 2023, 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>
Difference between expected and actual experience	\$ 5,197,000	\$ 4,176,000
Change of assumptions	-	4,484,000
Deferred contributions	2,844,000	-
Net difference between projected and actual earnings on pension plan investments	<u>2,919,000</u>	<u>-</u>
Total	<u>\$ 10,960,000</u>	<u>\$ 8,660,000</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,	
2024	\$ 179,000
2025	114,000
2026	(206,000)
2027	921,000
2028	(478,000)
Thereafter	<u>(1,071,000)</u>
	<u>\$ (544,000)</u>

Deferred outflows of resources totaling \$2.8 million represent contributions made after the Plan's valuation date. These contributions will be used to reduce the net OPEB liability during 2024.

Payable to the OPEB Plan

At June 30, 2023, EPB did not have a payable balances for any 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, 2022	\$ 40,167,995
Deferrals of compensation	21,645,607
Earnings (losses)	4,314,543
Withdrawals	(19,886,283)
Administrative expenses	<u>(53,538)</u>
Asset balance at June 30, 2023	<u>\$ 46,188,324</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 2023. 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, 2023, 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, 2023, the valuation date:

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>178</u>
	<u>307</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 17.0 percent.

Net Pension Liability

The Authority’s net pension liability was measured as of January 1, 2023, 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 1/1/2022	\$ 33,476,988	\$ 22,347,659	\$ 11,129,329
Changes for the year:			
Service cost	1,217,910	-	1,217,910
Interest expense	2,281,460	-	2,281,460
Difference between expected and actual experience	(291,316)	-	(291,316)
Contributions – CARTA	-	1,739,809	(1,739,809)
Contributions – members	-	438,445	(438,445)
Net investment income	-	(3,497,711)	3,497,711
Benefits paid	(1,769,394)	(1,769,394)	-
Plan administrative expenses	-	(89,492)	89,492
Net changes	<u>1,438,660</u>	<u>(3,178,343)</u>	<u>4,617,003</u>
Balance at 1/1/2023	<u>\$ 34,915,648</u>	<u>\$ 19,169,316</u>	<u>\$ 15,746,332</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	\$ 19,086,617	\$ 15,746,332	\$ 12,923,056

(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, 2023, the Authority recognized pension expense of \$2,479,773. 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	\$ 310,933	\$ 450,660
Authority contributions received after the measurement date	955,201	-
Changes in assumptions	1,126,921	-
Net difference between projected and actual earnings on pension plan investments	<u>2,469,100</u>	<u>-</u>
Total	<u>\$ 4,862,155</u>	<u>\$ 450,660</u>

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

Year ended June 30,	
2024	\$ 413,402
2025	871,475
2026	1,031,833
2027	1,115,528
2028	<u>24,056</u>
	<u>\$ 3,456,294</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, 2023.

Inactive employees or beneficiaries	102
DROP members	12
Active employees	<u>178</u>
Total	<u>292</u>

(Continued)

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

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 presents multi-year trend information about whether the value of plan assets and increasing or decreasing over time relative to the total OPEB liability.

Changes in the Total OPEB Liability

The Authority’s changes in the total OPEB liability by source for the fiscal year ended June 30, 2023, is reflected below:

Total OPEB Liability (TOL) as of June 30, 2022	\$ 196,763
Changes for the Year:	
Service cost	3,276
Interest on TOL and cash flows	6,479
Difference between actual and expected	(650)
Changes of assumptions	(6,942)
Benefits paid	<u>(9,009)</u>
Net changes	<u>(6,846)</u>
Total OPEB Liability (TOL) as of June 30, 2023	<u>\$ 189,917</u>

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of the valuation date, June 30, 2023. The following actuarial assumptions apply to all periods included in the measurement:

Discount rate	3.66%
Salary increases	N/A
Inflation rate	3.00%
Municipal bond index rate	3.66%
Long-term expected rate of return	3.66%

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.

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, 2023:

	1% Decrease <u>(2.66%)</u>	Discount Rate <u>(3.66%)</u>	1% Increase <u>(4.66%)</u>
Authority’s total OPEB Liability	\$ 215,865	\$ 189,917	\$ 169,008

(Continued)

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

For the fiscal year ended June 30, 2023, the Authority recognized OPEB expense of \$273. At June 30, 2023, the Authority 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	\$ 325	\$ 6,441
Changes in assumptions	<u>5,142</u>	<u>26,266</u>
Total	<u>\$ 5,467</u>	<u>\$ 32,707</u>

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

Fiscal Year Ending June 30:	
2024	\$ (9,647)
2025	(8,587)
2026	(8,014)
2027	<u>(992)</u>
Total	<u>\$ (27,240)</u>

NOTE 8. INTERFUND TRANSFERS

	<u>Transfers In:</u>				
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	<u>Total</u>
Transfers out:					
General Fund	\$ -	\$ 30,946,713	\$ 23,304,764	\$ 2,000,000	\$ 56,251,477
Nonmajor Governmental Funds					
Social Services Programs	28,957	-	-	-	28,957
Community Development	-	-	312,890	-	312,890
State Street Aid	-	1,050,000	-	-	1,050,000
Hotel/Motel Tax	-	<u>4,000,000</u>	<u>3,943,949</u>	-	<u>7,943,949</u>
Total	<u>\$ 28,957</u>	<u>\$ 35,996,713</u>	<u>\$ 27,561,603</u>	<u>\$ 2,000,000</u>	<u>\$ 65,587,273</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, (6) move special revenue money to General Fund.

NOTE 9. FUND BALANCE

The City Council has adopted a policy to maintain a minimum level of unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) in the General Fund. The target level is a balance equal to a minimum of 15% of General Fund revenues and transfers in. This amount is intended to provide for one-time capital needs or for emergency expenditures which meet specific guidelines. If fund balance falls below the minimum target level, the policy provides for actions to replenish the amount to the minimum target level within a three-year period. For the year ended June 30, 2023, the minimum fund balance per policy is \$56.7 million. The current unrestricted fund balance is \$144.7 million.

(Continued)

NOTE 9. FUND BALANCE (Continued)

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable				
Endowments	\$ -	\$ -	\$ 6,259,977	\$ 6,259,977
Inventory	860,595	-	-	860,595
Prepaid expenses	4,000	-	-	4,000
Restricted				
Law enforcement	67,564	-	2,370,527	2,438,091
Confiscated property	1,598	-	-	1,598
Economic development	12,028,650	-	11,424	12,040,074
African-American Museum	140,205	-	-	140,205
Capital projects	-	94,249,667	-	94,249,667
Special projects	286,595	-	-	286,595
Library endowment	216,776	-	528,844	745,620
State street aid	-	-	7,239,900	7,239,900
Human services program	-	-	2,790,317	2,790,317
Community development	-	-	3,105,728	3,105,728
Hotel-Motel tax revenue pledge	-	-	11,371,199	11,371,199
Regional Planning Agency	-	-	829,429	829,429
Air Pollution Control Bureau	-	-	274,899	274,899
Committed				
Law enforcement	272,879	-	-	272,879
Economic development	571,965	-	-	571,965
Free Public Library	45,832	-	-	45,832
African-American Museum	140,204	-	-	140,204
Regional Planning Agency	-	-	3,354,837	3,354,837
Air Pollution Control Bureau	-	-	412,349	412,349
Debt service	-	-	3,049,424	3,049,424
Assigned				
Public Library	1,775,410	-	-	1,775,410
Golf course	877,137	-	-	877,137
Special programs	6,064,954	-	-	6,064,954
Other purposes	5,839,487	-	-	5,839,487
Unassigned	<u>129,091,032</u>	<u>-</u>	<u>-</u>	<u>129,091,032</u>
Total fund balances	<u>\$ 158,284,883</u>	<u>\$ 94,249,667</u>	<u>\$ 41,598,854</u>	<u>\$ 294,133,404</u>
Summary for Governmental Funds				
Balance Sheet:				
Nonspendable	\$ 864,595	\$ -	\$ 6,259,977	\$ 7,124,572
Restricted	12,741,388	94,249,667	28,522,267	135,513,322
Committed	1,030,880	-	6,816,610	7,847,490
Assigned	14,556,988	-	-	14,556,988
Unassigned	<u>129,091,032</u>	<u>-</u>	<u>-</u>	<u>129,091,032</u>
Total fund balances	<u>\$ 158,284,883</u>	<u>\$ 94,249,667</u>	<u>\$ 41,598,854</u>	<u>\$ 294,133,404</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, 2023, 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, 2023, the Internal Service Fund liability consists of \$2,458,000 related to torts and \$2,812,573 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, 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	337,376	6,612,096
Incurred claims, including IBNRs/reduction in estimated liabilities	2,992,672	30,373,256
Claim payments	<u>(2,859,924)</u>	<u>(31,714,779)</u>
Unpaid claims, June 30, 2023	<u>\$ 470,124</u>	<u>\$ 5,270,573</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, 2023, net appreciation of \$528,844 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 PILOTs During the Fiscal Year	Number of PILOTs as of End of the Fiscal Year	Number of Future PILOTs Approved by Council	Amounts of PILOTs During the Fiscal Year
Downtown Housing Development Commercial and Industrial Development	2	11	-	\$ 836,326
	<u>3</u>	<u>18</u>	<u>-</u>	<u>14,433,273</u>
Total	<u>5</u>	<u>29</u>	<u>-</u>	<u>\$ 15,269,599</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 stormwater systems, and acquisition and construction contracts related to general government capital projects. As of June 30, 2023, the City’s commitment with contractors was \$112,896,705.

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 19.89 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 54 years.

Changes in the estimated liability for landfill closure and post closure care costs for the year ended June 30, 2023, are as follows:

Estimated liability, June 30, 2022	\$ 4,704,998
Expenses recognized	894,352
Liability adjustment per State	215,410
Costs incurred	<u>(11,105)</u>
Estimated liability, June 30, 2023	<u>\$ 5,803,655</u>
Due within one year	<u>\$ 356,724</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 \$870 million over a 17-year period. The first phase was a 7-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 \$13,154 in pollution remediation obligation related activities and received no reimbursement from the State of Tennessee. At June 30, 2023, the City had a net pollution remediation obligation of \$614,600.

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 takes more than ten (10) years to complete. Excluding the assistance from DCERP, the cost for the City to complete the remediation is estimated currently at \$14,600 at the end of fiscal year 2023.

(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 ended in September of 2022.

On July 7, 2022, EPA presented the City with two new brownfield grants: \$500,000 Community-Wide Assessment grant and \$500,000 Cleanup grant. Community-wide grant funds will be used to develop an inventory of brownfield sites and conduct a minimum of four Phase I and four Phase II environmental site assessments. The target area is South Chattanooga, which has been severely impacted by disinvestment due to the closure of major industries. Since no city cost share is required by EPA, 100 percent of the assessment cost will be covered by the grant. The grant is set to end September of 2026. The cleanup grant will be used to clean up the Abandoned Rail Corridor-Future Alton Park Greenway site located at South Broad Street. The cleanup site operated as an active rail line and is now an abandoned rail corridor. It is contaminated with polycyclic aromatic hydrocarbons, PCBs, and metals. EPA requires the City to cost share \$100,000 of the total \$600,000 remediation costs. The remediation work will start in fiscal year 2024 and projected to complete by September of 2025.

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.

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.

(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Prior to fiscal year 2021, IDB entered into TIF agreement with Black Creek, LLC and Evergreen Real Estate. Following City Council’s approval of the economic impact plan in 2019, IDB entered into a third TIF agreement for the East Chattanooga Rising Development Area. One of the world’s biggest paint and coating makers, Nippon Paint, is to build a 270,000 square foot manufacturing complex on the East Chattanooga area. In addition to taking on the site development construction, City also gave a twenty-year loan of \$4 million to IDB to finance the project. In fiscal year 2023, two more TIF agreements were entered into by IDB. Access Road LLC TIF will build the North River Commerce Center Industrial Park and Sports Authority TIF will build a new Multi-Use Stadium in the South Broad District Area.

In fiscal year ending June 30, 2023, the City committed \$541,417 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	\$ 213,362,000	\$ 174,378,000	\$ (46,185,000)	\$ 341,555,000
Non-current assets	10,508,000	3,500,000	-	14,008,000
Capital assets	650,240,000	86,276,000	-	736,516,000
Deferred outflows of resources	<u>37,812,000</u>	<u>32,444,000</u>	<u>(25,372,000)</u>	<u>44,884,000</u>
Total assets and deferred Outflows of resources	<u>911,922,000</u>	<u>296,598,000</u>	<u>(71,557,000)</u>	<u>1,136,963,000</u>
Liabilities and deferred inflows of resources:				
Current liabilities	143,166,000	25,947,000	2,665,000	171,778,000
Noncurrent liabilities	376,389,000	5,415,000	(48,850,000)	332,954,000
Deferred inflows of resources	<u>35,935,000</u>	<u>6,243,000</u>	<u>(25,372,000)</u>	<u>16,806,000</u>
Total liabilities and deferred Inflows of resources	<u>555,490,000</u>	<u>37,605,000</u>	<u>(71,557,000)</u>	<u>521,538,000</u>
Net position:				
Net investment in capital assets	320,637,000	86,276,000	48,850,000	455,763,000
Unrestricted	<u>35,795,000</u>	<u>172,717,000</u>	<u>(48,850,000)</u>	<u>159,662,000</u>
Total net position	<u>\$ 356,432,000</u>	<u>\$ 258,993,000</u>	<u>\$ -</u>	<u>\$ 615,425,000</u>

(Continued)

NOTE 14. SEGMENT INFORMATION (Continued)

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

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Customer charges	\$ 647,268,000	\$ 185,663,000	\$ (28,091,000)	\$ 804,840,000
Depreciation expense	(46,333,000)	(22,551,000)	-	(68,884,000)
Other operating expenses	<u>(583,792,000)</u>	<u>(137,761,000)</u>	<u>28,091,000</u>	<u>(693,462,000)</u>
Operating income	17,143,000	25,351,000	-	42,494,000
Nonoperating revenues (expenses):				
Investment earnings	2,575,000	3,239,000	-	5,814,000
Interest expense	(8,994,000)	-	-	(8,994,000)
Other nonoperating	(1,478,000)	2,268,000	-	790,000
Tax equivalent	<u>(7,866,000)</u>	<u>(703,000)</u>	<u>-</u>	<u>(8,569,000)</u>
Change in net position	<u>1,380,000</u>	<u>30,155,000</u>	<u>-</u>	<u>31,535,000</u>
Net position, beginning	<u>355,052,000</u>	<u>228,838,000</u>	<u>-</u>	<u>583,890,000</u>
Net position, end of year	<u>\$ 356,432,000</u>	<u>\$ 258,993,000</u>	<u>\$ -</u>	<u>\$ 615,425,000</u>

CONDENSED STATEMENT OF CASH FLOWS

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided (used) by:				
Operating activities	\$ 79,418,000	\$ 47,024,000	\$ -	\$ 126,442,000
Capital and related financing activities	(92,608,000)	(20,537,000)	-	(113,145,000)
Investing activities	<u>2,547,000</u>	<u>5,757,000</u>	<u>-</u>	<u>8,304,000</u>
Net increase (decrease)	(10,643,000)	32,244,000	-	21,601,000
Beginning cash and cash equivalents	<u>127,532,000</u>	<u>78,688,000</u>	<u>-</u>	<u>206,220,000</u>
Ending cash and cash equivalents	<u>\$ 116,889,000</u>	<u>\$ 110,932,000</u>	<u>\$ -</u>	<u>\$ 227,821,000</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	\$ 10,089,173
Multiplied by two-thirds	<u>x 2/3</u>
City's equity interest	<u>\$ 6,726,115</u>

(Continued)

NOTE 15. JOINT VENTURE (Continued)

Condensed financial information for Carter Street Corporation as of June 30, 2023, is as follows:

STATEMENT OF NET POSITION

Assets:	
Cash	\$ 3,031,490
Accounts receivable, net	483,628
Lease receivable	6,617,621
Prepaid expenses	32,564
Capital assets, net	<u>7,492,176</u>
Total assets	<u>\$ 17,657,479</u>
Liabilities:	
Accounts payable	\$ 244,448
Accrued expenses	99,545
Advanced deposits	<u>138,012</u>
Total liabilities	<u>482,005</u>
Deferred Inflows of Resources	
Lease related	6,445,191
Service agreement	<u>641,110</u>
Total deferred inflows	<u>7,086,301</u>
Net Position:	
Net investment in capital assets	7,492,176
Unrestricted	<u>2,596,997</u>
Total net position	<u>10,089,173</u>
Total liabilities and net position	<u>\$ 17,657,479</u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Total operating revenues	\$ 4,213,128
Total operating expenses	<u>4,111,513</u>
Loss from operations	101,615
Nonoperating revenues	793,395
Capital contributions	<u>200,000</u>
Net increase	1,095,010
Net position, beginning of year	<u>8,994,163</u>
Net position, end of year	<u>\$ 10,089,173</u>

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

NOTE 16. LEASES

Starting in 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 Jul 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, 2023, the value of the lease liability is \$161,113. The City is required to make monthly fixed payments of \$10,449. The lease has an interest rate of 0.29%. 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 \$422,110 with accumulated amortization of 266,596 is included with buildings on the Lease Class activities table found below.

(Continued)

NOTE 16. LEASES (Continued)

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, 2023, the value of the lease liability is \$351,863. 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, 2023 of \$534,320 with accumulated amortization of \$185,851 is included with buildings 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. On June 13, 2023, the City exercised an extension option for an additional 24 months. As of June 30, 2023, the value of the lease liability is \$443,193. 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, 2023 of \$790,318 with accumulated amortization of \$353,647 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, 2023, the value of the lease liability is \$0. The City was required to make monthly fixed payments of \$24,050. The lease had 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 \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below.

On February 1, 2023, the City entered into a 60 month lease as Lessee for the use of MidTown Campus – 5715 Uptain Rd. An initial lease liability was recorded in the amount of \$2,036,949. As of June 30, 2023, the value of the lease liability is \$1,872,159. The City is required to make monthly fixed payments of \$35,804. The lease has an interest rate of 2.19%. The building estimated useful life was 0 months as of the contract commencement. The value of the right to use lease asset as of June 30, 2023 of \$2,036,949 with accumulated amortization of \$169,746 is included with buildings on the Lease Class activities table found below. The City has 2 extension option(s), each for 24 months.

The amount of lease assets by major class of underlying assets for the year ended June 30, 2023, as reported in the Statement of Net Position, are as follows:

<u>Asset Class</u>	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Buildings	\$ 3,783,697	\$ 975,840
Total leases	<u>\$ 3,783,697</u>	<u>\$ 975,840</u>

The annual principal and interest expected to maturity as of June 30, 2023 for governmental activities are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 804,028	\$ 39,973	\$ 844,001
2025	703,392	30,076	733,468
2026	582,491	20,293	602,784
2027	490,274	10,608	500,882
2028	248,143	1,816	249,959
	<u>\$ 2,828,328</u>	<u>\$ 102,766</u>	<u>\$ 2,931,094</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, 2023, the value of the lease receivable is \$32,150. 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, 2023 was \$31,097, and The City recognized lease revenue of \$5,886 during the fiscal year.

(Continued)

NOTE 16. LEASES (Continued)

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, 2023, the value of the lease receivable is \$246,552. 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, 2023 was \$239,931, 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, 2023, the value of the lease receivable is \$608,775. 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, 2023 was \$602,532, 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, 2023, the value of the lease receivable is \$890,348. 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, 2023 was \$838,503, and The City recognized lease revenue of \$54,097 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

Fiscal Year June 30	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 129,712	\$ 16,880	\$ 146,592
2025	132,910	15,556	148,466
2026	137,662	14,196	151,858
2027	141,578	12,789	154,367
2028	145,126	11,349	156,475
2029-2033	653,419	34,967	688,386
2034-2038	417,419	10,559	427,978
	<u>\$ 1,757,826</u>	<u>\$ 116,296</u>	<u>\$ 1,874,122</u>

NOTE 17. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Starting in the year ended June, 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On July 1, 2022, the City entered into a 48 month subscription for the use of Oracle Cloud Applications. An initial subscription liability was recorded in the amount of \$434,700. As of June 30, 2023, the value of the subscription liability is \$323,730. The City is required to make annual fixed payments of \$112,500. The subscription has an interest rate of 2.11%. The value of the right to use asset as of June 30, 2023 of \$434,700 with accumulated amortization of \$108,675 is included with software on the Subscription Class activities table found below.

On July 1, 2022, the City entered into a 29 month subscription for the use of Oracle HCM Cloud Software. An initial subscription liability was recorded in the amount of \$65,430. As of June 30, 2023, the value of the subscription liability is \$32,713. The City is required to make annual fixed payments of \$40,000. The subscription has an interest rate of 1.89%. The value of the right to use asset as of June 30, 2023 of \$65,430 with accumulated amortization of \$26,201 is included with software on the Subscription Class activities table found below.

(Continued)

NOTE 17. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

(Continued)

On July 1, 2022, the City entered into a 48 month subscription for the use of Eproval EPremium License. An initial subscription liability was recorded in the amount of \$175,844. As of June 30, 2023, the value of the subscription liability is \$130,844. The City is required to make an annual fixed payments of \$45,000. The subscription has an interest rate of 1.58%. The value of the right to use asset as of June 30, 2023 of \$175,844 with accumulated amortization of \$43,961 is included with software on the Subscription Class activities table found below. The City has 1 extension option(s), each for 36 months. The City had a termination period of 1 month as of the subscription commencement.

On July 1, 2022, the City entered into a 27 month subscription for the use of Small Government Term Enterprise License. An initial subscription liability was recorded in the amount of \$325,341. As of June 30, 2023, the value of the subscription liability is \$161,933. The City is required to make annual fixed payments of \$165,000. The subscription has an interest rate of \$1.89%. The value of the right to use asset as of June 30, 2023 of \$325,341 with accumulated amortization of \$144,063 is included with software on the Subscription Class activities table found below.

On July 1, 2022, the City entered into a 64 month subscription for the use of Oracle Cloud Managed Services. An initial subscription liability was recorded in the amount of \$1,713,431. As of June 30, 2023, the value of the subscription liability is \$1,392,523. The City is required to make monthly fixed payments of \$29,334. The subscription has an interest rate of 2.19%. The value of the right to use asset as of June 30, 2023 of \$1,713,431 with accumulated amortization of \$321,268 is included with software on the Subscription Class activities table found below.

On July 1, 2022, the City entered into a 56 month subscription for the use of SplashBI software. An initial subscription liability was recorded in the amount of \$304,233. As of June 30, 2023, the value of the subscription liability is \$228,979. The City is required to make annual fixed payments of \$89,688. The subscription has an interest rate of 2.19%. The value of the right to use asset as of June 30, 2023 of \$304,233 with accumulated amortization of \$65,501 is included in the software on the Subscription Class activities table found below.

On July 1, 2022, the City entered into a 31 month subscription for the use of Tyler Software. An initial subscription liability was recorded in the amount of \$186,210. As of June 30, 2023, the value of the subscription liability was \$94,194. The City is required to make annual fixed payments of \$94,230. The subscription interest rate of 2.04%. The value of the right to use asset as of June 30, 2023 of \$186,210 with accumulated amortization of \$72,081 is included in the software on the Subscription Class activities table found below.

On July 1, 2022, the City entered into a 75 month subscription for the use of Oracle E-Business Suite. An initial subscription liability was recorded in the amount of \$67,631. As of June 30, 2023, the value of the subscription liability is \$56,037. The City is required to make annual fixed payments of \$36,480. The subscription has an interest rate of 2.32%. The value of the right to use asset as of June 30, 2023 of \$67,631 with accumulated amortization of \$17,070 is included in with software on the Subscription Class activities table found below.

The amount of subscription assets by major class of underlying assets for the year ended June 30, 2023, as reported in the Statement of Net Position, are as follows:

<u>Asset Class</u>	<u>Subscription Asset Value</u>	<u>Accumulated Amortization</u>
Software	\$ 3,272,821	\$ 798,821
Total subscription	<u>\$ 3,272,821</u>	<u>\$ 798,821</u>

The annual principal and interest expected to maturity as of June 30, 2023 for governmental activities are as follows:

<u>Fiscal Year June 30</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 838,972	\$ 48,103	\$ 887,075
2025	559,636	30,748	590,384
2026	568,811	18,800	587,611
2027	333,043	6,737	339,780
2028	120,491	768	121,259
	<u>\$ 2,420,953</u>	<u>\$ 105,156</u>	<u>\$ 2,526,109</u>

NOTE 18. CONDUIT DEBT

Starting in year ended June 30, 2023, the financial statements include the adoption of GASB 91, Conduit Debt obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

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 six (6) outstanding bond issues, the original amounts of which were \$233,389,045. The Health, Educational and Housing Facility Board (HEB) currently has twenty-one (21) bond issues, the original amount of which were \$664,509,727. The HEB Board has no means of determining the outstanding amount of these bonds.

