



# cafr

comprehensive annual  
financial report

for the year  
ended June 30,  
**2000**

city of  
**chattanooga**  
tennessee





The Chattanooga  
Chattanooga Conference Center

RENDERING BY  
RABUN, HOGAN, OTA, AND RASCHE, DESIGN ARCHITECTS,  
ATLANTA, GEORGIA

FRANKLIN ARCHITECTS ARCHITECTS, INC., ARCHITECTS OF RECORD



RENDERING BY AP DIGITAL STUDIO AND GROXTON  
CALLABORATIVE ARCHITECTS

Development Resource Center



RENDERING BY DERTHICK, HENLEY & WILKERSON, ARCHITECTS

Convention and Trade Center – South Entrance

## front

Front Cover – Under construction, The Chattanooga, the Chattanooga Conference Center.

Inside Front Cover – Renderings of the Chattanooga Conference Center, the Development Resource Center and the Convention Center Expansion projects.

& inside cover

november 7, 2000

# mayor's

to the members of the city council,

# letter

and the citizens of chattanooga, tennessee:

It is with great pleasure that I present to you the Comprehensive Annual Financial Report for the City of Chattanooga for the year ended June 30, 2000. This report will demonstrate that the City remains in a very strong financial position while continuing to invest heavily in its communities and neighborhoods.

Chattanooga has been very innovative in its approach to ensuring economic growth for the area. Through cooperative efforts between the public and private sectors, we have experienced unprecedented growth over the past decade. Major projects are underway which will ensure even greater prosperity for all Chattanoogaans while maintaining an environment that is conducive to family and community life. The value of building permits issued during the past year of over \$300 million is the highest in Chattanooga's history – up nearly 6 percent over the previous record high set a year ago and more than double what it was just a decade ago.

Evidence of the city's growth and vitality is everywhere. It can be seen downtown as well as in neighborhoods. For the first time in decades the number of residential permits issued in the city exceeded those issued in the County – an indication that people see Chattanooga as a good place to live, work and play. Construction is booming all over the area. Residential construction is joined by over \$117.7 million of commercial and industrial construction underway on the southside. This includes the three projects in the Tourist Development Zone made possible by financing through incremental state sales tax made available under the Tourist Development Financing Act. The City was also successful in obtaining a \$35 million HOPE VI grant from the Department of Housing and Urban Development which will anchor a \$159 million project to replace Spencer J. McCallie Homes and revitalize the surrounding Alton Park neighborhood. Purchase of 940 acres of



PHOTO BY DAN REYNOLDS

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VAAP property by the City and County was finalized in October which paves the way for large industrial development in the area.

I am proud of Chattanooga's record. On every front, we have produced astounding results in making ours a strong and vibrant community with a spirit of cooperation by all who live here. I am confident that through the strong progressive leadership the city enjoys, we will remain a city that is known on a national level as one of the best mid-sized cities in America.

Sincerely,

A handwritten signature in blue ink that reads "Jon Kinsey". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jon Kinsey, Mayor



# chattanooga city council



Yusuf A. Hakeem District 9 Chairman of the Council



John Lively District 1



Dave W. Crockett District 3



Don Eaves District 4



John P. Franklin, Jr. District 5



Mai Bell Hurley District 2  
Vice Chairman of the Council



Marti Rutherford District 6



John Taylor District 7



Leamon Pierce District 8

PHOTOS BY DAN REYNOLDS

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# City of Chattanooga

DEPARTMENT OF FINANCE AND ADMINISTRATION  
CITY HALL ANNEX

Chattanooga, Tennessee 37402

PHONE: (423) 757-5290 • FAX: (423) 757-0525

**Jon Kinsey**  
Mayor

**James S. Boney**  
City Finance Officer

## november 3, 2000 letter of transmittal

To the Honorable Mayor Jon Kinsey, Members of the City Council, and the Citizens of Chattanooga, Tennessee:

In compliance with state and local statutes, I am submitting the Comprehensive Annual Financial Report (CAFR) of the City of Chattanooga for the fiscal year ended June 30, 2000. These ordinances and statutes require that the City of Chattanooga issue annually a report on its financial position and activities, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component



Daisy W. Madison, Deputy Finance Officer

PHOTOS BY DAN REYNOLDS



James S. Boney, Finance Officer

units of the City of Chattanooga, Tennessee. All disclosures necessary to enable the reader to gain an understanding of the City of Chattanooga's financial activities have been included.

The Comprehensive Annual Financial Report is divided into four sections: introductory, financial, single audit, and statistical. The introductory section includes this transmittal letter, a letter from the Mayor, the City's

organization chart, and a list of government officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report. The single audit section includes information related to the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations." The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

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PHOTO COURTESY TN PHOTO SERVICES

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

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

## Governmental Structure, Economic Conditions and Major Initiatives

Founded as a ferry landing and warehouse site in 1815, the City of Chattanooga was incorporated under State of Tennessee Private Acts of 1839. The City is the county seat of Hamilton County and is located near the southeastern corner of the state on the Tennessee-Georgia border. It encompasses an area of 126.9 square miles and a population of 145,700. The City is centrally located in relation to other major population centers of the southeast, being within a 150-mile radius of Knoxville and Nashville, Tennessee; Birmingham, Alabama; and Atlanta, Georgia. Over 10 million people live within a 2 to 2½ hour drive of Chattanooga. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also has the power to

extend its corporate limits by annexation in accordance with procedures established by state statute.

Chattanooga is one of the nation's oldest manufacturing cities with 24.6 percent of its employment in that sector. However, there is no single dominating industry. Economic advantages such as ample utilities, an efficient transportation system, abundant natural resources, a trained labor force and centralized location make Chattanooga a diversified and profitable business location. This largely accounts for the City's unprecedented low unemployment rate, which stands at 3.0 percent as of June 2000. This is comparable to the national unemployment rate of 4.2 percent and the state rate of 3.9 percent. Retail sales rose 4.0 percent over 1998. Our economy is experiencing steady growth as indicated by a 3.0 percent increase in the value of commercial construction and a 15.9 percent increase in residential construction over 1998 resulting in a healthy real estate market which continues to foster gains by raising property values.

The City has undergone a renaissance that can be surpassed by no other city of its size. This rebirth began in 1982 with the establishment of the Moccasin Bend Task Force which was developed as a result of the City's and County's initiative to determine the best use of 600-plus acres on the Moccasin Bend. The scope of the project soon expanded to include a 22-mile Tennessee River corridor as a catalyst for increasing Chattanooga's livability, for improving the area's prospects for attracting new investment, and for initiating new development that included industry, retail, office space, housing, and attractions. Through cooperative efforts of both the public and private sectors, over \$793 million of investment in the community and many major projects including the Tennessee Aquarium (the world's largest freshwater aquarium), Tennessee Riverpark, Walnut Street Bridge Renovation, Bessie Smith Hall, and Chattanooga Neighborhood Enterprise was realized. The first new office building in the heart of the downtown business district is being constructed in the block bordered by Broad St., M.L. King Blvd., and Market St. Plans are also separately underway to add parking spaces within the same block. Within eight years about 85 percent of the goal set forth in the Master Plan were accomplished. Chattanooga still had lots of work to do so the community revisited its accomplishments and set new goals. The goals of ReVision 2000 emphasized the environment, education, training, and jobs.

Coolidge Park (encompassing 10-acres) is the latest addition to the Tennessee Riverpark (a 22-mile public park along the Tennessee River). The park is named in honor of Charles Coolidge,



a World War II veteran who five decades ago was awarded the Medal of Honor. There have been 750 thousand visitors to the park in the past year. Located on Chattanooga's north shore waterfront, the park's 3-row vintage carousel, designed by Gustave Denzel and built in 1895, was restored and fitted with 52 animals carved and painted by local and out of town sculptors. There have been over 300 thousand riders in its first full year of operation. As with many of the projects that are part of Chattanooga's renaissance, Coolidge Park is a shining example of the public and private partnerships that exists here. Three local foundations provided more than 70 percent of the funding or over \$5 million for the park's development. This park joins the many other developments along the Tennessee River such as the Tennessee Aquarium, the Max Finley Stadium/Gordon Davenport Field, the Children's Creative Discovery Museum, the IMAX, and the Bijou Theatre, along with dozens of restaurants and retail shops

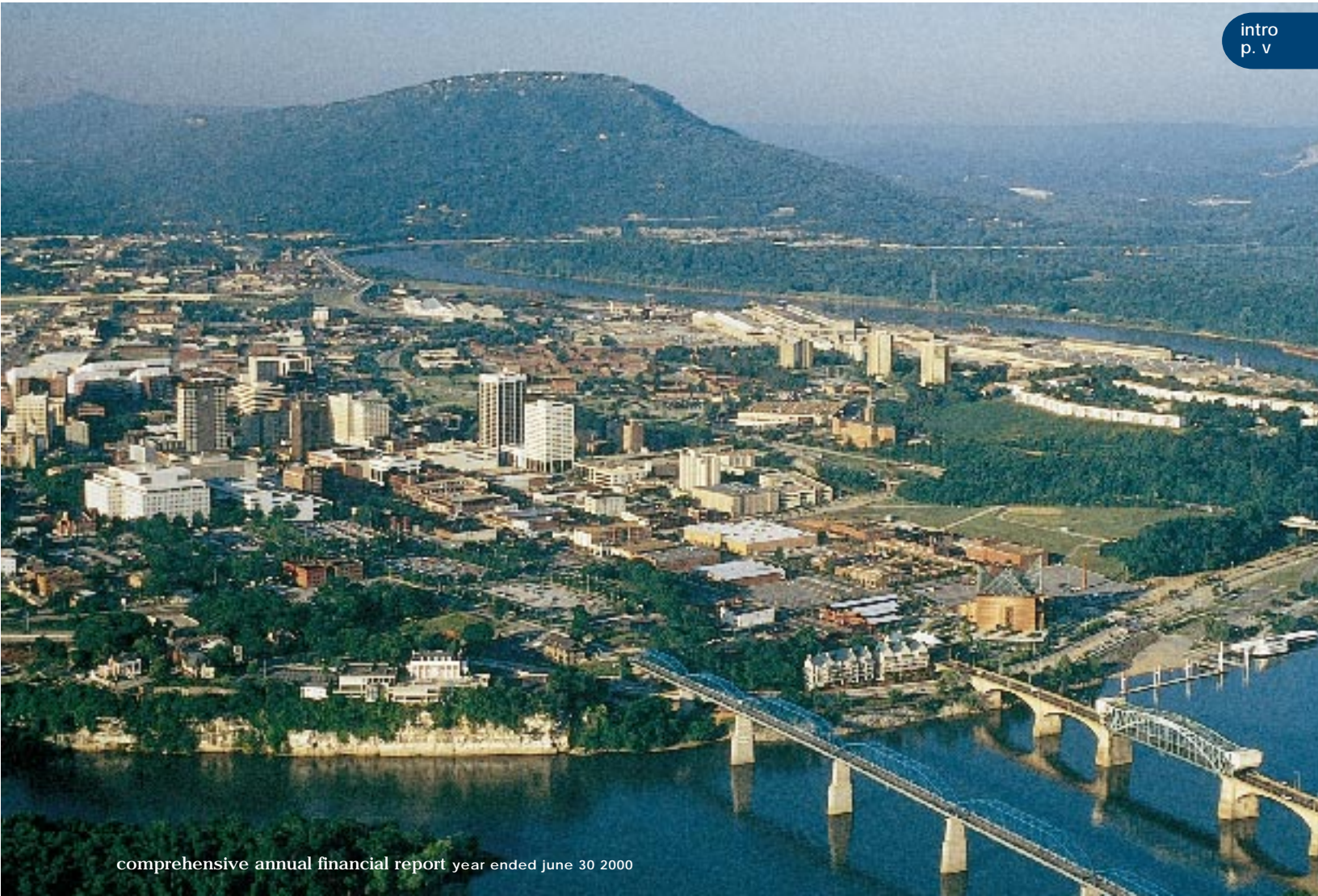
The City is well postured to enter into the new millennium. Many new projects are on the horizon that will enhance our economy through better schools, better jobs and a better

community in which to live, work, and play. City leaders are not content to rest on its laurels but to keep the momentum for improvement going that has been started by our predecessors. Much attention is being focused on the south side of town for the near future.

The State has granted approval and the City has already begun development of a Tourist Development Zone (TDZ), which encompasses the heart of Chattanooga's downtown. The zone is comprised of three districts – the Aquarium/Ross's Landing District, the Central Business District and the Southside Redevelopment District. A convention and conference complex which includes four planned public use facilities is currently under construction in the Southside Redevelopment District. The development will be supported by allocations of incremental increases in state and local sales and use tax revenues. The four facilities will contain more than 631,210 square feet and cost in excess of \$117.7 million. Private investments planned or completed since January 1998 total \$50 million. It is anticipated that the projected \$117.7 million public investment planned for

PHOTO COURTESY TN PHOTO SERVICES

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the TDZ will leverage more than \$400 million in private investment by 2006.

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

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

**Conference and Training Center** – a new 208,210 square feet residential meeting facility designed specifically for the



RENDERING BY AP DIGITAL STUDIO AND CROXTON COLLABORATIVE ARCHITECTS



(above) **Development Resource Center** – Currently under construction with an anticipated completion date of November 2001.

(below) Site of the new **Conference and Training Center** and the new **Parking Facility**.



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upscale conference center market. The facility is targeted for small to medium-sized groups of less than 250 people with 200 guest rooms and 27,000 square feet of fully equipped meeting room space. – Cost: \$43.5 million.

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

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

These projects constitute a concentrated \$117.7 million building boom unmatched here in decades. Investment in the four-block area bounded by Market, Carter, 11th, and 13th streets will exceed the value of the Hamilton Place Mall and the Tennessee Aquarium combined. These projects are an expression of the City's growing dynamism, optimism, and progressive outlook. A city that invests in itself expresses vision and faith that it can make things happen. These projects, along with others, will attract interest in



the City and generate economic growth that will spread benefits to the entire region.

Mayor Kinsey, along with Tennessee's other urban mayors, played a significant role in the Legislature's creation of the special tax district financing plan integral to the Southside developments. The plan lets Chattanooga and other large Tennessee cities use sales tax growth downtown to finance investments in the designated districts.

Chattanooga Neighborhood Enterprise completed the first phase of its \$3 million housing development in the Southside area. This development offers homes and townhouses, ranging in price from \$100 – \$150 thousand. This represents the first new significant housing development in the area.

In addition to these successes, the City has been awarded a HOPE VI Grant. This \$35 million grant from the Department of Housing and Urban Development (HUD) anchors a \$159 million project to replace the Spencer J. McCallie Homes and revitalize the surrounding Alton Park neighborhood. The City is one of 18 cities across the country to receive HOPE VI grants to redevelop public housing and one of 10 cities to receive the full \$35 million allowed by HUD. The HOPE VI projects replace the kind of public housing that should never have been built in the first place, according to the HUD Secretary.

Coupled with the Alton Park Development Corporation's master plan, the HOPE VI grant will bring about a major revitalization of one of the City's most depressed neighborhoods. The HOPE VI plan includes day care, retail stores, park spaces, a community center expansion, a police precinct and financial assistance for building and buying new homes. The two plans work together; the Alton Park master plan outlines community priorities, such as more single family homes, while the HOPE VI plan provides a blueprint for financial planning and partnerships to get there. The grant will fund the demolition of the mid-1950s project and rebuild 360 units in Alton Park and 75 in other neighborhoods. In addition, 141 vouchers for the Section 8 Rental Subsidy Program will enable families to relocate in St. Elmo, the Martin Luther King District and other neighborhoods. The plans also include a town center to be built on 38th Street with health, day care, community, and senior centers, offices, as well as business incubator and retail space. A warehouse distribution center is to be developed along a new truck route to be created at the eastern edge of the

McCallie Homes site all the way to 38th Street and Central Avenue. Expansion of the SafeWalk from McCallie Homes to Emma Wheeler Homes and creation of a new greenway along the banks of Chattanooga Creek are also part of the plan.

Despite the global attention to Chattanooga's downtown and environmental successes, economic growth in Chattanooga trails most of the rest of the South. During the 1990s, Chattanooga has added jobs at only half the pace of the rest of the state. City officials have focused efforts on ways to reverse this trend of slow employment growth. The Chamber of Commerce was given the task to create more jobs when it drew oversight of economic development last year. The Chamber is preparing a new plan for a larger economic recruitment program, which includes expanded business financial support. One of the most recognized people in the country and possibly the world has been tapped to fashion a new job growth plan. He will identify the region's strengths and weaknesses and

*Champions Club – This new addition to Rivermont Park adds 21 new tennis courts to the existing 6 courts. There are 4 tournament level courts with grandstands, a clubhouse and pro shop.*



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*Annual Riverbend Festival held at Ross's Landing*

PHOTO BY DAN REYNOLDS

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help devise a 3 to 5 year road map to create more jobs. Chattanooga has already shown signs of stronger economic growth as it continues to attract large industries such as AT&T, DuPont, Komatsu, America International, MG Industries, Wheland Foundries, Century Telephone and others who continue to make major financial investments in this community.

The economic growth possibilities of the City received a boost with the recent purchase by the City and Hamilton County of a portion of the old Volunteer Army Ammunition Plant site. The \$7.5 million investment provides a 940-acre tract, located within 2 miles of Interstate 75, approximately 700 acres of which can be made available for industrial development almost immediately. This is the largest block of land available within the city limits in several decades. Infrastructure is in place to support a wide range of manufacturing and industrial uses. The entire site exceeds 6,000 acres, and efforts continue to acquire the remaining portions for industrial and recreational uses. The U.S. Army has agreed to maintain responsibility for the cleanup of any environmental damage to the land on the entire site, which was used to manufacture TNT from World War II through the Viet Nam War.

RiverCity Co., a public/private partnership, is now focusing entirely upon downtown renovation, including riverfront projects and renovation of the Southside. A \$200 million new retail and

entertainment plan for downtown has been proposed that is expected to generate up to 1,800 new permanent jobs, \$6 to \$7 million in additional sales taxes and \$1 million in added property taxes. The plan includes \$82 million in retail development and the remainder in office and housing development.

Among the plan's major elements are an urban retail and entertainment center, a 20,000 square-foot public market, a southern heritage exposition and museum, crafts bazaar, southside auction house for antiques and collectibles and a heavy dose of residential construction, especially apartments built on what are currently Provident parking lots.

The Chattanooga Lookouts played their final game at the 70-year old Engel Stadium in September 1999. The new \$10 million, 6,157-seat facility (BellSouth Park) opened on April 1, 2000. The new minor league baseball stadium is located on Hawk Hill near the aquarium.

Hamilton Place Mall, Tennessee's largest, and now in its twelfth year of operation, remains a magnet for millions of people. The 1.4 million-square-foot mall has brought in many tourists and locals with a savvy mix of new and familiar stores, theme restaurants and movie theaters. Thanks to the mall, the area has become a retail hotbed with more than 15 million visitors a year. Sales at Hamilton Place have grown steadily over the past decade and now average 30 percent above the national average for regional malls. That



success has quickly spilled across Gunbarrel Road and Interstate 75. The number of businesses and amount of traffic in the mall area has more than doubled over the past decade. CBL and Associates, the mall's owner and developer of major retail space nation wide, has begun development of a multi-acre site on the south perimeter of the mall. Phase I is the construction of their new national headquarters office building.

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

The City's capital initiatives reflect its continual commitment to economic development and long term sustainability of the City. In addition to the operating budget, over \$148 million was appropriated for major initiatives. Included in this amount is \$117.7 million funding for projects in the Tourist Development Zone which

are discussed above. These projects will be financed with funding provided under the Tourist Development Financing Act and 1/4 percent of the city only sales tax. Other major initiatives include \$9.1 million for continued implementation of the RECREATE2008 plan which is a 10-year, \$65 million plan to upgrade the City's parks and playgrounds; \$10.8 million for various public works projects such as paving, street improvement, curbs, gutters and sidewalks, downtown streetscape, etc.; \$4.5 million for fire station construction and improvements, fire vehicles and other equipment; \$4.5 million for police fleet replacement, building renovation and miscellaneous equipment; \$1.3 million other miscellaneous items including \$507,000 for CARTA buses, and \$150,000 start up cost for the second division city court. The Council and the Mayor continue their commitment to safe schools, police protection, better housing, a safer environment and improved quality of life for all Chattanoogaans.

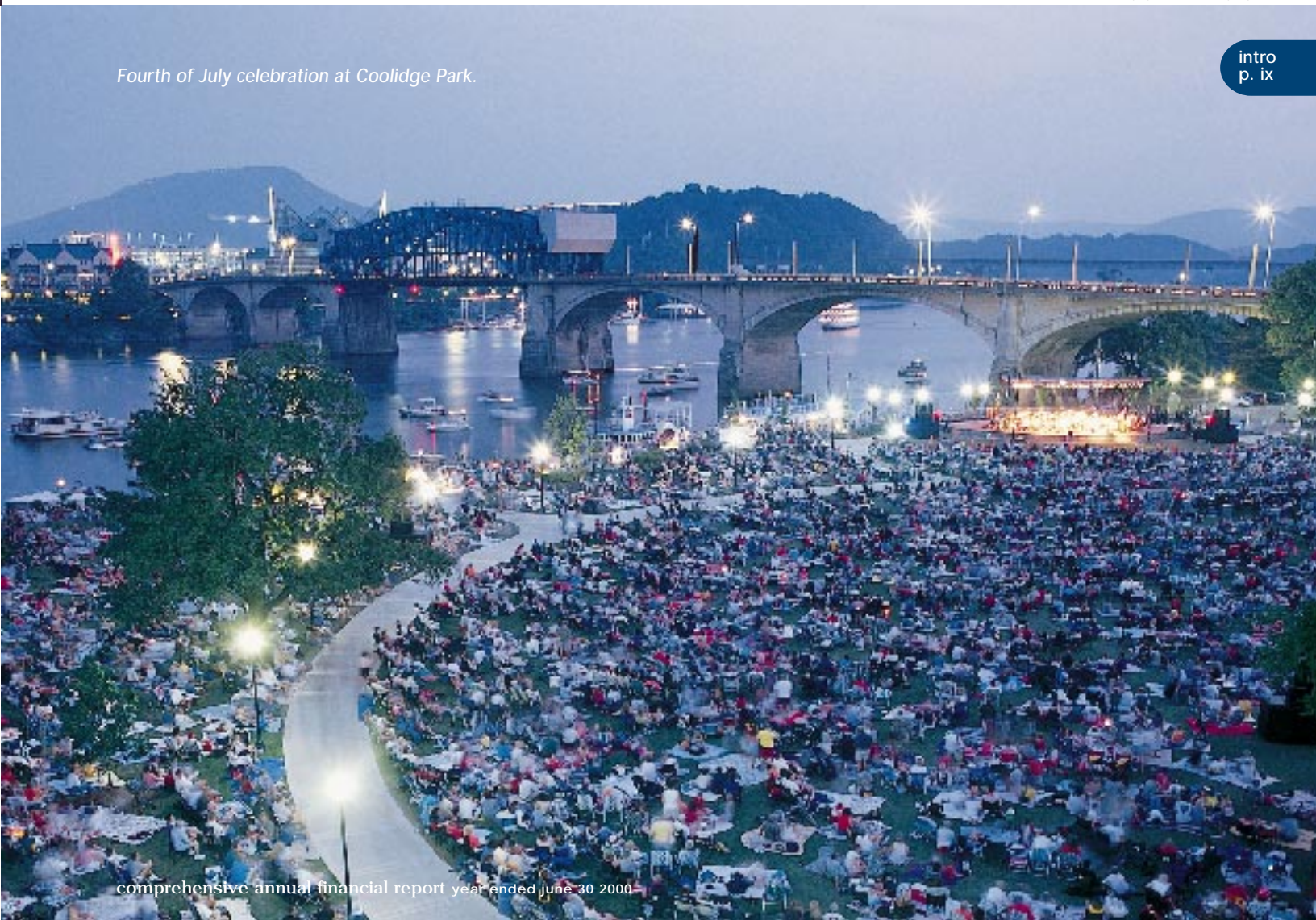
## Department Focus

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

PHOTO BY DAN REYNOLDS

*Fourth of July celebration at Coolidge Park.*

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focus on chattanooga's

# fire

committed to providing the citizens of Chattanooga

# department

with the highest level of fire service

Each year we focus attention on the efforts of one department. The Chattanooga Fire Department has been selected for this year's focus.

The Chattanooga Fire Department began as a volunteer fire department in 1871 with 105 male volunteers. In 1883, the department went from all volunteer to part volunteer, part paid. The year 1886 saw the introduction of the Gamewell System of Fire Alarm Telegraph. In 1911, the department entered the motorized age and by 1917 all horse-drawn steamer engines had been replaced by the new gas powered engines. During this same period came the development of the department's first chemical response company and the introduction of the platoon system. Firefighters worked shifts of 15 days and then 15 nights, working twelve-hour shifts so that the city had 24-hour protection.

The next major change occurred in 1933 when every fire station became a police station and every fire captain served simultaneously as a police chief. During this period, in addition to fighting fires, firefighters had to report on traffic problems, street problems and be aware of the general safety for their assigned district. In 1934, construction on the first training tower was completed and a structured training program was implemented. Since the early days, the department has grown to employ both men and women, implemented new technologies, updated equipment, developed new training programs, stressed professionalism and promoted fire prevention.

Firefighting has a noble and distinguished heritage, which continues today under the leadership of Chief Jim M. Coppinger. Chief Coppinger chose this profession 23 years ago because of his devotion to public service and the desire to help people in their time of need. The Chief is overseeing a dramatic transformation of the fire department. The department is purchasing new Self-Contained Breathing Apparatus (SCBA), new computers for each of the 19 fire stations and a new operations management software system. Construction is underway on a state-of-the-art fire station on Main Street. The new \$2.2 million Station 1 will consolidate the



*Fire Chief Jim M. Coppinger*

services of three older stations, which are all in the same general service area.

Chief Coppinger continues the modernization of the department with the purchase of three new top-of-the-line fire apparatus, which will bring the department's frontline equipment up to the challenges of the 21st century. Although the Chattanooga Fire Department is a government agency, Chief Coppinger believes it should be run like a business with close attention to fiscal responsibility, long range capital cost planning and customer service.

An example of the fire department's effort on customer service can be found in its partnership with the American Red Cross. After





PHOTO BY RICK OWENS

a fire is out, firefighters on the scene connect the victims with Red Cross volunteers, who are trained to assist the victims in recovering from their disaster. The fire department publishes a brochure entitled, "After the Fire," which provides fire victims with useful information such as cleaning tips, insurance information and a reference directory. When not responding to fires and other emergencies, Chattanooga firefighters also serve by helping stranded motorists, checking a neighbor's blood pressure, providing fire prevention programs, conducting fire drills and inspections, checking fire hydrants and cleaning up chemical spills.

With ever changing technology, upgrading equipment and additional training are a constant challenge to the department. Within a few years, mobile computers will be standard equipment on all fire engines. These computers will provide valuable information about fire hydrants, routing options and current information on closed streets. The computers will also contain detailed information on local facilities, such as points of entry, emergency contacts and the location of hazardous materials, which will enable firefighters to more safely and efficiently respond to emergencies. Additional training addresses the changing role of

fire service. Firefighters must respond to a wide variety of emergencies, including medical calls. Currently firefighters have medical training at the First Responder, EMT and Paramedic levels. They must also be ready to respond to car accidents, special rescue operations and hazardous materials spills. To help ensure that Chattanooga has the best trained and physically fit firefighters in the area, Chief Coppinger implemented an annual physical ability test, and annual physicals for each member of the department.

People remain the number one priority of Chief Coppinger. He is committed to providing the citizens of Chattanooga with the highest level of fire service, and making the local fire stations accessible to everyone in the community. The Chattanooga Fire Department's operating budget for the current fiscal year is \$19.4M. The department employs 419 firefighters and operates 19 fire stations.

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# Accounting System And Budgetary Control

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

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

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

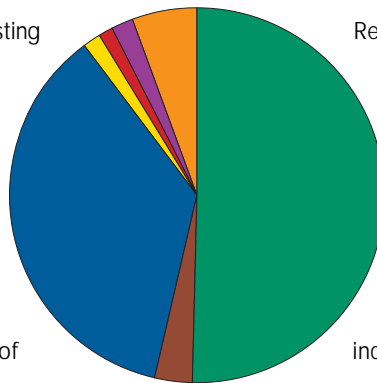
The City administration annually prepares a plan of services for the upcoming fiscal year and the estimated cost of providing these services. This plan is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. Upon adoption of the annual budget ordinance by the Council, it becomes the formal budget for City operations. After the budget ordinance is adopted, the Council can increase the budget only if actual receipts exceed the estimates or from accumulated surplus in the amount of an unexpended appropriation from the previous fiscal year. Budget control is maintained by recording encumbrances as purchase orders are written. Financial reports, which compare actual performance with the budget, are prepared monthly and presented to the Council, allowing the Council to review the financial status and measure the effectiveness of the budgetary controls. Open encumbrances are reported as reservations of fund balance at June 30, 2000. All unencumbered and unexpended appropriations lapse at year-end.

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## General Government Functions

Table 1 presents a summary of General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund revenues for the fiscal year ended June 30, 2000, and the amount and percentage of increases or decreases in relation to the prior year.

Revenues for all Governmental Fund types (Table 1, below) totaled \$174,526,549, in 2000, an increase of 1.23 percent over 1999. Major percentage increases include a 9.10 percent increase in licenses and permits and 8.41 percent increase in licenses and permits and 8.41 percent



REVENUES	1999 Amount*	2000 Amount*	Percent % Of Total	Increase (Decrease) From 1999 Amount*	Percent
Taxes	\$ 86,866	\$ 88,175	50.52	1,309	1.51
Licenses and permits	5,593	6,102	3.50	509	9.10
Intergovernmental	62,245	64,082	36.72	1,837	2.95
Charges for services	2,641	2,701	1.55	60	2.27
Fines, forfeitures and penalties	2,143	1,895	1.08	(248)	(11.57)
Investment earnings	3,259	3,533	2.02	274	8.41
Miscellaneous	9,660	8,039	4.61	(1,621)	(16.78)
<b>TOTAL REVENUES</b>	<b>\$172,407</b>	<b>\$174,527</b>	<b>100.00</b>	<b>\$2,120</b>	<b>1.23</b>

Table 1

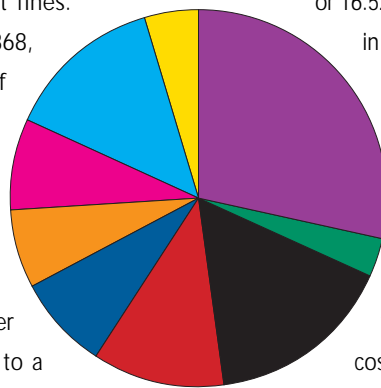
Dollar amounts expressed in 1,000s





increase in investment earnings. The \$508,881 (9.10%) increase in licenses and permits is mostly due to a \$327,423 (12.81%) increase in gross receipts tax, an \$88,540 (26.51%) increase in motor vehicle licenses, and a \$59,291 (14.36%) increase in building permits. Investment earnings increased by \$274,669 or 8.41% due to higher interest rates. The larger increase in amounts can be found in intergovernmental revenues and taxes. The \$1,836,385 increase in intergovernmental revenues, or 2.95%, is mostly due to a \$435,806 (17.15%) increase in the state income tax, \$274,523 (3.25%) increase in the city's share of the state sales tax, and a \$1,079,262 (5.48%) increase in the city's share of the county-wide sales tax. The \$1,308,912 increase in taxes, or 1.51%, is mostly due to a \$371,869 or 10.57% increase in in-lieu-of property tax payments, a \$252,578 or 4.70% increase in beer and liquor taxes, and a \$652,218 or 4.03% increase in the city-only sales tax. These increases were offset by an 11.57% decrease in fines forfeitures and penalties and 16.78% decrease in miscellaneous revenues. The \$247,866 decrease in fines, forfeitures and penalties is mostly due to a \$130,637 or 24.27% decrease in collection of delinquent court cases, and a \$77,515 or 31.36% decrease in parking ticket fines. Miscellaneous revenues decreased by \$1,621,868, or 16.78%, mostly due to a decrease of \$2,929,289 or 84.65% in private donations for the construction of Coolidge Park.

Changes in levels of expenditures for major functions of the City over the preceding year are presented in Table 2, below. An analysis of expenditures shows an increase of 7.54 percent over the previous year. This increase is primarily due to a



\$2,256,260 or 4.93% increase in General Government, a \$4,273,449 or 16.52% increase in Police, a \$3,327,453 or 25.57% increase in Public Works, and a \$1,216,766 or 11.20% increase in Department of Parks, Recreation, Arts and Culture. The increase in General Government is mainly due to a \$1,507,697 or 31.44 percent increase in expenditures for Job Training Partnership Act. The increase in Police is mainly due to a \$2,324,082 or 10.24% increase in salaries and benefits and a \$669,180 or 16.01% increase department operating costs. The increase in Public Works is mainly due to a

EXPENDITURES	1999 Amount*	2000 Amount*	Percent % Of Total	Increase (Decrease) From 1999 Amount*	Percent
General government	\$ 45,086	\$ 48,063	27.76	\$ 2,257	4.93
Finance and administration	5,348	5,421	3.13	73	1.36
Police	25,864	30,137	17.41	4,273	16.52
Fire	18,235	19,145	11.06	910	4.99
Public works	13,013	16,341	9.44	3,328	25.57
Parks, recreation, arts and culture	10,855	12,071	6.97	1,216	11.20
General services	12,597	12,366	7.14	(231)	(1.83)
Capital outlay	21,800	22,362	12.91	562	2.56
Debt service	7,478	7,233	4.18	(245)	(3.28)
<b>TOTAL EXPENDITURES</b>	<b>\$160,996</b>	<b>\$173,139</b>	<b>100.00</b>	<b>\$12,143</b>	<b>7.54</b>

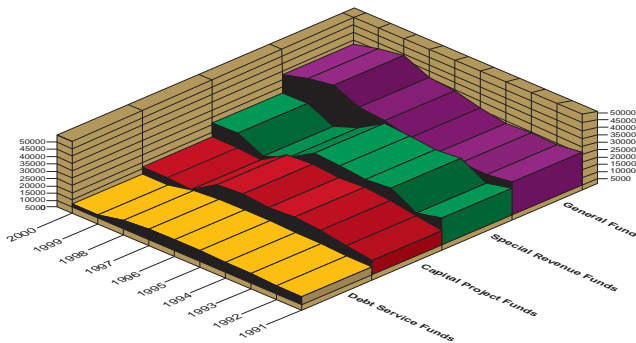
Table 2

Dollar amounts expressed in 1,000s

\$2,443,064 cost for street lighting, which was paid from the General Services Department in prior years. The increase in the Department of Parks, Recreation, Arts, and Culture is mainly due to the continued implementation of the RECREAET2008 plan. The \$230,232 or 1.83% decrease in General Services was mainly due to shifting the \$2,443,064 cost for street lighting to Public Works. This reduction was largely offset by a \$2,145,946 or 35.17% increase in life, health, and disability insurance expense.

Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other uses of general governmental functions. Of the total general fund balance at June 30, 2000, \$5,522,924 is designated for subsequent year's expenditure. The undesignated portion of the General Fund balance is necessary for the City to operate on a responsible financial basis. The fiscal year 2000 budget included a \$6.3 million appropriation from fund balance for one-time expenditures. Income from operations exceeded expectations, resulting in a reduction in general fund balance of only \$5,870,586. A ten-year analysis of the changes in fund balance is shown below in Table 3.

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	General Fund	Capital Project Funds	Special Revenue Funds	Debt Service Funds
1991	\$27,526	\$22,378	\$11,484	\$6,697
1992	24,603	17,509	14,509	6,834
1993	25,589	29,204	17,931	8,063
1994	24,349	27,373	19,779	8,269
1995	28,193	29,744	18,561	9,129
1996	33,470	31,212	20,677	9,128
1997	35,599	18,536	19,242	8,803
1998	44,884	10,528	6,622	7,126
1999	41,421	20,708	8,126	2,567
2000	35,551	20,150	7,998	2,672

Table 3 Dollar amounts expressed in 1,000s

## Debt Administration

The City is authorized to issue general obligation bonds for capital projects. The City Council may authorize the issuance of tax-supported bonds by a simple majority vote, with notification

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

The City entered into a Loan Agreement with the Tennessee Municipal Bond Fund on February 10, 1997 whereby a line of credit was established for up to \$7,908,000 for various general government capital projects. At June 30, 2000, the City had drawn down funds totaling \$5,243,333. In fiscal year 1999 the City also entered into a loan agreement with the Georgia Environmental Facilities Authority for a line of credit not to exceed \$7,255,000 for the purpose of expanding sewers in northwest Georgia. As of June 30, 2000, the City had drawn down funds totaling \$4,426,736.

