

ACFER 2024

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024



ONE CHATTANOOGA

MAYOR TIM KELLY
CHATTANOOGA, TN

About the Cover

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

CITY OF CHATTANOOGA, TENNESSEE

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2024

DEPARTMENT OF FINANCE AND ADMINISTRATION

CITY OF CHATTANOOGA, TENNESSEE

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Mayor's Letter



City of Chattanooga
Office of the Mayor
City Hall 101 East 11th Street Chattanooga, Tennessee 37402



Mayor Tim Kelly

December 31, 2024

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

I am honored to present the City of Chattanooga's annual financial report for the fiscal year ending on June 30, 2024. Last year we developed a bold, actionable plan and began making One Chattanooga a reality. Now, with our One Chattanooga Plan in place, we set forth to tackle the issues Chattanoogaans care about the most. We made significant progress on our city's toughest issues, from homelessness to public safety.

The FY23-24 budget included investments in our local infrastructure, from roads to bridges to parks. We continued to improve road conditions by adding an additional \$10 million for paving, and we allocated more than \$2 million for the creation of parks and revitalization.

We are also keeping an emphasis on affordable housing. In the year ahead, we will continue to create safer, healthier and more connected neighborhoods across the city. Through federal funding, we will create and preserve more than 400 new units of affordable housing. We made significant investments into affordable housing initiatives and we will develop a world-class team under our new Chief Housing Officer.

Finally, this past year reinforced my commitment to reform city government so that every dollar of taxpayer money is being used where it will make the most impact. We implemented a city-wide cost-savings incentive program and invested in things that will improve essential city services, like more refuse trucks and new driver positions.

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

Sincerely,

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

Mayor Tim Kelly
City of Chattanooga

City Council



Chip Henderson
Chair
District 1



Jenny Hill
Vice-Chair
District 2



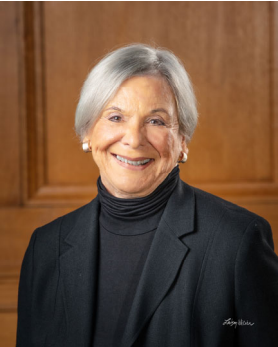
Ken Smith
District 3



Darrin Ledford
District 4



Isiah Hester
District 5



Carol Berz
District 6



Raquetta Dotley
District 7



Marvene Noel
District 8



Demetrus Coonrod
District 9

Letter of Transmittal



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

December 31, 2024

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

State and local statutes require that the City publish annual audited financial statements for each fiscal year. This Annual Comprehensive Financial Report (ACFR) of the City of Chattanooga for the fiscal year ended June 30, 2024 is submitted in compliance with this requirement.

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

Henderson, Hutcherson & McCullough, PLLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Chattanooga’s financial statements for the year ended June 30, 2024. The independent auditor’s report is presented as the first item in the financial section of this report.

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

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



Javaid Majid
City Finance Officer



GOVERNMENTAL STRUCTURE, ECONOMIC CONDITIONS AND MAJOR INITIATIVES

PROFILE OF THE GOVERNMENT

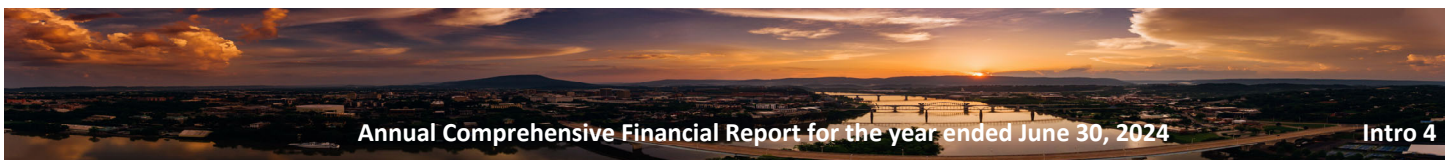
Nestled in a bend of the Tennessee River and surrounded by mountains and lakes, Chattanooga is so beautiful that it inspired a community quest to make it the best mid-sized city in America. Living in Chattanooga means that outdoor views and adventures are around every corner, but our city is much more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

Founded as a ferry landing and warehouse site in 1815, the City of Chattanooga was incorporated under State of Tennessee Private Acts of 1839. The City is the county seat of Hamilton County and is located near the southeastern corner of the state on the Tennessee-Georgia border. Chattanooga is centrally located in relation to other major population centers of the southeast, being within a 150-mile radius of Knoxville and Nashville, Tennessee; Birmingham, Alabama; and Atlanta, Georgia. It is estimated that over 16 million people live within this radius, a 2 to 2½ hour drive from the center of the city. It encompasses a land area of 143 square miles and 7 square miles of water. Official results of the 2020 U.S. Census show a population of 181,099, an 8.0% growth since the 2010 Census. The estimated 2023 population, released in July, 2023, is 187,030. The City is empowered to levy a property tax on both real and personal

property located within its boundaries. Corporate limits may be extended at the request of an adjacent property owner or by a referendum of the people in the affected proposed annex areas who want to petition to be brought into the city boundary.

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

The City provides a full range of municipal services including but not limited to fire and police protection; sanitation services and recycling; construction and maintenance of highways, streets and infrastructure; recreation and cultural activities; equity and community engagement; economic development; public library; community development; planning and zoning; neighborhood services; social services; and administrative services for the government as a whole. It also operates a stormwater program, a solid waste program and a wastewater treatment system for its residents and for other communities in southeast Tennessee and northwest Georgia. The Tennessee Valley Regional Communications System (TVCRS) operates the regional public safety communications system for Chattanooga and fourteen counties in Tennessee and Georgia. The City's Electric Power



Board (EPB) provides electric service and fiber-to-home to support phone, cable, and internet services. A recent U.S. Department of Energy grant of \$32.4 million will be combined with a \$125.1 million bond issue to fund upgrades and growth to the power grid. Over 3,000 electric meters were added within the EPB service area in 2023. Other services are provided through the legally separate Chattanooga Downtown Redevelopment Corporation, which is reported along with the separately managed EPB as an enterprise fund. Additional services are provided through the legally separate Chattanooga Metropolitan Airport Authority, the Chattanooga Area Regional Transportation Authority (CARTA), and the Downtown Chattanooga Business Improvement District (CBID), all of which are reported separately within the City's financial statements. Additional information on all these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial plan. It is legally enacted through passage of an ordinance with an operative date of July 1. The appropriated budget is adopted on a departmental basis; the legal level of budgetary control is the fund level. The City Finance Officer is authorized to make intra-fund transfers if necessary. Budgetary comparison schedules are provided in the budget document for each individual governmental fund for which an appropriated annual budget has been adopted. The City utilizes a Priority-Based Budgeting (PBB) Process which is an alternative to zero-based budgeting and has been recognized by the Government Finance Officers Association as a public finance best practice. The underlying philosophy of PBB is about how an organization should invest resources to meet its stated objectives. This helps the city better articulate the services delivered to the community, what price those services cost, and what value is provided to the community. Further details concerning the budget can be obtained by reviewing the City's Comprehensive Annual Budget Report for 2025.

FACTORS AFFECTING FINANCIAL CONDITION

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

The Local Economy:

The City of Chattanooga remains well positioned for future growth. Employment in the Chattanooga area is diverse. The top employment sectors of trades, transportation, and utilities (19%), government (12%), manufacturing (19%), professional and business services (20%), education and health (14%), and leisure and hospitality (11%) comprise 95% of the workforce. The local unemployment rate of 3.3% for the Chattanooga Metropolitan Statistical Area (MSA) is comparable to the state and national averages of 3.2% and 4.1% as of September, 2024, according to information from the U.S. Bureau of Labor Statistics. Recent growth announcements include redevelopment of one of Chattanooga's largest industrial sites located on 88 acres along North Access Road. The North River Commerce Center, which began last year at a projected value of a \$120.0 million, will hold light industrial and warehousing. Just over 135,000 square feet have already been leased and almost 52 acres are

still available for development.

Chattanooga enjoys strategic advantages related to its location, strong transportation system, natural resources and competitive cost of doing business. The Chattanooga area is served by three interstate highways, seven U.S. highways, two railways, airlines, bus service, and the Tennessee River system. The Thrive Regional Partnership, comprised of 16 area counties in Southeast Tennessee, Northwest Georgia, and Northeast Alabama, has partnered with the Federal Highway Administration to develop a long-range transportation plan for the Chattanooga region, ensuring continued transportation needs are met. Work is still underway in the Tennessee River on the new Chickamauga Lock. Construction, expected to cost an estimated \$950.0 million, will replace the existing 60 by 360 foot lock, which opened in 1940, with one that is 110 by 600 feet. The project could be completed by the end of 2026. The Chattanooga Metropolitan Airport is served by four major airlines. Direct flights are currently available to eleven major cities. Air traffic has continued to improve from its low point of 225,000 in 2020 during the pandemic with enplanements for 2024 projected to exceed the record high of 554,050 achieved in 2019. The largest Airport expansion in 30 years was just completed. This \$28 million expansion and renovation project of the passenger terminal added 26,000 square feet and renovated another 36,000 square feet. The passenger capacity of the terminal has doubled, and new amenities included a 2,570 square foot restaurant and new concessions and restrooms, along with a new gate to support additional flights and routes. Chattanooga is home to three major air cargo facilities, three public use port terminals, and four major industrial parks. Railway service is provided by four divisions of the Norfolk Southern Railway System and two divisions of the CSX Transportation System, all with switching service throughout the entire area. Modern "piggyback" service is provided by both lines.



Hamilton Place Mall, which is in its 38th year of operation, anchors the area's I-75 retail corridor. Adaptation to change is the key to continued success of big-box retail as internet sales shift the shopping experience. Hotels on and adjacent to the mall will encourage shopping by travelers. The retail area just north of the mall, known as Waterside, an area encompassing approximately 60 acres, has most recently announced the opening of a new hotel. The apartments project on 15 acres within the development, which broke ground last year, is open. The Hixson retail corridor along Highway 153 continues to thrive as well. Hotels recently constructed or announced within these

areas promote shopping as a destination and bring additional visitors to the Chattanooga region. It was also recently announced that the former Sears building at Northgate Mall was selected to be the site of a new BJ's Wholesale Club. Continued renewal within these areas will keep retail thriving.

A Central Business Improvement District (CBID) was established in 2019 to promote continued revitalization of the area. Additional fees paid by property owners within the target area receive an enhanced level of programs and services not currently provided by city government. Within the CBID, the City's \$4.9 million project to reshape the historic Patten Parkway block was completed last year.

The Chattanooga City Council gave approval last year for the revitalization of the South Broad District. This is a renewal effort that will generate tens of millions of dollars in new money for schools, roads, and infrastructure across Chattanooga while transforming a blighted brownfield into a vast, vibrant live-work-play district. The district includes approximately 400 acres, including the 140 acres formerly occupied by the old Wheeland Foundry and U.S. Pipe factory. Anchoring the district development is a planned new \$115.0 million stadium. Construction will be well underway next year, funded by a combination of \$80.0 million in AAA-rated bonds issued by The Sports Authority of Hamilton County and the City of Chattanooga and private funding from the developers and the ball team. The stadium, designed for multi-purpose community use, will not only serve as the new home for the Chattanooga Lookouts baseball team but also for numerous other events and entertainment. The stadium will ensure retention of the baseball team as a local franchise which provides an estimated \$30.0 million economic impact. The 140-acre district will also bring with it \$170.0 million in new housing, commercial space for small businesses, and new public green spaces and trails. Overall, this new development will provide an estimated \$2.3 billion economic impact to the city. The project is being primarily funded by a Tax Increment Financing (TIF) agreement designed to leverage growth in property tax collections resulting from the new development. Debt service on the stadium will be funded by the TIF.



Another Tax Increment Financing project known as The Bend will include the former Alstom plant site, located on 112 acres just north of the new South Broad TIF district. The project is expected to spur \$800.0 million in additional investment. The

TIF is expected to generate more than \$100.0 million to help fund the Westside neighborhood redevelopment, a project which is adjacent to the footprint of The Bend and expected to ultimately be a \$1.0 billion remake of the community over the next decade.



Chattanooga continues to receive recognition as a world leader in technology. The Electric Power Board (EPB) began offering one-gig high-speed internet in 2010. This service was upgraded to a ten-gigabit connection offered to all 170,000 homes in Chattanooga beginning in 2015, and now offers 25-gigabit service community wide. This provides an entirely new level of data delivery options across a wide area. The Fiber-to-the-Home (FITH) network is available to individuals, schools, and businesses in a service area covering 600 square miles including urban, suburban, and rural places and a diverse population of 300,000 people. Beginning in 2016, EPB added 4K ultra high-definition TV service, the first in the area. The utility surpassed 100,000 customers in 2018. The system is integrated with Smart Grid, a technology which allows remote monitoring of meters for every customer. A \$111.0 million federal stimulus grant from the Department of Energy in 2010 dramatically accelerated the installation in 2012 of the Smart Grid, allowing for an implementation schedule to only take two years. A wireless mesh network is piggybacked onto the entire system, enhancing public safety as well. The network represents a total \$320.0 million investment. In 2023, EPB turned on America's first commercial quantum network. Chattanooga's reputation as a "Gig City" has provided as estimated \$2.7 billion to the local economy and contributed to the creation of thousands of jobs locally.

Automotive manufacturing that began here in 2008 with the announcement that Volkswagen AG would locate its United States manufacturing headquarters in Chattanooga continues to strengthen. Since that time, the area has attracted \$4.0 billion in direct foreign investment. The Enterprise South Industrial Park (ESIP), home to Volkswagen AG, hosts numerous companies associated with automobile manufacturing, as well as an Amazon distribution center. The 3,000-acre industrial site has essentially been filled or committed for additional potential expansion of the VW plant. The plant has achieved production of over 110,000 units per year. A new SUV, designed and built specifically for the U.S. market, began production in December



2016, with sales beginning in May 2017, has been the company's best seller. Sales of the ID.4 electric SUV are continuing to climb. The new addition to the plant was an \$800.0 million expansion on 900 acres adjacent to the original 1,300 acre facility. The vehicle has an estimated 275-mile range and an entry level price of under \$40,000. Production began with the 2023 model year. Once at full production, the addition to the plant is expected to create 1,000 additional jobs. Nippon Paint, a Japanese company, is expected to be fully operational in early 2025. It is located on 30 acres which was once the location of public housing in the East Chattanooga Area. This \$61.0 million investment will bring 150 jobs. The development is adjacent to a Tax Increment Financing District which is designed to spur additional growth in the area and has already begun to generate revenue. Additionally, it was just announced that Novonix, which first opened a facility here in 2019, will be expanding their manufacturing operations in Chattanooga to produce synthetic graphite, a major component for lithium-ion batteries. This project is expected to add \$1.0 billion in additional investment and create 500 new jobs. The plant is expected to produce 31,500 tons per year once full production is reached, which will be enough to support the production of lithium-ion batteries for around 325,000 electric vehicles each year.

The Chattanooga Chamber of Commerce "Chattanooga Climbs" campaign, conducted from July 2019 – June 2024, set goals for job growth, private investment and new payroll income. These goals include the following benchmarks (with results shown as of June 30, 2024):

<u>Goal to increase</u>	<u>5 Year Target</u>	<u>Actual (5 years)</u>
Regional Employment	5,000	4,502
Private Investment	\$1.0 B	\$1.4 B
Payroll	\$500 M	\$414 M
Annual Income	\$55,000	\$50,448

The Chattanooga Chamber of Commerce has already set forth on a new five-year strategic economic development plan "Climbs Higher," covering the period from July 1, 2024 – June 30, 2029, and has set goals for job creation, increased average wages, and increased private investment. These goals include the following benchmarks:

- Increase regional employment by 5,000
- Increase private sector investment by \$1.5 billion
- Raise average annual wages to \$60,000

The "Climbs Higher" economic development strategy also focuses on workforce initiatives to create career pathways in the community and facilitate greater alignment and collaboration between the private sector and education to build a diverse and skilled workforce.

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



Tourism, part of the bedrock of our downtown resurgence, continuing its rebound from the collapse in 2020 due to the Coronavirus pandemic. Local attractions along with several national events brought an estimated \$1.56 billion to the local economy in 2022. Major events in 2024 included the Chattanooga Motorcar Festival, an Ironman competition, and the Head of the Hooch rowing competition.

Downtown tourism has been anchored by the Tennessee River and the Tennessee Aquarium, opened in May 1992. The Tennessee Riverwalk and River park system, which first opened a 2-mile section in 1989, now encompasses nearly 13 miles of walkway along the southern bank of the river, stretching from the Chickamauga Dam, through the northern edge of downtown, and terminating near the historic St. Elmo neighborhood. The Riverwalk is connected to the 12-mile South Chickamauga Creek Greenway. A new 34-mile trail connecting St. Elmo to Rising Fawn, Georgia was unveiled in November 2023. Chattanooga has become nationally recognized as a destination for those seeking outdoor activities which include hiking, hang-gliding, rock climbing, biking, and water sports. Outdoor competition and activities bring millions to the local economy and help keep Chattanooga in the forefront. This has helped attract younger workers to the area. The age 25-34 group has grown 20.4% over the past decade according to Census estimates, outpacing the state and nation.

The fiscal health of Chattanooga City Government remains strong. As outlined in the Management’s Discussion and Analysis on page iii, the City has maintained a healthy financial position through sound fiscal management. We have a history of strong fiscal discipline, healthy reserves, and constant review of operations, being ever vigilant to find new efficiencies and cost reduction measures. Standard and Poor’s Ratings Services raised the City’s bond rating to AAA in November 2013, which was reaffirmed as AAA Stable in October, 2023. Fitch Ratings, which first upgraded their bond rating for the City to AAA in 2021, recently changed their review criteria, and because of this, downgraded the City to AA+ in 2024. The EPB maintains AA+ ratings from S&P and Fitch.

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

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

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

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



Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chattanooga, Tennessee for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the thirty-second 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.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Chattanooga
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

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

The GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting has been received for each of the twelve years for which it applied. In order to qualify, a government must publish a Popular Annual Financial Report with contents that conform to program standards of creativity, presentation, understandability, and reader appeal.

The preparation of this report could not have been accomplished without the professional and dedicated services of the entire staff of the Finance Department and the City's inde-

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Javaid Majid', is written over a light blue horizontal line.

Javaid Majid

City Finance Officer



City Officials as of June 30, 2024



EXECUTIVE BRANCH:

Tim Kelly, Mayor

Jermaine Freeman, Chief of Staff

Kevin Roig, Deputy Chief of Staff

Mande Green, Interim Chief Operating Officer

Julia Bursch, Deputy Chief Operating Officer

CITY COUNCIL:

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

COURTS:

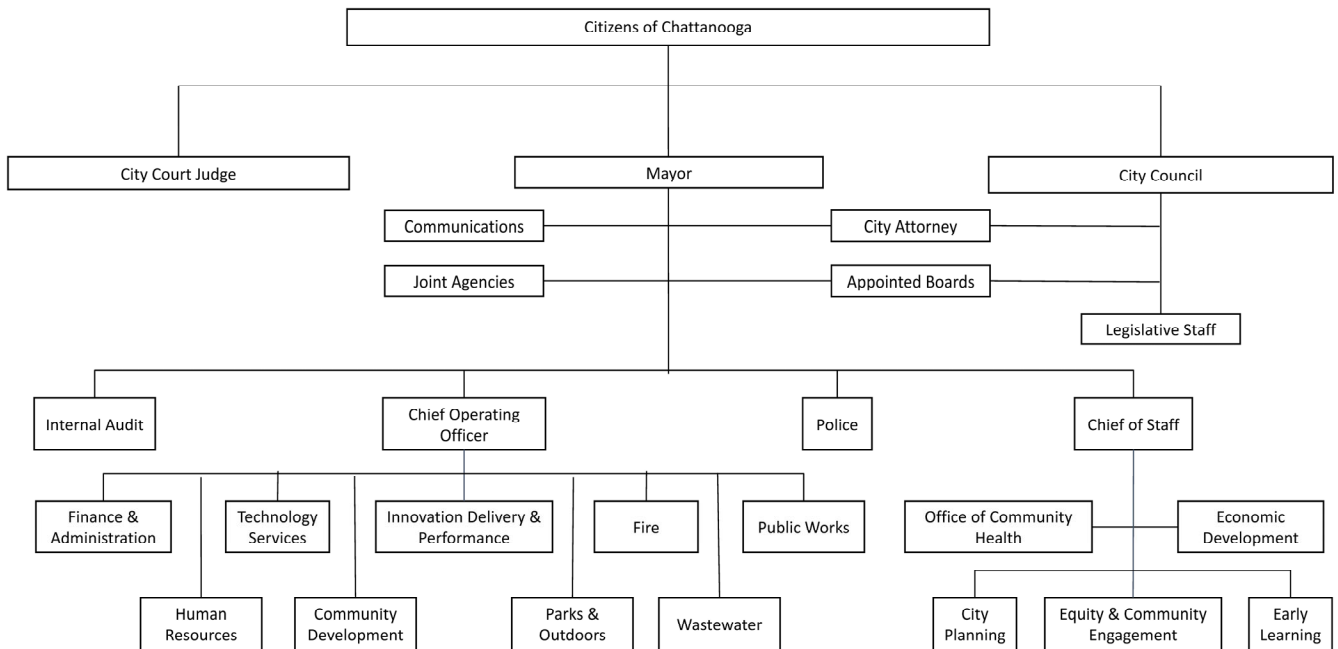
Sherry B. Paty.....City Court Judge	Anthony Byrd.....City Court Clerk
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DEPARTMENT ADMINISTRATORS

Legal.....	Phil A. Noblett.....	City Attorney
Legislative.....	Nicole Gwyn.....	Clerk to the Council
Finance and Administration.....	Javaid Majid.....	Administrator
Purchasing.....	Debbie Talley.....	Chief Procurement Officer
Fire.....	Phil Hyman.....	Fire Chief
Community Development.....	Carol Hunter.....	Administrator
Police.....	Harry Sommers.....	Interim Chief of Police
Human Resources.....	Daniel Harrigan.....	Interim Chief Human Resource Office
Public Works.....	Jerrany Wood.....	Interim Administrator
Parks and Outdoors.....	Scott Martin.....	Administrator
Early Learning.....	Karitsa Jones.....	Administrator
City Planning.....	Dan Reuter.....	Administrator
Equity and Community Engagement.....	Anthony Sammons.....	Chief Equity Officer
Economic Development.....	Richard Beeland.....	Administrator
Innovation Delivery and Performance.....	Tim Moreland.....	Administrator
Wastewater.....	Mark Heinzer.....	Administrator
Technology Services.....	Jerele Neele.....	Chief Technology Officer



Organizational Chart







CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, budgetary comparison for the general fund, and the aggregate remaining fund information of the City of Chattanooga, Tennessee (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Chattanooga, Tennessee
December 31, 2024

Henderson Hutcherson
in McCullough, PLLC

Management's Discussion and Analysis

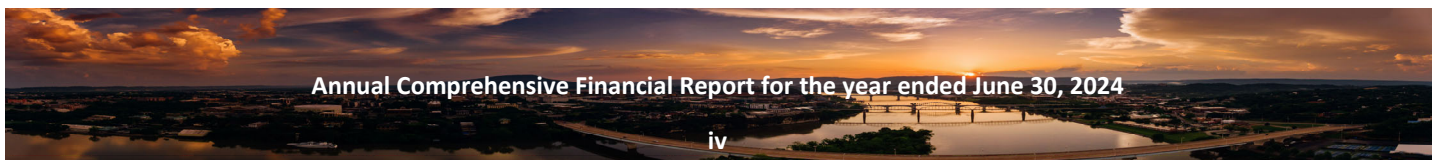
As management of the City of Chattanooga (the "City"), we provide readers of the City's financial statements with this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with our Letter of Transmittal beginning on page Intro 3 and the financial statements beginning on page A-1.

Financial Highlights

- Assets and deferred outflow of resources for the primary government exceeded liabilities and deferred inflow of resources by \$3.1 billion (net position), an increase of \$220.0 million or 7.5 percent, at the close of the fiscal year. Of this amount, there is \$219.2 million in unrestricted net position, a decrease of \$20.1 million. Governmental activities unrestricted net position increased \$5.1 million while business-type activities decreased \$25.2 million.
- Net position of governmental activities was \$1.7 billion, an increase of \$119.9 million, or 7.6 percent. Business-type activities reported an ending net position of \$1.5 billion, an increase of \$100.0 million, or 7.4 percent due to favorable operations trend in all business-type activities.
- Long-term liabilities for the City's primary government increased \$139.8 million or 11.9 percent, during the current fiscal year. Governmental activities long-term liabilities increased \$21.9 million or 4.3 percent. During the year, the city issued \$42.0 million in debt; \$20.2 million in long-term liabilities were retired during the year and \$3.9 million of leases/SBITA were recorded. Compensated absences decreased by \$5.3 million and debt premiums liabilities increased by \$730,000. Business-type activities increased \$117.6 million or 19.3 percent. During the year, EPB issued revenue bonds of \$112.1 million, \$3.5 million in new State Revolving Fund (SRF) loans for financing sewer consent decree projects, an increase in pension liabilities of \$15.4 million, and \$6.1 million for recording leases/SBITAs. These were offset by a decrease in OPEB liabilities of \$3.6 million, \$18.6 million in retired debt, and \$12.7 million in retired SRF loan notes.
- At the end of the current fiscal year, fund balance for the General Fund is \$191.6 million, an increase of \$33.3 million or 21.1 percent. This compares with a \$15.0 million increase in fiscal year 2023. The unassigned fund balance increased \$23.8 million or 18.5 percent. Revenue highlights include an increase of \$10.9 million in intergovernmental revenue, which includes an increase of \$3.1 million in total sales tax, inclusive of state, local and tourist development zone (TDZ) tax and an increase in investment interest income of \$7.5 million. On the expenditure side, the City saw an increase in personnel expenditures of \$3.4 million due to the implementation of a new pay step plan for non-sworn employees, which is intended to help attract and retain our frontline workforce.

Overview of the Financial Statements

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



Government-wide Financial Statements

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

There are two government-wide financial statements:

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

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

The government-wide financial statements reflect three distinct activities:

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

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

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

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

Fund Financial Statements

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

Notes to the Financial Statements

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

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

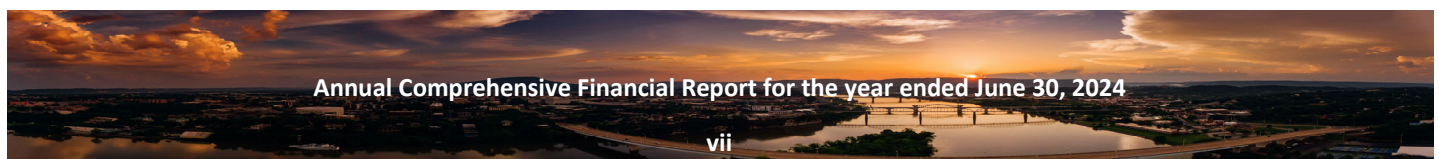
Supplemental Information

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

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

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

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



Government-wide Overall Financial Analysis

Net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$3.1 billion at the close of the most recent fiscal year, an increase of \$220.0 million, or 7.5 percent, from last year. At the end of the fiscal year, the City is once again able to report a positive net position for the government as a whole, as well as for its governmental and business-type activities individually.

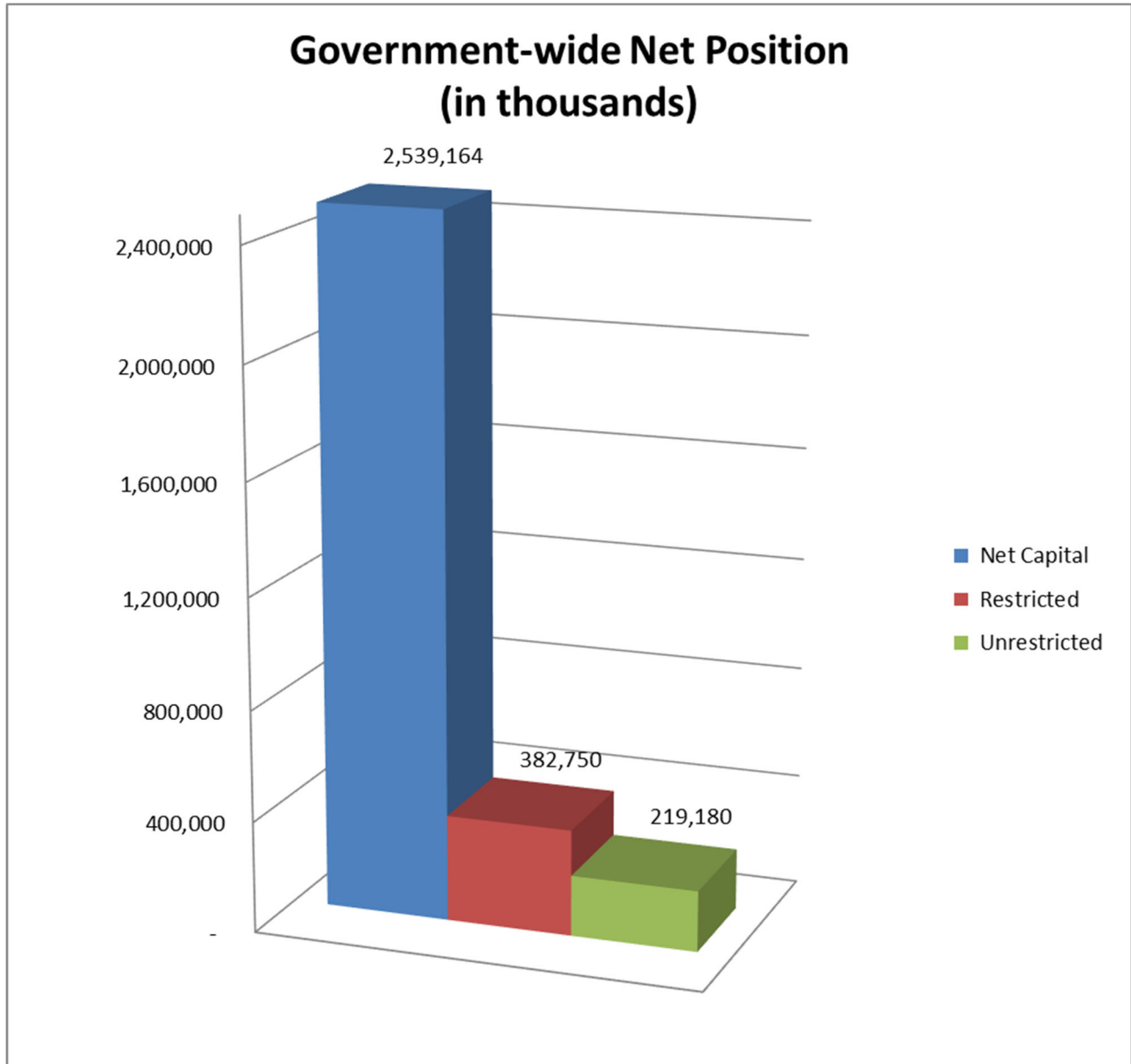
City of Chattanooga's Net Position

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 683,423	\$ 608,675	\$ 882,113	\$ 764,169	\$ 1,565,536	\$ 1,372,844
Capital assets	1,743,660	1,678,372	1,452,913	1,359,103	3,196,573	3,037,475
Total assets	<u>2,427,083</u>	<u>2,287,047</u>	<u>2,335,026</u>	<u>2,123,272</u>	<u>4,762,109</u>	<u>4,410,319</u>
Total deferred outflows of resources	135,486	155,158	67,414	39,199	202,900	194,357
Long-term liabilities outstanding	596,261	574,060	717,673	600,091	1,313,934	1,174,151
Other liabilities	62,294	70,084	216,964	201,485	279,258	271,569
Total liabilities	<u>658,555</u>	<u>644,144</u>	<u>934,637</u>	<u>801,576</u>	<u>1,593,192</u>	<u>1,445,720</u>
Total deferred inflows of resources	215,722	229,678	15,001	8,146	230,723	237,824
Net position:						
Net investment in capital assets	1,622,232	1,563,039	916,932	858,231	2,539,164	2,421,270
Restricted	197,958	142,302	184,792	118,289	382,750	260,591
Unrestricted	(131,898)	(136,958)	351,078	376,229	219,180	239,271
Total net position	<u>\$ 1,688,292</u>	<u>\$ 1,568,383</u>	<u>\$ 1,452,802</u>	<u>\$ 1,352,749</u>	<u>\$ 3,141,094</u>	<u>\$ 2,921,132</u>

By far the largest portion of the City's net position, \$2.6 billion, reflects its investment in capital assets (land, buildings, equipment, infrastructure, etc.), less any related outstanding debt that was issued to acquire those assets. While capital assets are used to provide services to citizens, these assets are not available for future spending. It should be noted that although the City reports capital assets net of related debt, the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$382.8 million, represents resources that are subject to external restrictions on how they may be used. The City also has a unrestricted fund balance of \$219.2 million.



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

City of Chattanooga's Changes in Net Position

(in thousands)

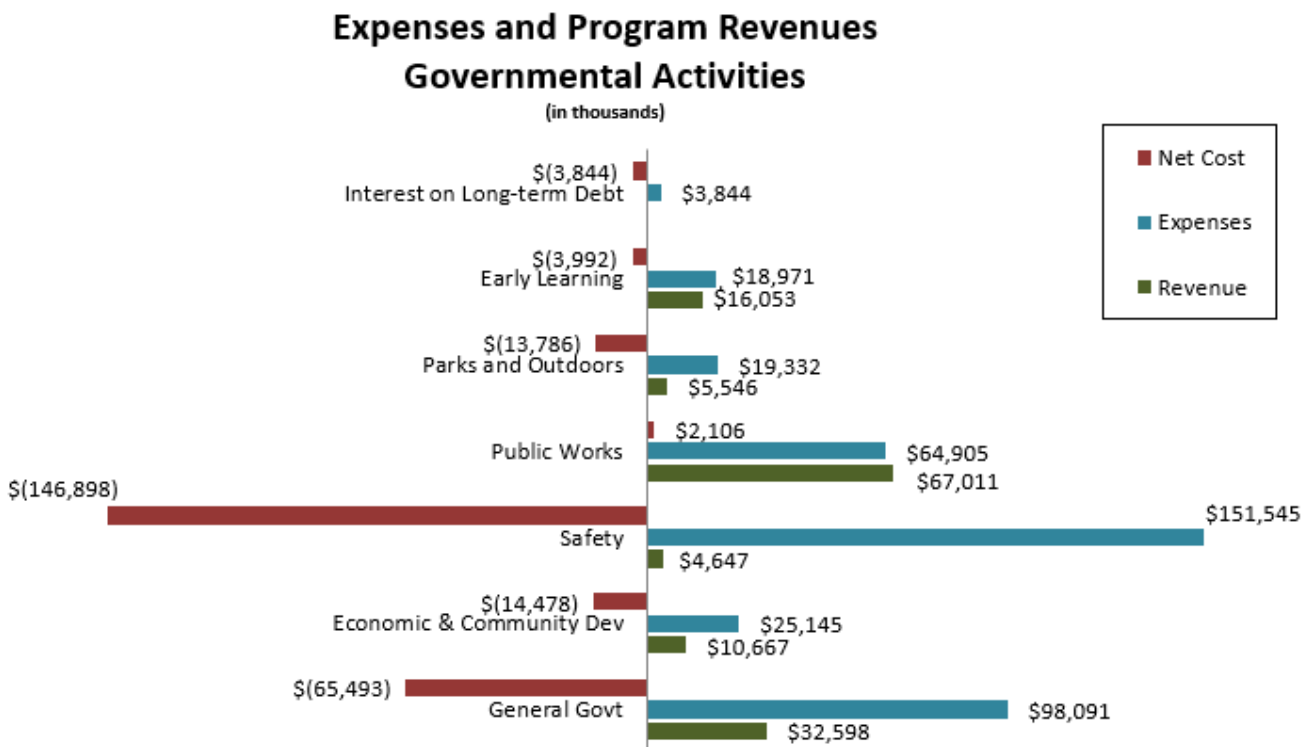
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 26,171	\$ 27,193	\$ 976,835	\$ 970,041	\$1,003,006	\$ 997,234
Operating grants	51,737	52,209	183	-	51,920	52,209
Capital grants	57,540	29,983	5,776	2,869	63,316	32,852
General revenues:						
Property taxes	190,222	193,741	-	-	190,222	193,741
Other taxes	33,509	35,159	-	-	33,509	35,159
Investment income	16,077	8,081	16,950	8,340	33,027	16,421
Miscellaneous	476	1,355	-	-	476	1,355
Unrestricted grants and contributions	126,010	118,992	-	-	126,010	118,992
Total revenues	<u>501,742</u>	<u>466,713</u>	<u>999,744</u>	<u>981,250</u>	<u>1,501,486</u>	<u>1,447,963</u>
Expenses						
Governmental activities:						
General government	98,091	95,191	-	-	98,091	95,191
Economic and community development	25,145	28,647	-	-	25,145	28,647
Public safety	151,545	136,356	-	-	151,545	136,356
Public works	64,905	61,924	-	-	64,905	61,924
Parks and outdoors	19,332	19,403	-	-	19,332	19,403
Early learning	18,971	19,724	-	-	18,971	19,724
Interest on long-term debt	3,844	2,920	-	-	3,844	2,920
Business-type activities:						
Electric utility	-	-	785,348	782,778	785,348	782,778
Sewer	-	-	86,803	69,179	86,803	69,179
Solid waste	-	-	6,058	6,035	6,058	6,035
Stormwater	-	-	17,765	17,162	17,765	17,162
Regional communications	-	-	2,447	2,047	2,447	2,047
Downtown redevelopment	-	-	1,270	1,726	1,270	1,726
Total expenses	<u>381,833</u>	<u>364,165</u>	<u>899,691</u>	<u>878,927</u>	<u>1,281,524</u>	<u>1,243,092</u>
Excess (deficiency) before transfers	119,909	102,548	100,053	102,323	219,962	204,871
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	119,909	102,548	100,053	102,323	219,962	204,871
Net position, beginning	1,568,383	1,465,835	1,352,749	1,250,426	2,921,132	2,716,261
Net position, ending	<u>\$ 1,688,292</u>	<u>\$1,568,383</u>	<u>\$ 1,452,802</u>	<u>\$ 1,352,749</u>	<u>\$3,141,094</u>	<u>\$2,921,132</u>

Governmental Activities

During the current fiscal year, net position of the City’s governmental activities increased \$119.9 million from the prior year for an ending balance of \$1.7 billion. Compared to the previous fiscal year, overall revenue and transfers increased \$35.0 million or 7.5 percent. Revenue for capital grants and contributions increased by \$27.6 million or 91.9 percent due to an increase the number of donated streets. Total sales tax, inclusive of local option, state and TDZ, increased \$6.9 million or 6.2 percent. Investment income also increased \$8.0 million. This was offset by a decrease in of \$3.5 million in property tax, which was due to the prior fiscal year being abnormally higher than usual.

Expenses for the current year increased \$17.7 million or 4.9 percent. Personnel costs increased by \$3.9 million, or 1.9 percent, which was due to the implementation of a new pay step plan for non-sworn employees, which is intended to help attract and retain our frontline workforce. The largest increase in expenditures was operational costs which increased \$13.7 million or 8.7 percent.