Description	Issue Year	Final Maturity Date	Original Dollar Amount	Principal Outstanding
Black Creek Mountain 139 Partners d/b/a Evergreen Real Estate	2013	12/31/31	\$ 9,089,045	\$ 8,782,355
M.L.King Blvd. extension – Riverwalk East Chattanooga Rising (Nippon Plant Automotive Company) – Tubman Site	2018	12/10/36	3,500,000	2,649,307
North Access Road Plan Area	2020	12/31/40	4,000,000	3,985,232
Blue Cross Blue Shield	2022	05/01/47	9,900,000	9,900,000
YMCA 2020	2021	01/01/28	200,000,000	200,000,000
	2020	12/01/26	6,900,000	1,494,651
			<u>\$ 233,389,045</u>	<u>\$ 226,811,545</u>

(Continued)

NOTE 18. CONDUIT DEBT (Continued)

Description	Issue Year	Final Maturity Date	Original Dollar Amount
Battery Heights – Alco	2021	08/01/24	\$ 10,500,000
Baylor School	Various	06/01/42	17,900,000
Boynton Apts.	2004	06/01/36	5,000,000
Catholic Health Initiative (CommonSpirit)	2019	06/01/44	202,555,000
Catholic Health Initiative (CommonSpirit)	2019	06/01/44	73,465,000
CDFI Phase I, LLC (UTC)	2015	10/01/32	65,895,000
Cumberland Medical Center	2004	11/01/31	46,000,000
Girls Preparatory School	2019	07/01/32	8,500,000
Girls Preparatory School	2019	07/01/32	5,000,000
Northtowne Village Association	1985	03/01/25	4,420,709
Patten Towers Apt. Project 2019	2019	06/01/34	20,000,000
Rainbow Creek Apartments	1999	11/20/39	5,000,000
Red Bank Health Care Center	1985	08/01/25	385,018
(The) Reserve at Mountain Pass	2021	12/01/61	32,289,000
(The) Reserve at Mountain Pass	2021	12/01/61	11,550,000
Siskin Hospital for Physical Rehabilitation	2015	07/01/46	22,445,000
Siskin Hospital for Physical Rehabilitation	2015	07/01/28	15,610,000
Southern Adventist University	2013	12/01/26	19,100,000
Standifer Place Project	2004	07/01/34	15,000,000
TUFF /Chattanooga Housing, LLC	2000	10/01/32	18,000,000
UTC	2015	11/17/35	65,895,000
			\$ 664,509,727

NOTE 19. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through February 16, 2024 (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.

On October 17, 2023, the City entered into an agreement with the Tennessee Department of Environment and Conservation to secure a loan worth \$20,000,000 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 2.60% interest. As of this report, the City has not drawn down any funds from this agreement.

On November 16, 2023, the City issued General Obligation Bonds in the amount of \$41,995,000.

On December 19, 2023, the Electric Power Board, an Enterprise fund of the City, issued \$125,000,000 of revenue bonds.



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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 8,825,699	\$ 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	26,956,281	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	13,019,069	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	(26,193,541)	(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)
Net change in total pension liability	22,607,508	15,204,393	6,837,996	10,872,074	15,823,779	10,914,710	21,543,664	19,184,389	10,791,812	6,002,154
Total pension liability - beginning	412,449,088	397,244,695	390,406,699	379,534,625	363,710,846	352,796,136	331,252,472	312,068,083	301,276,271	295,274,117
Total pension liability - ending (a)	\$ 435,056,596	\$ 412,449,088	\$ 397,244,695	\$ 390,406,699	\$ 379,534,625	\$ 363,710,846	\$ 352,796,136	\$ 331,252,472	\$ 312,068,083	\$ 301,276,271
Plan fiduciary net position										
Contributions - employer	\$ 16,694,619	\$ 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	1,641,422	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	17,665,683	(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	(26,193,541)	(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	(461,852)	(160,753)	(205,273)	(221,766)	(164,522)	(393,230)	(158,790)	(161,500)	(205,580)	(192,205)
Net change in plan fiduciary net position	9,346,331	(10,050,535)	48,182,854	(2,777,955)	(2,219,667)	18,713,225	16,205,318	(9,702,512)	943,440	23,447,763
Plan fiduciary net position - beginning	332,119,636	342,170,171	293,987,317	296,765,272	298,984,939	280,271,714	264,066,396	273,768,908	272,825,468	249,377,705
Plan fiduciary net position - ending (b)	\$ 341,465,967	\$ 332,119,636	\$ 342,170,171	\$ 293,987,317	\$ 296,765,272	\$ 298,984,939	\$ 280,271,714	\$ 264,066,396	\$ 273,768,908	\$ 272,825,468
Net pension liability - ending (a) - (b)	\$ 93,590,629	\$ 80,329,452	\$ 55,074,524	\$ 96,419,382	\$ 82,769,353	\$ 64,725,907	\$ 72,524,422	\$ 67,186,076	\$ 38,299,175	\$ 28,450,803
Plan fiduciary net position as a percentage of the total pension liability	78.49%	80.52%	86.14%	75.30%	78.19%	82.20%	79.44%	79.72%	87.73%	90.56%
Covered payroll	\$ 81,077,975	\$ 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
Net pension liability as a percentage of covered payroll	115.43%	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%.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 9,511,483	\$ 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	35,820,598	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	5,272,671	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	(31,822,443)	(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)
Net change in total pension liability	18,782,309	53,394,026	13,289,898	22,953,584	8,902,026	32,072,508	8,692,596	5,519,346	29,671,098	(48,974,025)
Total pension liability - beginning	537,075,269	483,681,243	470,391,345	447,437,761	438,535,735	406,463,227	397,770,631	392,251,285	362,580,187	411,554,212
Total pension liability - ending (a)	\$ 555,857,578	\$ 537,075,269	\$ 483,681,243	\$ 470,391,345	\$ 447,437,761	\$ 438,535,735	\$ 406,463,227	\$ 397,770,631	\$ 392,251,285	\$ 362,580,187
Plan fiduciary net position										
Contributions - employer	\$ 29,471,834	\$ 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	5,907,228	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	22,888,873	(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	(31,822,443)	(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	(7,945,177)	(955,057)	(256,877)	(947,089)	(2,004,109)	(1,054,284)	(742,349)	(1,269,308)	(889,162)	(608,924)
Other	94,215	111,546	121,816	150,878	144,652	135,260	151,146	326,393	162,076	167,314
Net change in plan fiduciary net position	18,594,530	(32,029,948)	60,754,033	4,169,965	6,902,581	5,842,697	9,387,437	(20,037,396)	(7,423,046)	19,889,612
Plan fiduciary net position - beginning	263,618,707	295,648,655	234,894,622	230,724,657	223,822,076	217,979,379	208,591,942	228,629,338	236,052,384	216,162,772
Plan fiduciary net position - ending (b)	\$ 282,213,237	\$ 263,618,707	\$ 295,648,655	\$ 234,894,622	\$ 230,724,657	\$ 223,822,076	\$ 217,979,379	\$ 208,591,942	\$ 228,629,338	\$ 236,052,384
Net pension liability - ending (a) - (b)	\$ 273,644,341	\$ 273,456,562	\$ 188,032,588	\$ 235,496,723	\$ 216,713,104	\$ 214,713,659	\$ 188,483,848	\$ 189,178,689	\$ 163,621,947	\$ 126,527,803
Plan fiduciary net position as a percentage of the total pension liability	50.77%	49.08%	61.12%	49.94%	51.57%	51.04%	53.63%	52.44%	58.29%	65.10%
Covered payroll	\$ 52,587,549	\$ 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
Net pension liability as a percentage of covered payroll	520.36%	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%.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS
PENSION TRUST FUND - GENERAL (Reporting per GASB 67)
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 14,424,314	\$ 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
Contributions in relation to the actuarially determined contribution	16,694,619	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
Contribution deficiency (excess)	\$ (2,270,305)	\$ (2,561,049)	\$ (34,099)	\$ (326,195)	\$ (430,052)	\$ (59,892)	\$ (167,126)	\$ 43,923	\$ (153,275)	\$ (34,509)
Covered payroll	\$ 81,077,975	\$ 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
Contributions as a percentage of covered payroll	20.59%	22.33%	22.68%	21.19%	20.29%	19.37%	16.41%	14.02%	13.77%	13.89%

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	13.1 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 to 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 25,354,456	\$ 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
Contributions in relation to the actuarially determined contribution	29,471,834	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
Contribution deficiency (excess)	\$ (4,117,378)	\$ (5,672,490)	\$ (937,452)	\$ (1,392,937)	\$ (823,846)	\$ (1,531,428)	\$ (170,592)	\$ 42,999	\$ (1,636,322)	\$ (148,943)
Covered payroll	\$ 52,587,549	\$ 50,940,536	\$ 41,958,234	\$ 41,751,143	\$ 41,312,393	\$ 38,432,299	\$ 38,954,094	\$ 39,282,422	\$ 36,187,624	\$ 37,215,933
Contributions as a percentage of covered payroll	56.04%	53.11%	52.48%	50.29%	47.56%	46.93%	33.37%	30.52%	30.72%	36.26%

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	5-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	6.75%, net of pension plan investment expense, including inflation
Cost of living adjustments	1.50% (starting January 1 after third anniversary of retirement date)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

PENSION TRUST FUND

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense										
General Plan	6.90%	-9.80%	24.60%	2.35%	5.56%	8.07%	11.46%	-0.78%	2.93%	16.11%
Fire & Police Plan	8.57%	-11.76%	29.34%	3.85%	5.81%	6.35%	10.59%	-2.61%	2.89%	16.15%

Notes to Schedule:

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

	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability								
Service cost	\$ 3,881,182	\$ 4,076,344	\$ 3,834,142	\$ 3,883,018	\$ 3,910,132	\$ 3,796,244	\$ 3,285,014	\$ 3,078,079
Interest	12,553,152	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	(7,589,254)	(7,440,308)	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
Net change in total OPEB liability	8,845,080	(28,390,370)	10,375,709	103,682	7,821,379	21,983,418	8,380,562	3,437,945
Total OPEB liability - beginning	189,767,244	218,157,614	207,781,905	207,678,223	199,856,844	177,873,426	169,492,864	166,054,919
Total OPEB liability - ending (a)	\$ 198,612,324	\$ 189,767,244	\$ 218,157,614	\$ 207,781,905	\$ 207,678,223	\$ 199,856,844	\$ 177,873,426	\$ 169,492,864
Plan fiduciary net position								
Contributions - employer	\$ 16,034,316	\$ 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	9,056,332	(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	(7,589,254)	(7,440,308)	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
Administrative expense	(62,981)	(66,605)	(49,023)	(37,505)	(44,054)	(50,522)	(41,992)	(41,906)
Net change in plan fiduciary net position	17,438,413	(3,468,067)	30,232,645	9,444,074	7,246,927	11,551,793	13,334,288	1,488,018
Plan fiduciary net position - beginning	109,899,320	113,367,387	83,134,742	73,690,668	66,443,741	54,891,948	41,557,660	40,069,642
Plan fiduciary net position - ending (b)	\$ 127,337,733	\$ 109,899,320	\$ 113,367,387	\$ 83,134,742	\$ 73,690,668	\$ 66,443,741	\$ 54,891,948	\$ 41,557,660
Net OPEB liability - ending (a) - (b)	\$ 71,274,591	\$ 79,867,924	\$ 104,790,227	\$ 124,647,163	\$ 133,987,555	\$ 133,413,103	\$ 122,981,478	\$ 127,935,204
Plan fiduciary net position as a percentage of the total OPEB liability	64.11%	57.91%	51.97%	40.01%	35.48%	33.25%	30.86%	24.52%
Covered payroll	\$ 121,255,128	\$ 121,255,128	\$ 107,477,193	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271
Net OPEB liability as a percentage of covered payroll	58.78%	65.87%	97.50%	115.98%	133.90%	133.33%	127.53%	132.66%

Notes to Schedule:

Benefit changes. None

Changes in actuarial assumptions and methods:

2023: None

2022: Discount rate remains 6.75%. Healthcare trend assumption was updated.

2021: None

2020: Discount rate was changed to 6.75%. Healthcare trend assumption was updated.

2019: None

2018: Discount rate was changed to 7.00%. Healthcare trend assumption was updated.

2017: None

2016: 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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 14,247,478	\$ 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
Contributions in relation to the actuarially determined contribution	16,034,316	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
Contribution deficiency (excess)	\$ (1,786,838)	\$ (854,939)	\$ (130,400)	\$ (1,025,300)	\$ (592,099)	\$ (1,028,113)	\$ (240,356)	\$ (158,043)	\$ (2,995,257)	\$ (1,795,710)
Covered payroll	\$ 121,255,128	\$ 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
Contributions as a percentage of covered payroll	13.22%	12.46%	11.87%	13.60%	14.17%	14.18%	13.90%	13.39%	16.52%	15.80%

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, closed
Remaining amortization period	9 years
Asset valuation method	Market value, with 5 years recognition of investment gains and losses, not less than 80% or greater than 120% of market value
Inflation	2.50%
Healthcare cost trend rate: Pre-Medicare eligible	7.00%
Healthcare cost trend rate: Medicare eligible	4.75%
Ultimate trend rate: Pre-Medicare eligible	4.50%
Ultimate trend rate: Medicare eligible	4.50%
Year of ultimate trend rate: Pre-Medicare eligible	2029
Year of ultimate trend rate: Medicare eligible	2023
Investment rate of return	6.75% including inflation
Salary increases: General employees	3.00 - 5.25%, including inflation
Salary increases: Fire and Police employees	2.25 - 2.75%, including inflation
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.
Mortality: Fire and Police employee deaths after retirement:	According to the RP 2014 Mortality Table with Blue Collar Adjustment, set forward three years for males and 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 three years for males and females and projected to 2025 using Scale MP-2017 is used for the period after disability retirement.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENT RETURNS

OPEB TRUST (Reporting Per GASB 74)

Last 10 Fiscal Years

OPEB TRUST FUND

	<u>2023</u>	<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	9.70%	-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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 925,000	\$ 943,000	\$ 950,000	\$ 1,218,000	\$ 1,250,000	\$ 1,191,000
Interest	1,605,000	1,589,000	1,533,000	1,609,000	1,686,000	1,851,000
Difference between expected and actual experience	2,402,000	(433,000)	518,000	3,583,000	(2,537,000)	(3,860,000)
Changes of assumptions	-	-	(447,000)	(5,800,000)	-	-
Refunds of contributions	(2,102,000)	(1,850,000)	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
Net change in total OPEB liability	<u>2,830,000</u>	<u>249,000</u>	<u>866,000</u>	<u>(1,165,000)</u>	<u>(1,204,000)</u>	<u>(2,534,000)</u>
Total OPEB liability - beginning	<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>	<u>28,484,000</u>
Total OPEB liability - ending (a)	<u>\$ 27,526,000</u>	<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>
Plan fiduciary net position						
Contributions - employer	\$ 2,067,000	\$ 1,796,000	\$ 1,663,000	\$ 1,720,000	\$ 1,582,000	\$ 1,686,000
Net investment income	(4,813,000)	7,345,000	113,000	1,313,000	1,780,000	2,495,000
Benefit payments, net of member contributions	(2,102,000)	(1,850,000)	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
Administrative expense	(23,000)	(21,000)	(20,000)	(19,000)	(39,000)	(49,000)
Net change in plan fiduciary net position	<u>(4,871,000)</u>	<u>7,270,000</u>	<u>68,000</u>	<u>1,239,000</u>	<u>1,720,000</u>	<u>2,416,000</u>
Plan fiduciary net position - beginning	<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>	<u>20,962,000</u>
Plan fiduciary net position - ending (b)	<u>\$ 28,804,000</u>	<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>
Net OPEB liability / (asset) - ending (a) - (b)	<u>\$ (1,278,000)</u>	<u>\$ (8,979,000)</u>	<u>\$ (1,958,000)</u>	<u>\$ (2,756,000)</u>	<u>\$ (352,000)</u>	<u>\$ 2,572,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	104.64%	136.36%	108.01%	111.69%	101.42%	90.09%
Covered payroll	\$ 48,441,000	\$ 48,884,000	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
Net OPEB liability as a percentage of covered payroll	-2.64%	-18.37%	-4.01%	-5.95%	-0.81%	6.04%

Notes to Schedule:

Benefit changes: None

Assumption changes:

The estimated Healthcare Cost Trend was changed during FY2021 based on historical trends.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CONTRIBUTIONS
ELECTRIC POWER BOARD OF CHATTANOOGA OPEB PLAN
Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer Contributions	\$ 2,067,000	\$ 1,796,000	\$ 1,663,000	\$ 1,720,000	\$ 1,582,000	\$ 1,686,000
Covered payroll	\$ 48,441,000	\$ 48,884,000	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
Contributions as a percentage of covered payroll	4.27%	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 rate	1.50%
Healthcare cost trend rate:	6.0% initial, 4.0% ultimate - 2023; 6.5% initial, 4.0% ultimate - 2022; 7.0% initial, 4.0% ultimate - 2021; 7.5% initial, 4.0% ultimate - 2020; 7.5% initial, 5.5% ultimate - 2019 and 2018
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	In the actuarial valuation, 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>2023</u>	<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	-14.30%	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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
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
Changes of assumptions	-	-	-	5,411,416	1,236,249	8,927,192	8,345,787	-	(5,893,894)
Difference between expected and actual experience	6,606,047	(2,173,556)	1,777,809	348,190	-	2,630,676	735,472	(333,439)	-
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)
Net change in total pension liability	15,204,393	6,837,996	10,872,074	15,823,779	10,914,710	21,543,664	19,184,389	10,791,812	6,002,154
Total pension liability - beginning	397,244,695	390,406,699	379,534,625	363,710,846	352,796,136	331,252,472	312,068,083	301,276,271	295,274,117
Total pension liability - ending (a)	\$ 412,449,088	\$ 397,244,695	\$ 390,406,699	\$ 379,534,625	\$ 363,710,846	\$ 352,796,136	\$ 331,252,472	\$ 312,068,083	\$ 301,276,271
Plan fiduciary net position									
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	(160,753)	(205,273)	(221,766)	(164,522)	(393,230)	(158,790)	(161,500)	(205,580)	(192,205)
Net change in plan fiduciary net position	(10,050,535)	48,182,854	(2,777,955)	(2,219,667)	18,713,225	16,205,318	(9,702,512)	943,440	23,447,763
Plan fiduciary net position - beginning	342,170,171	293,987,317	296,765,272	298,984,939	280,271,714	264,066,396	273,768,908	272,825,468	249,377,705
Plan fiduciary net position - ending (b)	\$ 332,119,636	\$ 342,170,171	\$ 293,987,317	\$ 296,765,272	\$ 298,984,939	\$ 280,271,714	\$ 264,066,396	\$ 273,768,908	\$ 272,825,468
Net pension liability - ending (a) - (b)	\$ 80,329,452	\$ 55,074,524	\$ 96,419,382	\$ 82,769,353	\$ 64,725,907	\$ 72,524,422	\$ 67,186,076	\$ 38,299,175	\$ 28,450,803
Plan fiduciary net position as a percentage of the total pension liability	80.52%	86.14%	75.30%	78.19%	82.20%	79.44%	79.72%	87.73%	90.56%
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
Net pension liability as a percentage of covered payroll	116.62%	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%.

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
FIRE AND POLICE PENSION FUND (Reporting per GASB 68)

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
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)
Net change in total pension liability	53,394,026	13,289,898	22,953,584	8,902,026	32,072,508	8,692,596	5,519,346	29,671,098	(48,974,025)
Total pension liability - beginning	483,681,243	470,391,345	447,437,761	438,535,735	406,463,227	397,770,631	392,251,285	362,580,187	411,554,212
Total pension liability - ending (a)	\$ 537,075,269	\$ 483,681,243	\$ 470,391,345	\$ 447,437,761	\$ 438,535,735	\$ 406,463,227	\$ 397,770,631	\$ 392,251,285	\$ 362,580,187
Plan fiduciary net position									
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
Net change in plan fiduciary net position	(32,029,948)	60,754,033	4,169,965	6,902,581	5,842,697	9,387,437	(20,037,396)	(7,423,046)	19,889,612
Plan fiduciary net position - beginning	295,648,655	234,894,622	230,724,657	223,822,076	217,979,379	208,591,942	228,629,338	236,052,384	216,162,772
Plan fiduciary net position - ending (b)	\$ 263,618,707	\$ 295,648,655	\$ 234,894,622	\$ 230,724,657	\$ 223,822,076	\$ 217,979,379	\$ 208,591,942	\$ 228,629,338	\$ 236,052,384
Net pension liability - ending (a) - (b)	\$ 273,456,562	\$ 188,032,588	\$ 235,496,723	\$ 216,713,104	\$ 214,713,659	\$ 188,483,848	\$ 189,178,689	\$ 163,621,947	\$ 126,527,803
Plan fiduciary net position as a percentage of the total pension liability	49.08%	61.12%	49.94%	51.57%	51.04%	53.63%	52.44%	58.29%	65.10%
Covered payroll	\$ 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
Net pension liability as a percentage of covered payroll	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 CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
ELECTRIC POWER BOARD OF CHATTANOOGA RETIREMENT PLAN

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
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)
Net change in total pension liability	<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>
Total pension liability - beginning	<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>
Total pension liability - ending (a)	<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>
Plan fiduciary net position								
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)
Net change in plan fiduciary net position	<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>
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (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>
Net pension liability - ending (a) - (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>
Plan fiduciary net position as a percentage of the total pension liability	90.75%	70.30%	75.34%	77.87%	78.77%	76.94%	85.21%	87.31%
Covered payroll	\$ 46,589,520	\$ 47,656,428	\$ 44,354,016	\$ 42,505,392	\$ 37,195,884	\$ 37,808,796	\$ 35,014,644	\$ 32,127,132
Net pension liability as a percentage of covered payroll	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>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	\$ 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)	<u>\$ (2,561,049)</u>	<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>
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 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	23.8 years
Asset valuation method	5-year smoothed fair value with a 20% corridor
Inflation	2.50%
Salary increases	3.00 to 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

	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	\$ 50,940,536	\$ 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	53.11%	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, 2022.

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	5-year smoothed fair value with 20% corridor
Inflation	2.25%
Salary increases	1.50%-2.25%
Investment rate of return	6.75%, 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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 6,691,927	\$ 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	15,500,000	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)	\$ (8,808,073)	\$ (18,436)	\$ (13,377)	\$ (3,492)	\$ (11,307)	\$ (16,360)	\$ 258,552	\$ (138,117)	\$ 16,032
Covered payroll	\$ 45,215,720	\$ 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	34.28%	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	6.50%

Changes in assumptions

The investment rate of return was changed from 7.0% to 6.5% beginning in 2021.

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

CITY'S OPEB FUND (Reporting Per GASB 75)

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability							
Service cost	\$ 4,076,344	\$ 3,834,142	\$ 3,883,018	\$ 3,910,132	\$ 3,796,244	\$ 3,285,014	\$ 3,078,078
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	-	-
Changes of assumptions	7,549,180	-	903,971	-	13,240,396	-	-
Benefit payments	(7,440,308)	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,110)
Net change in total OPEB liability	(28,390,370)	10,375,709	103,682	7,821,379	21,983,418	8,380,562	3,437,945
Total OPEB liability - beginning	218,157,614	207,781,905	207,678,223	199,856,844	177,873,426	169,492,864	166,054,919
Total OPEB liability - ending (a)	\$ 189,767,244	\$ 218,157,614	\$ 207,781,905	\$ 207,678,223	\$ 199,856,844	\$ 177,873,426	\$ 169,492,864
Plan fiduciary net position							
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, net 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)
Net change in plan fiduciary net position	(3,468,067)	30,232,645	9,444,074	7,246,927	11,551,793	13,334,288	1,488,018
Plan fiduciary net position - beginning	113,367,387	83,134,742	73,690,668	66,443,741	54,891,948	41,557,660	40,069,642
Plan fiduciary net position - ending (b)	\$ 109,899,320	\$ 113,367,387	\$ 83,134,742	\$ 73,690,668	\$ 66,443,741	\$ 54,891,948	\$ 41,557,660
Net OPEB liability - ending (a) - (b)	\$ 79,867,924	\$ 104,790,227	\$ 124,647,163	\$ 133,987,555	\$ 133,413,103	\$ 122,981,478	\$ 127,935,204
Plan fiduciary net position as a percentage of the total OPEB liability	57.91%	51.97%	40.01%	35.48%	33.25%	30.86%	24.52%
Covered payroll	\$ 121,255,128	\$ 107,477,193	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271
City's net OPEB liability as a percentage of covered payroll	65.87%	97.50%	115.98%	133.90%	133.33%	127.53%	132.66%

Notes to Schedule:

Benefit changes: None

Assumption changes:

2022: Discount rate remains 6.75%. Healthcare trend assumption was updated.