At year-end, the primary government and its component units had a number of debt issues outstanding. These issues included \$223,521,567 in general obligation debt, of which revenues from the City's Enterprise Funds support \$179,866,956. The primary government has no revenue bonds outstanding at year-end. Total revenue bonds outstanding for the Metropolitan Airport Authority at June 30, 2000, is \$12,104,256.

The City's overall bond rating was upgraded to an "AA" by Standard & Poor's in 1998. Increasing diversity in the economy, a stable tax base and sound financial performance are reasons cited for the upgrade. The City's overall bond rating was upgraded to an "AA" rating by Fitch Investors Service in 2000. Sound financial management, fund balance reserves, the debt retirement policy, and a history of pay-as-you-go capital financing were cited as justification for the upgrade.

The ratio of net indebtedness to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens, and investors. Table 4 (below) provides this information as of June 30, 2000.

Debt Ratios	Amount (1000s)	Debt To Assessed Ratio	Debt Per Capita
Net direct debt (excluding self-supporting debt)	\$ 40,983	1.57%	\$278
Estimated overlapping debt	88,151	3.36%	597
Net direct and estimated overlapping debt	\$129,134	4.93%	\$875

Table 4



## Cash Management

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

## Risk Management

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

PHOTO BY DAN REYNOLDS



intro  
p. xv



liabilities and tort claims. Reserves are accumulated in the General Fund to meet potential losses for all other exposures.

## Retirement Plans

The City provides retirement benefits through three single-employer defined benefit pension plans that cover all employees. Each of these systems is maintained separately: one system (General Pension Plan) covers general City employees; a second plan covers employees of the Electric Power Board; and the third covers Firemen and Policemen. Each plan also has its own consulting actuary. The following schedule (Table 5) shows the amount of unfunded actuarial accrued liability (UAAL) in thousands at June 30, 2000.

City management and the Pension Boards closely observe the future costs of both benefit improvements and changes in

retirement trends of employees. Recommendations of actuaries are carefully considered and appropriate measure are taken to ensure that the pension plans are actuarially sound.

### PENSION PLANS

	UAAL	Funded Ratio
General	(64,941,029)	145.10%
Firemen and Policemen	(12,936,300)	107.22%
Electric Power Board	0	100.00%

Table 5

## Enterprise Operations

The City maintains four enterprise operations as part of the primary government. Combined total assets at June 30, 2000, and operating revenues for the fiscal year were \$728.0 million and





\$386.3 million, respectively. A brief discussion of the major operations follows:

The Electric Power Board, a separate administrative agency of the government, exercises exclusive control and management of the Electric Distribution System. It is the sole distributor of the electric power within the boundaries of the City and County (587 square miles). It accounts for 89.0 percent of total Enterprise Fund operating revenue and reported a net income of \$7.2 million for the year ended June 30, 2000.

The Interceptor Sewer System of the City provides water and sewer services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to provide for debt service, operating expenses and adequate working capital. The strong commercial, industrial and residential growth in the City,

along with increased federal mandates, has necessitated ongoing expansion of the Interceptor Sewer System. To illustrate, property, plant and equipment of the system in 1976 totaled \$68.8 million compared to \$296.8 million in 2000. The department accounts for more than 54.2 percent of total Enterprise Fund assets and reported a net income of \$6.0 million for the year ended June 30, 2000.

The Solid Waste/Sanitation Fund was established in accordance with state mandate. This fund accounts for the operations of the City's landfill. Landfill fees are charged to commercial customers for use of the landfill, while the cost of City landfill needs are financed through a General Fund subsidy. An aggressive capital program has been launched to meet landfill requirements set by the state and federal governments. This program is estimated to cost \$38.5 million over a ten-year period.

PHOTO BY DAN REYNOLDS



The Storm Water Fund accounts for the operations of the City's storm water management program as mandated by the Environmental Protection Agency and the state. The program is designed to produce revenues sufficient to provide for debt service, operating expenses and adequate working capital.

## Awards of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chattanooga, Tennessee, for its comprehensive annual financial report for the fiscal year ended June 30, 1999. This was the eighth consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for each of the four fiscal years for which it applied. In order to qualify for the Distinguished Budget Presentation Award, the City's budget

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chattanooga,  
Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1999

A Certificate of Achievement has been awarded to the City of Chattanooga, Tennessee, for its comprehensive annual financial report for the fiscal year ended June 30, 1999. This was the eighth 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.



*Anna Spring Kinney*  
President  
*Jeffrey W. Eason*  
Executive Director

document was judged to be proficient in several categories including policy documentation, financial planning and organization.

## Independent Audit

Tennessee state law requires an annual audit of the financial records and transactions of all City functions by independent certified public accountants selected with the approval of the Mayor and City Council. This requirement has been complied with and the financial statements have received an "unqualified opinion" from the auditors. Such an opinion indicates there was no limitation on the scope of the auditor's examination, and the financial statements were prepared in accordance with generally accepted accounting principles.

## Acknowledgments

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

Respectfully submitted,

*James S. Boney*  
James S. Boney, Administrator



# City Officials as of June 30, 2000

Jon Kinsey, Mayor

## City Council

Yusuf A. Hakeem, Chairman _____	District 9
Mai Bell Hurley, Vice Chairman _____	District 2
John M. Lively _____	District 1
Dave Crockett _____	District 3
Don Eaves _____	District 4
John P. Franklin, Jr. _____	District 5
Marti Rutherford _____	District 6
John Taylor _____	District 7
Leamon Pierce _____	District 8



## Courts

Walter F. Williams _____	City Court Judge
Russell J. Bean _____	City Court Judge
George A. Dotson _____	City Court Clerk

## Department Administrators and Directors

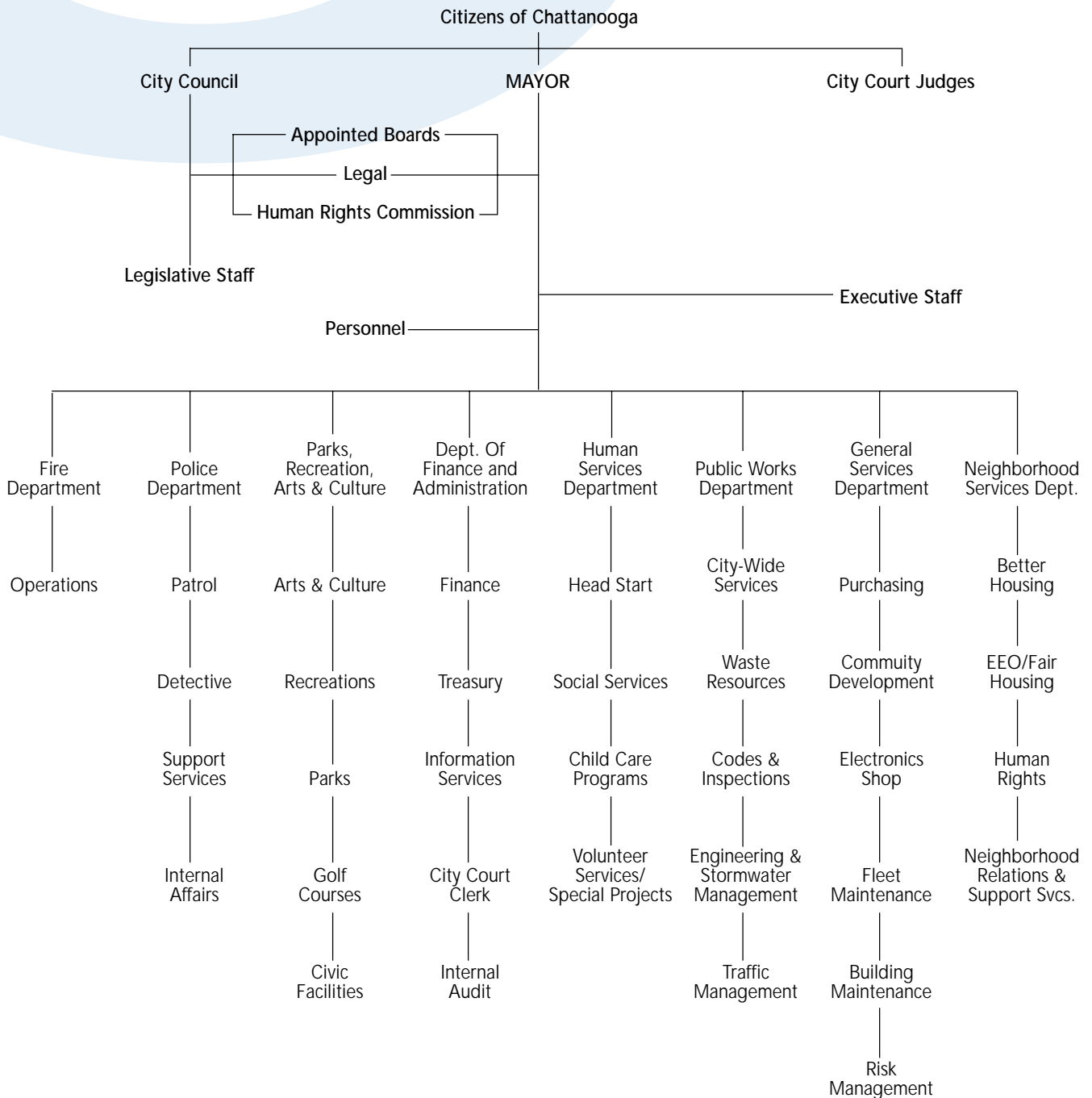
Legal _____	Randall Nelson _____	City Attorney
Legislative _____	Carol O'Neal _____	Clerk of the Council
Personnel _____	Donna Kelley _____	Administrator
Neighborhood Services _____	Moses Freeman _____	Administrator
Human Services _____	Bernadine Turner _____	Administrator
	Tommie Pruitt _____	Deputy Administrator
General Services _____	Rayburn Traughber _____	Administrator
	George Morgan _____	Deputy Administrator
Parks, Recreation, Arts & Culture _____	Jerry Mitchell _____	Administrator
	Janice Hester _____	Deputy Administrator
	Larry Zehnder _____	Deputy Administrator
Public Works _____	Jack C. Marcellis _____	Administrator
	Beverly P. Johnson _____	Deputy Administrator
Police _____	Chief Jimmie L. Dotson _____	Administrator
Fire _____	Chief Jim M. Coppinger _____	Administrator
Finance & Administration _____	James S. Boney _____	Administrator
	Daisy W. Madison _____	Deputy Administrator

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

# organizational chart

city of chattanooga





**CITY OF CHATTANOOGA, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2000**

**PREPARED BY:  
DEPARTMENT OF FINANCE AND ADMINISTRATION**

**JAMES S. BONEY, ADMINISTRATOR**  
**DAISY W. MADISON, DEPUTY ADMINISTRATOR**



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CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2000

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

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

We have audited the accompanying general-purpose financial statements of the City of Chattanooga, Tennessee, and the combining and individual fund and account group financial statements of the City as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the City of Chattanooga, Tennessee's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority. Such financial statements reflect total assets of \$373,677,385 as of June 30, 2000, and total revenues of \$357,913,834, for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.



In our opinion, based on our audit and the reports of the other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Chattanooga, Tennessee, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above (other than the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, whose financial statements were audited by other auditors whose reports expressed unqualified opinions) present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Chattanooga, Tennessee, as of June 30, 2000, and the results of operations of such funds and cash flows of individual proprietary funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

*Haylett, Lewis & Bieter, PLLC*

Chattanooga, Tennessee  
October 12, 2000

CITY OF CHATTANOOGA, TENNESSEE

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS  
AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2000

(With Comparative Totals for 1999)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>ASSETS</b>						
Cash and cash equivalents	\$ 543,389	\$ 6,460,979	\$ 2,671,606	\$ 5,664,889	\$ 52,192,101	\$ 1,531,298
Investments	29,298,235	342,355	-	-	39,605,526	-
Receivables, net of allowance for uncollectibles:						
Taxes	4,334,566	-	-	-	-	-
Accounts	-	2,005,403	-	-	-	38,243
Notes	1,390,000	-	-	-	4,446,000	-
Customer service	-	-	-	-	39,259,891	-
Other	1,316,329	-	-	218,669	1,329,000	-
Due from other funds	155,719	97,301	-	1,379,220	-	-
Due from component units	500,000	-	-	-	-	-
Due from other governments	7,200,556	-	-	90,635	-	42,558
Advances to Southside Redevelopment Corpora	-	-	-	18,790,595	-	-
Deferred charges	-	-	-	-	3,487,015	-
Inventories	955,820	-	-	-	6,506,075	908,805
Prepaid items	8,000	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	8,173,199	-
Investments	-	-	-	-	24,240,584	-
Dividends and accrued interest	-	-	-	-	-	-
Accounts receivable	-	-	-	-	267,478	-
Land	-	-	-	-	33,000	-
Other	-	-	-	-	133,175	-
Fixed assets, net, where applicable, of						
accumulated depreciation	-	-	-	-	546,868,723	895,301
Other	-	-	-	-	1,464,000	-
Other debits:						
Amount available for retirement of general						
long-term debt	-	-	-	-	-	-
Amount to be provided for retirement of						
general long-term debt	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 45,702,614</b>	<b>\$ 8,906,038</b>	<b>\$ 2,671,606</b>	<b>\$ 26,144,008</b>	<b>\$ 728,005,767</b>	<b>\$ 3,416,205</b>



Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt			2000	1999
Trust						
\$ 56,890	\$ -	\$ -	\$ 69,121,152	\$ 1,432,156	\$ 70,553,308	\$ 93,155,074
67,800	-	-	69,313,916	373,716	69,687,632	67,801,382
-	-	-	4,334,566	1,239,792	5,574,358	4,911,710
-	-	-	2,043,646	106,824	2,150,470	2,760,626
3,504,234	-	-	9,340,234	-	9,340,234	10,721,893
-	-	-	39,259,891	-	39,259,891	36,308,917
610,995	-	-	3,474,993	-	3,474,993	4,932,693
-	-	-	1,632,240	-	1,632,240	11,529,935
-	-	-	500,000	-	500,000	501,571
107,662	-	-	7,441,411	194,850	7,636,261	5,926,294
-	-	-	18,790,595	-	18,790,595	-
-	-	-	3,487,015	299,641	3,786,656	2,587,733
-	-	-	8,370,700	189,443	8,560,143	7,093,175
-	-	-	8,000	-	8,000	333,029
-	-	-	8,173,199	3,761,041	11,934,240	44,454,411
413,637,840	-	-	437,878,424	2,153,683	440,032,107	414,890,541
1,678,624	-	-	1,678,624	-	1,678,624	1,967,152
303,451	-	-	570,929	-	570,929	458,802
-	-	-	33,000	-	33,000	33,000
-	-	-	133,175	-	133,175	431,285
-	149,298,883	-	697,062,907	58,104,489	755,167,396	697,227,953
-	-	-	1,464,000	119,750	1,583,750	4,418,554
-	-	2,671,606	2,671,606	-	2,671,606	2,566,687
-	-	55,957,658	55,957,658	-	55,957,658	60,103,332
<u>\$ 419,967,496</u>	<u>\$ 149,298,883</u>	<u>\$ 58,629,264</u>	<u>\$ 1,442,741,881</u>	<u>\$ 67,975,385</u>	<u>\$ 1,510,717,266</u>	<u>\$ 1,475,115,749</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS  
AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2000

(With Comparative Totals for 1999)

(continued from previous page)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 3,172,034	\$ 802,418	\$ -	\$ 5,993,861	\$ 80,193,833	\$ 1,288,612
Customer deposits	-	-	-	-	8,240,000	-
Due to other funds	1,330,271	30,417	-	-	106,558	47,693
Due to primary government	-	-	-	-	-	-
Due to other governments	1,982,968	51,104	-	-	-	-
Contracts payable	-	-	-	-	880,824	-
Deferred revenue	3,666,631	24,313	-	-	-	-
Compensated absences	-	-	-	-	4,062,932	494,749
Notes payable	-	-	-	-	8,270,715	-
Revenue bonds payable	-	-	-	-	-	-
General obligation bonds payable	-	-	-	-	171,596,240	-
Less deferred refunding	-	-	-	-	(2,008,896)	-
Conservation advances	-	-	-	-	4,825,000	-
Other liabilities	-	-	-	-	1,587,399	-
<b>Total liabilities</b>	<b>10,151,904</b>	<b>908,252</b>	<b>-</b>	<b>5,993,861</b>	<b>277,754,605</b>	<b>1,831,054</b>
<b>EQUITY AND OTHER CREDITS</b>						
Contributed capital	-	-	-	-	76,614,389	818,973
Investment in general fixed assets	-	-	-	-	-	-
Retained earnings (deficit):						
Reserved for renewal and replacement	-	-	-	-	23,144,917	-
Unreserved	-	-	-	-	350,491,856	766,178
Fund balances:						
Reserved for:						
Encumbrances	1,115,817	127,033	-	11,850,434	-	-
Inventories	955,820	-	-	-	-	-
Prepaid items	8,000	-	-	-	-	-
Employees' pension benefits	-	-	-	-	-	-
Unreserved:						
Designated for debt service	-	-	2,671,606	-	-	-
Designated for subsequent years' expenditures	5,522,924	-	-	-	-	-
Undesignated	27,948,149	7,870,753	-	8,299,713	-	-
<b>Total equity and other credits</b>	<b>35,550,710</b>	<b>7,997,786</b>	<b>2,671,606</b>	<b>20,150,147</b>	<b>450,251,162</b>	<b>1,585,151</b>
<b>Total liabilities, equity and other credit</b>	<b>\$ 45,702,614</b>	<b>\$ 8,906,038</b>	<b>\$ 2,671,606</b>	<b>\$ 26,144,008</b>	<b>\$ 728,005,767</b>	<b>\$ 3,416,205</b>

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

Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	General	General			2000	1999
	Fixed Assets	Long-Term Debt				
\$ 1,392,258	\$ -	\$ -	\$ 92,843,016	\$ 1,736,776	\$ 94,579,792	\$ 87,405,049
-	-	-	8,240,000	-	8,240,000	6,705,000
117,301	-	-	1,632,240	-	1,632,240	11,529,935
-	-	-	-	500,000	500,000	501,571
-	-	-	2,034,072	-	2,034,072	658,679
-	-	-	880,824	7,708	888,532	1,018,499
21,705	-	-	3,712,649	-	3,712,649	3,561,563
-	-	14,974,653	19,532,334	-	19,532,334	19,588,723
-	-	8,765,624	17,036,339	574,770	17,611,109	17,885,961
-	-	-	-	12,104,256	12,104,256	12,372,364
-	-	34,888,987	206,485,227	-	206,485,227	219,620,001
-	-	-	(2,008,896)	-	(2,008,896)	(2,150,845)
-	-	-	4,825,000	-	4,825,000	6,336,000
-	-	-	1,587,399	56,677	1,644,076	1,750,241
<u>1,531,264</u>	<u>-</u>	<u>58,629,264</u>	<u>356,800,204</u>	<u>14,980,187</u>	<u>371,780,391</u>	<u>386,782,741</u>
-	-	-	77,433,362	55,400,207	132,833,569	132,673,602
-	149,298,883	-	149,298,883	-	149,298,883	138,720,180
-	-	-	23,144,917	-	23,144,917	52,995,624
-	-	-	351,258,034	(2,405,009)	348,853,025	303,722,620
163,136	-	-	13,256,420	-	13,256,420	9,325,303
-	-	-	955,820	-	955,820	756,250
-	-	-	8,000	-	8,000	322,474
414,834,082	-	-	414,834,082	-	414,834,082	383,625,204
-	-	-	2,671,606	-	2,671,606	2,566,687
-	-	-	5,522,924	-	5,522,924	7,094,559
<u>3,439,014</u>	<u>-</u>	<u>-</u>	<u>47,557,629</u>	<u>-</u>	<u>47,557,629</u>	<u>56,530,505</u>
<u>418,436,232</u>	<u>149,298,883</u>	<u>-</u>	<u>1,085,941,677</u>	<u>52,995,198</u>	<u>1,138,936,875</u>	<u>1,088,333,008</u>
<u>\$ 419,967,496</u>	<u>\$ 149,298,883</u>	<u>\$ 58,629,264</u>	<u>\$ 1,442,741,881</u>	<u>\$ 67,975,385</u>	<u>\$ 1,510,717,266</u>	<u>\$ 1,475,115,749</u>



CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
 Year Ended June 30, 2000  
 (With Comparative Totals for 1999)

	Governmental Fund Types				Fiduciary	Totals	
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	(Memorandum Only)	
						2000	1999
<b>REVENUES</b>							
Taxes	\$ 88,174,648	\$ -	\$ -	\$ -	\$ -	\$ 88,174,648	\$ 86,865,736
Licenses and permits	6,102,055	-	-	-	-	6,102,055	5,593,174
Intergovernmental	46,018,818	15,939,783	1,022,553	1,100,758	5,455,196	69,537,108	67,663,028
Charges for services	2,658,941	41,633	-	-	-	2,700,574	2,640,477
Fines, forfeitures, and penalties	1,895,159	-	-	-	-	1,895,159	2,143,025
Investment income	3,168,305	306,789	-	58,395	213,008	3,746,497	3,524,900
Donations	-	-	-	724,321	-	724,321	3,557,273
Miscellaneous	4,259,009	514,206	216,836	2,324,340	1,065,336	8,379,727	7,267,289
<b>Total revenues</b>	<b>152,276,935</b>	<b>16,802,411</b>	<b>1,239,389</b>	<b>4,207,814</b>	<b>6,733,540</b>	<b>181,260,089</b>	<b>179,254,902</b>
<b>EXPENDITURES</b>							
Current:							
General government	32,236,870	14,663,532	-	-	6,010,850	52,911,252	51,905,374
Finance and Administration	5,423,236	-	-	-	2,000	5,425,236	5,364,740
Police	29,659,950	279,465	-	-	-	29,939,415	25,864,313
Fire	19,145,014	-	-	-	-	19,145,014	18,235,179
Public Works	11,791,232	4,170,221	-	-	-	15,961,453	13,013,318
Parks and Recreation	12,036,513	-	-	-	-	12,036,513	10,854,732
General Services	12,872,335	72,000	-	-	-	12,944,335	12,596,657
Capital outlay/fixed assets	-	1,519,883	-	22,036,276	-	23,556,159	21,799,963
Debt service:							
Principal retirement	-	-	4,750,143	-	-	4,750,143	4,852,826
Interest and fiscal charges	-	-	2,482,293	-	-	2,482,293	2,625,022
<b>Total expenditures</b>	<b>123,165,150</b>	<b>20,705,101</b>	<b>7,232,436</b>	<b>22,036,276</b>	<b>6,012,850</b>	<b>179,151,813</b>	<b>167,112,124</b>
Excess (deficiency) of revenues over (under) expenditures	29,111,785	(3,902,690)	(5,993,047)	(17,828,462)	720,690	2,108,276	12,142,778

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
 Year Ended June 30, 2000  
 (With Comparative Totals for 1999)

	(continued from previous page)						
	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		2000	1999
OTHER FINANCING SOURCES (USES)							
Operating transfers in	\$ 29,260	\$ 3,774,162	\$ 6,097,966	\$ 16,719,828	\$ -	\$ 26,621,216	\$ 30,465,702
Operating transfers out	(31,711,697)	-	-	(391,392)	(891,541)	(32,994,630)	(36,701,002)
Operating transfers from component units	-	-	-	-	-	-	24,663
Operating transfers to component units	(3,299,934)	-	-	-	-	(3,299,934)	(3,263,819)
Proceeds of bonds and notes	-	-	-	941,693	-	941,693	933,714
Total other financing sources (uses)	<u>(34,982,371)</u>	<u>3,774,162</u>	<u>6,097,966</u>	<u>17,270,129</u>	<u>(891,541)</u>	<u>(8,731,655)</u>	<u>(8,540,742)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(5,870,586)</u>	<u>(128,528)</u>	<u>104,919</u>	<u>(558,333)</u>	<u>(170,851)</u>	<u>(6,623,379)</u>	<u>3,602,036</u>
FUND BALANCE at beginning of year	<u>41,421,296</u>	<u>8,126,314</u>	<u>2,566,687</u>	<u>20,708,480</u>	<u>3,773,001</u>	<u>76,595,778</u>	<u>72,993,742</u>
FUND BALANCE at end of year	<u>\$ 35,550,710</u>	<u>\$ 7,997,786</u>	<u>\$ 2,671,606</u>	<u>\$ 20,150,147</u>	<u>\$ 3,602,150</u>	<u>\$ 69,972,399</u>	<u>\$ 76,595,778</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
 Year Ended June 30, 2000

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
<b>REVENUES</b>									
Taxes	\$ 88,981,406	\$ 88,174,648	\$ (806,758)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	5,562,523	6,102,055	539,532	-	-	-	-	-	-
Intergovernmental	47,442,887	46,018,818	(1,424,069)	15,879,826	15,919,908	40,082	1,022,553	1,022,553	-
Charges for services	2,262,449	2,658,941	396,492	32,700	41,633	8,933	-	-	-
Fines, forfeitures and penalties	1,772,740	1,895,159	122,419	-	-	-	-	-	-
Interest	2,800,000	2,661,908	(138,092)	204,454	306,789	102,335	-	-	-
Miscellaneous	7,396,601	9,483,654	2,087,053	472,792	534,081	61,289	216,545	216,836	291
<b>Total revenues</b>	<b>156,218,606</b>	<b>156,995,183</b>	<b>776,577</b>	<b>16,589,772</b>	<b>16,802,411</b>	<b>212,639</b>	<b>1,239,098</b>	<b>1,239,389</b>	<b>291</b>
<b>EXPENDITURES</b>									
Current:									
General government	32,383,413	32,553,654	(170,241)	16,814,909	14,647,647	2,167,262	-	-	-
Finance and Administration	5,483,547	5,483,458	89	-	-	-	-	-	-
Police	31,149,540	29,707,071	1,442,469	278,000	279,465	(1,465)	-	-	-
Fire	19,276,395	19,197,660	78,735	-	-	-	-	-	-
Public Works	11,785,508	11,785,424	84	4,217,425	4,186,111	31,314	-	-	-
Parks and Recreation	12,086,242	11,990,701	95,541	-	-	-	-	-	-
General Services	17,548,814	17,481,429	67,385	200,000	72,000	128,000	-	-	-
Capital outlay/ fixed assets	-	-	-	875,257	867,103	8,154	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	4,750,143	4,750,143	-
Interest and fiscal charges	-	-	-	-	-	-	2,483,066	2,482,293	773
<b>Total expenditures</b>	<b>129,713,459</b>	<b>128,199,397</b>	<b>1,514,062</b>	<b>22,385,591</b>	<b>20,052,326</b>	<b>2,333,265</b>	<b>7,233,209</b>	<b>7,232,436</b>	<b>773</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>26,505,147</b>	<b>28,795,786</b>	<b>2,290,639</b>	<b>(5,795,819)</b>	<b>(3,249,915)</b>	<b>2,545,904</b>	<b>(5,994,111)</b>	<b>(5,993,047)</b>	<b>1,064</b>

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CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
 Year Ended June 30, 2000

(continued from previous page)

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)									
Operating transfers in	\$ 29,260	\$ 29,260	\$ -	\$ 3,774,162	\$ 3,774,162	\$ -	\$ 5,866,931	\$ 6,097,966	\$ 231,035
Operating transfers out	(30,213,530)	(31,711,697)	(1,498,167)	-	-	-	-	-	-
Operating transfers to component units	(3,299,934)	(3,299,934)	-	-	-	-	-	-	-
Total other financing sources (uses)	(33,484,204)	(34,982,371)	(1,498,167)	3,774,162	3,774,162	-	5,866,931	6,097,966	231,035
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - (budgetary basis)	\$ (6,979,057)	(6,186,585)	\$ 792,472	\$ (2,021,657)	524,247	\$ 2,545,904	\$ (127,180)	104,919	\$ 232,099
Adjustment for encumbrances		315,999			(652,775)			-	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - (GAAP basis)		\$ (5,870,586)			\$ (128,528)			\$ 104,919	

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

CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS  
 Year Ended June 30, 2000  
 (With Comparative Totals for 1999)

	Proprietary Fund Types		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	Enterprise	Internal Service			2000	1999
<b>OPERATING REVENUES</b>						
Charges for services	\$ 381,073,163	\$ 7,863,609	\$ 388,936,772	\$ 8,637,763	\$ 397,574,535	\$ 390,040,545
Other	5,221,896	42,689	5,264,585	65,343	5,329,928	4,609,285
Total operating revenues	386,295,059	7,906,298	394,201,357	8,703,106	402,904,463	394,649,830
<b>OPERATING EXPENSES</b>						
Power purchases	276,584,000	-	276,584,000	-	276,584,000	268,793,000
Sewer plant operation	14,087,305	-	14,087,305	-	14,087,305	11,980,125
Solid waste operation	9,716,228	-	9,716,228	-	9,716,228	8,380,110
Storm water operation	2,576,540	-	2,576,540	-	2,576,540	2,314,102
Pump station operations	1,040,477	-	1,040,477	-	1,040,477	841,960
Airport operation	-	-	-	4,180,511	4,180,511	4,172,960
CARFA operation	-	-	-	5,466,409	5,466,409	4,711,529
Other operating expenses	30,676,183	-	30,676,183	1,733,500	32,409,683	29,544,698
Maintenance	12,063,000	7,640,459	19,703,459	2,324,303	22,027,762	20,107,959
Liability insurance	-	603,842	603,842	-	603,842	836,455
Depreciation and amortization	22,107,882	130,391	22,238,273	3,642,534	25,880,807	23,931,782
Closure/postclosure costs	2,491,549	-	2,491,549	-	2,491,549	470,994
Total operating expenses	371,343,164	8,374,692	379,717,856	17,347,257	397,065,113	376,085,674
<b>OPERATING INCOME (LOSS)</b>	<b>14,951,895</b>	<b>(468,394)</b>	<b>14,483,501</b>	<b>(8,644,151)</b>	<b>5,839,350</b>	<b>18,564,156</b>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS  
 Year Ended June 30, 2000  
 (With Comparative Totals for 1999)

(continued from previous page)

	Proprietary Fund Types		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	Enterprise	Internal Service			2000	1999
NONOPERATING REVENUES (EXPENSES)						
Taxes and tax equivalents	\$ (7,254,000)	\$ -	\$ (7,254,000)	\$ -	\$ (7,254,000)	\$ (6,946,000)
Investment income	6,739,600	-	6,739,600	257,869	6,997,469	8,520,487
Interest expense	(7,893,176)	-	(7,893,176)	(932,955)	(8,826,131)	(9,832,192)
Other income (expenses)	95,304	-	95,304	997,131	1,092,435	853,600
Intergovernmental revenue	-	-	-	1,957,728	1,957,728	1,099,746
Total nonoperating revenues (expenses)	<u>(8,312,272)</u>	<u>-</u>	<u>(8,312,272)</u>	<u>2,279,773</u>	<u>(6,032,499)</u>	<u>(6,304,359)</u>
Income (loss) before operating transfers	<u>6,639,623</u>	<u>(468,394)</u>	<u>6,171,229</u>	<u>(6,364,378)</u>	<u>(193,149)</u>	<u>12,259,797</u>
Operating transfers in	7,802,641	-	7,802,641	-	7,802,641	6,235,300
Operating transfers out	(1,429,227)	-	(1,429,227)	-	(1,429,227)	-
Operating transfers from primary government	-	-	-	3,299,934	3,299,934	3,263,819
Operating transfers to primary government	-	-	-	-	-	(24,663)
Total transfers	<u>6,373,414</u>	<u>-</u>	<u>6,373,414</u>	<u>3,299,934</u>	<u>9,673,348</u>	<u>9,474,456</u>
Net income (loss)	<u>13,013,037</u>	<u>(468,394)</u>	<u>12,544,643</u>	<u>(3,064,444)</u>	<u>9,480,199</u>	<u>21,734,253</u>
Amortization of contributed capital	2,648,106	-	2,648,106	3,151,393	5,799,499	6,060,130
RETAINED EARNINGS (DEFICIT) at beginning of year,	<u>357,975,630</u>	<u>1,234,572</u>	<u>359,210,202</u>	<u>(2,491,958)</u>	<u>356,718,244</u>	<u>328,923,861</u>
RETAINED EARNINGS (DEFICIT) at end of year	<u>\$ 373,636,773</u>	<u>\$ 766,178</u>	<u>\$ 374,402,951</u>	<u>\$ (2,405,009)</u>	<u>\$ 371,997,942</u>	<u>\$ 356,718,244</u>

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



CITY OF CHATTANOOGA, TENNESSEE  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	General Pension Plan	Firemen's and Policemen's Insurance and Pension Fund	Totals	
			2000	1999
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 1,335,478	\$ 3,749,235	\$ 5,084,713	\$ 5,327,606
Employee	<u>946,414</u>	<u>2,285,399</u>	<u>3,231,813</u>	<u>3,120,496</u>
Total contributions	<u>2,281,892</u>	<u>6,034,634</u>	<u>8,316,526</u>	<u>8,448,102</u>
Investment income:				
Net appreciation (depreciation) in fair market value of investments	29,063,618	(3,934,564)	25,129,054	25,346,315
Interest	2,956,368	5,056,048	8,012,416	7,942,074
Dividends	<u>2,042,686</u>	<u>2,009,249</u>	<u>4,051,935</u>	<u>3,879,042</u>
Total investment income	<u>34,062,672</u>	<u>3,130,733</u>	<u>37,193,405</u>	<u>37,167,431</u>
Total additions	<u>36,344,564</u>	<u>9,165,367</u>	<u>45,509,931</u>	<u>45,615,533</u>
<b>DEDUCTIONS</b>				
Benefits paid to participants	4,745,098	7,348,477	12,093,575	11,217,099
Administrative expenses	<u>1,045,464</u>	<u>1,162,014</u>	<u>2,207,478</u>	<u>1,914,186</u>
Total deductions	<u>5,790,562</u>	<u>8,510,491</u>	<u>14,301,053</u>	<u>13,131,285</u>
NET INCREASE	30,554,002	654,876	31,208,878	32,484,248
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
Beginning of year	<u>186,782,923</u>	<u>196,842,281</u>	<u>383,625,204</u>	<u>351,140,956</u>
End of year	<u>\$ 217,336,925</u>	<u>\$ 197,497,157</u>	<u>\$ 414,834,082</u>	<u>\$ 383,625,204</u>

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

CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
AND DISCRETELY PRESENTED COMPONENT UNITS  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	Proprietary Fund Types		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	Enterprise	Internal Service			2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 14,951,895	\$ (468,394)	\$ 14,483,501	\$ (8,644,151)	\$ 5,839,350	\$ 18,564,156
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	22,107,882	130,391	22,238,273	3,642,534	25,880,807	23,931,782
Provision for uncollectible accounts	41,483	-	41,483	-	41,483	31,605
Payment of tax equivalents	(7,254,000)	-	(7,254,000)	-	(7,254,000)	(6,946,000)
Changes in operating assets and liabilities:						
Accounts receivable	(2,349,503)	(28,540)	(2,378,043)	95,380	(2,282,663)	1,584,268
Inventory	(1,132,169)	(113,223)	(1,245,392)	(22,006)	(1,267,398)	(436,333)
Due from other funds	58,143	-	58,143	-	58,143	262,288
Due from other governments	-	17,430	17,430	-	17,430	40,267
Due to primary government	-	-	-	12,035	12,035	2,991
Other current assets	3,223,443	-	3,223,443	(437,139)	2,786,304	1,681,502
Accounts payable	2,498,608	(676,841)	1,821,767	-	1,821,767	(5,343,647)
Compensated absences	-	(440)	(440)	-	(440)	102,501
Prepaid items	7,217	-	7,217	(57,360)	(50,143)	302,644
Due to other funds	-	(703,030)	(703,030)	-	(703,030)	750,723
Other current liabilities	(1,415,235)	-	(1,415,235)	-	(1,415,235)	(7,527,331)
Other	56,103	-	56,103	931,577	987,680	801,728
Total adjustments	15,841,972	(1,374,253)	14,467,719	4,165,021	18,632,740	9,238,988
Net cash provided by (used in) operating activities	30,793,867	(1,842,647)	28,951,220	(4,479,130)	24,472,090	27,803,144
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating transfers in	7,802,641	-	7,802,641	-	7,802,641	6,235,300
Operating transfers out	(1,429,227)	-	(1,429,227)	-	(1,429,227)	-
Operating transfers from primary government	-	-	-	3,299,934	3,299,934	3,239,156
Intergovernmental revenues	-	-	-	1,957,728	1,957,728	1,099,746
Net cash provided by noncapital financing activities	6,373,414	-	6,373,414	5,257,662	11,631,076	10,574,202
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of fixed assets	(68,374,927)	(308,173)	(68,683,100)	(4,071,618)	(72,754,718)	(62,968,126)
Proceeds of notes payable	180,657	-	180,657	574,770	755,427	4,246,079
Principal paid on notes and bonds	(10,401,373)	-	(10,401,373)	(284,420)	(10,685,793)	(8,824,279)
Interest paid on bonds	(7,858,254)	-	(7,858,254)	(932,955)	(8,791,209)	(9,729,761)
Capital contributions	1,040,264	-	1,040,264	4,760,814	5,801,078	5,467,973
Net cash provided by (used in) capital and related financing activities	(85,413,633)	(308,173)	(85,721,806)	46,591	(85,675,215)	(71,808,114)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments	(492,344,281)	-	(492,344,281)	(164,397)	(492,508,678)	(385,266,632)
Proceeds from sale and maturities of investments	507,599,641	-	507,599,641	220,000	507,819,641	430,069,025
Interest on investments	7,038,710	-	7,038,710	220,550	7,259,260	9,592,080
Net cash provided by investing activities	22,294,070	-	22,294,070	276,153	22,570,223	54,394,473
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(25,952,282)	(2,150,820)	(28,103,102)	1,101,276	(27,001,826)	20,963,705
<b>CASH AND CASH EQUIVALENTS at beginning of year</b>	86,317,582	3,682,118	89,999,700	4,091,921	94,091,621	73,127,916
<b>CASH AND CASH EQUIVALENTS at end of year</b>	\$ 60,365,300	\$ 1,531,298	\$ 61,896,598	\$ 5,193,197	\$ 67,089,795	\$ 94,091,621

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2000

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

(A) Financial Reporting Entity

As required by generally accepted accounting principles, the accompanying financial statements present the City of Chattanooga (the primary government) and its component units, entities for which the government is considered to be financially accountable. The primary government includes separately administered organizations that are not legally separate from the City, as discussed below. The component units discussed below are included in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legally separate entities, are in substance part of the government's operations and data from these units are combined with data of the primary government. The City has no blended component units at June 30, 2000. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. Each discretely presented component unit has a June 30 year-end.