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



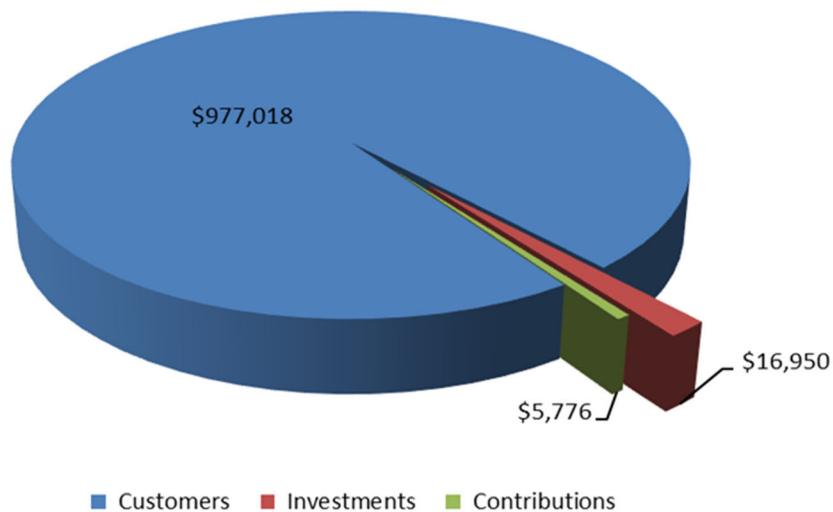
Business-type Activities

During the current year, net position of the business-type activities increased \$100.0 million or 7.4 percent, to \$1.5 billion. This net position is dedicated solely to finance the continuing operations of the electric, sewer, stormwater systems, solid waste disposal, regional communications systems, downtown redevelopment operations, and turning nonrevenue generating land into affordable housing.

Revenues for the City’s business-type activities were \$999.7 million for the year just completed; this is a \$18.5 million or 1.9 percent increase. Expenses increased \$20.8 million or 2.4 percent resulting in total expense of \$899.7 million for the year. Please see Enterprise Fund detail for additional information.

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

Revenues by Source Business-type Activities
(in thousands)



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

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

	Electric	Sewer	Solid Waste	Storm water	Regional Communication System	Downtown Revopement	Land Bank	Total
Expenses	\$ 785,348	\$ 86,804	\$ 6,058	\$ 17,765	\$ 2,447	\$ 1,269	\$ -	\$ 899,691
Revenues	828,049	127,126	6,060	34,700	1,963	1,663	183	\$ 999,744
Transfers In (Out)	-	-	-	-	-	-	-	-
Change in net position	\$ 42,701	\$ 40,322	\$ 2	\$ 16,935	\$ (484)	\$ 394	\$ 183	\$ 100,053

Financial Analysis of the City's Funds

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

Governmental Funds

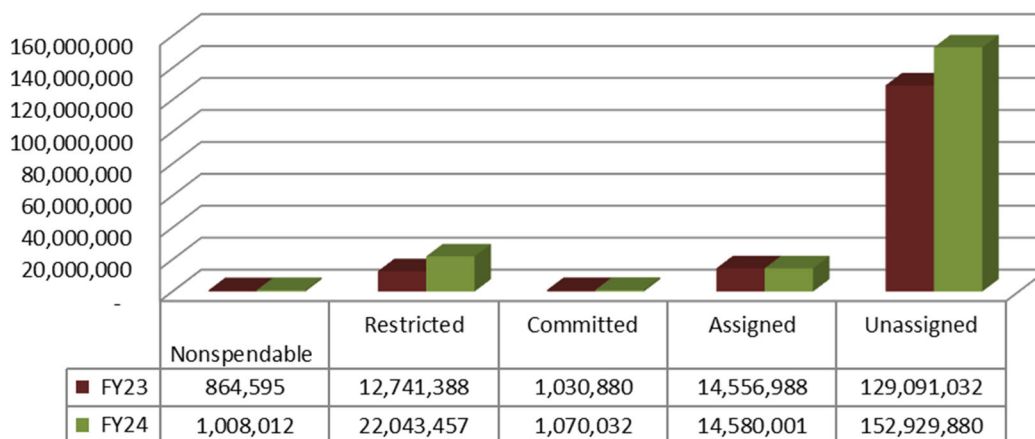
Governmental funds focus on the near-term flow of resources and balance of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's resources available for discretionary use since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

The City's governmental funds reported a combined fund balance of \$370.3 million at the end of the fiscal year. Of this amount, 41.3 percent or \$152.9 million is available for spending at the City's discretion (unassigned fund balance). Total fund balance is made up of the following:

- \$8.0 million is in non-spendable form such as inventories and notes receivable.
- \$187.7 million is restricted for particular purposes due to restrictions placed by grants, bond covenants, other governments or by City ordinance.
- \$7.0 million is committed for specific purposes based on City resolutions.
- \$14.6 million is assigned for particular purposes such as under control of boards or designated purpose by management.
- \$152.9 million is unassigned for General Fund discretionary use.

General Fund: This is the chief operating fund of the City. Total fund balance of the General Fund increased by \$33.3 million or 21.1 percent to \$191.6 million during the fiscal year. Unassigned fund balance increased \$23.8 million or 23.8 percent to \$152.9 million.

General Fund Fund Balance



As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Unassigned fund balance represents approximately 42.4 percent of total General Fund expenditures and transfers out, while total fund balance represents 53.2 percent.

Revenues - Total revenues increased \$15.0 million or 3.9 percent, from the prior year, largely due to an increase of intergovernmental revenue. All major revenue sources are discussed as follows.

- Tax revenue saw the largest decrease of \$2.0 million or 0.9 percent over the prior year. Property tax revenue, which includes current and delinquent taxes, decreased by \$945,000 or 0.5 percent, from the prior year. Other taxes, which includes gross receipts tax, liquor and beer taxes, saw a combined decrease of \$1.1 million or 4.5 percent, which is primarily due to a decrease in franchise fees of \$693,000.
- Licenses and permits revenues decreased by only \$568,000 or 7.4 percent, which includes an decrease in building permits of \$411,000, or 12.1 percent.
- Intergovernmental revenues increased \$10.9 million or 8.3 percent from the prior year. This includes a \$4.0 million or 13.1 percent increase in total shared tax, which includes local option and state sales tax and Tourist Development Zone (TDZ) sales tax and an increase of grant operations revenue of \$3.8 million or 51.4 percent.
- Charges for services increased by \$381,000 or 8.1 percent, which includes an increase of \$111,000 in golf course charges, an increase in charges for golf cart rentals of \$99,000, and an additional \$60,000 from an administrative fee charged by the City for the Commercial Property Assessed Clean Energy and Resiliency (C-PACER) program.
- Fines, forfeitures and penalties saw a decrease of \$142,000 or 7.3 percent from the prior year. There was a decrease of \$200,000 or 18.9 percent in automated traffic fines, which was due to a some number of the cameras being inoperable during the fiscal year.
- Investment income increased \$7.3 million or 107.8 percent. The increase is primarily due to increased interest rates resulting from favorable market conditions in FY24 versus FY23 and the prior years.
- Contributions and donations increased \$243,000 or 85.3 percent. The increase was largely due to a miscellaneous donations in FY24 of \$70,000 from the National League of Cities relating to several different causes.
- Sale of property decreased \$134,000 or 21.4 percent. This was largely due to an abnormal increase in the sale of city equipment in the prior fiscal year.
- All other revenues saw a decrease of \$33,000 or 0.4 percent.

Expenditures - Total expenditures increased \$6.1 million or 2.0 percent, from the previous year. Major changes during fiscal year 2024 are discussed below.

- Total employee compensation increased by \$3.4 million or 1.8 percent. This increase, in fiscal year 2024, was due to the implementation of a new pay step plan for non-sworn employees, which is intended to help attract and retain our frontline workforce.
- Operations costs increased by \$2.7 million or 2.3 percent. Insurance and claims expenses, which includes insurance premiums and the accrual of pending litigation increased by \$3.6 million, or 161.3 percent. There was also a decrease in the service expenses, including consultant fees, IT maintenance fees, and, repairs and rentals ,of \$1.9 million or 3.4 percent compared to 2023.

Transfers - Total transfers out decreased \$19.2 million or 30.2 percent primarily due to an decrease in general fund dollars for capital in the amount of \$10.5 million. This was also a decrease of \$1.9 million to the internal service funds.

Capital Projects Fund — This fund focuses on project-to-date costs for many projects within the City. At the end of the year, the fund reported \$133.9 million in fund balance, an increase of \$39.7 million. Fund balance for this fund fluctuates from year-to-year based on debt issued and project expenditures; new debt increases fund balance while project expenditures decreases it. Analysis of project income and expenditures follows.

Funding sources during the current fiscal year include \$45.3 million in new bonds and premiums, transfers in of \$25.9 million, including \$20.4 million from General Fund, \$1.0 million from State Street Aid, and \$4.5 million from Hotel/Motel Tax. Sources also include \$5.9 million in revenue. This is primarily Federal and State revenues and private donations.

Current year expenditures of \$38.0 million including the following: \$20.8 million for street paving, sidewalk, bridge and tunnel projects, which includes \$4.0 million for the renovation and installation of the bridge on Lake Resort Drive; \$1.9 million for park and playground improvements; \$1.3 million for economic development; \$3.4 million for IT upgrades, including costs for the City’s digital infrastructure upgrades; \$6.1 million for fire improvements, which includes \$3.8 million to open Station 15, which replaces a building from 1960; and additional appropriations totaling \$4.5 million, which include \$406,000 for CARTA and \$572,000 for the Power to Protect initiative in conjunction with the Chattanooga Police Department and EPB to generate and provide power to the administrative headquarters in the case of an emergency.

Proprietary Funds

The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As the City completed the fiscal year, its proprietary funds, which include both enterprise funds and an internal service fund, have a combined net position of \$1.5 billion. Net investment in capital assets is \$937.0 million, with an additional \$184.8 million restricted for future use, leaving \$414.6 million available to meet on-going obligations.



Enterprise Funds - Total net position of the enterprise funds is \$1.5 billion, an increase of \$100.0 million or 7.4 percent. Details for each fund are presented below:

- **Electric Power Board** – The largest enterprise fund is EPB, which has both an electric and a fiber optic division. Total net position increased \$42.7 million or 6.9 percent to \$658.1 million, mainly due to an increase of \$40.8 million in utility plant assets. Operating revenues were up \$4.2 million or 0.5 percent. Combined operating expenses, which includes tax equivalents and depreciation, decreased by \$1.4 million or 0.2 percent.
- **Interceptor Sewer System** – Net position of the Interceptor Sewer System increased \$40.3 million, or 7.2 percent, to \$598.7 million. Operating revenues rose \$7.8 million or 6.7 percent while operating expenses increased by 17.9 million or 27.1 percent. Unrestricted net position (available to finance on-going operations) decreased \$17.1 million or 12.9 percent to \$115.1 million. An additional \$93.4 million is restricted for future capital spending, which is an decrease of \$3.4 million or 3.5 percent. Capital net position increased \$60.8 million or 18.4 percent.
- **Solid Waste** – The City operates a municipal solid waste landfill. The fund has a net position of \$15.7 million, which saw a slight increase of \$2,000. To date the City has accrued liabilities of \$5.9 million for closure and post closure care costs with adequate investments earmarked to cover these costs, in compliance with the Environmental Protection Agency (EPA) mandate establishing closure and post closure requirements.
- **Stormwater Management** – The Stormwater Fund, established to comply with EPA guidelines, now has \$156.9 million in net position, an increase of \$16.9 million or 12.1 percent from last year. Net investment in capital is \$63.8 million, leaving the amount available to fund day-to-day operations (unrestricted net position) at \$89.0 million. An additional \$4.1 million is restricted for future capital spending.
- **Tennessee Valley Regional Communications System** – The Tennessee Valley Regional Communications System was established in fiscal year 2016 to account for a regional communication system that services a multi-county/multi-state region. The fund has a net position of \$7.0 million which is a \$484,000 decrease from last year.
- **Chattanooga Downtown Redevelopment Corporation** – The Chattanooga Downtown Redevelopment Corporation (CDRC) accounts for redevelopment financing, the operations of the Southside Parking Garage and other redevelopment activities. CDRC has a net position of \$16.1 million, an increase of \$400,000 from last year.
- **Land Bank Authority:** The Land Bank Authority, which was established in 2015, but started operations in fiscal year 2024, works with the City to transform nonrevenue generating, nontax producing, or blighted properties owned by the City into affordable housing. The Land Bank has a net position of \$183,000.

Internal Service Fund - The internal service fund is used to account for the City’s vehicle operation and maintenance program, employee medical benefits program, technology replacement and third party liability claims. The fund has a net position of \$83.6 million, a increase of \$8.8 million or 11.7 percent from last year.



General Fund Budgetary Highlights

Original Budget Compared to Final Budget

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

Final Budget Compared to Actual Results

Revenues exceeded budget for the year by \$26.6 million or 7.3 percent. All revenue categories except fines and forfeitures exceeded expectations and are addressed below.

- Total tax revenue for the year was higher than budget by \$1.5 million or 0.7 percent. This was due to total property taxes, which includes both current and delinquent taxes, being higher than budget by \$142,000 or 0.1 percent. All other taxes, including gross receipts tax, liquor and beer taxes, exceeded budget by \$1.4 million or 6.3 percent.
- Licenses and permits revenue was higher than budget by \$603,000 or 9.2 percent. This was largely due to permits being higher than budget by \$475,000 or 10.2 percent, specifically street cut-in permits exceeding budget by \$124,00 or 34.5 percent.
- Intergovernmental revenue is \$12.5 million or 9.6 percent more than budget, primarily due to local option sales tax. Local option sales tax is \$5.3 million or 6.3 percent over budget. State shared city allocated state sales tax also exceeded budget by \$1.3 million or 6.0 percent. State shared TDZ (tourist development zone) sales tax increased by \$4.9 million, from \$0 budgeted.
- Charges for services are \$909,000 above budget or 21.9 percent.
- Fines and forfeitures are under budget by \$445,000 or 19.8 percent. This is primarily due to lower than expected automated traffic fines, which were below budget by \$611,000 or 35.1 percent.
- Miscellaneous revenue is \$11.6 million or 98.1 percent above budget primarily due interest income coming in \$10.3 million or 355.1 percent higher than expected due to favorable market conditions in FY24 compared to prior years.

Expenditures were less than budget by \$20.9 million or 6.2 percent. All departments were under budget. Employee compensation made up the majority of the deficit being under budget by \$16.3 million or 7.7 percent due to vacancies. Operations were under budget by \$4.6 million or 3.7 percent.



Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the City had a net of \$3.2 billion in capital assets, an increase of \$159.1 million or 5.2 percent. This investment includes land, buildings, utility system improvements, machinery and equipment, park facilities and infrastructure. Capital assets, net of depreciation, for governmental funds increased \$65.3 million or 3.9 percent and capital assets, net of depreciation, for business-type increased by \$93.8 million or 6.9 percent. The following table shows the net investment in capital assets by both governmental activities and business-type activities.

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

City of Chattanooga's Capital Assets

(net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Non-depreciable:						
Land & Easements	\$ 1,270,476	\$ 1,233,687	\$ 23,123	\$ 23,002	\$1,293,599	\$ 1,256,689
Construction in progress	93,960	90,436	335,498	236,775	429,458	327,211
Depreciable:						
Buildings & Improvements	79,043	81,382	103,483	105,702	182,526	187,084
Vehicles & Machinery	39,532	33,133	99,303	110,864	138,835	143,997
Infrastructure	252,971	234,453	883,578	876,109	1,136,549	1,110,562
Right to use asset	7,678	5,282	7,928	6,650	15,606	11,932
Total	\$ 1,743,660	\$ 1,678,373	\$ 1,452,913	\$ 1,359,102	\$3,196,573	\$ 3,037,475

- Land & easements saw an increase of \$36.8 million in FY24. This was largely due to donated streets, which increased by \$25.0 million to a total of \$52.2 million, or a 92.1 percent increase. Streets are donated annually to the City by developers and contractors after construction projects are completed. Public Works tracks all of these projects through the issuance of construction permits.
- Construction-in-progress (CIP) increased for business-type activities includes an increase of \$64.8 million in not yet completed Sewer projects. Construction of projects related to the sewer system's consent decree comprised the majority of the decrease in business-type activities. More information on the City's consent decree agreement can be found in Note 13 to the financial statements.
- The City has opted to use depreciation rather than the maintenance method to report infrastructure assets. During the current fiscal year governmental activities recognized depreciation expense of \$34.9 million while business-type activities recognized depreciation expense of \$87.0 million.

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



Debt Administration

At June 30, 2024, the City had \$746.5 million in long-term debt outstanding. This is a \$110.0 million increase or 17.3 percent, from last year. Detail is provided in the table and narrative that follows.

The City of Chattanooga maintains a “AAA” rating from Standard & Poor’s and a “AA+” from Fitch Inc. The City Charter limits the amount of net general obligation debt to 10 percent of the assessed value of all taxable property within its corporate limits. The City’s general obligation debt, net of self-supporting debt, is \$137.6 million; this is 1.74 percent of the assessed value of \$7,909,925,858. As of year-end, EPB had \$368.8 million in revenue bond debt outstanding compared to \$270.3 million last year; these bonds are rated “AA+” by Standard & Poor’s and Fitch. CDRC had \$29.7 million in revenue bonds outstanding compared to \$44.5 million last year; these bonds are rated “AA+” by Standard & Poor’s and Fitch.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds (backed by the City)	\$ 138,698	\$ 113,078	\$ 10,217	\$ 12,232	\$ 148,915	\$ 125,310
Revenue bonds (backed by specific revenues)	-	-	398,494	302,939	398,494	302,939
Notes payable and other	-	1,877	191,228	200,464	191,228	202,341
Leases/SBITAS	7,863	5,931	-	-	7,863	5,931
Total	\$ 146,561	\$ 120,886	\$ 599,939	\$ 515,635	\$ 746,500	\$ 636,521

During the year the City issued the following new debt:

- The City issued \$42.0 million in general obligation debt; all related to governmental activities.
- The Interceptor Sewer System drew down \$3.7 million from a state revolving loan fund for EPA consent decree projects.
- EPB issued \$112.1 million in revenue bond debt.
- A total of \$51.4 million in debt was retired during the fiscal year; \$35.0 million in bond principal payments were made with an additional \$16.4 million in note, lease, and SBITA repayments.

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



Economic Factors and Next Year's Budgets and Rates

The following factors were taken into account when adopting the budget for 2025:

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

Build a universal path to early learning

Catalyze economic vitality in the Black community

Ensure accessible housing choices for all Chattanoogaans

Improve local infrastructure

Build a competitive regional economy

Address racial and economic disparities in public health outcomes

Streamline our city processes and prioritize innovative approaches to city services

The following factors were taken into account when adopting the budget for 2025:

- Anticipated revenues in the General Fund are \$336.5 million with a planned use of fund balance of \$35 million for capital and economic development initiatives. This is a \$7.5 million or 2.3 percent increase over the previous budget. Intergovernmental revenues increased by \$3.9 million or 4.5 percent. Interest revenues increased \$3.5 million or 125.4 percent. The budget for property taxes remained relatively flat, with a modest increase of \$414,000 or 0.2 percent.
- Sales tax remained strong and is expected to continue to increase. State sales tax is budgeted \$776,000 or 3.7 percent higher and local option sales tax is budgeted \$3.2 million or 4.7 percent higher.
- Expenditures of \$371.5 million reflect a \$32.5 million or 6.6 percent increase over prior year budget. This budget allocates \$35 million of reserves to capital projects, which includes \$2 million for bridge maintenance and \$2.3 million for garbage trucks. This budget continues to build on the 24% pay raise commitment made by Mayor Kelly and Council at the beginning of this term and this budget includes \$3 million to be allocated to create new office space in existing city facilities, such as the City Hall annex, which will save taxpayers from paying costly leases on external buildings.

Requests for Information

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

City of Chattanooga Finance Department

101 East 11th Street; Suite 101
Chattanooga, Tennessee 37402
(423) 643-7363
www.chattanooga.gov

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

Chattanooga Metropolitan Airport Authority

1001 Airport Road, Suite 14
Chattanooga, TN 37421
(423) 855-2202
www.chattairport.com

CARTA

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

CBID

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



**BASIC FINANCIAL
STATEMENTS**

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 278,547,234	\$ 388,948,370	\$ 667,495,604	\$ 16,753,493
Investments	117,793,048	279,680,860	397,473,908	-
Receivables, net of allowance for uncollectible	251,516,951	112,025,030	363,541,981	5,576,264
Internal balances	(31,317,205)	31,317,205	-	-
Certificates of deposit	-	-	-	41,000,000
Inventories	4,382,934	30,606,635	34,989,569	1,179,378
Prepaid items	4,000	11,173,000	11,177,000	2,554,262
Leases receivable, current	132,910	2,743,000	2,875,910	-
Restricted assets:				
Cash and cash equivalents	38,958,186	2,211,165	41,169,351	2,414,816
Investments	7,010,742	16,088,395	23,099,137	-
Endowment investments	6,998,211	-	6,998,211	-
Receivables	1,580	-	1,580	451,425
Other	-	1,223,130	1,223,130	-
FEMA grant receivable	-	1,267,000	1,267,000	-
Leases receivable, non-current	1,495,203	4,829,000	6,324,203	9,432,764
Net pension assets	-	-	-	-
Equity interest in joint ventures	7,898,899	-	7,898,899	-
Land and other nondepreciable assets	1,364,435,761	358,621,004	1,723,056,765	20,634,641
Other capital assets, net of accumulated depreciation	379,224,176	1,094,292,044	1,473,516,220	183,118,354
Total assets	<u>2,427,082,630</u>	<u>2,335,025,838</u>	<u>4,762,108,468</u>	<u>283,115,397</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	899,762	7,678,949	8,578,711	-
Deferred pension	112,102,085	42,935,036	155,037,121	4,470,155
Deferred OPEB	22,484,505	16,799,801	39,284,306	123,141
Total deferred outflows of resources	<u>135,486,352</u>	<u>67,413,786</u>	<u>202,900,138</u>	<u>4,593,296</u>
LIABILITIES				
Accounts payable and accrued liabilities	38,206,234	174,227,020	212,433,254	4,608,486
Customer deposits	-	26,936,000	26,936,000	-
Contracts payable	2,030,979	6,446,992	8,477,971	-
Unearned program revenue	56,468	-	56,468	-
Unearned grants revenue	22,000,157	6,657,000	28,657,157	106,279
Other liabilities	-	2,697,000	2,697,000	-
Long-term liabilities:				
Due within one year	22,449,995	40,806,248	63,256,243	1,888,771
Due in more than one year	573,810,677	676,866,532	1,250,677,209	33,141,966
Total liabilities	<u>658,554,510</u>	<u>934,636,792</u>	<u>1,593,191,302</u>	<u>39,745,502</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	182,973,863	125,834	183,099,697	-
Deferred pension	770,936	120,343	891,279	816,058
Deferred OPEB	30,415,915	7,183,650	37,599,565	229,767
Deferred lease	1,561,594	7,571,000	9,132,594	9,242,148
Total deferred inflows of resources	<u>215,722,308</u>	<u>15,000,827</u>	<u>230,723,135</u>	<u>10,287,973</u>
NET POSITION				
Net investment in capital assets	1,622,232,322	916,932,340	2,539,164,662	186,225,093
Restricted for:				
Capital projects	133,932,970	71,058,000	204,990,970	-
Debt service reserve	3,243,491	3,795,289	7,038,780	2,866,241
Renewal and replacement	-	97,930,650	97,930,650	-
Landfill postclosure	-	12,007,673	12,007,673	-
Grant purposes	6,510,527	-	6,510,527	-
Miscellaneous special revenue	33,285,692	-	33,285,692	-
Other	13,350,363	-	13,350,363	-
Permanent endowments:				
Expendable	637,038	-	637,038	-
Nonexpendable	6,998,211	-	6,998,211	-
Unrestricted	(131,898,450)	351,078,053	219,179,603	48,583,884
Total net position	<u>\$ 1,688,292,164</u>	<u>\$ 1,452,802,005</u>	<u>\$ 3,141,094,169</u>	<u>\$ 237,675,218</u>

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

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 98,091,123	\$ 12,495,106	\$ 16,275,761	\$ 3,827,352
Economic and community development	25,144,796	3,120,731	7,545,884	-
Public safety	151,545,236	708,453	3,939,031	-
Public works	64,904,654	6,436,487	6,861,921	53,712,509
Parks and outdoors	19,331,631	3,407,647	2,137,970	-
Early learning	18,971,593	2,207	14,976,903	-
Interest on long-term debt	3,844,284	-	-	-
Total governmental activities	<u>381,833,317</u>	<u>26,170,631</u>	<u>51,737,470</u>	<u>57,539,861</u>
Business-type activities:				
Electric utility, including fiber optics	785,348,000	809,647,000	-	5,776,000
Sewer	86,803,459	124,829,521	-	-
Solid waste	6,058,046	5,914,758	-	-
Stormwater management	17,764,922	33,026,696	-	-
Regional communications	2,447,162	1,963,286	-	-
Downtown redevelopment	1,269,459	1,453,642	-	-
Land bank authority	-	-	182,913	-
Total business-type activities	<u>899,691,048</u>	<u>976,834,903</u>	<u>182,913</u>	<u>5,776,000</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,281,524,365</u>	<u>\$ 1,003,005,534</u>	<u>\$ 51,920,383</u>	<u>\$ 63,315,861</u>
COMPONENT UNITS				
Airport authority	\$ 32,787,081	\$ 33,422,477	\$ -	\$ 9,638,317
Downtown Chattanooga Business Improvement District (CBID)	1,022,146	877,445	20,000	-
Transportation authority	32,739,808	11,591,736	8,914,739	7,782,036
TOTAL COMPONENT UNITS	<u>\$ 66,549,035</u>	<u>\$ 45,891,658</u>	<u>\$ 8,934,739</u>	<u>\$ 17,420,353</u>
General revenues:				
Property taxes				
Liquor and beer taxes				
Hotel-Motel tax				
Local gross receipts tax				
Franchise taxes				
Other taxes				
Grants and contributions not allocated to specific programs:				
County-wide sales taxes				
City allocation of state sales taxes				
City allocation of state income taxes				
City allocation of TDZ tax				
City allocation of other shared taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	
\$ (65,492,904)	\$ -	\$ (65,492,904)	\$ -	-
(14,478,181)	-	(14,478,181)	-	-
(146,897,752)	-	(146,897,752)	-	-
2,106,263	-	2,106,263	-	-
(13,786,014)	-	(13,786,014)	-	-
(3,992,483)	-	(3,992,483)	-	-
(3,844,284)	-	(3,844,284)	-	-
(246,385,355)	-	(246,385,355)	-	-
-	30,075,000	30,075,000	-	-
-	38,026,062	38,026,062	-	-
-	(143,288)	(143,288)	-	-
-	15,261,774	15,261,774	-	-
-	(483,876)	(483,876)	-	-
-	184,183	184,183	-	-
-	182,913	182,913	-	-
-	83,102,768	83,102,768	-	-
(246,385,355)	83,102,768	(163,282,587)	-	-
-	-	-	10,273,713	-
-	-	-	(124,701)	-
-	-	-	(4,451,297)	-
-	-	-	5,697,715	-
190,222,039	-	190,222,039	-	-
8,365,905	-	8,365,905	-	-
10,123,203	-	10,123,203	-	-
8,477,772	-	8,477,772	-	-
4,586,056	-	4,586,056	-	-
1,955,941	-	1,955,941	-	-
91,049,366	-	91,049,366	-	-
22,338,205	-	22,338,205	-	-
2,399	-	2,399	-	-
4,858,980	-	4,858,980	-	-
7,760,937	-	7,760,937	-	-
16,076,815	16,950,495	33,027,310	2,391,592	-
-	-	-	3,135,029	-
476,472	-	476,472	-	-
366,294,090	16,950,495	383,244,585	5,526,621	-
119,908,735	100,053,263	219,961,998	11,224,336	-
1,568,383,429	1,352,748,742	2,921,132,171	226,450,882	-
\$ 1,688,292,164	\$ 1,452,802,005	\$ 3,141,094,169	\$ 237,675,218	-

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

CITY OF CHATTANOOGA, TENNESSEE

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2024

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 104,919,395	\$ 124,129,414	\$ 30,826,724	\$ 259,875,533
Investments	95,637,510	13,155,938	13,008,552	121,802,000
Receivables, net of allowance for uncollectibles:				
Property taxes	179,187,051	-	-	179,187,051
Other taxes	13,333,576	-	1,698,920	15,032,496
Notes	5,539,961	-	5,716,958	11,256,919
Other	7,965,197	1,943,394	1,488,198	11,396,789
Due from other governments	24,190,634	15,689	6,977,911	31,184,234
Inventories	1,004,012	-	-	1,004,012
Prepaid items	4,000	-	-	4,000
Total assets	\$ 431,781,336	\$ 139,244,435	\$ 59,717,263	\$ 630,743,034
LIABILITIES				
Accounts payable and accrued liabilities:				
Accounts payable	\$ 7,567,442	\$ 3,182,371	\$ 5,194,934	\$ 15,944,747
Accrued payroll	7,545,869	-	663,748	8,209,617
Accrued pension and OPEB contributions	70,744	-	-	70,744
Other accrued liabilities	-	-	59,463	59,463
Due to other governments	1,197,162	-	104,355	1,301,517
Contracts payable	1,822	2,029,157	-	2,030,979
Unearned program revenue	56,468	-	-	56,468
Unearned grants revenue	21,353,980	99,937	546,240	22,000,157
Total liabilities	37,793,487	5,311,465	6,568,740	49,673,692
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	178,222,378	-	-	178,222,378
Unavailable revenue - PILOTS	9,957,325	-	-	9,957,325
Unavailable revenue - other local taxes	2,645,358	-	845,366	3,490,724
Unavailable revenue - shared tax revenue	9,879,809	-	550,103	10,429,912
Unavailable revenue - CDBG loans	-	-	7,048,183	7,048,183
Unavailable revenue - other	1,651,597	-	-	1,651,597
Total deferred inflows of resources	202,356,467	-	8,443,652	210,800,119
FUND BALANCES				
Nonspendable	1,008,012	-	6,998,211	8,006,223
Restricted	22,043,457	133,932,970	31,740,163	187,716,590
Committed	1,070,032	-	5,966,497	7,036,529
Assigned	14,580,001	-	-	14,580,001
Unassigned	152,929,880	-	-	152,929,880
Total fund balances	191,631,382	133,932,970	44,704,871	370,269,223
Total liabilities, deferred inflows of resources and fund balances	\$ 431,781,336	\$ 139,244,435	\$ 59,717,263	\$ 630,743,034

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

CITY OF CHATTANOOGA, TENNESSEE

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

June 30, 2024

Differences in amounts reported for governmental activities in the statement of net position on page A-1:

Fund balances - total governmental funds \$ 370,269,223

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds. 1,723,558,861

Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and are deferred in the funds. 27,826,256

The equity interest in the joint ventures represents an interest in the capital assets of the joint ventures. This interest is not a financial resource and is not reported in the funds. 7,898,899

The internal service fund is used by management to charge the costs of fleet management and risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 83,603,941

Contributions to pension plans made after the measurement date are recorded as expenditures in governmental fund but must be deferred in the statement of net position in addition to certain other items:

Deferred pension	\$	147,222,610	
Deferred OPEB		30,227,070	177,449,680

The City's other post-employment benefit plan has not been fully funded. This OPEB obligation is considered a long term obligation and is not reported in the funds. (63,646,438)

The City's pollution remediation obligation is considered a long term obligation. (106,842)

The City's lessor leases receivable, due to the implementation of GASB87, are considered non-current and are not reported in the funds. 1,632,331

Net pension liabilities are not due and payable in the current period and are not reported in the funds:

General pension	(72,410,647)		
Fire and police pension	(273,644,341)		(346,054,988)

Long-term liabilities are not due and payable in the current period and are not reported in the funds. Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due. All liabilities, both due in one year and due in more than one year, are reported in the statement of net position. This item consists of:

General obligation serial bonds	(138,698,199)		
Add net deferred refunding, issue premiums and discounts	(15,895,390)		
Leases and SBITAs	(7,863,015)		
Lease payable to CDRC - reported as internal balance	(31,317,205)		
Compensated absences	(22,792,028)		
Accrued interest payable	(1,961,387)		(218,527,224)

Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds:

Deferred pension	(35,891,461)		
Deferred OPEB	(38,158,480)		
Deferred lease	(1,561,594)		(75,611,535)

Net position of governmental activities \$ 1,688,292,164

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

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 214,458,284	\$ -	\$ 10,893,157	\$ 225,351,441
Licenses and permits	7,146,621	-	659,906	7,806,527
Intergovernmental	141,973,678	3,370,176	29,921,971	175,265,825
Charges for services	5,056,405	-	580,175	5,636,580
Fines, forfeitures and penalties	1,807,080	-	38,394	1,845,474
Investment income	14,542,380	2,161,814	1,532,083	18,236,277
Contributions and donations	526,692	335,831	1,500	864,023
Sale of property	491,588	-	-	491,588
Miscellaneous	7,858,522	-	2,806,843	10,665,365
Total revenues	393,861,250	5,867,821	46,434,029	446,163,100
EXPENDITURES				
Current:				
General government	80,914,006	-	9,614,741	90,528,747
Finance and administration	7,006,078	-	-	7,006,078
Economic and community development	16,646,984	-	8,328,778	24,975,762
Public safety	146,277,298	-	152,034	146,429,332
Public works	41,869,208	-	5,584,420	47,453,628
Parks and outdoors	18,824,320	-	-	18,824,320
Early learning	2,990,572	-	15,354,984	18,345,556
Capital outlay/capital assets	-	37,996,517	-	37,996,517
Debt service:				
Principal retirement	1,562,981	-	18,433,383	19,996,364
Interest and fiscal charges	94,863	-	7,526,164	7,621,027
Total expenditures	316,186,310	37,996,517	64,994,504	419,177,331
Excess (deficiency) of revenues over (under) expenditures	77,674,940	(32,128,696)	(18,560,475)	26,985,769
OTHER FINANCING SOURCES (USES)				
Transfers in	-	25,937,776	28,206,030	54,143,806
Transfers out	(44,328,441)	-	(9,815,365)	(54,143,806)
General obligation bonds issued	-	41,995,000	-	41,995,000
Premium on bonds issued	-	3,268,155	-	3,268,155
Leases	-	-	3,275,827	3,275,827
Subscription-based IT arrangements	-	611,068	-	611,068
Total other financing sources (uses)	(44,328,441)	71,811,999	21,666,492	49,150,050
Net change in fund balances	33,346,499	39,683,303	3,106,017	76,135,819
FUND BALANCES, beginning	158,284,883	94,249,667	41,598,854	294,133,404
FUND BALANCES, ending	<u>\$ 191,631,382</u>	<u>\$ 133,932,970</u>	<u>\$ 44,704,871</u>	<u>\$ 370,269,223</u>

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

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$ 76,135,819
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay expenditures in governmental funds, that meet the capitalization threshold, are shown as capital assets in the statement of net position.	36,285,430
Depreciation expense for governmental capital assets are included in the governmental activities.	(28,879,556)
Contributions of capital assets are not reflected in the governmental funds but are reported in the statement of activities. This item consists primarily of streets contributed by developers.	52,292,800
The net effect of various transactions involving capital assets is to decrease net positions.	(22,925)
The net effect of various transactions involving the implementation of GASB 87 is to increase net position.	20,494
The loss of equity interest in joint venture is reported in the statement of activities. This loss does not use current financial resources and is not reflected in the governmental funds.	1,172,784

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

Principal paid	\$ 18,326,185	
Principal paid - Leases and SBITAs	1,841,347	
Payment of Southside lease	4,186,746	
Bonds issued	(41,995,000)	
Premiums on bonds issued	(3,268,155)	
Amortization	2,487,998	
Amortization - Leases per GASB 87	(817,494)	
Amortization - SBITAs per GASB 96	(937,150)	
Change in accrued interest payable	(362,851)	(20,538,373)

Net gain of the internal service funds are reported with governmental activities.	8,753,381
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of:

Change in personal leave liability	5,318,715	
Change in pension expense	(21,819,214)	
Change in pollution remediation liability	507,758	
Change in OPEB liability	11,894,170	(4,098,571)

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

Change in deferred revenue to earned revenue	(1,212,549)	(1,212,549)
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Change in net position of governmental activities	<u>\$ 119,908,735</u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Over (Under)
REVENUES				
Taxes	\$ 212,973,490	\$ 212,973,490	\$ 214,458,284	\$ 1,484,794
Licenses and permits	6,543,450	6,543,450	7,146,621	603,171
Intergovernmental	129,492,137	129,492,137	141,973,678	12,481,541
Charges for services	4,146,973	4,146,973	5,056,405	909,432
Fines, forfeitures and penalties	2,251,900	2,251,900	1,807,080	(444,820)
Investment income	4,056,756	4,056,756	14,542,380	10,485,624
Miscellaneous	7,766,856	7,766,856	8,876,802	1,109,946
Total revenues	367,231,562	367,231,562	393,861,250	26,629,688
EXPENDITURES				
General government	68,673,229	68,673,229	59,336,065	(9,337,164)
Executive	16,348,067	16,348,067	15,259,903	(1,088,164)
Finance and administration	7,526,862	7,526,862	7,006,078	(520,784)
Human resources	3,637,265	3,637,265	3,224,038	(413,227)
Community development	11,036,849	11,036,849	10,256,627	(780,222)
Police	88,698,002	88,698,002	86,363,848	(2,334,154)
Fire	63,485,206	63,485,206	59,913,450	(3,571,756)
Public works	42,451,796	42,451,796	42,298,856	(152,940)
Parks and outdoors	19,754,093	19,754,093	18,824,320	(929,773)
Early learning	3,214,211	3,214,211	2,990,572	(223,639)
City planning	1,024,404	1,024,404	896,754	(127,650)
Equity and community engagement	1,631,376	1,631,376	1,280,755	(350,621)
Economic development	7,339,533	7,339,533	6,390,357	(949,176)
Innovation delivery and performance	2,273,536	2,273,536	2,144,687	(128,849)
Total expenditures	337,094,429	337,094,429	316,186,310	(20,908,119)
Excess of revenues over expenditures	30,137,133	30,137,133	77,674,940	47,537,807
OTHER FINANCING SOURCES (USES)				
Transfers out	(44,144,631)	(44,144,631)	(44,328,441)	(183,810)
Total other financing sources (uses)	(44,144,631)	(44,144,631)	(44,328,441)	(183,810)
Net change in fund balances	(14,007,498)	(14,007,498)	33,346,499	47,353,997
FUND BALANCES, beginning	158,284,883	158,284,883	158,284,883	-
FUND BALANCES, ending	\$ 144,277,385	\$ 144,277,385	\$ 191,631,382	\$ 47,353,997