2021: None

2020: Discount rate was changed to 6.75%. Healthcare trend assumption was updated.

2019: None

2018: Discount rate was changed to 7.00%. Healthcare trend assumption was updated.

2017: None

2016: 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

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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 12,628,570	\$ 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>\$ (2,473,847)</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:

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
- Amortization method
- Remaining amortization period
- Asset valuation method
- Inflation
- Healthcare cost trend rate: Pre-Medicare eligible
- Healthcare cost trend rate: Medicare eligible
- Ultimate trend rate: Pre-Medicare eligible
- Ultimate trend rate: Medicare eligible
- Year of ultimate trend rate: Pre-Medicare eligible
- Year of ultimate trend rate: Medicare eligible
- Investment rate of return

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>
Total OPEB liability					
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)
Net change in total OPEB liability	<u>249,000</u>	<u>866,000</u>	<u>(1,165,000)</u>	<u>(1,204,000)</u>	<u>(2,534,000)</u>
Total OPEB liability - beginning	<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>
Total OPEB liability - ending (a)	<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>
Plan fiduciary net position					
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)
Net change in plan fiduciary net position	<u>7,270,000</u>	<u>68,000</u>	<u>1,239,000</u>	<u>1,720,000</u>	<u>2,416,000</u>
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (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>
Net OPEB liability / (asset) - ending (a) - (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>
Plan fiduciary net position as a percentage of the total OPEB liability	136.36%	108.01%	111.69%	101.42%	90.09%
Covered payroll	\$ 48,884,000	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
Net OPEB liability as a percentage of covered payroll	-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 4.0% ultimate

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY 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
Investment rate of return	6.50%
Inflation rate	1.50%
Healthcare cost trend rate: Active & Early Retirees	6.50% initial, 4.00% ultimate
Healthcare cost trend rate: Normal Retirees	4.00% per annum
Mortality	Assumed life expectancies were computing using the UP 1984 Table.
Retirement:	3% per year for ages 57-61; 20% at age 62; 10% at ages 63 and 64; and 100% at age 65

This schedule will be 10 years as information is available.



**COMBINING FINANCIAL
STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These are the operating funds which are restricted as to use by the federal or state governments and special purpose funds established by the City Council.

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

Social Services Program Fund accounts for revenues and expenditures associated with various grants and donations for specific programs administered by the City.

Narcotics Program Fund accounts for drug fines and grants received and usage of those monies to further drug education and investigations.

State Street Aid Fund accounts for revenues and expenditures of the City's share of state gasoline taxes. State law requires that gasoline taxes be used to maintain streets.

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

Hotel/Motel Tax Fund accounts for revenues and expenditures of the City's hotel/motel privilege tax. The City ordinance requires that hotel/motel taxes be used to develop and implement public improvements in the downtown and waterfront areas

River Pier Garage Fund accounts for revenues and expenditures of the River Pier Garage located near the waterfront area. .

Regional Planning Agency Fund accounts for revenues and expenditures of the Chattanooga-Hamilton County Regional Planning Agency.

Air Pollution Control Bureau Fund accounts for the grants, revenues and expenditures of the Air Pollution Control Bureau, a jointly funded agency of the City of Chattanooga and Hamilton County.

Scenic Cities Beautiful Commission Fund accounts for revenues and expenditures of Scenic Cities Beautiful Commission, a jointly funded agency of the City of Chattanooga and Hamilton County.

Downtown Chattanooga Business Improvement District Fund accounts for tax revenues associated with a special assessment tax collected by the City. The CBID was established to provide improvements to a portion of downtown Chattanooga.

DEBT SERVICE FUND

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

PERMANENT FUND

Library Endowment Fund accounts for several nonexpendable gifts to The Public Library.

CITY OF CHATTANOOGA, TENNESSEE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2023

Special Revenue

	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax
ASSETS						
Cash and cash equivalents	\$ 11,424	\$ (6,568,039)	\$ 3,891,101	\$ 6,819,060	\$ 3,651,354	\$ 10,435,452
Investments	-	-	-	-	-	-
Receivables, net of allowance for uncollectibles:						
Other taxes	-	-	-	-	-	1,706,650
Notes	-	-	-	-	6,474,428	-
Other	-	-	4,359	-	4,669	2,610
Due from other governments:						
Federal	-	6,676,932	-	-	3,344,178	-
State of Tennessee	-	2,160,318	-	1,108,219	24,490	-
Total assets	\$ 11,424	\$ 2,269,211	\$ 3,895,460	\$ 7,927,279	\$ 13,499,119	\$ 12,144,712
LIABILITIES						
Accounts payable and accrued liabilities:						
Accounts payable	\$ -	\$ 1,390,636	\$ 1,524,933	\$ 23,811	\$ 100,614	\$ 27,096
Accrued payroll	-	377,684	-	109,691	34,421	-
Due to other governments	-	-	-	-	72,184	-
Unearned grants revenue	-	170,959	-	-	2,422,520	-
Total liabilities	-	1,939,279	1,524,933	133,502	2,629,739	27,096
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - other local taxes	-	-	-	-	-	746,417
Unavailable revenue - shared tax revenue	-	-	-	553,877	-	-
Unavailable revenue - CDBG loans	-	-	-	-	7,763,652	-
Total deferred inflows of resources	-	-	-	553,877	7,763,652	746,417
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	11,424	329,932	2,370,527	7,239,900	3,105,728	11,371,199
Committed	-	-	-	-	-	-
Total fund balances	11,424	329,932	2,370,527	7,239,900	3,105,728	11,371,199
Total liabilities, deferred inflows of resources and fund balances	\$ 11,424	\$ 2,269,211	\$ 3,895,460	\$ 7,927,279	\$ 13,499,119	\$ 12,144,712

Special Revenue						Permanent		Total Nonmajor Funds
River Pier Garage	Regional Planning Agency	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Total Special Revenue	Debt Service	Fund Library Endowment	
\$ 2,407,335	\$ 3,700,200	\$ 836,043	\$ 7,079	\$ 45,805	\$ 25,236,814	\$ 3,049,424	\$ 528,844	\$ 28,815,082
-	-	-	-	-	-	-	6,259,977	6,259,977
-	-	-	-	-	1,706,650	-	-	1,706,650
-	-	-	-	-	6,474,428	-	-	6,474,428
53,050	7,785	-	-	-	72,473	-	-	72,473
-	19,217	-	-	-	10,040,327	-	-	10,040,327
-	810,212	-	3,719	-	4,106,958	-	-	4,106,958
<u>\$ 2,460,385</u>	<u>\$ 4,537,414</u>	<u>\$ 836,043</u>	<u>\$ 10,798</u>	<u>\$ 45,805</u>	<u>\$ 47,637,650</u>	<u>\$ 3,049,424</u>	<u>\$ 6,788,821</u>	<u>\$ 57,475,895</u>
\$ -	\$ 249,179	\$ 112,186	\$ 7,602	\$ 45,805	\$ 3,481,862	\$ -	\$ -	\$ 3,481,862
-	103,969	36,609	3,196	-	665,570	-	-	665,570
-	-	-	-	-	72,184	-	-	72,184
-	-	-	-	-	2,593,479	-	-	2,593,479
-	353,148	148,795	10,798	45,805	6,813,095	-	-	6,813,095
-	-	-	-	-	746,417	-	-	746,417
-	-	-	-	-	553,877	-	-	553,877
-	-	-	-	-	7,763,652	-	-	7,763,652
-	-	-	-	-	9,063,946	-	-	9,063,946
-	-	-	-	-	-	-	6,259,977	6,259,977
2,460,385	829,429	274,899	-	-	27,993,423	-	528,844	28,522,267
-	3,354,837	412,349	-	-	3,767,186	3,049,424	-	6,816,610
2,460,385	4,184,266	687,248	-	-	31,760,609	3,049,424	6,788,821	41,598,854
<u>\$ 2,460,385</u>	<u>\$ 4,537,414</u>	<u>\$ 836,043</u>	<u>\$ 10,798</u>	<u>\$ 45,805</u>	<u>\$ 47,637,650</u>	<u>\$ 3,049,424</u>	<u>\$ 6,788,821</u>	<u>\$ 57,475,895</u>

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2023

	Special Revenue						
	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax	River Pier Garage
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,063,112	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental:							
Federal	-	15,774,252	12,829	-	1,826,116	-	-
State	-	4,794,223	50	6,311,255	433,162	-	-
County	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Charges for services	-	-	-	-	47,129	-	465,498
Fines, forfeitures and penalties	-	-	24,718	-	-	-	-
Investment income	-	-	32,765	445,166	23,085	-	-
Miscellaneous	-	-	940,320	-	2,589,380	-	-
Total revenues	-	20,568,475	1,010,682	6,756,421	4,918,872	10,063,112	465,498
EXPENDITURES							
Current:							
General government:							
General government	-	-	-	-	-	295,175	139,701
City planning	-	-	-	-	-	-	-
Economic and community development	-	4,517,986	-	-	3,869,128	-	-
Public safety:							
Police	-	-	259,948	-	-	-	-
Public works and transportation:							
Public works	-	-	-	4,668,485	-	-	-
Early learning							
Youth and family development	-	16,784,841	-	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	16,000	-	-	-	-	-
Total expenditures	-	21,318,827	259,948	4,668,485	3,869,128	295,175	139,701
Excess (deficiency) of revenues over (under) expenditures	-	(750,352)	750,734	2,087,936	1,049,744	9,767,937	325,797
OTHER FINANCING SOURCES (USES)							
Transfers in	-	668,466	-	-	-	-	-
Transfers out	-	(347,422)	-	(1,050,000)	(312,890)	(7,943,949)	-
Total other financing sources (uses)	-	321,044	-	(1,050,000)	(312,890)	(7,943,949)	-
Net change in fund balances	-	(429,308)	750,734	1,037,936	736,854	1,823,988	325,797
FUND BALANCES, beginning	11,424	759,240	1,619,793	6,201,964	2,368,874	9,547,211	2,134,588
FUND BALANCES, ending	\$ 11,424	\$ 329,932	\$ 2,370,527	\$ 7,239,900	\$ 3,105,728	\$ 11,371,199	\$ 2,460,385

Special Revenue						Permanent		Total
Regional Planning Agency	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Interfund Eliminations	Total Special Revenue	Debt Service	Fund Library Endowment	Nonmajor Funds
\$ -	\$ -	\$ -	\$ 831,312	\$ -	\$ 10,894,424	\$ -	\$ -	\$ 10,894,424
119,095	523,708	-	-	-	642,803	-	-	642,803
-	530,916	-	-	-	18,144,113	-	-	18,144,113
64,850	-	44,625	-	-	11,648,165	-	-	11,648,165
776,783	228,113	-	-	-	1,004,896	-	-	1,004,896
326,919	-	-	-	-	326,919	-	-	326,919
-	-	-	-	-	512,627	-	-	512,627
-	-	-	-	-	24,718	-	-	24,718
-	-	-	-	-	501,016	-	595,102	1,096,118
-	-	-	8,831	-	3,538,531	-	-	3,538,531
<u>1,287,647</u>	<u>1,282,737</u>	<u>44,625</u>	<u>840,143</u>	<u>-</u>	<u>47,238,212</u>	<u>-</u>	<u>595,102</u>	<u>47,833,314</u>
-	1,485,141	108,531	840,143	-	2,868,691	-	19,217	2,887,908
3,401,214	-	-	-	-	3,401,214	-	-	3,401,214
-	-	-	-	-	8,387,114	-	-	8,387,114
-	-	-	-	-	259,948	-	-	259,948
-	-	-	-	-	4,668,485	-	-	4,668,485
-	-	-	-	-	16,784,841	-	-	16,784,841
15,139	135,055	-	-	-	150,194	18,026,994	-	18,177,188
637,948	2,217	-	-	-	656,165	5,815,781	-	6,471,946
<u>4,054,301</u>	<u>1,622,413</u>	<u>108,531</u>	<u>840,143</u>	<u>-</u>	<u>37,176,652</u>	<u>23,842,775</u>	<u>19,217</u>	<u>61,038,644</u>
<u>(2,766,654)</u>	<u>(339,676)</u>	<u>(63,906)</u>	<u>-</u>	<u>-</u>	<u>10,061,560</u>	<u>(23,842,775)</u>	<u>575,885</u>	<u>(13,205,330)</u>
4,479,169	820,333	63,906	-	(2,691,131)	3,340,743	24,220,860	-	27,561,603
(1,882,500)	(490,165)	-	-	2,691,131	(9,335,795)	-	-	(9,335,795)
<u>2,596,669</u>	<u>330,168</u>	<u>63,906</u>	<u>-</u>	<u>-</u>	<u>(5,995,052)</u>	<u>24,220,860</u>	<u>-</u>	<u>18,225,808</u>
(169,985)	(9,508)	-	-	-	4,066,508	378,085	575,885	5,020,478
<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>
<u>\$ 4,184,266</u>	<u>\$ 687,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,760,609</u>	<u>\$ 3,049,424</u>	<u>\$ 6,788,821</u>	<u>\$ 41,598,854</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, 2023

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District (CBID)	Total
OPERATING REVENUES				
Charges for services	\$ 33,081,496	\$ 10,807,324	\$ 1,927,236	\$ 45,816,056
Total operating revenues	<u>33,081,496</u>	<u>10,807,324</u>	<u>1,927,236</u>	<u>45,816,056</u>
OPERATING EXPENSES				
Airport operations	23,046,346	-	-	23,046,346
CARTA operations	-	27,598,014	-	27,598,014
CBID operations	-	-	1,543,499	-
Depreciation and amortization	9,535,491	4,085,178	-	13,620,669
Total operating expenses	<u>32,581,837</u>	<u>31,683,192</u>	<u>1,543,499</u>	<u>64,265,029</u>
OPERATING INCOME (LOSS)	<u>499,659</u>	<u>(20,875,868)</u>	<u>383,737</u>	<u>(18,448,973)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	-	12,915,249	-	12,915,249
Investment income	1,495,704	38,478	-	1,534,182
Interest expense	(452,690)	-	-	(452,690)
Other income (expense)	2,699,935	1,183	31,739	2,732,857
Total nonoperating revenues (expenses)	<u>3,742,949</u>	<u>12,954,910</u>	<u>31,739</u>	<u>16,729,598</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	4,242,608	(7,920,958)	415,476	(1,719,375)
Capital contributions	<u>17,865,915</u>	<u>15,033,662</u>	<u>-</u>	<u>32,899,577</u>
CHANGE IN NET POSITION	22,108,523	7,112,704	415,476	29,636,703
NET POSITION, beginning	<u>170,730,265</u>	<u>25,841,456</u>	<u>244,718</u>	<u>196,816,439</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(2,275)</u>	<u>(2,275)</u>
NET POSITION, beginning, as restated	<u>170,730,265</u>	<u>25,841,456</u>	<u>242,443</u>	<u>196,814,164</u>
NET POSITION, ending	<u>\$ 192,838,788</u>	<u>\$ 32,954,160</u>	<u>\$ 657,919</u>	<u>\$ 226,450,867</u>

CITY OF CHATTANOOGA, TENNESSEE

**COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS**

Year Ended June 30, 2023

	Chattanooga Metropolitan Airport Authority	CARTA	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 30,544,572	\$ 10,790,335	\$ 41,334,907
Cash received from lessees	2,490,066	-	2,490,066
Payments to suppliers	(19,028,442)	(18,780,267)	(37,808,709)
Payments to employees	(4,182,681)	(8,189,282)	(12,371,963)
Net cash from operating activities	<u>9,823,515</u>	<u>(16,179,214)</u>	<u>(6,355,699)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental payments received	-	10,854,392	10,854,392
Net cash from noncapital financing activities	<u>-</u>	<u>10,854,392</u>	<u>10,854,392</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	(1,240,890)	-	(1,240,890)
Interest paid on capital debt	(452,690)	-	(452,690)
Capital contributions	17,865,915	15,737,136	33,603,051
Additions to capital assets	(21,942,368)	(12,749,712)	(34,692,080)
Passenger/customer facility charges collected	2,653,680	-	2,653,680
Net cash flows from capital and related financing activities	<u>(3,116,353)</u>	<u>2,987,424</u>	<u>(128,929)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of certificates of deposit	(30,000,000)	-	(30,000,000)
Proceeds from certificates of deposit	27,000,000	-	27,000,000
Interest on investments	1,495,704	38,478	1,534,182
Net cash flows from investing activities	<u>(1,504,296)</u>	<u>38,478</u>	<u>(1,465,818)</u>
Net increase (decrease) in cash and cash equivalents	5,202,866	(2,298,920)	2,903,946
Cash and cash equivalents, beginning of year	<u>21,664,730</u>	<u>3,138,082</u>	<u>24,802,812</u>
Cash and cash equivalents, end of year	<u>\$ 26,867,596</u>	<u>\$ 839,162</u>	<u>\$ 27,706,758</u>
CLASSIFIED AS:			
Current assets	\$ 23,538,599	\$ 839,162	\$ 24,377,761
Restricted assets	3,328,997	-	3,328,997
	<u>\$ 26,867,596</u>	<u>\$ 839,162</u>	<u>\$ 27,706,758</u>

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

**COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS**

Year Ended June 30, 2023

	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)	\$ 499,659	\$(20,875,868)	\$ (20,376,209)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Depreciation and amortization	9,535,491	4,085,178	13,620,669
Net general pension expense (benefit)	(109,251)	4,617,003	4,507,752
Net general other post-employment benefit	(24,033)	(6,846)	(30,879)
Change in operating assets and liabilities:			
Trade receivables, net	120,824	(24,675)	96,149
Inventory	69,240	(27,835)	41,405
Deferred outflows	-	(2,152,757)	(2,152,757)
Prepaid items	165,551	(33,169)	132,382
Accounts payable and accrued liabilities	(266,284)	132,939	(133,345)
Unearned revenue	(5,200)	-	(5,200)
Leases receivable	(162,482)	7,686	(154,796)
Deferred pension items	-	(1,900,870)	(1,900,870)
TOTAL ADJUSTMENTS	9,323,856	4,696,654	14,020,510
NET CASH FROM OPERATING ACTIVITIES	\$ 9,823,515	\$(16,179,214)	\$ (6,355,699)



**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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 172,712,000	\$ 172,712,000	\$ 176,822,262	\$ 4,110,262
Payments in lieu of tax:				
PILOT CHA	191,900	191,900	222,531	30,631
PILOT TVA	1,946,100	1,946,100	2,220,419	274,319
PILOT Good Neighbors	2,800	2,800	2,808	8
PILOT Dev Corp O Knob	470	470	1,402	932
PILOT UnumProvident Corporation	83,440	83,440	83,445	5
PILOT Wm Wrigley Jr Co	26,170	26,170	26,170	-
PILOT Blue Cross Blue Shield	1,196,440	1,196,440	1,185,546	(10,894)
PILOT MK LLC	19,300	19,300	-	(19,300)
PILOT Southern Champion Tray	80,460	80,460	78,463	(1,997)
PILOT Gestamp Chattanooga, LLC	1,151,770	1,151,770	1,214,597	62,827
PILOT EPB	8,487,420	8,487,420	8,487,420	-
PILOT Coca Cola	165,850	165,850	204,485	38,635
PILOT Plastic Omnium Auto Exteriors LLC	170,990	170,990	183,415	12,425
PILOT UTC Two LLC	10,150	10,150	10,148	(2)
PILOT UTC Three LLC	5,790	5,790	5,790	-
PILOT Alco Woodlawn Partners	33,080	33,080	33,078	(2)
PILOT Yanfeng US Automotive Interior Systems LLC	56,640	56,640	45,714	(10,926)
PILOT Choo Choo Partners	20,460	20,460	-	(20,460)
PILOT M & M Industries Inc	61,770	61,770	99,837	38,067
PILOT Homeserve USA	23,140	23,140	-	(23,140)
PILOT Walnut Commons	-	-	24,284	24,284
Interest and penalty on taxes				
Current year	-	-	80,195	80,195
Prior years	1,300,000	1,300,000	1,391,228	91,228
Collection fees on delinquent taxes	237,100	237,100	238,150	1,050
Total property taxes	<u>187,983,240</u>	<u>187,983,240</u>	<u>192,661,387</u>	<u>4,678,147</u>
Other local taxes:				
Franchise Taxes	4,155,070	4,155,070	5,414,629	1,259,559
Liquor Taxes	3,627,030	3,627,030	3,324,653	(302,377)
Beer Taxes	5,628,000	5,628,000	5,510,327	(117,673)
Local Litigation City Court	1,900	1,900	2,633	733
Gross receipts Tax	6,354,280	6,354,280	8,414,802	2,060,522
Corp Intangible Property Tax	947,220	947,220	1,149,776	202,556
NonDep Excise Tax TCA 67-4-2020	33,890	33,890	18,987	(14,903)
Total other taxes	<u>20,747,390</u>	<u>20,747,390</u>	<u>23,835,807</u>	<u>3,088,417</u>
Total taxes	<u>208,730,630</u>	<u>208,730,630</u>	<u>216,497,194</u>	<u>7,766,564</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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Licenses, fees and permits:				
Licenses:				
Wrecker Business License	1,500	1,500	2,500	1,000
Liquor by Drink License	138,120	138,120	142,775	4,655
Liquor by Drink Int & Pen	1,000	1,000	1,130	130
Transient Vendor License	300	300	150	(150)
Motor Vehicle License	435,660	435,660	408,860	(26,800)
Wrecker Contractor License	160	160	1,000	840
Original Business License Fee	24,680	24,680	24,695	15
Special Gathering Permit	-	-	180	180
Permits:				
Building Permits	2,200,000	2,200,000	3,409,570	1,209,570
Electrical Permits	415,000	415,000	580,405	165,405
Plumbing Fixtures Connection Permits	260,000	260,000	347,514	87,514
Street Cut-in Permits	306,000	306,000	416,820	110,820
Mechanical Code Permits	250,000	250,000	330,805	80,805
Hotel Permits	3,800	3,800	1,650	(2,150)
Gas Permits	49,400	49,400	48,301	(1,099)
Sign Permits	123,000	123,000	90,480	(32,520)
Taxicab Driver Permits	4,000	4,000	3,115	(885)
Temporary Use Permits	2,350	2,350	430	(1,920)
Moving Permit Investigation Fee	-	-	215	215
Traffic Eng Special Events Permits	8,000	8,000	6,490	(1,510)
Push Cart Permits	-	-	75	75
Part 70 Permits	-	-	150	150
Mobile Food Unit	240	240	700	460
Tree Ordinance Permit	27,000	27,000	7,222	(19,778)
Tire Haulers Permit	80	80	25	(55)
Short Term Vacation Rental Permit	153,260	153,260	66,450	(86,810)
Fees:				
Parking Meters	-	-	125	125
Business License Issuance Fees	61,000	61,000	82,910	21,910
Plumbing Examiners Fees	27,080	27,080	56,445	29,365
Electrical Examiners Fees	88,070	88,070	176,740	88,670
Gas Examiners Fees	43,470	43,470	36,994	(6,476)
Beer Board Application Fees	6,500	6,500	17,250	10,750
Mechanical Exam Fees	97,000	97,000	17,100	(79,900)
Permit Issuance Fees	89,000	89,000	71,830	(17,170)
Exhibitors Fees	10	10	59	49
Subdivision Review & Inspection Fees	38,460	38,460	26,620	(11,840)