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2000

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

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

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

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

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

CARTA  
1617 Wilcox Boulevard  
Chattanooga, TN 37406

City officials are also responsible for appointing the members of the boards of other related organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The Mayor or the City Council appoint the Board members of Southeastern Tennessee Private Industry Council, Inc., Chattanooga Housing Authority, The Industrial Development Board of the City of Chattanooga, and The Health and Educational Facilities Board of the City of Chattanooga. During 2000 the City appropriated no funds to these organizations.

(B) Fund Accounting

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

**GOVERNMENTAL FUNDS**

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

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) requiring

separate accounting because of legal or regulatory provisions or administrative action.

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

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

## PROPRIETARY FUNDS

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

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

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

## FIDUCIARY FUNDS

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

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

## ACCOUNT GROUPS

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

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

General Long-Term Debt Account Group - This account group is established to account for all

long-term debt and earned leave benefits of the City, except for the debt that is accounted for in the proprietary funds.



(C) Basis of Accounting

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

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

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

(D) Budgetary Data

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

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

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

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

Formal budgets are adopted for the General Fund, Special Revenue Funds, and the Debt Service Fund. These formal budgets are adopted on a departmental basis and the line item estimates are from the appropriations ledger and not from a formal budget ordinance. The legal level of budgetary control is the fund level. Transfers of appropriations between funds require the

approval of the City Council. The City Finance Officer may make interdepartmental and intradepartmental transfers within the General Fund.

Major capital facilities and improvements, which are accounted for by the City within the Capital Projects Funds, are subject to budgetary control on a project basis. Appropriations for a specific project do not lapse until completion of the project. Because of the project nature of these funds, budgetary comparison statements on an annual basis do not provide meaningful information and, accordingly, are not presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.

The budgets are prepared on a basis consistent with generally accepted accounting principles except that (a) encumbrances are treated as budget expenditures in the year of the commitment to purchase and (b) budgeted revenues and expenditures in the General Fund include employee benefits related to other funds. For the fiscal year ended June 30, 2000, employee benefits of \$4,718,248 related to other funds are presented as budgetary basis revenues and expenditures of the General Fund. This amount is not included in GAAP basis revenues and expenditures. Budgetary comparisons presented in the report are on this budgetary basis. All unencumbered and unexpended appropriations lapse at the end of the fiscal year.

Expenditures may not legally exceed appropriations at or above the fund level. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental appropriations. During the year ended June 30, 2000, the City Council authorized supplemental appropriations as follows:

	<u>Original Appropriation Budget</u>	<u>Increase/ (Decrease) in Appropriations</u>	<u>Amended Appropriations Budget</u>
General Fund	\$156,004,428	\$ 7,222,495	\$163,226,923
Special Revenue Funds	20,939,579	1,446,012	22,385,591
Debt Service Fund	9,814,474	(2,581,265)	7,233,209

(E) Encumbrances

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

(F) Cash and Cash Equivalents

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

(G) Investments

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31,

“Accounting and Financial Reporting for Certain Investments and for External Investment Pools,” the City’s investments are stated at fair value, except for interest-earning investment contracts that have a remaining maturity of one year or less at the time of purchase. Any change in the value of investments recorded at fair value is included in investment income. Fair value is based on quoted market prices.



(H) Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets and service debt. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund. Transactions that would be treated as revenues or expenditures if the involved organizations were external to the City are treated as revenues in the receiving fund and expenditures in the disbursing fund. Dispositions of the remaining fund balance in discontinued funds are accounted for as residual equity transfers.

(I) Inventory

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

(J) General Fixed Assets

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

(K) Fixed Assets of Proprietary Funds

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

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

(L) General Long-Term Debt

General Obligation Bonds, Revenue Bonds, and other long-term liabilities directly related to and

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

(M) Compensated Absences

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

(N) Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in all statements because its inclusion would make certain statements unduly complex and difficult to understand. Certain comparative amounts shown for 1999 have been reclassified in the accompanying financial statements to conform with 2000 presentations.

(O) Property Taxes

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

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

The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the City Council and collected by the City Treasurer. Property taxes are secured by a statutory lien effective as of the original levy date of January 1. Taxes are due October 1 and become delinquent March 1. Property taxes levied for 1999 are recorded as receivables, net of estimated uncollectibles.

The receivables collected during the current fiscal year and those collected by August 29, 2000, related to tax levies for fiscal year 2000, are recorded as revenue in accordance with the principles established by the Governmental Accounting Standards Board. The net receivables estimated to be collectible subsequent to August 29, 2000, are recorded as deferred revenues at June 30, 2000.

(P) Deficit Fund Equity

The Solid Waste/Sanitation Fund has a deficit in retained earnings of \$11,123,695 at June 30, 2000. This deficit resulted from the recognition of cumulative landfill closure and postclosure care costs from prior years. These costs may be covered by charges to future landfill users, taxpayers,

or both.

The Liability Insurance Fund has a deficit in retained earnings of \$55,855 at June 30, 2000. This deficit resulted from the recognition of unfunded tort liabilities as described in Note 16. This deficit will be funded by premiums to other funds.

(Q) Total Columns on Combined Statements

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

NOTE 2. CASH AND INVESTMENTS

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

Statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, state pooled investment fund, and money market mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

The City uses a central cash and investment pool for certain Governmental Funds and Proprietary Funds. The cash and investment pool balances are classified as cash and cash equivalents in the accompanying financial statements. The City's investment policy with respect to the cash and investment pool is to maximize investment earnings while maintaining an acceptable level of risk. Because investments in the pool must provide for the future needs of the City, flexibility and liquidity of investments are generally maintained at all times.

Cash

At June 30, 2000, the carrying amount of cash and cash equivalent deposits of the primary government was \$117,707,963 and the bank balance was \$131,769,283. The bank balance is categorized below as to credit risk. Category 1 includes deposits either covered by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name or by the Federal Reserve Banks acting as third party agents. Category 2 includes deposits covered by collateral held by the pledging bank's agent in the City's name. Category 3 includes deposits either uninsured, uncollateralized or covered by collateral held by the pledging bank or its agent, but not in the City's name.

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Cash and cash equivalent deposits	\$131,769,283	\$ -	\$ -	\$131,769,283	\$117,707,963
Cash on hand					157,426
Certificates of deposit					



held as investments	<u>(40,571,038)</u>
Total cash and cash equivalents of primary government	<u>\$ 77,294,351</u>

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

	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash and cash equivalent deposits	<u>\$5,587,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,587,404</u>	<u>\$5,193,197</u>

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

### Investments

The City's investments are categorized below to give an indication of the credit risk at June 30, 2000. Category 1 includes investments either insured, registered in the City's name, or held by the City or its agent in the City's name. Category 2 includes investments uninsured and unregistered that are held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes investments uninsured and unregistered that are held by the pledging financial institution's trust department or agent, but not in the City's name.

Governmental Funds, Proprietary Funds, and Expendable Trust Funds:

	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Government Agency securities	\$44,721,037	\$ -	\$ -	\$44,721,037	\$45,058,417
U.S. Government securities	<u>8,194,625</u>	<u>-</u>	<u>-</u>	<u>8,194,625</u>	<u>8,194,625</u>
	<u>\$52,915,662</u>	<u>\$ -</u>	<u>\$ -</u>	52,915,662	53,253,042
Investments in Mutual Funds				67,800	67,800
Certificates of deposit held as investments				<u>40,571,038</u>	<u>40,571,038</u>
				<u>\$93,554,500</u>	<u>\$93,891,880</u>

Pension Trust Funds:

	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Government securities	\$ 47,789,577	\$ -	\$ -	\$ 47,789,577	\$ 47,789,577
Corporate bonds	44,771,548	-	-	44,771,548	44,771,548
Foreign bonds	2,317,661	-	-	2,317,661	2,317,661
Corporate stocks	161,738,269	-	-	161,738,269	161,738,269
Other securities	<u>34,209,340</u>	<u>-</u>	<u>-</u>	<u>34,209,340</u>	<u>34,209,340</u>
	<u>\$290,826,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>290,826,395</u>	<u>290,826,395</u>

Investments in Common Trust Fund	23,296,663	23,296,663
Investments in mutual funds	<u>99,514,782</u>	<u>99,514,782</u>
	<u>\$413,637,840</u>	<u>\$413,637,840</u>

Component Units:

	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Government securities	<u>\$2,527,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,527,399</u>	<u>\$2,527,399</u>

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

NOTE 3. CHANGES IN FIXED ASSETS

Changes in fixed assets during the fiscal year ended June 30, 2000, were as follows:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2000</u>
<b>GENERAL FIXED ASSETS</b>				
Land	\$ 26,555,548	\$ 1,840,174	\$ 15,288	\$ 28,380,434
Buildings 36,365,370	19,900	-	36,385,270	
Vehicles and machinery	58,839,928	7,027,865	1,527,070	64,340,723
Improvements	16,880,140	1,332,221	-	18,212,361
Construction in progress	<u>79,194</u>	<u>1,900,901</u>	<u>-</u>	<u>1,980,095</u>
	<u>\$ 138,720,180</u>	<u>\$12,121,061</u>	<u>\$ 1,542,358</u>	<u>\$ 149,298,883</u>
<b>PROPRIETARY FUNDS</b>				
Land	\$ 13,253,796	\$ 585,449	\$ 495,007	\$ 13,344,238
Buildings 15,937,062	2,001,459	-	17,938,521	
Vehicles and machinery	320,226,398	30,617,953	6,275,301	344,569,051
Construction in progress	9,997,139	238,684	3,036,000	7,199,822
Sewer system	365,378,887	29,790,948	166,300	395,003,535
Storm Water System	<u>22,362,391</u>	<u>10,064,443</u>	<u>-</u>	<u>32,426,834</u>
	747,155,673	<u>\$73,298,936</u>	<u>\$ 9,972,608</u>	810,482,001
Accumulated depreciation	<u>(245,944,685)</u>			<u>(262,717,977)</u>
	<u>\$ 501,210,988</u>			<u>\$ 547,764,024</u>
<b>COMPONENT UNITS</b>				
Land	\$ 5,332,667	\$ 2,500	\$ -	\$ 5,335,167
Buildings 42,771,469	415,395	-	43,186,864	
Vehicles and machinery	25,181,539	1,696,693	911,864	25,966,368
Improvements	14,927,244	591,009	-	15,518,253
Construction in progress	<u>1,998,821</u>	<u>1,964,065</u>	<u>-</u>	<u>3,962,886</u>
	90,211,740	<u>\$ 4,669,662</u>	<u>\$ 911,864</u>	93,969,538
Accumulated depreciation	<u>(30,914,955)</u>			<u>(35,865,049)</u>

\$ 59,296,785

\$ 58,104,489

Interest costs of \$1,539,549 were capitalized during the fiscal year ended June 30, 2000.



NOTE 4. LONG-TERM DEBT

Changes in long-term debt for the fiscal year ended June 30, 2000, were as follows:

	<u>Balance</u> <u>July 1, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2000</u>
<b>GENERAL LONG-TERM DEBT</b>				
General obligation serial bonds	\$ 37,920,402	\$ -	\$ 3,031,415	\$ 34,888,987
Notes payable	9,497,888	986,465	1,718,729	8,765,624
Compensated absences (net change)	<u>15,251,729</u>	<u>-</u>	<u>277,076</u>	<u>14,974,653</u>
Total general long-term debt	<u>\$ 62,670,019</u>	<u>\$986,465</u>	<u>\$ 5,027,220</u>	<u>\$ 58,629,264</u>
<b>PROPRIETARY FUNDS</b>				
Electric Power Board of Chattanooga:				
Compensated absences (net change)	<u>\$ 2,339,000</u>	<u>\$223,000</u>	<u>\$ -</u>	<u>\$ 2,562,000</u>
Interceptor Sewer System:				
General obligation serial bonds	131,981,463	-	7,979,060	124,002,403
Notes payable	6,317,076	180,657	116,394	6,381,339
Compensated absences (net change)	<u>829,486</u>	<u>16,159</u>	<u>-</u>	<u>845,645</u>
	<u>139,128,025</u>	<u>196,816</u>	<u>8,095,454</u>	<u>131,229,387</u>
Solid Waste/Sanitation Fund:				
General obligation serial bonds	28,837,206	-	1,278,837	27,558,369
Compensated absences (net change)	<u>492,346</u>	<u>-</u>	<u>3,025</u>	<u>489,321</u>
	<u>29,329,552</u>	<u>-</u>	<u>1,281,862</u>	<u>28,047,690</u>
Storm Water Fund:				
General obligation serial bonds	20,880,930	-	910,689	19,970,241
Notes payable	2,070,997	-	116,394	1,954,603
Compensated absences (net change)	<u>180,973</u>	<u>-</u>	<u>15,007</u>	<u>165,966</u>
	<u>23,132,900</u>	<u>-</u>	<u>1,042,090</u>	<u>22,090,810</u>
Municipal Fleet Services Fund:				
Compensated absences (net change)	<u>495,189</u>	<u>-</u>	<u>440</u>	<u>494,749</u>
Total proprietary funds	<u>\$194,424,666</u>	<u>\$419,816</u>	<u>\$10,419,846</u>	<u>\$184,424,636</u>

COMPONENT UNITS

Metropolitan Airport  
Authority:

Revenue bonds	\$ 12,372,364	\$ -	\$ 268,108	\$ 12,104,256
Notes payable	<u>-</u>	<u>574,770</u>	<u>-</u>	<u>574,770</u>
	<u>\$ 12,372,364</u>	<u>\$574,770</u>	<u>\$ 268,108</u>	<u>\$ 12,679,026</u>

In 1986, 1992, 1995, and 1998 the City refunded certain general obligation and sewage facility bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liabilities for the refunded bonds are not included in the City's financial statements. At June 30, 2000, the liabilities for the bonds refunded in 1986, 1992, 1995, and 1998 were \$15,975,000, \$28,530,000, \$17,550,000, and \$26,715,000, respectively.

General Obligation Bonds - The City periodically issues general obligation bonds for the acquisition and construction of major capital facilities. These bonds are direct obligations and are backed by the full faith and credit of the City. These bonds are generally issued as 15- to 30-year serial bonds. General obligation bonds are summarized by issue as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
County/City Jail/Court Building City's Portion, Series 1987	5.00%	\$ 530,000
Municipal Public Improvement, Series 1992	5.75% - 7.75%	960,000
Refunding Bonds, 1992 Series A	4.80% - 5.70%	8,185,687
Municipal Public Improvement, Series 1995	5.00% - 5.40%	6,670,900
Municipal Public Improvement, Series 1996	4.75% - 5.70%	11,260,000
Public Improvement Refunding, Series 1998	4.00% - 5.50%	<u>7,282,400</u>
Total payable from the Debt Service Fund		<u>\$34,888,987</u>

Tennessee Municipal Bond Fund Loan - The City acquired a \$4,835,000 loan through the Tennessee Municipal Bond Fund. Loan repayments are due in ten annual installments beginning May 25, 1992, through May 25, 2001, at variable rates of interest. The balance on this loan at June 30, 2000, is \$483,500.

Tennessee Municipal Bond Fund Alternative Loan Program - The City acquired a \$7,430,000 loan through the Tennessee Municipal Bond Fund Alternative Loan Program for various capital improvement projects. Loan repayments are due in ten annual installments beginning June 15, 1994, through June 15, 2003, at variable rates of interest ranging from 2.95% to 5.25%. The balance at June 30, 2000, is \$2,570,000.

Hamilton County Series 1991 - Parking Garage - The City entered into an agreement with Hamilton County for cost sharing with respect to the parking garage for the Hamilton County/City of Chattanooga Courts/Jail complex in the principal amount of \$917,418. Hamilton County issued 15-year serial bonds to cover the cost of construction at rates ranging from 4.5% to 6.5%. Principal and interest payments are due annually to the County beginning 1992 through 2007. The remaining balance at June 30, 2000, is \$425,467.

Tennessee Municipal Bond Fund Loan - Pursuant to a loan agreement with the Tennessee Municipal Bond Fund, the City of Chattanooga is authorized to incur indebtedness up to \$7,908,000 for the purpose of financing certain general government capital projects. The maximum amount authorized by the agreement is being reserved by the Trustee and is disbursed to the City upon request. The loan will be repaid over a 15-year period at variable interest rates beginning 1998 through 2012. The balance at June 30, 2000, is \$5,243,333.

Fire Hall Land Note – During 1999 the City acquired land for the construction of a fire hall. In connection with acquiring the property, the City executed a note payable to the former owners. The note bears interest at 9.5% and will be repaid over a 15-year period. The balance at June 30, 2000, is \$43,324.

Georgia State Revolving Loan - Pursuant to a loan agreement with the Georgia State Revolving Loan Fund, the City of Chattanooga is authorized to incur indebtedness up to \$7,255,000 for the purpose of financing sewer expansion in Northwest Georgia. The maximum amount authorized by the agreement is being reserved by the Georgia Environmental Facilities Authority and is disbursed to the City upon request. The loan will be repaid over a 20-year period at 4% interest beginning 2000 through 2020. The balance at June 30, 2000, is \$4,426,736.

Enterprise Funds debt at June 30, 2000, consisted of the following:

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
<b>Interceptor Sewer System Fund:</b>		
Sewer and Sewage Facilities, Series 1976	4.50%	\$ 260,000
Sewer and Sewage Facilities, Series 1992	5.75% - 7.75%	3,725,000
Sewage Facilities Refunding Bonds, Series 1992	5.00% - 5.70%	43,724,313
Sewer and Sewage Facilities Refunding, Series 1995	4.40% - 5.13%	17,900,000
Sewer and Sewage Facilities, Series 1995	5.00% - 5.63%	13,205,000
Municipal Public Improvement, Series 1998	4.00% - 5.375%	31,615,190
Municipal Public Improvement Refunding, Series 1998	4.50% - 5.50%	13,572,900
1992 State Revolving Sewer Loan*	3.98%	1,954,603
North West Georgia Sewer Expansion Project	4.00%	4,426,736
<b>Solid Waste/Sanitation Fund:</b>		
Municipal Public Improvement, Series 1995	5.10% - 5.40%	6,456,728
Municipal Public Improvement, Series 1998	4.50% - 5.375%	17,415,541
Municipal Public Improvement Refunding, Series 1998	4.00% - 5.50%	3,686,100
<b>Storm Water Fund:</b>		
1992 State Revolving Sewer Loan*	3.98%	1,954,603
Municipal Public Improvement, Series 1995	5.00% - 5.40%	4,427,371
Municipal Public Improvement, Series 1998	4.00% - 5.375%	13,014,270
Municipal Public Improvement Refunding, Series 1998	4.00% - 5.50%	<u>2,528,600</u>
Total payable from Enterprise Funds		<u>\$179,866,955</u>

\*State Revolving Loan Fund - The City entered into an agreement with the Tennessee Department of Health and Environment to secure a loan for the purpose of constructing a Combined Sewer Overflow Facility located at Ross's Landing. The loan will be repaid in monthly installments through 2013 with interest at 3.98%. The remaining balance at June 30, 2000, is \$3,909,206.

Component Units debt at June 30, 2000, consisted of the following:

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
--------------	-----------------------	-------------------------



Metropolitan Airport Authority:		
Airport Revenue Bonds, Series 1990	6.90% - 7.375%	\$12,104,256
Notes payable	Variable	<u>574,770</u>
		<u>\$12,679,026</u>

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

<u>Year</u>	<u>General Long-Term</u>	<u>Proprietary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
2001	\$ 4,226,180	\$ 10,846,129	\$ 15,072,309	\$ 864,770	\$ 15,937,079
2002	3,880,454	10,908,671	14,789,125	310,000	15,099,125
2003	3,750,512	11,179,396	14,929,908	335,000	15,264,908
2004	2,893,942	11,169,444	14,063,386	355,000	14,418,386
2005	3,006,844	11,520,743	14,527,587	380,000	14,907,587
2006-2020	<u>25,896,679</u>	<u>124,242,572</u>	<u>150,139,251</u>	<u>10,434,256</u>	<u>160,573,507</u>
Total principal	43,654,611	179,866,955	223,521,566	12,679,026	235,200,592
Total interest	<u>16,431,790</u>	<u>78,935,734</u>	<u>95,367,524</u>	<u>11,503,194</u>	<u>106,870,718</u>
Principal and interest	<u>\$60,086,401</u>	<u>\$258,802,689</u>	<u>\$318,889,090</u>	<u>\$24,182,220</u>	<u>\$343,071,310</u>

#### NOTE 5. CONSERVATION PROGRAMS

EPB is a fiscal intermediary for the Tennessee Valley Authority's (TVA) conservation programs. As of June 30, 2000, outstanding funds advanced by TVA totaled \$4,825,000 to be used by EPB for customer loans in connection with TVA's insulation and heat pump conservation programs. At June 30, 2000, the outstanding receivables for loans made from these funds amounted to \$4,723,000. A total of approximately \$77,309,000 has been loaned to EPB's customers since the programs were begun in 1977.

#### NOTE 6. EMPLOYEE RETIREMENT SYSTEMS

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

The following is a summary of each of these plans:

##### City of Chattanooga Administered Pension Plans

##### **Significant Accounting Policies:**

##### Basis of Accounting

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

commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

## Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

## **Plan Descriptions:**

### (1) City of Chattanooga General Pension Plan

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

The normal retirement benefit is 2 percent of average earnings multiplied by years of credited service up to twenty (20) years plus one percent of average earnings multiplied by years of credited service in excess of twenty (20) years with a maximum annual benefit of 50 percent of average earnings.

The benefits payable to retirees over age 65 are increased annually. The increase is the lesser of the annual increase in the Consumer Price Index (CPI) or 3 percent. These benefit provisions may only be amended by a referendum of City voters.

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. However, if the sum of the participant's age and years of credited service is at least eighty-five (85), there shall be no reduction in the immediate early retirement benefit.

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

The City maintains a single-employer defined benefit pension plan for the firemen and policemen employed by the City. The Plan is designed for each plan participant to contribute 8 percent of the lesser of (a) the participant's salary and (b) the base salary paid by the City to regular firemen and policemen in grade of sergeant. The City Charter provides that the City is to contribute not less than 10 percent of the total payroll of the participants in the Plan. The City is currently contributing 12 percent of the total covered payroll of the participants. Increased court costs on all forfeitures of fines or monies or on convictions of violating any City ordinances are recorded as additional contributions to the Plan.

The normal retirement benefit is 60 percent of average earnings, where average earnings are based on the three-year period of service yielding the highest arithmetic average of the top sergeant's salary. For service beyond 25 years, the benefit is increased 2 percent per year not to exceed 70 percent of the top sergeant's salary.

The benefits payable to retirees are increased annually. The increase is the lesser of the annual increase in the Consumer Price Index (CPI) or 3 percent. The increase for persons retiring on or after January 1, 1988, does not begin until the retiree has attained age 55 and completed one year of retirement. These benefit provisions may be amended by City ordinance or a referendum of City voters, depending on the nature of the amendment.

The normal retirement date is the first day of the month following the participant's completion of 25 years of credited service. Reduced benefit provisions are available for those participants who have attained age 55 and have completed at least 10 years of credited service. In the event of death or total and permanent disability, participants who are not yet eligible for normal retirement benefits can receive a percentage of their average earnings, based on their years of credited service at the time of death or disability. Benefit provisions are established and amended by the Private Acts of Tennessee.

Current membership in each of these plans was comprised of the following as of June 30, 2000:

<u>Group</u>	<u>General Pension Plan</u>	<u>Firemen's and Policemen's Insurance and Pension Fund</u>
Retirees and beneficiaries currently receiving benefits	580	488
Vested terminated employees	49	3
Active employees	1,572	781
Actuarial update	1-1-2000	7-1-99

**Funding Policy and Other Information:**

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

	<u>General Pension Plan</u>	<u>Firemen's and Policemen's Insurance and Pension Fund</u>
Contributions rates for employer	4.95%	12.00%
Contribution rates for plan members	2.00%	8.00%
Annual pension cost	\$1,327,689	\$3,781,998
Contributions made by employer	1,581,888	3,749,235
Contributions made by plan members	946,414	2,285,399
Actuarial valuation date for current contributions	January 1, 2000	July 1, 1999
Actuarial cost method	Entry Age	Entry Age
Amortization method	Straight Line	Level Dollar
Remaining amortization period	40 Years Open	30 Years Open
Asset valuation method	5-Year Smoothing	Market Value, As Adjusted
Actuarial assumptions:		
Investment rate of return	7.50%	8.25%
Projected salary increases	5.50%	6.50%
Inflation rate	3.50%	5.00%

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

Annual required contribution	\$ 1,311,719
Interest on net pension obligation (asset)	(272,203)
Adjustment to annual required contribution	<u>288,173</u>



Annual pension cost	1,327,689
Contributions made	<u>1,581,888</u>
Increase in net pension obligation (asset)	(254,199)
Net pension obligation (asset) at beginning of year	<u>(3,629,371)</u>
Net pension obligation (asset) at end of year	<u><u>\$(3,883,570)</u></u>

**Trend Information:**

	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
General Pension Plan	12/31/99	\$1,327,689	119.15%	\$(3,883,570)
	12/31/98	1,548,512	123.53%	(3,629,371)
	12/31/97	2,069,524	140.77%	(3,265,051)
Firemen's and Policemen's Fund	6/30/99	3,781,998	100.00%	-
	6/30/98	5,464,302	100.00%	-
	6/30/97	5,359,709	100.00%	-

EPB Pension Plan**Plan Description and Provision:**

EPB's Retirement Plan (the "Plan") is a Single Employer Defined Benefit Pension Plan administered by an individual designated by EPB. The Plan provides retirement benefits to Plan members. Article VII of EPB of Chattanooga Retirement Plan assigns the authority to establish and amend benefit provisions to EPB.

**Funding Policy:**

Contribution requirements of Plan members and the EPB are established and can be amended by the EPB. The Plan does not require Plan members to make a contribution. The EPB is required to contribute at an actuarially determined rate, the current rate is 3.72% of annual covered payroll.

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

EPB's annual pension cost of the Plan for the current year was \$766,000. There is no net pension obligation as EPB has contributed the annual required contribution, adjusted with interest, as calculated by actuarial valuation. The annual required contribution was determined as part of an actuarial valuation performed as of August 1, 1999, using the aggregate cost method. The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. Significant actuarial assumptions used in the valuation included (a) a rate of return on the investment of present and future assets of 8.25% per year compounded annually, (b) projected salary increases of 4.75% per year compounded annually, and (c) no postretirement benefit increases.

**Trend Information:**

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

EPB 401(k) Plan

EPB also has a 401(k) plan which permits employees to invest up to 7.5 percent of salary in a tax-deferred savings plan. EPB contributes up to 2.5 percent of an employee's salary. EPB contributions are fully

vested and amounted to \$480,000 in 2000.

### Pension Plans of Component Units

CARTA is the only component unit with a separate defined benefit pension plan, and complete pension disclosures are in CARTA's separately-issued financial statements. Actuarially determined employer contribution requirements were met for the year ended June 30, 2000. Condensed disclosures for CARTA's defined benefit pension plan are as follows:

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/00	\$202,987	147%	\$(533,018)
6/30/99	63,261	438%	(439,265)
6/30/98	36,854	715%	(226,784)

### Postretirement Benefits

The City provides postretirement health and medical benefits for retirees and their dependents in accordance with the applicable City ordinance. Substantially all of the City's employees may become eligible for the benefits if they reach normal retirement age while working for the City. At June 30, 2000, there were 722 employees who had retired and were receiving healthcare benefits. The City is insured for a portion of these benefits. All the associated costs are accounted for in the General Fund. For the year ended June 30, 2000, the City recognized expenditures of approximately \$2,437,400, which was offset by \$412,564 of retiree contributions.

### NOTE 7. DEFERRED COMPENSATION PLAN

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

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

Asset balance at July 1, 1999	\$12,593,919
Deferrals of compensation	988,726
Earnings	1,065,385
Withdrawals	(425,947)
Administrative expenses	<u>(504)</u>
Asset balance at June 30, 2000	<u>\$14,221,759</u>

### NOTE 8. COMMITMENTS AND CONTINGENCIES

The City and its component units are parties to various lawsuits and claims in the ordinary course of their

operations. Management believes that the potential adverse impact of these proceedings would not be material to the combined financial statements of the City.

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

## NOTE 9. JOINT VENTURE

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

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

While the bonds owed by the Corporation do not constitute an indebtedness of the City or the County, under the terms of the lease the City and County are unconditionally obligated to make rental payments (one-third by the County and two-thirds by the City) to the Corporation which, in the aggregate, will be sufficient to pay principal and interest on the bonds. For the fiscal year ended June 30, 2000, lease payments from the City's General Fund were \$1,427,877.

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

2001	\$1,427,927
2002	1,426,542
2003	1,420,765
2004	1,420,529
2005	1,419,100
Thereafter	1,415,389

Complete financial statements can be obtained from:

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



Condensed financial information for Carter Street Corporation as of June 30, 2000, is as follows:

ASSETS	
Cash	\$ 857,539
Accounts receivable	1,737,769
Inventories	272,392
Prepaid items	9,111
Premises and equipment	18,317,461
Other assets	<u>146,074</u>
Total assets	<u>\$21,340,346</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable and accrued expenses	\$ 197,396
Accrued interest	202,044
Advance deposits	47,303
Bonds payable	<u>10,964,825</u>
Total liabilities	<u>11,411,568</u>
FUND EQUITY	
Contributed capital:	
City of Chattanooga	3,557
Hamilton County	3,557
Urban development action grants	5,997,326
Marriott Corporation	<u>19,227</u>
	6,023,667
Retained earnings	<u>3,905,111</u>
Total fund equity	<u>9,928,778</u>
Total liabilities and fund equity	<u>\$21,340,346</u>
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY	
Total operating revenues	\$ 4,124,488
Total operating expenses	<u>4,211,683</u>
Loss from operations	(87,195)
Nonoperating revenues	2,897,154
Nonoperating expenses	626,130
Net income	2,183,829
Fund equity at July 1, 1999	<u>7,744,949</u>
Fund equity at June 30, 2000	<u>\$ 9,928,778</u>

NOTE 10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds, which provide electric, sewer, sanitation, and storm water services. Segment information for the year ended June 30, 2000, follows:

	<u>Electric Power Board</u>	<u>Interceptor Sewer System</u>	<u>Solid Waste/ Sanitation</u>	<u>Storm Water</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$343,972,000	\$ 31,791,044	\$ 5,602,698	\$ 4,929,317	\$386,295,059
Depreciation and amortization expense	12,054,000	8,379,092	1,033,050	641,740	22,107,882
Operating income (loss)	12,692,000	8,186,985	(7,638,129)	1,711,039	14,951,895
Other revenues (expenses)					
Investment income	2,026,000	3,346,995	787,962	578,643	6,739,600
Interest expense	-	(5,605,859)	(1,448,288)	(839,029)	(7,893,176)
Other	(7,474,000)	24,359	314,483	(23,538)	(7,158,696)
Operating transfers in	-	-	7,118,689	683,952	7,802,641
Operating transfers out	-	627,203	-	802,024	1,429,227
Net income (loss)	7,244,000	5,325,279	(865,283)	1,309,041	13,013,037
Current capital contributions	-	1,019,873	-	20,391	1,040,264
Property and equipment: Additions	24,806,000	31,452,900	1,862,306	10,253,721	68,374,927
Net increase (decrease) in cash	(2,115,000)	(8,246,476)	(8,835,170)	(7,055,636)	(26,252,282)
Net working capital	16,438,000	36,608,101	2,886,274	905,124	56,837,499
Total assets	305,702,000	355,045,504	25,692,942	41,565,321	728,005,767
Bonds and other long-term liabilities:					
General obligation	-	124,002,403	27,558,369	19,970,241	171,531,013
Notes	-	6,381,339	-	1,954,603	8,335,942
Total equity	220,717,000	220,636,481	(9,354,112)	18,251,793	450,251,162

NOTE 11. CONDENSED FINANCIAL STATEMENTS OF COMPONENT UNITS

Condensed financial statements of discretely presented component units as of and for the year ended June 30, 2000, are as follows:

	<u>Metropolitan Airport Authority</u>	<u>CARTA</u>	<u>Total Component Units</u>
<b>ASSETS</b>			
Current assets	\$ 1,153,689	\$ 2,383,092	\$ 3,536,781
Restricted cash	5,914,724	-	5,914,724
Other assets	340,309	79,082	419,391
Fixed assets, net	<u>31,158,630</u>	<u>26,945,859</u>	<u>58,104,489</u>
Total assets	<u>\$38,567,352</u>	<u>\$29,408,033</u>	<u>\$67,975,385</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Current maturities of long-term debt	\$ 885,462	\$ -	\$ 885,462
Due to primary government	-	500,000	500,000
Other accrued liabilities	<u>1,125,057</u>	<u>619,427</u>	<u>1,744,484</u>
Total current liabilities	2,010,519	1,119,427	3,129,946
Long-term debt	11,850,241	-	11,850,241
Contributed capital	27,111,601	28,288,606	55,400,207
Retained earnings (deficit) - unreserved	<u>(2,405,009)</u>	<u>-</u>	<u>(2,405,009)</u>
Total liabilities and fund equity	<u>\$38,567,352</u>	<u>\$29,408,033</u>	<u>\$67,975,385</u>
<b>STATEMENT OF REVENUES AND EXPENSES</b>			
Operating revenues	\$ 5,349,691	\$ 3,353,415	\$ 8,703,106
Operating expenses	<u>5,645,681</u>	<u>11,701,576</u>	<u>17,347,257</u>
Operating loss	(295,990)	(8,348,161)	(8,644,151)
Intergovernmental revenues	-	1,957,728	1,957,728
Other nonoperating revenues (expenses)	265,097	56,948	322,045
Operating transfers from primary government	-	3,299,934	3,299,934

Operating transfers to primary government	<u>          -</u>	<u>          -</u>	<u>          -</u>
Net loss	<u>\$ (30,893)</u>	<u>\$(3,033,551)</u>	<u>\$ 3,064,444</u>
Current capital contributions	<u>\$ 1,351,740</u>	<u>\$ 3,378,740</u>	<u>\$ 4,730,480</u>

Note 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Human Services Fund	\$ 30,417
General Fund	Interceptor Sewer Fund	38,328
General Fund	Storm Water Fund	19,281
General Fund	Municipal Fleet Services	47,693
General Fund	Community Development Fund	10,000
General Fund	Home Fund	10,000
Human Services	Community Development Fund	97,301
Capital Projects	Interceptor Sewer Fund	48,949
Capital Projects	General Fund	<u>1,330,271</u>
		<u>\$1,632,240</u>

NOTE 13. CONDUIT DEBT OBLIGATIONS

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

As of June 30, 2000, 116 series of Industrial Revenue Bonds had been issued. The principal amount of the series issued after July 1, 1995, was \$23,861,403. The aggregate principal amounts payable for the 108 series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$253,648,700.