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

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2024

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund	
	Major Funds								
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment	Regional Communications	Land Bank Authority		Total
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 224,026,000	\$ 97,808,300	\$ 2,633,578	\$ 48,214,666	\$ 10,368,328	\$ 5,714,585	\$ 182,913	\$ 388,948,370	\$ 57,629,887
Investments	116,382,000	110,278,894	-	53,019,966	-	-	-	279,680,860	10,000,000
Receivables:									
Customer service	80,782,000	25,581,913	11,843	6,881,919	-	-	-	113,257,675	3,438,314
Other	-	16,085,639	153,827	658,149	15,715	6,115	-	16,919,445	-
Less allowance for doubtful accounts	(1,750,000)	(13,294,432)	(100)	(3,180,934)	-	-	-	(18,225,466)	-
Inventories	26,948,000	3,658,635	-	-	-	-	-	30,606,635	3,378,923
Due from other governments	-	53,672	-	19,704	-	-	-	73,376	18,514
Prepaid items	11,172,000	-	-	-	-	1,000	-	11,173,000	-
Leases receivable, current	2,743,000	-	-	-	-	-	-	2,743,000	-
Total current assets	460,303,000	240,172,621	2,799,148	105,613,470	10,384,043	5,721,700	182,913	825,176,895	74,465,638
Noncurrent Assets:									
Restricted Assets:									
Cash and cash equivalents	-	-	-	2,211,165	-	-	-	2,211,165	-
Investments	-	142,091	12,007,673	142,666	3,795,965	-	-	16,088,395	-
Investment in capital lease	-	-	-	-	31,317,205	-	-	31,317,205	-
Other	1,194,000	-	28,787	343	-	-	-	1,223,130	-
FEMA grant receivable	1,267,000	-	-	-	-	-	-	1,267,000	-
Total restricted assets	2,461,000	142,091	12,036,460	2,354,174	35,113,170	-	-	52,106,895	-
Leases receivable, non-current	4,829,000	-	-	-	-	-	-	4,829,000	-
Capital Assets:									
Land	6,479,000	12,865,980	1,517,514	2,215,429	45,541	-	-	23,123,464	-
Construction in progress	76,951,000	246,742,994	3,157,051	8,646,495	-	-	-	335,497,540	282,270
Buildings	63,180,000	86,240,863	1,989,018	11,452,211	927,723	-	-	163,789,815	5,797,446
Equipment	85,671,000	47,449,738	4,595,837	2,661,117	261,285	12,293,159	-	152,932,136	9,804,702
Vehicles	-	5,935,421	2,164,238	2,911,875	-	-	-	11,011,534	51,912,794
Infrastructure	933,816,000	587,238,820	9,553,299	74,089,517	-	-	-	1,604,697,636	-
Right to use leased assets, net of amortization	1,591,000	-	-	-	-	-	-	1,591,000	-
Right to use subscription assets, net of amortization	6,337,000	-	-	-	-	-	-	6,337,000	-
	1,174,025,000	986,473,816	22,976,957	101,976,644	1,234,549	12,293,159	-	2,298,980,125	67,797,212
Less accumulated depreciation	(389,746,000)	(398,380,864)	(13,519,821)	(33,200,299)	(659,699)	(10,560,394)	-	(846,067,077)	(47,696,133)
Net capital assets	784,279,000	588,092,952	9,457,136	68,776,345	574,850	1,732,765	-	1,452,913,048	20,101,079
Total noncurrent assets	791,569,000	588,235,043	21,493,596	71,130,519	35,688,020	1,732,765	-	1,509,848,943	20,101,079
Total assets	1,251,872,000	828,407,664	24,292,744	176,743,989	46,072,063	7,454,465	182,913	2,335,025,838	94,566,717
DEFERRED OUTFLOWS OF RESOURCES									
Deferred refunding	7,469,000	19,983	51,235	6,202	132,529	-	-	7,678,949	-
Deferred pension	35,761,000	4,008,137	212,882	2,826,575	-	126,442	-	42,935,036	-
Deferred OPEB	14,212,000	1,302,956	67,125	1,172,666	-	45,054	-	16,799,801	-
Total deferred outflows of resources	57,442,000	5,331,076	331,242	4,005,443	132,529	171,496	-	67,413,786	-

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

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2024

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund	
	Major Funds								
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment	Regional Communications	Land Bank Authority		Total
LIABILITIES									
Current liabilities:									
Accounts payable and accrued liabilities:									
Accounts payable	\$ 152,817,000	\$ 19,145,106	\$ 328,132	\$ 327,707	\$ 2,533	\$ 8,536	\$ -	\$ 172,629,014	\$ 10,485,228
Accrued payroll	-	646,284	38,643	411,032	-	20,957	-	1,116,916	143,920
Other accrued liabilities	-	80,545	20,039	130,922	249,584	-	-	481,090	29,618
Current maturities of long-term liabilities:									
Bonds payable	14,285,000	120,219	614,818	1,305,914	6,150,000	-	-	22,475,951	-
Notes payable	-	13,347,140	-	-	-	-	-	13,347,140	-
Compensated absences	187,000	144,803	5,069	104,002	-	6,620	-	447,494	27,300
Landfill postclosure costs	-	-	292,663	-	-	-	-	292,663	-
Lease liability	796,000	-	-	-	-	-	-	796,000	-
Subscription liabilities	4,105,000	-	-	-	-	-	-	4,105,000	-
Contracts payable	-	6,311,096	-	135,896	-	-	-	6,446,992	-
Unearned revenue	6,657,000	-	-	-	-	-	-	6,657,000	-
Total current liabilities	178,847,000	39,795,193	1,299,364	2,415,473	6,402,117	36,113	-	228,795,260	10,686,066
Long-term liabilities:									
Bonds payable	388,652,000	289,949	1,049,342	8,321,385	23,539,000	-	-	421,851,676	-
Notes payable	-	177,880,717	-	-	-	-	-	177,880,717	-
Compensated absences	375,000	1,467,697	51,380	1,054,154	-	67,102	-	3,015,333	276,710
OPEB liability	6,519,000	3,688,254	190,008	3,319,439	-	127,535	-	13,844,236	-
Pension liability	32,884,000	10,072,970	535,000	7,103,548	-	317,766	-	50,913,284	-
Landfill postclosure costs	-	-	5,679,286	-	-	-	-	5,679,286	-
Customer deposits	26,936,000	-	-	-	-	-	-	26,936,000	-
Lease liabilities	794,000	-	-	-	-	-	-	794,000	-
Subscription liabilities	2,230,000	-	-	-	-	-	-	2,230,000	-
Other noncurrent liabilities	2,697,000	-	-	-	-	-	-	2,697,000	-
Total long-term liabilities	461,087,000	193,399,587	7,505,016	19,798,526	23,539,000	512,403	-	705,841,532	276,710
Total liabilities	639,934,000	233,194,780	8,804,380	22,213,999	29,941,117	548,516	-	934,636,792	10,962,776
DEFERRED INFLOWS OF RESOURCES									
Deferred refunding	-	-	-	-	125,834	-	-	125,834	-
Deferred pension	-	67,236	3,571	47,415	-	2,121	-	120,343	-
Deferred OPEB	3,683,000	1,762,576	90,803	1,586,323	-	60,948	-	7,183,650	-
Deferred lease	7,571,000	-	-	-	-	-	-	7,571,000	-
Total deferred inflows of resources	11,254,000	1,829,812	94,374	1,633,738	125,834	63,069	-	15,000,827	-
NET POSITION									
Net investment in capital assets	451,944,000	390,163,813	8,725,816	63,791,096	574,850	1,732,765	-	916,932,340	20,101,079
Restricted for renewal and replacement	-	93,434,633	318,051	4,073,371	-	104,595	-	97,930,650	-
Restricted for landfill postclosure	-	-	12,007,673	-	-	-	-	12,007,673	-
Restricted for debt service	-	-	-	-	3,795,289	-	-	3,795,289	-
Restricted for capital assets	71,058,000	-	-	-	-	-	-	71,058,000	-
Unrestricted	135,124,000	115,115,702	(5,326,308)	89,037,228	11,767,502	5,177,016	182,913	351,078,053	63,502,862
Total net position	\$ 658,126,000	\$ 598,714,148	\$ 15,725,232	\$ 156,901,695	\$ 16,137,641	\$ 7,014,376	\$ 182,913	\$ 1,452,802,005	\$ 83,603,941

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

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund	
	Major Funds						Total		
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment	Regional Communications			Land Bank Authority
OPERATING REVENUES									
Charges for services:									
Electric	\$ 613,301,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 613,301,000	\$ -
Fiber optic	177,991,000	-	-	-	-	-	-	177,991,000	-
Sewer	-	118,323,621	-	-	-	-	-	118,323,621	-
Waste disposal	-	-	5,779,766	-	-	-	-	5,779,766	-
Water quality	-	-	-	33,019,527	-	-	-	33,019,527	-
Lease rental revenue	-	-	-	-	672,234	-	-	672,234	-
Parking garage	-	-	-	-	781,408	-	-	781,408	-
Regional Communications Services	-	-	-	-	-	1,714,179	-	1,714,179	-
Back Tax Sale Surplus	-	-	-	-	-	-	182,913	182,913	-
Other services	17,743,000	6,442,521	90,291	1,499	-	249,107	-	24,526,418	69,377,897
Other	-	-	8,914	-	-	-	-	8,914	12,049,163
Total operating revenues	809,035,000	124,766,142	5,878,971	33,021,026	1,453,642	1,963,286	182,913	976,300,980	81,427,060
OPERATING EXPENSES									
Power purchases	464,806,000	-	-	-	-	-	-	464,806,000	-
Other electric operations	106,130,000	-	-	-	-	-	-	106,130,000	-
Fiber optic operations	110,388,000	-	-	-	-	-	-	110,388,000	-
Sewer plant operations	-	69,144,721	-	-	-	-	-	69,144,721	-
Waste disposal operations	-	-	5,287,856	-	-	-	-	5,287,856	-
Closure/postclosure costs	-	-	252,214	-	-	-	-	252,214	-
Stormwater operations	-	-	-	15,490,726	-	-	-	15,490,726	-
Parking garage operations	-	-	-	-	382,309	-	-	382,309	-
Regional Communication Services	-	-	-	-	-	1,261,948	-	1,261,948	-
Fleet operations	-	-	-	-	-	-	-	-	17,467,191
Liability insurance	-	-	-	-	-	-	-	-	2,760,033
Health services	-	-	-	-	-	-	-	-	48,094,436
Technology replacement	-	-	-	-	-	-	-	-	483,110
Depreciation	68,557,000	14,639,347	504,726	2,072,683	86,985	1,185,214	-	87,045,955	4,295,823
Other	11,113,000	-	-	-	316,850	-	-	11,429,850	-
Total operating expenses	760,994,000	83,784,068	6,044,796	17,563,409	786,144	2,447,162	-	871,619,579	73,100,593
OPERATING INCOME (LOSS)	48,041,000	40,982,074	(165,825)	15,457,617	667,498	(483,876)	182,913	104,681,401	8,326,467

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

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund	
	Major Funds								
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment	Regional Communications	Land Bank Authority		Total
NONOPERATING REVENUES (EXPENSES)									
Investment income	\$ 12,626,000	\$ 2,295,861	\$ 145,528	\$ 1,673,112	\$ 209,994	\$ -	\$ -	\$ 16,950,495	\$ -
Interest expense	(11,503,000)	(3,000,991)	(13,250)	(201,513)	(483,315)	-	-	(15,202,069)	-
Tax equivalent	(7,075,000)	-	-	-	-	-	-	(7,075,000)	-
Other income	612,000	63,379	35,787	5,670	-	-	-	716,836	385,856
FEMA grant revenue	-	-	-	-	-	-	-	-	-
Other expense	(5,776,000)	(18,400)	-	-	-	-	-	(5,794,400)	-
Total nonoperating revenues (expenses)	<u>(11,116,000)</u>	<u>(660,151)</u>	<u>168,065</u>	<u>1,477,269</u>	<u>(273,321)</u>	<u>-</u>	<u>-</u>	<u>(10,404,138)</u>	<u>385,856</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>36,925,000</u>	<u>40,321,923</u>	<u>2,240</u>	<u>16,934,886</u>	<u>394,177</u>	<u>(483,876)</u>	<u>182,913</u>	<u>94,277,263</u>	<u>8,712,323</u>
Capital contributions	5,776,000	-	-	-	-	-	-	5,776,000	-
Transfers in	-	-	-	-	-	-	-	-	41,058
CHANGE IN NET POSITION	<u>42,701,000</u>	<u>40,321,923</u>	<u>2,240</u>	<u>16,934,886</u>	<u>394,177</u>	<u>(483,876)</u>	<u>182,913</u>	<u>100,053,263</u>	<u>8,753,381</u>
NET POSITION, beginning	<u>615,425,000</u>	<u>558,392,225</u>	<u>15,722,992</u>	<u>139,966,809</u>	<u>15,743,464</u>	<u>7,498,252</u>	<u>-</u>	<u>1,352,748,742</u>	<u>74,850,560</u>
NET POSITION, ending	<u>\$ 658,126,000</u>	<u>\$ 598,714,148</u>	<u>\$ 15,725,232</u>	<u>\$ 156,901,695</u>	<u>\$ 16,137,641</u>	<u>\$ 7,014,376</u>	<u>\$ 182,913</u>	<u>\$ 1,452,802,005</u>	<u>\$ 83,603,941</u>

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

CITY OF CHATTANOOGA, TENNESSEE

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year ended June 30, 2024

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund	
	Major Funds						Total		
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Development	Communications		Land Bank Authority	
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from customers and users	\$ 793,458,003	\$ 113,528,590	\$ 1,259,245	\$ 33,418,035	\$ 1,470,676	\$ 953,540	\$ 182,913	\$ 944,271,002	\$ 79,948,123
Receipts from interfund services provided	4,017,997	1,321,060	4,429,000	1,068,683	-	1,008,290	-	11,845,030	-
Receipts from operating grants	-	-	90,291	-	-	-	-	90,291	-
Payments to suppliers	(610,519,000)	(42,770,013)	(756,237)	(5,294,885)	(724,160)	(784,732)	-	(660,849,027)	(60,975,987)
Payments to employees	(62,249,000)	(16,833,708)	(4,565,233)	(10,562,845)	-	(464,792)	-	(94,675,578)	(3,843,664)
Payments in lieu of taxes	(21,782,000)	-	-	-	-	-	-	(21,782,000)	-
Net cash from operating activities	102,926,000	55,245,929	457,066	18,628,988	746,516	712,306	182,913	178,899,718	15,128,472
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers in	-	-	-	-	-	-	-	-	4,541,058
Transfers out	-	-	-	-	-	-	-	-	(4,500,000)
Net cash flows used in noncapital financing	-	-	-	-	-	-	-	-	41,058
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Principal paid on capital debt	(13,625,000)	(12,788,943)	(636,081)	(1,296,581)	(2,945,000)	-	-	(31,291,605)	-
Interest paid on capital debt	(11,260,000)	(3,017,856)	(82,748)	(398,901)	(1,052,578)	-	-	(15,812,083)	-
Line of credit	(5,000)	-	-	-	-	-	-	(5,000)	-
Proceeds from capital debt	125,529,000	3,469,832	-	-	4,186,746	-	-	133,185,578	-
Bond issuance costs	(528,000)	-	-	-	-	-	-	(528,000)	-
Capital grants and contributions	5,957,000	-	-	-	-	-	-	5,957,000	-
(Additions) Subtractions to capital assets	(111,150,000)	(66,038,853)	(501,079)	(3,731,082)	-	-	-	(181,421,014)	(7,503,063)
Proceeds from sale of capital assets	-	-	-	5,670	-	-	-	5,670	(13,493)
Net cash flows used in capital and related financing activities	(5,082,000)	(78,375,820)	(1,219,908)	(5,420,894)	189,168	-	-	(89,909,454)	(7,516,556)
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of investments	(120,527,000)	(33,298,926)	(3,877,416)	(31,607,196)	(26,634,875)	-	-	(215,945,413)	-
Proceeds from sales and maturities of investments	8,065,000	68,801,422	2,997,085	34,775,765	26,799,095	-	-	141,438,367	-
Interest	10,823,000	2,295,861	145,528	1,673,112	209,996	-	-	15,147,497	-
Net cash flows from investing activities	(101,639,000)	37,798,357	(734,803)	4,841,681	374,216	-	-	(59,359,549)	-
Net increase (decrease) in cash and cash equivalents	(3,795,000)	14,668,466	(1,497,645)	18,049,775	1,309,900	712,306	182,913	29,630,715	7,652,974
Cash and cash equivalents, beginning of year	227,821,000	83,139,834	4,131,223	32,376,056	9,058,428	5,002,279	-	361,528,820	49,976,913
Cash and cash equivalents, end of year	\$ 224,026,000	\$ 97,808,300	\$ 2,633,578	\$ 50,425,831	\$ 10,368,328	\$ 5,714,585	\$ 182,913	\$ 391,159,535	\$ 57,629,887

(Continued on next page)

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

CITY OF CHATTANOOGA, TENNESSEE

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year ended June 30, 2024

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund	
	EPB	Interceptor Sewer System	Major Funds Solid Waste	Stormwater Management	Downtown Development	Communications	Land Bank Authority		Total
(Continued from previous page)									
CLASSIFIED AS:									
Current assets	\$ 224,026,000	\$ 97,808,300	\$ 2,633,578	\$ 48,214,666	\$ 10,368,328	\$ 5,714,585	\$ 182,913	\$ 388,948,370	\$ 57,629,887
Restricted assets	-	-	-	2,211,165	-	-	-	2,211,165	-
	<u>\$ 224,026,000</u>	<u>\$ 97,808,300</u>	<u>\$ 2,633,578</u>	<u>\$ 50,425,831</u>	<u>\$ 10,368,328</u>	<u>\$ 5,714,585</u>	<u>\$ 182,913</u>	<u>\$ 391,159,535</u>	<u>\$ 57,629,887</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES									
OPERATING INCOME (LOSS)	\$ 48,041,000	\$ 40,982,074	\$ (165,825)	\$ 15,457,617	\$ 667,498	\$ (483,876)	\$ 182,913	\$ 104,681,401	\$ 8,326,467
ADJUSTMENTS NOT AFFECTING CASH									
Depreciation and amortization	69,722,000	14,639,347	504,726	2,072,683	86,985	1,185,214	-	88,210,955	4,295,823
Miscellaneous nonoperating expenses	615,000	-	-	-	-	-	-	615,000	-
Tax equivalents transferred to City	(8,569,000)	-	-	-	-	-	-	(8,569,000)	-
Provision for uncollectible accounts	-	417,631	-	1,325,605	-	-	-	1,743,236	-
(Increase) decrease in:									
Accounts receivable	(9,333,000)	(10,397,502)	(100,435)	140,085	17,033	(1,456)	-	(19,675,275)	(1,869,832)
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-
Inventory	776,000	(295,817)	-	-	-	-	-	480,183	820,498
Leases receivables and payables	(745,000)	-	-	-	-	-	-	(745,000)	-
Subscription liabilities	(4,024,000)	-	-	-	-	-	-	(4,024,000)	-
Prepaid Items	(611,000)	-	-	-	-	-	-	(611,000)	-
Increase (decrease) in:									
Accounts payable	6,673,000	9,525,828	10,807	(61,342)	(25,000)	(4,671)	-	16,118,622	3,166,062
Accrued liabilities	-	(211,278)	128,243	48,190	-	1,284	-	(33,561)	-
Other assets/liabilities	(481,000)	726,199	(34,926)	(865,017)	-	4,214	-	(650,530)	385,856
Net pension liability	1,294,000	-	164,896	717,256	-	-	-	2,176,152	-
OPEB liability	(432,000)	-	(50,420)	(400,213)	-	-	-	(882,633)	-
Compensated absences	-	(140,553)	-	194,124	-	11,597	-	65,168	3,598
Total adjustments	<u>54,885,000</u>	<u>14,263,855</u>	<u>622,891</u>	<u>3,171,371</u>	<u>79,018</u>	<u>1,196,182</u>	<u>-</u>	<u>74,218,317</u>	<u>6,802,005</u>
Net cash from operating activities	<u>\$ 102,926,000</u>	<u>\$ 55,245,929</u>	<u>\$ 457,066</u>	<u>\$ 18,628,988</u>	<u>\$ 746,516</u>	<u>\$ 712,306</u>	<u>\$ 182,913</u>	<u>\$ 178,899,718</u>	<u>\$ 15,128,472</u>

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

CITY OF CHATTANOOGA, TENNESSEE

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2024

	<u>Other Postemployment Benefits and Pension Trust Fund</u>
ASSETS	
Investments:	
Corporate bonds and notes	\$ 6,467,624
Corporate stocks	98,966,317
Foreign equity	51,054,794
Private debt	7,641,071
Mutual funds - equity	309,028,101
Mutual funds - fixed income	142,953,862
Real estate	55,600,791
Hedge funds	70,415,218
Private equity	46,252,570
Temporary investments	28,179,921
Receivables:	
Accrued income	561,334
Due from plan custodian	<u>810,125</u>
Total assets	<u>817,931,728</u>
LIABILITIES	
Accounts payable and accrued liabilities:	
Accrued expense	207,419
Due to plan custodian	<u>88,446</u>
Total liabilities	<u>295,865</u>
NET POSITION	
Net position restricted for OPEB	136,287,782
Net position restricted for pensions	<u>681,348,081</u>
Total net position	<u>\$ 817,635,863</u>

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

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	<u>Other Postemployment Benefits and Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 60,886,203
Plan member	9,788,710
Other	<u>183,876</u>
Total contributions	<u>70,858,789</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	53,812,583
Interest	244,121
Dividends	<u>12,994,182</u>
	67,050,886
Less investment expense	<u>(659,019)</u>
Net investment income (loss)	<u>66,391,867</u>
Total additions	<u>137,250,656</u>
DEDUCTIONS	
Benefits paid to participants	69,380,416
Administrative expenses	<u>1,251,314</u>
Total deductions	<u>70,631,730</u>
CHANGE IN NET POSITION	66,618,926
NET POSITION - beginning	<u>751,016,937</u>
NET POSITION - ending	<u><u>\$ 817,635,863</u></u>

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

CITY OF CHATTANOOGA, TENNESSEE

**COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS**

June 30, 2024

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District	Total
ASSETS				
Cash and cash equivalents	\$ 15,116,452	\$ 1,120,368	\$ 516,673	\$ 16,753,493
Accounts receivable, net	4,057,521	1,456,212	62,531	5,576,264
Inventories	190,336	989,042	-	1,179,378
Certificates of deposit	41,000,000	-	-	41,000,000
Prepaid items	1,656,349	894,658	3,255	2,554,262
Restricted assets:				
Cash and cash equivalents	2,414,816	-	-	2,414,816
Receivables	451,425	-	-	451,425
Lease receivable	8,953,536	479,228	-	9,432,764
Land and other nondepreciable assets	17,279,584	3,355,057	-	20,634,641
Other capital assets, net of accumulated depreciation	148,478,098	34,582,513	57,743	183,118,354
Total assets	<u>239,598,117</u>	<u>42,877,078</u>	<u>640,202</u>	<u>283,115,397</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	1,307,272	3,162,883	-	4,470,155
Deferred OPEB outflows	106,981	16,160	-	123,141
Total deferred outflows of resources	<u>1,414,253</u>	<u>3,179,043</u>	<u>-</u>	<u>4,593,296</u>
LIABILITIES				
Accounts payable and accrued liabilities	2,767,518	1,776,675	64,293	4,608,486
Unearned revenue	106,279	-	-	106,279
Net pension obligation	3,150,698	13,575,314	-	16,726,012
Net OPEB obligation	302,918	272,448	-	575,366
Compensated absences payable	-	579,814	-	579,814
Lease payable	-	-	21,420	21,420
Notes payable	269,568	-	-	269,568
Revenue bonds payable	16,858,557	-	-	16,858,557
Total liabilities	<u>23,455,538</u>	<u>16,204,251</u>	<u>85,713</u>	<u>39,745,502</u>
DEFERRED INFLOWS OF RESOURCES				
Leases	8,793,023	449,125	-	9,242,148
Deferred OPEB inflows	197,296	32,471	-	229,767
Deferred pension inflows	-	816,058	-	816,058
Total deferred inflows of resources	<u>8,990,319</u>	<u>1,297,654</u>	<u>-</u>	<u>10,287,973</u>
NET POSITION				
Net investment in capital assets	148,629,557	37,559,213	36,323	186,225,093
Restricted				
Debt service and construction	2,866,241	-	-	2,866,241
Unrestricted	57,070,715	(9,004,997)	518,166	48,583,884
Total net position	<u>\$ 208,566,513</u>	<u>\$ 28,554,216</u>	<u>\$ 554,489</u>	<u>\$ 237,675,218</u>

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

CITY OF CHATTANOOGA, TENNESSEE

**COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS**

Year Ended June 30, 2024

	Program Revenues				Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Chattanooga Metropolitan Airport Authority	CARTA	CBID	Total
CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY								
Airport operations	\$ 32,787,081	\$ 33,422,477	\$ -	\$ 9,638,317	\$ 10,273,713	\$ -	\$ -	\$ 10,273,713
DOWNTOWN CHATTANOOGA BUSINESS IMPROVEMENT DISTRICT (CBID)								
CBID operations	1,022,146	877,445	20,000	-	-	-	(124,701)	(124,701)
CARTA								
CARTA operations	32,739,808	11,591,736	8,914,739	7,782,036	-	(4,451,297)	-	(4,451,297)
Total component units	<u>\$ 66,549,035</u>	<u>\$ 45,891,658</u>	<u>\$ 8,934,739</u>	<u>\$ 17,420,353</u>	10,273,713	(4,451,297)	(124,701)	5,697,715
General revenues:								
					2,352,686	38,906	-	2,391,592
					3,101,311	12,447	21,271	3,135,029
					<u>5,453,997</u>	<u>51,353</u>	<u>21,271</u>	<u>5,526,621</u>
CHANGE IN NET POSITION					15,727,710	(4,399,944)	(103,430)	11,224,336
Net position, beginning					192,838,803	32,954,160	657,919	226,450,882
Net position, ending					<u>\$ 208,566,513</u>	<u>\$ 28,554,216</u>	<u>\$ 554,489</u>	<u>\$ 237,675,218</u>

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



**NOTES TO BASIC
FINANCIAL STATEMENTS**

CITY OF CHATTANOOGA, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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CITY OF CHATTANOOGA, TENNESSEE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

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

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

The City reports the following blended component unit:

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

Chattanooga Land Bank Authority – This entity was established by the City of Chattanooga on February 27, 2015, under Tennessee Code Annotated 13-30, as amended. The Chattanooga Land Bank Authority is working with the City to transform nonrevenue generating, nontax producing, or blighted properties owned by the City into affordable housing. The Chattanooga Land Bank Authority is reported as an enterprise fund and does not issue separate financial statements.

The City reports the following discretely-presented component units:

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Chattanooga Area Regional Transit Authority (CARTA) – CARTA was established under Tennessee Code

Annotated 7-56; CARTA is responsible for the public transportation system. The City Council appoints ten members of the twelve-member board. CARTA has the authority to issue its own debt; the City finances the majority of CARTA's operating deficits. Separately issued financial statements can be obtained from:

CARTA
1617 Wilcox Boulevard
Chattanooga, TN 37406

Downtown Chattanooga Business Improvement District (CBID) d/b/a Downtown Chattanooga Alliance –

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

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

Basis of Presentation

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Budgetary Information

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

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

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

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

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

Cash and Cash Equivalents

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

Internal Balances

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

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

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

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

Pensions and Other Postemployment Benefits

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

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

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

Net Position Flow Assumption

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

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

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

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

Revenues, Expenditures/Expenses

Program Revenues

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

Property Taxes

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Indirect Costs

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

Compensated Absences

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

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

Proprietary Funds Operating and Non-operating Revenues and Expenses

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

Estimates

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

NOTE 2. CASH AND INVESTMENTS

Cash Deposits with Financial Institutions

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

(Continued)

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments

The City utilizes a pooled investment concept. The City's investment policy with respect to the cash and investment pool is to maximize investment earnings while maintaining an acceptable level of risk. At June 30, 2024, investments of the primary government (except for Permanent, Restricted, Pension Trust and Other Postemployment Benefits Trust Funds) consist of the following:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value or Carrying Amount</u>
Primary Government – Governmental Activities:		
U.S. Government agency securities	2.33	<u>\$ 124,803,790</u>
Primary Government – Business-Type Activities:		
U.S. Treasury bonds	1.00	\$ 69,981,129
U.S. Government agency securities	2.19	224,830,893
Certificates of deposit classified as investments	1.00	<u>957,233</u>
		<u>\$ 295,769,255</u>

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

		Fair Value Measurements Using:	
	<u>S&P or Moody's Rating</u>	<u>Fair Value</u>	<u>Level 1</u>
Primary Government – Governmental Activities:			
Corporate Bonds – Federal Home Loan Bank	AA+	\$ 100,672,366	\$ 100,672,366
Corporate Bonds – Federal Farm Credit Bank	AA+	<u>24,131,424</u>	<u>24,131,424</u>
		<u>\$ 124,803,790</u>	<u>\$ 124,803,790</u>

(Continued)

NOTE 2. CASH AND INVESTMENTS (Continued)

	S&P or Moody's Rating	Fair Value Measurements Using:	
		Fair Value	Level 1
Primary Government – Business-Type Activities:			
Certificates of deposit classified as investments	N/A	\$ 957,233	\$ 957,233
US Treasury Bonds	AA+	69,981,129	69,981,129
Corporate Bonds – Federal Home Loan Bank	AA+	125,549,345	125,549,345
Corporate Bonds – Federal Farm Credit Bank	AA+	59,323,279	59,323,279
Corporate Bonds – Federal Home Mortgage Corp.	AA+	12,300,043	12,300,043
Corporate Bonds – Federal National Mtg Assn	AA+	27,092,281	27,092,281
Corporate Bonds – Federal Farm Credit Bank	AA+	565,945	565,945
		<u>\$ 295,769,255</u>	<u>\$ 295,769,255</u>

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

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

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

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

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

(Continued)

NOTE 2. CASH AND INVESTMENTS (Continued)

	S&P or Moody's Rating	Fair Value	Fair Value Measurements Using:	
			Level 1	Level 2
Permanent Fund				
Mutual funds – equity	Not rated	\$ 4,235,147	\$ 4,235,147	\$ -
Mutual funds – fixed income	Not rated	2,301,111	2,301,111	-
Other investments	Not rated	343,101	-	343,101
Temporary investments	Not rated	120,305	120,305	-
		<u>\$ 6,999,664</u>	<u>\$ 6,656,563</u>	<u>\$ 343,101</u>

	S&P or Moody's Rating	Fair Value	Fair Value Measurements Using:	
			Level 1	Level 2
City of Chattanooga General Pension Plan				
Domestic corporate bonds	Not rated	\$ 64	\$ 64	\$ -
Corporate stocks	Not rated	98,996,317	98,996,317	-
Foreign equity	Not rated	2,965,399	2,965,399	-
Private debt	Not rated	6,946,088	6,946,088	-
Mutual funds – equity	Not rated	80,877,664	80,877,664	-
Mutual funds – fixed income	Not rated	70,250,319	70,250,319	-
Real estate	Not rated	35,535,951	-	35,535,951
Hedge funds	Not rated	62,829,888	-	62,829,888
Private equity	Not rated	414,789	-	414,789
Temporary investments	Not rated	4,127,093	4,127,093	-
		<u>\$ 362,913,572</u>	<u>\$ 264,132,944</u>	<u>\$ 98,780,628</u>

Fire and Police Pension Fund				
Corporate bonds and notes	Not rated	\$ 6,467,560	\$ 6,467,560	\$ -
Foreign equity	Not rated	46,359,302	46,359,302	-
Mutual funds – equity	Not rated	152,994,748	152,994,748	-
Mutual funds – fixed income	Not rated	50,524,936	50,524,936	-
Real estate	Not rated	14,568,568	-	14,568,568
Private equity	Not rated	42,530,600	-	42,530,600
Temporary investments	Not rated	4,746,979	4,746,979	-
		<u>\$ 318,192,693</u>	<u>\$ 261,093,525</u>	<u>\$ 57,099,168</u>

Other Postemployment Benefit Trust Fund				
Foreign equity	Not rated	\$ 1,730,093	\$ 1,730,093	\$ -
Private debt	Not rated	694,983	694,983	-
Mutual funds – equity	Not rated	75,155,688	75,155,688	-
Mutual funds – fixed income	Not rated	22,178,607	22,178,607	-
Real estate	Not rated	5,496,272	-	5,496,272
Hedge funds	Not rated	7,585,330	-	7,585,330
Private equity	Not rated	3,307,181	-	3,307,181
Temporary investments	Not rated	19,305,849	19,305,849	-
		<u>\$ 135,454,003</u>	<u>\$ 119,065,220</u>	<u>\$ 16,388,783</u>

(Continued)

NOTE 2. CASH AND INVESTMENTS (Continued)

At June 30, 2024, the fair values of the City's investments in items classified as Level 2 on the fair value hierarchy totaling \$172,611,680 are based on valuations for which a readily determinable fair value does not exist. These investments are not listed on national exchanges or over-the-counter markets, and quoted market prices are not available. These investments include hedge funds, limited partnerships, private equity funds, and other types of non-traditional investments. Management estimates the fair values of these investments based on a review of all available information provided by fund managers and general partners. These fair value estimates are evaluated on a regular basis by management and are susceptible to revisions as more information becomes available. Because of these factors, it is reasonably possible that the estimated fair values of these investments may change materially in the near term.

NOTE 3. RECEIVABLES

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

	Governmental Activities Funds				Business-Type Activities	Total
	General	Capital Projects	Other Governmental	Internal Service		
Primary Government						
Receivables:						
Taxes	\$ 183,644,031	\$ -	\$ -	\$ -	\$ -	\$ 183,644,031
Accounts	13,333,576	-	1,698,920	-	-	15,032,496
Notes	5,539,961	-	6,599,035	-	-	12,138,996
Customer service	-	-	-	3,438,314	113,257,675	116,695,989
Other	7,965,197	1,943,394	1,488,198	-	16,919,445	28,316,234
Restricted	-	-	-	-	1,267,000	1,267,000
Leases	1,632,327	-	-	-	7,572,000	9,204,327
Intergovernmental	<u>24,190,634</u>	<u>15,689</u>	<u>6,977,911</u>	<u>18,514</u>	<u>73,376</u>	<u>31,276,124</u>
Gross receivables	236,305,726	1,959,083	16,764,064	3,456,828	139,089,496	397,575,197
Less:						
Allowance for uncollectibles	<u>(4,456,980)</u>	<u>-</u>	<u>(882,077)</u>	<u>-</u>	<u>(18,225,466)</u>	<u>(23,564,523)</u>
Net receivables	<u>\$ 231,848,746</u>	<u>\$ 1,959,083</u>	<u>\$ 15,881,987</u>	<u>\$ 3,456,828</u>	<u>\$ 120,864,030</u>	<u>\$ 374,010,674</u>

Taxes Receivable

Taxes receivable include the uncollected property taxes from tax levies made during the current and past nine years, as well as the anticipated levy for the current calendar year. The allowance for uncollectible taxes of \$4,456,980 is the weighted average percentage of prior year collections on delinquent taxes to the total delinquent taxes receivable at June 30, 2024.

Community Development Loans

Notes receivable of \$6,599,035 represent various loans made from community development funds received from HUD, including CDBG, HOME, and other special grants. These loans are provided to low-income recipients for the purchase and repair of homes. The allowance for uncollectable loans is \$882,077.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers In</u>	<u>Deductions/ Transfers Out</u>	<u>Ending Balance</u>
PRIMARY GOVERNMENT				
Governmental Activities:				
Non-depreciable assets:				
Land and land improvements	\$ 1,233,686,797	\$ 36,788,705	\$ -	\$ 1,270,475,502
Construction in progress	<u>90,435,499</u>	<u>30,509,837</u>	<u>26,985,077</u>	<u>93,960,259</u>
Total non-depreciable assets	<u>1,324,122,296</u>	<u>67,298,542</u>	<u>26,985,077</u>	<u>1,364,435,761</u>
Depreciable assets:				
Buildings and improvements	232,768,319	4,648,376	-	237,416,695
Vehicles and machinery	181,517,690	13,232,221	3,271,376	191,478,535
Infrastructure	901,330,089	37,913,378	-	939,243,467
Right to use assets	<u>7,056,518</u>	<u>4,250,547</u>	<u>422,110</u>	<u>10,884,955</u>
Total depreciable assets	<u>1,322,672,616</u>	<u>60,044,522</u>	<u>3,693,486</u>	<u>1,379,023,652</u>
Less accumulated depreciation for:				
Buildings and improvements	151,386,808	6,986,831	-	158,373,639
Vehicles and machinery	148,384,792	6,792,903	3,231,616	151,946,079
Infrastructure	666,876,955	19,395,645	-	686,272,600
Right to use assets	<u>1,774,660</u>	<u>1,754,634</u>	<u>322,136</u>	<u>3,207,158</u>
Total accumulated depreciation	<u>968,423,215</u>	<u>34,930,013</u>	<u>3,553,752</u>	<u>999,799,476</u>
Depreciable assets, net	<u>354,249,401</u>	<u>25,114,509</u>	<u>139,734</u>	<u>379,224,176</u>
Governmental activities capital assets, net	<u>\$ 1,678,371,697</u>	<u>\$ 92,413,051</u>	<u>\$ 27,124,811</u>	<u>\$ 1,743,659,937</u>
Business-Type Activities				
Non-depreciable assets:				
Land	\$ 23,002,102	\$ 226,361	\$ 105,000	\$ 23,123,463
Construction in progress	<u>236,774,798</u>	<u>104,391,743</u>	<u>5,669,000</u>	<u>335,497,541</u>
Total non-depreciable assets	<u>259,776,900</u>	<u>104,618,104</u>	<u>5,774,000</u>	<u>358,621,004</u>
Depreciable assets:				
Buildings and improvements	163,561,969	2,234,847	2,007,000	163,789,816
Vehicles and machinery	172,643,594	7,291,735	15,991,660	163,943,669
Sewer system	587,408,188	5,633	175,000	587,238,821
Solid waste system	9,553,299	-	-	9,553,299
Stormwater management system	72,114,127	1,975,390	-	74,089,517
Electric system	831,467,000	53,083,000	54,581,000	829,969,000
Communication system	131,000,000	11,309,000	38,462,000	103,847,000
Right to use assets	<u>13,065,000</u>	<u>6,069,000</u>	<u>3,409,000</u>	<u>15,725,000</u>
Total depreciable assets	<u>1,980,813,177</u>	<u>81,968,605</u>	<u>114,625,660</u>	<u>1,948,156,122</u>
Less accumulated depreciation for:				
Buildings and improvements	76,732,937	4,673,697	2,120,000	79,286,634
Vehicles and machinery	114,077,174	10,189,585	12,083,660	112,183,099
Sewer system	292,961,853	10,690,611	3,500	303,648,964
Solid waste system	4,905,060	318,170	-	5,223,230
Stormwater management system	20,981,259	1,519,892	-	22,501,151
Electric system	283,670,000	35,621,000	55,915,000	263,376,000
Communication system	81,744,000	20,428,000	42,324,000	59,848,000
Right to use assets	<u>6,415,000</u>	<u>4,791,000</u>	<u>3,409,000</u>	<u>6,415,000</u>
Total accumulated depreciation	<u>881,487,283</u>	<u>88,231,955</u>	<u>115,855,160</u>	<u>853,864,078</u>

(Continued)

NOTE 4. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Additions/ Transfers In</u>	<u>Deductions/ Transfers Out</u>	<u>Ending Balance</u>
Business-Type Activities				
Depreciable assets, net	<u>1,099,325,894</u>	<u>(6,263,350)</u>	<u>(1,229,500)</u>	<u>1,094,292,044</u>
Business-type activities capital assets, net	<u>\$ 1,359,102,794</u>	<u>\$ 98,354,754</u>	<u>\$ 4,544,500</u>	<u>\$ 1,452,913,048</u>

DISCRETELY-PRESENTED COMPONENT UNITS

Non-depreciable assets:				
Land	\$ 13,668,219	\$ 45,039	\$ -	\$ 13,713,258
Construction in progress	<u>25,235,411</u>	<u>6,921,383</u>	<u>25,235,411</u>	<u>6,921,383</u>
Total non-depreciable assets	<u>38,903,630</u>	<u>6,966,422</u>	<u>25,235,411</u>	<u>20,634,641</u>
Depreciable assets:				
Buildings and improvements	267,176,116	36,186,959	-	303,363,075
Vehicles and equipment	<u>105,445,149</u>	<u>3,412,751</u>	<u>94,804</u>	<u>108,763,096</u>
Total depreciable assets	<u>372,621,265</u>	<u>39,599,710</u>	<u>94,804</u>	<u>412,126,171</u>
Less accumulated depreciation	<u>215,065,816</u>	<u>14,028,135</u>	<u>86,134</u>	<u>229,007,817</u>
Depreciable assets, net	<u>157,555,449</u>	<u>25,571,575</u>	<u>8,670</u>	<u>183,118,354</u>
Component unit's capital assets, net	<u>\$ 196,459,079</u>	<u>\$ 32,537,997</u>	<u>\$ 25,244,081</u>	<u>\$ 203,752,995</u>

Depreciation/Amortization expense is charged to functions as follows:

Primary Government – Governmental Activities:

General Government	\$ 6,348,769
Public Safety	2,191,196
Economic Development	1,359,034
Public Works	24,784,854
Parks Management	160,687
Early Learning	80,237
City Planning	<u>5,236</u>
Total	<u>\$ 34,930,013</u>

Primary Government – Business-Type Activities:

Sewer	\$ 14,639,347
Solid Waste	504,726
Stormwater	2,072,683
Tennessee Valley Regional Communications	1,185,214
Downtown Redevelopment	86,985
Electric Utility	<u>68,557,000</u>
Total	<u>\$ 87,045,955</u>

Discretely Presented Component Units:

CARTA	\$ 4,529,560
Airport Authority	9,473,192
Downtown Chattanooga Business Improvement District	<u>25,383</u>
Total	<u>\$ 14,028,135</u>

The Electric Utilities automobile depreciation is booked under operating expenses and thus will be included in the accumulated depreciation additions but not included in the depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position. For fiscal year 2024, this auto depreciation was equal to the \$1,186,000 difference.