(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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Adult Entertain Application Fees	4,000	4,000	7,899	3,899
Zoning Fees	-	-	400	400
Zoning Letter Fees	31,000	31,000	33,895	2,895
Variance Request Fees	9,100	9,100	12,690	3,590
Certificate of Occupancy Fees	51,000	51,000	32,530	(18,470)
Sewer Verification Letter Fees	-	-	50	50
Code Compliance Letter Fees	4,000	4,000	3,750	(250)
Modular Home Site Investigation Fees	150	150	150	-
Plan Checking Fees	409,180	409,180	753,650	344,470
Phased Construction Plan Review Fees	-	-	17,403	17,403
Construction Board of Appeals Fees	1,280	1,280	1,800	520
Sign Board of Appeals Fees	450	450	1,050	600
Historic Zone Construction Fee	-	-	12,500	12,500
Northshore Design Appeal Fee	7,000	7,000	5,019	(1,981)
Fire Permits City Code 16-29	259,000	259,000	386,087	127,087
Fire Re-Inspection of Business & Hotels	-	-	50	50
Wine in Grocery Store Application	50	50	100	50
Beer Permit	55,000	55,000	65,183	10,183
Re Inspection Fee	-	-	3,250	3,250
Designated revenue:				
Parking meters and other fees	-	-	325	325
Total licenses, fees & permits	5,685,350	5,685,350	7,715,561	2,030,211
Intergovernmental:				
State funds:				
State Operations Funds Training Supplement F&P	658,000	658,000	650,400	(7,600)
State Shared Ops Maintenance of Streets	118,000	118,000	79,748	(38,252)
State Opioid Settlement	-	-	96,386	96,386
State Shared City Alloc State Sales Tax	19,703,500	19,703,500	21,492,897	1,789,397
State Shared City Alloc State Income Tax	-	-	14,654	14,654
State Shared City Alloc State Beer Tax	88,300	88,300	82,693	(5,607)
State Shared Mixed Drink Tax	6,001,200	6,001,200	5,679,699	(321,501)
State Shared Ci Interstate Telecommunication Sales Tax	271,100	271,100	260,805	(10,295)
State Shared Alcoholic Beverage Tax	191,600	191,600	193,922	2,322
State Shared Gas Inspection Fees	332,250	332,250	331,775	(475)
State Shared Commission Gross Receipts	411,000	411,000	785,831	374,831
State Shared Sports Gambling TCA 4-51-304	119,000	119,000	295,367	176,367

(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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
County funds:				
Ham Co Oper Appropriation	-	-	70,617	70,617
Ham Co Oper Ross's Landing	1,516,700	1,516,700	1,748,003	231,303
Ham Co Local Option Sales Tax	63,438,500	63,438,500	68,473,283	5,034,783
Ham Co Local Option Sales Tax TDZ	-	-	716,155	716,155
Other intergovernmental	10,100	10,100	-	(10,100)
Designated revenue:				
Ham Co Local Option Sales Tax (Economic Dev)	18,458,200	18,458,200	18,332,853	(125,347)
State Shared TDZ Sales Tax	-	-	1,720,950	1,720,950
FEMA April 2020 Disaster	(1,109,776)	(1,109,776)	(1,109,776)	-
Other	11,131,378	11,131,378	11,195,582	64,204
Total intergovernmental revenues	121,339,052	121,339,052	131,111,844	9,772,792
Charges for services				
Court charges:				
Court Cost Current	116,280	116,280	143,052	26,772
Court Commissions	6,650	6,650	4,717	(1,933)
Court Clerk's Fee Current	449,670	449,670	460,669	10,999
Court Service of Process Current	-	-	74	74
Court Processing of Release Forms	9,690	9,690	8,387	(1,303)
Court Administrative Cost	100	100	640	540
Court Current State Cost	1,290	1,290	2,395	1,105
Court Translation Service Fee	-	-	35	35
Facility charges:				
Facility Rents	-	-	52,141	52,141
Property Rental Revenue	122,500	122,500	223,859	101,359
Ballfield Income	11,800	11,800	34,733	22,933
Skateboard Park Fees	60	60	-	(60)
Carousel Ridership	114,600	114,600	125,997	11,397
Walker Pavilion Rent	31,560	31,560	35,411	3,851
Heritage Park House Rent	300	300	17,560	17,260
Renaissance Park Rent	2,150	2,150	1,879	(271)
Greenway Facility Rent	140	140	39,191	39,051
Fitness Center Fees	2,980	2,980	5,008	2,028
Dock Rental	55,700	55,700	47,924	(7,776)
Ross' Landing Rent	4,000	4,000	8,350	4,350
Champion's Club Fees	40,400	40,400	28,912	(11,488)
Recreation Center Rental	1,500	1,500	25,086	23,586
Carousel Room Rental	12,060	12,060	18,645	6,585
Coolidge Park Rental	-	-	22,350	22,350
Walnut Street Bridge Rental	-	-	4,150	4,150

(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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Program charges:				
Program Fees	-	-	2	2
Park Event Fees	13,300	13,300	28,226	14,926
Kidz Kamp Fees	-	-	22,240	22,240
Sports Program Fees	4,900	4,900	4,700	(200)
OutVenture Fees	55,880	55,880	14,930	(40,950)
Therapeutic Fees	450	450	-	(450)
Swimming Pool Fees	184,950	184,950	82,660	(102,290)
Counter sales:				
Police Report Fees	3,100	3,100	3,837	737
Credit Card Processing Fee	3,980	3,980	4,862	882
Concessions	3,400	3,400	14,343	10,943
Other charges:				
Financial Service EPB	7,200	7,200	6,000	(1,200)
General Pension Admin Cost	46,460	46,460	47,474	1,014
Technology Fee	35,100	35,100	1,852	(33,248)
Returned Check Fee	4,270	4,270	5,033	763
Waste Container Purchases	48,580	48,580	43,875	(4,705)
Non Profit Request Fee	2,450	2,450	250	(2,200)
E-citation fee TCA 55-10-207 (sunset 2022)	-	-	40	40
CBID Admin Fee 2%	23,460	23,460	16,668	(6,792)
Revenue adjustments:				
Over & Under	-	-	4,216	4,216
Designated revenue	3,181,711	3,181,711	3,063,189	(118,522)
Total charges for services	<u>4,602,621</u>	<u>4,602,621</u>	<u>4,675,562</u>	<u>72,941</u>
Fines, forfeitures and penalties				
City court fines	420,180	420,180	452,731	32,551
Criminal court fines	108,500	108,500	91,864	(16,636)
Traffic court fines	19,260	19,260	46,791	27,531
Air pollution penalties	-	-	19,133	19,133
Designated revenue	2,200,000	2,200,000	1,338,113	(861,887)
Total fines and forfeitures	<u>2,747,940</u>	<u>2,747,940</u>	<u>1,948,632</u>	<u>(799,308)</u>
Miscellaneous:				
Investment income	563,700	563,700	5,996,369	5,432,669
Sale of property	347,500	347,500	625,417	277,917
Donations	1,000	1,000	6,697	5,697
Settlements	9,300	9,300	-	(9,300)
Departmental billings	6,521,170	6,521,170	6,958,564	437,394

(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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Miscellaneous revenue	313,250	313,250	562,510	249,260
Designated revenue:				
Investment income	825,052	825,052	1,001,842	176,790
Donations	178,740	178,740	277,123	98,383
Miscellaneous revenue	403,655	403,655	304,107	(99,548)
Total miscellaneous revenue	<u>9,163,367</u>	<u>9,163,367</u>	<u>15,732,629</u>	<u>6,569,262</u>
 Total revenues	<u>352,268,960</u>	<u>352,268,960</u>	<u>377,681,422</u>	<u>25,412,462</u>
 EXPENDITURES				
General government:				
City Council	1,003,841	1,003,841	853,000	(150,841)
City Judges	718,147	718,147	658,622	(59,525)
City Attorney	1,965,602	1,981,161	1,691,402	(289,759)
Records Retention Management	50,001	50,001	83,204	33,203
Internal Audit	818,511	818,511	791,733	(26,778)
Information Technology:				
Information Technology	11,282,224	11,282,224	12,553,724	1,271,500
GG IS Smart Cities	5,564,480	5,564,480	5,449,961	(114,519)
DTS - GIS	-	-	491	491
Purchasing	1,484,929	1,484,929	1,088,550	(396,379)
External Appropriations:				
Tennessee River Park	1,431,946	1,431,946	1,235,297	(196,649)
Enterprise South Nature Park	860,264	860,264	662,492	(197,772)
Joe Johnson Mental Health	22,425	22,425	14,625	(7,800)
Signal Center	67,030	67,030	-	(67,030)
Chattanooga Room in the Inn	6,000	6,000	-	(6,000)
Green Spaces	5,000	5,000	-	(5,000)
United Way of Greater Chattanooga	417,954	517,954	517,954	-
Tennessee Golf Foundation	16,000	16,000	-	(16,000)
Component Unit Appropriations:				
CARTA Subsidy	5,800,000	5,800,000	5,800,000	-
Election Expense	25,000	25,000	67,917	42,917
City Code Revision	15,000	15,000	-	(15,000)
Unemployment Insurance	100,000	100,000	57,177	(42,823)
Contingency Fund	6,727,913	4,845,340	296,111	(4,549,229)
Renewal & Replacement	1,212,066	1,212,066	974,445	(237,621)
Audits, Dues & Surveys	170,000	170,000	125,815	(44,185)
Intergovernmental Relations	388,450	388,450	409,623	21,173
City Stormwater Mgmt Fees	680,000	680,000	683,136	3,136
Liability Insurance Premiums	1,400,000	1,400,000	1,400,000	-

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Education Per TCA 57-4-306	3,000,000	3,000,000	2,839,850	(160,150)
ESIP Administration	8,907	8,907	2,770	(6,137)
Technology Replacement Fund (TRF) Allocation	650,000	650,000	650,000	-
Tuition Assistance Program	25,000	25,000	5,823	(19,177)
Designated expenditures:				
Automated Traffic Enforcement	1,734,000	1,734,000	1,557,977	(176,023)
General government grants:				
EPA - Brownfield Assessment and Cleanup Grant	3,936	3,936	3,936	-
Public Library	8,341,400	8,341,400	7,890,407	(450,993)
Economic Development	10,385,000	10,385,000	10,138,593	(246,407)
Total general government	66,381,026	64,614,012	58,504,635	(6,109,377)
Executive Office of the Mayor:				
Executive Office Admin	3,049,179	3,153,591	3,147,516	(6,075)
Multicultural Affairs	1,398	1,398	-	(1,398)
Innovation Funding	-	500,000	90,823	(409,177)
MAYOR Community Health	2,176,072	1,908,133	1,380,033	(528,100)
Family Justice Center	878,809	878,809	874,004	(4,805)
Mayor Communications	474,335	474,335	480,283	5,948
Designated expenditures:				
Mayors Youth Council	-	-	6,508	6,508
FJC Miscellaneous Donations	-	-	12	12
Chattanooga FJC VOCA Grant	145,130	145,130	145,130	-
FJC OVC Hope & Healing	334,721	334,721	334,721	-
ONH Public Health Grant	459,769	459,769	459,769	-
American Rescue Plan Act of 2021	3,917,680	3,917,680	3,917,680	-
NCSC Grant	65,740	65,740	65,740	-
USMC - Mayors Council Grants	10,000	10,000	10,000	-
Total executive office	11,512,833	11,849,306	10,912,219	(937,087)
Finance and administration:				
Finance Office	4,310,804	4,413,593	3,605,409	(808,184)
Office of the City Treasurer	1,943,217	1,943,217	1,771,934	(171,283)
City Court Clerk's Office	1,466,522	1,466,522	1,345,559	(120,963)
Total finance and administration	7,720,543	7,823,332	6,722,902	(1,100,430)
Human resources:				
Human Resource Administration	2,485,042	2,304,174	2,059,238	(244,936)
Insurance Officer and Programs	1,213,438	1,316,638	1,275,672	(40,966)
Total human resources	3,698,480	3,620,812	3,334,910	(285,902)

(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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Community development:				
Codes & Community Services	2,788,904	2,788,904	2,704,791	(84,113)
Community Development Administration	782,193	1,124,138	1,624,121	499,983
Community Centers	7,921,470	7,930,926	7,300,662	(630,264)
Homeless and Supportive Housing	2,264,238	2,394,238	2,364,611	(29,627)
Community Development Neighborhood Services	535,690	535,690	524,169	(11,521)
Land Development Office	122	122	-	(122)
Designated expenditures:				
Neighborhood Partners Projects & Initiatives	369,186	369,186	369,248	62
Special Projects	310,000	310,000	308,950	(1,050)
Community Development Programs	-	-	2,665	2,665
Public Art Initiative	-	-	16,735	16,735
Eastgate Grant	40,858	40,858	40,858	-
Open Spaces	-	-	(1,500)	(1,500)
Total community development	<u>15,012,661</u>	<u>15,494,062</u>	<u>15,255,310</u>	<u>(238,752)</u>
Police:				
Police Administration	2,948,729	3,872,748	3,709,778	(162,970)
Uniform Services	39,532,919	39,532,919	40,178,379	645,460
Investigative Services	18,081,650	18,081,650	17,076,090	(1,005,560)
Support Services	25,707,158	25,707,158	26,216,805	509,647
Designated expenditures:				
Reduction of Part 1 Offenses	53,568	53,568	25,664	(27,904)
Police Special Programs	-	-	3,324	3,324
Other Police Grants	1,496,794	1,496,794	1,496,794	-
Total police	<u>87,820,818</u>	<u>88,744,837</u>	<u>88,706,834</u>	<u>(38,003)</u>
Fire:				
Fire Administration	1,446,438	1,446,438	1,077,762	(368,676)
Station Operations	54,170,111	54,170,111	52,965,361	(1,204,750)
Safety, Training and Tactical Services	5,182,718	5,182,718	5,156,409	(26,309)
Designated expenditures:				
Fire Programs and Grants	116,202	116,202	72,020	(44,182)
Total fire	<u>60,915,469</u>	<u>60,915,469</u>	<u>59,271,552</u>	<u>(1,643,917)</u>
Public works:				
Public Works Administration	717,921	717,921	459,678	(258,243)
City Engineer's Office	1,540,687	1,540,687	1,463,053	(77,634)
Field Surveyors	204,511	204,511	145,795	(58,716)
Facilities Management	907,855	907,855	905,405	(2,450)
Mail Room	105,944	105,944	100,378	(5,566)
Building Maintenance	2,209,428	2,209,428	2,143,670	(65,758)

(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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Storage on Main Street	60,957	60,957	57,398	(3,559)
GIS	270,497	270,497	318,184	47,687
Summer Youth Worker Program	76,428	76,428	-	(76,428)
YFD Facilities Maintenance	312,349	312,349	448,749	136,400
Parks and Outdoors Facilities Maintenance	-	-	86,416	86,416
Utilities	179,959	179,959	195,107	15,148
Solid Waste Disposal	5,514,153	5,514,153	5,451,819	(62,334)
Public Works Summer Work Program	-	-	1,788	1,788
Farmer's Market	1,000	1,000	-	(1,000)
City-wide Services Administration	1,431,273	1,431,273	1,422,286	(8,987)
Emergency	887,068	887,068	714,368	(172,700)
Central Business District	652,150	652,150	558,448	(93,702)
Street Cleaning Crews	1,341,430	1,341,430	1,166,168	(175,262)
Mowing Tractors/Leaf Collection	970,988	970,988	1,241,786	270,798
Street Sweeping	801,768	801,768	719,890	(81,878)
Waste Pickup	10,786,444	10,786,444	11,681,078	894,634
Municipal Forestry	1,202,468	1,202,468	1,326,366	123,898
Development Review & Permitting Office	3,306,347	3,306,347	3,167,424	(138,923)
Hamilton County Shared Parks Maintenance	1,170	1,170	-	(1,170)
Transportation	4,768,724	4,768,724	3,927,388	(841,336)
Designated expenditures:				
Public Works Programs	380,000	380,000	229,871	(150,129)
Heritage Hall Maintenance	221,579	221,579	137,667	(83,912)
Building Operations	436,869	436,869	141,748	(295,121)
Transportation Programs	-	-	7,591	7,591
Other Public Works Grants	80,653	80,653	80,653	-
Total public works	39,370,620	39,370,620	38,300,172	(1,070,448)
Parks and outdoors:				
Parks and Outdoors - Administration	1,648,422	1,648,422	1,558,300	(90,122)
Parks and Outdoors - Recreation	3,295,618	3,295,618	4,258,966	963,348
Therapeutic Programs	425,667	425,667	292,026	(133,641)
Fitness Center	268,508	268,508	351,687	83,179
Recreation Facilities	87,532	87,532	31,548	(55,984)
Outdoor Chattanooga	1,240,755	1,240,755	1,197,001	(43,754)
Park Management	3,929,242	3,929,242	3,588,428	(340,814)
Hamilton County Shared Parks Maintenance	3,904,563	4,320,089	3,934,166	(385,923)
Zoo	750,000	750,000	750,000	-
Public Art Admin	450,000	450,000	434,272	(15,728)
Designated expenditures:				
Brainerd Golf Course	1,240,231	1,240,231	1,214,423	(25,808)
Brown Acres Golf Course	1,227,298	1,227,298	1,236,835	9,537

(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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Parks and Outdoors Special Programs	-	-	2,244	2,244
Parks and Outdoors Grants	3,000	3,000	3,000	-
Total parks and outdoors	18,470,836	18,886,362	18,852,896	(33,466)
Early learning:				
Early Learning Administration	1,840,995	1,840,995	1,557,375	(283,620)
Youth Development	1,090,000	1,090,000	1,090,000	-
Youth Development CAPS	-	-	55	55
Youth Devevelopment Education	4,672	4,672	1,573	(3,099)
Office of Early Learning	513	513	2,273	1,760
Community Forward	-	-	1,557	1,557
Total early learning	2,936,180	2,936,180	2,652,833	(283,347)
City planning:				
City Planning Administration	1,247,367	1,247,367	829,305	(418,062)
Strategic Capital Planning	-	-	408	408
Sustainability	-	-	25,023	25,023
Total city planning	1,247,367	1,247,367	854,736	(392,631)
Equity and community engagement:				
Equity and Community Engagement Administration	1,411,348	1,411,348	760,147	(651,201)
Neighborhood Services	-	-	1,429	1,429
Total equity and community engagement	1,411,348	1,411,348	761,576	(649,772)
Economic development:				
Economic Development Administration	1,498,179	1,498,179	1,121,354	(376,825)
Economic Development	1,608	1,608	1,329	(279)
Back Tax Properties Abatement	32,913	32,913	(1,519)	(34,432)
ED Workforce Development	649,692	649,692	536,622	(113,070)
ED Arts & Culture	-	-	761	761
Shared Maint Riverpark Art	415,526	-	498	498
ED Memorial Auditorium	-	-	228	228
ED Tivoli Theatre	-	-	309	309
Economic Opportunity Housing Access	78,471	78,471	1,477	(76,994)
ED Homeless and Supportive Housing	-	-	3,095	3,095
Designated expenditures:				
American Rescue Plan Act of 2021	2,013,279	2,013,279	2,013,279	-
Total economic development	4,689,668	4,274,142	3,677,433	(596,709)
Innovation delivery and performance:				
Innovation Delivery and Performance Administration	447,747	447,747	471,545	23,798

(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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Office of Performance Mgmt & Open Data	760,651	760,651	803,749	43,098
311 Call Center	1,176,113	1,176,113	1,048,177	(127,936)
Total innovation delivery and performance	<u>2,384,511</u>	<u>2,384,511</u>	<u>2,323,471</u>	<u>(61,040)</u>
 Total expenditures	<u>323,572,360</u>	<u>323,572,360</u>	<u>310,131,479</u>	<u>(13,440,881)</u>
 Excess of revenues over expenditures	<u>28,696,600</u>	<u>28,696,600</u>	<u>67,549,943</u>	<u>38,853,343</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	28,957	28,957
Transfers out	(69,041,650)	(69,041,650)	(56,251,477)	12,790,173
Leases	-	-	368,108	368,108
Subscription-based IT arrangements	-	-	3,272,821	3,272,821
 Total other financing sources (uses)	<u>(69,041,650)</u>	<u>(69,041,650)</u>	<u>(52,581,591)</u>	<u>16,460,059</u>
 Net change in fund balances	<u>(40,345,050)</u>	<u>(40,345,050)</u>	<u>14,968,352</u>	<u>55,313,402</u>
 FUND BALANCES, beginning	<u>143,316,531</u>	<u>143,316,531</u>	<u>143,316,531</u>	<u>-</u>
 FUND BALANCES, ending	<u>\$ 102,971,481</u>	<u>\$ 102,971,481</u>	<u>\$ 158,284,883</u>	<u>\$ 55,313,402</u>

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
DOWNTOWN DEVELOPMENT FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Final Budget- Over (Under)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Federal funds	\$ 15,774,252	\$ 15,774,252	\$ 15,774,252	\$ -
State of Tennessee funds	4,790,660	4,790,660	4,794,223	3,563
Total revenues	20,564,912	20,564,912	20,568,475	3,563
EXPENDITURES				
Administration	446,661	446,661	439,225	(7,436)
Headstart program	14,663,842	14,663,842	14,663,842	-
Foster grandparent program	454,297	454,297	454,297	-
Low-income energy assistance	3,439,376	3,439,376	3,439,376	-
Community services block grant	949,116	949,116	949,116	-
Other programs	-	-	3,055	3,055
Capital outlay	1,383,575	1,383,575	1,369,916	(13,659)
Total expenditures	21,336,867	21,336,867	21,318,827	(18,040)
Excess (deficiency) of revenues over (under) expenditures	(771,955)	(771,955)	(750,352)	21,603
OTHER FINANCING SOURCES (USES)				
Transfers in	225,144	225,144	668,466	443,322
Transfers out	-	-	(347,422)	(347,422)
Total other financing sources (uses)	225,144	225,144	321,044	95,900
Net change in fund balances	(546,811)	(546,811)	(429,308)	117,503
FUND BALANCES, beginning	759,240	759,240	759,240	-
FUND BALANCES, ending	\$ 212,429	\$ 212,429	\$ 329,932	\$ 117,503

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
NARCOTICS PROGRAM FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Federal funds	\$ 20,000	\$ 20,000	\$ 12,829	\$ (7,171)
State of Tennessee funds	-	-	50	50
Confiscations	80,000	80,000	879,561	799,561
Investment income	-	-	32,765	32,765
Miscellaneous	20,000	20,000	85,477	65,477
	<u>120,000</u>	<u>120,000</u>	<u>1,010,682</u>	<u>890,682</u>
EXPENDITURES				
Narcotics program	370,000	370,000	245,967	(124,033)
Capital outlay	-	-	13,981	13,981
	<u>370,000</u>	<u>370,000</u>	<u>259,948</u>	<u>(110,052)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,000)</u>	<u>(250,000)</u>	<u>750,734</u>	<u>1,000,734</u>
Net change in fund balances	(250,000)	(250,000)	750,734	1,000,734
FUND BALANCES, beginning	<u>1,619,793</u>	<u>1,619,793</u>	<u>1,619,793</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 1,369,793</u>	<u>\$ 1,369,793</u>	<u>\$ 2,370,527</u>	<u>\$ 1,000,734</u>

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
STATE STREET AID FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
State of Tennessee	\$ 4,610,000	\$ 4,610,000	\$ 4,680,402	\$ 70,402
State of Tennessee Improve Act	1,700,000	1,700,000	1,630,853	(69,147)
Investment income	-	-	445,166	445,166
Total revenues	6,310,000	6,310,000	6,756,421	446,421
EXPENDITURES				
Salaries and wages	2,146,814	2,146,814	2,026,078	(120,736)
Fringe benefits	1,562,330	1,562,330	1,162,942	(399,388)
Purchased services	197,272	197,272	284,384	87,112
Vehicle operations	672,205	672,205	797,116	124,911
Materials and supplies	781,521	781,521	311,788	(469,733)
Other expense	6,507	6,507	3,165	(3,342)
Capital outlay	1,054,709	1,054,709	83,012	(971,697)
Total expenditures	6,421,358	6,421,358	4,668,485	(1,752,873)
Excess (deficiency) of revenues over (under) expenditures	(111,358)	(111,358)	2,087,936	2,199,294
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,050,000)	(1,050,000)	(1,050,000)	-
Total other financing sources (uses)	(1,050,000)	(1,050,000)	(1,050,000)	-
Net change in fund balances	(1,161,358)	(1,161,358)	1,037,936	2,199,294
FUND BALANCES, beginning	6,201,964	6,201,964	6,201,964	-
FUND BALANCES, ending	\$ 5,040,606	\$ 5,040,606	\$ 7,239,900	\$ 2,199,294