Note 14. CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital of the primary government during the year ended June 30, 2000, are as follows:

	<u>Interceptor Sewer System</u>	<u>Solid Waste/ Sanitation Fund</u>	<u>Storm Water Fund</u>	<u>Municipal Fleet Services</u>
Contributed capital, July 1, 1999	\$75,898,991	\$2,283,450	\$ 39,790	\$818,973

Sewer tap fees	1,019,873	-	-	-
Transfers of fixed assets	-	-	20,391	-
Amortization of contributed capital	<u>(2,097,833)</u>	<u>(513,867)</u>	<u>(36,406)</u>	<u>-</u>
Contributed capital, June 30, 2000	<u>\$74,821,031</u>	<u>\$1,769,583</u>	<u>\$ 23,775</u>	<u>\$818,973</u>

Changes in contributed capital of component units during the year ended June 30, 2000, are as follows:

	<u>Metropolitan Airport Authority</u>	<u>CARTA</u>
Contributed capital, July 1, 1999	\$25,759,861	\$28,061,259
Amortization of contributed capital	-	(3,151,393)
Capital grants	<u>1,351,740</u>	<u>3,378,740</u>
Contributed capital, June 30, 2000	<u>\$27,111,601</u>	<u>\$28,288,606</u>

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

The Solid Waste/Sanitation Fund accounts for the operations of the Summit landfill, the City landfill, garbage collection, and recycling. State and federal regulations require the City to place a final cover on all landfills after closure, and the City must perform certain maintenance and monitoring functions for 30 years thereafter. The City closed the first phase of the Summit landfill in 1996 and the second phase in 2000. The 36th Street landfill was closed in 1992. The City recognizes landfill closure and postclosure care costs based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs of \$5,763,643 at June 30, 2000, is based on the use of 100 percent of the capacity of the first and second phases of the Summit landfill, and 25 percent of the capacity of the City landfill. The City will recognize the remaining estimated costs of closure and postclosure care of \$4,668,830 as the remaining capacity is used. The estimated total current cost of the landfill closure and postclosure care of \$10,432,473 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired at June 30, 2000. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure requirements may need to be covered by charges to future landfill users, taxpayers, or both.

#### NOTE 16. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; medical benefits; unemployment compensation; injuries to employees; errors and omissions; and natural disasters. The City retains the risk of loss related to torts, certain retiree medical benefits, unemployment compensation, and injuries to employees. The General Fund accounts for all exposures, except for torts, which are accounted for in the Liability Insurance Fund. To minimize its losses, the City has established a limited risk management program. Premiums are paid by all funds and are available to pay claims, claim reserves, and administrative costs of the program. The premiums are used to reduce the amount of claims expenditures reported in the respective funds. As of June 30, 2000, such interfund premiums did not exceed reimbursable expenditures.



In 1998 the City changed its health insurance coverage for City employees. City employees eligible for medical benefits are fully insured by Blue Cross/Blue Shield of Tennessee.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effect of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liabilities for claims other than tort claims are reported in governmental funds rather than the general long-term debt account group because they are expected to be liquidated with expendable available financial resources.

The Liability Insurance Fund deficit represents unfunded tort liabilities. Interfund premiums are based on the insured funds' claims experience. Premiums are adjusted to cover all reported claims. It is anticipated that the settlement of an individual claim will be funded by premiums subsequent to the filing of the claim and prior to its settlement. Changes in the balances of claims liabilities during the year are as follows:

	General Fund	Liability Insurance Fund
Unpaid claims, June 30, 1998	\$ 627,638	\$1,715,250
Incurred claims (including IBNRs)	11,671,622	287,906
Claim payments	<u>(12,001,943)</u>	<u>(290,156)</u>
Unpaid claims, June 30, 1999	297,317	1,713,000
Incurred claims (including IBNRs)	15,069,356	(25,230)
Claim payments	<u>(14,454,473)</u>	<u>(803,770)</u>
Unpaid claims, June 30, 2000	<u>\$ 912,200</u>	<u>\$ 884,000</u>

#### NOTE 17. ADVANCES TO SOUTHSIDE REDEVELOPMENT CORPORATION

During the year, the City advanced \$18,790,595 to the Southside Redevelopment Corporation, a nonprofit corporation. These advances were repaid during October 2000 from the proceeds of a \$130,000,000 bond issue by the Industrial Development Board of Chattanooga, Tennessee.

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION  
PUBLIC EMPLOYEE RETIREMENT SYSTEMS  
SCHEDULE OF FUNDING PROGRESS  
June 30, 2000

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
CITY OF CHATTANOOGA ADMINISTERED PLANS						
General Pension Plan						
January 1, 2000	\$ 209,084,823	\$ 144,143,794	\$ (64,941,029)	145.10%	\$ 46,338,563	-140.14%
January 1, 1999	144,836,426	116,471,155	(28,365,271)	124.35%	43,969,283	-64.51%
January 1, 1998	129,592,442	109,916,957	(19,675,485)	117.90%	38,223,969	-51.47%
January 1, 1997	114,621,917	99,328,522	(15,293,395)	115.40%	39,136,370	-39.08%
January 1, 1996	101,710,722	98,001,759	(3,708,963)	103.78%	35,455,421	-10.46%
January 1, 1995	93,450,979	87,789,388	(5,661,591)	106.45%	37,853,587	-14.96%
Firemen's and Policemen's Insurance and Pension Fund						
July 1, 1999	\$ 192,166,300	\$ 179,230,000	\$ (12,936,300)	107.22%	\$ 27,308,200	-47.37%
July 1, 1998	169,512,500	167,287,300	(2,225,200)	101.33%	25,140,400	-8.85%
July 1, 1997	144,431,598	152,129,429	7,697,831	94.94%	24,607,560	31.28%
July 1, 1996	123,063,696	143,333,706	20,270,010	85.86%	23,686,990	85.57%
July 1, 1994	95,857,377	127,980,072	32,122,695	74.90%	21,435,799	149.86%
July 1, 1993	85,447,423	103,196,554	17,749,131	82.80%	19,964,862	88.90%
ELECTRIC POWER BOARD						
August 1, 1999	\$ 43,113,000	\$ 43,113,000	\$ -	100.00%	\$ 19,610,000	0.00%
August 1, 1998	43,773,000	38,418,000	(5,355,000)	113.94%	19,437,000	-27.55%
August 1, 1997	39,169,000	40,519,000	1,350,000	96.67%	19,160,000	7.05%
August 1, 1996	33,672,000	34,873,000	1,201,000	96.56%	19,217,000	6.25%

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION  
 PUBLIC EMPLOYEE RETIREMENT SYSTEMS  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 June 30, 2000

CITY OF CHATTANOOGA ADMINISTERED PLANS

Year Ended <u>June 30</u>	<u>General Pension Plan</u>		<u>Firemen's and Policemen's Insurance and Pension Fund</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2000	\$1,422,932	100%	3,781,998	100%
1999	1,796,507	100%	5,464,302	100%
1998	2,624,929	100%	5,359,709	100%
1997	3,298,906	100%	4,924,619	100%
1996	3,267,484	100%	4,738,898	100%
1995	2,953,018	100%	6,222,253	100%

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

	<u>General Pension Plan</u>	<u>Firemen's and Policemen's Insurance and Pension Fund</u>
Valuation date	1/1/2000	7/1/1999
Actuarial cost method	Entry Age	Entry Age
Amortization method	Straight Line	Level dollar
Remaining amortization period	40 Years Open	30 Years Open
Asset valuation method	5-Year Smoothing	Market value, adjusted for gains/losses
Actuarial assumptions:		
Investment rate of return	7.5%	8.25%
Projected salary increases	5.5%	6.5%
Includes inflation at	3.5%	5.0%
Cost-of-living adjustments	3.0%	3.0%

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

BALANCE SHEETS

June 30, 2000

(With Comparative Totals for 1999)

ASSETS	2000	1999
Cash and cash equivalents	\$ 543,389	\$ 26,075,697
Investments	29,298,235	16,803,191
Taxes receivable (Net of allowance for uncollectibles)	4,334,566	3,637,562
Due from other funds	155,719	793,463
Due from component units	500,000	501,571
Due from other governments:		
Federal	300,562	290,371
State of Tennessee	3,001,402	2,811,451
Hamilton County, Tennessee	1,834,252	508,826
In-lieu-of taxes	2,064,340	2,155,424
Inventory	955,820	756,250
Prepaid items	8,000	289,526
Other receivables	1,316,329	3,248,555
Note receivable (Net of allowance for uncollectibles)	1,390,000	1,437,000
 Total assets	 \$ 45,702,614	 \$ 59,308,887
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,916,893	\$ 1,499,230
Due to other funds	1,330,271	10,492,229
Due to other governments	1,982,968	483,812
Accrued payroll	306,602	1,512,562
Accrued pension plan contributions	36,339	79,941
Accrued healthcare benefits	912,200	297,317
Deferred revenue	3,666,631	3,522,500
 Total liabilities	 10,151,904	 17,887,591
 FUND BALANCES		
Reserved for encumbrances	1,115,817	1,192,116
Reserved for inventory	955,820	756,250
Reserved for prepaid expenses	8,000	289,526
Unreserved - designated for subsequent years' expenditures	5,522,924	7,094,559
Unreserved - undesignated	27,948,149	32,088,845
 Total fund balances	 35,550,710	 41,421,296
 Total liabilities and fund balances	 \$ 45,702,614	 \$ 59,308,887

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

## GENERAL FUND

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

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 Year Ended June 30, 2000  
 (With Comparative Totals for 1999)

	<u>2000</u>	<u>1999</u>
<b>REVENUES</b>		
Taxes	\$ 88,174,648	\$ 86,865,736
Licenses and permits	6,102,055	5,593,174
Intergovernmental	46,018,818	43,123,167
Charges for services	2,658,941	2,607,711
Fines, forfeitures and penalties	1,895,159	2,143,025
Investment income	3,168,305	2,885,733
Miscellaneous	<u>4,259,009</u>	<u>4,538,165</u>
Total revenues	<u>152,276,935</u>	<u>147,756,711</u>
<b>EXPENDITURES</b>		
General government	32,236,870	30,822,025
Finance and Administration	5,423,236	5,347,504
Police	29,659,950	25,582,840
Fire	19,145,014	18,235,179
Public Works	11,791,232	8,912,428
Parks and Recreation	12,036,513	10,854,732
General Services	<u>12,872,335</u>	<u>12,596,657</u>
Total expenditures	<u>123,165,150</u>	<u>112,351,365</u>
Excess of revenues over expenditures	<u>29,111,785</u>	<u>35,405,346</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	29,260	142,831
Operating transfers out	(31,711,697)	(35,772,094)
Operating transfers from component units	-	24,663
Operating transfers to component units	<u>(3,299,934)</u>	<u>(3,263,819)</u>
Total other financing sources (uses)	<u>(34,982,371)</u>	<u>(38,868,419)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(5,870,586)	(3,463,073)
FUND BALANCE at beginning of year	<u>41,421,296</u>	<u>44,884,369</u>
FUND BALANCE at end of year	<u>\$ 35,550,710</u>	<u>\$ 41,421,296</u>

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



CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES			
Taxes:			
Property	\$ 61,388,828	\$ 59,908,719	\$ (1,480,109)
Property in lieu of taxes:			
Electric Power Board	2,155,424	2,182,044	26,620
Burner Systems	18,485	18,764	279
Chattanooga Housing Authority	20,419	18,837	(1,582)
Tennessee Valley Authority	997,398	1,058,500	61,102
Jaycee Towers 1 and 2	2,448	2,448	-
Chattanooga Neighborhood Enterprise	58,000	57,996	(4)
Good Neighbors	2,808	2,808	-
Kenco Group	3,212	3,212	-
Sofix	74,442	212,217	137,775
Southern Foundry	1,995	6,317	4,322
Gibraltar Steel	32,611	32,612	1
Huntco Steel	465	-	(465)
Combustion Engineering, Inc.	440	396	(44)
Southern Champion Tray Company	37,981	36,678	(1,303)
T. B. Woods	5,638	6,401	763
Regis Corporation	18,176	33,280	15,104
Culp, Inc.	440	396	(44)
Chattanooga Bakery, Inc.	4,794	9,258	4,464
JRB Company	8,594	18,120	9,526
National Print Group	6,627	8,620	1,993
Top Flight, Inc.	12,559	18,811	6,252
Dev Corp O Knob	-	418	418
Chattanooga Labeling System	-	5,718	5,718
E. I. DuPont	-	95,993	95,993
Messer Griesheim Ind.	-	51,393	51,393
Pavestone Company	-	6,016	6,016
Sears, Roebuck & Co.	-	3,576	3,576
Corporate excise taxes - intangible property	254,000	154,033	(99,967)
Interest and penalty on taxes:			
Current year	60,000	57,441	(2,559)
Prior years	282,000	159,742	(122,258)
Collection fees - delinquent taxes	106,000	91,765	(14,235)
Other local taxes:			
Franchise taxes	1,436,636	1,445,040	8,404
Liquor taxes	1,200,000	1,365,306	165,306
Beer taxes	4,100,000	4,260,191	160,191
Litigation taxes - City Court	5,700	3,508	(2,192)
Designated revenues	16,685,286	16,838,074	152,788
Total taxes	<u>88,981,406</u>	<u>88,174,648</u>	<u>(806,758)</u>
Licenses and permits:			
Motor vehicle licenses	357,500	422,485	64,985
Parking meters	500,000	470,083	(29,917)
Business licenses (excluding liquor)	124,000	123,063	(937)
Gross receipts taxes	2,577,000	2,883,767	306,767
Fees for issuing business licenses	56,000	57,115	1,115

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Licenses and permits: (continued)			
Interest and penalty on business licenses	\$ 64,000	\$ 79,846	\$ 15,846
Wrecker permits	6,500	6,150	(350)
Building permits	350,000	472,127	122,127
Electrical permits	85,000	95,481	10,481
Plumbing fixtures connection permits	82,000	97,137	15,137
Street cut-in permits	31,000	38,479	7,479
Annual electrical contractors licenses	65,000	62,175	(2,825)
Plumbing examiner fees	25,000	27,105	2,105
Electrical examiner fees	48,000	39,480	(8,520)
Gas examiner fees	33,000	35,612	2,612
Beer permit application fees	91,100	89,408	(1,692)
Mechanical code permits	60,000	71,559	11,559
Mechanical examiner fees	60,000	62,630	2,630
Fees for issuing construction, renovation permits	70,000	64,120	(5,880)
Liquor by drink licenses	102,500	101,450	(1,050)
Liquor by drink, interest and penalty	4,500	3,771	(729)
Hotel permits	1,900	2,125	225
Gas permits	8,500	8,667	167
Exhibitor fees	-	3,227	3,227
Sign permits	90,000	87,827	(2,173)
Taxicab driver permits	-	3,730	3,730
Miscellaneous licenses and permits	-	24,446	24,446
Designated revenues	670,023	668,990	(1,033)
<b>Total licenses and permits</b>	<b>5,562,523</b>	<b>6,102,055</b>	<b>539,532</b>
Intergovernmental revenues:			
City allocation - state beer tax	74,000	78,601	4,601
City allocation - state income tax	2,500,000	2,976,411	476,411
City allocation - state sales tax	9,460,615	9,343,042	(117,573)
County-wide sales tax	20,192,436	20,777,740	585,304
Mixed drink tax	1,064,100	1,099,208	35,108
State maintenance of streets	100,000	81,068	(18,932)
State gas inspection fees	370,377	367,013	(3,364)
State alcoholic beverage taxes	80,000	113,961	33,961
TVA impact fees	28,000	-	(28,000)
Hamilton County - Ross's Landing	773,651	539,462	(234,189)
Hamilton County - radio & electronics	50,000	46,000	(4,000)
State - Department of Transportation	73,600	-	(73,600)
State-school resource officer	110,000	-	(110,000)
State-telecommunication sales tax	-	4,932	4,932
Harriet Tubman project	283,572	326,827	43,255

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Intergovernmental revenues: (continued)			
COPS hiring grant	\$ 1,796,937	\$ 1,535,681	\$ (261,256)
IMS federal grant - zoo	-	3,630	3,630
Designated revenues	<u>10,485,599</u>	<u>8,725,242</u>	<u>(1,760,357)</u>
Total intergovernmental revenues	<u>47,442,887</u>	<u>46,018,818</u>	<u>(1,424,069)</u>
Charges for services:			
City court costs	62,000	122,739	60,739
State court costs	650	15,577	14,927
City Court Clerk fees	190,000	345,622	155,622
Charges for financial services,			
Electric Power Board	7,200	7,200	-
Data processing services	-	125	125
Monitoring service	3,300	-	(3,300)
Variance request fees	4,000	6,500	2,500
Fire and ambulance service fees	-	962	962
Warner/Montague Park ballfield fees	-	400	400
Skateboard park fees	-	2,709	2,709
Arts and culture fees	-	4,381	4,381
Designated revenues	<u>1,995,299</u>	<u>2,152,726</u>	<u>157,427</u>
Total charges for services	<u>2,262,449</u>	<u>2,658,941</u>	<u>396,492</u>
Fines, forfeitures, and penalties:			
City court fines	950,000	1,114,392	164,392
Criminal court fines	240,000	228,994	(11,006)
Parking tickets	250,000	169,680	(80,320)
Delinquent parking tickets	200,000	162,107	(37,893)
Air pollution penalties	-	50,870	50,870
Bond forfeitures	-	4,336	4,336
Delinquent tickets	100,000	127,744	27,744
Miscellaneous forfeitures and penalties	-	4,200	4,200
Designated revenues	<u>32,740</u>	<u>32,836</u>	<u>96</u>
Total fines, forfeitures, and penalties	<u>1,772,740</u>	<u>1,895,159</u>	<u>122,419</u>
Miscellaneous revenues:			
Interest earned-general	2,800,000	2,659,722	(140,278)
Interest-Memorial Auditorium	-	423	423
Interest on loans-general	-	1,763	1,763
Land and building rents	162,000	123,752	(38,248)
Dock rental (wharf)	9,540	23,640	14,100

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

(continued from previous page)

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Intergovernmental revenues: (continued)			
COPS hiring grant	\$ 1,796,937	\$ 1,535,681	\$ (261,256)
IMS federal grant - zoo	-	3,630	3,630
Designated revenues	<u>10,485,599</u>	<u>8,725,242</u>	<u>(1,760,357)</u>
Total intergovernmental revenues	<u>47,442,887</u>	<u>46,018,818</u>	<u>(1,424,069)</u>
Charges for services:			
City court costs	62,000	122,739	60,739
State court costs	650	15,577	14,927
City Court Clerk fees	190,000	345,622	155,622
Charges for financial services,			
Electric Power Board	7,200	7,200	-
Data processing services	-	125	125
Monitoring service	3,300	-	(3,300)
Variance request fees	4,000	6,500	2,500
Fire and ambulance service fees	-	962	962
Warner/Montague Park ballfield fees	-	400	400
Skateboard park fees	-	2,709	2,709
Arts and culture fees	-	4,381	4,381
Designated revenues	<u>1,995,299</u>	<u>2,152,726</u>	<u>157,427</u>
Total charges for services	<u>2,262,449</u>	<u>2,658,941</u>	<u>396,492</u>
Fines, forfeitures, and penalties:			
City court fines	950,000	1,114,392	164,392
Criminal court fines	240,000	228,994	(11,006)
Parking tickets	250,000	169,680	(80,320)
Delinquent parking tickets	200,000	162,107	(37,893)
Air pollution penalties	-	50,870	50,870
Bond forfeitures	-	4,336	4,336
Delinquent tickets	100,000	127,744	27,744
Miscellaneous forfeitures and penalties	-	4,200	4,200
Designated revenues	<u>32,740</u>	<u>32,836</u>	<u>96</u>
Total fines, forfeitures, and penalties	<u>1,772,740</u>	<u>1,895,159</u>	<u>122,419</u>
Miscellaneous revenues:			
Interest earned-general	2,800,000	2,659,722	(140,278)
Interest-Memorial Auditorium	-	423	423
Interest on loans-general	-	1,763	1,763
Land and building rents	162,000	123,752	(38,248)
Dock rental (wharf)	9,540	23,640	14,100

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Miscellaneous revenues: (continued)			
Telephone commission	\$ 2,000	\$ 763	\$ (1,237)
Payroll deduction charges	11,450	8,905	(2,545)
Indirect cost	1,679,578	1,679,585	7
Plans and specification deposits	7,500	22,258	14,758
Reimbursements - health insurance	2,423,860	2,968,291	544,431
Employee contributions - health insurance	1,191,218	1,337,393	146,175
Retiree reimbursements - health insurance	325,750	412,564	86,814
Cobra reimbursements - health insurance	56,000	-	(56,000)
Condemnation	-	48,926	48,926
Memorial Auditorium box office	63,950	84,009	20,059
Memorial Auditorium rents	146,250	226,663	80,413
Memorial Auditorium concessions	41,450	46,270	4,820
Tivoli box office	15,300	32,745	17,445
Tivoli rents	128,500	167,523	39,023
Tivoli concessions	17,500	20,563	3,063
Swimming pools	9,000	10,359	1,359
Park concessions	32,500	8,300	(24,200)
Zoo recycling	25,000	38,420	13,420
Recreation center rental	-	15,237	15,237
Carousel ridership	41,062	231,009	189,947
Other miscellaneous revenue	77,620	345,383	267,763
Designated revenues	634,573	1,232,720	598,147
Departmental revenues:			
General Government	295,000	-	(295,000)
Finance and Administration	-	7,411	7,411
Police	-	250,331	250,331
Fire	-	2,217	2,217
Public Works	-	93,650	93,650
Parks and Recreation	-	33,042	33,042
General Services	-	11,725	11,725
Total miscellaneous revenues	<u>10,196,601</u>	<u>12,145,562</u>	<u>1,948,961</u>
Total revenues	<u>156,218,606</u>	<u>156,995,183</u>	<u>776,577</u>
EXPENDITURES			
General government:			
Executive Office of the Mayor	510,027	510,024	3
City Council	504,938	504,932	6

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
General government: (continued)			
Allied Arts Council	\$ 250,000	\$ 250,000	\$ -
Association of Visual Artists	15,000	15,000	-
Carter Street Corporation	49,675	49,675	-
Community Foundation scholarships	160,000	160,000	-
Carcog and Economic Development District	30,493	30,493	-
Carter Street lease agreement	1,428,042	1,427,877	165
Chattanooga Neighborhood Enterprises	2,000,000	2,000,000	-
City Court (Judicial)	349,035	349,269	(234)
Community Research Council	10,000	10,000	-
Community impact fund	167,000	167,000	-
Children's Advocacy Center	30,000	30,000	-
Homeless Health Care Centers	17,500	17,500	-
Humane Educational Society	493,638	493,638	-
Inner-City Development Corp	35,000	35,000	-
African-American Museum	105,000	105,000	-
Regional History Museum	48,000	48,000	-
Front Porch Alliance	50,000	50,000	-
City Attorney's Office	594,662	594,626	36
Contingency fund	321,013	320,805	208
Chattanooga Area Urban League	50,000	50,000	-
Chattanooga Downtown Partnership	100,000	100,000	-
Pensions and UIC	34,289	34,268	21
Tennessee Riverpark	576,357	576,357	-
WTCI - Channel 45	60,000	60,000	-
Taxi board	120	84	36
Special programs	7,274	1,872	5,402
Tuition assistance program	-	8,540	(8,540)
Chattanooga Design Center	23	23	-
Metro planning	2,169,805	2,152,881	16,924
Renewal and replacement	2,406,594	2,291,374	115,220
Beautiful city fund	15,000	9,597	5,403
Summer Youth Work Action	30,000	27,690	2,310
Economic Development/Education	8,342,643	8,466,037	(123,394)
Personnel	865,403	865,160	243
Neighborhood Services	1,623,439	1,622,398	1,041
Air Pollution Control Bureau	1,504,029	1,436,653	67,376
Scenic Cities Beautiful Commission	94,475	95,519	(1,044)
Private Industry Council	6,047,711	6,302,822	(255,111)

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2000

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
General government: (continued)			
Audits, dues and surveys	\$ 122,605	\$ 122,604	\$ 1
Intergovernmental relations	145,123	143,245	1,878
City storm water fees	69,500	67,691	1,809
Liability insurance premiums	950,000	950,000	-
Total general government	<u>32,383,413</u>	<u>32,553,654</u>	<u>(170,241)</u>
Finance and Administration:			
Finance administration	1,481,731	1,481,723	8
Information Services	2,267,216	2,267,189	27
Office of City Treasurer	518,609	518,608	1
Telecommunication operations	45,692	45,681	11
Telephone system	341,255	341,214	41
City Court Clerk's Office	781,281	781,280	1
Court space usage costs	47,763	47,763	-
Total Finance and Administration	<u>5,483,547</u>	<u>5,483,458</u>	<u>89</u>
Police:			
Operations	158,014	158,013	1
Administration	1,645,525	1,691,034	(45,509)
Uniformed Services	13,434,787	13,009,411	425,376
Investigative and support services	13,033,370	13,413,130	(379,760)
Training assistance	10,000	8,186	1,814
Law enforcement planning	2,456,248	1,157,604	1,298,644
Specialized training	245,400	245,400	-
Confiscated and unclaimed property	739	739	-
Special programs	86,017	11,842	74,175
Reduction part 1 offenses	79,440	11,712	67,728
Total Police	<u>31,149,540</u>	<u>29,707,071</u>	<u>1,442,469</u>
Fire:			
Operations	17,699,286	17,637,755	61,531
Specialized training	163,520	163,520	-
Special programs	3,358	3,239	119
Utilities	1,410,231	1,393,146	17,085
Total Fire	<u>19,276,395</u>	<u>19,197,660</u>	<u>78,735</u>
Public Works:			
Administration	452,343	458,719	(6,376)
Board of Appeals and Variances	5,000	3,292	1,708
City Engineer	1,672,560	1,656,996	15,564
City-wide services	749,825	750,961	(1,136)
Street cleaning	1,385,889	1,384,824	1,065
Emergency	389,668	418,111	(28,443)

(continued on next page)



CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2000

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
(continued from previous page)			
Public Works: (continued)			
Waste resources:			
Sewer construction and maintenance	\$ 1,515,690	\$ 1,516,264	\$ (574)
Codes and inspections:			
Inspection Division	1,246,687	1,246,836	(149)
Board of Examiners	26,600	30,138	(3,538)
Utilities	127,500	115,830	11,670
Interceptor sewer system pump stations	133,645	80,783	52,862
Traffic management:			
Administration	461,112	461,461	(349)
Control	1,286,289	1,218,143	68,146
Street lighting	2,332,700	2,443,066	(110,366)
Total Public Works	11,785,508	11,785,424	84
Parks and Recreation:			
Administration	746,372	754,119	(7,747)
Recreation:			
Administration	400,249	451,934	(51,685)
Recreation centers	668,105	666,434	1,671
Senior citizens recreation	58,916	58,916	-
Summer youth recreation	154,865	149,715	5,150
Fitness center	238,986	233,733	5,253
Greater Chattanooga Sports	75,000	75,000	-
Late Night Programs	56,700	61,379	(4,679)
Inner city ministries	18,500	18,500	-
Arts and culture	209,988	195,184	14,804
OutVenture	60,633	62,520	(1,887)
Sports	570,633	570,063	570
Champion's Club	4,143	4,498	(355)
Special programs	-	365,464	(365,464)
At Risk Youth	480,474	483,867	(3,393)
Parks maintenance:			
Administration	464,669	493,285	(28,616)
Warner Park Zoo	293,362	298,174	(4,812)
Municipal parks	1,089,534	1,075,274	14,260
Tennessee Riverpark-Downtown	1,214,398	1,144,789	69,609
Carousel	132,393	141,142	(8,749)
Municipal forestry	333,820	333,414	406
Civic facilities:			
Administration	471,793	380,640	91,153
Memorial Auditorium	299,691	384,689	(84,998)
Tivoli Theatre	226,858	274,143	(47,285)
Concessions	66,791	37,312	29,479
Brainerd Golf Course	1,149,534	968,183	181,351
Brown Acres Golf Course	1,175,765	909,924	265,841
City -wide security	26,330	28,835	(2,505)
Landscape	357,428	330,668	26,760
Building and structures	1,040,312	1,038,903	1,409
Total Parks and Recreation	12,086,242	11,990,701	95,541
General Services:			
Administration	477,219	477,218	1
City Hall/Annex maintenance	700,277	727,861	(27,584)
Radio and Electronic Division	341,380	343,520	(2,140)

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2000

(continued from previous page)

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
General Services: (continued)			
Employee Benefits Office:			
Administration	\$ 273,845	\$ 270,433	\$ 3,412
Insurance and medical payments	14,455,438	14,399,925	55,513
Purchasing Division	720,432	751,163	(30,731)
Heritage Center maontenance	88,000	76,020	11,980
Real estate	492,223	435,289	56,934
	<u>17,548,814</u>	<u>17,481,429</u>	<u>67,385</u>
Total General Services			
	<u>17,548,814</u>	<u>17,481,429</u>	<u>67,385</u>
Total expenditures	<u>129,713,459</u>	<u>128,199,397</u>	<u>1,514,062</u>
Excess of revenues over expenditures	<u>26,505,147</u>	<u>28,795,786</u>	<u>2,290,639</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	29,260	29,260	-
Operating transfers out	(30,213,530)	(31,711,697)	(1,498,167)
Operating transfers to component units	(3,299,934)	(3,299,934)	-
	<u>(33,484,204)</u>	<u>(34,982,371)</u>	<u>(1,498,167)</u>
Total other financing sources (uses)			
	<u>(33,484,204)</u>	<u>(34,982,371)</u>	<u>(1,498,167)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - (budgetary basis)	<u>\$ (6,979,057)</u>	(6,186,585)	<u>\$ 792,472</u>
Adjustment for encumbrances		<u>315,999</u>	
Deficiency of revenues and other financing sources under expenditures and other financing uses - (GAAP basis)		(5,870,586)	
FUND BALANCE at beginning of year		<u>41,421,296</u>	
FUND BALANCE at end of year		<u>\$ 35,550,710</u>	

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF DESIGNATED REVENUES - BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 2000

	Budget						Actual						Variance - Favorable (Unfavorable)		
	Taxes	Licenses and Permits	Inter-governmental Revenues	Charges for Services	Fines, Forfeitures, and Penalties	Miscellaneous Revenues	Total	Taxes	Licenses and Permits	Inter-governmental Revenues	Charges for Services	Fines, Forfeitures, and Penalties		Miscellaneous Revenues	Total
Regional Planning Agency	\$ -	\$ -	\$ 1,547,643	\$ -	\$ -	\$ 74,000	\$ 1,621,643	\$ -	\$ -	\$ 1,230,800	\$ -	\$ -	\$ 185,983	\$ 1,416,783	\$ (204,860)
Air Pollution Bureau	-	670,023	453,186	-	-	85,000	1,208,209	-	668,990	435,291	-	-	51,164	1,155,445	(52,764)
Scenic Cities Beautiful Commission	-	-	64,181	-	-	-	64,181	-	-	63,782	-	-	1,153	64,935	754
Private Industry Council	-	-	5,924,662	-	-	11,023	5,935,685	-	-	6,291,032	-	-	11,791	6,302,823	367,138
Real estate	-	-	-	-	-	161,048	161,048	-	-	-	-	-	245,857	245,857	84,809
Reduction - Part I offenses	-	-	-	-	32,740	46,700	79,440	-	-	-	-	32,836	46,762	79,598	158
Municipal golf courses	-	-	-	1,995,299	-	-	1,995,299	-	-	-	1,917,824	-	3,572	1,921,396	(73,903)
Beautiful City	-	-	-	-	-	1,000	1,000	-	-	-	-	-	800	800	(200)
Special recreation fund	-	-	-	-	-	-	-	-	-	-	234,902	-	54,768	289,670	289,670
Free Public Library	-	-	-	-	-	16,500	16,500	-	-	-	-	-	18,869	18,869	2,369
Miller Park	-	-	-	-	-	650	650	-	-	-	-	-	665	665	15
Law enforcement planning	-	-	2,052,007	-	-	97,358	2,149,365	-	-	260,417	-	-	34,050	294,467	(1,854,898)
Specialized training	-	-	408,920	-	-	-	408,920	-	-	408,920	-	-	-	408,920	-
Summer youth work action	-	-	-	-	-	30,000	30,000	-	-	-	-	-	26,764	26,764	(3,236)
Confiscated and unclaimed property	-	-	-	-	-	350	350	-	-	-	-	-	302	302	(48)
Nonprofit request	-	-	-	-	-	1,250	1,250	-	-	-	-	-	1,250	1,250	-
Economic Development and Education fund	16,685,286	-	-	-	-	-	16,685,286	16,838,074	-	-	-	-	436,775	17,274,849	589,563
Special programs fund	-	-	-	-	-	91,694	91,694	-	-	-	-	-	94,195	94,195	2,501
Heritage Hall	-	-	35,000	-	-	18,000	53,000	-	-	35,000	-	-	18,000	53,000	-
<b>Total designated revenues</b>	<b>\$ 16,685,286</b>	<b>\$ 670,023</b>	<b>\$ 10,485,599</b>	<b>\$ 1,995,299</b>	<b>\$ 32,740</b>	<b>\$ 634,573</b>	<b>\$ 30,503,520</b>	<b>\$ 16,838,074</b>	<b>\$ 668,990</b>	<b>\$ 8,725,242</b>	<b>\$ 2,152,726</b>	<b>\$ 32,836</b>	<b>\$ 1,232,720</b>	<b>\$ 29,650,588</b>	<b>\$ (852,932)</b>

## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2000

(With Comparative Totals for 1999)

	Public Library	Downtown Development	Human Services Program	Narcotics Program	State Street Aid	Totals	
						2000	1999
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,197,733	\$ 134,488	\$ 2,963,412	\$ 603,793	\$ 1,561,553	\$ 6,460,979	\$ 4,684,641
Investments	-	342,355	-	-	-	342,355	1,219,827
Accounts receivable	1,995	768,779	1,067,329	163,504	3,796	2,005,403	2,637,803
Due from other funds	-	-	97,301	-	-	97,301	4,175
Due from other governments	-	-	-	-	-	-	3,412
Prepaid items	-	-	-	-	-	-	31,875
<b>Total assets</b>	<b>\$ 1,199,728</b>	<b>\$ 1,245,622</b>	<b>\$ 4,128,042</b>	<b>\$ 767,297</b>	<b>\$ 1,565,349</b>	<b>\$ 8,906,038</b>	<b>\$ 8,581,733</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 30,379	\$ -	\$ 278,771	\$ 438,675	\$ 54,593	\$ 802,418	\$ 280,552
Deferred revenue	-	-	24,313	-	-	24,313	-
Due to other funds	-	-	30,417	-	-	30,417	-
Due to other governments	-	-	51,104	-	-	51,104	174,867
<b>Total liabilities</b>	<b>30,379</b>	<b>-</b>	<b>384,605</b>	<b>438,675</b>	<b>54,593</b>	<b>908,252</b>	<b>455,419</b>
<b>FUND BALANCES</b>							
Reserved for encumbrances	16,698	-	26,674	-	83,661	127,033	869,220
Reserved for prepaid items	-	-	-	-	-	-	31,875
Unreserved - undesignated	1,152,651	1,245,622	3,716,763	328,622	1,427,095	7,870,753	7,225,219
<b>Total fund balances</b>	<b>1,169,349</b>	<b>1,245,622</b>	<b>3,743,437</b>	<b>328,622</b>	<b>1,510,756</b>	<b>7,997,786</b>	<b>8,126,314</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,199,728</b>	<b>\$ 1,245,622</b>	<b>\$ 4,128,042</b>	<b>\$ 767,297</b>	<b>\$ 1,565,349</b>	<b>\$ 8,906,038</b>	<b>\$ 8,581,733</b>