NOTE 5. LONG-TERM LIABILITIES

Governmental Activities

Debt related to governmental activities at June 30, 2024, consisted of the following:

General Obligation Bonds

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

General obligation bonds are summarized by issue as follows:

<u>Series</u>	<u>Original Principal</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal June 30, 2024</u>
General Obligation Bonds, Series 2013	\$ 19,355,000	2.00% - 5.00%	10/01/28	\$ 6,560,000
Hotel-Motel Tax Pledge, Series 2013	7,420,000	2.00% - 5.00%	10/01/28	2,510,000
General Obligation Refunding Bonds, Series 2014 A	13,792,100	1.75% - 5.00%	11/01/26	2,101,130
Hotel-Motel Tax Refunding Bonds, Series 2014 A	3,961,340	1.75% - 5.00%	11/01/26	604,193
General Obligation Bonds, Series 2015 A	28,245,000	5.00%	09/01/30	13,615,000
General Obligation Refunding Bonds, Series 2015 B	18,955,000	3.00% - 5.00%	11/01/28	11,305,000
General Obligation Bonds, Series 2017 A	8,200,000	5.00%	03/01/31	3,815,000
General Obligation Refunding Bonds, Series 2017 B	12,640,000	3.00% - 5.00%	03/01/26	4,540,000
General Obligation Bonds, Series 2019 A	20,156,711	5.00%	02/01/34	13,432,876
General Obligation Refunding Bonds, Series 2019 B	4,055,000	2.00% - 5.00%	02/01/31	2,885,000
Hotel-Motel Tax Refunding Bonds, Series 2019 B	14,805,000	2.00% - 5.00%	02/01/31	9,290,000
General Obligation Bonds, Series 2021 A	12,455,000	5.00%	10/01/31	9,960,000
General Obligation Refunding Bonds, Series 2021 B	9,515,000	5.00%	10/01/31	6,145,000
Hotel-Motel Tax Refunding Bonds, Series 2021 B	12,560,000	5.00%	10/01/27	10,390,000
General Obligation Bonds, Series 2023	<u>41,995,000</u>	5.00% - 7.00%	10/01/43	<u>41,995,000</u>
 Total payable from Debt Service Fund	 <u>\$ 228,110,151</u>			 <u>\$ 138,698,199</u>

Notes and Loans Payable

Tennessee Municipal Bond Fund Loan (2004) - Pursuant to a loan agreement with the Tennessee Municipal Bond Fund, the City of Chattanooga was authorized to incur indebtedness up to \$25,000,000 for the purpose of paying for certain general government capital projects. The loan is being repaid over a 20-year period at variable rates through 2024. Interest rate changes are based on the short-term tax-exempt rate that is remarketed and published weekly. The balance at June 30, 2024, is \$0

HUD Section 108 Loan - On June 12, 2008, the City received a loan from the U.S. Department of Housing and Urban Development for an aggregate principal amount of \$4,576,000. A significant portion of the money was authorized to be used for repayment of the 2003 Fannie Mae Loan, with the remaining balance to be used for the Brownfields/Community Development Loan Fund and public infrastructure projects. The note bears an interest rate of 4% and is being amortized over 15 years with an optional redemption after 10 years. The balance at June 30, 2024 is \$0.

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

Long-Term Agreement

Chattanooga Downtown Redevelopment Corporation Agreement - In October 2000, the City entered into a non-cancelable long-term agreement with the Chattanooga Downtown Redevelopment Corporation (CDRC), for financing the cost of designing, acquiring, constructing and equipping four facilities in the Tourist Development Zone comprising more than 631,210 square feet at a cost of over \$120 million. Facilities include (1) The Chattanooga - a residential conference center, (2) parking garage, (3) the Development Resource Center, and (4) an expansion of the Chattanooga-Hamilton County Convention and Trade Center. The agreement provides for semi-annual payments in amounts sufficient to meet the annual debt service requirements on \$129 million in revenue bonds issued by the Industrial Development Board of the City of Chattanooga (IDB) on behalf of the CDRC, a non-profit corporation. The IDB bonds are secured by payments to be made by the CDRC. The agreement payments are funded by the City's share of the 0.5% increase in the county-wide sales tax passed by county-wide referendum, state incremental sales tax generated in the Tourist Development Zone and interest income from a debt service reserve fund in excess of \$9 million included as part of the bond issue. In the event these sources are insufficient, the City agreed to appropriate sufficient moneys to make the payments. In October 2018, the Chattanooga was sold to a private developer for \$27 million. One hundred percent of the proceeds from the sale were used to defease a pro-rata share of the outstanding bonds. The City's payment for the year ended June 30, 2024, was \$3,997,578, of which \$2,945,000 was a reduction of principal. The debt service reserve fund held by the fiscal agent at June 30, 2024 is \$3,795,965. The fiscal agent is required by the agreement to apply any interest on the debt service reserve fund toward the lease payments. During fiscal year 2023, the amount that was required to be held in the debt service reserve fund was decreased. The debt service reserve fund will be used to retire debt near the end of the lease.

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

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

Business-type Activities

Debt related to business-type activities at June 30, 2024, consisted of the following:

Revenue and General Obligation Bonds

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

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

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

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2024
Electric Power Board				
2015 A Electric System Revenue Bonds	\$ 218,855,000	2.88%-5.00%	09/01/33	\$ 159,140,000
2015 B Electric System Revenue Bonds	15,355,000	0.70%-3.38%	09/01/25	3,080,000
2015 C Electric System Revenue Bonds	25,880,000	4.00%-5.00%	09/01/40	23,380,000
2021 Electric System Revenue Bonds	71,080,000	2.00%-4.00%	09/01/41	71,080,000
2023 Electric System Revenue Bonds	112,125,000	5.00%	06/30/44	112,125,000
Interceptor Sewer System				
General Obligation Refunding Bonds, Series 2014A	2,343,620	1.75%-5.00%	11/01/26	357,300
Solid Waste Fund				
General Obligation Refunding Bonds, Series 2014A	4,674,278	1.75%-5.00%	11/01/26	711,867
General Obligation Refunding Bonds, Series 2017B	2,155,000	3.00%-5.00%	03/01/26	775,000
Stormwater Fund				
General Obligation Bonds, Series 2013	5,245,000	2.00%-5.00%	10/01/28	1,775,000
General Obligation Refunding Bonds, Series 2014A	1,153,663	1.75%-5.00%	11/01/26	175,508
General Obligation Bonds, Series 2015A	8,100,000	5.00%	09/01/30	3,780,000
General Obligation Refunding Bonds, Series 2017B	615,000	3.00%-5.00%	03/01/26	225,000
General Obligation Bonds, Series 2019 A	3,628,289	5.00%	02/01/34	2,417,126
Chattanooga Downtown Redevelopment Corporation				
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/01/28	24,544,000
2018C IDB Rev Refunding 2010 Bonds Taxable	<u>28,200,000</u>	3.90%	10/01/24	<u>5,145,000</u>
Total payable from Business-type Activities	<u>\$ 531,644,850</u>			<u>\$ 408,710,801</u>

Notes, Loans, and Line of Credit Payable

State Revolving Loan 2003 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan for the purpose of financing sewer projects. The loan is being repaid in monthly installments through 2025 at 2.98% interest. The balance at June 30, 2024 to be paid from Interceptor Sewer Fund is \$2,151,611.

Tennessee Municipal Bond Fund Loan (2004) - Pursuant to a loan agreement with the Tennessee Municipal Bond Fund, the City of Chattanooga was authorized to incur indebtedness up to \$25,000,000 for the purpose of paying for certain general government capital projects. The loan is being repaid over a 20-year period at variable rates through 2024. Interest rate changes are based on the short-term tax-exempt rate that is remarketed and published weekly. The balance at June 30, 2024, is \$0.

State Revolving Loan 2007 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$13,000,000 loan for the purpose of financing sewer projects. The loan is being repaid in monthly installments through September 2031 at 2.79% interest. The balance at June 30, 2024 to be paid from Interceptor Sewer Fund is \$5,565,871.

State Revolving Loan 2011 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$20,000,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 2.00% interest. The balance at June 30, 2024 to be paid from Interceptor Sewer Fund is \$13,191,834.

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

State Revolving Loan 2012 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$33,100,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.15% interest. The balance at June 30, 2024 to be paid from Interceptor Sewer Fund is \$21,920,376.

State Revolving Loan 2013 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$66,800,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.67% interest. The balance at June 30, 2024 to be paid from Interceptor Sewer Fund is \$44,619,295.

State Revolving Loan 2016 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$42,500,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.29% interest. The balance at June 30, 2024 to be paid from Interceptor Sewer Fund is \$38,279,062.

State Revolving Loan 2018 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure three loans worth \$48,100,000 for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.41% interest. The balance at June 30, 2024 to be paid from Interceptor Sewer Fund is \$42,214,011.

State Revolving Loan 2019 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure two loans worth \$24,000,000 for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 2.05% interest. The balance at June 30, 2024 to be paid from Interceptor Sewer Fund is \$16,710,590.

State Revolving Loan 2020 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure two loans worth \$34,000,000 for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 0.61% interest. The balance at June 30, 2024 to be paid from Interceptor Sewer Fund is \$6,575,207.

WIFIA Loan – The City entered into a Water Infrastructure Finance and Innovation Act (WIFIA) agreement with the United States Environmental Protection Agency (EPA) for an amount up to \$186,080,000 to provide long-term, low interest rate loans for water and wastewater infrastructure projects at an interest rate of 3.83%. As of June 30, 2024, the City has not drawn down any funds from this agreement.

Component Units

Component Units debt at June 30, 2024, consisted of the following:

<u>Description</u>	<u>Original Principal</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal June 30, 2024</u>
Revenue Bonds				
Metropolitan Airport Authority				
Series 2019A Tax Exempt Revenue Bond	\$ 16,250,000	2.29%	02/01/39	\$ 13,695,077
Series 2019B Taxable Revenue Bond	<u>8,750,000</u>	2.87%	02/01/29	<u>3,163,479</u>
	25,000,000			16,858,556
Notes Payable				
Metropolitan Airport Authority	754,000	0.00%	04/01/27	269,568
Lease Payable				
Downtown Chattanooga Business Improvement District	<u>65,632</u>	4.44%	01/31/26	<u>21,420</u>
Total payable from Component Units	<u>\$ 25,819,632</u>			<u>\$ 17,149,544</u>

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

Refunding

During fiscal year 2024, the City did not issue any new general obligation bonds to refinance previous debt issues.

In prior years, the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts assets and the liabilities for the refunded bonds are not included in the City's financial statements. At June 30, 2024, the remaining liabilities for the bonds refunded were as follows.

<u>Year</u> <u>Refunded</u>	<u>Primary</u> <u>Government</u>
2011	\$ 13,395,000
2014	3,949,998
2015	11,305,000
2017	5,540,000
2021	16,535,000

Changes in long-term liabilities for the fiscal year ended June 30, 2024, were as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
<u>Primary Government</u>					
GOVERNMENTAL ACTIVITIES					
General obligation serial bonds	\$ 113,077,520	\$ 41,995,000	\$ 16,374,321	\$ 138,698,199	\$ 18,539,050
Notes payable	1,877,310	-	1,877,310	-	-
Leases payable/SBITA	5,931,159	3,886,895	1,955,039	7,863,015	1,750,079
Accrued pollution remediation costs	614,600	29,316	537,074	106,842	86,842
Accrued postemployment benefits	71,320,071	-	7,673,633	63,646,438	-
Accrued general pension costs	63,606,390	8,804,257	-	72,410,647	-
Accrued fire and police pension costs	273,456,562	187,779	-	273,644,341	-
Compensated absences	28,411,155	18,607,149	22,922,266	23,096,038	2,074,024
Original issue premium	<u>16,063,630</u>	<u>3,268,155</u>	<u>2,536,633</u>	<u>16,795,152</u>	<u>-</u>
Total governmental activities	<u>\$ 574,358,397</u>	<u>\$ 76,778,551</u>	<u>\$ 54,876,276</u>	<u>\$ 596,260,672</u>	<u>\$ 22,449,995</u>
BUSINESS-TYPE ACTIVITIES					
EPB:					
Revenue bonds	\$ 270,305,000	\$ 112,125,000	\$ 13,015,000	\$ 368,805,000	\$ 13,625,000
Lease payable	1,862,000	502,000	774,000	1,590,000	797,000
SBITA payable	4,788,000	5,565,000	4,018,000	6,335,000	4,106,000
Accrued postemployment benefits	-	6,519,000	-	6,519,000	-
Accrued pension costs	21,394,000	11,490,000	-	32,884,000	-
Compensated absences	525,000	37,000	-	562,000	187,000
Original issue premium	<u>23,043,000</u>	<u>13,404,000</u>	<u>2,315,000</u>	<u>34,132,000</u>	<u>-</u>
	<u>321,917,000</u>	<u>136,238,000</u>	<u>18,417,000</u>	<u>450,827,000</u>	<u>18,715,000</u>
Interceptor Sewer System:					
General obligation serial bonds	478,875	-	121,575	357,300	120,219
Notes payable	200,425,393	3,469,832	12,667,368	191,227,857	13,347,140
Accrued postemployment benefits	4,132,934	-	444,680	3,688,254	-
Accrued general pension costs	7,162,801	2,910,169	-	10,072,970	-
Compensated absences	1,753,053	1,249,288	1,389,841	1,612,500	144,803
Original issue premium	<u>70,490</u>	<u>-</u>	<u>17,622</u>	<u>52,868</u>	<u>-</u>
	<u>214,023,546</u>	<u>7,629,289</u>	<u>14,641,086</u>	<u>207,011,749</u>	<u>13,612,162</u>

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Solid Waste Fund:					
General obligation serial bonds	\$ 2,084,390	\$ -	\$ 597,523	\$ 1,486,867	\$ 614,818
Notes payable	38,558	-	38,558	-	-
Accrued landfill closure costs	5,803,655	252,214	83,920	5,971,949	292,663
Accrued postemployment benefits	212,916	-	22,908	190,008	-
Accrued general pension costs	370,104	164,896	-	535,000	-
Compensated absences	103,180	66,675	113,406	56,449	5,069
Original issue premium	<u>257,820</u>	<u>-</u>	<u>80,527</u>	<u>177,293</u>	<u>-</u>
	<u>8,870,623</u>	<u>483,785</u>	<u>936,842</u>	<u>8,417,566</u>	<u>912,550</u>
Stormwater Management Fund:					
General obligation serial bonds	9,669,215	-	1,296,581	8,372,634	1,305,914
Accrued postemployment benefits	3,719,652	-	400,213	3,319,439	-
Accrued general pension costs	6,386,292	717,256	-	7,103,548	-
Compensated absences	964,032	1,107,607	913,483	1,158,156	104,002
Original issue premium	<u>1,452,867</u>	<u>-</u>	<u>198,202</u>	<u>1,254,665</u>	<u>-</u>
	<u>22,192,058</u>	<u>1,824,863</u>	<u>2,808,479</u>	<u>21,208,442</u>	<u>1,409,916</u>
Tennessee Valley Regional Communication Systems Fund:					
Accrued postemployment benefits	142,912	-	15,377	127,535	-
Accrued general pension costs	248,418	69,348	-	317,766	-
Compensated absences	<u>62,125</u>	<u>62,205</u>	<u>50,607</u>	<u>73,722</u>	<u>6,620</u>
	<u>453,455</u>	<u>131,553</u>	<u>65,984</u>	<u>519,023</u>	<u>6,620</u>
Chattanooga Downtown Redevelopment Corporation:					
Revenue bonds	<u>32,634,000</u>	<u>-</u>	<u>2,945,000</u>	<u>29,689,000</u>	<u>6,150,000</u>
Total business-type activities	<u>\$ 600,090,681</u>	<u>\$ 146,307,490</u>	<u>\$ 39,814,391</u>	<u>\$ 717,672,780</u>	<u>\$ 40,806,248</u>
Discretely-Presented Component Units					
Airport Authority:					
Revenue bonds	\$ 18,020,215	\$ -	\$ 1,161,658	\$ 16,858,557	\$ 1,192,885
Note payable	377,033	-	107,465	269,568	96,336
Accrued postemployment benefits	339,440	-	36,522	302,918	-
Accrued general pension costs	<u>2,555,447</u>	<u>595,251</u>	<u>-</u>	<u>3,150,698</u>	<u>-</u>
	<u>21,292,135</u>	<u>595,251</u>	<u>1,305,645</u>	<u>20,581,741</u>	<u>1,289,221</u>
CARTA:					
Accrued postemployment benefits	189,917	9,918	19,968	179,867	-
Accrued postemployment benefits - LGOP	42,667	57,269	7,355	92,581	-
Accrued general pension costs	15,746,332	3,665,453	5,836,471	13,575,314	-
Compensated absences	<u>578,059</u>	<u>40,180</u>	<u>38,425</u>	<u>579,814</u>	<u>579,817</u>
	<u>16,556,975</u>	<u>3,772,820</u>	<u>5,902,219</u>	<u>14,427,576</u>	<u>579,817</u>
CBID:					
Lease payable	<u>39,909</u>	<u>-</u>	<u>18,489</u>	<u>21,420</u>	<u>19,733</u>
	<u>39,909</u>	<u>-</u>	<u>18,489</u>	<u>21,420</u>	<u>19,733</u>
Total component units	<u>\$ 37,889,019</u>	<u>\$ 4,368,071</u>	<u>\$ 7,226,353</u>	<u>\$ 35,030,737</u>	<u>\$ 1,888,771</u>

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

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

Year	Primary Government			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 18,539,050	\$ 6,408,059	\$ 35,823,091	\$ 19,096,426
2026	19,133,778	5,509,463	34,846,807	17,859,424
2027	17,022,359	4,549,201	35,491,236	16,866,757
2028	14,708,288	3,772,481	35,531,356	15,908,205
2029	14,703,288	3,138,568	33,719,507	14,680,060
2030-2034	33,481,436	8,488,742	158,028,063	57,263,509
2035-2039	10,560,000	3,964,682	150,672,118	31,397,444
2040-2044	10,550,000	1,318,750	115,826,480	8,629,109
	<u>\$ 138,698,199</u>	<u>\$ 37,149,946</u>	<u>\$ 599,938,658</u>	<u>\$ 181,700,934</u>

Year	Component Units	
	Principal	Interest
2025	\$ 1,306,203	\$ 390,258
2026	1,336,862	359,599
2027	1,315,487	328,146
2028	1,293,117	295,878
2029	1,326,221	262,774
2030-2034	4,714,187	921,932
2035-2039	4,657,447	409,940
2040-2041	1,178,601	16,831
	<u>\$ 17,128,125</u>	<u>\$ 2,985,358</u>

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

Year	Primary Government				Component Units	
	Governmental Activities		Business-Type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2025	\$ 1,750,079	\$ 156,620	\$ 4,903,000	\$ 157,000	\$ 19,733	\$ 553
2026	1,590,200	123,046	2,046,000	55,000	1,687	6
2027	1,266,265	90,415	634,000	16,000	-	-
2028	633,345	64,575	62,000	9,000	-	-
2029	136,475	56,098	48,000	7,000	-	-
2030-2034	744,125	232,970	232,000	15,000	-	-
2035-2039	857,849	145,625	-	-	-	-
2040-2041	884,677	45,244	-	-	-	-
	<u>\$ 7,863,015</u>	<u>\$ 914,593</u>	<u>\$ 7,925,000</u>	<u>\$ 259,000</u>	<u>\$ 21,420</u>	<u>\$ 559</u>

NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS

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

General Pension Plan

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

Plan Description

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

(Continued)

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

Plan membership - Pension plan membership as of January 1, 2024, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,379
Inactive plan members entitled to but not yet receiving benefits	185
Active plan members	<u>1,483</u>
Total	<u>3,047</u>

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

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

Contributions - The GPP Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate and amount is determined as of January 1 and projected to July 1, so that the City's contributions are based on their fiscal year. The contribution as determined in the January 1, 2023 valuation, for the year ended June 30, 2024, is 20.94% of projected payroll. The active member contribution rate was 2% of payroll.

Plan Investments

Investment policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the GPP Board of Trustees. It is the policy of the GPP Board of Trustees to pursue an investment strategy that provides sufficient return to meet its actuarial assumptions without undue investment risk. The following was the adopted asset allocation policy as of June 30, 2024:

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

(Continued)

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

Rate of return - For the year ended June 30, 2024, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 9.45 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2024 were as follows:

Total pension liability	\$ 452,108,825
Plan fiduciary net position	<u>(362,863,981)</u>
Net pension liability	<u>\$ 89,244,844</u>
Plan fiduciary net position as a percentage of the total pension liability	80.26%

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

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

Separation from active services mortality rates are according to the Pub-2010 General Employee Below Median Table set forward one year, and adjusted by 105% for males and 107% for females and projected generationally using projection scale MP-2021.

For deaths after retirement, mortality rates are according to the Pub-2010 General Healthy Retiree Below Median Table set forward three years, and adjusted 102% for males and 104% for females, and projected generationally using projection scale MP-2021 for service retirements. The Pub-2010 General Contingent Survivor Below Median Table set forward three years and projected generationally using projection scale MP-2021 is used for beneficiaries of retired participants. The Pub-2010 General Disability Table projected generationally using projection scale MP-2021 is used for disability retirements.

Actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2022, dated October 16, 2023. The investment rate of return was decreased from 7.00 percent to 6.75 percent as of January 1, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>
US large cap equity	8.7%
US small cap equity	9.7
International equity	9.4
US core fixed income	4.9
US high yield fixed income	7.0
International fixed developed	3.8
Private debt	8.9
Equity hedge funds	6.5
Diversified hedge funds	6.5
Private equity	12.8
Private real estate	7.5
Cash	3.2

(Continued)

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

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

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

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
GPP net pension liability	\$ 140,913,289	\$ 89,244,844	\$ 45,797,417

Fire and Police Pension Plan

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

Plan Description

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

Plan membership – Pension plan membership as of January 1, 2024, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	813
Inactive plan members entitled to but not yet receiving benefits	74
Active plan members	<u>817</u>
Total	<u>1,704</u>

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

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

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

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

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

(Continued)

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

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

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

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

Contributions - The CFPPF Board of Directors establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate and amount is determined as of January 1 and projected to July 1, so that the City’s contributions are based on their fiscal year. The contribution as determined in the January 1, 2023 valuation, for the year ended June 30, 2024, is 49.49% of projected payroll. The active member contribution rate was 11% of payroll.

Plan Investments

Investment policy - The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the CFPPF Board of Directors. It is the policy of the CFPPF Board of Directors to pursue an investment strategy that provides sufficient return to meet its actuarial assumptions without undue investment risk. The following was the adopted asset allocation policy as of June 30, 2024:

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

Rate of return - For the year ended June 30, 2024, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 9.45 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2024 were as follows:

Total pension liability	\$ 569,980,764
Plan fiduciary net position	<u>(318,484,099)</u>
Net pension liability	<u>\$ 251,496,665</u>
Plan fiduciary net position as a percentage of the total pension liability	55.88%

(Continued)

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

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2024 (see the discussion of the pension plan’s investment policy) are summarized in the table below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic large cap	6.4%
Domestic mid cap	7.0
Domestic small cap	7.3
Developed international	6.7
Domestic fixed income	1.8
Emerging markets	8.0
Private debt	9.9
Real estate	3.4
Timber	3.4
Farmland	6.3
*Arithmetic mean	

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

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

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
CFPPF net pension liability	<u>\$ 316,157,098</u>	<u>\$ 251,496,665</u>	<u>\$ 197,337,297</u>

(Continued)

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

Combining Statements for Pension Trust Fund

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

Combining Statement of Pension Trust Net Position:

	<u>General Pension Plan</u>	<u>Fire and Police Pension Fund</u>	<u>Total</u>
ASSETS			
Receivables:			
Accrued income	\$ 157,829	\$ 291,406	\$ 449,235
Total receivables	<u>157,829</u>	<u>291,406</u>	<u>449,235</u>
Investments:			
Corporate bonds and notes	64	6,467,560	6,467,624
Corporate stocks	98,966,617	-	98,966,617
Foreign equity	2,965,399	46,359,302	49,324,701
Private debt	6,946,088	-	6,946,088
Mutual funds – equity	80,877,664	152,994,748	233,872,412
Mutual funds – fixed income	70,250,319	50,524,936	120,775,255
Real estate	35,535,951	14,568,568	50,104,519
Hedge funds	62,829,888	-	62,829,888
Private equity	414,789	42,530,600	42,945,389
Temporary investments	4,127,093	4,746,979	8,874,072
Total investments	<u>363,071,400</u>	<u>318,192,693</u>	<u>681,106,265</u>
Total assets	<u>363,071,400</u>	<u>318,484,099</u>	<u>681,555,500</u>
LIABILITIES			
Accrued expenses	207,419	-	207,419
Total liabilities	<u>207,419</u>	<u>-</u>	<u>207,419</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 362,863,981</u>	<u>\$ 318,484,099</u>	<u>\$ 681,348,081</u>

Combining Statement of Changes in Plan Net Position:

ADDITIONS			
Contributions:			
Employer	\$ 17,988,874	\$ 26,726,409	\$ 44,715,283
Employee	1,709,090	5,472,362	7,181,452
Other	-	183,876	183,876
Total contributions	<u>18,336,041</u>	<u>32,382,647</u>	<u>52,080,611</u>
Investments income:			
Net appreciation in fair value of investments	23,863,591	32,508,099	56,371,690
Interest	-	244,121	244,121
Dividends	5,832,830	4,750,126	10,582,956
Less investment expense	<u>(711,357)</u>	<u>(59,596)</u>	<u>(639,019)</u>
Net investment income (loss)	<u>17,665,683</u>	<u>37,442,750</u>	<u>66,559,748</u>
Total additions	<u>36,001,724</u>	<u>69,825,397</u>	<u>118,640,359</u>
DEDUCTIONS			
Benefits paid to participants	27,216,915	32,587,777	59,779,597
Administrative expenses	256,824	966,758	1,191,885
Total deductions	<u>27,473,739</u>	<u>33,554,535</u>	<u>60,971,482</u>
NET CHANGE	21,398,015	36,270,862	57,668,877
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of year	<u>341,465,967</u>	<u>282,213,237</u>	<u>623,679,204</u>
End of year	<u>\$ 362,863,981</u>	<u>\$ 318,484,099</u>	<u>\$ 681,348,081</u>

(Continued)

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

Other Postemployment Benefits Plan (OPEB) - Trust

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

Plan Description

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

Plan membership – OPEB plan membership as of January 1, 2024, the date of the valuation, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,250
Active plan members	<u>2,318</u>
Total	<u>3,568</u>

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

Contributions - The City contributes to the plan at an actuarially determined rate. Retired plan members and beneficiaries are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees who retired prior to 2002 contribute an amount equal to the amount paid by active employees. Employees who retire after 2002 with 25 years of service or a job-related disability contribute an amount equal to 1.5 times that paid by active employees. Employees who retire after 2002 with less than 25 years of service or a non-job-related disability contribute an increased amount on the member of years’ service less than 25 years. The City pays the remainder of the costs of medical coverage. The City established an Other Postemployment Benefits Trust (the Trust) in 2008 to partially pre-fund benefits. Beginning in 2011, the City began funding the Trust based on actuarial calculation in which all unfunded prior service costs as well as normal costs are allocated to various funds based on applicable payroll. The City is currently contributing 11.99 percent of the total covered payroll of participants. All obligations are liquidated from the OPEB trust.

Plan Investments

Investment policy - The OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by the GPP Board of Trustees. It is the policy of the GPP Board of Trustees to pursue an investment strategy that provides sufficient return to meet its actuarial assumptions without undue investment risk. The following was the adopted asset allocation policy as of June 30, 2024:

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

(Continued)

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

Rate of return - For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB investments, net of OPEB plan investment expense, was 13.79 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

OPEB Liability

The components of the net OPEB liability of the City at June 30, 2024 were as follows:

Total OPEB liability	\$ 210,787,319
Plan fiduciary net position	<u>(136,287,782)</u>
Net OPEB liability	<u>\$ 74,499,537</u>
Plan fiduciary net position as a percentage of the total OPEB liability	64.66%

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of January 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.50 percent
Salary increases	
General Employees	3.00 to 5.25 percent, including inflation
Fire and Police Employees	2.25 to 2.75 percent, including inflation
Long-term Investment rate of return	6.75 percent compounded annually, net of investment expense, including inflation
Municipal Bond Index Rate	3.93 percent
Single equivalent interest rate	6.75 percent
Healthcare cost trend rate:	
Pre-Medicare eligible	7.00 percent to 4.50 percent
Medicare eligible	4.75 percent to 4.50 percent
Year of trend rates	
Pre-Medicare eligible	2029
Medicare eligible	2023

Mortality – General Employee Deaths After Retirement: According to the Pub-2010 General Healthy Retiree Below Median Table set forward three years, and adjusted 102% for males and 104% for females, and projected generationally using projection scale MP-2021 for service retirements. The Pub-2010 General Contingent Survivor Below Median Table set forward three years, and projected generationally using projection scale MP-2021 is used for beneficiaries of retired participants. The Pub-2010 General Disability Table projected generationally using projection scale MP-2021 is used for disability retirements. Fire and Police Employee Deaths After Retirement: According to the RP-2014 Mortality Table with Blue Collar Adjustment, set forward three years for males and females and projected generationally using projection scale MP-2021 for service retirements and beneficiaries of retired participants. The RP-2014 Disabled Mortality Table set forward three years for males and females and projected generationally using projection scale MP-2021 for the period after disability retirement.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the January 1, 2024 valuation for general employees reflect the results of the experience investigation of the General Pension Fund for the period ending December 31, 2022. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases for fire and police employees reflect the results of the experience investigation of the Fire and Police Pension Fund for the period ending December 31, 2019, with the exception that the mortality improvement scale assumption and spousal age difference are based upon the same assumptions used for the General Pension Fund.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the January 1, 2024 valuation were based on a review of recent plan experience done concurrently with the January 1, 2024 valuation.

(Continued)

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

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

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

<u>Asset Class</u>	<u>20-yr Expected Real Rate of Return</u>
US equity – mid/large cap	8.67 %
US equity - small cap	9.72
International equity	9.38
Core fixed income	4.93
High yield fixed income	7.03
International fixed income	3.81
E.M. debt	7.00
Private debt	8.89
Equity hedge funds	6.54
Diversified hedge funds	6.54
Private equity	12.77
Real estate	7.48

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

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

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

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB liability	\$ 94,210,445	\$ 74,499,537	\$ 57,170,344

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.75% decreasing to 3.50% for pre-Medicare and Medicare eligible) or 1-percentage point higher (7.75% decreasing to 5.50% for pre-Medicare and Medicare eligible) than the current healthcare cost trend rates. The current healthcare cost trend rates are 6.75% decreasing to 4.50% for pre-Medicare and Medicare eligible.

(Continued)

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

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 54,617,624	\$ 74,499,537	\$ 97,597,226

Alternative measurement method – January 1, 2024 is the actuarial valuation date upon which the total OPEB liability is based. The roll forward calculation to the current measurement date of June 30, 2024 from the prior measurement date of June 30, 2023 adds the normal cost (also called the service cost) for the fiscal year 2024, subtracts the actual benefit payments for the same period and then applies the expected investment rate of return for the period. If applicable, actuarial gains and losses arising from benefit changes, the differences between estimates and actual experience, and changes in assumptions or other inputs are reconciled to the total OPEB liability as of the Measurement Date.

The procedure was used to determine the total OPEB liability as of June 30, 2024, as shown in the following:

Total OPEB Liability Roll Forward

Total OPEB Liability as of June 30, 2023	\$ 198,612,324
Actual benefit payment and refunds for July 1, 2023 – June 30, 2024	(6,993,561)
Interest on TOL	13,170,299
Service cost for the period July 1, 2023 – June 30, 2024 at the end of period	3,995,897
Experience	(1,560,292)
Assumption changes	<u>3,562,652</u>
Total OPEB liability rolled forward to June 30, 2024	<u>\$ 210,787,319</u>

Combining Statement of Pension and OPEB Trust Net Position:

	<u>General Pension Plan</u>	<u>Fire and Police Pension Plan</u>	<u>OPEB</u>	<u>Total</u>
ASSETS				
Receivables:				
Accrued income	\$ 157,829	\$ 291,406	\$ 112,099	\$ 561,334
Due from plan custodian	-	-	810,125	810,125
Total receivables	<u>157,829</u>	<u>291,406</u>	<u>922,224</u>	<u>1,371,459</u>
Investments:				
Corporate bonds and notes	64	6,467,560	-	6,467,624
Corporate stocks	98,966,317	-	-	98,966,317
Foreign equity	2,965,399	46,359,302	1,730,093	51,054,794
Private debt	6,946,088	-	694,983	7,641,071
Mutual funds – equity	80,877,664	152,994,748	75,155,689	309,028,101
Mutual funds – fixed income	70,250,319	50,524,936	22,178,607	142,953,862
Real estate	35,535,951	14,568,568	5,496,272	55,600,791
Hedge funds	62,829,888	-	7,585,330	70,415,218
Private equity	414,789	42,530,600	3,307,181	46,252,570
Temporary investments	4,127,093	4,746,979	19,305,849	28,179,921
Total investments	<u>362,913,572</u>	<u>318,192,693</u>	<u>135,454,004</u>	<u>816,560,269</u>
Total assets	<u>363,071,401</u>	<u>318,484,099</u>	<u>136,376,228</u>	<u>817,931,728</u>
LIABILITIES				
Accrued expenses	207,419	-	-	207,419
Due to plan custodian	-	-	88,446	88,446
Total liabilities	<u>207,419</u>	<u>-</u>	<u>88,446</u>	<u>295,865</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB	<u>\$ 362,863,982</u>	<u>\$ 318,484,099</u>	<u>\$ 136,287,782</u>	<u>\$ 817,635,863</u>

(Continued)

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

	General Pension Plan	Fire and Police Pension Plan	OPEB	Total
ADDITIONS				
Contributions:				
Employer	\$ 17,988,874	\$ 26,726,409	\$ 16,170,920	\$ 60,886,203
Employee	1,709,090	5,472,362	2,607,258	9,788,710
Other	-	183,876	-	183,876
Total contributions	<u>19,697,964</u>	<u>32,382,647</u>	<u>18,778,178</u>	<u>70,858,789</u>
Investment income:				
Net appreciation in fair value of investments	23,863,591	32,508,099	(2,559,107)	53,812,583
Interest	-	244,121	-	244,121
Dividends	5,832,830	4,750,126	2,411,226	12,994,182
	<u>29,696,421</u>	<u>37,502,346</u>	<u>(147,881)</u>	<u>67,050,886</u>
Less investment expense	<u>(579,423)</u>	<u>(59,596)</u>	<u>(20,000)</u>	<u>(659,019)</u>
Net investment income (loss)	<u>29,116,998</u>	<u>37,442,750</u>	<u>(167,881)</u>	<u>66,391,867</u>
Total additions	<u>48,814,962</u>	<u>69,825,397</u>	<u>18,610,297</u>	<u>137,250,656</u>
DEDUCTIONS				
Benefits	27,191,820	32,587,777	9,600,819	69,380,416
Administrative expenses	225,127	966,758	59,429	1,251,314
Total deductions	<u>27,416,947</u>	<u>33,554,535</u>	<u>9,660,248</u>	<u>70,631,730</u>
NET CHANGE	21,398,015	36,270,862	8,950,049	66,618,926
NET POSITION RESTRICTED FOR PENSIONS AND OPEB				
Beginning of year	<u>341,465,967</u>	<u>282,213,237</u>	<u>127,337,733</u>	<u>751,016,937</u>
End of year	<u>\$ 362,863,982</u>	<u>\$ 318,484,099</u>	<u>\$ 136,287,782</u>	<u>\$ 817,635,863</u>

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

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

(Continued)

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

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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2022	\$ 1,019,401,390	\$ 660,572,642	\$ 358,828,748
Changes for the year:			
Service cost	22,768,068	-	22,768,068
Interest expense	67,314,404	-	67,314,404
Experience losses (gains)	23,086,457	-	23,086,457
Changes of assumptions	-	-	-
Contributions – city	-	52,604,434	(52,604,434)
Contributions – members	-	7,493,392	(7,493,392)
Net investment income	-	27,753,103	(27,753,103)
Benefits paid	(72,414,187)	(72,414,187)	-
Plan administrative expenses	-	(1,425,738)	1,425,738
Other	-	94,215	(94,215)
Net changes	<u>40,754,742</u>	<u>14,105,219</u>	<u>26,649,523</u>
Balances at 6/30/2023	<u>\$ 1,060,156,132</u>	<u>\$ 674,677,861</u>	<u>\$ 385,478,271</u>
	Component Units		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2022	\$ 48,800,615	\$ 30,350,017	\$ 18,450,598
Changes for the year:			
Service cost	1,500,770	-	1,500,770
Interest expense	3,282,103	-	3,282,103
Experience losses (gains)	(240,062)	-	(240,062)
Contributions – city	-	2,459,428	(2,459,428)
Contributions – members	-	522,122	(522,122)
Net investment income	-	3,388,563	(3,388,563)
Benefits paid	(2,866,582)	(2,866,582)	-
Plan administrative expenses	-	(102,716)	102,716
Net changes	<u>1,676,229</u>	<u>3,400,815</u>	<u>(1,724,586)</u>
Balances at 6/30/2023	<u>\$ 50,476,844</u>	<u>\$ 33,750,832</u>	<u>\$ 16,726,012</u>

(Continued)

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

	Primary Government			Totals
	General City Pension Plan	Fire & Police Pension Plan	EPB Pension Plan	
Net pension liability	\$ 90,439,931	\$ 273,644,341	\$ 21,394,000	\$ 385,478,272
Deferred pension outflows				
Contributions	17,383,287	26,726,409	1,500,000	45,609,696
Change in assumptions	-	16,367,347	15,843,000	32,210,347
Difference between expected and actual experience	13,009,033	30,255,001	13,740,000	57,004,034
Net difference between projected and actual earnings on pension plan investments	5,594,655	9,940,389	4,678,000	20,213,044
	<u>35,986,975</u>	<u>83,289,146</u>	<u>35,761,000</u>	<u>155,037,121</u>
Deferred pension inflows				
Change in assumptions	-	287,604	-	287,604
Difference between expected and actual experience	603,675	-	-	603,675
	<u>603,675</u>	<u>287,604</u>	<u>-</u>	<u>891,279</u>
Pension expense	20,876,317	46,814,086	9,800,000	77,490,403
	Component Units		Totals	
	CARTA Pension Plan	General Airport Pension Plan		
Net pension liability	\$ 13,575,314	\$ 3,150,698	\$ 16,726,012	
Deferred pension outflows				
Contributions	823,985	605,590	1,429,575	
Change in assumptions	197,217	-	197,217	
Difference between expected and actual experience	1,112,500	432,171	1,544,671	
Net difference between projected and actual earnings on pension plan investments	1,029,181	194,904	1,224,085	
Change of proportion pension plan*	-	74,607	74,607	
	<u>3,162,883</u>	<u>1,307,272</u>	<u>4,470,155</u>	
Deferred pension inflows				
Difference between expected and actual experience	816,058	-	816,058	
	<u>816,058</u>	<u>-</u>	<u>816,058</u>	
Pension expense	1,865,042	603,412	2,468,454	

*Amount included from the Chattanooga Metropolitan Airport Authority's financial statements.