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
COMMUNITY DEVELOPMENT FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Federal funds	\$ 1,826,116	\$ 1,826,116	\$ 1,826,116	\$ -
State of Tennessee funds	433,162	433,162	433,162	-
Investment income	-	-	23,085	23,085
Miscellaneous	2,014,688	2,014,688	2,636,509	621,821
Total revenues	4,273,966	4,273,966	4,918,872	644,906
EXPENDITURES				
Administration	72	72	72	-
Community development programs	1,828,983	1,828,983	1,828,983	-
Home investment programs	1,586,087	1,586,087	1,586,087	-
Emergency shelter programs	401,792	401,792	401,792	-
Other programs	144,142	144,142	52,194	(91,948)
Total expenditures	3,961,076	3,961,076	3,869,128	(91,948)
Excess (deficiency) of revenues over (under) expenditures	312,890	312,890	1,049,744	736,854
OTHER FINANCING SOURCES (USES)				
Transfers out	(312,890)	(312,890)	(312,890)	-
Total other financing sources (uses)	(312,890)	(312,890)	(312,890)	-
Net change in fund balances	-	-	736,854	736,854
FUND BALANCES, beginning	2,368,874	2,368,874	2,368,874	-
FUND BALANCES, ending	\$ 2,368,874	\$ 2,368,874	\$ 3,105,728	\$ 736,854

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
HOTEL/MOTEL TAX FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Hotel/Motel tax	<u>\$ 10,344,308</u>	<u>\$ 10,344,308</u>	<u>\$ 10,063,112</u>	<u>\$ (281,196)</u>
Total revenues	<u>10,344,308</u>	<u>10,344,308</u>	<u>10,063,112</u>	<u>(281,196)</u>
EXPENDITURES				
Contracted services	<u>319,917</u>	<u>319,917</u>	<u>295,175</u>	<u>(24,742)</u>
Total expenditures	<u>319,917</u>	<u>319,917</u>	<u>295,175</u>	<u>(24,742)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,024,391</u>	<u>10,024,391</u>	<u>9,767,937</u>	<u>(256,454)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(7,944,430)</u>	<u>(7,944,430)</u>	<u>(7,943,949)</u>	<u>481</u>
Total other financing sources (uses)	<u>(7,944,430)</u>	<u>(7,944,430)</u>	<u>(7,943,949)</u>	<u>481</u>
Net change in fund balances	2,079,961	2,079,961	1,823,988	(255,973)
FUND BALANCES, beginning	<u>9,547,211</u>	<u>9,547,211</u>	<u>9,547,211</u>	<u>-</u>
FUND BALANCES, ending	<u><u>\$ 11,627,172</u></u>	<u><u>\$ 11,627,172</u></u>	<u><u>\$ 11,371,199</u></u>	<u><u>\$ (255,973)</u></u>

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
RIVER PIER GARAGE FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Parking garage income	\$ 237,000	\$ 237,000	\$ 465,498	\$ 228,498
Total revenues	237,000	237,000	465,498	228,498
EXPENDITURES				
Contracted services	177,237	177,237	139,701	(37,536)
Total expenditures	177,237	177,237	139,701	(37,536)
Excess (deficiency) of revenues over (under) expenditures	59,763	59,763	325,797	266,034
Net change in fund balances	59,763	59,763	325,797	266,034
FUND BALANCES, beginning	2,134,588	2,134,588	2,134,588	-
FUND BALANCES, ending	\$ 2,194,351	\$ 2,194,351	\$ 2,460,385	\$ 266,034

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
REGIONAL PLANNING AGENCY FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
State of Tennessee funds	\$ 137,948	\$ 137,948	\$ 64,850	\$ (73,098)
Hamilton County funds	847,406	847,406	776,783	(70,623)
Other intergovernmental	248,217	248,217	326,919	78,702
Miscellaneous	97,500	97,500	119,095	21,595
Total revenues	1,331,071	1,331,071	1,287,647	(43,424)
EXPENDITURES				
Administration	3,397,284	3,397,284	3,377,829	(19,455)
Transportation planning	376,165	376,165	376,165	-
Other program	277,550	277,550	277,550	-
Capital outlay	22,600	22,600	22,757	157
Total expenditures	4,073,599	4,073,599	4,054,301	(19,298)
Excess (deficiency) of revenues over (under) expenditures	(2,742,528)	(2,742,528)	(2,766,654)	(24,126)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,735,787	4,735,787	4,479,169	(256,618)
Transfers out	(2,019,816)	(2,019,816)	(1,882,500)	137,316
Total other financing sources (uses)	2,715,971	2,715,971	2,596,669	(119,302)
Net change in fund balances	(26,557)	(26,557)	(169,985)	(143,428)
FUND BALANCES, beginning	4,354,251	4,354,251	4,354,251	-
FUND BALANCES, ending	\$ 4,327,694	\$ 4,327,694	\$ 4,184,266	\$ (143,428)

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
AIR POLLUTION CONTROL FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Federal funds	\$ 530,916	\$ 530,916	\$ 530,916	\$ -
Hamilton County funds	228,113	228,113	228,113	-
Permits	634,580	634,580	523,708	(110,872)
Total revenues	1,393,609	1,393,609	1,282,737	(110,872)
EXPENDITURES				
Operations	1,631,953	1,631,953	1,567,612	(64,341)
Special programs	10,182	10,182	10,182	-
Capital outlay	63,869	63,869	44,619	(19,250)
Total expenditures	1,706,004	1,706,004	1,622,413	(83,591)
Excess (deficiency) of revenues over (under) expenditures	(312,395)	(312,395)	(339,676)	(27,281)
OTHER FINANCING SOURCES (USES)				
Transfers in	792,695	792,695	820,333	27,638
Transfers out	(490,165)	(490,165)	(490,165)	-
Total other financing sources (uses)	302,530	302,530	330,168	27,638
Net change in fund balances	(9,865)	(9,865)	(9,508)	357
FUND BALANCES, beginning	696,756	696,756	696,756	-
FUND BALANCES, ending	\$ 686,891	\$ 686,891	\$ 687,248	\$ 357

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
SCENIC CITIES BEAUTIFUL COMMISSION FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
State of Tennessee funds	\$ 44,485	\$ 44,485	\$ 44,625	\$ 140
Total revenues	44,485	44,485	44,625	140
EXPENDITURES				
Operations	118,851	118,851	108,531	(10,320)
Total expenditures	118,851	118,851	108,531	(10,320)
Excess (deficiency) of revenues over (under) expenditures	(74,366)	(74,366)	(63,906)	10,460
OTHER FINANCING SOURCES (USES)				
Transfers in	74,128	74,128	63,906	(10,222)
Total other financing sources (uses)	74,128	74,128	63,906	(10,222)
Net change in fund balances	(238)	(238)	-	238
FUND BALANCES, beginning	-	-	-	-
FUND BALANCES, ending	\$ (238)	\$ (238)	\$ -	\$ 238

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
CENTRAL BUSINESS IMPROVEMENT DISTRICT**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Special Assessment Central Business Improvement District Interest	\$ 909,331	\$ 909,331	\$ 831,312	\$ (78,019)
	-	-	8,831	8,831
Total revenues	<u>909,331</u>	<u>909,331</u>	<u>840,143</u>	<u>(69,188)</u>
EXPENDITURES				
BID Assessment Fee	<u>973,730</u>	<u>973,730</u>	<u>840,143</u>	<u>(133,587)</u>
Total expenditures	<u>973,730</u>	<u>973,730</u>	<u>840,143</u>	<u>(133,587)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(64,399)</u>	<u>(64,399)</u>	<u>-</u>	<u>64,399</u>
Net change in fund balances	(64,399)	(64,399)	-	64,399
FUND BALANCES, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ (64,399)</u>	<u>\$ (64,399)</u>	<u>\$ -</u>	<u>\$ 64,399</u>

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Principal retirement	18,010,375	18,010,375	18,026,994	16,619
Interest	6,085,987	6,085,987	5,794,937	(291,050)
Fiscal charges	100,000	100,000	20,844	(79,156)
Total expenditures	<u>24,196,362</u>	<u>24,196,362</u>	<u>23,842,775</u>	<u>(353,587)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,196,362)</u>	<u>(24,196,362)</u>	<u>(23,842,775)</u>	<u>353,587</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>24,196,362</u>	<u>24,196,362</u>	<u>24,220,860</u>	<u>24,498</u>
Total other financing sources (uses)	<u>24,196,362</u>	<u>24,196,362</u>	<u>24,220,860</u>	<u>24,498</u>
Net change in fund balances	-	-	378,085	378,085
FUND BALANCES, beginning	<u>2,671,339</u>	<u>2,671,339</u>	<u>2,671,339</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 2,671,339</u>	<u>\$ 2,671,339</u>	<u>\$ 3,049,424</u>	<u>\$ 378,085</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, 2023

Issuer	Interest Rate %	Maturity Date	Amount
GOVERNMENTAL FUNDS			
General fund			
Federal Farm Credit Bank	0.180	7/13/2023	\$ 20,000,000
Federal Farm Credit Bank	0.125	7/14/2023	9,999,730
Federal Home Loan Mtg Corp	0.250	8/24/2023	5,957,491
Federal Farm Credit Bank	3.160	9/15/2023	11,998,020
Federal Home Loan Bank	4.500	6/14/2024	15,978,663
Federal Home Loan Bank	1.050	7/25/2024	12,415,389
Federal Home Loan Bank	3.650	7/26/2024	12,000,000
Federal Home Loan Bank	4.500	10/3/2024	6,943,580
Federal Home Loan Bank	0.650	10/7/2024	10,109,068
Federal Farm Credit Bank	0.300	11/12/2024	4,997,258
Federal Farm Credit Bank	0.875	11/18/2024	12,895,984
Federal Home Loan Bank	0.620	12/9/2024	10,687,713
Federal Home Loan Bank	0.650	3/17/2025	4,500,000
			<u>138,482,896</u>
Capital projects			
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 Home Loan Bank	4.500	6/14/2024	1,004,551
			<u>15,504,551</u>
Nonmajor funds			
Library endowments -Raymond James & Associate Inc.			<u>6,259,977</u>
Total governmental fund investments			<u>\$ 160,247,424</u>
ENTERPRISE FUNDS			
Interceptor Sewer Fund			
Federal Farm Credit Bank	0.150	8/10/2023	\$ 32,999,844
Federal Home Loan Bank	0.220	8/10/2023	2,999,951
Federal Home Loan Bank	0.250	8/18/2023	10,000,000
Federal Farm Credit Bank	0.280	10/13/2023	4,300,000
Federal Farm Credit Bank	0.170	11/3/2023	9,999,692
Federal Farm Credit Bank	0.250	3/1/2024	3,996,349
Federal Home Loan Bank	0.400	5/24/2024	5,000,000
Federal Home Loan Bank	0.350	7/12/2024	1,999,105
Federal Home Loan Bank	0.450	7/26/2024	6,210,000
Federal Home Loan Bank	0.500	7/29/2024	10,500,000
Federal Home Loan Bank	1.830	8/28/2024	6,039,823
Federal Farm Credit Bank	0.480	9/3/2024	9,997,651
Federal Farm Credit Bank	0.300	11/12/2024	1,995,993
Federal Home Loan Bank	1.200	12/23/2024	11,429,553
Federal Home Loan Bank	0.625	12/30/2024	5,000,000
Federal Home Loan Bank	0.580	1/28/2025	3,500,000
Federal Home Loan Bank	0.650	3/17/2025	5,000,000
Federal Home Loan Bank	0.750	4/14/2025	10,000,000
Federal Home Loan Bank	0.700	6/30/2025	4,955,520
			<u>145,923,481</u>
Solid Waste			
Federal Farm Credit Bank	0.450	4/7/2025	5,997,209
Federal Home Loan Bank	3.050	5/12/2025	5,130,133
			<u>11,127,342</u>
Stormwater			
Federal Home Loan Bank	4.750	11/21/2023	10,005,493
Federal Home Loan Bank	0.420	6/26/2024	5,000,000
Federal Home Loan Bank	0.500	7/29/2024	2,000,000
Federal Farm Credit Bank	0.300	11/12/2024	8,999,179
Federal Home Loan Bank	5.020	2/13/2025	10,000,000
Federal Home Loan Bank	0.600	3/8/2025	5,000,000
Federal Farm Credit Bank	4.750	3/9/2026	15,326,529
			<u>56,331,201</u>
Internal service funds			
Federal Home Loan Bank	0.650	3/17/2025	<u>10,000,000</u>
Chattanooga Downtown Redevelopment Corporation			
Bank of China		9/6/2022	3,799,582
US Treasury Bonds	1.000	9/6/2022	160,602
			<u>3,960,184</u>
Electric Power Board			
Tower Community Bank (CDARS) - Fund 1	4.500	11/02/23	1,096,060
Citizens Bank (CDARS) - Fund 1	4.000	11/19/23	100,340
Citizens Bank (CDARS) - Fund 1	4.000	02/06/25	919,600
			<u>2,116,000</u>
Total enterprise fund investments			<u>\$ 229,458,208</u>

CITY OF CHATTANOOGA, TENNESSEE

COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE

Year Ended June 30, 2023

TAX YEAR (1)	Property Taxes Receivable Balance 6/30/2022	Property Tax Levied	Anticipated Current Year Levy (2)	Net Pick-Ups and Charge-Offs	Collections	Property Taxes Receivable Balance 6/30/2023	Allowance for Uncollectibles	Net Receivable Balance 6/30/2023
2023	\$ -	\$ -	\$ 173,818,237	\$ -	\$ -	\$ 173,818,237	\$ -	\$ 173,818,237
2022	-	179,194,059	-	(1,636,568)	171,773,971	5,783,520	751,857	5,031,663
2021	5,542,596	-	-	529,117	3,885,446	2,186,267	568,429	1,617,838
2020	1,658,533	-	-	42,908	525,626	1,175,815	517,359	658,456
2019	940,151	-	-	(16,957)	531,695	391,499	321,030	70,469
2018	414,489	-	-	(11,956)	13,169	389,364	369,896	19,468
2017	388,549	-	-	(16,511)	11,247	360,791	360,791	-
2016	367,358	-	-	(7,095)	7,858	352,405	352,405	-
2015	386,734	-	-	(6,419)	5,825	374,490	374,490	-
2014	380,855	-	-	(5,476)	8,054	367,325	367,325	-
2013	456,193	-	-	(1,675)	4,022	450,496	450,496	-
	<u>\$ 10,535,458</u>	<u>\$ 179,194,059</u>	<u>\$ 173,818,237</u>	<u>\$ (1,130,632)</u>	<u>\$ 176,766,913</u>	<u>\$ 185,650,209</u>	<u>\$ 4,434,078</u>	<u>\$ 181,216,131</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, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES			
2024	\$ 19,969,186	\$ 5,039,774	\$ 25,008,960
2025	18,028,972	4,249,566	22,278,538
2026	18,248,874	3,446,947	21,695,821
2027	15,812,684	2,610,440	18,423,124
2028	13,032,895	1,964,454	14,997,349
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	1,343,285	53,731	1,397,016
	<u>120,587,336</u>	<u>20,649,116</u>	<u>141,236,452</u>
BUSINESS-TYPE ACTIVITIES			
2024	31,915,117	14,503,759	46,418,876
2025	35,574,099	13,422,488	48,996,587
2026	34,594,294	12,189,008	46,783,302
2027	35,235,136	11,199,928	46,435,064
2028	35,271,621	10,245,010	45,516,631
2029	33,456,076	9,020,561	42,476,637
2030	30,165,573	7,928,336	38,093,909
2031	31,062,241	6,964,907	38,027,148
2032	30,814,412	5,842,199	36,656,611
2033	31,717,279	4,672,914	36,390,193
2034	32,893,907	3,615,159	36,509,066
2035	21,176,517	2,966,669	24,143,186
2036	21,748,581	2,388,904	24,137,485
2037	22,253,397	1,934,138	24,187,535
2038	18,525,766	1,514,799	20,040,565
2039	16,401,487	1,163,572	17,565,059
2040	16,747,023	811,870	17,558,893
2041	16,959,643	450,601	17,410,244
2042	15,699,724	143,110	15,842,834
2043	3,423,538	48,942	3,472,480
	<u>515,635,431</u>	<u>111,026,874</u>	<u>626,662,305</u>
Total business-type activities	<u>515,635,431</u>	<u>111,026,874</u>	<u>626,662,305</u>
Total primary government indebtedness	<u>\$ 636,222,767</u>	<u>\$ 131,675,990</u>	<u>\$ 767,898,757</u>

CITY OF CHATTANOOGA, TENNESSEE

SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

June 30, 2023

COMPONENT UNITS	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,272,002	\$ 427,392	\$ 1,699,394
2025	1,308,954	396,110	1,705,064
2026	1,326,493	365,166	1,691,659
2027	1,343,398	333,409	1,676,807
2028	1,287,369	301,626	1,588,995
2029	1,321,609	267,387	1,588,996
2030	1,354,403	233,059	1,587,462
2031	807,882	205,596	1,013,478
2032	826,337	187,141	1,013,478
2033	846,231	167,246	1,013,477
2034	866,090	147,388	1,013,478
2035	886,414	127,064	1,013,478
2036	906,934	106,543	1,013,477
2037	928,498	84,980	1,013,478
2038	950,287	63,191	1,013,478
2039	972,587	40,891	1,013,478
2040	995,374	18,104	1,013,478
2041	236,295	886	237,181
	<u>18,437,157</u>	<u>3,473,179</u>	<u>21,910,336</u>
Total component units indebtedness	<u>\$ 18,437,157</u>	<u>\$ 3,473,179</u>	<u>\$ 21,910,336</u>

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2023

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2022	Issued FY 2023	Retired FY 2023	Refunded FY 2023	Outstanding June 30, 2023
GOVERNMENTAL ACTIVITIES:									
Serial Bonds:									
Tax Supported									
2013 Series General Improvement Bond	\$19,355,000	2.00% - 5.00%	1/8/2014	10/1/2028	\$ 9,190,000	\$ -	\$ 1,315,000	\$ -	\$ 7,875,000
2014 Municipal Public Improvement Refunding	13,792,100	1.75% - 5.00%	7/8/2014	11/1/2026	3,540,224	-	723,537	-	2,816,687
2015 Series A GO Bond	28,245,000	5.00%	11/10/2015	9/1/2030	16,935,000	-	1,885,000	-	15,050,000
2015 Series B Refunding GO Bond	18,955,000	3.00% - 5.00%	11/10/2015	11/1/2028	16,375,000	-	2,550,000	-	13,825,000
2017 Series A GO Bond	8,200,000	5.00%	1/25/2017	3/1/2031	4,905,000	-	545,000	-	4,360,000
2017 Series B Refunding GO Bond	12,640,000	3.00% - 5.00%	1/25/2017	3/1/2026	8,610,000	-	1,980,000	-	6,630,000
2019 Series A GO Bond	20,156,711	5.00%	10/24/2019	2/1/2034	16,119,450	-	1,343,287	-	14,776,163
2019 Series B Refunding GO Bond	4,055,000	2.00% - 5.00%	10/24/2019	2/1/2031	3,195,000	-	310,000	-	2,885,000
2021 Series A GO Bond	12,455,000	5.00%	12/8/2021	10/1/2031	12,455,000	-	1,250,000	-	11,205,000
2021 Series B Refunding GO Bond	9,515,000	5.00%	12/8/2021	10/1/2027	9,515,000	-	1,535,000	-	7,980,000
Total Tax Supported Bonds					100,839,674	-	13,436,824	-	87,402,850
Self Supported									
2013 Series Hotel-Motel Tax Pledge	7,420,000	2.00% - 5.00%	1/8/2014	10/1/2028	3,520,000	-	505,000	-	3,015,000
2014 Hotel Motel Refunding	3,961,340	1.75% - 5.00%	7/8/2014	11/1/2026	1,017,439	-	207,769	-	809,670
2019 Series Hotel Motel Refunding	14,805,000	2.00% - 5.00%	10/24/2019	2/1/2031	11,220,000	-	1,930,000	-	9,290,000
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					28,317,439	-	2,642,769	-	25,674,670
Total Serial Bonds					129,157,113	-	16,079,593	-	113,077,520
Notes Payable:									
Tax Supported									
2004 TML Bond Fund	24,406,300	Variable	12/6/2004	5/25/2024	3,141,425	-	1,570,115	-	1,571,310
Total Tax Supported Notes Payable					3,141,425	-	1,570,115	-	1,571,310
Self Supported									
2008 HUD Section 108 Loan Program	4,576,000	4.00%	6/12/2008	8/1/2023	611,000	-	305,000	-	306,000
Total Self Supported Notes Payable					611,000	-	305,000	-	306,000
Total Notes Payable					3,752,425	-	1,875,115	-	1,877,310
Leases/SBITA Payable:									
Tax Supported									
2022 Golf Course Lease	461,434	3.14%	4/1/2021	5/15/2028	455,510	-	72,285	-	383,225
Bonny Oaks Office Park	1,340,483	0.29%	9/1/2014	8/31/2024	294,005	-	132,892	-	161,113
Office Space - 5900 Building - Suite 1500	935,913	0.64%	4/1/2017	3/31/2027	444,282	-	92,419	-	351,863
Edney Building - 1100 Market St., Suite 300	1,014,503	0.20%	12/1/2017	11/1/2023	250,742	368,107	175,656	-	443,193
MidTown Campus - 5715 Uptain Rd	2,036,949	2.19%	2/1/2023	2/1/2028	-	2,036,949	164,790	-	1,872,159
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	194,644	-	194,644	-	-
Eproval Epremium License Subscription	175,844	1.58%	7/1/2022	6/30/2026	-	175,844	45,000	-	130,844
Oracle Cloud Applications Subscription	434,700	2.11%	9/1/2021	6/30/2026	-	434,700	110,970	-	323,730

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2023

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2022	Issued FY 2023	Retired FY 2023	Refunded FY 2023	Outstanding June 30, 2023
GOVERNMENTAL ACTIVITIES: (continued)									
Leases/SBITA Payable: (Continued)									
Tax Supported (Continued)									
Oracle Cloud Managed Services Subscription	1,713,431	2.19%	11/1/2021	10/31/2027	-	1,713,431	320,908	-	1,392,523
Oracle E-Business Suite Subscription	67,631	2.32%	10/1/2021	10/3/2028	-	67,631	11,594	-	56,037
Oracle Cloud HCM Software Subscription	65,430	1.89%	12/30/2021	12/29/2024	-	65,430	32,717	-	32,713
Small Gov't Term Enterprise Subscription	325,341	1.89%	10/4/2021	10/3/2024	-	325,341	163,408	-	161,933
Splash BI Software Subscription	304,223	2.19%	3/1/2022	2/28/2027	-	304,233	75,254	-	228,979
Tyler Software Subscription	186,210	2.04%	2/1/2022	1/31/2025	-	186,210	92,016	-	94,194
Total Tax Supported Leases Payable					<u>1,639,183</u>	<u>5,677,876</u>	<u>1,684,553</u>	<u>-</u>	<u>5,632,506</u>
Total governmental activities					<u>134,548,721</u>	<u>5,677,876</u>	<u>19,639,261</u>	<u>-</u>	<u>120,587,336</u>
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	<u>601,806</u>	<u>-</u>	<u>122,931</u>	<u>-</u>	<u>478,875</u>
Total Serial Bonds					<u>601,806</u>	<u>-</u>	<u>122,931</u>	<u>-</u>	<u>478,875</u>
Notes Payable:									
2003-168 State Revolving Loan	37,321,000	2.98%	12/5/2002	4/20/2025	7,103,903	-	2,439,300	-	4,664,603
2007-204 State Revolving Loan	13,000,000	2.79%	6/25/2007	9/20/2031	6,913,507	-	664,428	-	6,249,079
2011-289 State Revolving Loan	20,000,000	2.00%	11/1/2011	8/20/2037	14,909,046	-	850,032	-	14,059,014
2012-307 State Revolving Loan	33,100,000	1.15%	6/25/2013	11/20/2037	24,908,052	-	1,485,252	-	23,422,800
2013-318 State Revolving Loan	66,800,000	1.67%	6/18/2014	11/20/2037	50,455,819	-	2,893,908	-	47,561,911
2016-357 State Revolving Loan	42,500,000	1.29%	2/8/2016	2/20/2039	37,104,025	4,106,374	1,090,719	-	40,119,680
2018-405 State Revolving Loan	1,000,000	1.41%	11/7/2017	5/20/2041	857,985	-	39,408	-	818,577
2018-406 State Revolving Loan	17,100,000	1.41%	11/28/2017	3/20/2041	17,100,000	-	736,536	-	16,363,464
2019-428 State Revolving Loan	3,000,000	2.05%	12/6/2018	11/20/2041	2,897,452	25,018	54,894	-	2,867,576
2019-429 State Revolving Loan	21,000,000	2.05%	12/6/2018	4/20/2042	9,169,020	2,602,496	-	-	11,771,516
2018-406-01 State Revolving Loan	30,000,000	1.41%	10/10/2019	6/20/2041	28,548,450	-	1,356,312	-	27,192,138
2020-440 State Revolving Loan	15,000,000	0.61%	11/24/2020	11/20/2041	1,247,648	4,087,387	-	-	5,335,035
Total Notes Payable					<u>201,214,907</u>	<u>10,821,275</u>	<u>11,610,789</u>	<u>-</u>	<u>200,425,393</u>
Leases Payable:									
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	<u>12,978</u>	<u>-</u>	<u>12,978</u>	<u>-</u>	<u>-</u>
Total Leases Payable					<u>12,978</u>	<u>-</u>	<u>12,978</u>	<u>-</u>	<u>-</u>
Total Interceptor Sewer System					<u>201,829,691</u>	<u>10,821,275</u>	<u>11,746,698</u>	<u>-</u>	<u>200,904,268</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2023