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

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	Public Library	Downtown Development	Human Services Program	Narcotics Program	State Street Aid	Totals	
						2000	1999
<b>REVENUES</b>							
Intergovernmental	\$ 2,502,393	\$ -	\$ 8,850,604	\$ 198,096	\$ 4,388,690	\$ 15,939,783	\$ 17,111,581
Charges for services	-	-	41,633	-	-	41,633	32,766
Investment income	78,842	64,793	71,303	-	91,851	306,789	257,578
Miscellaneous	237,033	-	50,951	224,354	1,868	514,206	726,840
Total revenues	<u>2,818,268</u>	<u>64,793</u>	<u>9,014,491</u>	<u>422,450</u>	<u>4,482,409</u>	<u>16,802,411</u>	<u>18,128,765</u>
<b>EXPENDITURES</b>							
General government	4,735,323	-	9,928,209	-	-	14,663,532	14,984,658
Police	-	-	-	279,465	-	279,465	281,473
Public works	-	-	-	-	4,170,221	4,170,221	4,100,890
General services	-	72,000	-	-	-	72,000	-
Capital outlay/ fixed assets	214,921	-	401,206	187,936	715,820	1,519,883	1,435,429
Total expenditures	<u>4,950,244</u>	<u>72,000</u>	<u>10,329,415</u>	<u>467,401</u>	<u>4,886,041</u>	<u>20,705,101</u>	<u>20,802,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,131,976)</u>	<u>(7,207)</u>	<u>(1,314,924)</u>	<u>(44,951)</u>	<u>(403,632)</u>	<u>(3,902,690)</u>	<u>(2,673,685)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	<u>2,200,615</u>	<u>-</u>	<u>1,573,547</u>	<u>-</u>	<u>-</u>	<u>3,774,162</u>	<u>4,178,382</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>68,639</u>	<u>(7,207)</u>	<u>258,623</u>	<u>(44,951)</u>	<u>(403,632)</u>	<u>(128,528)</u>	<u>1,504,697</u>
FUND BALANCE at beginning of year	<u>1,100,710</u>	<u>1,252,829</u>	<u>3,484,814</u>	<u>373,573</u>	<u>1,914,388</u>	<u>8,126,314</u>	<u>6,621,617</u>
FUND BALANCE at end of year	<u>\$ 1,169,349</u>	<u>\$ 1,245,622</u>	<u>\$ 3,743,437</u>	<u>\$ 328,622</u>	<u>\$ 1,510,756</u>	<u>\$ 7,997,786</u>	<u>\$ 8,126,314</u>

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

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

PUBLIC LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Hamilton County, Tennessee funds	\$ 2,235,258	\$ 2,235,258	\$ -
State of Tennessee funds	259,639	267,135	7,496
Investment income	64,454	78,842	14,388
Book sales	63,500	39,666	(23,834)
Miscellaneous	<u>116,347</u>	<u>197,367</u>	<u>81,020</u>
Total revenues	<u>2,739,198</u>	<u>2,818,268</u>	<u>79,070</u>
<b>EXPENDITURES</b>			
Central branch and administration	3,975,342	3,662,515	312,827
Eastgate branch	398,454	334,935	63,519
Northgate branch	352,601	341,949	10,652
Ooltewah/Collegedale branch	330,210	264,820	65,390
South Chattanooga branch	119,757	110,068	9,689
Capital outlay	173,092	228,875	(55,783)
Other	<u>5,000</u>	<u>13,395</u>	<u>(8,395)</u>
Total expenditures	<u>5,354,456</u>	<u>4,956,557</u>	<u>397,899</u>
Deficiency of revenues under expenditures	(2,615,258)	(2,138,289)	476,969
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	<u>2,200,615</u>	<u>2,200,615</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures (budgetary basis)	<u>\$ (414,643)</u>	62,326	<u>\$ 476,969</u>
Adjustments for encumbrances		<u>6,313</u>	
Excess of revenues and other financing sources over expenditures (GAAP basis)		68,639	
FUND BALANCE at beginning of year		<u>1,100,710</u>	
FUND BALANCE at end of year		<u>\$ 1,169,349</u>	

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

DOWNTOWN DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

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	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Investment income	\$ 75,000	\$ 64,793	\$ (10,207)
Total revenues	<u>75,000</u>	<u>64,793</u>	<u>(10,207)</u>
EXPENDITURES			
Future projects	128,000	-	128,000
St. John's Hotel	<u>72,000</u>	<u>72,000</u>	<u>-</u>
Total expenditures	<u>200,000</u>	<u>72,000</u>	<u>128,000</u>
Excess of revenues over expenditures	<u>\$ (125,000)</u>	(7,207)	<u>\$ 117,793</u>
FUND BALANCE at beginning of year		<u>1,252,829</u>	
FUND BALANCE at end of year		<u>\$ 1,245,622</u>	



CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

HUMAN SERVICES PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
Federal funds	\$ 6,309,356	\$ 2,848,433	\$ (3,460,923)
State of Tennessee funds	2,893,262	6,002,171	3,108,909
United Way	28,600	27,823	(777)
Project Warm Neighbors	23,975	21,654	(2,321)
Day care fees	32,700	41,633	8,933
Investment income	-	71,303	71,303
Other	1,500	1,474	(26)
	<u>9,289,393</u>	<u>9,014,491</u>	<u>(274,902)</u>
<b>Total revenues</b>			
<b>EXPENDITURES</b>			
Administration	979,632	907,793	71,839
Headstart - handicapped	214,678	134,795	79,883
Headstart - centers	4,576,427	4,076,675	499,752
Headstart - career development	32,993	32,997	(4)
Headstart - parent child center	915,398	838,054	77,344
Day care	1,681,019	1,060,757	620,262
Occupancy	176,961	165,733	11,228
Foster grandparent	418,514	309,931	108,583
Low-income energy assistance	717,316	732,780	(15,464)
CSA block grant	227,702	161,633	66,069
LIEAP weatherization	259,585	235,639	23,946
Emergency food & shelter	405,184	342,342	62,842
Summer food service program	806,682	537,459	269,223
Harry McKeldin Memorial Fund	1,500	2,395	(895)
Commodities	37,300	39,506	(2,206)
Project Warm Neighbors	23,975	25,764	(1,789)
Water help	2,000	2,019	(19)
City general relief	72,868	81,275	(8,407)
Neighborhood Family Service Center	79,811	58,699	21,112
HUD counseling	4,000	-	4,000
WAP enhancement grant	-	173,719	(173,719)
Capital outlay	82,665	158,193	(75,528)
	<u>11,716,210</u>	<u>10,078,158</u>	<u>1,638,052</u>
<b>Total expenditures</b>			

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

HUMAN SERVICES PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

(continued from previous page)

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Deficiency of revenues under expenditures	\$ (2,426,817)	\$ (1,063,667)	\$ 1,363,150
OTHER FINANCING SOURCES			
Operating transfers in	<u>1,573,547</u>	<u>1,573,547</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures (budgetary basis)	<u>\$ (853,270)</u>	509,880	<u>\$ 1,363,150</u>
Adjustments for encumbrances		<u>(251,257)</u>	
Deficiency of revenues and other financing sources under expenditures (GAAP basis)		258,623	
FUND BALANCE at beginning of year		<u>3,484,814</u>	
FUND BALANCE at end of year		<u>\$ 3,743,437</u>	

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

NARCOTICS PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Federal funds	\$ 15,886	\$ 178,221	\$ 162,335
Confiscated money, vehicles and equipment	171,800	171,835	35
Other	<u>67,070</u>	<u>72,394</u>	<u>5,324</u>
Total revenues	<u>254,756</u>	<u>422,450</u>	<u>167,694</u>
<b>EXPENDITURES</b>			
Narcotics program	186,000	168,136	17,864
Weed and Seed program	92,000	111,329	(19,329)
Capital outlay	<u>194,500</u>	<u>24,474</u>	<u>170,026</u>
Total expenditures	<u>472,500</u>	<u>303,939</u>	<u>168,561</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (217,744)</u>	118,511	<u>\$ 336,255</u>
Adjustment for encumbrances		<u>(163,462)</u>	
Excess of revenues over expenditures (GAAP basis)		(44,951)	
FUND BALANCE at beginning of year		<u>373,573</u>	
FUND BALANCE at end of year		<u>\$ 328,622</u>	

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

STATE STREET AID FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 2000

	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
State of Tennessee funds	\$ 4,166,425	\$ 4,388,690	\$ 222,265
Investment income	65,000	91,851	26,851
Other	-	1,868	1,868
Total revenues	<u>4,231,425</u>	<u>4,482,409</u>	<u>250,984</u>
<b>EXPENDITURES</b>			
Salaries and wages	2,267,529	2,256,546	10,983
Fringe benefits	595,197	590,888	4,309
Purchased services	87,700	61,592	26,108
Vehicle operations	628,999	604,218	24,781
Materials and supplies	634,700	671,735	(37,035)
Other services	3,300	1,132	2,168
Fixed assets	425,000	455,561	(30,561)
Total expenditures	<u>4,642,425</u>	<u>4,641,672</u>	<u>753</u>
Deficiency of revenues under expenditures	<u>\$ (411,000)</u>	(159,263)	<u>\$ 251,737</u>
Adjustment for encumbrances		<u>(244,369)</u>	
Excess of revenues over expenditures (GAAP basis)		(403,632)	
FUND BALANCE at beginning of year		<u>1,914,388</u>	
FUND BALANCE at end of year		<u>\$ 1,510,756</u>	

## DEBT SERVICE FUND

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

CITY OF CHATTANOOGA, TENNESSEE

DEBT SERVICE FUND

BALANCE SHEETS

June 30, 2000

(With Comparative Totals for 1999)

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	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash	\$ 2,671,606	\$ 1,566,791
Investments	<u>-</u>	<u>1,000,000</u>
Total assets	<u>\$ 2,671,606</u>	<u>\$ 2,566,791</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	<u>\$ -</u>	<u>\$ 104</u>
Total liabilities	<u>-</u>	<u>104</u>
<b>FUND BALANCE</b>		
Unreserved - designated for debt service	<u>2,671,606</u>	<u>2,566,687</u>
Total liabilities and fund balance	<u>\$ 2,671,606</u>	<u>\$ 2,566,791</u>

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

CITY OF CHATTANOOGA, TENNESSEE

DEBT SERVICE FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)  
 Year Ended June 30, 2000  
 (With Comparative Totals for 1999)

	2000			1999
	Budget	Actual on GAAP Basis	Variance Favorable (Unfavorable)	Actual
<b>REVENUES</b>				
Hamilton County, Tennessee funds	\$ 1,022,553	\$ 1,022,553	\$ -	\$ 1,036,625
Rental revenue	216,545	216,836	291	216,545
Other	-	-	-	6,812
Total revenues	<u>1,239,098</u>	<u>1,239,389</u>	<u>291</u>	<u>1,259,982</u>
<b>EXPENDITURES</b>				
Principal retirement	4,750,143	4,750,143	-	4,852,826
Interest	2,467,049	2,467,820	(771)	2,612,840
Fiscal charges	16,017	14,473	1,544	12,182
Total expenditures	<u>7,233,209</u>	<u>7,232,436</u>	<u>773</u>	<u>7,477,848</u>
Deficiency of revenues under expenditures	(5,994,111)	(5,993,047)	1,064	(6,217,866)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	<u>5,866,931</u>	<u>6,097,966</u>	<u>231,035</u>	<u>1,658,279</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditure:	<u>\$ (127,180)</u>	104,919	<u>\$ 232,099</u>	(4,559,587)
FUND BALANCE at beginning of year		<u>2,566,687</u>		<u>7,126,274</u>
FUND BALANCE at end of year		<u>\$ 2,671,606</u>		<u>\$ 2,566,687</u>

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

## CAPITAL PROJECTS FUND

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

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



CITY OF CHATTANOOGA, TENNESSEE

CAPITAL PROJECTS FUND

BALANCE SHEETS

June 30, 2000

(With Comparative Totals for 1999)

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,664,889	\$ 11,136,870
Accounts receivable	218,669	73,138
Advances to Southside Redevelopment Corporation	18,790,595	-
Due from other funds	1,379,220	10,602,232
Due from other governments	90,635	-
	<u>26,144,008</u>	<u>21,812,240</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 5,993,861	\$ 1,103,760
	<u>5,993,861</u>	<u>1,103,760</u>
<b>FUND BALANCES</b>		
Reserved for encumbrances	11,850,434	6,860,078
Unreserved - undesignated	8,299,713	13,848,402
	<u>20,150,147</u>	<u>20,708,480</u>
	<u>26,144,008</u>	<u>21,812,240</u>

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

## CITY OF CHATTANOOGA, TENNESSEE

## CAPITAL PROJECTS FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCESYear Ended June 30, 2000  
(With Comparative Totals for 1999)

	2000	1999
<b>REVENUES</b>		
Intergovernmental	\$ 1,100,758	\$ 974,153
Investment income	58,395	115,509
Donations	724,321	3,557,273
Miscellaneous	2,324,340	614,945
Total revenues	<u>4,207,814</u>	<u>5,261,880</u>
<b>EXPENDITURES</b>		
Capital outlay:		
Arbitrage rebate	187,613	-
Fire and police equipment	2,475,980	2,855,542
Fire hall renovations	922,485	337,355
Equipment and software	1,558,908	851,505
CARTA	507,000	400,000
Parks facilities	3,522,123	7,204,398
Street improvements	6,781,745	2,803,270
Land acquisition	1,668,956	571,123
Site development	209,015	386,041
Americans with Disabilities Act compliance	252,412	355,941
Police space renovation/911 center	203,798	577,590
Chamber of Commerce	637,500	256,634
City council chambers	1,886,708	274,653
Bicentennial Neighborhood Programs	242,717	-
Eastgate Town Center	250,000	-
GIS mapping	50,000	-
Tennessee Riverbank Stabilization	287,971	-
TVA	33,100	33,100
Other	358,245	3,457,382
Total expenditures	<u>22,036,276</u>	<u>20,364,534</u>
Deficiency of revenues under expenditures	<u>(17,828,462)</u>	<u>(15,102,654)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds of bonds and notes	941,693	933,714
Operating transfers in	16,719,828	24,486,210
Operating transfers out	(391,392)	(137,242)
Total other financing sources	<u>17,270,129</u>	<u>25,282,682</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(558,333)	10,180,028
FUND BALANCE at beginning of year	<u>20,708,480</u>	<u>10,528,452</u>
FUND BALANCE at end of year	<u>\$ 20,150,147</u>	<u>\$ 20,708,480</u>

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

## PROPRIETARY FUNDS

### ENTERPRISE FUNDS

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

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

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

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

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

CITY OF CHATTANOOGA, TENNESSEE

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

June 30, 2000

(With Comparative Totals for 1999)

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					2000	1999
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 41,802,000	\$ 2,737,271	\$ 4,841,807	\$ 2,811,023	\$ 52,192,101	\$ 45,079,637
Investments	-	39,605,526	-	-	39,605,526	48,366,627
Receivables:						
Customer service	33,353,000	5,753,968	417,233	815,506	40,339,707	37,330,150
Other	1,329,000	-	-	-	1,329,000	1,611,000
Less allowance for doubtful accounts	(559,000)	(3,000)	(4,200)	(513,616)	(1,079,816)	(1,021,233)
Prepaid items	-	-	-	-	-	10,555
Inventories	5,751,000	754,781	294	-	6,506,075	5,373,906
Due from other funds	-	-	-	-	-	130,065
Other current assets	1,464,000	-	-	-	1,464,000	4,278,000
<b>Total current assets</b>	<b>83,140,000</b>	<b>48,848,546</b>	<b>5,255,134</b>	<b>3,112,913</b>	<b>140,356,593</b>	<b>141,158,707</b>
<b>RESTRICTED ASSETS</b>						
Cash and cash equivalents	1,050,000	88,109	2,885,447	4,149,643	8,173,199	41,237,945
Investments	6,200,000	7,885,334	8,319,046	1,836,204	24,240,584	30,734,843
Accounts receivable	-	77,596	-	189,882	267,478	78,432
Land	-	33,000	-	-	33,000	33,000
Other	-	75,539	36,435	21,201	133,175	431,285
<b>Total restricted assets</b>	<b>7,250,000</b>	<b>8,159,578</b>	<b>11,240,928</b>	<b>6,196,930</b>	<b>32,847,436</b>	<b>72,515,505</b>
<b>FIXED ASSETS</b>						
Land	3,881,000	6,792,178	1,833,682	837,378	13,344,238	13,253,796
Buildings	15,112,000	-	2,236,573	-	17,348,573	15,347,114
Vehicles and machinery	323,368,000	10,220,752	9,181,936	726,990	343,497,678	319,463,198
Construction in progress	6,497,000	702,822	-	-	7,199,822	9,997,139
Sewer system	-	395,003,535	-	-	395,003,535	365,378,887
Storm water system	-	-	-	32,426,834	32,426,834	22,362,391
	348,858,000	412,719,287	13,252,191	33,991,202	808,820,680	745,802,525
Less accumulated depreciation	(139,818,000)	(115,967,546)	(4,271,295)	(1,895,116)	(261,951,957)	(245,309,056)
<b>Net fixed assets</b>	<b>209,040,000</b>	<b>296,751,741</b>	<b>8,980,896</b>	<b>32,096,086</b>	<b>546,868,723</b>	<b>500,493,469</b>
<b>OTHER ASSETS</b>						
Deferred charges	1,826,000	1,285,639	215,984	159,392	3,487,015	2,273,050
Conservation loans receivable	4,446,000	-	-	-	4,446,000	5,669,000
<b>Total other assets</b>	<b>6,272,000</b>	<b>1,285,639</b>	<b>215,984</b>	<b>159,392</b>	<b>7,933,015</b>	<b>7,942,050</b>
<b>Total assets</b>	<b>\$ 305,702,000</b>	<b>\$ 355,045,504</b>	<b>\$ 25,692,942</b>	<b>\$ 41,565,321</b>	<b>\$ 728,005,767</b>	<b>\$ 722,109,731</b>

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

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					2000	1999
<b>LIABILITIES AND FUND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Current maturities of bonds and notes payable	\$ -	\$ 8,430,511	\$ 1,340,346	\$ 1,075,262	\$ 10,846,119	\$ 10,401,373
Accounts payable	46,900,000	1,774,754	204,969	449,938	49,329,661	46,918,431
Accrued liabilities	8,934,000	1,593,030	588,821	372,081	11,487,932	11,284,699
Deposits	8,240,000	-	-	-	8,240,000	6,705,000
Due to other funds	-	87,277	-	19,281	106,558	178,480
Contracts payable	-	354,873	234,724	291,227	880,824	941,123
Other current liabilities	2,628,000	-	-	-	2,628,000	2,167,000
<b>Total current liabilities</b>	<b>66,702,000</b>	<b>12,240,445</b>	<b>2,368,860</b>	<b>2,207,789</b>	<b>83,519,094</b>	<b>78,596,106</b>
<b>OTHER LIABILITIES</b>						
Notes payable	-	6,195,012	-	1,000,441	7,195,453	7,360,990
Compensated absences	2,562,000	845,645	489,321	165,966	4,062,932	3,841,805
Deferred revenue	-	-	88,597	-	88,597	273,881
Accrued closure and post closure care	-	-	5,763,643	-	5,763,643	6,700,372
General obligation bonds payable	-	115,758,219	26,218,023	19,849,141	161,825,383	172,325,309
Less deferred refunding	-	(1,605,054)	(238,151)	(165,691)	(2,008,896)	(2,150,845)
Conservation advances	4,825,000	-	-	-	4,825,000	6,336,000
Accrued postretirement benefits	10,896,000	-	-	-	10,896,000	10,951,000
Other liabilities	-	974,756	356,761	255,882	1,587,399	1,677,252
<b>Total other liabilities</b>	<b>18,283,000</b>	<b>122,168,578</b>	<b>32,678,194</b>	<b>21,105,739</b>	<b>194,235,511</b>	<b>207,315,764</b>
<b>Total liabilities</b>	<b>84,985,000</b>	<b>134,409,023</b>	<b>35,047,054</b>	<b>23,313,528</b>	<b>277,754,605</b>	<b>285,911,870</b>
<b>FUND EQUITY</b>						
Contributed capital	-	74,821,031	1,769,583	23,775	76,614,389	78,222,231
Retained earnings (deficit):						
Reserved for renewal and replacement	-	6,722,751	10,926,200	5,495,966	23,144,917	52,995,624
Unreserved	220,717,000	139,092,699	(22,049,895)	12,732,052	350,491,856	304,980,006
<b>Total fund equity</b>	<b>220,717,000</b>	<b>220,636,481</b>	<b>(9,354,112)</b>	<b>18,251,793</b>	<b>450,251,162</b>	<b>436,197,861</b>
<b>Total liabilities and fund equity</b>	<b>\$ 305,702,000</b>	<b>\$ 355,045,504</b>	<b>\$ 25,692,942</b>	<b>\$ 41,565,321</b>	<b>\$ 728,005,767</b>	<b>\$ 722,109,731</b>

## CITY OF CHATTANOOGA, TENNESSEE

## ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN RETAINED EARNINGS  
 Year Ended June 30, 2000  
 (With Comparative Totals for 1999)

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					2000	1999
<b>REVENUES</b>						
Residential service	\$ 132,415,000	\$ -	\$ -	\$ -	\$ 132,415,000	\$ 132,670,000
Commercial service	206,352,000	-	-	-	206,352,000	197,848,000
Customer charges	-	31,791,044	5,600,845	4,914,274	42,306,163	43,577,661
Other	5,205,000	-	1,853	15,043	5,221,896	4,507,409
<b>Total revenues</b>	<b>343,972,000</b>	<b>31,791,044</b>	<b>5,602,698</b>	<b>4,929,317</b>	<b>386,295,059</b>	<b>378,603,070</b>
<b>OPERATING EXPENSES</b>						
Power purchases	276,584,000	-	-	-	276,584,000	268,793,000
Sewer plant operations	-	14,087,305	-	-	14,087,305	11,980,125
Solid waste operations	-	-	9,716,228	-	9,716,228	8,380,110
Storm water operations	-	-	-	2,576,540	2,576,540	2,314,102
Pump station operations	-	1,040,477	-	-	1,040,477	841,960
Maintenance and repairs	12,063,000	-	-	-	12,063,000	11,139,000
Depreciation and amortization	12,054,000	8,379,092	1,033,050	641,740	22,107,882	20,156,102
Closure/postclosure costs	-	-	2,491,549	-	2,491,549	470,994
Other	30,579,000	97,183	-	-	30,676,183	27,633,147
<b>Total operating expenses</b>	<b>331,280,000</b>	<b>23,604,057</b>	<b>13,240,827</b>	<b>3,218,280</b>	<b>371,343,164</b>	<b>351,708,540</b>
<b>OPERATING INCOME (LOSS)</b>	<b>12,692,000</b>	<b>8,186,987</b>	<b>(7,638,129)</b>	<b>1,711,037</b>	<b>14,951,895</b>	<b>26,894,530</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Tax and tax equivalents	(7,254,000)	-	-	-	(7,254,000)	(6,946,000)
Investment income	2,026,000	3,346,995	787,962	578,643	6,739,600	8,297,007
Interest expense	-	(5,605,859)	(1,448,288)	(839,029)	(7,893,176)	(8,893,689)
Other income (expense)	(220,000)	24,359	314,483	(23,538)	95,304	(133,741)
<b>Total nonoperating revenues (expenses)</b>	<b>(5,448,000)</b>	<b>(2,234,505)</b>	<b>(345,843)</b>	<b>(283,924)</b>	<b>(8,312,272)</b>	<b>(7,676,423)</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>7,244,000</b>	<b>5,952,482</b>	<b>(7,983,972)</b>	<b>1,427,113</b>	<b>6,639,623</b>	<b>19,218,107</b>
Operating transfers in	-	-	7,118,689	683,952	7,802,641	6,235,300
Operating transfers out	-	(627,203)	-	(802,024)	(1,429,227)	-
<b>NET INCOME</b>	<b>7,244,000</b>	<b>5,325,279</b>	<b>(865,283)</b>	<b>1,309,041</b>	<b>13,013,037</b>	<b>25,453,407</b>
Amortization of contributed capital	-	2,097,833	513,867	36,406	2,648,106	2,644,493
<b>RETAINED EARNINGS (DEFICIT) at beginning of year</b>	<b>213,473,000</b>	<b>138,392,338</b>	<b>(10,772,279)</b>	<b>16,882,571</b>	<b>357,975,630</b>	<b>329,877,730</b>
<b>RETAINED EARNINGS (DEFICIT) at end of year</b>	<b>\$ 220,717,000</b>	<b>\$ 145,815,450</b>	<b>\$ (11,123,695)</b>	<b>\$ 18,228,018</b>	<b>\$ 373,636,773</b>	<b>\$ 357,975,630</b>

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

CITY OF CHATTANOOGA, TENNESSEE  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 12,692,000	\$ 8,186,987	\$ (7,638,129)	\$ 1,711,037	\$ 14,951,895	\$ 26,894,530
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	12,054,000	8,379,092	1,033,050	641,740	22,107,882	20,156,102
Provision for uncollectible accounts	-	500	(156)	41,139	41,483	31,605
Payment of tax equivalents	(7,254,000)	-	-	-	(7,254,000)	(6,946,000)
Changes in operating assets and liabilities:						
Accounts receivable	(125,000)	(1,904,342)	(9,030)	(311,131)	(2,349,503)	1,731,230
Inventory	(1,261,000)	127,741	1,090	-	(1,132,169)	(387,842)
Due from other funds	-	(90,911)	129,531	19,523	58,143	124,910
Other current assets	3,215,000	-	-	8,443	3,223,443	1,632,649
Prepaid items	-	5,079	2,138	-	7,217	(7,217)
Deferred charges	(1,253,000)	(105,531)	6,714	-	(1,351,817)	(567,312)
Accounts payable	3,251,000	(257,535)	(142,036)	(352,821)	2,498,608	(5,351,554)
Customer deposits	1,535,000	-	-	-	1,535,000	135,000
Other current liabilities	(800,000)	(13,502)	(72,479)	(35,708)	(921,689)	(2,256,898)
Accrued closure and postclosure care	-	-	(936,729)	-	(936,729)	(4,767,121)
Deferred credits	260,000	-	-	-	260,000	(71,000)
Other	-	104,433	119,460	(167,790)	56,103	(64,503)
<b>Total adjustments</b>	<b>9,622,000</b>	<b>6,245,024</b>	<b>131,553</b>	<b>(156,605)</b>	<b>15,841,972</b>	<b>3,392,049</b>
<b>Net cash provided by (used in) operating activities</b>	<b>22,314,000</b>	<b>14,432,011</b>	<b>(7,506,576)</b>	<b>1,554,432</b>	<b>30,793,867</b>	<b>30,286,579</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating transfers in	-	-	7,118,689	683,952	7,802,641	6,235,300
Operating transfers out	-	(627,203)	-	(802,024)	(1,429,227)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>-</b>	<b>(627,203)</b>	<b>7,118,689</b>	<b>(118,072)</b>	<b>6,373,414</b>	<b>6,235,300</b>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

(continued from previous page)

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					2000	1999
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of fixed assets	\$ (24,806,000)	\$ (31,452,900)	\$ (1,862,306)	\$ (10,253,721)	\$ (68,374,927)	\$ (58,472,615)
Proceeds of notes payable	-	180,657	-	-	180,657	4,246,079
Principal paid on notes and bonds	-	(8,095,454)	(1,278,836)	(1,027,083)	(10,401,373)	(8,552,171)
Interest paid on bonds	-	(5,609,492)	(1,425,761)	(823,001)	(7,858,254)	(8,796,484)
Capital contributions	-	1,019,873	-	20,391	1,040,264	403,523
Net cash used in capital and related financing activities	<u>(24,806,000)</u>	<u>(43,957,316)</u>	<u>(4,566,903)</u>	<u>(12,083,414)</u>	<u>(85,413,633)</u>	<u>(71,171,668)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments	(1,650,000)	(218,966,428)	(141,346,326)	(130,381,527)	(492,344,281)	(384,925,398)
Proceeds from sale and maturities of investments	-	237,341,667	136,626,222	133,631,752	507,599,641	429,919,025
Interest on investments	<u>2,027,000</u>	<u>3,530,793</u>	<u>839,724</u>	<u>641,193</u>	<u>7,038,710</u>	<u>9,398,509</u>
Net cash provided by (used in) investing activities	<u>377,000</u>	<u>21,906,032</u>	<u>(3,880,380)</u>	<u>3,891,418</u>	<u>22,294,070</u>	<u>54,392,136</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,115,000)	(8,246,476)	(8,835,170)	(6,755,636)	(25,952,282)	19,742,347
CASH AND CASH EQUIVALENTS at beginning of year	<u>44,967,000</u>	<u>11,071,856</u>	<u>16,562,424</u>	<u>13,716,302</u>	<u>86,317,582</u>	<u>66,575,235</u>
CASH AND CASH EQUIVALENTS at end of year	<u>\$ 42,852,000</u>	<u>\$ 2,825,380</u>	<u>\$ 7,727,254</u>	<u>\$ 6,960,666</u>	<u>\$ 60,365,300</u>	<u>\$ 86,317,582</u>

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



CITY OF CHATTANOOGA, TENNESSEE

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET

June 30, 2000

(With Comparative Totals for 1999)

	Municipal Fleet Services	Liability Insurance	Totals	
			2000	1999
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 680,004	\$ 851,294	\$ 1,531,298	\$ 3,682,118
Accounts receivable	38,243	-	38,243	9,703
Due from other governments	42,558	-	42,558	59,988
Inventories of materials and supplies	908,805	-	908,805	795,582
Total current assets	<u>1,669,610</u>	<u>851,294</u>	<u>2,520,904</u>	<u>4,547,391</u>
<b>FIXED ASSETS</b>				
Buildings	589,948	-	589,948	589,948
Machinery and equipment	1,071,373	-	1,071,373	763,200
	1,661,321	-	1,661,321	1,353,148
Less accumulated depreciation	<u>(766,020)</u>	<u>-</u>	<u>(766,020)</u>	<u>(635,629)</u>
Net fixed assets	<u>895,301</u>	<u>-</u>	<u>895,301</u>	<u>717,519</u>
Total assets	<u>\$ 2,564,911</u>	<u>\$ 851,294</u>	<u>\$ 3,416,205</u>	<u>\$ 5,264,910</u>
<b>LIABILITIES AND FUND EQUITY (DEFICIT)</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 381,463	\$ 23,149	\$ 404,612	\$ 252,453
Accrued claims	-	884,000	884,000	1,713,000
Due to other funds	47,693	-	47,693	750,723
Total current liabilities	<u>429,156</u>	<u>907,149</u>	<u>1,336,305</u>	<u>2,716,176</u>
<b>OTHER LIABILITIES</b>				
Compensated absences	<u>494,749</u>	<u>-</u>	<u>494,749</u>	<u>495,189</u>
<b>FUND EQUITY</b>				
Contributed capital	818,973	-	818,973	818,973
Retained earnings (deficit)	<u>822,033</u>	<u>(55,855)</u>	<u>766,178</u>	<u>1,234,572</u>
Total fund equity (deficit)	<u>1,641,006</u>	<u>(55,855)</u>	<u>1,585,151</u>	<u>2,053,545</u>
Total liabilities and fund equity	<u>\$ 2,564,911</u>	<u>\$ 851,294</u>	<u>\$ 3,416,205</u>	<u>\$ 5,264,910</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	Municipal Fleet Services	Liability Insurance	Totals	
			2000	1999
<b>REVENUES</b>				
Billings to departments	\$ 6,913,609	\$ 950,000	\$ 7,863,609	\$ 7,306,712
Other	<u>42,689</u>	<u>-</u>	<u>42,689</u>	<u>42,554</u>
Total revenues	<u>6,956,298</u>	<u>950,000</u>	<u>7,906,298</u>	<u>7,349,266</u>
<b>OPERATING EXPENSES</b>				
Repairs and maintenance - Amnicola	2,954,462	-	2,954,462	2,684,342
Repairs and maintenance - 12th Street	3,603,897	-	3,603,897	3,202,369
Operations - Amnicola	392,507	-	392,507	265,368
Operations - 12th Street	819,984	-	819,984	501,218
Judgments and costs	-	(216,482)	(216,482)	123,614
Claims and tort liabilities	-	191,252	191,252	164,292
Special counsel	-	629,072	629,072	548,549
Total operating expenses	<u>7,770,850</u>	<u>603,842</u>	<u>8,374,692</u>	<u>7,489,752</u>
OPERATING INCOME (LOSS)	(814,552)	346,158	(468,394)	(140,486)
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	(814,552)	346,158	(468,394)	(140,486)
<b>RETAINED EARNINGS (DEFICIT)</b>				
at beginning of year	<u>1,636,585</u>	<u>(402,013)</u>	<u>1,234,572</u>	<u>1,375,058</u>
RETAINED EARNINGS (DEFICIT) at end of year	<u>\$ 822,033</u>	<u>\$ (55,855)</u>	<u>\$ 766,178</u>	<u>\$ 1,234,572</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	Municipal Fleet Services	Liability Insurance	Totals	
			2000	1999
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (814,552)	\$ 346,158	\$ (468,394)	\$ (140,486)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	130,391	-	130,391	106,358
Changes in operating assets and liabilities:				
Due from other funds	-	-	-	137,378
Due from other governments	17,430	-	17,430	40,267
Accounts receivable	(28,540)	-	(28,540)	439
Inventories	(113,223)	-	(113,223)	(43,069)
Due to other funds	46,970	(750,000)	(703,030)	750,723
Accounts payable and accrued liabilities	179,204	(856,045)	(676,841)	7,907
Compensated absences	(440)	-	(440)	102,501
Total adjustments	<u>231,792</u>	<u>(1,606,045)</u>	<u>(1,374,253)</u>	<u>1,102,504</u>
Net cash provided by (used in) operating activities	(582,760)	(1,259,887)	(1,842,647)	962,018
CASH FLOWS PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	-	-	-
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES				
Acquisition and construction of fixed assets	<u>(308,173)</u>	-	<u>(308,173)</u>	<u>(60,727)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(890,933)	(1,259,887)	(2,150,820)	901,291
CASH AND CASH EQUIVALENTS at beginning of year	<u>1,570,937</u>	<u>2,111,181</u>	<u>3,682,118</u>	<u>2,780,827</u>
CASH AND CASH EQUIVALENTS at end of year	<u>\$ 680,004</u>	<u>\$ 851,294</u>	<u>\$ 1,531,298</u>	<u>\$ 3,682,118</u>

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

## FIDUCIARY FUNDS

### EXPENDABLE TRUST FUNDS

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

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

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

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

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

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

### PENSION TRUST FUNDS

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

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

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

CITY OF CHATTANOOGA, TENNESSEE

FIDUCIARY FUNDS

COMBINING BALANCE SHEET  
June 30, 2000  
(With Comparative Totals for 1999)

	Expendable Trust	Pension Trust	Totals	
			2000	1999
<b>ASSETS</b>				
Cash and cash equivalents	\$ 125,743	\$ (68,853)	\$ 56,890	\$ 53,865
Investments	67,800	-	67,800	63,705
Restricted investments	-	413,637,840	413,637,840	381,956,994
Due from plan custodian	-	610,995	610,995	-
Receivables, net of allowance for uncollectibles:				
Notes	3,504,234	-	3,504,234	3,615,893
Accrued income	-	1,678,624	1,678,624	1,967,152
Contributions	-	243,091	243,091	186,789
Other	60,360	-	60,360	193,581
Prepaid items	-	-	-	1,073
Due from other governments	107,662	-	107,662	-
<b>Total assets</b>	<b>\$ 3,865,799</b>	<b>\$ 416,101,697</b>	<b>\$ 419,967,496</b>	<b>\$ 388,039,052</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to plan custodian	\$ -	\$ 823,721	\$ 823,721	\$ -
Accounts payable and accrued expenses	124,643	443,894	568,537	493,281
Deferred revenue	21,705	-	21,705	39,063
Due to other funds	117,301	-	117,301	108,503
<b>Total liabilities</b>	<b>263,649</b>	<b>1,267,615</b>	<b>1,531,264</b>	<b>640,847</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances	163,136	-	163,136	403,889
Reserved for employees' pension benefits	-	414,834,082	414,834,082	383,625,204
Reserved for prepaid items	-	-	-	1,073
Unreserved	3,439,014	-	3,439,014	3,368,039
<b>Total fund balances</b>	<b>3,602,150</b>	<b>414,834,082</b>	<b>418,436,232</b>	<b>387,398,205</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,865,799</b>	<b>\$ 416,101,697</b>	<b>\$ 419,967,496</b>	<b>\$ 388,039,052</b>

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

CITY OF CHATTANOOGA, TENNESSEE

EXPENDABLE TRUST FUNDS

COMBINING BALANCE SHEET

June 30, 2000

(With Comparative Totals for 1999)