The following is a summary of each of these plans:

City of Chattanooga General Pension Plan

General Information

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

(Continued)

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

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

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

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

Employees covered by benefit terms - The following employees were covered by the benefit terms as of January 1, 2023, the valuation date:

Inactive plan members or beneficiaries currently receiving benefits	1,352
Inactive plan members entitled to but not yet receiving benefits	154
Active plan members	<u>1,439</u>
Total	<u>2,945</u>

Contributions - The GPP Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, the active member contribution rate was 2.0 percent of annual pay and the City's contribution rate was 20.94 percent of the total covered payroll of participants.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023, rolled-forward to June 30, 2023 using standard roll forward techniques.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement.

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

Both pre-retirement and post-retirement mortality rates were based on the RP-2014 Mortality Table with Blue Collar Adjustment set forward four years for males and set forward three years for females and using a Scale MP-2017 projection to 2025. Post-disability mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years for males and set forward seven years for females and using a Scale MP-2017 projection to 2025. The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019, dated February 21, 2019. The investment rate of return was decreased from 7.00% to 6.75% as of January 1, 2019.

(Continued)

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US large cap equity	25.0%	5.2%
US small cap equity	5.0	6.0
International equity	10.0	6.8
US core fixed income	16.0	3.7
US high yield fixed income	4.5	7.0
International fixed developed	6.0	4.2
Private debt	5.0	11.0
Equity hedge funds	7.5	6.5
Diversified hedge funds	7.5	6.0
Private equity	3.0	13.5
Private real estate	10.0	7.5
Cash	<u>0.5</u>	3.0
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate of 2.0 percent of pay and that City contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) – (b)</u>
Balances at 6/30/2022	\$ 412,449,088	\$ 332,119,636	\$ 80,329,452
Changes for the year:			
Service cost	8,825,699	-	8,825,699
Interest expense	26,956,281	-	26,956,281
Difference between expected and actual experience	13,019,069	-	13,019,069
Contributions – city	-	16,694,619	(16,694,619)
Contributions – members	-	1,641,422	(1,641,422)
Net investment income	-	17,665,683	(17,665,683)
Benefits paid	(26,193,541)	(26,193,541)	-
Plan administrative expenses	-	(461,852)	461,852
Net changes	<u>22,607,508</u>	<u>9,346,331</u>	<u>13,261,177</u>
Balances at 6/30/2023	<u>\$ 435,056,596</u>	<u>\$ 341,465,967</u>	<u>\$ 93,590,629</u>

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

(Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City’s net pension liability	\$ 141,704,567	\$ 93,590,629	\$ 53,264,416

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

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

For the year ended June 30, 2023, the City recognized pension expense of \$20,876,317 with an additional \$603,412 for the Airport Authority, a component unit of the City.

Deferred outflows of resources related to pensions are as follows:

	Primary Government	Airport Authority	Total
Deferred contributions	\$ 17,383,287	\$ 605,590	\$ 17,988,877
Net difference between projected and actual earnings on pension plan investments	5,594,655	194,904	5,789,559
Difference between expected and actual experience	13,009,033	432,171	13,441,204
Changes of proportionate pension plan*	-	74,607	74,607
Total deferred outflow of resources	<u>\$ 35,986,975</u>	<u>\$ 1,307,272</u>	<u>\$ 37,294,247</u>

*Amount included from the Chattanooga Metropolitan Airport Authority’s financial statements.

Deferred inflows of resources related to pensions are as follows:

	Primary Government	Airport Authority	Total
Difference between expected and actual experience	\$ 603,675	\$ -	\$ 603,675
Total deferred inflow of resources	<u>\$ 603,675</u>	<u>\$ -</u>	<u>\$ 603,675</u>

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

Year ended June 30,	Primary Government	Airport Authority	Total
2024	\$ 5,138,394	\$ 783,311	\$ 5,921,705
2025	2,690,129	73,649	2,763,778
2026	8,794,391	331,125	9,125,516
2027	1,377,099	119,187	1,496,286
	<u>\$ 18,000,013</u>	<u>\$ 1,307,272</u>	<u>\$ 19,307,285</u>

(Continued)

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

Payable to the Pension Plan

At June 30, 2024, the City did not have a payable for the outstanding amount of contributions to the pension plan.

Fire and Police Pension Fund

General Information

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

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

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

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

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

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

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

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

(Continued)

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

Employees covered by benefit terms – The following employees were covered by the benefit terms as of January 1, 2023, the valuation date:

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

Contributions - The CFPPF Board of Directors establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, the active member contribution rate was 11 percent of payroll. The City’s contribution rate was 49.49 percent of the total covered payroll of participants.

Net Pension Liability

The City’s net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023, rolled-forward to June 30, 2023.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.25 percent
Salary increases	2.25 - 2.75 percent plus service based merit increases
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation
COLA	1.50 percent

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap equity	20%	6.710%
Mid cap equity	15	7.31
Small cap equity	5	7.61
International equity	10	7.21
Emerging markets	10	8.71
Private equity	5	9.96
Real estate	5	3.61
Timber	5	3.51
Farmland	5	6.21
Fixed income	<u>20</u>	1.61
	<u>100%</u>	

(Continued)

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

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

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> (a)	<u>Plan Net Position</u> (b)	<u>Net Pension Liability</u> (a) – (b)
Balances at 6/30/2022	\$ 537,075,269	\$ 263,618,707	\$ 273,456,562
Changes for the year:			
Service cost	9,511,483	-	9,511,483
Interest expense	35,820,598	-	35,820,598
Difference between expected and actual experience	5,272,671	-	5,272,671
Contributions – city	-	29,471,834	(29,471,834)
Contributions – members	-	5,907,228	(5,907,228)
Net investment income	-	15,892,130	(15,892,130)
Benefits paid	(31,822,443)	(31,822,443)	-
Plan administrative expenses	-	(948,434)	948,434
Other	-	94,215	(94,215)
Net changes	<u>18,782,309</u>	<u>18,594,530</u>	<u>187,779</u>
Balances at 6/30/2023	<u>\$ 555,857,578</u>	<u>\$ 282,213,237</u>	<u>\$ 273,644,341</u>

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

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

	<u>1% Decrease</u> (5.75%)	<u>Current Discount Rate</u> (6.75%)	<u>1% Increase</u> (7.75%)
City's net pension liability	<u>\$ 337,355,754</u>	<u>\$ 273,664,341</u>	<u>\$ 220,276,162</u>

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

(Continued)

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

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

For the year ended June 30, 2023, the City recognized \$46,814,086 in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 30,255,001	\$ -
Change of assumptions	16,367,347	287,604
Deferred contributions	26,726,409	-
Net difference between projected and actual earnings on pension plan investments	<u>9,940,389</u>	<u>-</u>
Total	<u>\$ 83,289,146</u>	<u>\$ 287,604</u>

Deferred outflows of resources totaling \$26,726,409 represent contributions made after the plan’s valuation date. Amounts reported as deferred outflows of resources and deferred inflows of resources, excluding deferred contributions, related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2024	\$ 16,408,285
2025	11,052,935
2026	20,614,784
2027	7,320,350
2028	<u>878,779</u>
	<u>\$ 56,275,133</u>

Payable to the Pension Plan

At June 30, 2024, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan.

Electric Power Board of Chattanooga Retirement Plan

General Information

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

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

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

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

(Continued)

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

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

Employees covered by benefit terms – The following employees were covered by the benefit terms as of June 30, 2024:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	168
Active plan members	<u>524</u>
	<u>712</u>

Contributions – Plan members are not required to contribute to the Plan. EPB’s contributions are calculated based on an actuarially determined rate, which is currently 18.3% of annual covered payroll.

Net Pension Liability

EPB’s net pension liability was measured as of July 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 1, 2023.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of August 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5 percent
Salary increases	3.5 percent
Investment rate of return	6.5 percent

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

The actuarial assumptions used in the August 1, 2023 valuation were based on the results of an experience study for the period August 1, 2020 - July 31, 2023.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	30-45%	6.5%
International equity	25-40	6.0
Fixed income	15-25	3.5
Real estate	0-15	6.0
Cash	5-10	2.0

(Continued)

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

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2022	\$ 83,762,000	\$ 76,015,000	\$ 7,747,000
Changes for the year:			
Service cost	4,728,000	-	4,728,000
Interest expense	5,445,000	-	5,445,000
Difference between expected and actual experience	5,233,000	-	5,233,000
Contributions – EPB	-	7,000,000	(7,000,000)
Net investment income	-	(5,210,000)	5,210,000
Benefits paid	(15,280,000)	(15,280,000)	-
Plan administrative expenses	-	(31,000)	31,000
Net changes	<u>126,000</u>	<u>(13,521,000)</u>	<u>13,647,000</u>
Balance at 6/30/2023	<u>\$ 83,888,000</u>	<u>\$ 62,494,000</u>	<u>\$ 21,394,000</u>

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
The Plan’s net pension liability	<u>\$ 35,722,000</u>	<u>\$ 21,394,000</u>	<u>\$ 9,616,000</u>

The Plan does not issue a separate report.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2024, EPB recognized \$9,800,000 in pension expense. Deferred outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources
Please insert chart from Excel spreadsheet	
Difference between expected and actual experience	\$ 13,740,000
Change in assumptions	15,843,000
Employer contributions made after plan year	1,500,000
Net difference between projected and actual earnings on pension plan investments	<u>4,678,000</u>
Total	<u>\$ 35,761,000</u>

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

(Continued)

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

Year ended June 30,	
2025	\$ 3,392,000
2026	3,103,000
2027	4,938,000
2028	3,007,000
2029	2,441,000
Thereafter	<u>17,380,000</u>
	<u>\$ 34,261,000</u>

Payable to the Pension Plan

At June 30, 2024, EPB did not have a payable for any outstanding amount of contributions to the pension plan.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

	Primary Government Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) – (b)
Balances at 6/30/2022*	\$ 216,486,266	\$ 138,235,782	\$ 78,250,484
Changes for the year:			
Service cost	5,043,687	-	5,043,687
Interest expense	14,289,801	-	14,289,801
Changes of assumptions	5,270,000	-	5,270,000
Difference between expected and actual experience	4,867,000	-	4,867,000
Contributions – city	-	18,810,170	(18,810,170)
Net investment income	-	11,502,843	(11,502,843)
Benefits paid	(10,446,000)	(10,446,000)	-
Plan administrative expenses	-	(82,715)	82,715
Net changes	<u>19,024,488</u>	<u>19,784,298</u>	<u>(759,810)</u>
Balances at 6/30/2023**	<u>\$ 235,510,754</u>	<u>\$ 158,020,080</u>	<u>\$ 77,490,674</u>

*EPB balance at 6/30/2023

**EPB balance at 6/30/2024

	Component Unit Total OPEB Liability
Total OPEB liability (TOL) as of June 30, 2022*	\$ 572,024
Changes for the year:	
Service cost	56,083
Interest on TOL and cash flows	62,923
Changes in assumptions	11,889
Difference between actual and expected experience	(11,347)
Contributions - employer	(68,146)
Net investment income	(38,489)
Benefits paid	(9,838)
Plan administrative expenses	268
Net changes	<u>3,342</u>
Total OPEB liability (TOL) as of June 30, 2023**	<u>\$ 575,366</u>

*CARTA Balance at 6/30/2023

**CARTA Balance at 6/30/2024

(Continued)

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

	Primary Government		
	City	EPB	Total
	OPEB Plan	OPEB Plan	
Net OPEB liability	\$ 70,971,674	\$ 6,519,000	\$ 77,490,674
Deferred OPEB outflows:			
Deferred contributions	16,102,194	2,302,000	18,404,194
Difference between expected and actual experience	6,671	9,268,000	9,274,671
Change in assumptions	5,657,022	871,000	6,528,022
Net difference between projected and actual earnings on OPEB plan investments	3,306,421	1,771,000	5,077,421
	25,072,308	14,212,000	39,284,306
Deferred OPEB inflows:			
Difference between expected and actual experience	(33,916,565)	(3,683,000)	(37,599,565)
	(33,916,565)	(3,683,000)	(37,599,565)
OPEB expense	\$ 2,839,093	\$ 1,900,000	\$ 4,739,093
	Component Units		
	Airport	CARTA	Total
	OPEB Plan	OPEB Plan	
Net OPEB liability	\$ 302,918	\$ 272,448	\$ 575,366
Deferred OPEB outflows:			
Deferred contributions	68,726	32	68,758
Difference between expected and actual experience	-	213	213
Change in assumptions	24,145	15,915	40,060
Net difference between projected and actual earnings on OPEB plan investments	14,110	-	14,110
	106,981	16,160	123,141
Deferred OPEB inflows:			
Difference between expected and actual experience	(144,733)	(10,039)	(154,772)
Change in assumptions	-	(22,432)	(22,432)
Changes in proportion OPEB plan*	(52,563)	-	(52,563)
	(197,296)	(32,471)	(229,767)
OPEB expense (income)	\$ (32,800)	\$ (2,012)	\$ (34,812)

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

The following is a summary of each plan:

Other Postemployment Benefits (City Fund)

General Information

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

(Continued)

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

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

Employees covered by benefit terms. The following employees were covered by the benefit terms as of January 1, 2022, the date of the valuation used to determine the June 30, 2023:

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

Contributions - The City contributes to the plan at an actuarially determined rate. Retired plan members and beneficiaries are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees who retired prior to 2002 contribute an amount equal to the amount paid by active employees. Employees who retire after 2002 with 25 years of service or a job-related disability contribute an amount equal to 1.5 times that paid by active employees. Employees who retire after 2002 with less than 25 years of service or a non-job-related disability contribute an increased amount on the member of years' service less than 25 years. The City pays the remainder of the costs of medical coverage. The City established an Other Postemployment Benefits Trust (the Trust) in 2008 to partially pre-fund benefits. Beginning in 2011, the City began funding the Trust based on an actuarial calculation in which all unfunded prior service costs as well as normal costs are allocated to various funds based on applicable payroll. The City is currently contributing 13.22 percent of the total covered payroll of participants. All obligations are liquidated from the OPEB trust.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, rolled-forward to June 30, 2023.

Actuarial assumptions. The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	
General Employees	3.00 to 5.25 percent, including inflation
Fire and Police Employees	1.50 to 2.75 percent, including inflation
Long-term investment rate of return	6.75 percent compounded annually, net of investment expense, and including inflation
Municipal Bond Index Rate	3.65%
Single equivalent interest rate	6.75 percent
Healthcare cost trend rates	
Pre-Medicare Eligible	7.00 percent
Medicare Eligible	4.75 percent
Ultimate trend rate	
Pre-Medicare Eligible	4.50 percent
Medicare Eligible	4.50 percent
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

(Continued)

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

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

Fire and Police Employee Deaths After Retirement: According to the RP 2014 Mortality Table with Blue Collar adjustments, set forward three years for males and females and projected to 2025 with projection scale MP-2017 for service retirements and beneficiaries of retired participants. The RP-2014 Disabled Mortality Table set forward three years for males and females and projected to 2025 using Scale MP-2017 is used for the period after disability retirement.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the January 1, 2022 valuation for general employees reflected the results of the experience investigation of the General Pension Fund for the period ending December 31, 2017. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases for fire and police employees reflect the results of the experience investigation of the Fire and Police Pension Fund for the period ending December 31, 2019, with the exception that the mortality improvement scale assumption and spousal age difference are based upon the same assumptions used for the General Pension Fund.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>5-yr Expected Real Rate of Return</u>
US equity – mid/large cap	38.0 %	5.2 %
US equity – small cap	5.0	6.0
International equity	15.0	6.8
Core fixed income	12.0	3.7
High yield fixed income	3.0	7.0
International fixed income	2.5	4.2
E.M. debt	5.0	7.5
Private debt	2.5	11.0
Equity hedge funds	3.5	6.5
Diversified hedge funds	3.5	6.0
Private Equity	5.0	13.5
Real estate	5.0	7.5
	<u>100.0 %</u>	

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

(Continued)

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

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

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2022	\$ 189,767,244	\$ 109,899,320	\$ 79,867,924
Changes for the year:			
Service cost	3,881,182	-	3,881,182
Interest expense	12,553,152	-	12,553,152
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	16,034,316	(16,034,316)
Net investment income	-	9,056,332	(9,056,332)
Benefits paid	(7,589,254)	(7,589,254)	-
Plan administrative expenses	-	(62,981)	62,981
Net changes	<u>8,845,080</u>	<u>17,438,413</u>	<u>(8,593,333)</u>
Balance at 6/30/2023	<u>\$ 198,612,324</u>	<u>\$ 127,337,733</u>	<u>\$ 71,274,591</u>

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ 89,373,128	\$ 71,274,591	\$ 55,395,309

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.00% decreasing to 3.50% for pre-Medicare, 3.75% decreasing 3.50% for Medicare eligible) or 1-percentage point higher (8.00% decreasing to 5.50% for pre-Medicare, 5.75% decreasing to 5.50% for Medicare eligible) than the current healthcare cost trend rates. The current healthcare cost trend rates are 7.00% decreasing to 4.50% for pre-Medicare, 4.75% decreasing to 4.50% for Medicare eligible.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 51,459,481	\$ 71,274,591	\$ 94,991,377

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

(Continued)

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

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$2,839,093 with an additional \$12,118 for the Airport Authority, a component unit of the City.

Deferred outflows of resources related to OPEB are as follows:

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Deferred outflow of resources:			
Deferred contribution	\$ 16,102,194	\$ 68,726	\$ 16,170,920
Difference between expected and actual experience	6,671	-	6,671
Changes of assumptions	5,657,022	24,145	5,681,167
Net difference between projected and actual earnings on OPEB investment	<u>3,306,421</u>	<u>14,112</u>	<u>3,320,533</u>
Total	<u>\$ 25,072,308</u>	<u>\$ 106,983</u>	<u>\$ 25,179,291</u>

Deferred inflows of resources related to OPEB are as follows:

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Deferred inflow of resources:			
Difference between expected and actual experience	\$ (33,916,565)	\$ (144,733)	\$ (34,061,298)
Changes of proportionate OPEB plan*	<u>-</u>	<u>(52,563)</u>	<u>(52,563)</u>
Total	<u>\$ (33,916,565)</u>	<u>\$ (197,296)</u>	<u>\$ (34,113,861)</u>

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

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

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Year ended June 30,			
2025	\$ (7,911,563)	\$ (23,847)	\$ (7,935,410)
2026	(9,050,747)	61,381	(8,989,366)
2027	(3,562,819)	44,771	(3,518,048)
2028	(4,421,322)	8,010	(4,413,312)
2029	-	-	-
	<u>\$ (24,946,451)</u>	<u>\$ 90,315</u>	<u>\$ (24,856,136)</u>

Payable to the OPEB Plan

At June 30, 2024, the City did not have a payable for any outstanding required amount of contributions to the OPEB plan.

(Continued)

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

Other Postemployment Benefits (EPB)

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

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

Employees covered by Benefit terms - At June 30, 2024, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	448
Inactive plan members entitled to but not yet receiving benefits	71
Active plan members	<u>740</u>
	<u>1,259</u>

Contributions - The contribution requirements of plan members and EPB are established and may be amended by EPB. Plan members receiving benefits contribute based on retiree’s age, retirement date, and years of service. Contribution rates for FY 2024 are as shown in the table below.

Category	Retirement After March 1, 1991				
	Years of Service/percent of Contributions				
	<u>5-9/85%</u>	<u>10-14,75%</u>	<u>15-19/55%</u>	<u>20-24/35%</u>	<u>25+/15%</u>
Pre-Age 65, EPO					
Individual	\$ 734.40	\$ 648.00	\$ 475.20	\$ 302.40	\$ 129.60
Employee +1	1,476.96	1,303.20	955.68	608.16	260.64
Family	2,211.36	1,951.20	1,430.88	910.56	390.24
Pre-Age 65, PPO					
Individual	\$ 587.52	\$ 518.40	\$ 380.16	\$ 241.92	\$ 103.68
Employee +1	1,175.04	1,036.80	760.32	483.84	311.04
Family	1,762.56	1,555.20	1,140.48	725.76	259.20
Age 65 & Over					
Individual	\$ 129.66	\$ 118.22	\$ 87.71	\$ 57.20	\$ 26.69
Spouse	129.66	118.22	87.71	57.20	26.69

EPB’s contributions are calculated based on claims actually paid under the plan, which were 4.1% of annual covered payroll as of June 30, 2024.

Net OPEB Liability

EPB’s net OPEB liability was measured as of June 30, 2023 (for FY2024), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions - The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions:

Healthcare cost trend - active	7.0 percent initial, 4.0 percent ultimate
Healthcare cost trend – retired	3.0 percent
Investment rate of return	6.5 percent
Mortality	RP-2014 Mortality Table with MP-2021 Generational improvements

(Continued)

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2023.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	30-45%	6.5 %
International equity	25-40	6.0
Fixed income	10-25	3.5
Real estate	10-15	6.0
Cash	5-10	2.0

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

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

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u> <u>(a)</u>	<u>Plan Net Position</u> <u>(b)</u>	<u>Net OPEB Liability</u> <u>(a) – (b)</u>
Balances at 6/30/2023	\$ 27,256,000	\$ 28,804,000	\$ (1,278,000)
Changes for the year:			
Service cost	1,179,000	-	1,179,000
Interest expense	1,790,000	-	1,790,000
Change of assumptions	5,270,000	-	5,270,000
Difference between expected and actual experience	4,867,000	-	4,867,000
Contributions – employer	-	2,844,000	(2,844,000)
Net investment income	-	2,485,000	(2,485,000)
Benefits paid	(2,889,000)	(2,889,000)	-
Plan administrative expenses	-	(20,000)	20,000
Net changes	<u>10,217,000</u>	<u>2,420,000</u>	<u>7,797,000</u>
Balance at 6/30/2024	<u>\$ 37,743,000</u>	<u>\$ 31,224,000</u>	<u>\$ 6,519,000</u>

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

	<u>1% Decrease</u> <u>(5.5%)</u>	<u>Discount Rate</u> <u>(6.5%)</u>	<u>1% Increase</u> <u>(7.5%)</u>
Net OPEB liability (asset)	\$ 11,018,000	\$ 6,519,000	\$ 2,741,000

(Continued)

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

Sensitivity of the net OPEB liability to changes in healthcare cost trend rate - The following presents the net OPEB liability (asset) of the Plan, calculated using the healthcare trend rate of 7.0 percent decreasing to an ultimate 4.0 percent, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent decreasing to 3.0 percent) or 1-percentage-point higher (8.0 percent decreasing to 5.0 percent) than the current rate:

	1% Decrease <u>(6.0% to 3.0%)</u>	Healthcare Trend Rate <u>(7.0% to 4.0%)</u>	1% Increase <u>(8.0% to 5.0%)</u>
Net OPEB liability (asset)	\$ 2,102,000	\$ 6,519,000	\$ 12,006,000

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revisions as results are compared to the past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2023.

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

For the year ended June 30, 2024, EPB recognized an OPEB expense of \$1.9 million. At June 30, 2024, EPB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 9,268,000	\$ (3,683,000)
Change of assumptions	871,000	-
Contribution subsequent to the measurement date	2,302,000	-
Net difference between projected and actual earnings on OPEB plan investments	<u>1,771,000</u>	<u>-</u>
Total	<u>\$ 14,212,000</u>	<u>\$ (3,683,000)</u>

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

Year ended June 30,	
2025	\$ 685,000
2026	366,000
2027	1,492,000
2028	93,000
2029	216,000
Thereafter	<u>5,375,000</u>
	<u>\$ 8,227,000</u>

Deferred outflows of resources totaling \$2.3 million represent contributions made after the Plan's valuation date. These contributions will be used to reduce the net OPEB liability during 2025.

Payable to the OPEB Plan

At June 30, 2024, EPB did not have a payable balances for any required outstanding contributions to the Plan.

City Deferred Compensation Plan

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

(Continued)

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

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

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

Asset balance at July 1, 2023	\$ 46,188,323
Deferrals of compensation	5,969,359
Earnings (losses)	5,558,218
Withdrawals	(6,916,555)
Administrative expenses	<u>(63,085)</u>
Asset balance at June 30, 2024	<u>\$ 50,736,260</u>

EPB 401(k) Plan

Effective August 1, 1984, EPB implemented a 401(k) defined contribution plan, the EPB Retirement Savings Plan, which allows employees to invest up to 100% of their salary in a tax-deferred savings plan. EPB contributes 100% matching contribution up to 4.0% of an employee's salary after one year of employment. All employees who have completed three months of employment and have attained age 18 are eligible to participate in the 401(k) defined contribution plan. Participating employees are immediately fully vested in EPB contributions, which amounted to approximately \$1.9 million in fiscal year 2024. Employee contributions were approximately \$4.4 million. The EPB Retirement Savings Plan is administered by an individual designated by EPB; the EPB Retirement Savings Plan assigns the authority to establish and amend the plan to EPB. All employees hired after January 1, 2022 are also eligible for an annual employer contribution of 6.0% of their eligible wages. The employer contributions will be made annually in January using prior year eligible wages. Employees are vested in the annual contributions after five complete years of employment.

Pension Plans of Component Units

Chattanooga Area Regional Transportation Authority (CARTA or Authority) is the only component unit with separate defined benefit pension plans. As of June 30, 2024, CARTA has two plans, The Disability and Retirement Plan and The Defined Benefit Plan. Condensed disclosures for CARTA's defined benefit pension plans are as follows:

General Information

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

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

Employees covered by benefit terms – The following employees were covered by the benefit terms as of January 1, 2024, the valuation date:

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>167</u>
	<u>299</u>

(Continued)

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

Contributions – All participants are required to make a contribution equal to 4.5 percent of their earnings, with CARTA contributing 17.0 percent.

Net Pension Liability

The Authority’s net pension liability was measured as of January 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 1/1/2023	\$ 34,915,648	\$ 19,169,316	\$ 15,746,332
Changes for the year:			
Service cost	1,203,656	-	1,203,656
Interest expense	2,374,628	-	2,374,628
Difference between expected and actual experience	(678,345)	-	(678,345)
Contributions – CARTA	-	1,897,409	(1,897,409)
Contributions – members	-	466,864	(466,864)
Net investment income	-	2,793,853	(2,793,853)
Benefits paid	(1,984,785)	(1,984,785)	-
Plan administrative expenses	-	(87,169)	87,169
Net changes	<u>915,154</u>	<u>3,086,172</u>	<u>(2,171,018)</u>
Balance at 1/1/2024	<u>\$ 35,830,802</u>	<u>\$ 22,255,488</u>	<u>\$ 13,575,314</u>

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority’s net pension liability	\$ 16,978,189	\$ 13,575,314	\$ 10,685,131

(Continued)

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

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

For the year ended June 30, 2024, the Authority recognized pension expense of \$1,865,042. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 197,217	\$ 816,058
Authority contributions received after the measurement date	1,029,181	-
Changes in assumptions	823,985	-
Net difference between projected and actual earnings on pension plan investments	<u>1,112,500</u>	<u>-</u>
Total	<u>\$ 3,162,883</u>	<u>\$ 816,058</u>

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

Year ended June 30,	
2025	\$ 457,791
2026	618,149
2027	749,956
2028	(437,742)
2029	<u>(70,510)</u>
	<u>\$ 1,317,644</u>

Other Postemployment Benefits of Component Units

Plan #1

CARTA adopted an Other Postemployment Benefit Obligation (OPEB) plan that was established by the Authority’s Board. The Board is authorized to approve amendments to the Plan. The Board has not elected to advance fund the Plan, but rather maintain the Plan as a “pay as you go” basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The Plan has no assets accumulated in a trust which meets the requirements to be netted against OPEB liabilities. The Plan does not issue separate financial statements.

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

Funding policy - CARTA pays a \$1,500 supplement for life insurance and supplemental retirement benefits. The contribution requirements of CARTA are established and may be amended by CARTA’s Board of Directors. Plan members are currently not required to contribute. For fiscal year ended June 30, 2024, the Authority contributed \$9,009 for the pay as you go benefits.

Membership - The following schedule (derived from the recent actuarial valuation report) reflects membership for the OPEB Plan as of June 30, 2024.

Inactive employees or beneficiaries	100
DROP members	12
Active employees	<u>167</u>
Total	<u>279</u>

(Continued)

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

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

Changes in the total OPEB liability - The Authority's changes in the total OPEB liability by source for the fiscal year ended June 30, 2024, is reflected below:

Total OPEB Liability (TOL) as of June 30, 2023	\$ 189,917
Changes for the Year:	
Service cost	3,132
Interest on TOL and cash flows	6,786
Difference between actual and expected	(4,821)
Changes of assumptions	(6,138)
Benefits paid	<u>(9,009)</u>
Net changes	<u>(10,050)</u>
Total OPEB Liability (TOL) as of June 30, 2024	<u>\$ 179,867</u>

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of the valuation date, June 30, 2024. The following actuarial assumptions apply to all periods included in the measurement:

Discount rate	3.94%
Salary increases	N/A
Inflation rate	3.00%
Municipal bond index rate	3.94%
Long-term expected rate of return	3.94%

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

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

The following table represents the sensitivity analysis discussed above as of June 30, 2024:

	1% Decrease <u>(2.94%)</u>	Discount Rate <u>(3.94%)</u>	1% Increase <u>(4.94%)</u>
Authority's total OPEB Liability	\$ 203,621	\$ 179,867	\$ 160,659

For the fiscal year ended June 30, 2024, the Authority recognized OPEB expense of \$2,012. At June 30, 2024, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 213	\$ 4,407
Changes in assumptions	<u>357</u>	<u>22,432</u>
Total	<u>\$ 570</u>	<u>\$ 26,839</u>

(Continued)

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

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

Fiscal Year Ending June 30:	
2025	\$ (10,870)
2026	(10,297)
2027	(3,275)
2028	(1,827)
Total	<u>\$ (26,269)</u>

Plan #2

CARTA participates in another postemployment benefit obligation (OPEB) plan that was established by the State of Tennessee. The Plan is on a “pay as you go” basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The Plan does not issue separate financial statements.

Plan description - Employees of CARTA are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits provided - CARTA offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. CARTA does not directly subsidize and is only subject to the implicit. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Membership - Membership (derived from the most recent actuarial valuation) consisted of 173 active employees and 8 inactive employees currently receiving benefit payments as of July 1, 2023.

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2024, CARTA paid \$861 to the LGOP for OPEB benefits as they came due.

Total OPEB liability - CARTA’s changes in the total OPEB liability by source for the fiscal year ended June 30, 2024, is reflected on the following schedule:

Total OPEB Liability (TOL) as of June 30, 2023	\$ 42,667
Changes for the Year:	
Service cost	36,456
Interest on TOL and cash flows	2,786
Difference between actual and expected	(6,526)
Changes of assumptions	18,027
Benefits paid	<u>(829)</u>
Net changes	<u>(49,914)</u>
Total OPEB Liability (TOL) as of June 30, 2024	<u>\$ 92,581</u>

(Continued)

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

Actuarial assumptions - The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	Graded salary ranges from 3.44 percent to 8.72 Percent based on age, including inflation, Averaging 4 percent
Inflation rate	2.25percent
Healthcare cost trend rates	10.31 percent for pre-65 in 2023, decreasing annually over an 11 year to an ultimate rate of 4.5 percent. 12.44 percent for post-65 in 2023, Decreasing annually over an 11 year period to An ultimate rate of 4.5 percent.
Retiree’s share of benefit costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation, a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2022 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees, projected generationally with MP-2021 from 2010.

Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6 percent load for males and a 14 percent load for females, projected generationally from 2010 with MP-2021. Mortality rates for disabled lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load projected generationally from 2018 with MP-2021.

Discount rate - The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, based on the Bond Buyer 20-Year Municipal GO AA Index.

Changes in Assumptions - The discount rate changed from 3.54 percent as of the beginning of the measurement period to 3.65 percent as of June 30, 2023. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease <u>(2.65%)</u>	Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
Total OPEB Liability	\$ 98,763	\$ 92,581	\$86,777

(Continued)

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

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease (9.31%/11.44% to 3.50%)	Current rate (10.31%/12.44% (to 4.50%))	1% Increase (11.31%/13.44 to 5.50%)
Total OPEB Liability	\$ 82,982	\$ 92,581	\$103,746

OPEB Expense – For the year ended June 30, 2024, CARTA recognized an OPEB expense of \$82,623.

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2024, CARTA reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 5,632
Change of assumptions	15,558	-
Contribution subsequent to the measurement date	2,302,000	-
Employer payments made subsequent to the Measurement date	<u>32</u>	<u>-</u>
Total	<u>\$ 2,317,590</u>	<u>\$ 5,632</u>

The amount shown for “Employer payments subsequent to the measurement date,” will be recognized as a reduction to total OPEB liability in the following measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2025	\$ 1,575
2026	1,575
2027	1,575
2028	1,575
2029	1,575
Thereafter	<u>2,051</u>
	<u>\$ 9,926</u>

In the table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

NOTE 8. INTERFUND TRANSFERS

	Transfers In:				
	General Fund	Capital Projects	Nonmajor Governmental	Internal Service	Total
Transfers out:					
General Fund	\$ -	\$ 20,437,776	\$ 23,890,665	\$ 41,058	\$ 44,369,499
Nonmajor Governmental Funds					
Community Development	-	-	310,006	-	310,006
State Street Aid	-	1,000,000	-	-	1,000,000
Hotel/Motel Tax	-	4,500,000	4,005,359	-	8,505,359
	<u>-</u>	<u>25,937,776</u>	<u>28,206,030</u>	<u>41,058</u>	<u>54,184,864</u>
Total	<u>\$ -</u>	<u>\$ 25,937,776</u>	<u>\$ 28,206,030</u>	<u>\$ 41,058</u>	<u>\$ 54,184,864</u>

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

NOTE 9. FUND BALANCE

The City Council has adopted a policy to maintain a minimum level of unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) in the General Fund. The target level is a balance equal to a minimum of 15% of General Fund revenues and transfers in. This amount is intended to provide for one-time capital needs or for emergency expenditures which meet specific guidelines. If fund balance falls below the minimum target level, the policy provides for actions to replenish the amount to the minimum target level within a three-year period. For the year ended June 30, 2024, the minimum fund balance per policy is \$59.1 million. The current unrestricted fund balance is \$168.6 million.

(Continued)

NOTE 9. FUND BALANCE (Continued)

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable				
Endowments	\$ -	\$ -	\$ 6,998,211	\$ 6,998,211
Inventory	1,004,012	-	-	1,004,012
Prepaid expenses	4,000	-	-	4,000
Restricted				
Law enforcement	67,564	-	2,587,331	2,654,895
Confiscated property	1,598	-	-	1,598
Economic development	20,652,401	-	11,424	20,663,825
African-American Museum	169,579	-	-	169,579
Capital projects	-	133,932,970	-	133,932,970
Public library	194,917	-	637,038	831,955
State street aid	-	-	7,572,740	7,572,740
Human services program	-	-	679,153	679,153
Community development	-	-	3,609,033	3,609,033
Hotel-Motel tax revenue pledge	-	-	15,446,180	15,446,180
Regional Planning Agency	-	-	991,067	991,067
Air Pollution Control Bureau	-	-	206,227	206,227
Committed				
Law enforcement	266,433	-	-	266,433
Economic development	588,188	-	-	588,188
Free Public Library	45,832	-	-	45,832
African-American Museum	169,579	-	-	169,579
Regional Planning Agency	-	-	2,413,666	2,413,666
Air Pollution Control Bureau	-	-	309,340	309,340
Debt service	-	-	3,243,491	3,243,491
Assigned				
Public Library	2,086,489	-	-	2,086,489
Golf course	983,783	-	-	983,783
Special programs	5,685,164	-	-	5,685,164
Other purposes	5,824,565	-	-	5,824,565
Unassigned	<u>152,929,880</u>	<u>-</u>	<u>-</u>	<u>152,929,880</u>
Total fund balances	<u>\$ 191,631,382</u>	<u>\$ 133,932,970</u>	<u>\$ 44,704,871</u>	<u>\$ 370,269,223</u>
Summary for Governmental Funds				
Balance Sheet:				
Nonspendable	\$ 1,008,012	\$ -	\$ 6,998,211	\$ 8,006,223
Restricted	22,043,457	133,932,970	31,740,163	187,716,590
Committed	1,070,032	-	5,966,497	7,036,529
Assigned	14,580,001	-	-	14,580,001
Unassigned	<u>152,929,880</u>	<u>-</u>	<u>-</u>	<u>152,929,880</u>
Total fund balances	<u>\$ 191,631,382</u>	<u>\$ 133,932,970</u>	<u>\$ 44,704,871</u>	<u>\$ 370,269,223</u>

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; medical benefits; certain retiree medical benefits; unemployment compensation; injuries to employees; errors and omissions; and natural disasters. The City maintains property and casualty insurance coverage against property loss above the deductible amount which is ranging from \$500 to \$500,000 depending on the type of damage. As of June 30, 2024, there were no significant reductions in insurance coverage in the prior year.

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

Interfund premiums in the Internal Service Fund are based on the insured funds' claims experience. Premiums are adjusted to cover all reported claims. It is anticipated that the settlement of an individual claim will be funded by premiums subsequent to the filing of the claim and prior to its settlement. At June 30, 2024, the Internal Service Fund liability consists of \$3,489,000 related to torts and \$2,814,787 related to medical benefits. Assets are sufficient in the fund to cover unpaid claims.

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

	<u>General Fund</u>	<u>Internal Service Fund</u>
Unpaid claims, June 30, 2022	\$ 337,376	\$ 6,612,096
Incurred claims, including IBNRs/reduction in estimated liabilities	2,992,672	30,373,256
Claim payments	<u>(2,859,924)</u>	<u>(31,714,779)</u>
Unpaid claims, June 30, 2023	470,124	5,270,573
Incurred claims, including IBNRs/reduction in estimated liabilities	1,574,912	34,493,478
Claim payments	<u>(1,756,325)</u>	<u>(33,460,264)</u>
Unpaid claims, June 30, 2024	<u>\$ 288,711</u>	<u>\$ 6,303,787</u>

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

NOTE 11. ENDOWMENTS

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

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

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

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

(Continued)

NOTE 11. ENDOWMENTS (Continued)

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

On June 30, 2024, net appreciation of \$637,038 is available to be spent, which is reflected in the restricted fund balance.