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2022	Issued FY 2023	Retired FY 2023	Refunded FY 2023	Outstanding June 30, 2023
BUSINESS TYPE ACTIVITIES: (continued)									
Solid Waste Fund:									
Serial Bonds:									
2014 Municipal Public Improvement Refunding	4,674,278	1.75% - 5.00%	7/8/2014	11/1/2026	1,199,618	-	245,228	-	954,390
2017 Series B Refundng GO Bond	2,155,000	3.00% - 5.00%	1/25/2017	3/1/2026	1,465,000	-	335,000	-	1,130,000
Total Serial Bonds					2,664,618	-	580,228	-	2,084,390
Notes Payable:									
2004 TML Bond Fund	593,700	Variable	12/6/2004	5/25/2024	76,443	-	37,885	-	38,558
Total Notes Payable					76,443	-	37,885	-	38,558
Leases Payable:									
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	2,163	-	2,163	-	-
Total Leases Payable					2,163	-	2,163	-	-
Total Solid Waste & Sanitation Fund					2,743,224	-	620,276	-	2,122,948
Stormwater Fund									
Serial Bonds:									
2013 Water Quality Bonds	5,245,000	2.00% - 5.00%	1/8/2014	10/1/2028	2,485,000	-	355,000	-	2,130,000
2014 Municipal Public Improvement Refunding	1,153,663	1.75% - 5.00%	7/8/2014	11/1/2026	295,914	-	60,537	-	235,377
2015 Series A GO Bond	8,100,000	5.00%	11/10/2015	9/1/2030	4,860,000	-	540,000	-	4,320,000
2017 Series B Refunding GO Bond	615,000	3.00% - 5.00%	1/25/2017	3/1/2026	420,000	-	95,000	-	325,000
2019 Series A Water Quality GO Bond	3,628,289	5.00%	10/24/2019	2/1/2034	2,900,550	-	241,712	-	2,658,838
Total Serial Bonds					10,961,464	-	1,292,249	-	9,669,215
Leases Payable:									
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	4,325	-	4,325	-	-
Total Leases Payable					4,325	-	4,325	-	-
Total Stormwater Fund					10,965,789	-	1,296,574	-	9,669,215
Tennessee Valley Regional Communications Fund									
Leases Payable:									
SWC 400 Multifunction Devices	Various	0.20%	Various	Various	2,163	-	2,163	-	-
Total leases payable					2,163	-	2,163	-	-
Total TVRCS Fund					2,163	-	2,163	-	-
Total Business-Type Activities					215,540,867	10,821,275	13,665,711	-	212,696,431
TOTAL GENERAL OBLIGATION DEBT					350,089,588	16,499,151	33,304,972	-	333,283,767

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2023

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2022	Issued FY 2023	Retired FY 2023	Refunded FY 2023	Outstanding June 30, 2023
Electric Power Board									
Revenue Bonds:									
2015A Electric System Refunding Revenue Bonds	218,855,000	2.88% - 5.00%	8/31/2015	9/1/2033	180,845,000	-	10,545,000	-	170,300,000
2015B Electric System Revenue Bonds	15,355,000	2.60% - 3.38%	8/31/2015	9/1/2025	6,310,000	-	1,635,000	-	4,675,000
2015C Electric System Revenue Bonds	25,880,000	4.00% - 5.00%	8/31/2015	9/1/2040	25,085,000	-	835,000	-	24,250,000
2021 Electric System Revenue Bonds	71,080,000	2.00% - 4.00%	6/29/2021	9/1/2041	71,080,000	-	-	-	71,080,000
Total Revenue Bonds					<u>283,320,000</u>	<u>-</u>	<u>13,015,000</u>	<u>-</u>	<u>270,305,000</u>
Total Electric Power Board					<u>283,320,000</u>	<u>-</u>	<u>13,015,000</u>	<u>-</u>	<u>270,305,000</u>
Chattanooga Downtown Redevelopment Corporation:									
Revenue Bonds:									
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/1/2018	10/1/2028	29,575,000	-	4,051,000	-	25,524,000
2018C IDB Rev Refunding 2010 Bonds Taxable	28,200,000	3.90%	10/1/2018	10/1/2024	14,885,000	-	7,775,000	-	7,110,000
Total Revenue Bonds					<u>44,460,000</u>	<u>-</u>	<u>11,826,000</u>	<u>-</u>	<u>32,634,000</u>
Total Chattanooga Downtown Redevelopment Corp.					<u>44,460,000</u>	<u>-</u>	<u>11,826,000</u>	<u>-</u>	<u>32,634,000</u>
Total Primary Government					<u>\$ 677,869,588</u>	<u>\$ 16,499,151</u>	<u>\$ 58,145,972</u>	<u>\$ -</u>	<u>\$ 636,222,767</u>
COMPONENT UNITS									
Metropolitan Airport Authority:									
Revenue Bonds:									
2020 Tax Exempt Garage	16,250,000	2.29%	12/11/2019	7/10/2041	15,052,166	-	671,113	-	14,381,053
2020 Taxable Garage	8,750,000	2.87%	12/11/2019	7/10/2041	4,101,474	-	462,312	-	3,639,162
Total Revenue Bonds					<u>19,153,640</u>	<u>-</u>	<u>1,133,425</u>	<u>-</u>	<u>18,020,215</u>
Note Payable									
Titan Aviation Note	754,000	0.00%	5/1/2020	4/1/2027	484,498	-	107,465	-	377,033
Total Metropolitan Airport Authority					<u>19,638,138</u>	<u>-</u>	<u>1,240,890</u>	<u>-</u>	<u>18,397,248</u>
Downtown Chattanooga Business Improvement District									
Lease Payable:									
Facility Lease	65,632	4.44%	2/1/2020	1/31/2026	57,246	-	17,338	-	39,908
Total Downtown Chattanooga Business Improvement District					<u>57,246</u>	<u>-</u>	<u>17,338</u>	<u>-</u>	<u>39,908</u>
Total Component Units					<u>\$ 19,695,384</u>	<u>\$ -</u>	<u>\$ 1,258,228</u>	<u>\$ -</u>	<u>\$ 18,437,156</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2024	2004 Note Payable - TN Municipal Bond Fund	0.823%	\$ 1,571,310	\$ 12,941	\$ 1,584,251
			<u>1,571,310</u>	<u>12,941</u>	<u>1,584,251</u>
2024	2008 Section 108 HUD Loan	4.00%	306,000	4,006	310,006
			<u>306,000</u>	<u>4,006</u>	<u>310,006</u>
2024	2013 General Obligation	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>7,875,000</u>	<u>889,033</u>	<u>8,764,033</u>
2024	2013 Hotel Motel	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>3,015,000</u>	<u>339,751</u>	<u>3,354,751</u>
2024	2014 Series A Refunding Hotel Motel	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>809,670</u>	<u>48,226</u>	<u>857,896</u>
2024	2014 Series A Refunding General Obligation	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>2,816,687</u>	<u>167,943</u>	<u>2,984,630</u>
2024	2015 Series A General Obligation	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>15,050,000</u>	<u>3,008,500</u>	<u>18,058,500</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

(continued from previous page)

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal	
2024	2015 Series B Refunding General Obligation	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>13,825,000</u>	<u>1,544,575</u>	<u>15,369,575</u>	
2024	2017 Series A General Obligation	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>4,360,000</u>	<u>981,000</u>	<u>5,341,000</u>	
2024	2017 Series B Refunding General Obligation	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>6,630,000</u>	<u>675,000</u>	<u>7,305,000</u>	
2024	2019 Series A General Obligation	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%	1,343,283	53,731	1,397,014	
				<u>14,776,163</u>	<u>3,922,400</u>	<u>18,698,563</u>
2024		2019 Series B General Obligation Refunding	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>2,885,000</u>	<u>793,600</u>	<u>3,678,600</u>	

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

(continued from previous page)

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2024	2019 Series B Hotel Motel Refunding	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>9,290,000</u>	<u>2,990,000</u>	<u>12,280,000</u>
2024	2021 Series A General Obligation	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>11,205,000</u>	<u>2,521,125</u>
2024	2021 Series B General Obligation Refunding	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>7,980,000</u>	<u>854,250</u>	<u>8,834,250</u>
2024	2021 Series B Hotel Motel Refunding	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>1,658,500</u>	<u>14,218,500</u>
2024	2022 Golf Cart Lease	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>383,225</u>	<u>30,345</u>	<u>413,570</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

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DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2024	Bonny Oaks Office Park	0.29%	\$ 137,952	\$ 280	\$ 138,232
2025		0.29%	23,161	8	23,169
			<u>161,113</u>	<u>288</u>	<u>161,401</u>
2024	Office Space - 5900 Building - Suite 1500	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>351,863</u>	<u>4,313</u>	<u>356,176</u>
2024	Edney Building - 1100 Market St., Suite 300	0.20%	180,426	716	181,142
2025		0.20%	185,317	355	185,672
2026		0.20%	77,450	39	77,489
			<u>443,193</u>	<u>1,110</u>	<u>444,303</u>
2024	MidTown Campus - 5715 Uptain Rd	2.19%	392,640	37,007	429,647
2025		2.19%	401,310	28,337	429,647
2026		2.19%	410,171	19,476	429,647
2027		2.19%	419,227	10,420	429,647
2028		2.19%	248,811	1,816	250,627
			<u>1,872,159</u>	<u>97,056</u>	<u>1,969,215</u>
2024	Eproval Epremium License Subscription	1.58%	42,933	2,067	45,000
2025		1.58%	43,611	1,389	45,000
2026		1.58%	44,300	700	45,000
			<u>130,844</u>	<u>4,156</u>	<u>135,000</u>
2024	Oracle Cloud Applications Subscription	2.11%	105,663	6,837	112,500
2025		2.11%	107,894	4,606	112,500
2026		2.11%	110,173	2,327	112,500
			<u>323,730</u>	<u>13,770</u>	<u>337,500</u>
2024	Oracle Cloud Managed Services Subscription	2.19%	316,155	27,285	343,440
2025		2.19%	320,869	20,327	341,196
2026		2.19%	325,154	13,270	338,424
2027		2.19%	321,582	6,198	327,780
2028		2.19%	108,763	497	109,260
			<u>1,392,523</u>	<u>67,577</u>	<u>1,460,100</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

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<u>DIRECT INDEBTEDNESS</u>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2024	Oracle E-Business Suite Subscription	2.32%	\$ 10,699	\$ 1,301	\$ 12,000
2025		2.32%	10,947	1,053	12,000
2026		2.32%	11,201	799	12,000
2027		2.32%	11,462	538	12,000
2028		2.32%	11,728	272	12,000
			<u>56,037</u>	<u>3,963</u>	<u>60,000</u>
2024	Oracle Cloud HCM Software Subscription	1.89%	<u>32,713</u>	<u>620</u>	<u>33,333</u>
2024	Small Gov't Term Enterprise Subscription	1.89%	<u>161,933</u>	<u>3,067</u>	<u>165,000</u>
2024	Splash BI Software Subscription	2.19%	74,682	5,005	79,687
2025		2.19%	76,315	3,373	79,688
2026		2.19%	77,982	1,705	79,687
			<u>228,979</u>	<u>10,083</u>	<u>239,062</u>
2024	Tyler Software Subscription	2.04%	<u>94,194</u>	<u>1,918</u>	<u>96,112</u>
	Total direct indebtedness		<u>120,587,336</u>	<u>20,649,116</u>	<u>141,236,452</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2024	2003 State Revolving Loan	2.98%	\$ 2,512,992	\$ 104,880	\$ 2,617,872
2025		2.98%	2,151,611	26,541	2,178,152
			<u>4,664,603</u>	<u>131,421</u>	<u>4,796,024</u>
2024	2007 State Revolving Loan	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>6,249,079</u>	<u>753,989</u>	<u>7,003,068</u>
2024		2011-289 State Revolving Loan	2.00%	867,180	273,264
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>14,059,014</u>	<u>2,097,270</u>	<u>16,156,284</u>	
2024	2012-307 State Revolving Loan	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	

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2033	2012-307 State Revolving Loan (Continued)	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>23,422,800</u>	<u>2,006,505</u>
2024	2013-318 State Revolving Loan	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>47,561,911</u>	<u>5,987,551</u>	<u>53,549,462</u>
2024	2014 General Obligation Refunding	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>478,876</u>	<u>28,534</u>	<u>507,410</u>
2024	2016-357 State Revolving Loan	1.29%	1,771,167	517,544	2,288,711
2025		1.29%	1,794,015	494,696	2,288,711
2026		1.29%	1,817,158	471,553	2,288,711
2027		1.29%	1,840,599	448,112	2,288,711
2028		1.29%	1,864,343	424,368	2,288,711
2029		1.29%	1,888,393	400,318	2,288,711
2030		1.29%	1,912,753	375,958	2,288,711
2031		1.29%	1,937,428	351,283	2,288,711
2032		1.29%	1,962,421	326,290	2,288,711
2033		1.29%	1,987,736	300,975	2,288,711
2034		1.29%	2,013,378	275,333	2,288,711

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2035	2016-357 State Revolving Loan (Continued)	1.29%	\$ 2,039,350	\$ 249,361	\$ 2,288,711
2036		1.29%	2,065,658	223,053	2,288,711
2037		1.29%	2,092,305	196,406	2,288,711
2038		1.29%	2,119,295	169,415	2,288,710
2039		1.29%	2,146,634	142,077	2,288,711
2040		1.29%	2,174,326	114,385	2,288,711
2041		1.29%	2,202,375	86,336	2,288,711
2042		1.29%	2,230,785	57,925	2,288,710
2043		1.29%	2,259,561	29,149	2,288,710
				<u>40,119,680</u>	<u>5,654,537</u>
2024	2018-405 State Revolving Loan	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>818,577</u>	<u>117,846</u>	<u>936,423</u>
2024	2018-406 State Revolving Loan	1.53%	747,876	245,136	993,012
2025		1.53%	759,408	233,604	993,012
2026		1.53%	771,108	221,904	993,012
2027		1.53%	782,988	210,024	993,012
2028		1.53%	795,048	197,964	993,012
2029		1.53%	807,300	185,712	993,012
2030		1.53%	819,732	173,280	993,012
2031		1.53%	832,368	160,644	993,012
2032		1.53%	845,196	147,816	993,012
2033		1.53%	858,216	134,796	993,012

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2034	2018-406 State Revolving Loan (Continued)	1.53%	\$ 871,440	\$ 121,572	\$ 993,012
2035		1.53%	884,868	108,144	993,012
2036		1.53%	898,500	94,512	993,012
2037		1.53%	912,348	80,664	993,012
2038		1.53%	926,400	66,612	993,012
2039		1.53%	940,680	52,332	993,012
2040		1.53%	955,164	37,848	993,012
2041		1.53%	969,888	23,124	993,012
2042		1.53%	984,936	8,180	993,116
				<u>16,363,464</u>	<u>2,503,868</u>
2024	2019-428 State Revolving Loan	2.05%	117,434	58,785	176,219
2025		2.05%	119,841	56,378	176,219
2026		2.05%	122,298	53,921	176,219
2027		2.05%	124,805	51,414	176,219
2028		2.05%	127,363	48,856	176,219
2029		2.05%	129,974	46,245	176,219
2030		2.05%	132,639	43,580	176,219
2031		2.05%	135,358	40,861	176,219
2032		2.05%	138,133	38,086	176,219
2033		2.05%	140,964	35,255	176,219
2034		2.05%	143,854	32,365	176,219
2035		2.05%	146,803	29,416	176,219
2036		2.05%	149,813	26,406	176,219
2037		2.05%	152,884	23,335	176,219
2038		2.05%	156,018	20,201	176,219
2039		2.05%	159,216	17,003	176,219
2040		2.05%	162,480	13,739	176,219
2041		2.05%	165,811	10,408	176,219
2042		2.05%	169,210	7,009	176,219
2043	2.05%	172,678	3,538	176,216	
			<u>2,867,576</u>	<u>656,801</u>	<u>3,524,377</u>
2024	2019-429 State Revolving Loan	2.05%	482,070	241,316	723,386
2025		2.05%	491,952	231,434	723,386
2026		2.05%	502,037	221,349	723,386
2027		2.05%	512,329	211,057	723,386
2028		2.05%	522,831	200,554	723,385
2029		2.05%	533,550	189,836	723,386
2030		2.05%	544,487	178,898	723,385
2031		2.05%	555,649	167,736	723,385
2032		2.05%	567,040	156,346	723,386

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2033	2019-429 State Revolving Loan (Continued)	2.05%	\$ 578,664	\$ 144,721	\$ 723,385
2034		2.05%	590,527	132,859	723,386
2035		2.05%	602,633	120,753	723,386
2036		2.05%	614,987	108,399	723,386
2037		2.05%	627,594	95,792	723,386
2038		2.05%	640,460	82,926	723,386
2039		2.05%	653,589	69,796	723,385
2040		2.05%	666,988	56,398	723,386
2041		2.05%	680,661	42,725	723,386
2042		2.05%	694,615	28,771	723,386
2043		2.05%	708,853	14,530	723,383
			<u>11,771,516</u>	<u>2,696,196</u>	<u>14,467,712</u>
2024	2018-406-01 State Revolving Loan	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>27,192,138</u>	<u>2,962,762</u>	<u>30,154,900</u>
2024	2020-440 State Revolving Loan	0.61%	251,622	32,544	284,166
2025		0.61%	253,157	31,009	284,166
2026		0.61%	254,702	29,465	284,167
2027		0.61%	256,255	27,911	284,166
2028		0.61%	257,818	26,348	284,166
2029		0.61%	259,391	24,775	284,166
2030		0.61%	260,973	23,193	284,166
2031		0.61%	262,565	21,601	284,166
2032		0.61%	264,167	19,999	284,166

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2033	2020-440 State Revolving Loan (Continued)	0.61%	\$ 265,778	\$ 18,388	\$ 284,166
2034		0.61%	267,400	16,766	284,166
2035		0.61%	269,031	15,135	284,166
2036		0.61%	270,672	13,494	284,166
2037		0.61%	272,323	11,843	284,166
2038		0.61%	273,984	10,182	284,166
2039		0.61%	275,655	8,511	284,166
2040		0.61%	277,337	6,829	284,166
2041		0.61%	279,029	5,137	284,166
2042		0.61%	280,731	3,435	284,166
2043		0.61%	282,443	1,723	284,166
				<u>5,335,033</u>	<u>348,288</u>
Total Interceptor Sewer System indebtedness			<u>200,904,267</u>	<u>25,945,568</u>	<u>226,849,835</u>

SOLID WASTE FUND

2024	2004 Note Payable - TN Municipal Bond Fund	0.82%	<u>38,558</u>	<u>314</u>	<u>38,872</u>
2024	2014 General Obligation Refunding	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>954,390</u>	<u>56,920</u>	<u>1,011,310</u>
2024	2017 Series B General Obligation Refunding	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>1,130,000</u>	<u>115,250</u>	<u>1,245,250</u>
Total Solid Waste Fund indebtedness			<u>2,122,948</u>	<u>172,484</u>	<u>2,295,432</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

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STORMWATER FUND

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2024	2013 General Obligation	3.00%	\$ 355,000	\$ 69,668	\$ 424,668
2025		3.00%	355,000	59,017	414,017
2026		3.13%	355,000	48,147	403,147
2027		4.00%	355,000	35,500	390,500
2028		4.00%	355,000	21,300	376,300
2029		4.00%	355,000	7,100	362,100
				<u>2,130,000</u>	<u>240,732</u>
2024	2014 General Obligation Refunding	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>235,377</u>	<u>14,052</u>	<u>249,429</u>
2024	2015 Series A General Obligation	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>4,320,000</u>	<u>864,000</u>	<u>5,184,000</u>
2024	2017 Series B General Obligation Refunding	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>325,000</u>	<u>33,250</u>	<u>358,250</u>
2024	2019 Series A General Obligation	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>2,658,837</u>	<u>705,802</u>
Total Stormwater Fund indebtedness			<u>9,669,214</u>	<u>1,857,836</u>	<u>11,527,050</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

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ELECTRIC POWER BOARD

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2024	2015 A Electric System Refunding Revenue Bonds	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>170,300,000</u>	<u>42,057,265</u>	<u>212,357,265</u>
2024	2015 B Electric System Revenue Bonds	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>4,675,000</u>	<u>177,498</u>	<u>4,852,498</u>
2024	2015 C Electric System Revenue Bonds	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>24,250,000</u>	<u>12,061,909</u>	<u>36,311,909</u>
2024	2021 Electric System Revenue Bonds		-	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

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

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ELECTRIC POWER BOARD

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal	
2029	2021 Electric System Revenue Bonds (Continued)		\$ -	\$ 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>24,893,817</u>	<u>95,973,817</u>	
Total Electric Power Board indebtedness			<u>270,305,000</u>	<u>79,190,489</u>	<u>349,495,489</u>	

CHATTANOOGA DOWNTOWN REDEVELOPMENT CORPORATION

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2024	2018 Series A IDB Rev Refunding 2007 Bonds	3.25%	980,000	829,530	1,809,530
2025		3.25%	1,005,000	797,680	1,802,680
2026		3.25%	6,455,000	765,018	7,220,018
2027		3.25%	6,665,000	555,230	7,220,230
2028		3.25%	6,460,000	338,618	6,798,618
2029		3.25%	3,959,000	128,668	4,087,668
			<u>25,524,000</u>	<u>3,414,744</u>	<u>28,938,744</u>
2024	2018 Series C IDB Rev Refunding 2010 Bonds Taxable	3.90%	1,965,000	245,099	2,210,099
2025		3.90%	5,145,000	200,655	5,345,655
			<u>7,110,000</u>	<u>445,754</u>	<u>7,555,754</u>
Total Chattanooga Downtown Redevelopment Corporation indebtedness			<u>32,634,000</u>	<u>3,860,498</u>	<u>36,494,498</u>
Total Primary Government			<u>\$ 636,222,765</u>	<u>\$ 131,675,991</u>	<u>\$ 767,898,756</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND LEASE/SBITA PAYABLE

June 30, 2023

(continued from previous page)