	Community Development	Home Investment	Chattanooga High School Medal	Ochs-Oakes Fire and Police Medal	Ochs-Oakes High School Medal	Totals	
						2000	1999
<b>ASSETS</b>							
Cash and cash equivalents	\$ 88,875	\$ 32,341	\$ 4,527	\$ -	\$ -	\$ 125,743	\$ 84,018
Investments	-	-	-	57,553	10,247	67,800	63,705
Accounts receivable	60,360	-	-	-	-	60,360	193,581
Notes receivable, net of allowance for uncollectibles of \$3,543	3,504,234	-	-	-	-	3,504,234	3,615,893
Prepaid items	-	-	-	-	-	-	1,073
Due from other governments	-	107,662	-	-	-	107,662	-
<b>Total assets</b>	<b>\$ 3,653,469</b>	<b>\$ 140,003</b>	<b>\$ 4,527</b>	<b>\$ 57,553</b>	<b>\$ 10,247</b>	<b>\$ 3,865,799</b>	<b>\$ 3,958,270</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accruals	\$ 23,994	\$ 100,649	\$ -	\$ -	\$ -	\$ 124,643	\$ 37,703
Deferred revenue	21,705	-	-	-	-	21,705	39,063
Due to other funds	107,301	10,000	-	-	-	117,301	108,503
<b>Total liabilities</b>	<b>153,000</b>	<b>110,649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>263,649</b>	<b>185,269</b>
<b>FUND BALANCES</b>							
Reserved for encumbrances	163,136	-	-	-	-	163,136	403,889
Reserved for prepaid items	-	-	-	-	-	-	1,073
Unreserved	3,337,333	29,354	4,527	57,553	10,247	3,439,014	3,368,039
<b>Total fund balances</b>	<b>3,500,469</b>	<b>29,354</b>	<b>4,527</b>	<b>57,553</b>	<b>10,247</b>	<b>3,602,150</b>	<b>3,773,001</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,653,469</b>	<b>\$ 140,003</b>	<b>\$ 4,527</b>	<b>\$ 57,553</b>	<b>\$ 10,247</b>	<b>\$ 3,865,799</b>	<b>\$ 3,958,270</b>

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

CITY OF CHATTANOOGA, TENNESSEE  
EXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	Community Development	Home Investment	Chattanooga High School Medal	Ochs-Oakes Fire and Police Medal	Ochs-Oakes High School Medal	Totals	
						2000	1999
<b>REVENUES</b>							
Intergovernmental	\$ 4,288,480	\$ 1,166,716	\$ -	\$ -	\$ -	\$ 5,455,196	\$ 5,417,502
Investment income	208,545	-	68	3,721	674	213,008	266,080
Miscellaneous	838,261	227,075	-	-	-	1,065,336	1,163,982
Total revenues	<u>5,335,286</u>	<u>1,393,791</u>	<u>68</u>	<u>3,721</u>	<u>674</u>	<u>6,733,540</u>	<u>6,847,564</u>
<b>EXPENDITURES</b>							
Community development projects	4,624,545	1,386,305	-	-	-	6,010,850	6,098,691
Administration	-	1,700	-	150	150	2,000	17,236
Total expenditures	<u>4,624,545</u>	<u>1,388,005</u>	<u>-</u>	<u>150</u>	<u>150</u>	<u>6,012,850</u>	<u>6,115,927</u>
Excess of revenues over expenditures	<u>710,741</u>	<u>5,786</u>	<u>68</u>	<u>3,571</u>	<u>524</u>	<u>720,690</u>	<u>731,637</u>
<b>OTHER FINANCING USES</b>							
Operating transfers out	(891,541)	-	-	-	-	(891,541)	(791,666)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(180,800)</u>	<u>5,786</u>	<u>68</u>	<u>3,571</u>	<u>524</u>	<u>(170,851)</u>	<u>(60,029)</u>
FUND BALANCE at beginning of year	<u>3,681,269</u>	<u>23,568</u>	<u>4,459</u>	<u>53,982</u>	<u>9,723</u>	<u>3,773,001</u>	<u>3,888,030</u>
FUND BALANCE at end of year	<u>\$ 3,500,469</u>	<u>\$ 29,354</u>	<u>\$ 4,527</u>	<u>\$ 57,553</u>	<u>\$ 10,247</u>	<u>\$ 3,602,150</u>	<u>\$ 3,773,001</u>

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

CITY OF CHATTANOUGA, TENNESSEE  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF PLAN NET ASSETS  
June 30, 2000  
(With Comparative Totals for 1999)

	General Pension Plan	Firemen's and Policemen's Insurance and Pension Fund	Totals	
			2000	1999
<b>ASSETS</b>				
Cash and cash equivalents	\$ (68,853)	\$ -	\$ (68,853)	\$ (30,153)
Receivables:				
Accrued income	781,037	897,587	1,678,624	1,967,152
Contributions:				
Employer	142,014	-	142,014	119,234
Employee	101,077	-	101,077	67,555
Due from plan custodian	-	610,995	610,995	-
Total receivables	<u>1,024,128</u>	<u>1,508,582</u>	<u>2,532,710</u>	<u>2,153,941</u>
Investments, at fair value:				
U.S. Government securities	31,868,855	15,920,722	47,789,577	49,329,457
Corporate bonds	12,160,980	32,610,568	44,771,548	46,337,470
Foreign bonds	-	2,317,661	2,317,661	2,633,269
Asset-backed securities	11,503,713	2,292,570	13,796,283	19,458,716
Corporate stocks	95,748,780	65,989,489	161,738,269	164,018,448
Mutual funds	54,335,128	45,179,654	99,514,782	76,491,854
Temporary investments	-	8,771,652	8,771,652	19,298,900
Investment in Common Trust Fund	-	23,296,663	23,296,663	-
Other investments	<u>11,001,405</u>	<u>640,000</u>	<u>11,641,405</u>	<u>4,388,880</u>
Total investments	<u>216,618,861</u>	<u>197,018,979</u>	<u>413,637,840</u>	<u>381,956,994</u>
Total assets	<u>217,574,136</u>	<u>198,527,561</u>	<u>416,101,697</u>	<u>384,080,782</u>
<b>LIABILITIES</b>				
Due to plan custodian	-	823,721	823,721	-
Accrued expenses	<u>237,211</u>	<u>206,683</u>	<u>443,894</u>	<u>455,578</u>
Total liabilities	<u>237,211</u>	<u>1,030,404</u>	<u>1,267,615</u>	<u>455,578</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress is presented on page 4)	<u>\$ 217,336,925</u>	<u>\$ 197,497,157</u>	<u>\$ 414,834,082</u>	<u>\$ 383,625,204</u>

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



## ACCOUNT GROUPS

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

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

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

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF GENERAL FIXED ASSETS  
 June 30, 2000  
 (With Comparative Totals for 1999)

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	2000	1999
<b>GENERAL FIXED ASSETS</b>		
Land	\$ 28,380,434	\$ 26,555,548
Buildings	36,385,270	36,365,370
Machinery and equipment	64,340,723	58,839,928
Improvements	18,212,361	16,880,140
Construction work in progress	1,980,095	79,194
Total general fixed assets	\$ 149,298,883	\$ 138,720,180
<b>INVESTMENT IN GENERAL FIXED ASSETS</b>		
General Fund	\$ 68,838,614	\$ 67,199,608
Special Revenue Funds	17,321,843	16,413,658
Capital Projects Funds	61,545,181	54,811,542
Trust and other funds	1,593,245	295,372
Total investment in general fixed assets	\$ 149,298,883	\$ 138,720,180

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

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE  
Year Ended June 30, 2000

	Land	Buildings	Machinery and Equipment	Improvements	Construction Work in Progress	Total
GENERAL FIXED ASSETS, July 1, 1999	<u>\$ 26,555,548</u>	<u>\$ 36,365,370</u>	<u>\$ 58,839,928</u>	<u>\$ 16,880,140</u>	<u>\$ 79,194</u>	<u>\$ 138,720,180</u>
Additions:						
Acquired by expenditures from:						
General Fund	277,993	-	2,535,692	-	-	2,813,685
Special Revenue Funds	-	-	1,050,138	-	-	1,050,138
Capital Projects Funds	1,562,181	19,900	3,425,902	30,090	1,900,901	6,938,974
Trust and other funds	-	-	4,724	1,302,131	-	1,306,855
Transfers from Proprietary Funds	-	-	11,409	-	-	11,409
Total additions	<u>1,840,174</u>	<u>19,900</u>	<u>7,027,865</u>	<u>1,332,221</u>	<u>1,900,901</u>	<u>12,121,061</u>
Deductions:						
Fixed assets abandoned, sold, or traded	15,288	-	1,506,679	-	-	1,521,967
Transfers to Proprietary Funds	-	-	20,391	-	-	20,391
Total deductions	<u>15,288</u>	<u>-</u>	<u>1,527,070</u>	<u>-</u>	<u>-</u>	<u>1,542,358</u>
GENERAL FIXED ASSETS, June 30, 2000	<u>\$ 28,380,434</u>	<u>\$ 36,385,270</u>	<u>\$ 64,340,723</u>	<u>\$ 18,212,361</u>	<u>\$ 1,980,095</u>	<u>\$ 149,298,883</u>

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

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
June 30, 2000

	Land	Buildings	Machinery and Equipment	Improvements	Total
FUNCTION AND ACTIVITY					
General Government:					
Office of the Mayor	\$ -	\$ -	\$ 47,558	\$ -	\$ 47,558
City Attorney	-	-	85,734	-	85,734
City Judge	-	-	20,915	-	20,915
Neighborhood Services	-	-	398,641	-	398,641
Personnel	-	-	118,138	-	118,138
Human Rights Commission	-	-	5,525	-	5,525
Board of Electrical Examiners	-	-	554	-	554
City Council	-	-	37,665	1,576,783	1,614,448
Bessie Smith Preservation Hall	718,388	-	38,080	-	756,468
Air Pollution	-	1,656	752,102	-	753,758
Regional Planning Agency	-	-	600,238	-	600,238
Public Library	381,859	5,469,098	1,807,920	762,350	8,421,227
Scenic City Beautiful	-	-	14,882	-	14,882
Title IIA - administration	-	-	4,479	-	4,479
Real estate	295,334	3,803,515	12,888	-	4,111,737
Equipment leasing	-	-	24,697	-	24,697
Stadium	1,250,557	-	-	-	1,250,557
Other unassigned	5,492,921	79,086	195,965	56,033	5,824,005
<b>Total General Government</b>	<b>8,139,059</b>	<b>9,353,355</b>	<b>4,165,981</b>	<b>2,395,166</b>	<b>24,053,561</b>
Finance and Administration:					
Finance administration	-	-	622,648	-	622,648
Information services	-	-	2,251,187	-	2,251,187
City Treasurer	-	-	112,116	-	112,116
City Court Clerk's Office	-	-	326,988	-	326,988
Resource management system	-	-	1,368,428	-	1,368,428
<b>Total Finance and Administration</b>	<b>-</b>	<b>-</b>	<b>4,681,367</b>	<b>-</b>	<b>4,681,367</b>
Police:					
Police	79,464	1,519,860	16,838,743	44,139	18,482,206
Narcotics	-	-	1,230,584	-	1,230,584
Shop	-	3,336,751	67,435	-	3,404,186
Other unassigned	-	-	2,307,396	5,561	2,312,957
<b>Total Police</b>	<b>79,464</b>	<b>4,856,611</b>	<b>20,444,158</b>	<b>49,700</b>	<b>25,429,933</b>
Fire:					
Fire	672,294	4,379,617	8,985,892	1,800	14,039,603
Ambulance	-	-	484,482	-	484,482
<b>Total Fire</b>	<b>672,294</b>	<b>4,379,617</b>	<b>9,470,374</b>	<b>1,800</b>	<b>14,524,085</b>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
June 30, 2000

	Land	Buildings	Machinery and Equipment	Improvements	Total
(continued from previous page)					
FUNCTION AND ACTIVITY					
Public Works:					
Sewer construction and maintenance	\$ -	\$ 3,359	\$ 434,840	\$ -	\$ 438,199
Street maintenance/constructor	64,698	-	1,341,771	-	1,406,469
State Street Aid	-	82,821	3,896,595	-	3,979,416
Public Works administration	-	-	176,658	-	176,658
Engineering	4,520	-	842,469	-	846,989
City garage shop	-	-	1,674	-	1,674
City yards	759,765	300,050	3,082,949	40,842	4,183,606
Inspection	-	-	486,073	-	486,073
Traffic division	230,012	372,336	930,229	-	1,532,577
Brainerd Levee Project	-	-	2,425	-	2,425
Georgia Avenue/Barton Bridge	1,065,274	-	-	-	1,065,274
WPA ditch repair	-	-	66,693	-	66,693
Other unassigned	220,502	1,348	3,107,268	-	3,329,118
<b>Total Public Works</b>	<b>2,344,771</b>	<b>759,914</b>	<b>14,369,644</b>	<b>40,842</b>	<b>17,515,171</b>
Parks and Recreation:					
Supervision	-	-	3,554	-	3,554
Playgrounds	122,894	96,794	3,400	-	223,088
Municipal Golf Course	2,155,390	547,448	765,449	-	3,468,287
Community centers	326,316	4,310,421	474,538	781,993	5,893,268
Administration	-	71,837	305,988	-	377,825
Parks and Zoo	5,508,305	3,543,462	2,725,292	1,539,723	13,316,782
Miller Park	937,199	-	15,847	-	953,046
Greenway Farm	1,210,409	7,600	-	-	1,218,009
Ross's Landing/Plaza	-	-	307,002	-	307,002
Bureau of Weights and Measure	-	-	6,275	-	6,275
Safety Lane	61,200	665	-	-	61,865
Memorial Auditorium	4,712,824	-	203,719	6,736,782	11,653,325
Tivoli	719,000	1,821,468	28,623	6,589,276	9,158,367
Other unassigned	870,496	2,700	718,296	2,099	1,593,591
<b>Total Parks and Recreation</b>	<b>16,624,033</b>	<b>10,402,395</b>	<b>5,557,983</b>	<b>15,649,873</b>	<b>48,234,284</b>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
June 30, 2000

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Improvements</u>	<u>Total</u>
(continued from previous page)					
FUNCTION AND ACTIVITY					
General Services:					
Administration	\$ -	\$ -	\$ 243,678	\$ -	\$ 243,678
City Hall/Annex maintenance	-	-	38,449	-	38,449
Radio and electronics	-	-	2,616,606	-	2,616,606
Renewal and replacement	-	-	24,594	-	24,594
Purchasing	-	-	92,731	-	92,731
Electronics	-	-	42,728	-	42,728
Employee benefits	-	-	14,635	-	14,635
Building operation - City Hall and Annex	<u>208,000</u>	<u>4,588,687</u>	<u>2,530</u>	<u>-</u>	<u>4,799,217</u>
Total General Services	<u>208,000</u>	<u>4,588,687</u>	<u>3,075,951</u>	<u>-</u>	<u>7,872,638</u>
Community Development	<u>312,000</u>	<u>297,118</u>	<u>60,036</u>	<u>18,900</u>	<u>688,054</u>
Human Services Program	<u>813</u>	<u>1,747,573</u>	<u>2,515,229</u>	<u>56,080</u>	<u>4,319,695</u>
Total general fixed assets	<u>\$ 28,380,434</u>	<u>\$ 36,385,270</u>	<u>\$ 64,340,723</u>	<u>\$ 18,212,361</u>	147,318,788
Construction work in progress					<u>1,980,095</u>
Total general fixed assets					<u>\$ 149,298,883</u>

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY  
FUNCTION AND ACTIVITY  
Year Ended June 30, 2000

FUNCTION AND ACTIVITY	Total July 1, 1999	Additions	Deletions	Total June 30, 2000
<b>General Government:</b>				
Office of the Mayor	\$ 53,601	\$ 8,192	\$ 14,235	\$ 47,558
City Attorney	86,241	-	507	85,734
City Judge	12,012	8,903	-	20,915
Neighborhood Services	208,655	206,826	16,840	398,641
Personnel	106,991	11,147	-	118,138
Human Rights Commission	5,525	-	-	5,525
Board of Electrical Exam	554	-	-	554
City Council	312,134	1,359,535	57,221	1,614,448
Bessie Smith Preservation Hall	756,468	-	-	756,468
Air pollution	710,443	43,315	-	753,758
Regional Planning Agency	550,308	75,288	25,358	600,238
Public Library	8,393,198	89,425	61,396	8,421,227
Scenic City Beautiful	12,980	1,902	-	14,882
Title IIA - administration	4,479	-	-	4,479
Real estate	4,030,292	96,733	15,288	4,111,737
Equipment leasing	24,697	-	-	24,697
Stadium	1,250,557	-	-	1,250,557
Other unassigned	4,921,630	902,375	-	5,824,005
<b>Total General Government</b>	<b>21,440,765</b>	<b>2,803,641</b>	<b>190,845</b>	<b>24,053,561</b>
<b>Finance and Administration:</b>				
Finance administration	621,426	18,714	17,492	622,648
Information Services	2,138,563	113,254	630	2,251,187
City Treasurer	100,390	26,741	15,015	112,116
City Court Clerk's Office	304,668	22,320	-	326,988
Resource management system	1,368,428	-	-	1,368,428
<b>Total Finance and Administration</b>	<b>4,533,475</b>	<b>181,029</b>	<b>33,137</b>	<b>4,681,367</b>
<b>Police:</b>				
Police	15,876,995	3,433,666	828,455	18,482,206
Narcotics	1,068,143	177,636	15,195	1,230,584
Shop	3,404,186	-	-	3,404,186
Other unassigned	2,312,957	-	-	2,312,957
<b>Total Police</b>	<b>22,662,281</b>	<b>3,611,302</b>	<b>843,650</b>	<b>25,429,933</b>
<b>Fire:</b>				
Fire	13,758,857	324,706	43,960	14,039,603
Ambulance	484,482	-	-	484,482
<b>Total Fire</b>	<b>14,243,339</b>	<b>324,706</b>	<b>43,960</b>	<b>14,524,085</b>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY  
FUNCTION AND ACTIVITY  
Year Ended June 30, 2000

	<u>Total</u> <u>July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Total</u> <u>June 30, 2000</u>
(continued from previous page)				
FUNCTION AND ACTIVITY				
Public Works:				
Sewer construction and maintenance	\$ 438,199	\$ -	\$ -	\$ 438,199
Street maintenance/construction	1,413,469	-	7,000	1,406,469
State Street Aid	3,976,055	3,361	-	3,979,416
Public Works administration	174,028	2,630	-	176,658
Engineering	796,322	50,667	-	846,989
City garage shop	1,674	-	-	1,674
City yards	2,993,939	1,195,608	5,941	4,183,606
Inspection	439,402	46,671	-	486,073
Traffic division	1,123,578	410,407	1,408	1,532,577
Brainerd Levee project	2,425	-	-	2,425
Georgia Avenue/Barton Bridge	1,065,274	-	-	1,065,274
WPA ditch repair	66,693	-	-	66,693
Other unassigned	<u>3,674,602</u>	<u>20,391</u>	<u>365,875</u>	<u>3,329,118</u>
Total Public Works	<u>16,165,660</u>	<u>1,729,735</u>	<u>380,224</u>	<u>17,515,171</u>
Parks and Recreation:				
Supervision	3,554	-	-	3,554
Playgrounds	223,088	-	-	223,088
Municipal Golf Course	3,456,030	27,987	15,730	3,468,287
Community centers	5,835,195	58,073	-	5,893,268
Administration	236,348	141,477	-	377,825
Parks and Zoo	13,315,782	1,000	-	13,316,782
Miller Park	953,046	-	-	953,046
Greenway Farm	1,218,009	-	-	1,218,009
Ross's Landing/Plaza	198,612	108,390	-	307,002
Bureau of Weights and Measures	6,275	-	-	6,275
Safety Lane	61,865	-	-	61,865
Memorial Auditorium	11,649,565	3,760	-	11,653,325
Tivoli	9,141,045	17,322	-	9,158,367
Other unassigned	<u>559,101</u>	<u>1,058,808</u>	<u>24,318</u>	<u>1,593,591</u>
Total Parks and Recreation	<u>46,857,515</u>	<u>1,416,817</u>	<u>40,048</u>	<u>48,234,284</u>

(continued on following page)



CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY  
 FUNCTION AND ACTIVITY  
 Year Ended June 30, 2000

	<u>Total July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Total June 30, 2000</u>
(continued from previous page)				
FUNCTION AND ACTIVITY				
General Services:				
Administration	\$ 188,792	\$ 54,886	\$ -	\$ 243,678
City Hall/Annex maintenance	28,033	10,416	-	38,449
Radio and electronics	2,616,606	-	-	2,616,606
Renewal and replacement	24,594	-	-	24,594
Purchasing	89,596	3,135	-	92,731
Electronics	42,728	-	-	42,728
Employee benefits	9,897	4,738	-	14,635
Building operation - City Hall and Annex	<u>4,799,217</u>	<u>-</u>	<u>-</u>	<u>4,799,217</u>
Total General Services	<u>7,799,463</u>	<u>73,175</u>	<u>-</u>	<u>7,872,638</u>
Community Development	<u>693,824</u>	<u>4,724</u>	<u>10,494</u>	<u>688,054</u>
Human Services Program	<u>4,244,664</u>	<u>75,031</u>	<u>-</u>	<u>4,319,695</u>
Construction Work in progress	<u>79,194</u>	<u>1,900,901</u>	<u>-</u>	<u>1,980,095</u>
Total general fixed assets	<u>\$ 138,720,180</u>	<u>\$ 12,121,061</u>	<u>\$ 1,542,358</u>	<u>\$ 149,298,883</u>

CITY OF CHATTANOOGA, TENNESSEE  
STATEMENTS OF GENERAL LONG-TERM DEBT  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	2000	1999
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG-TERM DEBT		
Amount available in Debt Service Fund	\$ 2,671,606	\$ 2,566,687
Amount to be provided	55,957,658	60,103,332
Total available and to be provided	\$ 58,629,264	\$ 62,670,019
GENERAL LONG-TERM DEBT PAYABLE		
Direct indebtedness:		
Serial bonds	\$ 34,888,987	\$ 37,920,402
Notes payable	8,765,624	9,497,888
Compensated absences	14,974,653	15,251,729
Total general long-term debt	\$ 58,629,264	\$ 62,670,019

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

## DISCRETELY PRESENTED COMPONENT UNITS

Discretely presented component units are entities that are legally separate from the City, but the City is considered to be financially accountable for these entities. These entities are presented in the same manner as Proprietary Funds.

Chattanooga Metropolitan Airport Authority accounts for the operations of the Chattanooga Metropolitan Airport.

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

CITY OF CHATTANOOGA, TENNESSEE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING BALANCE SHEET  
June 30, 2000  
(With Comparative Totals for 1999)

	Metropolitan Airport Authority		Totals	
		CARTA	2000	1999
<b>ASSETS</b>				
Cash and cash equivalents	\$ 78,952	\$ 1,353,204	\$ 1,432,156	\$ 875,455
Investments	-	373,716	373,716	348,032
Accounts receivable	967,913	271,879	1,239,792	1,274,148
Notes receivable	106,824	-	106,824	113,120
Due from other governments	-	194,850	194,850	96,822
Deferred charges	299,641	-	299,641	314,683
Inventories	-	189,443	189,443	167,437
Other	40,668	79,082	119,750	140,554
Restricted assets:				
Cash and cash equivalents	3,761,041	-	3,761,041	3,216,466
Investments	2,153,683	-	2,153,683	2,198,704
Fixed assets, net of accumulated depreciation	<u>31,158,630</u>	<u>26,945,859</u>	<u>58,104,489</u>	<u>57,296,785</u>
<b>Total assets</b>	<b><u>\$ 38,567,352</u></b>	<b><u>\$ 29,408,033</u></b>	<b><u>\$ 67,975,385</u></b>	<b><u>\$ 66,042,206</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,117,349	\$ 619,427	\$ 1,736,776	\$ 1,877,466
Due to primary government	-	500,000	500,000	501,571
Contracts payable	7,708	-	7,708	77,376
Notes payable	574,770	-	574,770	-
Revenue bonds payable	12,104,256	-	12,104,256	12,372,364
Other liabilities	<u>56,677</u>	<u>-</u>	<u>56,677</u>	<u>72,989</u>
<b>Total liabilities</b>	<b><u>13,860,760</u></b>	<b><u>1,119,427</u></b>	<b><u>14,980,187</u></b>	<b><u>14,901,766</u></b>
<b>EQUITY AND OTHER CREDITS</b>				
Contributed capital	27,111,601	28,288,606	55,400,207	53,632,398
Retained earnings (deficit)	<u>(2,405,009)</u>	<u>-</u>	<u>(2,405,009)</u>	<u>(2,491,958)</u>
<b>Total equity and other credits</b>	<b><u>24,706,592</u></b>	<b><u>28,288,606</u></b>	<b><u>52,995,198</u></b>	<b><u>51,140,440</u></b>
<b>Total liabilities, equity and other credits</b>	<b><u>\$ 38,567,352</u></b>	<b><u>\$ 29,408,033</u></b>	<b><u>\$ 67,975,385</u></b>	<b><u>\$ 66,042,206</u></b>

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

CITY OF CHATTANOOGA, TENNESSEE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	Metropolitan Airport Authority	CARTA	Totals	
			2000	1999
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,349,691	\$ 3,288,072	\$ 8,637,763	\$ 8,638,172
Other	-	65,343	65,343	59,322
Total operating revenues	<u>5,349,691</u>	<u>3,353,415</u>	<u>8,703,106</u>	<u>8,697,494</u>
<b>OPERATING EXPENSES</b>				
Airport operation	4,180,511	-	4,180,511	4,172,960
CARTA operation	-	5,466,409	5,466,409	4,711,529
Other operating expenses	-	1,733,500	1,733,500	1,911,551
Maintenance	174,342	2,149,961	2,324,303	2,422,020
Depreciation and amortization	1,290,828	2,351,706	3,642,534	3,669,322
Total operating expenses	<u>5,645,681</u>	<u>11,701,576</u>	<u>17,347,257</u>	<u>16,887,382</u>
OPERATING LOSS	(295,990)	(8,348,161)	(8,644,151)	(8,189,888)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	200,921	56,948	257,869	223,480
Interest expense	(932,955)	-	(932,955)	(938,503)
Other income	997,131	-	997,131	987,341
Intergovernmental revenue	-	1,957,728	1,957,728	1,099,746
LOSS BEFORE OPERATING TRANSFERS	(30,893)	(6,333,485)	(6,364,378)	(6,817,824)
Operating transfers from primary government	-	3,299,934	3,299,934	3,263,819
Operating transfers to primary government	-	-	-	(24,663)
NET LOSS	(30,893)	(3,033,551)	(3,064,444)	(3,578,668)
Amortization of contributed capital	-	3,151,393	3,151,393	3,415,637
RETAINED EARNINGS (DEFICIT), beginning	<u>(2,374,116)</u>	<u>(117,842)</u>	<u>(2,491,958)</u>	<u>(2,328,927)</u>
RETAINED EARNINGS (DEFICIT), ending	<u>\$ (2,405,009)</u>	<u>\$ -</u>	<u>\$ (2,405,009)</u>	<u>\$ (2,491,958)</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2000  
(With Comparative Totals for 1999)

	Metropolitan Airport Authority	CARTA	Totals	
			2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating loss	\$ (295,990)	\$ (8,348,161)	\$ (8,644,151)	\$ (8,189,888)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,290,828	2,351,706	3,642,534	3,669,322
Changes in operating assets and liabilities:				
Accounts receivable	23,558	71,822	95,380	(147,401)
Inventory	-	(22,006)	(22,006)	(5,422)
Due to primary government	-	12,035	12,035	2,991
Other current assets	8,769	(445,908)	(437,139)	48,853
Accounts payable and accrued liabilities	(57,360)	-	(57,360)	309,861
Other	923,577	8,000	931,577	866,231
Total adjustments	2,189,372	1,975,649	4,165,021	4,744,435
Net cash provided by (used in) operating activities	1,893,382	(6,372,512)	(4,479,130)	(3,445,453)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating transfers from primary government	-	3,299,934	3,299,934	3,239,156
Intergovernmental revenues	-	1,957,728	1,957,728	1,099,746
Net cash provided by noncapital financing activities	-	5,257,662	5,257,662	4,338,902
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of fixed assets	(2,277,801)	(1,793,817)	(4,071,618)	(4,434,784)
Proceeds from notes payable	574,770	-	574,770	-
Principal paid on notes and bonds	(284,420)	-	(284,420)	(272,108)
Interest paid on bonds	(932,955)	-	(932,955)	(933,277)
Capital contributions	1,296,223	3,464,591	4,760,814	5,064,450
Net cash provided by (used in) capital and related financing activities	(1,624,183)	1,670,774	46,591	(575,719)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	45,021	(209,418)	(164,397)	(341,234)
Proceeds from sale and maturities of investments	-	220,000	220,000	150,000
Interest on investments	199,868	20,682	220,550	193,571
Net cash provided by investing activities	244,889	31,264	276,153	2,337
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>				
	514,088	587,188	1,101,276	320,067
<b>CASH AND CASH EQUIVALENTS at beginning of year</b>				
	3,325,905	766,016	4,091,921	3,771,854
<b>CASH AND CASH EQUIVALENTS at end of year</b>				
	\$ 3,839,993	\$ 1,353,204	\$ 5,193,197	\$ 4,091,921

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

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF CERTIFICATES OF DEPOSIT BY FUND  
June 30, 2000

	Interest Rate	Maturity Date	Amount
GENERAL FUND			
First Tennessee Bank	6.50%	#####	\$ 2,000,000
First Tennessee Bank	6.50%	#####	1,000,000
First Tennessee Bank	6.45%	#####	2,500,000
SPECIAL REVENUE FUNDS			
Downtown Development Fund:			
First Tennessee Bank	6.30%	#####	128,000
DEBT SERVICE FUND			
First Tennessee Bank	6.30%	#####	1,200,000
First Tennessee Bank	6.30%	#####	1,390,000
CAPITAL PROJECTS FUNDS			
Capital Improvement Bond:			
First Tennessee Bank	6.45%	#####	554,072
Economic Development			
First Tennessee Bank	6.30%	#####	5,493,035
ENTERPRISE FUNDS			
Electric Power Board:			
First Tennessee Bank	6.15%	#####	750,000
First Tennessee Bank	6.20%	#####	600,000
First Tennessee Bank	6.20%	#####	700,000
First Tennessee Bank	6.56%	#####	1,450,000
First Tennessee Bank	6.56%	#####	1,100,000
First Tennessee Bank	6.56%	#####	1,300,000
First Tennessee Bank	6.56%	#####	1,500,000
First Tennessee Bank	6.56%	#####	750,000
First Tennessee Bank	6.56%	#####	500,000
Amsouth	6.45%	#####	300,000
Amsouth	6.45%	#####	700,000
Amsouth	6.45%	#####	700,000
Amsouth	6.45%	#####	600,000
Amsouth	6.45%	#####	400,000
Amsouth	6.45%	#####	500,000
Amsouth	6.45%	#####	600,000
Amsouth	6.45%	#####	1,000,000
Amsouth	6.45%	#####	300,000
Amsouth	6.45%	#####	600,000
Amsouth	6.45%	#####	1,500,000
Amsouth	6.45%	#####	800,000
Interceptor Sewer System:			
First Tennessee Bank	6.30%	#####	1,300,000
First Tennessee Bank	6.55%	#####	800,000
First Tennessee Bank	6.30%	#####	447,363
Storm Water Fund:			
First Tennessee Bank	6.45%	#####	<u>623,507</u>
Total certificates of deposit			<u>\$ 34,085,977</u>

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF INVESTMENTS BY FUND  
June 30, 2000

	Interest Rate	Maturity Date	Amount
<b>GENERAL FUND</b>			
Federal Home Loan Mortgage Corporation	6.28%	#####	\$ 1,999,538
Federal Home Loan Bank	6.44%	#####	997,674
Federal Home Loan Bank	5.82%	#####	2,399,375
Federal National Mortgage Association	6.35%	#####	1,999,887
Federal Farm Credit Bank	6.27%	#####	2,499,301
Certificate of Deposit	6.20%	#####	340,152
Certificate of Deposit	5.90%	#####	12,308
Certificate of Deposit	5.80%	#####	2,000,000
Certificate of Deposit	5.85%	#####	1,500,000
Certificate of Deposit	5.80%	#####	1,000,000
Certificate of Deposit	5.80%	#####	3,000,000
Certificate of Deposit	5.80%	#####	2,500,000
Certificate of Deposit	5.90%	#####	1,900,000
Certificate of Deposit	6.00%	#####	3,000,000
Certificate of Deposit	6.00%	#####	1,300,000
Certificate of Deposit	6.00%	#####	850,000
Certificate of Deposit	6.10%	#####	2,000,000
<b>SPECIAL REVENUE FUND</b>			
Downtown Development			
Certificate of Deposit	6.60%	#####	342,355
<b>ENTERPRISE FUNDS</b>			
Electric Power Board:			
Certificate of Deposit	5.85%	#####	600,000
Certificate of Deposit	5.95%	#####	600,000
Certificate of Deposit	6.35%	#####	1,000,000
Certificate of Deposit	5.82%	#####	1,000,000
Certificate of Deposit	6.03%	#####	600,000
Certificate of Deposit	6.00%	#####	600,000
Certificate of Deposit	6.05%	#####	600,000
Certificate of Deposit	6.15%	#####	600,000
Certificate of Deposit	6.20%	#####	600,000
Solid Waste/Sanitation Fund:			
Federal Home Loan Mortgage Corporation	6.40%	#####	2,047,879
Federal Home Loan Mortgage Corporation	6.35%	#####	5,251,839
U.S. Treasury Note	6.13%	#####	164,232
U.S. Treasury Note	6.13%	#####	940
U.S. Treasury Note	5.50%	#####	136,207
U.S. Treasury Note	5.50%	#####	256,243
U.S. Treasury Note	6.38%	#####	341,697
U.S. Treasury Note	6.38%	#####	120,009



CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF INVESTMENTS BY FUND  
June 30, 2000

	Interest Rate	Maturity Date	Amount
<b>Storm Water Fund:</b>			
Certificate of Deposit	6.45%	#####	\$ 1,340,240
U.S. Treasury Note	6.13%	#####	126,840
U.S. Treasury Note	5.50%	#####	105,204
U.S. Treasury Note	6.38%	#####	263,920
<b>Interceptor Sewer System:</b>			
Federal National Mortgage Association	5.45%	#####	799,981
Certificate of Deposit	5.99%	#####	1,200,000
Certificate of Deposit	6.03%	#####	1,500,000
Certificate of Deposit	6.15%	#####	2,700,000
Certificate of Deposit	6.20%	#####	800,000
Certificate of Deposit	6.20%	#####	2,000,000
Certificate of Deposit	6.30%	#####	2,000,000
Certificate of Deposit	6.30%	#####	1,500,000
Certificate of Deposit	6.30%	#####	1,000,000
Certificate of Deposit	6.25%	#####	1,206,001
Certificate of Deposit	6.35%	#####	1,000,000
Certificate of Deposit	6.30%	#####	1,000,000
Certificate of Deposit	6.25%	#####	2,000,000
Certificate of Deposit	6.35%	#####	2,000,000
Certificate of Deposit	6.45%	#####	1,300,000
Federal Home Loan Bank	6.43%	#####	18,805,545
U.S. Treasury Bill	4.79%	#####	2,742,623
U.S. Treasury Bill	5.01%	#####	1,094,011
U.S. Treasury Bill	5.99%	#####	1,896,982
U.S. Treasury Bill	5.90%	#####	945,717
<b>EXPENDABLE TRUST FUNDS</b>			
<b>Ochs-Oakes Fire and Police Medal Fund:</b>			
Mutual Funds	N/A	N/A	57,553
<b>Ochs-Oakes High School Medal Fund:</b>			
Mutual Funds	N/A	N/A	<u>10,247</u>
<b>Total investments of Governmental, Proprietary and Expendable Trust Funds</b>			<u><u>\$ 93,554,500</u></u>

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE  
 Year Ended June 30, 2000

Tax Year (1)	Property Taxes Receivable Balance June 30, 1999	Property Taxes Levied	Net Pick-Ups and Charge-Offs	Collections	Property Taxes Receivable Balance June 30, 2000	Allowance for Uncollectibles	Net Receivable Balance June 30, 2000
1999	\$ -	\$ 60,465,150	\$ 233,478	\$ 57,721,509	\$ 2,977,119	\$ 165,426	\$ 2,811,693
1998	2,534,647	-	37,388	1,453,708	1,118,327	168,329	949,998
1997	1,012,130	-	(25,423)	373,069	613,638	158,958	454,680
1996	490,246	-	(8,914)	269,994	211,338	128,417	82,921
1995	174,283	-	(6,755)	21,469	146,059	111,392	34,667
1994	145,898	-	(9,339)	4,770	131,789	131,465	324
1993	171,000	-	3,268	1,474	172,794	172,511	283
1992	144,933	-	(151)	5,892	138,890	138,890	-
1991	184,934	-	(40,362)	707	143,865	143,865	-
1990	165,274	-	29,179	183	194,270	194,270	-
Totals	<u>\$ 5,023,345</u>	<u>\$ 60,465,150</u>	<u>\$ 212,369</u>	<u>\$ 59,852,775</u>	<u>\$ 5,848,089</u>	<u>\$ 1,513,523</u>	<u>\$ 4,334,566</u>

Note:

(1) All years except 1999 have been turned over to the Clerk and Master for collection.