NOTE 12. TAX ABATEMENTS

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

Downtown Housing Development

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

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

Commercial and Industrial Development

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

(Continued)

NOTE 12. TAX ABATEMENTS (Continued)

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

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

Information relevant to disclosure of these programs includes the following:

	Number of New PILOTs During the Fiscal Year	Number of PILOTs as of End of the Fiscal Year	Number of Future PILOTs Approved by Council	Amounts of PILOTs During the Fiscal Year
Downtown Housing Development Commercial and Industrial Development	-	11	-	\$ 885,026
	<u>2</u>	<u>17</u>	<u>-</u>	<u>14,618,363</u>
Total	<u>2</u>	<u>28</u>	<u>-</u>	<u>\$ 15,503,389</u>

NOTE 13. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The City has entered into various construction commitments. Such contracts include contracts for improvements to sewer, solid waste, and stormwater systems, and acquisition and construction contracts related to general government capital projects. As of June 30, 2024, the City’s commitment with contractors was \$151,665,383.

Landfill Closure and Post Closure Care Costs

The Solid Waste Fund accounts for all aspects of solid waste disposal, including the city’s municipal landfill; operations include a current landfill as well as closure and post closure care costs of landfills closed in prior years. State and federal regulations require the City to place a final cover on all landfills after closure and perform certain maintenance and monitoring functions for 30 years thereafter. The City recognizes landfill closure and post closure care costs based on the amount of the landfill used during the year. The estimated liability is based on 15.77 percent of the City Landfill Area III capacity and 100 percent usage of the Summit Landfill and the City Landfill Area II. Estimated remaining life is calculated based on anticipated usage. Currently, the City diverts all its waste, under contract, to the Bradley County Landfill. This has reduced utilization of Area III by approximately 65,000 cubic yards per year below normal. Absent renewal of a contract, the useful life will be approximately 43 years.

Changes in the estimated liability for landfill closure and post closure care costs for the year ended June 30, 2024, are as follows:

Estimated liability, June 30, 2023	\$ 5,803,655
Expenses recognized	252,214
Costs incurred	<u>(83,920)</u>
Estimated liability, June 30, 2024	<u>\$ 5,971,949</u>
Due within one year	<u>\$ 292,663</u>

(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

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

Consent Decree

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

On April 24, 2013, a Consent Decree negotiated between the City, Environmental Protection Agency, Tennessee Department of Environment and Conservation, and the Tennessee Clean Water Network became effective. The City agreed to begin a program of rehabilitation of the sewer system for the purpose of reducing sanitary sewer overflows. This comprehensive, two-phase plan is expected to cost \$870 million over a 17-year period. The first phase was a 7-year program of specific projects identified by the City; the second phase consists of additional projects determined necessary by the City to meet the intent of the Consent Decree based on the success of the Phase 1 projects. The projects will be paid through user fees.

Pollution Remediation

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

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

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

During the fiscal year, the City spent \$37,074 in pollution remediation obligation related activities and received \$29,316 reimbursement from the Department of Environmental Protection Agency (EPA). At June 30, 2024, the City had a net pollution remediation obligation of \$106,842.

In the early 2000's, City took possession of the Butcher Block in a land swap deal worked out with EPB. At the same time, Butcher Block revealed contamination from former uses within the block: One Hour Valet Cleaners and a gas station. As part of the land swap agreement, the City agreed to remediate the pollution. The City applied and was granted assistance by the Dry Cleaner Environmental Remediation Program (DCERP) with the cleanup efforts and costs. DCERP is a state program funded by fees charged to drycleaner facilities to help clean up the contaminated property that has been affected by dry cleaning solvent. Based on the most recent work authorizations from DCERP and monitoring reports from S&ME, the company under contract with City to perform the remediation, it has been estimated that the remaining remediation takes more than ten (10) years to complete. Excluding the assistance from DCERP, the cost for the City to complete the remediation is estimated currently at \$6,842 at the end of fiscal year 2024.

(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

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

Contingencies

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

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

Tax Increment Financing (TIF)

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

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

Prior to fiscal year 2021, IDB entered into TIF agreement with Black Creek, LLC and Evergreen Real Estate. Following City Council's approval of the economic impact plan in 2019, IDB entered into a third TIF agreement for the East Chattanooga Rising Development Area. One of the world's biggest paint and coating makers, Nippon Paint, is to build a 270,000 square foot manufacturing complex on the East Chattanooga area. In addition to taking on the site development construction, City also gave a twenty-year loan of \$4 million to IDB to finance the project. In fiscal year 2023, two more TIF agreements were entered into by IDB. Access Road LLC TIF will build the North River Commerce Center Industrial Park and Sports Authority TIF will build a new Multi-Use Stadium in the South Broad District Area. In fiscal year 2024, the IDB and Urban Story Ventures, LLC. Entered into a TIF agreement to support a multi-use development project called The Bend.

In fiscal year ending June 30, 2024, the City remitted \$864,619 to the IDB for the TIF projects.

NOTE 14. SEGMENT INFORMATION

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

CONDENSED STATEMENT OF NET POSITION

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Assets and deferred outflows of resources:				
Current assets	\$ 309,931,000	\$ 201,839,000	\$ (50,273,000)	\$ 461,497,000
Non-current assets	9,919,000	4,105,000	-	14,024,000
Capital assets	682,557,000	93,794,000	-	776,351,000
Deferred outflows of resources	<u>50,788,000</u>	<u>27,578,000</u>	<u>(20,924,000)</u>	<u>57,442,000</u>
Total assets and deferred Outflows of resources	<u>1,053,195,000</u>	<u>327,316,000</u>	<u>(71,197,000)</u>	<u>1,309,314,000</u>
Liabilities and deferred inflows of resources:				
Current liabilities	157,159,000	23,111,000	(1,423,000)	178,847,000
Noncurrent liabilities	504,026,000	5,911,000	(48,850,000)	461,087,000
Deferred inflows of resources	<u>26,697,000</u>	<u>5,481,000</u>	<u>(20,924,000)</u>	<u>11,254,000</u>
Total liabilities and deferred Inflows of resources	<u>687,882,000</u>	<u>34,503,000</u>	<u>(71,197,000)</u>	<u>651,188,000</u>
Net position:				
Net investment in capital assets	309,299,000	93,795,000	48,850,000	451,944,000
Restricted	71,058,000	-	-	71,058,000
Unrestricted	<u>(15,044,000)</u>	<u>199,018,000</u>	<u>(48,850,000)</u>	<u>135,124,000</u>
Total net position	<u>\$ 365,313,000</u>	<u>\$ 292,813,000</u>	<u>\$ -</u>	<u>\$ 658,126,000</u>

(Continued)

NOTE 14. SEGMENT INFORMATION (Continued)

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

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Customer charges	\$ 649,737,000	\$ 185,717,000	\$ (26,419,000)	\$ 809,035,000
Depreciation expense	(46,832,000)	(21,725,000)	-	(68,557,000)
Other operating expenses	<u>(581,911,000)</u>	<u>(136,945,000)</u>	<u>26,419,000</u>	<u>(692,437,000)</u>
Operating income	20,994,000	27,047,000	-	48,041,000
Nonoperating revenues (expenses):				
Investment earnings	6,245,000	6,381,000	-	12,626,000
Interest expense	(11,503,000)	-	-	(11,503,000)
Other nonoperating	(350,000)	962,000	-	612,000
Tax equivalent	<u>(6,505,000)</u>	<u>(570,000)</u>	<u>-</u>	<u>(7,075,000)</u>
Change in net position	<u>8,881,000</u>	<u>33,820,000</u>	<u>-</u>	<u>42,701,000</u>
Net position, beginning	<u>356,432,000</u>	<u>258,993,000</u>	<u>-</u>	<u>615,425,000</u>
Net position, end of year	<u>\$ 365,313,000</u>	<u>\$ 292,813,000</u>	<u>\$ -</u>	<u>\$ 658,126,000</u>

CONDENSED STATEMENT OF CASH FLOWS

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided (used) by:				
Operating activities	\$ 53,015,000	\$ 49,911,000	\$ -	\$ 102,926,000
Capital and related financing activities	22,862,000	(27,944,000)	-	(5,082,000)
Investing activities	<u>(62,723,000)</u>	<u>(38,916,000)</u>	<u>-</u>	<u>(101,639,000)</u>
Net increase (decrease)	13,154,000	(16,949,000)	-	(3,795,000)
Beginning cash and cash equivalents	<u>116,889,000</u>	<u>110,932,000</u>	<u>-</u>	<u>227,821,000</u>
Ending cash and cash equivalents	<u>\$ 130,043,000</u>	<u>\$ 93,983,000</u>	<u>\$ -</u>	<u>\$ 224,026,000</u>

NOTE 15. JOINT VENTURE**Carter Street Corporation**

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

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

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

Total net position	\$ 12,005,282
Multiplied by two-thirds	x <u>2/3</u>
City's equity interest	<u>\$ 8,003,521</u>

(Continued)

NOTE 15. JOINT VENTURE (Continued)

Condensed financial information for Carter Street Corporation as of June 30, 2024, is as follows:

STATEMENT OF NET POSITION

Assets:	
Cash	\$ 5,208,842
Accounts receivable, net	327,585
Lease receivable	6,546,791
Prepaid expenses	20,088
Capital assets, net	7,344,181
Total assets	<u>\$ 19,447,760</u>
Liabilities:	
Accounts payable	\$ 363,658
Accrued expenses	105,754
Advanced deposits	160,737
Total liabilities	<u>630,149</u>
Deferred Inflows of Resources	
Lease related	6,291,734
Service agreement	520,595
Total deferred inflows	<u>6,812,329</u>
Net Position:	
Net investment in capital assets	7,344,181
Unrestricted	4,661,101
Total net position	<u>12,005,282</u>
Total liabilities and net position	<u>\$ 19,447,760</u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Total operating revenues	\$ 5,402,609
Total operating expenses	<u>4,389,628</u>
Loss from operations	1,012,981
Nonoperating revenues	703,127
Capital contributions	200,000
Net increase	<u>1,916,108</u>
Net position, beginning of year	<u>10,089,174</u>
Net position, end of year	<u>\$ 12,005,282</u>

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

The Sports Authority of the County of Hamilton and the City of Chattanooga, Tennessee

The City has an equity interest in the Sports Authority of the County of Hamilton and the City of Chattanooga, Tennessee (the "Sports Authority"). The Sports Authority is a jointly governed organization of Hamilton County and the City of Chattanooga. The Sports Authority was established on August 30, 2022 by way of an Interlocal Cooperative Agreement between Hamilton County, Tennessee (the "County") and the City of Chattanooga, Tennessee. The Sports Authority was established to plan, finance, construct, and operate a multi-use stadium on an approximately eight-acre site within the South Broad District in downtown Chattanooga, Tennessee.

The Sports Authority is governed by a Board of Directors of not less than seven directors who are jointly appointed by the governing bodies of the County and the City. Directors hold office for staggered terms and receive no compensation except reimbursement for actual expenses incurred in the performance of their duties.

(Continued)

NOTE 15. JOINT VENTURE (Continued)

The City's fifty percent equity interest in the Sports Authority is computed as follows:

Total net position	\$	(209,244)
Multiplied by one-half	x	<u>1/2</u>
City's equity interest	\$	<u><u>(104,622)</u></u>

STATEMENT OF NET POSITION

Assets:

Capital assets, net	\$	<u>3,914,410</u>
Total assets	\$	<u><u>3,914,410</u></u>

Liabilities:

Accounts payable	\$	3,058,640
Payable to the team		<u>1,065,014</u>
Total liabilities		<u><u>4,123,654</u></u>

Net Position:

Net investment in capital assets		-
Unrestricted		<u>(209,244)</u>
Total net position		<u><u>(209,244)</u></u>
Total liabilities and net position	\$	<u><u>3,914,410</u></u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Total operating revenues	\$	-
Total operating expenses		<u>254</u>
Loss from operations		<u>254</u>
Net decrease		254
Net position, beginning of year		<u>(208,990)</u>
Net position, end of year	\$	<u><u>(209,244)</u></u>

Complete financial statements can be obtained from:

Sports Authority
100 E 11th Street
Chattanooga, TN 37402

NOTE 16. LEASES

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

Lessee Transactions

As of June 30, 2024, the City had seven active leases. The leases have payments that range from \$0 to \$429,647 and interest rates that range from 0.1980% to 2.1900%. As of June 30, 2024 the total combined value of the lease liability is \$5,535,412, the total combined value of the short-term lease liability is \$968,370. The combined value of the right to use asset, as of June 30, 2024 of \$6,637,413 with an accumulated amortization of \$1,475,429 is included in the Lease Class activities tables found below. The leases had \$0 of variable payments and \$0 of other payments, not included in the lease liability, within the fiscal year.

(Continued)

NOTE 16. LEASES (Continued)

The amount of lease assets by major class of underlying assets for the year ended June 30, 2024, as reported in the Statement of Net Position, are as follows:

<u>Asset Class</u>	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Buildings	\$ 6,637,413	\$ 1,475,429
Total leases	<u>\$ 6,637,413</u>	<u>\$ 1,475,429</u>

The annual principal and interest expected to maturity as of June 30, 2024 for governmental activities are as follows:

<u>Governmental Activities</u>			
<u>Fiscal Year June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 968,370	\$ 107,220	\$ 1,075,590
2026	793,899	91,010	884,909
2027	703,007	75,997	779,004
2028	449,841	61,820	511,661
2029	136,475	56,098	192,573
2030-2034	744,125	232,969	977,094
2035-2039	857,849	145,624	1,003,473
2040-2044	881,846	45,248	927,094
	<u>\$ 5,535,412</u>	<u>\$ 815,986</u>	<u>\$ 6,351,398</u>

Lessor Transactions

As of June 30, 2024, the City had four active leases. The leases have receipts that range from \$5,500 to \$75,000 and interest rates that range from 0.7510% to 1.1810%. As of June 30, 2024 the total combined of the lease receivable is \$1,628,113, the total combined value of the short-term lease receivable is \$132,910, and the combined value of the deferred inflow of resources is \$1,561,594. The leases had \$0 of variable receipts and \$0 of other receipts, not included in the lease receivable, within the fiscal year.

<u>Governmental Activities</u>			
<u>Fiscal Year June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 132,910	\$ 15,556	\$ 148,466
2026	137,662	14,196	151,858
2027	141,578	12,789	154,367
2028	145,126	11,349	156,475
2029	148,791	9,876	158,667
2030-2034	593,594	28,757	622,351
2035-2039	328,452	6,894	335,346
	<u>\$ 1,628,113</u>	<u>\$ 99,417</u>	<u>\$ 1,727,530</u>

NOTE 17. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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

(Continued)

NOTE 17. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

(Continued)

As of June 30, 2024, the City had 10 active subscriptions. The subscriptions have payments that range from \$12,000 to \$343,440 and interest rates that range from 1.5800% to 3.1550%. As of June 30, 2024, the total combined value of subscription liability is \$2,327,602, and the total combined value of the short-term subscription liability is \$781,709. The combined value of the right to use asset, as of June 30, 2024 of \$4,247,542 with accumulated amortization of \$1,735,971 is included within the subscription class activities table found below. The subscriptions had \$0 of variable payments and \$0 of other payments, not included in the subscription liability, within the fiscal year.

The amount of subscription assets by major class of underlying assets for the year ended June 30, 2024, as reported in the Statement of Net Position, are as follows:

<u>Asset Class</u>	<u>Subscription Asset Value</u>	<u>Accumulated Amortization</u>
Software	\$ 4,247,542	\$ 1,735,971
Total subscription	<u>\$ 4,247,542</u>	<u>\$ 1,735,971</u>

The annual principal and interest expected to maturity as of June 30, 2024 for governmental activities are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>Payments</u>	<u>Payments</u>	<u>Payments</u>
June 30			
2025	\$ 781,709	\$ 49,400	\$ 831,109
2026	796,302	32,035	828,337
2027	566,088	14,418	580,506
2028	183,503	2,756	186,259
	<u>\$ 2,327,602</u>	<u>\$ 98,609</u>	<u>\$ 2,426,211</u>

NOTE 18. CONDUIT DEBT

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

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

(Continued)

NOTE 18. CONDUIT DEBT (Continued)

The Industrial Development Board currently has six (6) outstanding bond issues, the original amounts of which were \$233,389,045. The Health, Educational and Housing Facility Board (HEB) currently has twenty-three (23) bond issues, the original amount of which were \$695,209,727. The HEB Board has no means of determining the outstanding amount of these bonds.

Description	Issue Year	Final Maturity Date	Original Dollar Amount	Principal Outstanding
Black Creek Mountain	2013	12/31/31	\$ 9,089,045	\$ 8,619,332
139 Partners d/b/a Evergreen Real Estate				
M.L.King Blvd. extension – Riverwalk	2018	12/10/36	3,500,000	2,464,252
East Chattanooga Rising (Nippon Plant				
Automotive Company) – Tubman Site	2020	12/31/40	4,000,000	3,985,232
North Access Road Plan Area	2022	05/01/47	9,900,000	8,754,000
Blue Cross Blue Shield	2021	01/01/28	200,000,000	200,000,000
YMCA 2020	2020	12/01/26	6,900,000	694,651
			<u>\$ 233,389,045</u>	<u>\$ 224,517,467</u>

Description	Issue Year	Final Maturity Date	Original Dollar Amount
Battery Heights – Alco	2021	08/01/24	\$ 10,500,000
Baylor School	Various	06/01/42	17,900,000
Boynton Apts.	2004	06/01/36	5,000,000
Catholic Health Initiative (CommonSpirit)	2019	06/01/44	202,555,000
Catholic Health Initiative (CommonSpirit)	2019	06/01/44	73,465,000
CDFI Phase I, LLC (UTC)	2015	10/01/32	65,895,000
Cumberland Medical Center	2004	11/01/31	46,000,000
DGA Shallowford	2023	12/01/29	20,000,000
Espero Chattanooga LP	2023	12/01/43	10,700,000
Girls Preparatory School	2019	07/01/32	8,500,000
Girls Preparatory School	2019	07/01/32	5,000,000
Northtowne Village Association	1985	03/01/25	4,420,709
Patten Towers Apt. Project 2019	2019	06/01/34	20,000,000
Rainbow Creek Apartments	1999	11/20/39	5,000,000
Red Bank Health Care Center	1985	08/01/25	385,018
(The) Reserve at Mountain Pass	2021	12/01/61	32,289,000
(The) Reserve at Mountain Pass	2021	12/01/61	11,550,000
Siskin Hospital for Physical Rehabilitation	2015	07/01/46	22,445,000
Siskin Hospital for Physical Rehabilitation	2015	07/01/28	15,610,000
Southern Adventist University	2013	12/01/26	19,100,000
Standifer Place Project	2004	07/01/34	15,000,000
TUFF /Chattanooga Housing, LLC	2000	10/01/32	18,000,000
UTC	2015	11/17/35	65,895,000
			<u>\$ 695,209,727</u>

NOTE 19. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through December 31, 2024 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Except for the matters discussed in the following paragraphs, management has not identified any other items requiring recognition or disclosure.

On September 11, 2024, Fitch Ratings downgraded the City of Chattanooga's general obligation debt rating from AAA to AA+. The main driving force behind this downgrade was a change in criteria that Fitch uses to determine ratings. This new criterion utilizes more demographic and economic factors of the City's population.

On October 17, 2024, the Sports Authority of the County of Hamilton and the City of Chattanooga, Tennessee issued \$63,805,000 in Tax-Exempt Public Facility Revenue Bonds (2024A), \$14,830,000 in Taxable Public Facility Revenue Bonds (2024B), and \$5,000,000 in Public Facility Revenue Bonds (2024C) to help facilitate the building of the Multi-Use Stadium in the South Broad District Area. The City has pledged to backstop 50% of this debt if the revenues are not sufficient to make the debt payments.



Required Supplementary Information

Pension and OPEB Trust Fund

CITY OF CHATTANOOGA, TENNESSEE

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

PENSION TRUST FUND - GENERAL (Reporting per GASB 67)

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 9,546,892	\$ 8,825,699	\$ 7,819,389	\$ 7,669,324	\$ 7,713,580	\$ 7,739,257	\$ 7,437,871	\$ 6,982,512	\$ 6,379,426	\$ 6,381,168
Interest	28,448,596	26,956,281	25,964,021	25,535,915	24,827,265	24,677,422	23,936,377	23,280,746	22,693,730	21,950,480
Differences between expected and actual experience	(5,838,225)	13,019,069	6,606,047	(2,173,556)	1,777,809	348,190	1,236,249	2,630,676	735,472	(333,439)
Changes of assumptions	12,086,786	-	-	-	-	5,411,416	-	8,927,192	8,345,787	-
Benefit payments, including refund of member contributions	(27,191,820)	(26,193,541)	(25,185,064)	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)
Net change in total pension liability	17,052,229	22,607,508	15,204,393	6,837,996	10,872,074	15,823,779	10,914,710	21,543,664	19,184,389	10,791,812
Total pension liability - beginning	435,056,596	412,449,088	397,244,695	390,406,699	379,534,625	363,710,846	352,796,136	331,252,472	312,068,083	301,276,271
Total pension liability - ending (a)	\$ 452,108,825	\$ 435,056,596	\$ 412,449,088	\$ 397,244,695	\$ 390,406,699	\$ 379,534,625	\$ 363,710,846	\$ 352,796,136	\$ 331,252,472	\$ 312,068,083
Plan fiduciary net position										
Contributions - employer	\$ 17,988,874	\$ 16,694,619	\$ 15,381,260	\$ 13,886,732	\$ 13,808,964	\$ 12,770,788	\$ 11,659,818	\$ 9,717,412	\$ 8,076,989	\$ 7,925,195
Contributions - member	1,709,090	1,641,422	1,411,067	1,259,372	1,293,351	1,245,864	1,203,981	1,179,685	1,158,835	1,140,121
Net investment income	29,116,997	17,665,683	(1,497,045)	57,435,710	5,788,076	6,280,709	27,938,443	25,744,473	193,190	9,290,101
Benefit payments, including refund of member contributions	(27,191,820)	(26,193,541)	(25,185,064)	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)
Administrative expense	(225,127)	(461,852)	(160,753)	(205,273)	(221,766)	(164,522)	(393,230)	(158,790)	(161,500)	(205,580)
Net change in plan fiduciary net position	21,398,014	9,346,331	(10,050,535)	48,182,854	(2,777,955)	(2,219,667)	18,713,225	16,205,318	(9,702,512)	943,440
Plan fiduciary net position - beginning	341,465,967	332,119,636	342,170,171	293,987,317	296,765,272	298,984,939	280,271,714	264,066,396	273,768,908	272,825,468
Plan fiduciary net position - ending (b)	\$ 362,863,981	\$ 341,465,967	\$ 332,119,636	\$ 342,170,171	\$ 293,987,317	\$ 296,765,272	\$ 298,984,939	\$ 280,271,714	\$ 264,066,396	\$ 273,768,908
Net pension liability - ending (a) - (b)	\$ 89,244,844	\$ 93,590,629	\$ 80,329,452	\$ 55,074,524	\$ 96,419,382	\$ 82,769,353	\$ 64,725,907	\$ 72,524,422	\$ 67,186,076	\$ 38,299,175
Plan fiduciary net position as a percentage of the total pension liability	80.26%	78.49%	80.52%	86.14%	75.30%	78.19%	82.20%	79.44%	79.72%	87.73%
Covered payroll	\$ 83,236,532	\$ 81,077,975	\$ 68,884,020	\$ 61,223,547	\$ 65,158,198	\$ 62,944,765	\$ 60,195,485	\$ 59,220,510	\$ 57,608,950	\$ 57,555,196
Net pension liability as a percentage of covered payroll	107.22%	115.43%	116.62%	89.96%	147.98%	131.50%	107.53%	122.47%	116.62%	66.54%

Notes to Schedule:

Benefit changes. None

Changes in actuarial assumptions and methods:

2024:

- *Withdrawal rates changed to a purely service-based table and were increased at most service levels.
- *Retirement rates were changed to more closely reflect recent experience.
- *Pre-retirement and post-retirement mortality tables were changed to the Pub-2010 mortality tables, projected generationally using MP-2021 Projection Scale with adjustments for healthy retirees, contingent annuitants, and active members.
- *The administrative expense assumption was decreased from 0.50% to 0.40% of payroll.

2019:

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

2017:

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

CITY OF CHATTANOOGA, TENNESSEE

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

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 9,770,139	\$ 9,511,483	\$ 6,628,081	\$ 6,850,469	\$ 6,598,391	\$ 6,456,437	\$ 5,486,963	\$ 5,398,371	\$ 5,599,755	\$ 5,754,036
Interest	37,080,033	35,820,598	33,222,870	32,357,215	31,845,950	31,209,745	29,768,876	30,121,491	29,255,906	27,011,054
Differences between expected and actual experience	(139,209)	5,272,671	31,165,237	4,073,991	55,033	1,268,327	18,629,233	(8,657,838)	175,120	1,007,292
Changes of assumptions	-	-	13,771,643	-	14,017,546	(1,006,613)	8,251,113	10,839,776	-	23,999,640
Benefit payments, including refund of member contributions	(32,587,777)	(31,822,443)	(31,393,805)	(29,991,777)	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)
Net change in total pension liability	14,123,186	18,782,309	53,394,026	13,289,898	22,953,584	8,902,026	32,072,508	8,692,596	5,519,346	29,671,098
Total pension liability - beginning	555,857,578	537,075,269	483,681,243	470,391,345	447,437,761	438,535,735	406,463,227	397,770,631	392,251,285	362,580,187
Total pension liability - ending (a)	\$ 569,980,764	\$ 555,857,578	\$ 537,075,269	\$ 483,681,243	\$ 470,391,345	\$ 447,437,761	\$ 438,535,735	\$ 406,463,227	\$ 397,770,631	\$ 392,251,285
Plan fiduciary net position										
Contributions - employer	\$ 26,726,409	\$ 29,471,834	\$ 27,054,427	\$ 22,018,026	\$ 20,996,995	\$ 19,646,959	\$ 18,036,218	\$ 12,999,917	\$ 11,987,641	\$ 11,115,222
Contributions - member	5,472,362	5,907,228	5,472,722	4,548,644	4,555,733	4,496,310	4,456,026	4,137,743	3,869,165	3,528,823
Net investment income	37,442,750	15,892,130	(32,319,781)	64,314,201	8,976,784	13,644,639	14,333,154	21,850,184	(5,439,852)	6,760,919
Benefit payments, including refund of member contributions	(32,587,777)	(31,822,443)	(31,393,805)	(29,991,777)	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)
Administrative expense	(966,758)	(948,434)	(955,057)	(256,877)	(947,089)	(2,004,109)	(1,054,284)	(742,349)	(1,269,308)	(889,162)
Other	183,876	94,215	111,546	121,816	150,878	144,652	135,260	151,146	326,393	162,076
Net change in plan fiduciary net position	36,270,862	18,594,530	(32,029,948)	60,754,033	4,169,965	6,902,581	5,842,697	9,387,437	(20,037,396)	(7,423,046)
Plan fiduciary net position - beginning	282,213,237	263,618,707	295,648,655	234,894,622	230,724,657	223,822,076	217,979,379	208,591,942	228,629,338	236,052,384
Plan fiduciary net position - ending (b)	\$ 318,484,099	\$ 282,213,237	\$ 263,618,707	\$ 295,648,655	\$ 234,894,622	\$ 230,724,657	\$ 223,822,076	\$ 217,979,379	\$ 208,591,942	\$ 228,629,338
Net pension liability - ending (a) - (b)	\$ 251,496,665	\$ 273,644,341	\$ 273,456,562	\$ 188,032,588	\$ 235,496,723	\$ 216,713,104	\$ 214,713,659	\$ 188,483,848	\$ 189,178,689	\$ 163,621,947
Plan fiduciary net position as a percentage of the total pension liability	55.88%	50.77%	49.08%	61.12%	49.94%	51.57%	51.04%	53.63%	52.44%	58.29%
Covered payroll	\$ 52,120,839	\$ 52,587,549	\$ 50,940,536	\$ 41,698,746	\$ 41,958,234	\$ 41,751,143	\$ 41,312,393	\$ 38,432,299	\$ 38,954,094	\$ 39,282,422
Net pension liability as a percentage of covered payroll	482.53%	520.36%	536.82%	450.93%	561.26%	519.06%	519.73%	490.43%	485.65%	416.53%

Notes to Schedule:

Benefit changes: None.

Changes in assumptions:

2022:

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

2020:

*The mortality improvement assumption was changed from the MP-2018 improvement scale to 75% of the improvement rates used in the alternative II projection in the 2019 OASDI Trustees Report.

*The turnover rates for Police were increased for the first 10 years of service with minor adjustments to rates in later years.

*The turnover rates for Fire were increased for the first 10 years of service.

*The disability rates were increased from 25% to 100% of the Old Age Survivors and Disability Income Table.

*The retirement rates for participants who were vested as of July 1, 2014 were increased for most years of service beginning at year 25 resulting in earlier projected retirement ages.

*On average participants are assumed to retire mid-year.

*The percent married assumption was lowered from 75% to 70%.

*The inflation assumption was lowered from 2.75% to 2.25%.

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

*The salary scale was increased for participants with less than 10 years of service and lowered for participants with 16 or more years of service.

*The payroll growth assumption was lowered from 2.75% to 2.25%.

CITY OF CHATTANOOGA, TENNESSEE

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 16,977,728	\$ 14,424,314	\$ 12,820,211	\$ 13,852,633	\$ 13,482,769	\$ 12,340,736	\$ 11,599,926	\$ 9,550,286	\$ 8,120,912	\$ 7,771,920
Contributions in relation to the actuarially determined contribution	17,988,874	16,694,619	15,381,260	13,886,732	13,808,964	12,770,788	11,659,818	9,717,412	8,076,989	7,925,195
Contribution deficiency (excess)	\$ (1,011,146)	\$ (2,270,305)	\$ (2,561,049)	\$ (34,099)	\$ (326,195)	\$ (430,052)	\$ (59,892)	\$ (167,126)	\$ 43,923	\$ (153,275)
Covered payroll	\$ 83,236,532	\$ 81,077,975	\$ 68,884,020	\$ 61,223,547	\$ 65,158,198	\$ 62,944,765	\$ 60,195,485	\$ 59,220,510	\$ 57,608,950	\$ 57,555,196
Contributions as a percentage of covered payroll	21.61%	20.59%	22.33%	22.68%	21.19%	20.29%	19.37%	16.41%	14.02%	13.77%

Notes to Schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	12.3 years
Asset valuation method	Fair value, with 5-year recognition of investment gains and losses, not less than 80% or greater than 120% of fair value
Inflation	2.50%
Salary increases	3.00 to 5.25%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Cost of living adjustments	3.0%
Mortality	Pre-retirement and post-retirement: RP2014 Mortality Table set forward four years for males and set forward three years for females and using a Scale MP-2017 projection to 2025. Post-retirement mortality: RP-2014 Disabled Mortality Table set forward four years for males and set forward seven years for females.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS

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

Last 10 Calendar Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 26,023,635	\$ 25,354,456	\$ 21,381,937	\$ 21,080,574	\$ 19,604,058	\$ 18,823,113	\$ 16,504,790	\$ 12,829,325	\$ 12,030,640	\$ 9,478,900
Contributions in relation to the actuarially determined contribution	26,726,409	29,471,834	27,054,427	22,018,026	20,996,995	19,646,959	18,036,218	12,999,917	11,987,641	11,115,222
Contribution deficiency (excess)	\$ (702,774)	\$ (4,117,378)	\$ (5,672,490)	\$ (937,452)	\$ (1,392,937)	\$ (823,846)	\$ (1,531,428)	\$ (170,592)	\$ 42,999	\$ (1,636,322)
Covered payroll	\$ 52,120,839	\$ 52,587,549	\$ 50,940,536	\$ 41,958,234	\$ 41,751,143	\$ 41,312,393	\$ 38,432,299	\$ 38,954,094	\$ 39,282,422	\$ 36,187,624
Contributions as a percentage of covered payroll	51.28%	56.04%	53.11%	52.48%	50.29%	47.56%	46.93%	33.37%	30.52%	30.72%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	100% level dollar
Remaining amortization period	Separate 30-year bases established annually for level dollar method.
Asset valuation method	5-year smoothed fair value; the actuarial value of assets is adjusted, if necessary, to be within 20% of the fair value
Inflation	2.25%
Salary increases	2.25 - 2.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Cost of living adjustments	1.50% (starting January 1 after third anniversary of retirement date)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENT RETURNS

PENSION TRUST FUND

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense										
General Plan	9.45%	6.90%	-9.80%	24.60%	2.35%	5.56%	8.07%	11.46%	-0.78%	2.93%
Fire & Police Plan	10.79%	8.57%	-11.76%	29.34%	3.85%	5.81%	6.35%	10.59%	-2.61%	2.89%

CITY OF CHATTANOOGA, TENNESSEE

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB liability									
Service cost	\$ 3,995,897	\$ 3,881,182	\$ 4,076,344	\$ 3,834,142	\$ 3,883,018	\$ 3,910,132	\$ 3,796,244	\$ 3,285,014	\$ 3,078,078
Interest	13,170,299	12,553,152	14,474,529	13,780,949	14,274,983	13,649,152	13,031,065	12,436,672	12,016,977
Difference between expected and actual experience	(1,560,292)		(47,050,115)	-	(11,458,511)	-	167,505	-	-
Change in assumption	3,562,652		7,549,180	-	903,971	-	13,240,396	-	-
Benefit payments, including refund of member contributions	(6,993,561)	(7,589,254)	(7,440,308)	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,110)
Net change in total OPEB liability	<u>12,174,995</u>	<u>8,845,080</u>	<u>(28,390,370)</u>	<u>10,375,709</u>	<u>103,682</u>	<u>7,821,379</u>	<u>21,983,418</u>	<u>8,380,562</u>	<u>3,437,945</u>
Total OPEB liability - beginning	<u>198,612,324</u>	<u>189,767,244</u>	<u>218,157,614</u>	<u>207,781,905</u>	<u>207,678,223</u>	<u>199,856,844</u>	<u>177,873,426</u>	<u>169,492,864</u>	<u>166,054,919</u>
Total OPEB liability - ending (a)	<u>\$ 210,787,319</u>	<u>\$ 198,612,324</u>	<u>\$ 189,767,244</u>	<u>\$ 218,157,614</u>	<u>\$ 207,781,905</u>	<u>\$ 207,678,223</u>	<u>\$ 199,856,844</u>	<u>\$ 177,873,426</u>	<u>\$ 169,492,864</u>
Plan fiduciary net position									
Contributions - employer	\$ 16,170,920	\$ 16,034,316	\$ 15,102,417	\$ 12,758,970	\$ 14,613,964	\$ 14,180,763	\$ 14,191,396	\$ 13,403,639	\$ 12,917,243
Contributions - member	-	-	-	-	-	-	-	-	2,739,171
Net investment income	(167,881)	9,056,332	(11,063,571)	24,762,080	2,367,394	2,848,123	5,662,711	7,313,765	(2,469,379)
Benefit payments, including refund of member contributions	(6,993,561)	(7,589,254)	(7,440,308)	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
Administrative expense	(59,429)	(62,981)	(66,605)	(49,023)	(37,505)	(44,054)	(50,522)	(41,992)	(41,906)
Net change in plan fiduciary net position	<u>8,950,049</u>	<u>17,438,413</u>	<u>(3,468,067)</u>	<u>30,232,645</u>	<u>9,444,074</u>	<u>7,246,927</u>	<u>11,551,793</u>	<u>13,334,288</u>	<u>1,488,018</u>
Plan fiduciary net position - beginning	<u>127,337,733</u>	<u>109,899,320</u>	<u>113,367,387</u>	<u>83,134,742</u>	<u>73,690,668</u>	<u>66,443,741</u>	<u>54,891,948</u>	<u>41,557,660</u>	<u>40,069,642</u>
Plan fiduciary net position - ending (b)	<u>\$ 136,287,782</u>	<u>\$ 127,337,733</u>	<u>\$ 109,899,320</u>	<u>\$ 113,367,387</u>	<u>\$ 83,134,742</u>	<u>\$ 73,690,668</u>	<u>\$ 66,443,741</u>	<u>\$ 54,891,948</u>	<u>\$ 41,557,660</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 74,499,537</u>	<u>\$ 71,274,591</u>	<u>\$ 79,867,924</u>	<u>\$ 104,790,227</u>	<u>\$ 124,647,163</u>	<u>\$ 133,987,555</u>	<u>\$ 133,413,103</u>	<u>\$ 122,981,478</u>	<u>\$ 127,935,204</u>
Plan fiduciary net position as a percentage of the total OPEB liability	64.66%	64.11%	57.91%	51.97%	40.01%	35.48%	33.25%	30.86%	24.52%
Covered payroll	\$ 134,884,710	\$ 121,255,128	\$ 121,255,128	\$ 107,477,193	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271
Net OPEB liability as a percentage of covered payroll	55.23%	58.78%	65.87%	97.50%	115.98%	133.90%	133.33%	127.53%	132.66%

Notes to Schedule:

Benefit changes: None

Changes in actuarial assumptions and methods:

2024: The demographic actuarial assumptions for withdrawal, retirement, and mortality for general employees reflect the results of the experience investigation of the General Pension Fund for the period ending December 31, 2022. Assumptions regarding spousal coverage election, deferred retirement election, morbidity, aging factors, and health care trend rates reflect the results of the OPEB experience investigation for all employees for the six-year ending December 31, 2021.

2023: None

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

2021: None

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

2019: None

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

2017: None

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

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 14,247,478	\$ 14,247,478	\$ 12,628,570	\$ 12,628,570	\$ 13,588,664	\$ 13,588,664	\$ 13,163,283	\$ 13,163,283	\$ 12,759,200	\$ 12,759,200
Contributions in relation to the actuarially determined contribution	16,170,920	16,034,316	15,102,417	12,758,970	14,613,964	14,180,763	14,191,396	13,403,639	12,917,243	15,754,457
Contribution deficiency (excess)	\$ (1,923,442)	\$ (1,786,838)	\$ (2,473,847)	\$ (130,400)	\$ (1,025,300)	\$ (592,099)	\$ (1,028,113)	\$ (240,356)	\$ (158,043)	\$ (2,995,257)
Covered payroll	\$ 134,884,710	\$ 121,255,128	\$ 121,255,128	\$ 107,477,193	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271	\$ 95,390,933
Contributions as a percentage of covered payroll	11.99%	13.22%	12.46%	11.87%	13.60%	14.17%	14.18%	13.90%	13.39%	16.52%

Notes to Schedule:

Valuation date:

Valuation are performed every year. The last valuation was January 1, 2024.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	9 years
Asset valuation method	Market value, with 5 years recognition of investment gains and losses, not less than 80% or greater than 120% of market value
Inflation	2.50%
Healthcare cost trend rate: Pre-Medicare eligible	7.00% - 4.50%, including inflation
Healthcare cost trend rate: Medicare eligible	4.75% - 4.50%, including inflation
Year of ultimate trend rate: Pre-Medicare eligible	2029
Year of ultimate trend rate: Medicare eligible	2023
Long-Term Investment rate of return	6.75% compounded annually, net of investment expense, and including inflation
Salary increases: General employees	3.00 - 5.25%, including inflation
Salary increases: Fire and Police employees	2.25 - 2.75%, including inflation
Mortality: General employee deaths after retirement:	

According to the Pub-2010 General Healthy Retiree Below Median Table set forward three years, and adjusted 102% for males and 104% for females, and projected generationally using projection scale MP-2021 for service retirements. The Pub-2010 General Contingent Survivor Below Median Table set forward three years, and projected generationally using projection scale MP-2021 is used for beneficiaries of retired participants. The Pub-2010 General Disability Table projected generationally using projection scale MP-2021 is used for disability retirements.