METROPOLITAN AIRPORT AUTHORITY

2024	2020 Tax Exempt Garage	2.29%	\$ 685,946	\$ 327,531	\$ 1,013,477
2025		2.29%	702,934	310,543	1,013,477
2026		2.29%	719,430	294,048	1,013,478
2027		2.29%	736,312	277,165	1,013,477
2028		2.29%	752,885	260,592	1,013,477
2029		2.29%	771,259	242,219	1,013,478
2030		2.29%	789,358	224,120	1,013,478
2031		2.29%	807,882	205,596	1,013,478
2032		2.29%	826,337	187,141	1,013,478
2033		2.29%	846,231	167,246	1,013,477
2034		2.29%	866,090	147,388	1,013,478
2035		2.29%	886,414	127,064	1,013,478
2036		2.29%	906,934	106,543	1,013,477
2037		2.29%	928,498	84,980	1,013,478
2038		2.29%	950,287	63,191	1,013,478
2039		2.29%	972,587	40,891	1,013,478
2040		2.29%	995,374	18,104	1,013,478
2041		2.29%	236,295	886	237,181
			<u>14,381,053</u>	<u>3,085,248</u>	<u>17,466,301</u>
2024	2020 Taxable Garage	2.87%	475,657	99,861	575,518
2025		2.87%	489,951	85,567	575,518
2026		2.87%	504,400	71,118	575,518
2027		2.87%	519,275	56,244	575,519
2028		2.87%	534,484	41,034	575,518
2029		2.87%	550,350	25,168	575,518
2030		2.87%	565,045	8,939	573,984
			<u>3,639,162</u>	<u>387,931</u>	<u>4,027,093</u>
2024	Titan Aviation Note	5.00%	91,910	15,802	107,712
2025		5.00%	96,336	11,376	107,712
2026		5.00%	100,976	6,736	107,712
2027		5.00%	87,811	1,909	89,720
			<u>377,033</u>	<u>35,823</u>	<u>412,856</u>
	Total Airport Authority indebtedness		<u>18,397,248</u>	<u>3,509,002</u>	<u>21,906,250</u>

Downtown Chattanooga Business Improvement District (CBID)

2024	Facility Lease	4.44%	18,489	1,399	19,888
2025		4.44%	19,733	553	20,286
2026		4.44%	1,687	6	1,693
	Total CBID indebtedness		<u>39,909</u>	<u>1,958</u>	<u>41,867</u>
	Total component unit indebtedness		<u>\$ 18,437,157</u>	<u>\$ 3,510,960</u>	<u>\$ 21,948,117</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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
General government	\$ 95,191,494	\$ 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
Economic & community development	28,646,538	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	136,355,857	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
Public works	61,924,488	64,023,445	-	-	-	-	-	-	-	-
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	19,402,649	17,056,164	-	-	-	-	-	-	-	-
Early learning	19,723,689	12,619,804	-	-	-	-	-	-	-	-
Interest on long-term debt	2,919,734	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
Total governmental activities expenses	<u>364,164,449</u>	<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>
Business-type activities:										
Electric utility, including fiber optics	782,778,000	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
Sewer	69,174,190	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
Solid waste	6,034,886	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
Stormwater management	17,161,571	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
Downtown redevelopment	1,726,498	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
Regional communication	2,047,397	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>878,922,542</u>	<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>
Total primary government expenses	<u>1,243,086,991</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	12,405,014	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
Economic & community development	3,180,597	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	1,433,831	642,243	706,085	788,301	708,997	691,340	960,516	878,733	934,476	820,316
Public works	7,030,465	6,353,488	-	-	-	-	-	-	-	-
Public works & transportation	-	-	2,858,193	2,813,739	2,427,357	2,256,844	536,615	524,452	581,137	501,462
Youth & family development	-	-	87,319	241,719	466,502	478,048	532,507	553,403	559,531	599,463
Parks and recreation	3,142,589	2,693,496	-	-	-	-	-	-	-	-
Operating grants and contributions	46,531,439	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
Capital grants and contributions	29,983,251	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
Total governmental activities program revenues	<u>103,707,186</u>	<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>
Business-type activities:										
Charges for services:										
Electric utility, including fiber optics	805,630,000	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
Sewer	116,944,844	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
Solid waste	5,488,599	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
Stormwater management	35,689,943	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
Downtown redevelopment	4,348,888	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
Regional communication	1,938,181	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	2,869,000	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
Total business-type activities program revenues	<u>972,909,455</u>	<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>
Total primary government program revenues	<u>1,076,616,641</u>	<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>
Net (expense)/revenue:										
Governmental activities	(260,457,263)	(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)
Business-type activities	93,986,913	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
Total primary government net expense	<u>(166,470,350)</u>	<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>

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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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 193,741,398	\$ 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
Liquor and beer taxes	8,779,569	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
Gross receipts tax	8,528,112	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
Franchise tax	5,408,674	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
Hotel-motel tax	9,948,881	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
Other taxes	2,493,258	1,944,302	2,343,018	2,017,775	362,712	658,303	750,707	222,074	134,509	162,765
Unrestricted investment earnings	8,080,465	(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
Grants not allocated to specific programs	118,992,377	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
Gain on sale of capital assets	625,415	503,875	1,714,974	285,040	723,448	1,110,365	831,846	836,089	1,501,675	197,445
Gain on equity interest in joint venture	730,006	-	-	-	-	-	229,028	-	23,684	65,251
Endowment contributions	-	-	-	-	-	-	-	-	-	105
Transfers	5,677,880	2,372,691	(8,535)	4,902,278	(19,030)	(10,047,603)	-	50,952	-	-
Total governmental activities	363,006,035	335,198,144	288,454,948	285,295,410	275,560,071	258,254,420	248,896,741	239,201,611	228,866,882	220,636,406
Business-type activities:										
Unrestricted investment earnings	8,340,171	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
Transfers	-	-	8,535	(4,902,279)	19,030	10,047,603	-	(50,952)	-	-
Total business-type activities	8,340,171	1,607,609	3,198,986	1,288,138	5,345,349	13,105,736	1,898,682	1,764,665	1,186,019	990,099
Total primary government	371,346,206	336,805,753	291,653,934	286,583,548	280,905,420	271,360,156	250,795,423	240,966,276	230,052,901	221,626,505
Change in Net Position										
Governmental activities	102,548,772	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
Business-type activities	102,327,084	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
Total primary government	\$ 204,875,856	\$ 291,124,935	\$ 171,552,495	\$ 68,425,231	\$ 143,324,725	\$ 118,653,738	\$ 87,684,567 ⁽²⁾	\$ 99,983,011	\$ 60,940,677	\$ 103,363,515 ⁽¹⁾

⁽¹⁾ In fiscal year 2014, GASB 67 and 68 were implemented.

⁽²⁾ 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			
	2023	2022	2021	2020
Governmental activities				
Net investment in capital assets	\$ 1,563,039,685	\$ 1,491,670,241	\$ 1,383,671,937	\$ 1,323,233,082
Restricted	142,302,143	99,677,788	89,816,293	91,569,529
Unrestricted	<u>(136,958,399)</u>	<u>(125,513,372)</u>	<u>(171,577,911)</u>	<u>(174,457,122)</u>
Total governmental activities net position	<u>1,568,383,429</u>	<u>1,465,834,657</u>	<u>1,301,910,319</u>	<u>1,240,345,489</u>
Business-type activities				
Net investment in capital assets	858,231,113	787,423,277	835,498,170	813,975,284
Restricted	118,288,928	123,211,979	116,431,327	102,022,445
Unrestricted ⁽¹⁾	<u>376,233,505</u>	<u>339,791,206</u>	<u>171,296,368</u>	<u>100,976,688</u>
Total business-type activities net position	<u>1,352,753,546</u>	<u>1,250,426,462</u>	<u>1,123,225,865</u>	<u>1,016,974,417</u>
Primary government				
Net investment in capital assets	2,421,270,798	2,279,093,518	2,219,170,107	2,137,208,366
Restricted	260,591,071	222,889,767	206,247,620	193,591,974
Unrestricted	<u>239,275,106</u>	<u>214,277,834</u>	<u>(281,543)</u>	<u>(73,480,434)</u>
Total primary government net position	<u>\$ 2,921,136,975</u>	<u>\$ 2,716,261,119</u>	<u>\$ 2,425,136,184</u>	<u>\$ 2,257,319,906</u>

⁽¹⁾ Solid Waste Fund has a negative, unrestricted net position balance due to EPA unfunded mandates for an old landfill.

⁽²⁾ In 2014, City implemented GASB 67 and 68.

⁽³⁾ In 2017, City implemented GASB 74 and 75.

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$1,324,097,124	\$1,285,941,167	\$1,277,949,718	\$1,272,353,698	\$1,275,429,168	\$1,204,844,784
71,556,811	65,361,086	60,727,476	66,118,034	47,791,629	47,931,872
(171,630,583)	(183,847,137)	(196,343,638) ⁽³⁾	(134,094,903)	(149,419,291)	(93,997,882) ⁽²⁾
<u>1,224,023,352</u>	<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>
741,029,373	720,686,418	652,037,064	590,844,184	603,011,447	573,918,419
97,897,857	70,984,783	76,121,378	49,238,536	69,421,422	46,644,598
125,944,093	86,443,633	53,364,214 ⁽³⁾	78,680,556	(23,077,281)	(13,959,374) ⁽²⁾
<u>964,871,323</u>	<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>
2,065,126,497	2,006,627,585	1,929,986,782	1,863,197,882	1,878,440,615	1,778,763,203
169,454,668	136,345,869	136,848,854	115,356,570	117,213,051	94,576,470
(45,686,490)	(97,403,504)	(142,979,424) ⁽³⁾	(55,414,347)	(172,496,572)	(107,957,256) ⁽²⁾
<u>\$2,188,894,675</u>	<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>

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	
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	161,919,625
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
2023	193,741,398	3,272,159	5,507,410	8,528,112	5,408,674	9,948,881	2,493,258	228,899,892

CITY OF CHATTANOOGA, TENNESSEE

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General fund										
Nonspendable	\$ 864,595	\$ 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
Restricted	12,741,388	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
Committed	1,030,880	978,792	976,605	952,883	895,680	808,990	810,609	645,036	795,692	689,137
Assigned	14,556,988	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
Unassigned	129,091,032	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
Total general fund	<u>158,284,883</u>	<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>
All other governmental funds										
Nonspendable	6,259,977	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
Restricted	122,771,934	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
Committed	6,816,610	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
Assigned	-	-	-	-	-	1,795,550	1,556,472	1,315,448	1,107,806	827,293
Total all other governmental funds	<u>135,848,521</u>	<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>
Total governmental funds	<u>\$ 294,133,404</u>	<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>

CITY OF CHATTANOOGA, TENNESSEE

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year			
	2023	2022	2021	2020
Revenues				
Taxes	\$ 227,391,618	\$ 218,183,921	\$ 185,209,894	\$ 179,386,665
Licenses and permits	8,358,364	7,522,078	7,614,966	7,593,342
Intergovernmental	166,568,999	152,329,025	147,448,984	129,091,166
Charges for services	5,188,189	4,387,217	4,091,389	3,927,303
Fines, forfeitures and penalties	1,973,350	2,276,781	1,464,849	1,358,350
Investment income	9,249,707	(64,724)	2,202,409	4,443,739
Contributions and donations	444,439	334,396	6,779,620	1,191,805
Sale of property	625,415	503,875	1,721,994	285,042
Miscellaneous	11,367,539	8,022,159	9,294,434	8,958,698
Total revenues	<u>431,167,620</u>	<u>393,494,728</u>	<u>365,828,539</u>	<u>336,236,110</u>
Expenditures				
General government	88,405,620	85,996,891	71,291,961	68,774,665
Economic & community development	27,319,857	21,478,121	13,188,443	11,116,453
Public safety	148,238,334	140,565,973	113,184,112	120,584,851
Public works	42,789,638	42,096,770	-	-
Public works & transportation	-	-	48,953,553	52,128,431
Youth & family development	-	-	28,594,469	29,383,343
Parks and outdoors	18,807,895	14,688,314	-	-
Early leaning	19,437,674	13,843,669	-	-
Capital outlay	42,901,731	38,214,854	39,125,641	32,468,708
Principal	19,639,263	18,145,412	18,153,780	19,298,160
Interest	6,531,842	5,700,700	6,276,326	6,035,667
Total expenditures	<u>414,071,854</u>	<u>380,730,704</u>	<u>338,768,285</u>	<u>339,790,278</u>
Excess of revenues over (under) expenditures	17,095,766	12,764,024	27,060,254	(3,554,168)
Other financing sources (uses)				
Transfers in	63,587,273	58,722,265	53,936,070	54,370,712
Transfers out	(65,587,272)	(59,172,265)	(56,813,742)	(56,980,523)
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)
Notes issued	-	-	-	-
Subscription-based IT arraignments	3,272,821	-	-	-
Leases	2,405,057	2,367,886	-	-
Total other financing sources (uses)	<u>3,677,879</u>	<u>17,164,604</u>	<u>(2,877,672)</u>	<u>21,561,768</u>
Net change in fund balances	<u>\$ 20,773,645</u>	<u>\$ 29,928,628</u>	<u>\$ 24,182,582</u>	<u>\$ 18,007,600</u>
Debt service as a percentage of non-capital expenditures	6.83%	6.74%	7.96%	7.95%

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 175,253,318	\$ 172,980,292	\$ 163,443,650	\$ 155,799,808	\$ 151,630,655	\$ 147,420,648
7,916,922	6,938,663	7,569,081	7,352,468	6,519,237	6,384,410
126,600,057	122,729,461	113,376,554	109,583,823	104,921,960	96,926,638
4,020,963	4,394,849	4,558,271	4,491,755	5,596,920	6,017,985
1,364,832	1,367,852	2,117,601	2,599,585	2,721,488	2,051,888
4,191,025	3,451,398	3,277,471	1,972,171	1,111,693	1,581,549
1,851,373	5,322,453	1,244,604	1,609,166	982,639	782,545
723,642	-	-	-	-	-
8,969,818	8,763,086	7,445,416	6,651,589	8,144,924	6,236,014
<u>330,891,950</u>	<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>
64,751,771	63,148,457	65,960,761	63,105,668	64,148,350	61,432,644
10,092,368	9,768,808	8,917,998	8,633,354	8,617,777	6,896,838
116,575,652	111,685,239	103,566,128	96,260,548	93,447,712	93,249,612
-	-	-	-	-	-
48,376,794	47,288,529	39,207,550	37,834,604	37,822,758	38,201,294
29,607,847	28,071,723	26,506,698	25,772,920	23,744,490	21,738,673
-	-	-	-	-	-
-	-	-	-	-	-
27,412,439	25,286,422	33,351,247	35,147,388	35,186,418	22,598,368
20,982,893	20,689,981	18,058,024	17,164,347	19,324,913	12,970,806
6,793,170	7,454,385	7,500,114	7,426,116	7,421,843	7,030,200
<u>324,592,934</u>	<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>
6,299,016	12,554,510	(35,872)	(1,284,580)	(8,084,745)	3,283,242
64,620,727	55,217,621	39,699,793	44,454,692	59,632,771	38,834,687
(64,639,757)	(55,217,621)	(39,699,794)	(44,403,738)	(61,032,771)	(39,321,328)
-	-	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
(3,255,000)	-	(14,898,565)	(21,414,829)	(19,324,578)	-
-	-	-	-	83,132	-
-	-	-	-	-	-
-	845,200	5,977,735	-	-	-
<u>(3,274,030)</u>	<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>\$ 3,024,986</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>
9.07%	9.69%	9.10%	9.12%	9.69%	8.24%

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 ⁽¹⁾	Assessed Value as a Percentage of Actual Value
	Real Property ⁽³⁾			Public Utilities	Personalty	Original Total Taxable Value ⁽¹⁾⁽²⁾			
	Residential Property	Commercial Property	Multi-Use Property						
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%
2023	2,969,671,176	3,878,146,382	74,927,708	775,573,601	291,580,671	7,989,899,538	2.250	25,224,433,549	31.68%

Source: City Treasurer

⁽¹⁾ All assessments and estimated actual values are based on initial levy and do not include any adjustments.

⁽²⁾ Assessments for tax exempt properties are excluded from taxable value. The Hamilton County Tax Assessor does not maintain assessments for these properties.

⁽³⁾ 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 ⁽¹⁾
		General Fund Tax Rate	School Fund Tax Rate	Road Fund Tax Rate		
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
2023	2.2500	1.2639	0.9654	0.0080	2.2373	4.4873

Source: www.hamiltontn.gov/trustee/

⁽¹⁾ 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 ⁽¹⁾	2023			2014		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Electric Power Board	\$ 377,218,667	1	4.45%	\$ 283,057,601	1	5.31%
Tennessee Valley Authority (Computer Center)	98,685,268	2	1.17%			
CBL & Associates	90,523,760	3	1.07%	80,986,302	3	1.52%
CS1031	74,151,680	4	0.88%			
Tennessee-American Water Co.	66,976,427	5	0.79%	45,817,284	5	0.86%
Unum/Provident	58,492,888	6	0.69%	35,774,881	6	0.67%
Vision Chattanooga	47,353,680	7	0.56%			
AGL Resources-Chatt. Gas Co.	36,137,130	8	0.43%			
WALMART	34,921,680	9	0.41%	30,744,881	7	0.58%
Norfolk Southern RR	31,664,457	10	0.37%			
BlueCross BlueShield				94,830,701	2	1.78%
AT&T (BellSouth)				50,074,618	4	0.94%
JDK Real Estate (Kenco Group)				29,059,317	8	0.55%
Parkridge Medical Center				24,253,474	9	0.45%
Chattem				24,217,421	10	0.45%
Totals	<u>\$ 916,125,637</u>		<u>10.82%</u>	<u>\$ 698,816,480</u>		<u>13.11%</u>

Source: The City Treasurer

⁽¹⁾ 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 ⁽¹⁾	Cumulative Adjustments to Tax Levy ⁽²⁾	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
2014	\$ 114,416,715	\$ (634,990)	\$ 113,781,725	\$ 107,610,482	94.6%	\$ 5,248,582	\$ 112,859,064	99.2%
2015	116,480,000	(35,414)	116,444,586	110,399,359	94.8%	4,645,981	115,045,340	98.8%
2016	118,013,601	(42,531)	117,971,070	112,528,120	95.4%	4,849,335	117,377,455	99.5%
2017	120,665,972	(311,088)	120,354,884	116,366,570	96.7%	3,305,254	119,671,824	99.4%
2018	134,748,526	(765,281)	133,983,245	128,784,910	96.1%	3,560,803	132,345,713	98.8%
2019	137,314,441	(1,244,761)	136,069,680	130,780,192	96.1%	3,599,711	134,379,903	98.8%
2020	140,035,693	(708,393)	139,327,300	133,369,720	95.7%	4,823,067	138,192,787	99.2%
2021	142,594,816	(542,183)	142,052,633	136,763,252	96.3%	3,439,121	140,202,373	98.7%
2022	174,590,683	(698,996)	173,891,687	166,770,305	95.9%	3,861,573	170,631,878	98.1%
2023	179,582,552	(192,464)	179,390,088	171,773,971	95.8%	-	171,773,971	95.8%

⁽¹⁾ Total billed amounts from City Treasurer's Office.

⁽²⁾ 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 ⁽¹⁾	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
2022	565	860,977,155	1,902	288,971,046	10,234,238,227	11,878,386,034	530,146,675

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.

⁽¹⁾ 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>
2014	\$ 39,781,604	\$ 11,948,621	\$ 11,340,990	\$ 3,744,628	\$ 2,402,905 ⁽¹⁾	\$ 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
2023	68,473,283	21,492,897	18,332,853	14,654	5,679,701	17,118,454	131,111,842

⁽¹⁾ 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
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	182,453	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	191,406	10.14
2023	168,628	12.46	22,417	13.85	3,074	9.71	134	17.23	194,253	11.17

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	Notes	Leases /	Revenue	General	Notes	Leases /		Percentage	Per	Percentage	Per
	Obligation	Payable	SBITAs	Bonds	Obligation	Payable	SBITAs		of Personal	Capita ⁽¹⁾	of Personal	Capita ⁽¹⁾
	Bonds			Bonds	Bonds			Income ⁽¹⁾		Income ⁽¹⁾		
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 ⁽²⁾	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 ⁽²⁾	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 ⁽²⁾	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 ⁽²⁾	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 ⁽²⁾	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 ⁽²⁾	5,586,530	1,323,484	372,725,000	18,625,816	190,163,484	-	739,714,570	8.54%	4,008	4.24%	2,008
2022	142,581,492 ⁽²⁾	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
2023	129,141,150 ⁽²⁾	1,877,310	5,632,506	325,982,000	14,013,657	200,463,951	-	677,110,574	6.82%	3,678	3.54%	1,907

⁽¹⁾ See the schedule of Demographic and Economic Statistics for income and population data.

⁽²⁾ Includes premium and discount

CITY OF CHATTANOOGA, TENNESSEE

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

Fiscal Year	GO Bonds ⁽¹⁾	Notes and Leases/SBITA	Total	Less:	Debt Supported	% Estimated Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
				Debt Service Fund Balance	by Property Tax Total		
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
2023	103,466,480	7,203,816	110,670,296	3,049,424	107,620,872	0.42%	585

⁽¹⁾ GO Bonds includes premiums and discounts

⁽²⁾ See the schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

⁽³⁾ 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 ⁽¹⁾			Debt Supported by Designated Revenue Streams Other Than Property Taxes						
	Total	Less:	Total	Hotel-Motel	HUD Sec.		Sewer	Solid Waste	Stormwater	EPB
	Debt	Tax Supported Gen Gov Debt	Self Supported Debt	Debt	Lease/SBITA	108 Notes	Debt	Debt	Debt	Debt
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	-
2023	351,128,574	124,107,120	227,021,454	25,674,670	-	306,000	200,974,758	2,380,768	11,122,082	-

⁽¹⁾ Primary Government includes premiums and discounts

CITY OF CHATTANOOGA, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽²⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hamilton County General Obligation Debt	\$ 305,214,142	58.5693%	<u>\$ 178,761,786</u>
Subtotal, overlapping debt ⁽¹⁾			178,761,786
City of Chattanooga debt related to governmental activities ⁽³⁾			118,715,177
City original issue premiums and discounts			<u>16,063,630</u>
Total direct and overlapping debt			<u><u>\$ 313,540,593</u></u>

Source: Assessed value data used to estimate applicable percentages provided by Hamilton County.

Notes:

- ⁽¹⁾ Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Chattanooga. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.
- ⁽²⁾ The percentage of overlapping debt is calculated by dividing the City's assessed property values by the total Hamilton County assessments.
- ⁽³⁾ Please see Ratios of General Bonded Debt Outstanding for the debt supported by property taxes.

CITY OF CHATTANOOGA, TENNESSEE

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2023	2022	2021	2020
Debt limit ⁽¹⁾	\$ 797,273,649	\$ 772,269,443	\$ 623,441,294	\$ 610,060,489
Total net debt applicable to limit ⁽²⁾	<u>107,620,872</u>	<u>116,373,321</u>	<u>122,101,111</u>	<u>139,919,964</u>
Legal debt margin	<u>\$ 689,652,777</u>	<u>\$ 655,896,122</u>	<u>\$ 501,340,183</u>	<u>\$ 470,140,525</u>
Total net debt applicable to the limit as a percentage of debt limit	13.50%	15.07%	19.59%	22.94%

Legal Debt Margin Calculation by Fiscal Year

Assessed value	\$ 7,972,736,488	\$ 7,722,694,431	\$ 6,234,412,936	\$ 6,100,604,893
Debt limit (10% of total assessed value)	797,273,649	772,269,443	623,441,294	610,060,489
Debt applicable to limit:				
General obligation debt	110,670,296	119,044,661	124,494,506	142,038,777
Less: amount set aside for repayment of general obligation debt	<u>(3,049,424)</u>	<u>(2,671,340)</u>	<u>(2,393,395)</u>	<u>(2,118,813)</u>
Total net debt applicable to limit	<u>107,620,872</u>	<u>116,373,321</u>	<u>122,101,111</u>	<u>139,919,964</u>
Legal debt margin	<u>\$ 689,652,777</u>	<u>\$ 655,896,122</u>	<u>\$ 501,340,183</u>	<u>\$ 470,140,525</u>

⁽¹⁾ The City of Chattanooga's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

⁽²⁾ General obligation debt may be offset by amounts set aside for repaying general obligation bonds. See "Ratio's of General Bonded Debt Outstanding" on page F-17 and F-18 for details.