CITY OF CHATTANOOGA, TENNESSEE  
SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
June 30, 2000

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>GENERAL LONG-TERM DEBT</b>			
2001	\$ 4,226,180	\$ 2,255,626	\$ 6,481,806
2002	3,880,454	2,053,625	5,934,079
2003	3,750,512	1,856,292	5,606,804
2004	2,893,942	1,664,961	4,558,903
2005	3,006,844	1,516,714	4,523,558
2006	3,091,468	1,362,019	4,453,487
2007	3,213,360	1,200,561	4,413,921
2008	2,094,250	1,034,568	3,128,818
2009	3,364,341	893,662	4,258,003
2010	3,423,015	713,994	4,137,009
2011	2,762,124	535,731	3,297,855
2012	1,479,423	420,495	1,899,918
2013	1,532,228	338,473	1,870,701
2014	1,395,175	258,865	1,654,040
2015	1,456,395	181,631	1,638,026
2016	1,341,300	104,998	1,446,298
2017	361,600	29,547	391,147
2018	382,000	10,028	392,028
	<u>43,654,611</u>	<u>16,431,790</u>	<u>60,086,401</u>
<b>PROPRIETARY FUNDS</b>			
2001	10,846,129	9,192,954	20,039,083
2002	10,908,671	8,565,551	19,474,222
2003	11,179,396	8,014,032	19,193,428
2004	11,169,444	7,447,502	18,616,946
2005	11,520,743	6,868,585	18,389,328
2006	11,724,067	6,276,485	18,000,552
2007	12,235,905	5,669,685	17,905,590
2008	10,581,774	5,029,747	15,611,521
2009	12,671,085	4,420,323	17,091,408
2010	10,843,020	3,737,728	14,580,748
2011	10,142,784	3,174,765	13,317,549
2012	8,274,648	2,684,613	10,959,261
2013	8,455,225	2,238,840	10,694,065
2014	7,473,327	1,823,321	9,296,648
2015	7,802,917	1,430,300	9,233,217
2016	5,858,746	1,046,902	6,905,648
2017	6,164,614	745,747	6,910,361
2018	6,480,836	428,957	6,909,793
2019	5,234,929	137,298	5,372,227
2020	298,695	2,399	301,094
	<u>179,866,955</u>	<u>78,935,734</u>	<u>258,802,689</u>
Total primary government indebtedness	<u>\$ 223,521,566</u>	<u>\$ 95,367,524</u>	<u>\$ 318,889,090</u>

CITY OF CHATTANOOGA, TENNESSEE  
SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
June 30, 2000

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
COMPONENT UNITS			
Municipal Airport Authority:			
2001	\$ 864,770	\$ 895,421	\$ 1,760,191
2002	310,000	875,411	1,185,411
2003	335,000	853,711	1,188,711
2004	355,000	830,261	1,185,261
2005	380,000	805,411	1,185,411
2006	410,000	778,431	1,188,431
2007	440,000	748,194	1,188,194
2008	470,000	715,744	1,185,744
2009	505,000	681,081	1,186,081
2010	540,000	643,828	1,183,828
2011	580,000	604,013	1,184,013
2012	625,000	561,238	1,186,238
2013	670,000	515,144	1,185,144
2014	720,000	465,731	1,185,731
2015	775,000	412,631	1,187,631
2016	830,000	355,475	1,185,475
2017	895,000	294,263	1,189,263
2018	960,000	228,256	1,188,256
2019	1,030,000	157,456	1,187,456
2020	984,256	81,494	1,065,750
	<u>          </u>	<u>          </u>	<u>          </u>
Total component unit indebtedness	<u>\$ 12,679,026</u>	<u>\$ 11,503,194</u>	<u>\$ 24,182,220</u>

CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF GENERAL OBLIGATION DEBT  
June 30, 2000

	Outstanding July 1, 1999	Interest Paid FY 1999-2000	Issued FY 1999-2000	Retired FY 1999-2000	Outstanding June 30, 2000	Maturing FY 2000-2001	Interest Payable FY 2000-2001
<b>GENERAL LONG-TERM DEBT</b>							
Serial bonds:							
1974 Street Improvement	\$ 60,000	\$ 1,500	\$ -	\$ 60,000	\$ -	\$ -	\$ -
1974 Urban Renewal - Series B	200,000	5,000	-	200,000	-	-	-
1974 Parks and Playground Improvement	20,000	500	-	20,000	-	-	-
1986 Municipal Public Improvement	50,000	3,550	-	50,000	-	-	-
1987 Jail/Court Building	795,000	39,750	-	265,000	530,000	265,000	26,500
1990 Municipal Public Improvement	530,000	36,570	-	530,000	-	-	-
1992 Municipal Public Improvement	1,090,000	68,915	-	130,000	960,000	135,000	58,646
1992 Series A Refunding	8,737,602	454,958	-	551,915	8,185,687	764,008	422,612
1995 Municipal Public Improvement	7,425,200	388,825	-	754,300	6,670,900	796,100	351,110
1996 Municipal Improvement	11,720,000	627,845	-	460,000	11,260,000	480,000	605,995
1998 Public Improvement Refunding	7,292,600	391,903	-	10,200	7,282,400	11,200	391,474
<b>Total serial bonds</b>	<b>37,920,402</b>	<b>2,019,316</b>	<b>-</b>	<b>3,031,415</b>	<b>34,888,987</b>	<b>2,451,308</b>	<b>1,856,337</b>
Notes payable:							
1990 Tennessee Municipal Bond Fund	967,000	29,786	-	483,500	483,500	483,500	14,505
1993 Tennessee Municipal Bond Fund	3,350,000	167,042	-	780,000	2,570,000	815,000	130,383
Hamilton County Parking Garage	486,248	28,506	-	60,781	425,467	60,781	24,890
1997 Tennessee Municipal Bond Fund	4,694,640	218,979	941,693	393,000	5,243,333	414,000	225,463
1999 Fire Hall Land Note	-	4,191	44,772	1,448	43,324	1,591	4,048
<b>Total notes payable</b>	<b>9,497,888</b>	<b>448,504</b>	<b>986,465</b>	<b>1,718,729</b>	<b>8,765,624</b>	<b>1,774,872</b>	<b>399,289</b>
Liability for compensated absences (1)	15,251,729	-	-	227,076	14,974,653	-	-

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF GENERAL OBLIGATION DEBT  
June 30, 2000

(continued from previous page)

	Outstanding July 1, 1999	Interest Paid FY 1999-2000	Issued FY 1999-2000	Retired FY 1999-2000	Outstanding June 30, 2000	Maturing FY 2000-2001	Interest Payable FY 2000-2001
<b>PROPRIETARY FUNDS</b>							
<b>Interceptor Sewer System:</b>							
1974 Sewer and Sewage Facilities	\$ 400,000	\$ 10,000	\$ -	\$ 400,000	\$ -	\$ -	\$ -
1976 Sewer and Sewage Facilities	520,000	23,400	-	260,000	260,000	260,000	11,700
1990 Sewer and Sewage Facilities	600,000	41,400	-	600,000	-	-	-
1992 Sewer and Sewage Facilities	4,230,000	267,666	-	505,000	3,725,000	535,000	227,366
1992 Sewer and Sewage Facilities - Refunding	46,672,398	2,430,183	-	2,948,085	43,724,313	4,080,992	2,257,404
1995 Sewer and Sewage Facilities - Refunding	19,545,000	928,911	-	1,645,000	17,900,000	1,680,000	858,176
1995 Sewer and Sewage Facilities	13,790,000	739,551	-	585,000	13,205,000	610,000	710,301
1998 Municipal Public Improvement	32,611,365	1,618,810	-	996,175	31,615,190	1,034,392	1,575,613
1998 Municipal Public Improvement - Refunding	13,612,700	712,771	-	39,800	13,572,900	43,800	711,100
State Revolving Loan	2,070,997	80,316	-	116,394	1,954,603	121,110	75,600
Northwest Georgia Sewer Expansion Project	4,246,079	-	180,657	-	4,426,736	65,217	258,886
<b>Total Interceptor Sewer System</b>	<b>138,298,539</b>	<b>6,853,008</b>	<b>180,657</b>	<b>8,095,454</b>	<b>130,383,742</b>	<b>8,430,511</b>	<b>6,686,146</b>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF GENERAL OBLIGATION DEBT  
June 30, 2000

(continued from previous page)

	Outstanding July 1, 1999	Interest Paid FY 1999-2000	Issued FY 1999-2000	Retired FY 1999-2000	Outstanding June 30, 2000	Maturing FY 2000-2001	Interest Payable FY 2000-2001
PROPRIETARY FUNDS (continued)							
Solid Waste/Sanitation Fund:							
1995 Municipal Public Improvement	\$ 7,186,812	\$ 376,341	\$ -	\$ 730,084	\$ 6,456,728	\$ 770,541	\$ 339,837
1998 Municipal Public Improvement	17,964,294	891,738	-	548,753	17,415,541	569,805	867,942
1998 Municipal Public Improvement - Refunding	3,686,100	202,736	-	-	3,686,100	-	202,736
Total Solid Waste/Sanitation Fund	<u>28,837,206</u>	<u>1,470,815</u>	<u>-</u>	<u>1,278,837</u>	<u>27,558,369</u>	<u>1,340,346</u>	<u>1,410,515</u>
Storm Water Fund:							
State Revolving Loan	2,070,997	80,316	-	116,394	1,954,603	121,110	75,600
1995 Municipal Public Improvement	4,927,988	258,057	-	500,617	4,427,371	528,359	233,026
1998 Municipal Public Improvement	13,424,342	666,377	-	410,072	13,014,270	425,803	648,595
1998 Municipal Public Improvement - Refunding	2,528,600	139,073	-	-	2,528,600	-	139,073
Total Storm Water Fund	<u>22,951,927</u>	<u>1,143,823</u>	<u>-</u>	<u>1,027,083</u>	<u>21,924,844</u>	<u>1,075,272</u>	<u>1,096,294</u>
Total general obligation debt	<u>\$ 252,757,691</u>	<u>\$ 11,935,466</u>	<u>\$ 1,167,122</u>	<u>\$ 15,378,594</u>	<u>\$ 238,496,219</u>	<u>\$ 15,072,309</u>	<u>\$ 11,448,581</u>

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

(1) The City's accounting records do not provide for accumulation of total additions or total reductions in compensated absences; therefore, this amount represents the decrease during the fiscal year ended June 30, 2000.

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF REVENUE BONDS  
June 30, 2000

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	<u>Outstanding July 1, 1999</u>	<u>Interest Paid FY 1999-2000</u>	<u>Issued FY 1999-2000</u>	<u>Retired FY 1999-2000</u>	<u>Outstanding June 30, 2000</u>	<u>Maturing FY 2000-2001</u>	<u>Interest Payable FY 2000-2001</u>
COMPONENT UNITS							
Metropolitan Airport Authority:							
1990 Airport Revenue Bonds	<u>\$ 12,372,364</u>	<u>\$ 914,051</u>	<u>\$ -</u>	<u>\$ 268,108</u>	<u>\$ 12,104,256</u>	<u>\$ 290,000</u>	<u>\$ 895,421</u>
Total revenue bonds	<u>\$ 12,372,364</u>	<u>\$ 914,051</u>	<u>\$ -</u>	<u>\$ 268,108</u>	<u>\$ 12,104,256</u>	<u>\$ 290,000</u>	<u>\$ 895,421</u>



CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
June 30, 2000

<b><u>DIRECT INDEBTEDNESS</u></b>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2001	1987 Hamilton County, Tennessee Jail/Court Building - City of Chattanooga Portion	5.00	\$ 265,000	\$ 26,500	\$ 291,500
2002		5.00	265,000	13,250	278,250
			<u>530,000</u>	<u>39,750</u>	<u>569,750</u>
2001	1992 Municipal Public Improvement	7.75	135,000	58,646	193,646
2002		7.75	145,000	47,796	192,796
2003		7.50	155,000	36,365	191,365
2004		5.75	165,000	25,809	190,809
2005		5.80	175,000	15,990	190,990
2006		5.90	185,000	5,458	190,458
			<u>960,000</u>	<u>190,064</u>	<u>1,150,064</u>
2001	1992 Series A Refunding Bonds	5.00	764,008	422,612	1,186,620
2002		5.10	756,124	384,230	1,140,354
2003		5.20	743,508	345,618	1,089,126
2004		5.30	672,548	308,464	981,012
2005		5.40	666,240	272,653	938,893
2006		5.50	618,933	237,644	856,577
2007		5.60	609,472	203,558	813,030
2008		5.625	603,164	169,529	772,693
2009		5.70	611,049	135,150	746,199
2010		5.50	603,953	101,127	705,080
2011		5.50	394,225	73,677	467,902
2012		5.50	387,917	52,168	440,085
2013		5.50	383,975	30,941	414,916
2014		5.50	186,074	15,264	201,338
2015		5.50	184,497	5,074	189,571
			<u>8,185,687</u>	<u>2,757,709</u>	<u>10,943,396</u>
2001	1995 Municipal Public Improvement	5.10	796,100	351,110	1,147,210
2002		5.10	843,600	310,508	1,154,108
2003		5.20	891,100	267,485	1,158,585
2004		5.25	944,300	221,148	1,165,448
2005		5.30	1,001,300	171,572	1,172,872
2006		5.40	1,064,000	118,503	1,182,503
2007		5.40	1,130,500	61,046	1,191,546
			<u>6,670,900</u>	<u>1,501,372</u>	<u>8,172,272</u>
2001	1996 Municipal Public Improvement	4.75	480,000	605,995	1,085,995
2002		4.80	505,000	583,195	1,088,195
2003		4.90	525,000	558,955	1,083,955
2004		5.00	550,000	533,230	1,083,230
2005		5.10	575,000	505,730	1,080,730
2006		5.20	605,000	476,405	291,500
2007		5.30	630,000	444,945	278,250
2008		5.40	665,000	411,555	-
2009		5.40	700,000	375,645	569,750
2010		5.50	735,000	337,845	-
2011		5.50	770,000	297,420	1,067,420

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
June 30, 2000

(continued from previous page)

**DIRECT INDEBTEDNESS**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2012	1996 Municipal Public Improvement	5.60	\$ 815,000	\$ 255,070	\$ 1,070,070
2013		5.60	855,000	209,430	1,064,430
2014		5.60	900,000	161,550	1,061,550
2015		5.70	950,000	111,150	1,061,150
2016		5.70	1,000,000	57,000	1,057,000
				<u>11,260,000</u>	<u>5,925,120</u>
2001	1998 Public Improvement Refunding	4.00	11,200	391,474	402,674
2002		4.00	11,200	391,026	402,226
2003		4.00	12,200	390,558	402,758
2004		4.13	12,200	390,063	402,263
2005		4.25	13,200	389,531	402,731
2006		4.30	13,200	388,967	402,167
2007		5.00	208,800	383,463	592,263
2008		5.00	220,000	372,743	592,743
2009		5.50	1,413,900	328,361	1,742,261
2010		5.50	1,501,000	248,201	1,749,201
2011		5.50	1,593,800	163,094	1,756,894
2012		5.25	272,000	112,124	384,124
2013		5.25	288,300	97,416	385,716
2014		5.25	304,600	81,853	386,453
2015		5.25	321,900	65,407	387,307
2016		5.25	341,300	47,998	389,298
2017		5.25	361,600	29,547	391,147
2018		5.25	382,000	10,028	392,028
			<u>7,282,400</u>	<u>4,281,854</u>	<u>11,564,254</u>
2001	Note Payable - Tennessee Municipal Bond Fund	Variable - Estimated at 3.0%	483,500	14,505	498,005
2001	Note Payable - Tennessee Municipal Bond Fund 1993	4.85	815,000	130,383	945,383
2002		5.10	855,000	90,855	945,855
2003		5.25	900,000	47,250	947,250
			<u>2,570,000</u>	<u>268,488</u>	<u>2,838,488</u>
2001	Hamilton County - City Portion of Series 1991 General Obligation Bonds	6.00	60,781	24,890	85,671
2002		6.10	60,781	21,213	81,994
2003		6.20	60,781	17,475	78,256
2004		6.30	60,781	13,676	74,457
2005		6.40	60,781	9,816	70,597
2006		6.45	60,781	5,911	66,692
2007		6.50	60,781	1,975	62,756
			<u>425,467</u>	<u>94,956</u>	<u>520,423</u>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 2000

(continued from previous page)

**DIRECT INDEBTEDNESS**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2001	Note Payable - Tennessee	Estimated	\$ 414,000	\$ 225,463	\$ 639,463
2002	Municipal Bond Fund 1997	at 3.74%	437,000	207,661	644,661
2003			461,000	188,870	649,870
2004			487,000	169,047	656,047
2005			513,000	148,106	661,106
2006			542,000	126,047	668,047
2007			571,000	102,741	673,741
2008			603,000	78,188	681,188
2009			636,000	52,259	688,259
2012			579,333	24,911	604,244
			<u>5,243,333</u>	<u>1,323,293</u>	<u>6,566,626</u>
2001	1999 Fire Hall Land Note	9.50	1,591	4,048	5,639
2002		9.50	1,749	3,890	5,639
2003		9.50	1,923	3,716	5,639
2004		9.50	2,113	3,525	5,638
2005		9.50	2,323	3,316	5,639
2006		9.50	2,554	3,085	5,639
2007		9.50	2,807	2,832	5,639
2008		9.50	3,086	2,553	5,639
2009		9.50	3,392	2,247	5,639
2010		9.50	3,729	1,910	5,639
2011		9.50	4,099	1,540	5,639
2012		9.50	4,506	1,133	5,639
2013		9.50	4,951	686	5,637
2014		9.50	4,501	198	4,699
			<u>43,324</u>	<u>34,679</u>	<u>78,003</u>
	Total direct indebtedness		<u>43,654,611</u>	<u>16,431,790</u>	<u>60,086,401</u>

**INTERCEPTOR SEWER SYSTEM**

2001	1976 Sewer and Sewage Facilities	4.50	260,000	11,700	271,700
			<u>260,000</u>	<u>11,700</u>	<u>271,700</u>
2001	1992 Sewer and Sewage Facilities	7.75	535,000	227,366	762,366
2002		7.75	565,000	184,741	749,741
2003		7.50	600,000	140,348	740,348
2004		5.75	635,000	99,591	734,591
2005		5.80	675,000	61,760	736,760
2006		5.90	715,000	21,093	736,093
			<u>3,725,000</u>	<u>734,899</u>	<u>4,459,899</u>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 2000

(continued from previous page)

**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2001	1992 Series A Refunding Bonds	5.00	\$ 4,080,992	\$ 2,257,404	\$ 6,338,396
2002		5.10	4,038,876	2,052,388	6,091,264
2003		5.20	3,971,492	1,846,138	5,817,630
2004		5.30	3,592,452	1,647,679	5,240,131
2005		5.40	3,558,760	1,456,393	5,015,153
2006		5.50	3,306,067	1,269,390	4,575,457
2007		5.60	3,255,528	1,087,318	4,342,846
2008		5.625	3,221,836	905,549	4,127,385
2009		5.70	3,263,951	721,912	3,985,863
2010		5.50	3,226,047	540,173	3,766,220
2011		5.50	2,105,775	393,548	2,499,323
2012		5.50	2,072,083	278,657	2,350,740
2013		5.50	2,051,025	165,272	2,216,297
2014		5.50	993,926	81,536	1,075,462
2015		5.50	985,503	27,101	1,012,604
			43,724,313	14,730,458	58,454,771
2001	1995 Sewer & Sewage Facilities Refunding Bonds	4.40	1,680,000	858,176	2,538,176
2002		4.50	1,715,000	784,256	2,499,256
2003		4.60	1,795,000	707,081	2,502,081
2004		4.70	1,880,000	624,511	2,504,511
2005		4.80	1,955,000	536,151	2,491,151
2006		4.80	2,085,000	442,311	2,527,311
2007		5.00	2,310,000	342,231	2,652,231
2008		5.00	2,295,000	226,731	2,521,731
2009		5.125	2,185,000	111,981	2,296,981
			17,900,000	4,633,429	22,533,429
2001	1995 Sewer & Sewage Facilities	5.00	610,000	710,301	1,320,301
2002		5.00	635,000	679,801	1,314,801
2003		5.00	665,000	648,051	1,313,051
2004		5.00	700,000	614,801	1,314,801
2005		5.10	735,000	579,801	1,314,801
2006		5.20	770,000	542,316	1,312,316
2007		5.25	810,000	502,276	1,312,276
2008		5.40	850,000	459,751	1,309,751
2009		5.50	895,000	413,851	1,308,851
2010		5.50	945,000	364,626	1,309,626
2011		5.50	995,000	312,651	1,307,651
2012		5.60	1,055,000	257,926	1,312,926
2013		5.60	1,115,000	198,846	1,313,846
2014		5.625	1,180,000	136,406	1,316,406
2015		5.625	1,245,000	70,051	1,315,051
			13,205,000	6,491,435	19,696,435
2001	1992 State Revolving Sewer Loan	3.98	121,110	75,600	196,710
2002		3.98	126,024	70,686	196,710
2003		3.98	131,130	65,580	196,710
2004		3.98	136,446	60,264	196,710
2005		3.98	141,978	54,732	196,710

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 2000

(continued from previous page)

**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2006	1992 State Revolving Sewer Loan	3.98	\$ 147,732	\$ 48,978	\$ 196,710
2007		3.98	153,720	42,990	196,710
2008		3.98	159,948	36,762	196,710
2009		3.98	166,434	30,276	196,710
2010		3.98	173,178	23,532	196,710
2011		3.98	180,198	16,512	196,710
2012		3.98	187,500	9,210	196,710
2013		3.98	129,205	1,935	131,140
			1,954,603	537,057	2,491,660
2001	1998 General Obligation Bonds	4.50	1,034,392	1,575,613	2,610,005
2002		4.50	1,082,799	1,527,976	2,610,775
2003		5.00	1,131,206	1,475,333	2,606,539
2004		5.25	1,187,258	1,415,887	2,603,145
2005		5.25	1,248,404	1,351,951	2,600,355
2006		4.75	1,314,646	1,287,958	2,602,604
2007		5.00	1,375,792	1,222,340	2,598,132
2008		5.00	1,444,582	1,151,831	2,596,413
2009		5.00	1,518,467	1,077,755	2,596,222
2010		5.375	1,594,900	996,930	2,591,830
2011		5.375	1,678,976	908,945	2,587,921
2012		5.375	1,770,695	816,235	2,586,930
2013		5.375	1,864,962	718,526	2,583,488
2014		5.00	1,964,325	619,297	2,583,622
2015		5.00	2,063,688	518,597	2,582,285
2016		5.00	2,165,598	412,865	2,578,463
2017		5.00	2,275,152	301,846	2,576,998
2018		5.00	2,389,802	185,222	2,575,024
2019		5.00	2,509,546	62,739	2,572,285
			31,615,190	17,627,846	49,243,036
2001	1998 Public Improvement Refunding	4.00	43,800	711,100	754,900
2002		4.00	43,800	709,347	753,147
2003		4.00	47,800	707,516	755,316
2004		4.13	47,800	705,574	753,374
2005		4.25	51,800	703,487	755,287
2006		4.30	51,800	701,272	753,072
2007		5.00	816,200	679,753	1,495,953
2008		5.00	860,000	637,848	1,497,848
2009		5.50	857,800	592,759	1,450,559
2010		5.50	910,500	544,131	1,454,631
2011		5.50	963,300	492,601	1,455,901
2012		5.25	1,063,000	438,207	1,501,207
2013		5.25	1,126,700	380,728	1,507,428
2014		5.25	1,190,400	319,904	1,510,304
2015		5.25	1,258,100	255,631	1,513,731
2016		5.25	1,333,700	187,596	1,521,296
2017	5.25	1,413,400	115,484	1,528,884	
2018	5.25	1,493,000	39,191	1,532,191	
			13,572,900	8,922,129	22,495,029

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 2000

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2001	Georgia Environmental Facilities Authority	4.00	\$ 65,217	\$ 258,886	\$ 324,103
2002		4.00	157,547	166,555	324,102
2003		4.00	163,944	160,158	324,102
2004		4.00	170,600	153,502	324,102
2005		4.00	177,527	146,575	324,102
2006		4.00	184,736	139,366	324,102
2007		4.00	192,237	131,865	324,102
2008		4.00	200,042	124,060	324,102
2009		4.00	208,165	115,937	324,102
2010		4.00	216,617	107,485	324,102
2011		4.00	225,413	98,689	324,102
2012		4.00	234,565	89,537	324,102
2013		4.00	244,090	80,012	324,102
2014		4.00	254,001	70,101	324,102
2015		4.00	264,314	59,788	324,102
2016		4.00	275,046	49,056	324,102
2017		4.00	286,214	37,888	324,102
2018		4.00	297,836	26,266	324,102
2019		4.00	309,929	14,173	324,102
2020		4.00	298,696	2,399	301,095
			<u>4,426,736</u>	<u>2,032,298</u>	<u>6,459,034</u>
	Total Interceptor Sewer System indebtedness		<u>130,383,742</u>	<u>55,721,251</u>	<u>186,104,993</u>

**SOLID WASTE/SANITATION FUND**

2001	1995 Municipal Public Improvement	5.10	770,541	339,837	1,110,378
2002		5.10	816,516	300,540	1,117,056
2003		5.20	862,491	258,897	1,121,388
2004		5.25	913,983	214,048	1,128,031
2005		5.30	969,153	166,064	1,135,217
2006		5.40	1,029,840	114,698	1,144,538
2007		5.40	1,094,204	59,087	1,153,291
			<u>6,456,728</u>	<u>1,453,171</u>	<u>7,909,899</u>
2001	1998 General Obligation Bonds	4.50	569,805	867,942	1,437,747
2002		4.50	596,471	841,701	1,438,172
2003		5.00	623,136	812,702	1,435,838
2004		5.25	654,013	779,956	1,433,969
2005		5.25	687,696	744,736	1,432,432
2006		4.75	724,186	709,484	1,433,670
2007		5.00	757,869	673,338	1,431,207
2008		5.00	795,762	634,497	1,430,259
2009		5.375	836,462	593,692	1,430,154
2010		5.375	878,566	549,169	1,427,735
2011		5.375	924,880	500,701	1,425,581
2012		5.375	975,405	449,631	1,425,036

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 2000

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**SOLID WASTE/SANITATION FUND**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2013		5.00	\$ 1,027,333	\$ 395,807	\$ 1,423,140
2014		5.00	1,082,068	341,146	1,423,214
2015		5.00	1,136,803	285,674	1,422,477
2016		5.00	1,192,941	227,431	1,420,372
2017		5.00	1,253,290	166,275	1,419,565
2018		5.00	1,316,446	102,032	1,418,478
2019		5.00	1,382,409	54,500	1,416,909
			<u>17,415,541</u>	<u>9,710,474</u>	<u>27,126,015</u>
2001	1998 Public Improvement Refunding	4.00	-	202,736	202,736
2002		4.00	-	202,735	202,735
2003		4.00	-	202,735	202,735
2004		4.13	-	202,735	202,735
2005		4.25	-	202,736	202,735
2006		4.30	-	202,735	202,736
2007		5.00	-	202,736	202,736
2008		5.00	-	202,735	202,735
2009		5.50	1,155,600	170,957	1,326,557
2010		5.50	1,226,900	105,438	1,332,338
2011		5.50	1,303,600	35,849	1,339,449
			<u>3,686,100</u>	<u>1,934,127</u>	<u>5,620,227</u>
	Total Solid Waste/Sanitation Fund indebtedness		<u>27,558,369</u>	<u>13,097,772</u>	<u>40,656,141</u>

**STORM WATER FUND**

2001	1992 State Revolving General	3.98	121,110	75,600	196,710
2002	Obligation Loan	3.98	126,024	70,686	196,710
2003		3.98	131,130	65,580	196,710
2004		3.98	136,446	60,264	196,710
2005		3.98	141,978	54,732	196,710
2006		3.98	147,732	48,978	196,710
2007		3.98	153,720	42,990	196,710
2008		3.98	159,948	36,762	196,710
2009		3.98	166,434	30,276	196,710
2010		3.98	173,178	23,532	196,710
2011		3.98	180,198	16,512	196,710
2012		3.98	187,500	9,210	196,710
2013		3.98	129,203	1,933	131,140
			<u>1,954,603</u>	<u>537,057</u>	<u>2,491,660</u>
2001	1995 Municipal Public	5.10	528,359	233,026	761,385
2002	Improvement	5.10	559,884	206,080	765,964
2003		5.20	591,409	177,525	768,934
2004		5.25	626,717	146,771	773,488
2005		5.30	664,547	113,870	778,417
2006		5.40	706,160	78,649	784,809
2007		5.40	730,233	40,310	770,543
			<u>4,427,371</u>	<u>996,437</u>	<u>5,423,808</u>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
June 30, 2000

(continued from previous page)

**STORM WATER FUND**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2001	1998 General Obligation Bonds	4.50	\$ 425,803	\$ 648,595	\$ 1,074,398
2002		4.50	445,730	628,985	1,074,715
2003		5.00	465,657	607,315	1,072,972
2004		5.25	488,730	582,845	1,071,575
2005		5.25	513,901	556,525	1,070,426
2006		4.75	541,169	530,183	1,071,352
2007		5.00	566,339	503,172	1,069,511
2008		5.00	594,656	474,147	1,068,803
2009		5.00	625,071	443,654	1,068,725
2010		5.375	656,534	410,382	1,066,916
2011		5.375	691,144	374,164	1,065,308
2012		5.375	728,900	336,000	1,064,900
2013		5.375	767,705	295,779	1,063,484
2014		5.00	808,607	254,931	1,063,538
2015		5.00	849,509	213,478	1,062,987
2016		5.00	891,460	169,954	1,061,414
2017		5.00	936,558	124,254	1,060,812
2018		5.00	983,752	76,246	1,059,998
2019		5.00	1,033,045	25,826	1,058,871
			13,014,270	7,256,435	20,270,705
2001	1998 Public Improvement Refunding	4.00	-	139,073	139,073
2002		4.00	-	139,073	139,073
2003		4.00	-	139,073	139,073
2004		4.13	-	139,073	139,073
2005		4.25	-	139,073	139,073
2006		4.30	-	139,073	139,073
2007		5.00	-	139,073	139,073
2008		5.00	-	139,073	139,073
2009		5.50	792,700	117,274	909,974
2010		5.50	841,600	72,331	913,931
2011		5.50	894,300	24,593	918,893
			2,528,600	1,326,782	3,855,382
	Total Storm Water Fund indebtedness		21,924,844	10,116,711	32,041,555
	Total primary government indebtedness		\$ 223,521,566	\$ 95,367,524	\$ 318,889,090

**METROPOLITAN AIRPORT AUTHORITY**

2001	1990 Airport Revenue Bonds	6.90	290,000	895,421	1,185,421
2002		7.00	310,000	875,411	1,185,411
2003		7.00	335,000	853,711	1,188,711
2004		7.00	355,000	830,261	1,185,261
2005		7.10	380,000	805,411	1,185,411
2006		7.375	410,000	778,431	1,188,431
2007		7.375	440,000	748,194	1,188,194
2008		7.375	470,000	715,744	1,185,744

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 2000

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**METROPOLITAN AIRPORT AUTHORITY**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2009	1990 Airport Revenue Bonds	7.375	\$ 505,000	\$ 681,081	\$ 1,186,081
2010		7.375	540,000	643,828	1,183,828
2011		7.375	580,000	604,013	1,184,013
2012		7.375	625,000	561,238	1,186,238
2013		7.375	670,000	515,144	1,185,144
2014		7.375	720,000	465,731	1,185,731
2015		7.375	775,000	412,631	1,187,631
2016		7.375	830,000	355,475	1,185,475
2017		7.375	895,000	294,263	1,189,263
2018		7.375	960,000	228,256	1,188,256
2019		7.375	1,030,000	157,456	1,187,456
2020		7.375	984,256	81,494	1,065,750
				12,104,256	11,503,194
2001	Notes payable		574,770	N/A	574,770
	Total component unit indebtedness		\$ 12,679,026	\$ 11,503,194	\$ 24,182,220

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF INTERFUND TRANSFERS - ALL FUNDS  
 Year Ended June 30, 2000

<u>Transfer To</u>	<u>Transfers From</u>	<u>Amount</u>
Public Library Fund	General Fund	\$ 2,165,258
Human Services Fund	General Fund	1,396,784
Debt Service Fund	General Fund	5,866,931
Capital Projects Fund	General Fund	16,009,310
Solidwaste/Sanitation Fund	General Fund	5,589,462
Storm Water Fund	General Fund	683,952
General Fund	General Fund	25,000
Public Library Fund	Capital Projects Fund	35,358
Debt Service Fund	Capital Projects Fund	231,035
Solidwaste/Sanitation Fund	Capital Projects Fund	100,000
General Fund	Community Development Fund	4,260
Human Services Fund	Community Development Fund	176,762
Capital Projects Fund	Community Development Fund	710,518
Solidwaste/Sanitation Fund	Interceptor Sewer System	627,203
Solidwaste/Sanitation Fund	Storm Water Fund	802,024
		<u>\$ 34,423,857</u>
Total interfund transfers		

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2000

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
U.S. DEPARTMENT OF AGRICULTURE						
Passed through Tennessee Department of Agriculture:						
Emergency Food Assistance Program (Administrative Costs)	10.568	Z99-091068 Z00-096473	\$ (10,825)	\$ 33,859	\$ 30,761	\$ (7,727)
Emergency Food Assistance Program (Food Commodities - Noncash)	10.569	N/A	-	213,630	213,630	-
Cooperative Forestry Assistance	10.664	GG-99-08126-00 Z99-090826-00	-	16,155	16,155	-
Passed through Tennessee Department of Human Services:						
Child and Adult Care Food Program	10.558	03-47-55915-00-8 03-47-56136-00-6 03-47-60076-00-9	(16,882)	328,826	355,888	(43,944)
Summer Food Service Program for Children	10.559	DG00-1534-00/30-010	(244,648)	586,400	594,324	(252,572)
Total U.S. Department of Agriculture			(272,355)	1,178,870	1,210,758	(304,243)
U.S. DEPARTMENT OF COMMERCE						
Economic Development - Technical Assistance	11.303	42504272-98	19,668	45,000	58,593	6,075
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
HUD Counseling Assistance Program	14.169	N/A	-	5,051	-	5,051
Community Development Block Grants/ Entitlement Grants	14.218	B97MC47001 B98MC47001 B99MC47001	(158,263)	4,803,920	4,860,481	(214,824)
Emergency Shelter Grants Program	14.231	S98MC47003 S99MC47003	(2,880)	86,306	83,426	-
Shelter Plus Care	14.238	TN37C931017	(9,553)	60,934	60,336	(8,955)
HOME Investment Partnerships Program	14.239	M98MC470200 M99MC470200	(6)	1,286,135	1,386,778	(100,649)
Total U.S. Department of Housing and Urban Development			(170,702)	6,242,346	6,391,021	(319,377)
U.S. DEPARTMENT OF THE INTERIOR						
Passed through Tennessee Wildlife Resources Agency:						
Sport Fish Restoration	15.605	GG-97-02360	-	1,527	1,527	-