Mortality: Fire and Police employee deaths after retirement:

According to the RP-2014 Mortality Table with Blue Collar Adjustment, set forward three years for males and females and projected generationally using projection scale MP-2021 for service retirements and beneficiaries of retired participants. The RP-2014 Disabled Mortality Table set forward three years for males and females and projected generationally using projection scale MP-2021 for the period after disability retirement.

CITY OF CHATTANOOGA, TENNESSEE

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense									
OPEB	13.79%	9.70%	-12.50%	28.90%	3.76%	5.98%	8.30%	12.86%	-0.77%

Notes to Schedule:

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

EPB OPEB TRUST FUND

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 1,179,000	\$ 925,000	\$ 943,000	\$ 950,000	\$ 1,218,000	\$ 1,250,000	\$ 1,191,000
Interest	1,790,000	1,605,000	1,589,000	1,533,000	1,609,000	1,686,000	1,851,000
Difference between expected and actual experience	4,867,000	2,402,000	(433,000)	518,000	3,583,000	(2,537,000)	(3,860,000)
Changes of assumptions	5,270,000	-	-	(447,000)	(5,800,000)	-	-
Refunds of contributions	(2,889,000)	(2,102,000)	(1,850,000)	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
Net change in total OPEB liability	10,217,000	2,830,000	249,000	866,000	(1,165,000)	(1,204,000)	(2,534,000)
Total OPEB liability - beginning	27,526,000	24,696,000	24,447,000	23,581,000	24,746,000	25,950,000	28,484,000
Total OPEB liability - ending (a)	\$ 37,743,000	\$ 27,526,000	\$ 24,696,000	\$ 24,447,000	\$ 23,581,000	\$ 24,746,000	\$ 25,950,000
Plan fiduciary net position							
Contributions - employer	\$ 2,844,000	\$ 2,067,000	\$ 1,796,000	\$ 1,663,000	\$ 1,720,000	\$ 1,582,000	\$ 1,686,000
Net investment income	2,485,000	(4,813,000)	7,345,000	113,000	1,313,000	1,780,000	2,495,000
Benefit payments, net of member contributions	(2,889,000)	(2,102,000)	(1,850,000)	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
Administrative expense	(20,000)	(23,000)	(21,000)	(20,000)	(19,000)	(39,000)	(49,000)
Net change in plan fiduciary net position	2,420,000	(4,871,000)	7,270,000	68,000	1,239,000	1,720,000	2,416,000
Plan fiduciary net position - beginning	28,804,000	33,675,000	26,405,000	26,337,000	25,098,000	23,378,000	20,962,000
Plan fiduciary net position - ending (b)	\$ 31,224,000	\$ 28,804,000	\$ 33,675,000	\$ 26,405,000	\$ 26,337,000	\$ 25,098,000	\$ 23,378,000
Net OPEB liability / (asset) - ending (a) - (b)	\$ 6,519,000	\$ (1,278,000)	\$ (8,979,000)	\$ (1,958,000)	\$ (2,756,000)	\$ (352,000)	\$ 2,572,000
Plan fiduciary net position as a percentage of the total OPEB liability	82.73%	104.64%	136.36%	108.01%	111.69%	101.42%	90.09%
Covered payroll	\$ 55,842,000	\$ 48,441,000	\$ 48,884,000	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
Net OPEB liability as a percentage of covered payroll	11.67%	-2.64%	-18.37%	-4.01%	-5.95%	-0.81%	6.04%

Notes to Schedule:

Benefit changes: None

Assumption changes:

The estimated Healthcare Cost Trend and Inflation rate was changed during FY 2024 based on historical trends

In addition, the actual and expected medical claims have been modified to reflect recent plan experience. The FY 2024 valuation as of June 30, 2023 also included a switch to RP-2014 Mortality Tables with MP-2021 generational improvements.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer Contributions	\$ 2,302,000	\$ 2,844,000	\$ 2,067,000	\$ 1,796,000	\$ 1,663,000	\$ 172,000	\$ 1,582,000	\$ 1,686,000
Covered payroll	\$ 55,842,000	\$ 48,441,000	\$ 48,884,000	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000	\$ 39,553,000
Contributions as a percentage of covered payroll	4.12%	5.87%	4.23%	3.68%	3.59%	3.98%	3.71%	4.26%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	Fair Market Value
Inflation rate	3.0% - 2024, 2.5% -2023, 1.5% - 2022 thru 2017
Healthcare cost trend rate: Active & Early Retirees	7.0% initial, 4% ultimate - 2024; 6.0% initial, 4.0% ultimate - 2023; 6.5% initial, 4.0% ultimate - 2022; 7.0% initial 4.0% ultimate - 2021; 7.5% initial, 4.0% ultimate - 2020; 7.5% initial, 5.5% ultimate - 2019 - 2017
Investment rate of return	6.50%
Retirement:	3% per year for ages 57-61; 20% at age 62; 10% at ages 63 and 64; and 100% at age 65
Mortality	In the actuarial valuation, assumed life expectancies were computing using the RP-2014 Table with MP-2021 generation improvements for 2024 In the actuarial valuation, assumed life expectancies were computing using the UP 1984 Table for years 2017-2023

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	8.60%	-14.30%	27.90%	0.40%	5.30%	7.60%	12.00%

Notes to Schedule:

This schedule will be 10 years as information is available.

Required Supplementary Information

City Pension and OPEB Plans

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
 GENERAL PENSION PLAN (Reporting per GASB 68)
 Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 8,825,699	\$ 7,819,389	\$ 7,669,324	\$ 7,713,580	\$ 7,739,257	\$ 7,437,871	\$ 6,982,512	\$ 6,379,426	\$ 6,381,168	\$ 6,069,090
Interest	26,956,281	25,964,021	25,535,915	24,827,265	24,677,422	23,936,377	23,280,746	22,693,730	21,950,480	22,247,450
Changes of assumptions	-	-	-	-	5,411,416	1,236,249	8,927,192	8,345,787	-	(5,893,894)
Difference between expected and actual experience	13,019,069	6,606,047	(2,173,556)	1,777,809	348,190	-	2,630,676	735,472	(333,439)	-
Benefit payments, including refund of member contributions	(26,193,541)	(25,185,064)	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
Net change in total pension liability	22,607,508	15,204,393	6,837,996	10,872,074	15,823,779	10,914,710	21,543,664	19,184,389	10,791,812	6,002,154
Total pension liability - beginning	412,449,088	397,244,695	390,406,699	379,534,625	363,710,846	352,796,136	331,252,472	312,068,083	301,276,271	295,274,117
Total pension liability - ending (a)	\$ 435,056,596	\$ 412,449,088	\$ 397,244,695	\$ 390,406,699	\$ 379,534,625	\$ 363,710,846	\$ 352,796,136	\$ 331,252,472	\$ 312,068,083	\$ 301,276,271
Plan fiduciary net position										
Contributions - employer	\$ 16,694,619	\$ 15,381,260	\$ 13,886,732	\$ 13,808,964	\$ 12,770,788	\$ 11,659,818	\$ 9,717,412	\$ 8,076,989	\$ 7,925,195	\$ 7,751,909
Contributions - member	1,641,422	1,411,067	1,259,372	1,293,351	1,245,864	1,203,981	1,179,685	1,158,835	1,140,121	1,130,354
Net investment income	17,665,683	(1,497,045)	57,435,710	5,788,076	6,280,709	27,938,443	25,744,473	193,190	9,290,101	31,178,197
Benefit payments, including refund of member contributions	(26,193,541)	(25,185,064)	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
Administrative expense	(461,852)	(160,753)	(205,273)	(221,766)	(164,522)	(393,230)	(158,790)	(161,500)	(205,580)	(192,205)
Net change in plan fiduciary net position	9,346,331	(10,050,535)	48,182,854	(2,777,955)	(2,219,667)	18,713,225	16,205,318	(9,702,512)	943,440	23,447,763
Plan fiduciary net position - beginning	332,119,636	342,170,171	293,987,317	296,765,272	298,984,939	280,271,714	264,066,396	273,768,908	272,825,468	249,377,705
Plan fiduciary net position - ending (b)	\$ 341,465,967	\$ 332,119,636	\$ 342,170,171	\$ 293,987,317	\$ 296,765,272	\$ 298,984,939	\$ 280,271,714	\$ 264,066,396	\$ 273,768,908	\$ 272,825,468
Net pension liability - ending (a) - (b)	\$ 93,590,629	\$ 80,329,452	\$ 55,074,524	\$ 96,419,382	\$ 82,769,353	\$ 64,725,907	\$ 72,524,422	\$ 67,186,076	\$ 38,299,175	\$ 28,450,803
Plan fiduciary net position as a percentage of the total pension liability	78.49%	80.52%	86.14%	75.30%	78.19%	82.20%	79.44%	79.72%	87.73%	90.56%
Covered payroll	\$ 81,077,975	\$ 68,884,020	\$ 61,223,547	\$ 65,158,198	\$ 62,944,765	\$ 60,195,485	\$ 59,220,510	\$ 57,608,950	\$ 57,555,196	\$ 55,815,216
Net pension liability as a percentage of covered payroll	115.43%	116.62%	89.96%	147.98%	131.50%	107.53%	122.47%	116.62%	66.54%	50.97%

Notes to Schedule:

Benefit changes: None

Assumption changes:

2019:

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

*Retirement, withdrawal, and disability rates were changed to more closely reflect recent experiences.

*The pre-retirement and post-retirement healthy mortality tables were changed to the RP-2014 Mortality Table set forward four years for males and three years for females and using a Scale MP-2017 projection to 2025.

*The post-retirement mortality table was changed to the RP-2014 Disability Mortality Table set forward four years for males and set forward seven years for females and using a Scale MP-2017 projection to 2025 for disability retirements.

*Salary increase rates were changed to more closely reflect recent experience.

*The administrative expense assumption was increased from 0.42% to 0.50% of payroll.

*The asset smoothing method was changed from 10-year to 5-year smoothing.

2017:

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

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
 FIRE AND POLICE PENSION FUND (Reporting per GASB 68)
 Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 9,511,483	\$ 6,628,081	\$ 6,850,469	\$ 6,598,391	\$ 6,456,437	\$ 5,486,963	\$ 5,398,371	\$ 5,599,755	\$ 5,754,036	\$ 5,858,028
Interest	35,820,598	33,222,870	32,357,215	31,845,950	31,209,745	29,768,876	30,121,491	29,255,906	27,011,054	30,728,527
Changes of benefit terms	-	-	-	-	-	-	-	-	-	(65,257,551)
Differences between expected and actual experience	5,272,671	31,165,237	4,073,991	55,033	1,268,327	18,629,233	(8,657,838)	175,120	1,007,292	9,811,157
Changes of assumptions	-	13,771,643	-	14,017,546	(1,006,613)	8,251,113	10,839,776	-	23,999,640	-
Benefit payments, including refund of member contributions	(31,822,443)	(31,393,805)	(29,991,777)	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)	(30,114,186)
Net change in total pension liability	18,782,309	53,394,026	13,289,898	22,953,584	8,902,026	32,072,508	8,692,596	5,519,346	29,671,098	(48,974,025)
Total pension liability - beginning	537,075,269	483,681,243	470,391,345	447,437,761	438,535,735	406,463,227	397,770,631	392,251,285	362,580,187	411,554,212
Total pension liability - ending (a)	\$ 555,857,578	\$ 537,075,269	\$ 483,681,243	\$ 470,391,345	\$ 447,437,761	\$ 438,535,735	\$ 406,463,227	\$ 397,770,631	\$ 392,251,285	\$ 362,580,187
Plan fiduciary net position										
Contributions - employer	\$ 29,471,834	\$ 27,054,427	\$ 22,018,026	\$ 20,996,995	\$ 19,646,959	\$ 18,036,218	\$ 12,999,917	\$ 11,987,641	\$ 11,115,222	\$ 13,495,433
Contributions - member	5,907,228	5,472,722	4,548,644	4,555,733	4,496,310	4,456,026	4,137,743	3,869,165	3,528,823	3,199,093
Net investment income	15,892,130	(32,319,781)	64,314,201	8,976,784	13,644,639	14,333,154	21,850,184	(5,439,852)	6,760,919	33,750,882
Benefit payments, including refund of member contributions	(31,822,443)	(31,393,805)	(29,991,777)	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)	(30,114,186)
Administrative expense	(948,434)	(955,057)	(256,877)	(947,089)	(2,004,109)	(1,054,284)	(742,349)	(1,269,308)	(889,162)	(608,924)
Other	94,215	111,546	121,816	150,878	144,652	135,260	151,146	326,393	162,076	167,314
Net change in plan fiduciary net position	18,594,530	(32,029,948)	60,754,033	4,169,965	6,902,581	5,842,697	9,387,437	(20,037,396)	(7,423,046)	19,889,612
Plan fiduciary net position - beginning	263,618,707	295,648,655	234,894,622	230,724,657	223,822,076	217,979,379	208,591,942	228,629,338	236,052,384	216,162,772
Plan fiduciary net position - ending (b)	\$ 282,213,237	\$ 263,618,707	\$ 295,648,655	\$ 234,894,622	\$ 230,724,657	\$ 223,822,076	\$ 217,979,379	\$ 208,591,942	\$ 228,629,338	\$ 236,052,384
Net pension liability - ending (a) - (b)	\$ 273,644,341	\$ 273,456,562	\$ 188,032,588	\$ 235,496,723	\$ 216,713,104	\$ 214,713,659	\$ 188,483,848	\$ 189,178,689	\$ 163,621,947	\$ 126,527,803
Plan fiduciary net position as a percentage of the total pension liability	50.77%	49.08%	61.12%	49.94%	51.57%	51.04%	53.63%	52.44%	58.29%	65.10%
Covered payroll	\$ 52,587,549	\$ 50,940,536	\$ 41,698,746	\$ 41,958,234	\$ 41,751,143	\$ 41,312,393	\$ 38,432,299	\$ 38,954,094	\$ 39,282,422	\$ 36,187,624
Net pension liability as a percentage of covered payroll	520.36%	536.82%	450.93%	561.26%	519.06%	519.73%	490.43%	485.65%	416.53%	349.64%

Notes to Schedule:

Benefit changes: None.

Changes in assumptions:

2022:

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

2020:

*The mortality improvement assumption was changed from the MP-2018 improvement scale to 75% of the improvement rates used in the alternative II projection in the 2019 OASDI Trustees Report.

*The turnover rates for Police were increased for the first 10 years of service with minor adjustments to rates in later years.

*The turnover rates for Fire were increased for the first 10 years of service.

*The disability rates were increased from 25% to 100% of the Old Age Survivors and Disability Income Table.

*The retirement rates for participants who were vested as of July 1, 2014 were increased for most years of service beginning at year 25 resulting in earlier projected retirement ages.

*On average participants are assumed to retire mid-year.

*The percent married assumption was lowered from 75% to 70%.

*The inflation assumption was lowered from 2.75% to 2.25%.

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

*The salary scale was increased for participants with less than 10 years of service and lowered for participants with 16 or more years of service.

*The payroll growth assumption was lowered from 2.75% to 2.25%.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
ELECTRIC POWER BOARD OF CHATTANOOGA RETIREMENT PLAN
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	\$ 4,727,727	\$ 4,826,353	\$ 4,139,928	\$ 4,007,999	\$ 4,052,285	\$ 3,419,789	\$ 3,191,879	\$ 2,765,420	\$ 2,395,069
Interest	5,444,545	5,354,957	4,905,978	4,542,966	4,221,731	4,431,537	4,250,696	4,043,136	3,637,040
Differences between expected and actual experience	5,233,310	1,191,415	1,752,001	1,735,358	2,277,706	1,460,427	734,695	2,594,311	3,608,092
Changes in assumptions	-	-	6,410,690	-	-	-	4,049,739	-	-
Benefit payments, including refund of member contributions	(15,279,612)	(9,994,448)	(4,910,035)	(5,100,449)	(5,962,649)	(7,177,555)	(6,568,775)	(5,237,213)	(2,455,053)
Net change in total pension liability	<u>125,970</u>	<u>1,378,277</u>	<u>12,298,562</u>	<u>5,185,874</u>	<u>4,589,073</u>	<u>2,134,198</u>	<u>5,658,234</u>	<u>4,165,654</u>	<u>7,185,148</u>
Total pension liability - beginning	<u>83,762,232</u>	<u>82,383,955</u>	<u>70,085,393</u>	<u>64,899,519</u>	<u>60,310,446</u>	<u>58,176,248</u>	<u>52,518,014</u>	<u>48,352,360</u>	<u>41,167,212</u>
Total pension liability - ending (a)	<u>\$ 83,888,202</u>	<u>\$ 83,762,232</u>	<u>\$ 82,383,955</u>	<u>\$ 70,085,393</u>	<u>\$ 64,899,519</u>	<u>\$ 60,310,446</u>	<u>\$ 58,176,248</u>	<u>\$ 52,518,014</u>	<u>\$ 48,352,360</u>
Plan fiduciary net position									
Contributions - employer	\$ 7,000,000	\$ 15,500,000	\$ 7,940,000	\$ 5,600,000	\$ 5,834,370	\$ 5,825,000	\$ 7,000,000	\$ 5,700,000	\$ 3,630,048
Net investment income	(5,210,170)	12,625,571	2,101,620	1,791,891	3,213,690	4,174,435	(345,933)	2,142,992	5,735,092
Benefit payments, including refund of member contributions	(15,279,612)	(9,994,448)	(4,910,035)	(5,100,449)	(5,962,649)	(7,177,555)	(6,568,775)	(5,237,213)	(2,455,053)
Administrative expense	(31,463)	(28,567)	(25,016)	(23,686)	(55,831)	(74,716)	(74,572)	(73,572)	(86,522)
Net change in plan fiduciary net position	<u>(13,521,245)</u>	<u>18,102,556</u>	<u>5,106,569</u>	<u>2,267,756</u>	<u>3,029,580</u>	<u>2,747,164</u>	<u>10,720</u>	<u>2,532,207</u>	<u>6,823,565</u>
Plan fiduciary net position - beginning	<u>76,014,912</u>	<u>57,912,356</u>	<u>52,805,787</u>	<u>50,538,031</u>	<u>47,508,451</u>	<u>44,761,287</u>	<u>44,750,567</u>	<u>42,218,360</u>	<u>35,394,795</u>
Plan fiduciary net position - ending (b)	<u>\$ 62,493,667</u>	<u>\$ 76,014,912</u>	<u>\$ 57,912,356</u>	<u>\$ 52,805,787</u>	<u>\$ 50,538,031</u>	<u>\$ 47,508,451</u>	<u>\$ 44,761,287</u>	<u>\$ 44,750,567</u>	<u>\$ 42,218,360</u>
Net pension liability - ending (a) - (b)	<u>\$ 21,394,535</u>	<u>\$ 7,747,320</u>	<u>\$ 24,471,599</u>	<u>\$ 17,279,606</u>	<u>\$ 14,361,488</u>	<u>\$ 12,801,995</u>	<u>\$ 13,414,961</u>	<u>\$ 7,767,447</u>	<u>\$ 6,134,000</u>
Plan fiduciary net position as a percentage of the total pension liability	74.50%	90.75%	70.30%	75.34%	77.87%	78.77%	76.94%	85.21%	87.31%
Covered payroll	\$ 48,878,016	\$ 46,589,520	\$ 47,656,428	\$ 44,354,016	\$ 42,505,392	\$ 37,195,884	\$ 37,808,796	\$ 35,014,644	\$ 32,127,132
Net pension liability as a percentage of covered payroll	43.77%	16.63%	51.35%	38.96%	33.79%	34.42%	35.48%	22.18%	19.09%

Notes to Schedule:

Benefit changes. None.

Changes in assumptions. None.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS
GENERAL PENSION PLAN (Reporting per GASB 68)
Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 14,424,314	\$ 12,820,211	\$ 13,852,633	\$ 13,482,769	\$ 12,340,736	\$ 11,599,926	\$ 9,550,286	\$ 8,120,912	\$ 7,771,920	\$ 7,717,400
Contributions in relation to the actuarially determined contribution	16,694,619	15,381,260	13,886,732	13,808,964	12,770,788	11,659,818	9,717,412	8,076,989	7,925,195	7,751,909
Contribution deficiency (excess)	<u>\$ (2,270,305)</u>	<u>\$ (2,561,049)</u>	<u>\$ (34,099)</u>	<u>\$ (326,195)</u>	<u>\$ (430,052)</u>	<u>\$ (59,892)</u>	<u>\$ (167,126)</u>	<u>\$ 43,923</u>	<u>\$ (153,275)</u>	<u>\$ (34,509)</u>
Covered payroll	\$ 81,077,975	\$ 68,884,020	\$ 61,223,547	\$ 65,158,198	\$ 62,944,765	\$ 60,195,485	\$ 59,220,510	\$ 57,608,950	\$ 57,555,196	\$ 55,815,216
Contributions as a percentage of covered payroll	20.59%	22.33%	22.68%	21.19%	20.29%	19.37%	16.41%	14.02%	13.77%	13.89%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, eighteen months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	13.1 years
Asset valuation method	5-year smoothed fair value with a 20% corridor
Inflation	2.50%
Salary increases	3.00 to 5.25%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS
FIRE AND POLICE PENSION FUND (Reporting per GASB 68)
Last 10 Calendar Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 25,354,456	\$ 21,381,937	\$ 21,080,574	\$ 19,604,058	\$ 18,823,113	\$ 16,504,790	\$ 12,829,325	\$ 12,030,640	\$ 9,478,900	\$ 13,346,490
Contributions in relation to the actuarially determined contribution	29,471,834	27,054,427	22,018,026	20,996,995	19,646,959	18,036,218	12,999,917	11,987,641	11,115,222	13,495,433
Contribution deficiency (excess)	<u>\$ (4,117,378)</u>	<u>\$ (5,672,490)</u>	<u>\$ (937,452)</u>	<u>\$ (1,392,937)</u>	<u>\$ (823,846)</u>	<u>\$ (1,531,428)</u>	<u>\$ (170,592)</u>	<u>\$ 42,999</u>	<u>\$ (1,636,322)</u>	<u>\$ (148,943)</u>
Covered payroll	\$ 52,587,549	\$ 50,940,536	\$ 41,958,234	\$ 41,751,143	\$ 41,312,393	\$ 38,432,299	\$ 38,954,094	\$ 39,282,422	\$ 36,187,624	\$ 37,215,933
Contributions as a percentage of covered payroll	56.04%	53.11%	52.48%	50.29%	47.56%	46.93%	33.37%	30.52%	30.72%	36.26%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	100% level dollar
Remaining amortization period	Separate 30-year bases established annually for level dollar method.
Asset valuation method	5-year smoothed fair value with 20% corridor
Inflation	2.25%
Salary increases	2.25 - 2.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Cost of living adjustment	1.50%, (starting January 1 after third anniversary of retirement date)

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS
ELECTRIC POWER BOARD OF CHATTANOOGA RETIREMENT PLAN
Last 10 Calendar Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 6,960,417	\$ 6,691,927	\$ 7,481,564	\$ 5,926,623	\$ 5,596,508	\$ 5,573,063	\$ 5,058,640	\$ 4,758,552	\$ 3,561,883
Contributions in relation to the actuarially determined contribution	7,000,000	15,500,000	7,500,000	5,940,000	5,600,000	5,584,370	5,075,000	4,500,000	3,700,000
Contribution deficiency (excess)	<u>\$ (39,583)</u>	<u>\$ (8,808,073)</u>	<u>\$ (18,436)</u>	<u>\$ (13,377)</u>	<u>\$ (3,492)</u>	<u>\$ (11,307)</u>	<u>\$ (16,360)</u>	<u>\$ 258,552</u>	<u>\$ (138,117)</u>
Covered payroll	\$ 47,674,087	\$ 45,215,720	\$ 46,759,776	\$ 43,578,112	\$ 42,079,004	\$ 40,978,404	\$ 37,195,884	\$ 35,295,564	\$ 34,480,956
Contributions as a percentage of covered payroll	14.68%	34.28%	16.04%	13.63%	13.31%	13.63%	13.64%	12.75%	10.73%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of August 1, 23 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	Fair Market Value
Inflation	1.50% - 3.00%
Salary increases	3.00%
Investment rate of return	6.50%

Changes in assumptions

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

This schedule will be 10 years as information is available.

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
OPEB FUND (Reporting Per GASB 75)
Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB liability								
Service cost	\$ 3,881,182	\$ 4,076,344	\$ 3,834,142	\$ 3,883,018	\$ 3,910,132	\$ 3,796,244	\$ 3,285,014	\$ 3,078,078
Interest	12,553,152	14,474,529	13,780,949	14,274,983	13,649,152	13,031,065	12,436,672	12,016,977
Difference between expected and actual experience	-	(47,050,115)	-	(11,458,511)	-	167,505	-	-
Changes of assumptions	-	7,549,180	-	903,971	-	13,240,396	-	-
Benefit payments	(7,589,254)	(7,440,308)	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,110)
Net change in total OPEB liability	<u>8,845,080</u>	<u>(28,390,370)</u>	<u>10,375,709</u>	<u>103,682</u>	<u>7,821,379</u>	<u>21,983,418</u>	<u>8,380,562</u>	<u>3,437,945</u>
Total OPEB liability - beginning	<u>189,767,244</u>	<u>218,157,614</u>	<u>207,781,905</u>	<u>207,678,223</u>	<u>199,856,844</u>	<u>177,873,426</u>	<u>169,492,864</u>	<u>166,054,919</u>
Total OPEB liability - ending (a)	<u>\$ 198,612,324</u>	<u>\$ 189,767,244</u>	<u>\$ 218,157,614</u>	<u>\$ 207,781,905</u>	<u>\$ 207,678,223</u>	<u>\$ 199,856,844</u>	<u>\$ 177,873,426</u>	<u>\$ 169,492,864</u>
Plan fiduciary net position								
Contributions - employer	\$ 16,034,316	\$ 15,102,417	\$ 12,758,970	\$ 14,613,964	\$ 14,180,763	\$ 14,191,396	\$ 13,403,639	\$ 12,917,243
Contributions - member	-	-	-	-	-	-	-	2,739,171
Net investment income	9,056,332	(11,063,571)	24,762,080	2,367,394	2,848,123	5,662,711	7,313,765	(2,469,379)
Benefit payments, net of member contributions	(7,589,254)	(7,440,308)	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
Administrative expense	(62,981)	(66,605)	(49,023)	(37,505)	(44,054)	(50,522)	(41,992)	(41,906)
Net change in plan fiduciary net position	<u>17,438,413</u>	<u>(3,468,067)</u>	<u>30,232,645</u>	<u>9,444,074</u>	<u>7,246,927</u>	<u>11,551,793</u>	<u>13,334,288</u>	<u>1,488,018</u>
Plan fiduciary net position - beginning	<u>109,899,320</u>	<u>113,367,387</u>	<u>83,134,742</u>	<u>73,690,668</u>	<u>66,443,741</u>	<u>54,891,948</u>	<u>41,557,660</u>	<u>40,069,642</u>
Plan fiduciary net position - ending (b)	<u>\$ 127,337,733</u>	<u>\$ 109,899,320</u>	<u>\$ 113,367,387</u>	<u>\$ 83,134,742</u>	<u>\$ 73,690,668</u>	<u>\$ 66,443,741</u>	<u>\$ 54,891,948</u>	<u>\$ 41,557,660</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 71,274,591</u>	<u>\$ 79,867,924</u>	<u>\$ 104,790,227</u>	<u>\$ 124,647,163</u>	<u>\$ 133,987,555</u>	<u>\$ 133,413,103</u>	<u>\$ 122,981,478</u>	<u>\$ 127,935,204</u>
Plan fiduciary net position as a percentage of the total OPEB liability	64.11%	57.91%	51.97%	40.01%	35.48%	33.25%	30.86%	24.52%
Covered payroll	\$ 121,255,128	\$ 121,255,128	\$ 107,477,193	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271
City's net OPEB liability as a percentage of covered payroll	58.78%	65.87%	97.50%	115.98%	133.90%	133.33%	127.53%	132.66%

Notes to Schedule:

Benefit changes: None

Assumption changes:

2023: None

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

2021: None

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

2019: None

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

2017: None

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

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS
OPEB FUND (Reporting Per GASB 75)
Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 14,247,478	\$ 12,628,570	\$ 12,628,570	\$ 13,588,664	\$ 13,588,664	\$ 13,163,283	\$ 13,163,283	\$ 12,759,200	\$ 12,759,200	\$ 13,275,679
Contributions in relation to the actuarially determined contribution	16,034,316	15,102,417	12,758,970	14,613,964	14,180,763	14,191,396	13,403,639	12,917,243	15,754,457	15,071,389
Contribution deficiency (excess)	<u>\$ (1,786,838)</u>	<u>\$ (2,473,847)</u>	<u>\$ (130,400)</u>	<u>\$ (1,025,300)</u>	<u>\$ (592,099)</u>	<u>\$ (1,028,113)</u>	<u>\$ (240,356)</u>	<u>\$ (158,043)</u>	<u>\$ (2,995,257)</u>	<u>\$ (1,795,710)</u>
Covered payroll	\$ 121,255,128	\$ 121,255,128	\$ 107,477,193	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271	\$ 95,390,933	\$ 95,390,933
Contributions as a percentage of covered payroll	13.22%	12.46%	11.87%	13.60%	14.17%	14.18%	13.90%	13.39%	16.52%	15.80%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, six months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	9 years
Asset valuation method	Market value, with 5 years recognition of investment gains and losses, not less than 80% or greater than 120% of market value
Inflation	2.50%
Healthcare cost trend rate: Pre-Medicare eligible	7.00%
Healthcare cost trend rate: Medicare eligible	4.75%
Ultimate trend rate: Pre-Medicare eligible	4.50%
Ultimate trend rate: Medicare eligible	4.50%
Year of ultimate trend rate: Pre-Medicare eligible	2029
Year of ultimate trend rate: Medicare eligible	2023
Investment rate of return	6.75% including inflation

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
ELECTRIC POWER BOARD OF CHATTANOOGA OPEB PLAN
Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 925,000	\$ 943,000	\$ 950,000	\$ 1,218,000	\$ 1,250,000	\$ 1,191,000
Interest	1,605,000	1,589,000	1,533,000	1,609,000	1,686,000	1,851,000
Difference between expected and actual experience	2,402,000	(433,000)	518,000	3,583,000	(2,537,000)	(3,860,000)
Changes of assumptions	-	-	(447,000)	(5,800,000)	-	-
Refunds of contributions	(2,102,000)	(1,850,000)	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
Net change in total OPEB liability	<u>2,830,000</u>	<u>249,000</u>	<u>866,000</u>	<u>(1,165,000)</u>	<u>(1,204,000)</u>	<u>(2,534,000)</u>
Total OPEB liability - beginning	<u>24,696,000</u>	<u>24,447,000</u>	<u>23,581,000</u>	<u>24,746,000</u>	<u>25,950,000</u>	<u>28,484,000</u>
Total OPEB liability - ending (a)	<u>\$ 27,526,000</u>	<u>\$ 24,696,000</u>	<u>\$ 24,447,000</u>	<u>\$ 23,581,000</u>	<u>\$ 24,746,000</u>	<u>\$ 25,950,000</u>
Plan fiduciary net position						
Contributions - employer	\$ 2,067,000	\$ 1,796,000	\$ 1,663,000	\$ 1,720,000	\$ 1,582,000	\$ 1,686,000
Net investment income	(4,813,000)	7,345,000	113,000	1,313,000	1,780,000	2,495,000
Benefit payments, net of member contributions	(2,102,000)	(1,850,000)	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
Administrative expense	(23,000)	(21,000)	(20,000)	(19,000)	(39,000)	(49,000)
Net change in plan fiduciary net position	<u>(4,871,000)</u>	<u>7,270,000</u>	<u>68,000</u>	<u>1,239,000</u>	<u>1,720,000</u>	<u>2,416,000</u>
Plan fiduciary net position - beginning	<u>33,675,000</u>	<u>26,405,000</u>	<u>26,337,000</u>	<u>25,098,000</u>	<u>23,378,000</u>	<u>20,962,000</u>
Plan fiduciary net position - ending (b)	<u>\$ 28,804,000</u>	<u>\$ 33,675,000</u>	<u>\$ 26,405,000</u>	<u>\$ 26,337,000</u>	<u>\$ 25,098,000</u>	<u>\$ 23,378,000</u>
Net OPEB liability / (asset) - ending (a) - (b)	<u>\$ (1,278,000)</u>	<u>\$ (8,979,000)</u>	<u>\$ (1,958,000)</u>	<u>\$ (2,756,000)</u>	<u>\$ (352,000)</u>	<u>\$ 2,572,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	104.64%	136.36%	108.01%	111.69%	101.42%	90.09%
Covered payroll	\$ 48,441,000	\$ 48,884,000	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
Net OPEB liability as a percentage of covered payroll	-2.64%	-18.37%	-4.01%	-5.95%	-0.81%	6.04%

Notes to Schedule:

Benefit changes: None

Assumption changes:

The estimated Healthcare Cost Trend was changed during FY 2021 based on historical trends.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CONTRIBUTIONS

ELECTRIC POWER BOARD OF CHATTANOOGA OPEB PLAN

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
Employer Contributions	\$ 2,844,000	\$ 2,067,000	\$ 1,796,000	\$ 1,663,000	\$ 172,000	\$ 1,582,000	\$ 1,686,000
Covered payroll	\$ 48,441,000	\$ 48,884,000	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000	\$ 39,553,000
Contributions as a percentage of covered payroll	5.87%	4.23%	3.68%	3.59%	3.98%	3.71%	4.26%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	Fair Market Value
Inflation rate	1.5%
Healthcare cost trend rate: Active & Early Retirees	6.0% initial, 4.0% ultimate - 2023; 6.5% initial, 4.0% ultimate - 2022; 7.0% initial, 4.0% ultimate - 2021; 7.5% initial, 4.0% ultimate - 2020; 7.5% initial, 5.5% ultimate - 2019 and 2018
Investment rate of return	6.50%
Retirement:	3% per year for ages 57-61; 20% at age 62; 10% at ages 63 and 64; and 100% at age 65
Mortality	In the actuarial valuation, assumed life expectancies were computed using the UP 1984 Table.

This schedule will be 10 years as information is available.



**COMBINING FINANCIAL
STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUND

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

PERMANENT FUND

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

CITY OF CHATTANOOGA, TENNESSEE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	Special Revenue					
	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax
ASSETS						
Cash and cash equivalents	\$ 11,424	\$ -	\$ 4,120,375	\$ 7,151,848	\$ 3,782,793	\$ 5,759,447
Investments	-	-	-	-	-	6,010,341
Receivables, net of allowance for uncollectibles:						
Other taxes	-	-	-	-	-	1,698,920
Notes	-	-	-	-	5,716,958	-
Other	-	1,400,663	1,181	-	4,669	34,555
Due from other governments:						
Federal	-	1,495,549	-	-	1,658,655	-
State of Tennessee	-	1,638,565	-	1,113,962	80,113	-
Total assets	\$ 11,424	\$ 4,534,777	\$ 4,121,556	\$ 8,265,810	\$ 11,243,188	\$ 13,503,263
LIABILITIES						
Accounts payable and accrued liabilities:						
Accounts payable	\$ -	\$ 3,252,656	\$ 1,534,225	\$ 24,727	\$ 72,851	\$ 24,606
Accrued payroll	-	362,420	-	118,240	43,641	-
Other accrued liabilities	-	54,066	-	-	5,397	-
Due to other governments	-	-	-	-	104,355	-
Unearned grants revenue	-	186,482	-	-	359,758	-
Total liabilities	-	3,855,624	1,534,225	142,967	586,002	24,606
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - other local taxes	-	-	-	-	-	845,366
Unavailable revenue - shared tax revenue	-	-	-	550,103	-	-
Unavailable revenue - CDBG loans	-	-	-	-	7,048,183	-
Total deferred inflows of resources	-	-	-	550,103	7,048,183	845,366
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	11,424	679,153	2,587,331	7,572,740	3,609,003	12,633,291
Committed	-	-	-	-	-	-
Total fund balances	11,424	679,153	2,587,331	7,572,740	3,609,003	12,633,291
Total liabilities, deferred inflows of resources and fund balances	\$ 11,424	\$ 4,534,777	\$ 4,121,556	\$ 8,265,810	\$ 11,243,188	\$ 13,503,263

Special Revenue						Permanent		Total Nonmajor Funds
River Pier Garage	Regional Planning Agency	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Total Special Revenue	Debt Service	Fund Library Endowment	
\$ 2,773,597	\$ 2,640,481	\$ 681,891	\$ 3,498	\$ 20,821	\$ 26,946,175	\$ 3,243,491	\$ 637,058	\$ 30,826,724
-	-	-	-	-	6,010,341	-	6,998,211	13,008,552
-	-	-	-	-	1,698,920	-	-	1,698,920
-	-	-	-	-	5,716,958	-	-	5,716,958
39,292	400	-	7,438	-	1,488,198	-	-	1,488,198
-	-	-	-	-	3,154,204	-	-	3,154,204
-	991,067	-	-	-	3,823,707	-	-	3,823,707
<u>\$ 2,812,889</u>	<u>\$ 3,631,948</u>	<u>\$ 681,891</u>	<u>\$ 10,936</u>	<u>\$ 20,821</u>	<u>\$ 48,838,503</u>	<u>\$ 3,243,491</u>	<u>\$ 7,635,269</u>	<u>\$ 59,717,263</u>
\$ -	\$ 132,053	\$ 125,385	\$ 7,590	\$ 20,821	\$ 5,194,914	\$ -	\$ 20	\$ 5,194,934
-	95,162	40,939	3,346	-	663,748	-	-	663,748
-	-	-	-	-	59,463	-	-	59,463
-	-	-	-	-	104,355	-	-	104,355
-	-	-	-	-	546,240	-	-	546,240
-	227,215	166,324	10,936	20,821	6,568,720	-	20	6,568,740
-	-	-	-	-	845,366	-	-	845,366
-	-	-	-	-	550,103	-	-	550,103
-	-	-	-	-	7,048,183	-	-	7,048,183
-	-	-	-	-	8,443,652	-	-	8,443,652
-	-	-	-	-	-	-	6,998,211	6,998,211
2,812,889	991,067	206,227	-	-	31,103,125	-	637,038	31,740,163
-	2,413,666	309,340	-	-	2,723,006	3,243,491	-	5,966,497
2,812,889	3,404,733	515,567	-	-	33,826,131	3,243,491	7,635,249	44,704,871
<u>\$ 2,812,889</u>	<u>\$ 3,631,948</u>	<u>\$ 681,891</u>	<u>\$ 10,936</u>	<u>\$ 20,821</u>	<u>\$ 48,838,503</u>	<u>\$ 3,243,491</u>	<u>\$ 7,635,269</u>	<u>\$ 59,717,263</u>

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Special Revenue						
	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax	River Pier Garage
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,024,253	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental:							
Federal	-	14,453,362	-	-	1,615,177	-	-
State	-	5,185,455	25	6,343,124	117,165	-	-
County	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Charges for services	-	-	-	-	33,609	-	546,566
Fines, forfeitures and penalties	-	-	38,394	-	-	-	-
Investment income	-	-	41,577	574,136	14,264	32,931	-
Contributions and donations	-	1,500	-	-	-	-	-
Miscellaneous	-	2,207	288,842	-	2,507,216	-	-
Total revenues	-	19,642,524	368,838	6,917,260	4,287,431	10,057,184	546,566
EXPENDITURES							
Current:							
General government:							
General government	-	-	-	-	-	289,765	194,062
City planning	-	-	-	-	-	-	-
Economic and community development	-	4,783,632	-	-	3,545,146	-	-
Public safety:							
Police	-	-	152,034	-	-	-	-
Public works and transportation:							
Public works	-	-	-	5,584,420	-	-	-
Early learning							
Youth and family development	-	15,354,984	-	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	16,000	-	-	-	-	-
Total expenditures	-	20,154,616	152,034	5,584,420	3,545,146	289,765	194,062
Excess (deficiency) of revenues over (under) expenditures	-	(512,092)	216,804	1,332,840	742,285	9,767,419	352,504
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,203,139	-	-	70,996	-	-
Transfers out	-	(438,139)	-	(1,000,000)	(310,006)	(8,505,327)	-
Leases	-	96,313	-	-	-	-	-
Total other financing sources (uses)	-	861,313	-	(1,000,000)	(239,010)	(8,505,327)	-
Net change in fund balances	-	349,221	216,804	332,840	503,275	1,262,092	352,504
FUND BALANCES, beginning	11,424	329,932	2,370,527	7,239,900	3,105,728	11,371,199	2,460,385
FUND BALANCES, ending	\$ 11,424	\$ 679,153	\$ 2,587,331	\$ 7,572,740	\$ 3,609,003	\$ 12,633,291	\$ 2,812,889

Special Revenue						Permanent Fund		Total
Regional Planning Agency	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Interfund Eliminations	Total Special Revenue	Debt Service	Library Endowment	Nonmajor Funds
\$ -	\$ -	\$ -	\$ 868,904	\$ -	\$ 10,893,157	\$ -	\$ -	\$ 10,893,157
130,620	529,286	-	-	-	659,906	-	-	659,906
-	451,278	-	-	-	16,519,817	-	-	16,519,817
391,854	-	48,332	-	-	12,085,955	-	-	12,085,955
864,354	228,113	-	-	-	1,092,467	-	-	1,092,467
223,732	-	-	-	-	223,732	-	-	223,732
-	-	-	-	-	580,175	-	-	580,175
-	-	-	-	-	38,394	-	-	38,394
-	-	-	-	-	662,908	-	869,175	1,532,083
-	-	-	-	-	1,500	-	-	1,500
-	585	-	7,993	-	2,806,843	-	-	2,806,843
1,610,560	1,209,262	48,332	876,897	-	45,564,854	-	869,175	46,434,029
3,535	4,746,712	114,953	876,897	-	6,225,924	-	22,747	6,248,671
3,366,070	-	-	-	-	3,366,070	-	-	3,366,070
-	-	-	-	-	8,328,778	-	-	8,328,778
-	-	-	-	-	152,034	-	-	152,034
-	-	-	-	-	5,584,420	-	-	5,584,420
-	-	-	-	-	15,354,984	-	-	15,354,984
-	107,198	-	-	-	107,198	18,326,185	-	18,433,383
1,617,157	36,715	-	-	-	1,669,872	5,856,292	-	7,526,164
4,986,762	4,890,625	114,953	876,897	-	40,789,280	24,182,477	22,747	64,994,504
(3,376,202)	(3,681,363)	(66,621)	-	-	4,775,574	(24,182,477)	846,428	(18,560,475)
2,953,750	697,392	66,621	-	(1,162,412)	3,829,486	24,376,544	-	28,206,030
(357,081)	(367,224)	-	-	1,162,412	(9,815,365)	-	-	(9,815,365)
-	3,179,514	-	-	-	3,275,827	-	-	3,275,827
2,596,669	3,509,682	66,621	-	-	(2,710,052)	24,376,544	-	21,666,492
(779,533)	(171,681)	-	-	-	2,065,522	194,067	846,428	3,106,017
4,184,266	687,248	-	-	-	31,760,609	3,049,424	6,788,821	41,598,854
\$ 3,404,733	\$ 515,567	\$ -	\$ -	\$ -	\$ 33,826,131	\$ 3,243,491	\$ 7,635,249	\$ 44,704,871

DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

Downtown Chattanooga Business Improvement District (CBID) d/b/a Downtown Chattanooga Alliance accounts for the operation of the City's Business Improvement District.