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 599,278,414	\$ 590,946,293	\$ 522,577,906	\$ 511,102,589	\$ 504,460,741	\$ 495,524,906
131,526,178	149,379,477	167,739,275	174,587,258	153,348,109	168,114,593
<u>\$ 467,752,236</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>
21.95%	25.28%	32.10%	34.16%	30.40%	33.93%

Legal Debt Margin Calculation by Fiscal Year					
\$ 5,992,784,141	\$ 5,909,462,932	\$ 5,225,779,059	\$ 5,111,025,892	\$ 5,044,607,410	\$ 4,955,249,059
599,278,414	590,946,293	522,577,906	511,102,589	504,460,741	495,524,906
134,575,488	152,369,566	169,517,671	176,749,235	156,794,120	173,135,345
(3,049,310)	(2,990,089)	(1,778,396)	(2,161,977)	(3,446,011)	(5,020,752)
<u>131,526,178</u>	<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>\$ 467,752,236</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>

CITY OF CHATTANOOGA, TENNESSEE

HISTORICAL DEBT RATIOS

June 30, 2023

	Fiscal Year			
	2023	2022	2021	2020
Estimated population	184,806	182,113	182,799	182,799
Appraised property valuation	\$ 25,224,433,549	\$ 24,548,314,465	\$ 19,899,791,161	\$ 23,200,776,303
Assessed property valuation	7,989,899,538	7,722,694,431	6,234,412,936	6,100,604,893
Gross indebtedness ⁽¹⁾	364,045,609	393,344,286	398,108,498	384,056,285
Less: Self-supporting indebtedness ⁽²⁾	271,311,102	288,907,677	290,096,185	260,612,579
Debt Service Fund	3,049,424	2,671,339	2,396,142	2,118,813
Net direct indebtedness	89,685,083	101,765,270	105,616,171	121,324,893
Plus: Estimated net overlapping indebtedness	178,761,786	212,376,097	167,399,967	161,569,272
Net direct and overlapping indebtedness	<u>\$ 268,446,869</u>	<u>\$ 314,141,367</u>	<u>\$ 273,016,138</u>	<u>\$ 282,894,165</u>
Gross debt per capita	\$ 1,969.88	\$ 2,159.89	\$ 2,177.85	\$ 2,100.98
Net direct debt per capita	485.29	558.80	577.77	663.71
Net direct and overlapping debt per capita	1,452.59	1,724.98	1,493.53	1,547.57
Gross debt to appraised valuation	1.44%	1.60%	2.00%	1.66%
Net direct debt to appraised valuation	0.36%	0.41%	0.53%	0.52%
Net direct debt and overlapping debt to appraised valuation	1.06%	1.28%	1.37%	1.22%
Gross debt to assessed valuation	4.56%	5.09%	6.39%	6.30%
Net direct debt to assessed valuation	1.12%	1.32%	1.69%	1.99%
Net direct and overlapping debt to assessed valuation	3.36%	4.07%	4.38%	4.64%

⁽¹⁾ Gross indebtedness of the primary government less revenue bonds payable by the EPB of Chattanooga.

⁽²⁾ Includes the self-supporting debt of Governmental Activities, and Business-Type Activities other than EPB, including the blended Chattanooga Downtown Redevelopment Corporation

Fiscal Year					
2019	2018	2017	2016	2015	2014
180,557	179,139	177,571	176,588	173,366	173,366
\$ 18,964,234,130	\$ 18,515,514,113	\$ 16,617,822,120	\$ 16,253,882,118	\$ 15,484,126,401	\$ 15,754,641,402
5,992,784,141	5,909,462,932	5,225,896,880	5,111,025,892	5,044,607,410	4,955,249,059
388,039,735	421,599,947	435,929,169	442,659,694	404,376,144	422,909,531
266,592,168	283,502,826	282,579,251	279,996,798	255,342,366	257,073,903
3,049,310	2,990,089	1,778,396	2,161,977	3,446,011	5,020,752
118,398,257	135,107,032	151,571,522	160,500,919	145,587,767	160,814,876
183,016,242	204,647,086	158,510,550	170,209,506	164,152,697	146,010,497
<u>\$ 301,414,499</u>	<u>\$ 339,754,118</u>	<u>\$ 310,082,072</u>	<u>\$ 330,710,425</u>	<u>\$ 309,740,464</u>	<u>\$ 306,825,373</u>
\$ 2,149.13	\$ 2,353.48	\$ 2,454.96	\$ 2,506.74	\$ 2,332.50	\$ 2,439.40
655.74	754.20	853.58	908.90	839.77	927.60
1,669.36	1,896.59	1,746.24	1,872.78	1,786.63	1,769.81
2.05%	2.28%	2.62%	2.72%	2.61%	2.68%
0.62%	0.73%	0.91%	0.99%	0.94%	1.02%
1.59%	1.83%	1.87%	2.03%	2.00%	1.95%
6.48%	7.13%	8.34%	8.66%	8.02%	8.53%
1.98%	2.29%	2.90%	3.14%	2.89%	3.25%
5.03%	5.75%	5.93%	6.47%	6.14%	6.19%

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	
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
2023	649,996,000	571,953,000	78,043,000	13,015,000	10,768,000	3.3

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 ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
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 ⁽³⁾	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
2022	20,487,245	15,950	20,471,295	11,826,000	1,433,234	1.5

⁽¹⁾ Total revenues include economic development sales tax, tourist development zone incremental sales tax, conference center net revenue, and interests on the debt service reserve.

⁽²⁾ Operating expenses include bank charges and arbitrage calculation cost.

⁽³⁾ 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 ⁽⁴⁾	Population ⁽¹⁾	Per Capita Income ⁽⁴⁾	Median Age ⁽²⁾	Education Level In Years of Formal Schooling ⁽²⁾	School Enrollment ⁽⁵⁾	Unemployment Rate ⁽³⁾
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%
2023	9,923,339,916	184,086	53,906	36.3	23.7% 4yr. Degree	45,059	2.7%

⁽¹⁾ U.S. Census Bureau.

⁽²⁾ Chamber of Commerce

⁽³⁾ Tennessee Department of Labor and Workforce Development

⁽⁴⁾ U.S. Department of Commerce Bureau of Economic Analysis

⁽⁵⁾ Hamilton County Department of Education

CITY OF CHATTANOOGA, TENNESSEE

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2023 (1)			2014 (2)		
	Full-time Employees	Rank	Percentage of Total City Employment	Full-time Employees	Rank	Percentage of Total City Employment
● Hamilton County Schools	5,375	1	1.92%	4,480	1	1.76%
● BlueCross BlueShield of Tennessee	4,776	2	1.70%	4,282	2	1.69%
Volkeswagen Chattanooga	4,668	3	1.67%	2,107	9	0.83%
● Erlanger Health System	4,632	4	1.65%	3,468	4	1.37%
Tennessee Valley Authority	3,746	5	1.34%	4,180	3	1.65%
CHI Memorial	3,525	6	1.26%	2,832	5	1.12%
● McKee Foods Corporation	3,196	7	1.14%	2,950	7	1.16%
● Unum	2,872	8	1.02%	2,800	6	1.10%
Amazon.com Services LLC	2,751	9	0.98%	1,879	10	0.74%
Roper Corporation	2,500	10	0.89%			0.00%
Total	38,041		13.58%	28,978		11.41%

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, 2014

- 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									
	2023	2022	2021 ⁽⁵⁾	2020	2019	2018	2017	2016	2015	2014
General Government	322	315	237	231	222	219 ⁽⁴⁾	367	368	373	359 ⁽¹⁾
Public Safety										
Police										
Sworn	477	475	500	500	500	500	486	486	486	486
Civilian	116	115	115	115	115	120	119	115	115	103
Fire										
Sworn	430	443	443	443	443	429	429	429	429	429
Civilian	25	25	25	25	24	24	16	16	17	17
Public Works	376	386	374	407	407	404	366	368	368	376
Economic & Community Development	-	175	111	111	101	100	95	85	86	80
Community Development	173	-	-	-	-	-	-	-	-	-
Economic Development	20	-	-	-	-	-	-	-	-	-
Youth & Family Development	-	-	600 ⁽⁶⁾	386	403	406	424	423	426	412 ⁽²⁾
Parks & Outdoors	274	263	-	-	-	-	-	-	-	-
Early Learning	310	307	-	-	-	-	-	-	-	- ⁽²⁾
Transportation	-	-	66	65	61	60	60	60	58	47 ⁽³⁾
WasteWater	217	205	199	191	181	176	177	161	147	147
Solid Waste/Sanitation	16	15	15	15	15	20	20	20	20	20
Stormwater	164	155	155	153	149	143	152	152	151	141
EPB	696	659	630	617	602	592	597	552	545	547
Totals	<u>3,616</u>	<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>3,221</u>	<u>3,164</u>

Source: City Budget Office Position Summary.

⁽¹⁾ In FY14, General Services absorbed the Civic Facilities positions from the Education Arts & Culture dissolved department

⁽²⁾ In FY14, the Parks & Recreation and Education, Arts & Culture departments were dissolved and the function absorbed by other departments.

⁽³⁾ In FY14, the Transportation department was established with 47 positions.

⁽⁴⁾ In FY18, the General Services department was merged with Public Works, Fire and Economic & Development departments

⁽⁵⁾ In FY21, added Part-time positions to the total count

⁽⁶⁾ 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	2023	2022	2021	2020	2019	Fiscal Year 2018	2017	2016	2015	2014
General Government										
311 Service Requests Created	101,702	136,686	149,102	153,475	150,443	131,225	156,370	137,005	154,546	156,724
% of Current Tax Levy Collected	96.1	100.1	103.3	100.8	95.5	95.6	96.4	95.4	94.8	94.0
Police										
Crimes Committed ⁽¹⁾	29,333	29,920	25,115	23,121	26,272	23,882	23,556	21,619	12,622	12,902
Moving/Parking Violations	22,409	25,216	27,590	33,489	24,870	24,618	22,534	39,326	47,425	40,727
Citizen Complaints	109	108	110	105	66	55	42	n/a	20	64
Fire										
Emergency Calls	24,707	24,005	20,403	18,887	19,704	18,849	19,429	17,311	16,356	15,926
Inspections	4,094	4,095	4,314	4,109	4,539	4,228	5,093	8,103	5,078	3,263
Public Works/Transportation										
Sidewalks Repaired (sq.ft.)	8,690	1,054	14,278	619	4,513	11,902	16,751	65,050	18,473	66,056
Streets Paved (sq.ft.)	1,672,704	338,076	361,648	778,097	382,353	2,124,852	1,467,417	2,024,985	1,384,359	389,500
Parks, Recreation, Arts & Culture										
Chattanooga Zoo-Attendance	289,854	291,729	288,561	192,514	289,399	262,426	252,629	232,123	183,173	152,561
Recreation Centers-Attendance ⁽²⁾	255,879	54,098	75,532	88,103	123,749	462,314	536,199	791,138	510,599	600,805
Social Services										
Households Assisted	3,744	3,840	5,580	5,653	5,662	4,898	5,542	6,247	8,192	9,636
Interceptor Sewer System										
% of Consent Decree Requirements Met	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
% of Capacity, Management, Operations and										
Maintenance goals met	62%	67%	71%	64%	60%	80%	95%	100%	100%	100%
# of Full NPDES Compliance Days at the										
MBWWTP	349	360	359	353	202	362	364	352	363	356
Solid Waste/Sanitation										
NPDES Landfill Violations	-	-	-	-	1	-	-	-	-	-
Violation Notices to Industry	-	-	-	-	-	-	-	-	37	-
Areas of Concern (New for FY17)	-	2	4	4	7	11	5	-	-	-
Stormwater										
311 Service Requests Created	2,083	2,047	2,371	2,864	2,673	2,138	1,238	1,576	1,440	1,650
311 Service Requests Unresolved	-	-	34	31	-	-	38	126	116	95

Source: City Budget office.

⁽¹⁾ Crimes committed are reported on the prior calendar year as reported by the Chattanooga Police Dept. ChattResults.

⁽²⁾ 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
City Fleet	623	793	822	1,008	925	1,489	1,737	1,737	1,739	1,734
Properties Returned to Tax Rolls	38	-	-	-	74	57	80	100	111	57
Police										
Stations	6	6	6	4	4	4	4	4	4	4
Patrol Units	373	331	370	572	575	586	586	586	588	580
Fire										
Stations	20	20	20	20	20	20	20	19	19	19
Ladder Trucks/Fire Engines/Combos ⁽¹⁾	51	48	49	33	50	28	27	27	27	27
Public Works										
Miles of Paved Streets	1,218	1,217	1,214	1,212	1,210	1,210	1,200	1,160	1,160	1,160
Signalized Intersections	348	348	346	343	341	335	339	336	330	327
Garbage Trucks	24	24	22	25	28	25	26	25	25	25
Knuckleboom Trucks	23	23	24	20	24	27	27	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	1,263
Pump Stations	78	78	78	78	77	82	82	82	71	71
Parks, Recreation, Arts & Culture										
Parks	84	84	84	84	84	84	82	80	79	74
Recreation Centers	15	15	15	15	15	15	15	15	15	15

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.
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	276.8	269.0	7.8	2.8	3.6	4.0
2022	271.9	264.0	7.9	2.9	3.5	3.5

Source: Bureau of Labor Statistics (www.bls.gov)

CITY OF CHATTANOOGA, TENNESSEE

OTHER TAXES

LAST TEN FISCAL YEARS

Fiscal Year	Local Option Sales Taxes ⁽¹⁾			Other Tax Receipts					
	County-Wide Sales Tax	County-Wide Designated Sales Tax	Total Local Option Tax	Tourist Development Zone Sales Tax ⁽²⁾		Hotel-Motel Occupancy Tax ⁽³⁾	State		
				State	Local		Sales Tax	Income Tax ⁽⁴⁾	
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	
2023	68,473,283	18,332,853	86,806,136	1,720,949	-	9,015,694	21,492,897	14,654	

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ Income Tax - The Hall Income Tax was repealed for tax periods that begin on January 1, 2021. The amounts that the City received after this relates to tax periods before that time.

CITY OF CHATTANOOGA, TENNESSEE

**CAPITAL IMPROVEMENT PROGRAM
FIVE YEARS**

	2024	2025	2026	2027	2028	Total
Department						
Public Works	\$ 200,434,992	\$ 175,858,000	\$ 148,655,625	\$ 98,438,031	\$ 79,105,527	\$ 702,492,175
Police	950,000	5,600,000	6,900,000	6,550,000	3,100,000	23,100,000
Fire	8,300,000	6,150,700	5,900,000	5,900,000	5,800,000	32,050,700
Community Development	400,000	-	-	-	-	400,000
Economic Development	300,000	-	-	-	-	300,000
General Government	4,672,830	2,600,000	1,200,000	1,200,000	1,200,000	10,872,830
Parks & Outdoors	3,415,000	6,450,000	3,900,000	2,100,000	2,100,000	17,965,000
Total	\$ 218,472,822	\$ 196,658,700	\$ 166,555,625	\$ 114,188,031	\$ 91,305,527	\$ 787,180,705
Bonds/Loan						
General Fund	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 75,000,000
ISS (Gen Oblig Bonds/WIFIA Loan)	25,000,000	27,030,000	16,350,000	-	-	68,380,000
ISS (SRF Loan)	46,700,000	21,200,000	19,620,000	-	-	87,520,000
Total Bonds	86,700,000	63,230,000	50,970,000	15,000,000	15,000,000	230,900,000
Cash/Reserves						
General Fund	12,500,000	35,270,700	20,400,000	11,150,000	6,500,000	85,820,700
Economic Development Fund	7,750,000	6,000,000	5,000,000	6,000,000	5,000,000	29,750,000
Hotel-Motel Fund	4,500,000	4,000,000	4,000,000	4,000,000	4,000,000	20,500,000
Fleet Fund	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	22,500,000
State Street Aid	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	9,000,000
Miscellaneous Revenue	2,488,558	-	-	-	-	2,488,558
Stormwater	11,042,500	14,113,000	13,855,625	8,638,031	8,305,527	55,954,683
Interceptor Sewer	53,850,000	61,345,000	48,530,000	43,800,000	33,300,000	240,825,000
Total Cash/Reserves	97,631,058	127,228,700	98,285,625	80,088,031	63,605,527	466,838,941
External Sources						
Hamilton County	2,412,830	2,500,000	2,500,000	2,500,000	2,500,000	12,412,830
State of Tennessee	24,928,934	-	-	-	-	24,928,934
Community Development Block Grant	200,000	200,000	200,000	200,000	200,000	1,000,000
Federal	6,600,000	3,500,000	14,600,000	16,400,000	10,000,000	51,100,000
Total External Sources	34,141,764	6,200,000	17,300,000	19,100,000	12,700,000	89,441,764
Total All Sources	\$ 218,472,822	\$ 196,658,700	\$ 166,555,625	\$ 114,188,031	\$ 91,305,527	\$ 787,180,705

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, 2023**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Expenditures</u>	<u>Amount Passed-through to Subrecipients</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-47-0001	\$ 34,000	\$ -
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-47-0001	49,000	-
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-47-0001	17,743	-
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-47-0001	879,843	-
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-47-0001	225,666	-
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-47-0001	1,002,203	-
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-47-001	6,964	-
Total CDBG Entitlement Grants Cluster			<u>2,215,419</u>	<u>-</u>
THDA ESG Stage	14.231	E-20-MC-47-0001	35,102	-
ESG21-CV2-47	14.231	E-20-DW-47-0002	181,213	-
THDA ESG Stage	14.231	E-22-DC-47-001	185,322	-
Total Emergency Solutions Grant			<u>401,637</u>	<u>-</u>
HOME Investment Partnerships Program	14.239	M-19-MC-47-0200	577,344	-
HOME Investment Partnerships Program	14.239	M-20-MC-47-0200	130,500	-
HOME Investment Partnerships Program	14.239	M-20-MC-47-0200	878,886	707,844
Total HOME Investment Partnerships Program			<u>1,586,730</u>	<u>707,844</u>
Total U. S. Department of Housing and Urban Development			<u>4,203,786</u>	<u>707,844</u>
U.S. DEPARTMENT OF THE INTERIOR				
National Park Service, Historic Preservation Grants	15.928	P14AP00191	369,186	-
Total U.S. Department of the Interior			<u>369,186</u>	<u>-</u>

(Continued)

**CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2023**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Expenditures</u>	<u>Amount Passed-through to Subrecipients</u>
(Continued)				
U.S. DEPARTMENT OF JUSTICE				
2019 Police VOCA Grant	16.575	2015-VA-GX-0018	\$ 210,034	\$ -
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2019-DJ-BX-0789	80,516	-
COVID19 BJA FY20 CESF Program Grant	16.034	2020-VD-BX-1434	353,039	-
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2019-DJ-BX-0228	25,198	-
FY20 Crime Gun Intelligence Grant	97.067	EMW-2018-SS-00033-S01	187,409	-
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	15PBJA-21-GG-01838-JAGX	140,133	-
FJC - OVC Hope & Healing Grant	16.582	2019-V3-GX-K036	334,721	-
FJC - VOCA Grant	16.575		145,130	-
PSN-E Grant	16.609	2020-GP-BX-0075	11,908	-
VCIF Grant	16.045		223,540	-
American Rescue Plan Act of 2021	21.027	TD021SLFRP0361A	7,930,959	5,404,019
NCSC EDI Grant	16.575		65,740	-
Total U. S. Department of Justice			<u>9,708,327</u>	<u>5,404,019</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Tennessee Department of Transportation:				
TDOT - Federal Highway Administration	20.205	TBD	376,165	-
TDOT-CRRSAA Grant	20.205		2,488,558	-
Total Highway Planning and Construction Cluster			<u>2,864,723</u>	<u>-</u>
Governor's Highway Safety Grant-THSO	20.607	Z21THS037	263,809	-
Governor's Highway Safety Grant-THSO	20.607	Z23THSO43	1,728	-
Total U. S. Department of Transportation			<u>3,130,260</u>	<u>-</u>

(Continued)

**CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2023**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Expenditures</u>	<u>Amount Passed-through to Subrecipients</u>
(Continued)				
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed Through Tennessee Libraries and Archives:				
State Metro Gen Library Services Grant - FY21	45.310	LS-246189-OLS-20	\$ 582,572	\$ -
Total Institute of Museum and Library Services			<u>582,572</u>	<u>-</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Air Pollution Control Program	66.001	408415	402,316	-
Surveys, Studies, Investigations and Special Purpose Grants	66.034	96497415	97,500	-
EPA ARPA PM2.5	66.034	02D39522	31,100	-
Brownsfield Assessment and Cleanup	66.818	00D48016	3,936	-
Total U.S. Environmental Protection Agency			<u>534,852</u>	<u>-</u>
Clean Water State Revolving Loan Program (SRF 2019-428)	66.458	SRF 2016-357	4,106,374	-
Clean Water State Revolving Loan Program (SRF 2019-429)	66.458	SRF 2019-428	25,018	-
Clean Water State Revolving Loan Program (SRF 2018-406-01)	66.458	SRF 2019-429	2,602,496	-
Clean Water State Revolving Loan Program (SRF 2020-440)	66.458	SRF 2020-440	4,087,387	-
Total Clean Water State Revolving Fund Cluster			<u>10,821,275</u>	<u>-</u>
Total U. S. Environmental Protection Agency			<u>11,356,127</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
HSGP County Grant-Fire	97.067	34101-1992	13,506	-
Easter 2020 Tornado FEMA DR-4541	97.036	FEMA 4541DR-TN	80,653	-
Total Federal Emergency Management Agency			<u>94,159</u>	<u>-</u>

(Continued)

**CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2023**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Expenditures</u>	<u>Amount Passed-through to Subrecipients</u>
(Continued)				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Early Head Start-Child Care Partnership Grant	93.600	04HP000428-01-02	\$ 973,829	\$ -
COVID19-FY21 Head Start	93.600	04HE000254-01-00	1,092,261	-
Head Start	93.600	04CH011734-03	11,623,351	-
Early Head Start-Child Care Partnership Grant	93.600	04HP00428	1,902,589	-
Total Head Start Cluster			<u>15,592,030</u>	<u>-</u>
Passed Through Tennessee Department of Human Services:				
Low-Income Home Energy Assistance	93.568	G-1801TNLIEA	1,551,626	-
Low-Income Home Energy Assistance	93.568	G-1801TNLIEA	1,566,566	-
Low-Income Water Assistance Program	93.568		324,307	-
Total Low-Income Home Energy Assistance			<u>3,442,499</u>	<u>-</u>
Community Services Block Grant	93.569	Z21-49104	455,139	-
COVID19-Community Services Block Grant	93.569	Z22-49204 COV	177,274	-
Community Services Block Grant	93.569	Z21-49104	440,146	-
Total 477 Cluster			<u>1,072,559</u>	<u>-</u>
Community Program to Improve Minority Health-OMH	93.137	6 CPIMP211293-01-01	459,769	-
Total U. S. Department of Health and Human Services			<u>20,566,857</u>	<u>-</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Foster Grandparents Program	94.011	20SFSTN002	457,824	-
Total Corporation for National and Community Services			<u>457,824</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT			<u>50,469,098</u>	<u>6,111,863</u>
(Continued)				

**CITY OF CHATTANOOGA, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR PERIOD ENDING JUNE 30, 2023**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Expenditures</u>	<u>Amount Passed-through to Subrecipients</u>
(Continued)				
STATE AWARDS				
Tennessee Commission on Aging & Disability				
AAAD Grant Eastgate Senior Center - FY23	N/A	00072	\$ 32,858	\$ -
TCAD Eastgate Grant	N/A	31602-23831	8,000	-
Total Tennessee Commission on Aging & Disability			<u>40,858</u>	<u>-</u>
Tennessee Department of Finance & Administration				
THDA Entitlement - CNE Project	N/A	Program Income	45,620	-
OCJP- TN Complete Count Census	N/A	NA	1,712	-
State Equipment Grant	N/A	NA	3,000	-
Total Tennessee Department of Finance & Administration			<u>50,332</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT			<u>91,190</u>	<u>-</u>
TOTAL EXPENDIUTRE OF FEDERAL AND STATE AWARDS - PRIMARY GOVERNMENT			<u>\$ 50,560,288</u>	<u>\$ 6,111,863</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

June 30, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 16, 2024. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chattanooga, Tennessee
February 16, 2024

*Henderson Hutcherson
& 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, 2023. 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, 2023. 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, 2023.

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.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chattanooga, Tennessee
February 16, 2024

*Henderson Hutcherson
& McCullough, PLLC*

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

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>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	U.S. Department of Health and Human Services Head Start
93.568	U.S. Department of Health and Human Services Low-Income Home Energy Assistance
14.239	U.S. Department of Housing and Urban Development Home Investment Partnerships Program
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, 2023

Dollar threshold used to distinguish between Type A
and Type B programs:

\$ 1,514,373

Auditee qualified as low-risk auditee?

yes

no

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS

Finding 2022-001

Condition: The City's accounting records were not closed within 60 days after June 30, 2022.

Current Status: Resolved.

FEDERAL AWARDS FINDINGS

Finding 2022-002

Condition: The City recorded grant expenditures that did not meet eligibility requirements.

Current Status: Resolved



City of Chattanooga

Department of Finance and Administration

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