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2000

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
U.S. DEPARTMENT OF JUSTICE						
Local Law Enforcement Block Grants Program	16.592	97-LB-VX-2151 98-LB-WX-2151	\$ 902,281	\$ -	\$ 641,407	\$ 260,874
Executive Office for Weed and Seed	16.595		-	-	162,335	(162,335)
Public Safety Partnership and Community Policing Grants (COPS)	16.710	95CCWX0214	(263,417)	1,535,681	1,510,780	(238,516)
Passed through Tennessee Department of Children's Services:						
Juvenile Accountability Incentive Block Grant	16.523		-	82,175	-	82,175
Passed through Tennessee Department of Criminal Justice:						
Bryne Formula Grant Program	16.579	97-DG128 97-DG6640	-	260,417	260,417	-
Total U.S. Department of Justice			<u>638,864</u>	<u>1,878,273</u>	<u>2,574,939</u>	<u>(57,802)</u>
U.S. DEPARTMENT OF LABOR						
Passed through Tennessee Department of Labor:						
Employment Service	17.207	99-06-999-205-56-63	(892)	99,719	106,186	(7,359)
Employment and Training Assistance - Dislocated Workers	17.246		(91,614)	1,389,879	1,298,265	-
Job Training Partnership Act Programs	17.250		(191,824)	2,785,203	2,548,343	45,036
Welfare-to-Work Grants to States and Localities	17.253	98-06-999-106-99-85	(4,282)	306,316	340,990	(38,956)
Total U.S. Department of Labor			<u>(288,612)</u>	<u>4,581,117</u>	<u>4,293,784</u>	<u>(1,279)</u>
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through Tennessee Department of Transportation:						
Highway Planning and Construction	20.205	Z-99-091844-00 Z-00-95852-00 STP-H-3300(29) STP-H-3300(30) STP-M-9202(54)	-	628,782	640,929	(12,147)
Federal Transit Metropolitan Planning grants	20.505	Z99-092351-00 Z00-098031-00	-	43,727	42,480	1,247
Passed through Georgia Department of Transportation:						
Highway Planning and Construction	20.205	50558-1565-00-099(9)653.6 50558-1565-00-020(9)653.6	-	25,388	29,236	(3,848)
Total U.S. Department of Transportation			<u>-</u>	<u>697,897</u>	<u>712,645</u>	<u>(14,748)</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2000

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
Institute of Museum and Library Services	45.301	IQ-70125-97	\$ -	\$ 3,630	\$ 3,630	\$ -
Passed through Tennessee Libraries and Archives:						
State Library Program	45.310	Z00-954560-00 Z99-094117-00 Z00-098372-00 GG-00-0825-00	-	66,540	66,540	-
Total Institute of Museum and Library Services			-	70,170	70,170	-
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Air Pollution Control Program Support	66.001	A004084-00-0	-	252,800	252,800	-
U.S. DEPARTMENT OF ENERGY						
Passed through Tennessee Department Economic and Community Development:						
State Energy Program	81.041	GR 9811542	(4,190)	17,068	12,878	-
Passed through Tennessee Department of Human Services:						
Weatherization Assistance for Low-Income Persons	81.042	Z00-094051-00	(40,512)	222,873	200,202	(17,841)
Total U.S. Department of Energy			(44,702)	239,941	213,080	(17,841)
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Emergency Food and Shelter National Board Program	83.523		-	26,011	26,002	9
Passed through Tennessee Department of Military (Disaster Relief)						
Hazard Mitigation Grant	83.548	HMGP 1010-0031	-	234,587	485,893	(251,306)
Total Federal Emergency Management Agency			-	260,598	511,895	(251,297)
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Head Start	93.600	04CH0047/23 04YC0656/02	(981,498)	5,617,119	4,852,132	(216,511)
Passed through Tennessee Department of Labor:						
Temporary Assistance for Needy Families	93.558	99-06-999-999-99-83 99-06-999-205-56-63	(33,831)	804,378	876,295	(105,748)
(continued on next page)						

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2000

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
Passed Through Tennessee Department of Human Services:						
Low-Income Home Energy Assistance	93.568	Z00-092632-00	\$ (102,422)	\$ 560,733	\$ 711,434	\$ (253,123)
Community Services Block Grant	93.569	Z00-093411	(82,682)	513,679	459,067	(28,070)
Total U.S. Department of Health and Human Services			(1,200,433)	7,495,909	6,898,928	(603,452)
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
Foster Grandparent Program	94.011	439S019/16-00 439S019/17	-	290,336	290,336	-
<u>Awards Audited by Other Auditors</u>						
Electric Power Board of Chattanooga						
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Public Assistance Grants	83.544	Z99092672	(507,958)	507,958	-	-
TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT UNIT			(1,826,230)	23,742,742	23,480,476	(1,563,964)
<b>Component Units</b>						
<u>Awards Audited by Other Auditors</u>						
<b>Chattanooga Area Regional Transportation Authority</b>						
U.S. DEPARTMENT OF TRANSPORTATION						
Federal Transit Capital Improvement Grants	20.500		N/A	N/A	833,693	N/A
Federal Transit Capital and Operating Assistance Formula Grants	20.507		N/A	N/A	1,721,139	N/A
Federal Transit Authority Section 3037 Grant-Job Access	N/A	1N-37-X001	N/A	N/A	137,687	N/A
Total Expenditures of Federal Awards - Chattanooga Area Regional Transportation Authority			N/A	N/A	2,692,519	N/A
<b>Chattanooga Metropolitan Airport Authority</b>						
U.S. DEPARTMENT OF TRANSPORTATION						
Airport Improvement Program	20.106		(100,986)	1,284,323	1,190,275	(6,938)
Total Expenditures of Federal Awards - Component Units Audited by Other Auditors			N/A	N/A	3,882,794	N/A
TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY			N/A	N/A	27,363,270	N/A

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2000

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
STATE AWARDS						
Tennessee Libraries and Archives						
Regional Library Contract for General Library Service		GG-00-08362	\$ -	\$ 200,595	\$ 200,595	\$ -
Tennessee Housing Development Agency						
(CNE Project)		HS98E002 HS99E002	-	247,000	247,000	-
Tennessee Department of Health and Human Services						
Families First		99-06-999-999-99-83	(15,639)	347,090	378,894	(47,443)
One-Stop Career Center - Operational		99-06-999-205-56-63	(295)	32,908	35,041	(2,428)
Tennessee Department of Labor						
Welfare to Work		98-06-999-106-99-85	(2,109)	150,872	167,951	(19,188)
Tennessee Department of Environment and Conservation						
Household Hazardous Waste Grant		GG-97-07431-03	-	128,783	128,783	-
Coolidge Park		STP-EN-9202(57)	(428,000)	428,000	-	-
Montague Baseball Field		A-6-0/7838-6-00	(11,000)	11,000	-	-
TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT UNIT			<u>(457,043)</u>	<u>1,546,248</u>	<u>1,158,264</u>	<u>(69,059)</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2000

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)						
<b>Component Units</b>						
<u>Awards Audited by Other Auditors</u>						
<b>Chattanooga Area Regional Transportation Authority</b>						
FTA Section 3037 Grant - Job Access		TN-37-X001	N/A	N/A	\$ 125,190	N/A
FTA Section 5307 Grant		TN 09-0153 TN 09-X0164 TN 09-0169	N/A	N/A	215,141	N/A
FTA Section 5307 Grant - Operating		TN-90-4153	N/A	N/A	1,595,696	N/A
FTA Section 5309 Grant		TN 03-0031 TN 03-0042 TN 03-0046 TN 03-0048	N/A	N/A	101,767	N/A
Other Grants:						
State		Z-99088658-00	N/A	N/A	3,750	N/A
Total Expenditures of State Awards - Chattanooga Area Regional Transportation Authority			N/A	N/A	2,041,544	N/A
<b>Chattanooga Metropolitan Airport Authority</b>						
Airport Improvement Program		33-555-0133-04 33-555-0437-04 33-555-0440-04 33-555-0324-04 33-555-0750-04	(162,120)	11,900	161,465	(311,685)
Total Expenditures of State Awards - Component Units Audited by Other Auditors			N/A	N/A	2,203,009	N/A
TOTAL EXPENDITURES OF STATE AWARDS			N/A	N/A	3,361,273	N/A
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			N/A	N/A	\$ 30,724,543	N/A



CITY OF CHATTANOOGA, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
June 30, 2000

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

Note 2. Program Income

Cash receipts for the Community Development Block Grant (CFDA 14.218) and HOME Investment Partnerships Program (CFDA 14.239) include program income of \$1,054,587 and \$226,925, respectively.

Note 3. Subrecipients

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided To Subrecipient</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$4,413,821
HOME Investment Partnerships Program	14.239	\$1,385,078
Employment Service	17.207	\$ 106,186
Employment and Training Assistance - Dislocated Workers	17.246	\$1,298,265
Job Training Partnership Act Programs	17.250	\$2,548,343

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
June 30, 2000

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Welfare-to-Work Grants to States and Localities	17.253	\$ 340,990
Temporary Assistance for Needy Families	93.558	\$ 876,295

Report of Independent Certified Public Accountants on Compliance and on Internal  
Control Over Financial Reporting Based on an Audit of the General-Purpose  
Financial Statements and the Combining and Individual Fund and Account Group  
Financial Statements Performed in Accordance With Government Auditing Standards

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

We have audited the general-purpose financial statements and the combining and individual fund and account group financial statements of the City of Chattanooga, Tennessee, as of and for the year ended June 30, 2000, and have issued our report thereon dated October 12, 2000. We did not audit the financial statements of the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on those financial statements, insofar as it relates to the amounts included for the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, was based solely on the work of other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination

of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and the combining and individual fund and account group financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Chattanooga, Tennessee in a separate letter dated October 12, 2000.

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

Chattanooga, Tennessee  
October 12, 2000

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

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

Compliance

We have audited the compliance of the City of Chattanooga, Tennessee, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. We did not audit the compliance of the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, whose federal and state financial assistance is \$507,958, \$1,351,740, and \$4,734,063, respectively. The reports of the other auditors on compliance with the requirements applicable to major programs have been furnished to us, and our opinion on compliance with those requirements, insofar as it relates to the amounts included for the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, was based solely on the reports of the other auditors. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States and Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of

compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Chattanooga, Tennessee complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 2000-1 and 2000-2.

#### Internal Control Over Compliance

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

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

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

Chattanooga, Tennessee  
October 12, 2000



CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2000

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

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

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

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

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2000

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	U.S. Department of Housing and Urban Development Community Development Block Grants/Entitlement Grants
16.592	U.S. Department of Justice: Local Law Enforcement Block Grants Program
16.710	Public Safety Partnership and Community Policing Grants (COPS)
17.246	U.S. Department of Labor: Employment and Training Assistance - Dislocated Workers
17.250	Job Training Partnership Act
20.106	U.S. Department of Transportation: Airport Improvement Program
20.500	Federal Transit Capital Improvement Grants
20.507	Federal Transit Capital and Operating Assistance Formula Grants
93.558	U.S. Department of Health and Human Services: Temporary Assistance for Needy Families
93.600	Head Start

Dollar threshold used to distinguish between type A  
and type B programs: \$820,898

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2000

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2000-1: Reporting

Federal program: CFDA 16.592 Local Law Enforcement Block Grants Program  
Federal agency: U.S. Department of Justice  
Award years: October 1, 1997 to September 30, 1999  
October 1, 1998 to September 30, 2000

Criteria: According to the grant agreement, the recipient agrees to submit, at a minimum, semi-annual reports on its programmatic activities.

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

Questioned costs: None

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

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

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

Management's response: Grant administrators have subsequently attended a meeting on the subject of Grant Management Programmatic Training in order to obtain necessary knowledge concerning grant compliance. Personnel responsible for this grant will file the necessary reports and will comply with future deadlines.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2000

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

Finding 2000-2: Reporting

Federal programs: CFDA 16.592 Local Law Enforcement Block Grants Program  
CFDA 16.710 Public Safety Partnership and Community Policing Grants  
(COPS)  
Federal agency: U.S. Department of Justice  
Award years: October 1, 1997 to September 30, 1999  
October 1, 1998 to September 30, 2000  
March 1, 1999 to February 28, 2002 (COPS)

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

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

Questioned costs: None

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

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

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

Management's response: Delinquent reports will be submitted. Management will develop a method of automated data retrieval that will result in timely reporting in the future.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2000

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Finding 99-1 from June 30, 1999: Corrective action has been taken.

Finding 99-2 from June 30, 1999: Corrective action has been taken.

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

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<u>Fiscal Year Ended June 30</u>	<u>Property Taxes</u>	<u>Other Local Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- Governmental</u>	<u>Charges for Services</u>	<u>Fines, Forfeitures and Penalties</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total</u>
1991	\$ 57,679,705	\$ 4,629,630	\$ 3,183,762	\$ 119,904,404	\$ 6,087,062	\$ 1,153,704	\$ 3,657,820	\$ 5,225,822	\$ 201,521,909
1992	57,943,847	4,693,360	3,507,879	118,204,115	7,341,278	1,207,966	2,659,490	4,822,896	200,380,831
1993	59,266,895	4,919,351	3,707,760	143,013,793	8,303,582	1,349,297	1,663,412	3,928,215	226,152,305
1994	61,356,169	5,048,321	4,131,628	142,569,973	8,342,304	1,266,112	2,326,198	6,147,657	231,188,362
1995	71,061,842	5,133,580	4,159,161	135,647,682	4,402,528	1,482,496	4,112,847	6,227,331	232,227,467
1996	72,147,987	5,322,460	5,059,012	139,128,935	4,460,791	1,645,901	4,022,283	6,083,666	237,871,035
1997	66,725,268	16,505,914	5,315,140	146,431,963	4,686,720	1,760,268	4,178,729	5,828,088	251,432,090
1998	62,837,381	21,956,152	5,482,906	59,384,581	2,364,791	1,805,903	3,086,343	6,416,760	163,334,817
1999	63,927,435	22,938,301	5,593,174	62,245,526	2,640,477	2,143,025	3,258,820	9,660,580	172,407,338
2000	64,262,529	23,912,119	6,102,055	64,081,912	2,700,574	1,895,159	3,533,489	8,038,712	174,526,549

Notes:

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

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

Fiscal Year Ended June 30	General Government (2)	Finance and Administration	Public Safety	Public Works	Parks and Recreation	General Services	Education	Debt Services	Capital Outlay	Social Services	Total
1991	\$ 24,823,899	\$ 3,376,195	\$ 29,519,716	\$ 15,649,337	\$ 4,550,731	\$ 10,270,867	\$ 79,135,661	\$ 6,350,348	\$ 18,176,807	\$ 7,927,722	\$ 199,781,283
1992	27,039,951	3,570,331	29,689,037	14,108,694	5,005,300	10,630,316	79,042,473	6,530,063	28,137,161	9,189,182	212,942,508
1993	26,588,285	3,748,014	27,841,742	15,937,355	5,224,447	10,478,139	92,111,382	6,523,416	17,674,964	8,427,892	214,555,636
1994	19,753,860	4,771,897	34,807,160	12,910,022	7,984,729	10,168,662	99,957,853	6,636,830	18,195,819	9,487,265	224,674,097
1995	17,045,619	4,542,789	37,067,540	13,082,451	8,418,986	10,428,911	97,159,632	5,943,855	22,460,035	14,097,296	230,247,114
1996	17,578,266	4,806,407	38,863,226	13,587,704	8,853,506	10,324,153	98,716,585	6,839,092	23,774,426	14,969,700	238,313,065
1997	19,615,441	5,593,165	41,239,008	13,100,104	9,645,826	11,162,219	108,785,421	7,610,454	25,333,133	14,643,491	256,728,262
1998	26,751,553	5,101,425	43,300,303	12,505,996	9,795,435	11,799,661	-	8,175,752	21,513,790	17,109,854	156,053,769
1999	28,400,715	5,347,504	44,099,492	13,013,318	10,854,732	12,596,657	-	7,477,848	21,799,963	17,405,968	160,996,197
2000	28,793,205	5,420,736	49,282,463	16,340,771	12,071,498	12,366,425	-	7,232,436	22,361,690	19,269,739	173,138,963

Notes:

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

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

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

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
1991	\$ 54,602,809	\$ 51,167,958	93.7%	\$ 1,923,928	\$ 53,091,886	97.2%	\$ 6,176,079	11.3%
1992	54,631,287	50,869,912	93.1%	2,482,385	53,352,297	97.7%	7,021,437	12.9%
1993	54,855,475	52,108,748	95.0%	3,484,893	55,593,641	101.3%	6,059,296	11.0%
1994	56,890,595	54,141,733	95.2%	2,312,510	56,454,243	99.2%	6,499,904	11.4%
1995	65,526,453	62,692,608	95.7%	3,148,835	65,841,443	100.5%	5,820,496	8.9%
1996	66,277,436	63,788,287	96.2%	2,273,018	66,061,305	99.7%	5,924,547	8.9%
1997	61,988,345	58,976,664	95.1%	2,498,964	61,475,628	99.2%	5,757,609	9.3%
1998	58,443,299	55,449,615	94.9%	2,930,520	58,380,135	99.9%	5,423,483	9.3%
1999	60,155,010	57,660,552	95.9%	2,574,338	60,234,890	100.1%	5,126,800	8.5%
2000	60,465,150	57,721,509	95.5%	2,139,956	59,852,775	99.0%	5,848,089	9.7%

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



CITY OF CHATTANOOGA, TENNESSEE  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property (1)		Personal Property (2)		Public Utilities (3)		Total		Assessed to Total Estimated Actual Value
	Assessed Value (5)	Estimated Actual Value (5)	Assessed Value (5)	Estimated Actual Value (5)	Assessed Value (5)	Estimated Actual Value (5)	Assessed Value (5)	Estimated Actual Value (5)	
1991	\$ 1,592,797,918	\$ 4,854,426,584	\$ 305,507,457	\$ 1,018,358,190	\$ 131,537,150	\$ 239,158,455	\$ 2,029,842,525	\$ 6,111,943,229	33.21%
1992	1,623,471,083	4,947,161,599	276,327,564	921,091,880	131,104,207	238,371,285	2,030,902,854	6,106,624,764	33.26%
1993	1,633,805,813	4,985,486,870	265,998,097	886,660,323	139,430,519	253,150,035	2,039,234,429	6,125,657,228	33.29%
1994	1,711,202,108	5,254,372,948	306,309,606	1,021,032,020	153,885,032	279,790,967	2,171,396,746	6,555,195,935	33.12%
1995	1,733,174,165	5,324,263,360	307,830,119	1,026,100,397	157,865,664	287,028,480	2,198,869,948	6,637,392,237	33.13%
1996	1,764,147,467	5,421,140,894	308,318,501	1,027,728,337	151,604,715	275,644,936	2,224,070,683	6,724,514,167	33.07%
1997	1,797,441,847	5,523,206,725	344,984,883	1,149,949,610	153,432,945	278,968,991	2,295,859,675	6,952,125,326	33.02%
1998	1,987,416,146	6,147,138,482	381,056,931	1,270,189,770	161,516,615	293,666,573	2,529,989,692	7,710,994,825	32.81%
1999	2,031,602,544	6,284,950,419	407,967,358	1,359,891,193	164,540,123	299,163,860	2,604,110,025	7,944,005,472	32.78%
2000	2,075,650,791	6,420,828,988	382,030,624	1,273,435,413	159,854,460	290,644,473	2,617,535,875	7,984,908,874	32.78%

Notes:

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

CITY OF CHATTANOOGA, TENNESSEE

PROPERTY TAX RATES AND LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

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Fiscal Year Ended June 30	Tax Rates Per \$100 Assessed Value			Tax Levies		
	City	County	Total	City	County	Total
1991	\$ 2.69	\$ 2.43	\$ 5.12	\$ 54,602,809	\$ 76,141,251	\$ 130,744,060
1992	2.69	2.43	5.12	54,631,287	76,192,815	130,824,102
1993	2.69	2.93	5.62	54,855,475	93,012,723	147,868,198
1994	2.62	2.81	5.43	56,890,595	96,378,123	153,268,718
1995	2.98	2.81	5.79	65,526,453	98,321,810	163,848,263
1996	2.98	2.81	5.79	66,277,436	100,264,781	166,542,217
1997	2.70	3.22	5.92	61,988,345	118,833,274	180,821,619
1998	2.31	2.93	5.24	58,443,299	121,892,101	180,335,400
1999	2.31	2.93	5.24	60,155,010	126,038,952	186,193,962
2000	2.31	3.52	5.83	60,465,150	127,944,083	188,409,233

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

CITY OF CHATTANOOGA, TENNESSEE

PRINCIPAL TAXPAYERS

June 30, 2000

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Taxpayer	1999 Assessment	Percent of Assessed Valuation	City Tax
Electric Power Board (Municipal Electric Utility)	\$ 89,365,381	3.41%	\$ 2,064,340
E.I. DuPont de Nemours and Company (Synthetic Yarns)	59,940,458	2.29%	1,384,625
BellSouth (Telephone Utility)	50,835,091	1.94%	1,174,291
CBL & Associates (Land Development)	43,139,966	1.65%	996,533
Chattanooga Valley Associates (TVA) (Office Leasing)	42,469,400	1.62%	981,043
Provident Life and Accident Insurance Company	33,054,734	1.26%	763,564
Tennessee-American Water Company (Water Utility)	30,124,318	1.15%	695,872
Tennessee Hospital Association (Blue Cross)	19,475,241	0.74%	449,878
Chattanooga Gas Company (Natural Gas)	19,070,814	0.73%	440,536
Parkridge Medical Center	<u>16,838,803</u>	<u>0.64%</u>	<u>388,976</u>
	<u>\$ 404,314,206</u>	<u>15.43%</u>	<u>\$ 9,339,658</u>

Source: City Treasurer

CITY OF CHATTANOOGA, TENNESSEE  
HISTORICAL DEBT RATIOS  
June 30, 2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Estimated population (1)	153,800	155,000	154,700	154,200	151,600	150,300	148,800	147,500	147,500
Appraised property valuation	\$ 6,106,624,764	\$ 6,125,657,228	\$ 6,555,195,935	\$ 6,637,392,236	\$ 6,724,514,167	\$ 6,952,125,326	\$ 7,710,994,825	\$ 7,944,005,472	\$ 7,984,908,874
Assessed property valuation	2,030,902,854	2,039,234,429	2,171,396,746	2,198,869,948	2,224,070,683	2,295,859,675	2,529,989,692	2,604,110,025	2,617,535,875
Gross indebtedness (2)	157,418,732	169,276,511	159,288,470	185,837,792	204,479,351	191,283,521	245,731,165	237,505,962	223,521,569
Less: Self-supporting indebtedness (3)	121,245,000	130,073,419	121,598,982	140,426,612	147,739,894	138,922,708	194,393,764	190,087,672	179,866,956
Debt Service Fund	<u>6,833,840</u>	<u>8,062,547</u>	<u>8,268,907</u>	<u>9,128,676</u>	<u>9,127,569</u>	<u>8,802,830</u>	<u>7,126,274</u>	<u>2,566,687</u>	<u>2,671,606</u>
Net direct indebtedness	29,339,892	31,140,545	29,420,581	36,282,504	47,611,888	43,557,983	44,211,127	44,851,603	40,983,007
Plus: Estimated net overlapping indebtedness	<u>50,120,961</u>	<u>72,122,174</u>	<u>84,898,036</u>	<u>75,913,865</u>	<u>79,884,361</u>	<u>100,669,117</u>	<u>99,208,181</u>	<u>98,505,368</u>	<u>88,150,782</u>
Net direct and overlapping indebtedness	<u>\$ 79,460,853</u>	<u>\$ 103,262,719</u>	<u>\$ 114,318,617</u>	<u>\$ 112,196,369</u>	<u>\$ 127,496,249</u>	<u>\$ 144,227,100</u>	<u>\$ 143,419,308</u>	<u>\$ 143,356,971</u>	<u>\$ 129,133,789</u>
Gross debt per capita	\$1,023.53	\$1,092.11	\$1,029.66	\$1,205.17	\$1,348.81	\$1,272.68	\$1,651.42	\$1,610.21	\$1,515.40
Net direct debt per capita	190.77	200.91	190.18	235.30	314.06	289.81	297.12	304.08	277.85
Net direct and overlapping debt per capita	516.65	666.21	738.97	727.60	841.00	959.59	963.84	971.91	875.48
Gross debt to appraised valuation	2.58%	2.76%	2.43%	2.80%	3.04%	2.75%	3.19%	2.99%	2.80%
Net direct debt to appraised valuation	.48%	.51%	.45%	.55%	.71%	.63%	.57%	.56%	.51%
Net direct debt and overlapping debt to appraised valuation	1.30%	1.69%	1.74%	1.69%	1.90%	2.07%	1.86%	1.80%	1.62%
Gross debt to assessed valuation	7.75%	8.30%	7.34%	8.45%	9.19%	8.33%	9.71%	9.12%	8.54%
Net direct debt to assessed valuation	1.44%	1.53%	1.35%	1.65%	2.14%	1.90%	1.75%	1.72%	1.57%
Net direct and overlapping debt to assessed valuation	3.91%	5.06%	5.26%	5.10%	5.73%	6.28%	5.67%	5.51%	4.93%

(1) Population figures for all years are estimates.

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

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

CITY OF CHATTANOOGA, TENNESSEE

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

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<u>Fiscal Year Ended June 30</u>	<u>Bond Principal</u>	<u>Bond Interest &amp; Fiscal Charges (2)</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1991	\$ 3,951,429	\$ 2,398,919	\$ 6,350,348	\$ 199,781,283	3.2%
1992	4,339,929	2,190,134	6,530,063	212,942,508	3.1%
1993	4,435,743	2,087,673	6,523,416	214,555,636	3.0%
1994	4,253,402	2,383,428	6,636,830	224,674,097	3.0%
1995	3,884,314	2,059,541	5,943,855	230,247,114	2.6%
1996	4,295,735	2,543,357	6,839,092	238,313,065	2.9%
1997	4,719,181	2,891,273	7,610,454	256,728,262	3.0%
1998	5,233,898	2,941,854	8,175,752	156,053,769	5.2%
1999	4,852,826	2,625,022	7,477,848	160,996,197	4.6%
2000	4,750,143	2,482,293	7,232,436	173,138,963	4.2%

Notes:

(1) General obligation bonds reported in the Enterprise Funds have been excluded.

(2) Bond interest includes the interest paid on general obligation bonds and bond anticipation notes.

CITY OF CHATTANOOGA, TENNESSEE

COMPUTATION OF DIRECT AND OVERLAPPING INDEBTEDNESS  
Year Ended June 30, 2000

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<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Chattanooga	\$ 40,983,007	100.0000%	\$ 40,983,007
Overlapping:			
Hamilton County	<u>146,956,827</u>	59.9841%	<u>88,150,782</u>
Total	<u>\$ 187,939,834</u>		<u>\$ 129,133,789</u>

CITY OF CHATTANOOGA, TENNESSEE  
COMPUTATION OF DEBT LIMIT AND LEGAL DEBT MARGIN  
Year Ended June 30, 2000

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Debt limit (10% of assessed valuation)	<u>\$ 261,753,588</u>
Gross Indebtedness:	
General obligation bonds outstanding	206,420,000
Notes Payable	<u>17,101,569</u>
Gross indebtedness	<u>223,521,569</u>
Less self-supporting indebtedness for general obligation bonds:	
Interceptor Sewer System	130,383,742
Solid Waste/Sanitation Fund	27,558,370
Storm Water Fund	<u>21,924,844</u>
	<u>179,866,956</u>
Gross direct indebtedness	43,654,613
Less: Debt Service Fund balance	<u>2,671,606</u>
Debt subject to debt limitation	<u>40,983,007</u>
Net legal debt margin	<u>\$ 220,770,581</u>
Percentage of direct legal debt exhausted	<u>15.66%</u>

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

Calendar Year (1)	Commercial Construction (2)		Residential Construction (2)		Property Value (3)		
	Number of Permits	Value	Number of Permits	Value	Commercial	Residential	Public Utilities
1990	710	\$ 143,700,926	1,148	\$ 29,905,938	\$ 2,505,579,795	\$ 2,348,846,789	\$ 239,158,456
1991	548	118,775,834	1,180	36,148,872	2,549,545,833	2,397,615,766	238,371,285
1992	691	99,320,108	1,229	46,109,341	2,615,638,370	2,369,848,500	253,510,035
1993	757	96,390,346	1,320	58,710,817	2,684,870,032	2,569,502,916	279,790,967
1994	672	124,406,215	1,434	63,825,615	2,716,252,084	2,608,011,276	287,028,480
1995	749	152,369,585	1,360	63,336,445	2,758,077,658	2,663,063,236	275,644,936
1996	789	214,356,906	1,465	75,164,190	2,815,608,289	2,707,598,436	278,968,991
1997	834	151,458,193	1,509	85,398,111	3,041,450,294	3,105,688,188	293,666,573
1998	822	212,851,146	1,516	73,308,479	3,109,414,963	3,175,535,456	299,163,860
1999	762	219,143,098	1,501	84,969,747	3,180,873,852	3,239,955,136	290,644,473

Notes:

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



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

Fiscal Year	Gross Revenue (Note A)	Expenses (Note B)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Primary Government:							
ELECTRIC POWER BOARD							
1991	\$ 278,747,000	\$ 266,357,000	\$ 12,390,000	\$ 250,000	\$ 48,750	\$ 298,750	41.47
1992	278,299,000	266,036,000	12,263,000	250,000	34,500	284,500	43.10
1993	283,491,000	265,463,000	18,028,000	250,000	20,000	270,000	66.77
1994	298,793,000	282,413,000	16,380,000	250,000	10,000	260,000	63.00
1995	286,546,000	272,502,000	14,044,000	-	-	-	-
1996	311,940,000	296,020,000	15,920,000	-	-	-	-
1997	292,026,000	277,576,000	14,450,000	-	-	-	-
1998	332,613,000	307,581,000	25,032,000	-	-	-	-
1999	336,984,000	314,757,000	22,227,000	-	-	-	-
2000	345,998,000	326,700,000	19,298,000	-	-	-	-
Component Unit:							
METROPOLITAN AIRPORT AUTHORITY (Note C)							
1991	2,418,618	2,004,519	414,099	-	-	None	N/A
1992	2,848,714	2,477,223	371,491	-	1,012,186	1,012,186	0.37
1993	4,722,120	3,111,165	1,610,955	29,118	1,012,186	1,041,304	1.55
1994	5,021,700	3,461,550	1,560,150	185,000	1,001,161	1,186,161	1.32
1995	5,306,842	3,505,242	1,801,600	195,000	989,321	1,184,321	1.52
1996	5,147,790	3,253,459	1,894,331	212,500	976,646	1,189,146	1.59
1997	5,456,099	3,277,908	2,178,191	225,000	985,062	1,210,062	1.80
1998	5,820,799	3,423,511	2,397,288	237,275	947,711	1,184,986	2.02
1999	6,319,120	4,304,545	2,014,575	252,274	931,391	1,183,665	1.70
2000	6,547,743	4,354,853	2,192,890	268,108	914,051	1,182,159	1.85

Note A Includes operating and nonoperating revenue.

Note B Total expenses exclusive of depreciation and bond interest.

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

CITY OF CHATTANOOGA, TENNESSEE  
SALARIES AND FIDELITY BONDS OF PRINCIPAL OFFICIALS  
Year Ended June 30, 2000

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	<u>Description</u>	<u>Annual Salary</u>	<u>Fidelity Bonds</u>
Jon Kinsey	Mayor	\$ 115,336	\$ 10,000
John M. Lively, Chairman	Councilman, District 1	17,300	10,000
Mai Bell Hurley Vice Chairman	Councilwoman, District 2	19,800	10,000
David W. Crockett	Councilman, District 3	17,300	10,000
Don Eaves	Councilman, District 4	17,300	10,000
John Franklin	Councilman, District 5	17,300	10,000
Martha Rutherford	Councilwoman District 6	17,300	10,000
John Taylor, Jr.	Councilman, District 7	17,300	10,000
Leamon Pierce	Councilman, District 8	17,300	10,000
Yusuf A. Hakeem, Chairman	Councilman, District 9	22,300	10,000
James S. Boney	Administrator and City Finance Officer	104,806	100,000
Carl E. Levi	City Treasurer	75,845	500,000
Randall L. Nelson	City Attorney	101,350	10,000

CITY OF CHATTANOOGA, TENNESSEE

INSURANCE COVERAGE  
Year Ended June 30, 2000

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PUBLIC BUILDINGS	
Fire, extended coverage, vandalism, and malicious mischief	\$ 131,539,303
CHATTANOOGA PUBLIC LIBRARIES	
Fire, extended coverage, vandalism, and malicious mischief (80% coinsurance)	24,696,521
Automobile liability	350,000
Boiler	500,000
Flood	10,535,900
Earthquake	10,000,000
General liability	1,000,000
Employee dishonesty	125,000
Equipment	825,421
HUMAN SERVICES	
General liability	1,000,000
Fire, extended coverage, vandalism, and malicious mischief (80% coinsurance)	75,000
Employee dishonesty	50,000
AIR POLLUTION CONTROL BOARD	
General liability	2,000,000
Property damage (90% coinsurance)	400,000
Automobile liability	1,000,000
Public official and employee liability	1,000,000
Equipment (80% coinsurance)	419,044
Employee dishonesty	100,000
INTERCEPTOR SEWER SYSTEM	
Fire, extended coverage, vandalism, and malicious mischief	136,175,735
Pumping stations	-

CITY OF CHATTANOOGA, TENNESSEE

DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

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Calendar Year	Population (1)	Per Capita Income (1)	Median Age (1)	Unemployment Rate (2)
1990	152,466	\$12,944	34.8	4.2%
1991	153,800	12,906	35.1	5.9%
1992	155,000	13,566	35.3	6.1%
1993	154,700	14,328	35.7	4.3%
1994	154,200	15,131	36.1	2.8%
1995	151,600	14,613	37.1	4.9%
1996	150,300	15,366	36.6	4.6%
1997	148,800	15,943	36.9	5.0%
1998	147,500	16,381	38.2	4.0%
1999	145,700	24,622	37.5	3.5%

(1) Source: Survey of Buying Power, Sales & Marketing Management Magazine  
For calendar year 1999 the source for the per capita income changed to the  
U.S. Department of Commerce - Bureau of Economic Analysis.

(2) Source: Tennessee Department of Employment Security

CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2000

Date of Organization: 1839  
 Form of Government: Council - Mayor  
 Fiscal Year Begins: July 1  
 Area: 127 square miles

Miles of Streets:

	<u>City</u>	<u>County</u>
Paved	1,100	2,239
Unpaved	-	180

Building Permits:

	<u>Calendar Year</u>	<u>Number Issued</u>	<u>Value of Permits*</u>
	1990	1,858	\$173,606,864
	1991	1,728	154,924,706
	1992	1,920	145,429,449
	1993	2,077	155,101,163
	1994	2,106	188,231,830
	1995	2,109	215,706,030
	1996	2,254	289,521,096
	1997	2,343	236,856,304
	1998	2,338	286,159,625
	1999	2,263	304,112,845

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

Source: City Building Inspection Department

Education\*\*

Public

Elementary	49
Middle	17
Senior High	14
Kindergarten through Twelve	3

Private

Parochial	18
Elementary	7
Preparatory	3

\*\*Source: Hamilton County Department of Education

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2000

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Elections (County-Wide):

175,704 registered voters  
 42,198 votes cast in last election  
 24.02% registered voters voting

Population - Official U.S. Census:

	<u>City</u>	<u>County</u>
1940	128,163	180,478
1950	131,041	208,255
1960	130,009	237,905
1970	119,923	255,077
1980	169,514	287,740
1990	152,466	285,536
1994 Estimate	154,700	293,600
1995 Estimate	154,200	293,700
1996 Estimate	151,600	295,600
1997 Estimate	150,300	295,800
1998 Estimate	148,800	296,000
1999 Estimate	147,500	294,800
2000 Estimate	145,700	295,000

Recreation:

Number of parks	28
Municipal golf courses	17
Recreation centers	28
Supervised summer playgrounds	48
Ball fields	82
Public and private tennis courts	200
Swimming pools	55
Theaters	15
Bowling alleys	3

Libraries:

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

Public Safety:

	<u>Fire</u>	<u>Police</u>
Sworn officers	398	456
School resource officers	-	18
Civilians:		
Full-time Park Rangers	-	11
Part-time Park Rangers	-	6
Part-time School Patrol	-	30
Full-time School Patrol	-	2
All other	<u>20</u>	<u>239</u>
Total Public Safety	<u>418</u>	<u>762</u>

CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2000

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CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2000

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Utilities:

	<u>User Class</u>	<u>Number of Customers</u>	<u>Rate Structure</u>
Electric Power Board*			
	Residential	135,757	\$0.0642 per kilowatt-hour
	Small Commercial and Power	17,812	0.0713 per kilowatt-hour
	Large Commercial and Power	3,051	0.0506 per kilowatt-hour
	Outdoor Lighting	141	0.0776 per kilowatt-hour
Interceptor Sewer System			
(based on water used)	First 100,000 gallons	55,000	\$3.43 per 1,000 gallons
	Next 650,000 gallons	-	2.52 per 1,000 gallons
	Next 1,250,000 gallons	-	2.03 per 1,000 gallons
	Over 30,000,000 gallons	-	1.45 per 1,000 gallons
	Over 32,000,000 gallons	-	1.14 per 1,000 gallons
Average Income Level:		<u>City</u>	<u>County</u>
	Per capita**	\$24,622	\$27,712
	Per family***	40,958	46,395

\*Source: Average cost per Electric Power Board Annual Report for the year ended June 30, 2000.

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

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





city of chattanooga

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