CITY OF CHATTANOOGA, TENNESSEE

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS**

Year Ended June 30, 2024

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District (CBID)	Total
OPERATING REVENUES				
Charges for services	\$ 33,422,477	\$ 11,591,736	\$ 877,445	\$ 45,891,658
Total operating revenues	33,422,477	11,591,736	877,445	45,891,658
OPERATING EXPENSES				
Airport operations	22,888,162	-	-	22,888,162
CARTA operations	-	28,210,248	-	28,210,248
CBID operations	-	-	1,022,146	-
Depreciation and amortization	9,473,192	4,529,560	-	14,002,752
Total operating expenses	32,361,354	32,739,808	1,022,146	65,101,162
OPERATING INCOME (LOSS)	1,061,123	(21,148,072)	(144,701)	(19,209,504)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	-	8,914,739	-	8,914,739
Investment income	2,352,686	38,906	-	2,391,592
Interest expense	(425,727)	-	-	(425,727)
Other income (expense)	3,101,311	12,447	21,271	3,135,029
Total nonoperating revenues (expenses)	5,028,270	8,966,092	21,271	14,015,633
INCOME (LOSS) BEFORE CONTRIBUTIONS	6,089,393	(12,181,980)	(123,430)	(5,193,871)
Capital contributions	9,638,317	7,782,036	20,000	17,440,353
CHANGE IN NET POSITION	15,727,710	(4,399,944)	(103,430)	11,224,336
NET POSITION, beginning	192,838,803	32,954,160	657,919	226,450,882
NET POSITION, ending	\$ 208,566,513	\$ 28,554,216	\$ 554,489	\$ 237,675,218

CITY OF CHATTANOOGA, TENNESSEE

**COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS**

Year Ended June 30, 2024

	Chattanooga Metropolitan Airport Authority	CARTA	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 33,276,445	\$ 11,769,161	\$ 45,045,606
Payments to suppliers	(20,235,149)	(19,740,764)	(39,975,913)
Payments to employees	(4,284,226)	(8,759,291)	(13,043,517)
Net cash from operating activities	<u>8,757,070</u>	<u>(16,730,894)</u>	<u>(7,973,824)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental payments received	-	11,354,558	11,354,558
Net cash from noncapital financing activities	<u>-</u>	<u>11,354,558</u>	<u>11,354,558</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	(1,269,123)	-	(1,269,123)
Proceeds from sale of property and equipment	34,190	-	34,190
Interest paid on capital debt	(425,727)	-	(425,727)
Capital contributions	8,028,238	8,005,225	16,033,463
Additions to capital assets	(18,786,169)	(2,386,589)	(21,172,758)
Passenger/customer facility charges collected	2,891,963	-	2,891,963
Net cash flows from capital and related financing activities	<u>(9,526,628)</u>	<u>5,618,636</u>	<u>(3,907,992)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of certificates of deposit	(11,000,000)	-	(11,000,000)
Interest on investments	2,433,230	38,906	2,472,136
Net cash flows from investing activities	<u>(8,566,770)</u>	<u>38,906</u>	<u>(8,527,864)</u>
Net increase (decrease) in cash and cash equivalents	(9,336,328)	281,206	(9,055,122)
Cash and cash equivalents, beginning of year	26,867,596	839,162	27,706,758
Cash and cash equivalents, end of year	<u>\$ 17,531,268</u>	<u>\$ 1,120,368</u>	<u>\$ 18,651,636</u>
CLASSIFIED AS:			
Current assets	\$ 15,116,452	\$ 1,120,368	\$ 16,236,820
Restricted assets	2,414,816	-	2,414,816
	<u>\$ 17,531,268</u>	<u>\$ 1,120,368</u>	<u>\$ 18,651,636</u>

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

**COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS**

Year Ended June 30, 2024

	Chattanooga Metropolitan Airport Authority	CARTA	Total
(Continued from previous page)			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
OPERATING INCOME (LOSS)	<u>\$ 1,061,123</u>	<u>\$(21,148,072)</u>	<u>\$ (20,086,949)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Depreciation and amortization	9,473,192	4,529,560	14,002,752
Net general pension expense (benefit)	6,896	(2,171,018)	(2,164,122)
Net general other post-employment benefit	(32,801)	82,531	49,730
Change in operating assets and liabilities:			
Trade receivables, net	(174,171)	169,285	(4,886)
Inventory	25,368	(5,947)	19,421
Deferred outflows	-	1,688,579	1,688,579
Prepaid items	(837,047)	(111,935)	(948,982)
Accounts payable and accrued liabilities	253,039	(119,451)	133,588
Contracts payable	(1,369,611)	-	(1,369,611)
Unearned revenue	28,139	-	28,139
Leases receivable	322,943	8,140	331,083
Deferred pension items	-	347,434	347,434
TOTAL ADJUSTMENTS	<u>7,695,947</u>	<u>4,417,178</u>	<u>12,113,125</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 8,757,070</u></u>	<u><u>\$(16,730,894)</u></u>	<u><u>\$ (7,973,824)</u></u>



**BUDGETARY COMPARISON
SCHEDULES**

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 176,587,000	\$ 176,587,000	\$ 175,978,030	\$ (608,970)
Payments in lieu of tax:				
PILOT CHA	191,900	191,900	225,396	33,496
PILOT TVA	2,246,700	2,246,700	2,262,401	15,701
PILOT Good Neighbors	2,800	2,800	2,808	8
PILOT Dev Corp O Knob	470	470	455	(15)
PILOT UnumProvident Corporation	83,440	83,440	83,445	5
PILOT Wm Wrigley Jr Co	26,170	26,170	26,170	-
PILOT Blue Cross Blue Shield	1,185,546	1,185,546	1,162,076	(23,470)
PILOT Gestamp Chattanooga, LLC	466,040	466,040	997,430	531,390
PILOT EPB	8,569,414	8,569,414	8,569,414	-
PILOT Coca Cola	204,400	204,400	198,589	(5,811)
PILOT Plastic Omnium Auto Exteriors LLC	183,410	183,410	143,742	(39,668)
PILOT UTC Two LLC	10,150	10,150	10,148	(2)
PILOT UTC Three LLC	5,790	5,790	5,790	-
PILOT Alco Woodlawn Partners	33,080	33,080	33,078	(2)
PILOT Yanfeng US Automotive Interior Systems LLC	5,210	5,210	30,832	25,622
PILOT Choo Choo Partners	23,930	23,930	-	(23,930)
PILOT M & M Industries Inc	99,840	99,840	77,704	(22,136)
PILOT Homeserve USA	-	-	3,241	3,241
PILOT Walnut Commons	-	-	47,850	47,850
Interest and penalty on taxes				
Current year	-	-	18,225	18,225
Prior years	1,463,800	1,463,800	1,561,512	97,712
Collection fees on delinquent taxes	184,700	184,700	277,688	92,988
Total property taxes	191,573,790	191,573,790	191,716,024	142,234
Other local taxes:				
Franchise Taxes	4,112,200	4,112,200	4,721,406	609,206
Liquor Taxes	2,997,100	2,997,100	3,066,512	69,412
Beer Taxes	5,593,000	5,593,000	5,321,634	(271,366)
Local Litigation City Court	2,300	2,300	2,922	622
Gross receipts Tax	7,714,000	7,714,000	8,545,672	831,672
Corp Intangible Property Tax	947,200	947,200	1,073,010	125,810
NonDep Excise Tax TCA 67-4-2020	33,900	33,900	11,104	(22,796)
Total other taxes	21,399,700	21,399,700	22,742,260	1,342,560
Total taxes	212,973,490	212,973,490	214,458,284	1,484,794
Licenses, fees and permits:				
Licenses:				
Wrecker Business License	2,500	2,500	1,000	(1,500)
Liquor by Drink License	144,400	144,400	138,990	(5,410)
Liquor by Drink Int & Pen	1,000	1,000	943	(57)
Transient Vendor License	150	150	550	400
Motor Vehicle License	375,000	375,000	410,190	35,190
Wrecker Contractor License	400	400	320	(80)
Original Business License Fee	22,800	22,800	27,725	4,925
Special Gathering Permit	-	-	120	120

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Permits:				
Building Permits	\$ 2,910,700	\$ 2,910,700	\$ 2,998,249	\$ 87,549
Electrical Permits	501,430	501,430	549,113	47,683
Plumbing Fixtures Connection Permits	297,410	297,410	357,855	60,445
Street Cut-in Permits	358,300	358,300	481,907	123,607
Mechanical Code Permits	334,240	334,240	414,762	80,522
Hotel Permits	1,400	1,400	450	(950)
Gas Permits	46,600	46,600	36,270	(10,330)
Sign Permits	78,000	78,000	99,220	21,220
Taxicab Driver Permits	1,000	1,000	3,655	2,655
Moving Permit Investigation Fee	220	220	-	(220)
Traffic Eng Special Events Permits	4,000	4,000	7,915	3,915
Push Cart Permits	-	-	100	100
Mobile Food Unit	400	400	860	460
Tree Ordinance Permit	14,000	14,000	27,500	13,500
Tire Haulers Permit	-	-	175	175
Short Term Vacation Rental Permit	107,000	107,000	151,750	44,750
Fees:				
Business License Issuance Fees	61,000	61,000	74,849	13,849
Plumbing Examiners Fees	27,100	27,100	23,440	(3,660)
Electrical Examiners Fees	110,600	110,600	66,810	(43,790)
Gas Examiners Fees	30,400	30,400	16,185	(14,215)
Beer Board Application Fees	23,000	23,000	21,500	(1,500)
Mechanical Exam Fees	113,000	113,000	96,215	(16,785)
Permit Issuance Fees	78,000	78,000	72,010	(5,990)
Exhibitors Fees	-	-	254	254
Subdivision Review & Inspection Fees	29,900	29,900	29,020	(880)
Adult Entertain Application Fees	5,000	5,000	4,200	(800)
Zoning Letter Fees	29,000	29,000	36,225	7,225
Variance Request Fees	10,900	10,900	11,260	360
Certificate of Occupancy Fees	20,000	20,000	51,820	31,820
Code Compliance Letter Fees	3,000	3,000	1,848	(1,152)
Modular Home Site Investigation Fees	-	-	300	300
Plan Checking Fees	490,100	490,100	485,995	(4,105)
Phased Construction Plan Review Fees	10,400	10,400	18,275	7,875
Construction Board of Appeals Fees	1,300	1,300	1,350	50
Sign Board of Appeals Fees	800	800	150	(650)
Historic Zone Construction Fee	-	-	14,300	14,300
Northshore Design Appeal Fee	1,000	1,000	5,200	4,200
Fire Permits City Code 16-29	240,000	240,000	334,363	94,363
Fire Re-Inspection of Business & Hotels	-	-	100	100
Wine in Grocery Store Application	-	-	1,100	1,100
Beer Permit	58,000	58,000	68,033	10,033
Re Inspection Fee	-	-	2,200	2,200
Total licenses, fees & permits	6,543,450	6,543,450	7,146,621	603,171

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Intergovernmental:				
State funds:				
State Operations Funds Training Supplement F&P	\$ 696,000	\$ 696,000	\$ 660,000	\$ (36,000)
State Shared Ops Maintenance of Streets	60,000	60,000	132,000	72,000
State Opioid Settlement	-	-	149,531	149,531
State Suspended Revoked DL Fee	-	-	15,180	15,180
State Shared City Alloc State Sales Tax	21,020,000	21,020,000	22,273,538	1,253,538
State Shared City Alloc State Income Tax	-	-	2,399	2,399
State Shared City Alloc State Beer Tax	85,000	85,000	79,835	(5,165)
State Shared Mixed Drink Tax	5,657,700	5,657,700	5,823,841	166,141
State Shared Ci Interstate Telecommunication Sales Tax	319,000	319,000	254,762	(64,238)
State Shared Alcoholic Beverage Tax	188,000	188,000	138,873	(49,127)
State Shared Gas Inspection Fees	332,000	332,000	332,279	279
State Shared Commission Gross Receipts	417,000	417,000	794,519	377,519
State Shared Sports Gambling TCA 4-51-304	313,000	313,000	336,828	23,828
County funds:				
Ham Co Oper Ross's Landing	1,596,000	1,596,000	1,846,711	250,711
Ham Co Local Option Sales Tax	66,452,000	66,452,000	70,859,443	4,407,443
Ham Co Local Option Sales Tax TDZ	584,000	584,000	725,055	141,055
Designated revenue:				
Ham Co Local Option Sales Tax (Economic Dev)	18,200,000	18,200,000	18,997,282	797,282
State Shared TDZ Sales Tax	-	-	4,858,980	4,858,980
Other	13,572,437	13,572,437	13,692,622	120,185
Total intergovernmental revenues	129,492,137	129,492,137	141,973,678	12,481,541
Charges for services				
Court charges:				
Court Cost Current	123,000	123,000	137,795	14,795
Court Commissions	4,000	4,000	4,817	817
Court Clerk's Fee Current	419,000	419,000	442,040	23,040
Court Service of Process Current	-	-	1,355	1,355
Court Processing of Release Forms	8,000	8,000	8,826	826
Court Administrative Cost	-	-	547	547
Court Current State Cost	1,000	1,000	2,938	1,938
Court Copy Record Income	-	-	6	6
Court Translation Service Fee	-	-	70	70
Facility charges:				
Property Rental Revenue	167,700	167,700	186,209	18,509
Ballfield Income	22,000	22,000	61,300	39,300
Carousel Ridership	102,000	102,000	120,675	18,675
Walker Pavilion Rent	34,700	34,700	27,369	(7,331)
Heritage Park House Rent	10,000	10,000	19,120	9,120
Renaissance Park Rent	2,200	2,200	1,450	(750)
Greenway Facility Rent	25,900	25,900	40,434	14,534
Fitness Center Fees	5,300	5,300	-	(5,300)
Dock Rental	30,800	30,800	53,895	23,095
Ross' Landing Rent	3,000	3,000	3,000	-
Champion's Club Fees	30,200	30,200	30,697	497
Recreation Center Rental	17,500	17,500	38,130	20,630

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Carousel Room Rental	\$ 19,300	\$ 19,300	\$ 19,718	\$ 418
Coolidge Park Rental	20,300	20,300	24,275	3,975
Walnut Street Bridge Rental	-	-	2,500	2,500
Event charges:				
Program charges:				
Park Event Fees	26,000	26,000	20,079	(5,921)
Kidz Kamp Fees	-	-	21,570	21,570
Sports Program Fees	-	-	14,923	14,923
OutVenture Fees	11,000	11,000	16,044	5,044
Swimming Pool Fees	78,000	78,000	97,643	19,643
Counter sales:				
Police Report Fees	4,000	4,000	2,520	(1,480)
Credit Card Processing Fee	4,000	4,000	3,986	(14)
Concessions	14,000	14,000	19,891	5,891
Other charges:				
Financial Service EPB	7,200	7,200	7,800	600
General Pension Admin Cost	46,500	46,500	49,848	3,348
Returned Check Fee	600	600	6,698	6,098
Waste Container Purchases	45,400	45,400	35,855	(9,545)
Non Profit Request Fee	-	-	750	750
CBID Admin Fee 2%	8,700	8,700	17,227	8,527
C-Pacer Admin Fee	-	-	59,707	59,707
Revenue adjustments:				
Over & Under	-	-	227	227
Designated revenue	2,855,673	2,855,673	3,454,471	598,798
Total charges for services	4,146,973	4,146,973	5,056,405	909,432
Fines, forfeitures and penalties				
City court fines	412,000	412,000	516,199	104,199
Criminal court fines	73,000	73,000	92,578	19,578
Traffic court fines	23,300	23,300	35,031	11,731
Air pollution penalties	-	-	30,976	30,976
Designated revenue	1,743,600	1,743,600	1,132,296	(611,304)
Total fines and forfeitures	2,251,900	2,251,900	1,807,080	(444,820)
Miscellaneous:				
Investment income	2,898,000	2,898,000	13,189,256	10,291,256
Sale of property	267,600	267,600	491,588	223,988
Donations	1,000	1,000	114,117	113,117
Settlements	-	-	3,198	3,198
Departmental billings	6,521,170	6,521,170	6,601,379	80,209
Miscellaneous revenue	275,990	275,990	974,672	698,682
Designated revenue:				
Investment income	1,158,756	1,158,756	1,353,125	194,369
Donations	132,800	132,800	412,575	279,775
Miscellaneous revenue	568,296	568,296	279,272	(289,024)
Total miscellaneous revenue	11,823,612	11,823,612	23,419,182	11,595,570
Total revenues	367,231,562	367,231,562	393,861,250	26,629,688

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
EXPENDITURES				
General government:				
City Council	\$ 965,610	\$ 965,610	\$ 813,058	\$ (152,552)
City Judges	636,140	636,140	584,610	(51,530)
City Attorney	1,929,240	1,929,240	1,768,156	(161,084)
Records Retention Management	50,000	50,000	103,265	53,265
Internal Audit	862,154	862,154	794,865	(67,289)
Information Technology:				
Information Technology	14,426,938	14,426,938	12,280,537	(2,146,401)
GG IS Smart Cities	5,657,422	5,657,422	5,238,094	(419,328)
DTS - GIS	290,852	290,852	513,984	223,132
Purchasing	1,282,456	1,282,456	948,794	(333,662)
External Appropriations:				
Tennessee River Park	1,326,050	1,326,050	1,422,413	96,363
Enterprise South Nature Park	506,674	506,674	727,211	220,537
Signal Center	67,030	67,030	-	(67,030)
United Way of Greater Chattanooga	467,500	467,500	467,500	-
Component Unit Appropriations:				
CARTA Subsidy	5,800,000	5,800,000	5,800,000	-
Election Expense	50,000	50,000	-	(50,000)
City Code Revision	15,000	15,000	-	(15,000)
Unemployment Insurance	75,000	75,000	44,387	(30,613)
Contingency Fund	5,104,448	5,104,448	281,985	(4,822,463)
Renewal & Replacement	1,260,646	1,260,646	1,045,949	(214,697)
Audits, Dues & Surveys	175,000	175,000	129,601	(45,399)
Intergovernmental Relations	375,000	375,000	390,346	15,346
City Stormwater Mgmt Fees	705,000	705,000	929,330	224,330
Liability Insurance Premiums	3,000,000	3,000,000	5,000,000	2,000,000
Education Per TCA 57-4-306	2,828,850	2,828,850	2,911,920	83,070
ESIP Administration	6,000	6,000	2,467	(3,533)
Technology Replacement Fund (TRF) Allocation	100,000	100,000	350,000	250,000
Tuition Assistance Program	25,000	25,000	2,000	(23,000)
Designated expenditures:				
Automated Traffic Enforcement	1,975,230	1,975,230	1,079,972	(895,258)
Public Library	8,048,989	8,048,989	7,837,951	(211,038)
Economic Development	10,661,000	10,661,000	7,867,670	(2,793,330)
Total general government	68,673,229	68,673,229	59,336,065	(9,337,164)
Executive Office of the Mayor:				
Executive Office Admin	2,966,370	2,966,370	2,964,442	(1,928)
Innovation Funding	536,879	536,879	425,555	(111,324)
MAYOR Community Health	1,909,173	1,909,173	910,528	(998,645)
Family Justice Center	993,384	993,384	1,018,520	25,136
Mayor Communications	671,238	671,238	515,010	(156,228)
Designated expenditures:				
Mayors Youth Council	-	-	195	195
FJC Miscellaneous Donations	-	-	22,345	22,345
FJC Ham Co Operating Funds	-	-	131,463	131,463
FJC Charlotte Boatwright Award	-	-	822	822

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Chattanooga FJC VOCA Grant	\$ 279,345	\$ 279,345	\$ 279,345	\$ -
ONH Public Health Grant	2,201,379	2,201,379	2,201,379	-
American Rescue Plan Act of 2021	6,736,290	6,736,290	6,736,290	-
NCSC Grant	54,009	54,009	54,009	-
Total executive office	16,348,067	16,348,067	15,259,903	(1,088,164)
Finance and administration:				
Finance Office	4,175,020	4,175,020	3,645,501	(529,519)
Office of the City Treasurer	2,042,548	2,042,548	1,881,906	(160,642)
Land Bank Surplus Property Sale	-	-	182,913	182,913
City Court Clerk's Office	1,309,294	1,309,294	1,295,758	(13,536)
Total finance and administration	7,526,862	7,526,862	7,006,078	(520,784)
Human resources:				
Human Resource Administration	2,231,251	2,231,251	2,141,459	(89,792)
Insurance Officer and Programs	1,406,014	1,406,014	1,082,579	(323,435)
Total human resources	3,637,265	3,637,265	3,224,038	(413,227)
Community development:				
Codes & Community Services	27,721	27,721	-	(27,721)
Community Development Administration	1,530,824	1,530,824	1,494,368	(36,456)
Community Centers	8,302,085	8,302,085	7,569,161	(732,924)
Community Development Neighborhood Services	-	-	3,890	3,890
Designated expenditures:				
Special Projects	1,126,689	1,126,689	1,139,678	12,989
Brownfield Assessment and Cleanup Grant	49,530	49,530	49,530	-
Total community development	11,036,849	11,036,849	10,256,627	(780,222)
Police:				
Police Administration	4,084,503	4,084,503	4,061,533	(22,970)
Uniform Services	41,821,570	41,821,570	40,309,359	(1,512,211)
Investigative Services	18,443,350	18,443,350	17,213,118	(1,230,232)
Support Services	22,920,269	22,920,269	23,175,681	255,412
Designated expenditures:				
Reduction of Part 1 Offenses	-	-	39,118	39,118
Police Special Programs	-	-	136,729	136,729
Other Police Grants	1,428,310	1,428,310	1,428,310	-
Total police	88,698,002	88,698,002	86,363,848	(2,334,154)
Fire:				
Fire Administration	7,846,321	7,846,321	6,994,412	(851,909)
Station Operations	54,599,612	54,599,612	51,620,289	(2,979,323)
Safety, Training and Tactical Services	959,848	959,848	1,192,197	232,349
Designated expenditures:				
Fire Programs and Grants	79,425	79,425	106,552	27,127
Total fire	63,485,206	63,485,206	59,913,450	(3,571,756)

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Public works:				
Public Works Administration	\$ 740,541	\$ 740,541	\$ 604,145	\$ (136,396)
City Engineer's Office	1,681,437	1,681,437	1,730,547	49,110
Field Surveyors	240,043	240,043	125,127	(114,916)
Facilities Management	1,064,436	1,064,436	865,533	(198,903)
Mail Room	109,882	109,882	94,270	(15,612)
Building Maintenance	2,462,477	2,462,477	2,049,832	(412,645)
Storage on Main Street	26,000	26,000	62,401	36,401
YFD Facilities Maintenance	179,850	179,850	283,864	104,014
Parks and Outdoors Facilities Maintenance	72,847	72,847	186,764	113,917
Utilities	179,959	179,959	186,983	7,024
Solid Waste Disposal	5,558,400	5,558,400	5,667,618	109,218
City-wide Services Administration	1,525,398	1,525,398	1,454,878	(70,520)
Emergency	835,585	835,585	790,751	(44,834)
Central Business District	634,657	634,657	361,680	(272,977)
Street Cleaning Crews	1,316,810	1,316,810	1,389,820	73,010
Mowing Tractors/Leaf Collection	1,027,853	1,027,853	1,569,730	541,877
Street Sweeping	705,649	705,649	719,597	13,948
Waste Pickup	10,964,171	10,964,171	12,361,081	1,396,910
Municipal Forestry	1,275,447	1,275,447	1,107,187	(168,260)
Development Review & Permitting Office	6,498,112	6,498,112	5,882,905	(615,207)
Transportation	4,649,629	4,649,629	4,202,069	(447,560)
Designated expenditures:				
Public Works Programs	253,000	253,000	260,704	7,704
Heritage Hall Maintenance	201,206	201,206	142,458	(58,748)
Building Operations	248,407	248,407	194,638	(53,769)
Transportation Programs	-	-	4,274	4,274
Total public works	42,451,796	42,451,796	42,298,856	(152,940)
Parks and outdoors:				
Parks and Outdoors - Administration	1,243,459	1,243,459	1,378,679	135,220
Parks and Outdoors - Recreation	4,482,644	4,482,644	4,707,358	224,714
Therapeutic Programs	461,314	461,314	393,168	(68,146)
Fitness Center	309,211	309,211	372,599	63,388
Recreation Facilities	57,305	57,305	34,107	(23,198)
Outdoor Chattanooga	1,360,671	1,360,671	1,070,797	(289,874)
Park Management	3,124,685	3,124,685	2,677,777	(446,908)
Hamilton County Shared Parks Maintenance	4,785,809	4,785,809	4,007,504	(778,305)
Zoo	750,000	750,000	750,000	-
Public Art Admin	477,728	477,728	436,922	(40,806)
Designated expenditures:				
Brainerd Golf Course	1,438,767	1,438,767	1,432,507	(6,260)
Brown Acres Golf Course	1,174,296	1,174,296	1,173,516	(780)
Parks and Outdoors Special Programs	-	-	301,182	301,182
Parks and Outdoors Grants	88,204	88,204	88,204	-
Total parks and outdoors	19,754,093	19,754,093	18,824,320	(929,773)

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Early learning:				
Early Learning Administration	\$ 840,543	\$ 840,543	\$ 961,870	\$ 121,327
Youth Development	1,142,917	1,142,917	1,090,000	(52,917)
Office of Early Learning	359,377	359,377	342,765	(16,612)
Community Forward	871,374	871,374	572,305	(299,069)
Designated expenditures:				
Early Learning Programs	-	-	23,632	23,632
Total early learning	<u>3,214,211</u>	<u>3,214,211</u>	<u>2,990,572</u>	<u>(223,639)</u>
City planning:				
City Planning Administration	1,024,404	1,024,404	896,346	(128,058)
Strategic Capital Planning	-	-	408	408
Total city planning	<u>1,024,404</u>	<u>1,024,404</u>	<u>896,754</u>	<u>(127,650)</u>
Equity and community engagement:				
Equity and Community Engagement Administration	1,140,955	1,140,955	849,685	(291,270)
Neighborhood Services	490,421	490,421	431,070	(59,351)
Total equity and community engagement	<u>1,631,376</u>	<u>1,631,376</u>	<u>1,280,755</u>	<u>(350,621)</u>
Economic development:				
Economic Development Administration	1,993,038	1,993,038	1,417,073	(575,965)
Economic Development	-	-	3,333	3,333
ED Workforce Development	995,369	995,369	688,929	(306,440)
Economic Opportunity Housing Access	-	-	949	949
ED Homeless and Supportive Housing	2,641,310	2,641,310	2,467,067	(174,243)
ED Homeless and Housing Programs	-	-	4,939	4,939
Designated expenditures:				
FBO Pre-Development Awards	-	-	98,000	98,000
Economic Development Programs	-	-	251	251
Economic Development Grants	3,296	3,296	3,296	-
American Rescue Plan Act of 2021	1,706,520	1,706,520	1,706,520	-
Total economic development	<u>7,339,533</u>	<u>7,339,533</u>	<u>6,390,357</u>	<u>(949,176)</u>
Innovation delivery and performance:				
Innovation Delivery and Performance Administration	592,802	592,802	659,391	66,589
Office of Performance Mgmt & Open Data	510,605	510,605	365,571	(145,034)
311 Call Center	1,170,129	1,170,129	1,119,725	(50,404)
Total innovation delivery and performance	<u>2,273,536</u>	<u>2,273,536</u>	<u>2,144,687</u>	<u>(128,849)</u>
Total expenditures	<u>337,094,429</u>	<u>337,094,429</u>	<u>316,186,310</u>	<u>(20,908,119)</u>
Excess of revenues over expenditures	<u>30,137,133</u>	<u>30,137,133</u>	<u>77,674,940</u>	<u>47,537,807</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(44,144,631)</u>	<u>(44,144,631)</u>	<u>(44,328,441)</u>	<u>(183,810)</u>
Total other financing sources (uses)	<u>(44,144,631)</u>	<u>(44,144,631)</u>	<u>(44,328,441)</u>	<u>(183,810)</u>
Net change in fund balances	(14,007,498)	(14,007,498)	33,346,499	47,353,997
FUND BALANCES, beginning	<u>158,284,883</u>	<u>158,284,883</u>	<u>158,284,883</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 144,277,385</u>	<u>\$ 144,277,385</u>	<u>\$ 191,631,382</u>	<u>\$ 47,353,997</u>

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Final Budget- Over (Under)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
FUND BALANCES, beginning	11,424	11,424	11,424	-
FUND BALANCES, ending	<u>\$ 11,424</u>	<u>\$ 11,424</u>	<u>\$ 11,424</u>	<u>\$ -</u>

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
SOCIAL SERVICES PROGRAM FUND**

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Federal funds	\$ 14,453,362	\$ 14,453,362	\$ 14,453,362	\$ -
State of Tennessee funds	5,185,455	5,185,455	5,185,455	-
Donations	1,500	1,500	1,500	-
Miscellaneous	-	-	2,207	2,207
Total revenues	19,640,317	19,640,317	19,642,524	2,207
EXPENDITURES				
Administration	297,493	297,493	-	(297,493)
Headstart program	14,404,114	14,404,114	14,382,568	(21,546)
Foster grandparent program	501,406	501,406	501,406	-
Low-income energy assistance	3,944,293	3,944,293	3,944,293	-
Community services block grant	835,650	835,650	835,650	-
Capital outlay	490,699	490,699	490,699	-
Total expenditures	20,473,655	20,473,655	20,154,616	(319,039)
Excess (deficiency) of revenues over (under) expenditures	(833,338)	(833,338)	(512,092)	321,246
OTHER FINANCING SOURCES (USES)				
Transfers in	949,451	949,451	1,299,452	350,001
Transfers out	-	-	(438,139)	(438,139)
Total other financing sources (uses)	949,451	949,451	861,313	(88,138)
Net change in fund balances	116,113	116,113	349,221	233,108
FUND BALANCES, beginning	329,932	329,932	329,932	-
FUND BALANCES, ending	<u>\$ 446,045</u>	<u>\$ 446,045</u>	<u>\$ 679,153</u>	<u>\$ 233,108</u>

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Federal funds	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
State of Tennessee funds	-	-	25	25
Confiscations	80,000	80,000	275,339	195,339
Investment income	-	-	41,577	41,577
Miscellaneous	20,000	20,000	51,897	31,897
Total revenues	120,000	120,000	368,838	248,838
EXPENDITURES				
Narcotics program	220,000	220,000	147,345	(72,655)
Capital outlay	-	-	4,689	4,689
Total expenditures	220,000	220,000	152,034	(67,966)
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(100,000)	216,804	316,804
Net change in fund balances	(100,000)	(100,000)	216,804	316,804
FUND BALANCES, beginning	2,370,527	2,370,527	2,370,527	-
FUND BALANCES, ending	\$ 2,270,527	\$ 2,270,527	\$ 2,587,331	\$ 316,804

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
State of Tennessee	\$ 5,046,526	\$ 5,046,526	\$ 4,709,223	\$ (337,303)
State of Tennessee Improve Act	1,600,000	1,600,000	1,633,900	33,900
Investment Income	-	-	574,137	574,137
Total revenues	6,646,526	6,646,526	6,917,260	270,734
EXPENDITURES				
Salaries and wages	2,303,823	2,303,823	2,124,189	(179,634)
Fringe benefits	1,455,086	1,455,086	1,235,866	(219,220)
Purchased services	322,812	322,812	241,879	(80,933)
Vehicle operations	708,706	708,706	801,742	93,036
Materials and supplies	844,401	844,401	429,352	(415,049)
Other expense	6,700	6,700	7,739	1,039
Capital outlay	2,024,421	2,024,421	743,653	(1,280,768)
Total expenditures	7,665,949	7,665,949	5,584,420	(2,081,529)
Excess (deficiency) of revenues over (under) expenditures	(1,019,423)	(1,019,423)	1,332,840	2,352,263
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	(1,000,000)	(1,000,000)	(1,000,000)	-
Net change in fund balances	(2,019,423)	(2,019,423)	332,840	2,352,263
FUND BALANCES, beginning	7,239,900	7,239,900	7,239,900	-
FUND BALANCES, ending	\$ 5,220,477	\$ 5,220,477	\$ 7,572,740	\$ 2,352,263

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Federal funds	\$ 1,615,177	\$ 1,615,177	\$ 1,615,177	\$ -
State of Tennessee funds	117,165	117,165	117,165	-
Investment income	-	-	14,264	14,264
Miscellaneous	2,138,820	2,138,820	2,540,825	402,005
Total revenues	3,871,162	3,871,162	4,287,431	416,269
EXPENDITURES				
Administration	536	536	536	-
Community development programs	1,472,331	1,472,331	1,472,331	-
Home investment programs	1,260,946	1,260,946	1,260,946	-
Emergency shelter programs	420,401	420,401	420,401	-
Homeless and supportive housing	352,903	352,903	352,903	-
Other programs	137,808	137,808	36,550	(101,258)
Capital outlay	-	-	1,479	1,479
Total expenditures	3,644,926	3,644,926	3,545,146	(99,779)
Excess (deficiency) of revenues over (under) expenditures	226,237	226,236	742,285	516,048
OTHER FINANCING SOURCES (USES)				
Transfers in	71,000	71,000	70,996	(4)
Transfers out	(310,006)	(310,006)	(310,006)	-
Total other financing sources (uses)	(239,006)	(239,006)	(239,010)	(4)
Net change in fund balances	(12,769)	(12,770)	503,275	516,044
FUND BALANCES, beginning	3,105,728	3,105,728	3,105,728	-
FUND BALANCES, ending	\$ 3,092,959	\$ 3,092,958	\$ 3,609,003	\$ 516,044

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Hotel/Motel tax	\$ 8,962,200	\$ 8,962,200	\$ 10,024,253	\$ 1,062,053
Investment income	-	-	32,931	32,931
Total revenues	8,962,200	8,962,200	10,057,184	1,094,984
EXPENDITURES				
Contracted services	456,431	456,431	289,765	(166,666)
Total expenditures	456,431	456,431	289,765	(166,666)
Excess (deficiency) of revenues over (under) expenditures	8,505,769	8,505,769	9,767,419	1,261,650
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,005,769)	(4,005,769)	(8,505,327)	(4,499,558)
Total other financing sources (uses)	(4,005,769)	(4,005,769)	(8,505,327)	(4,499,558)
Net change in fund balances	4,500,000	4,500,000	1,262,092	(3,237,908)
FUND BALANCES, beginning	11,371,199	11,371,199	11,371,199	-
FUND BALANCES, ending	\$ 15,871,199	\$ 15,871,199	\$ 12,633,291	\$ (3,237,908)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Parking garage income	\$ 254,775	\$ 254,775	\$ 546,566	\$ 291,791
Total revenues	254,775	254,775	546,566	291,791
EXPENDITURES				
Contracted services	182,917	182,917	194,062	11,145
Total expenditures	182,917	182,917	194,062	11,145
Excess (deficiency) of revenues over (under) expenditures	71,858	71,858	352,504	280,646
Net change in fund balances	71,858	71,858	352,504	280,646
FUND BALANCES, beginning	2,460,385	2,460,385	2,460,385	-
FUND BALANCES, ending	\$ 2,532,243	\$ 2,532,243	\$ 2,812,889	\$ 280,646

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
State of Tennessee funds	\$ 285,093	\$ 285,093	\$ 391,854	\$ 106,761
Hamilton County funds	864,354	864,354	864,354	-
Other intergovernmental	123,908	123,908	223,732	99,824
Miscellaneous	100,000	100,000	130,620	30,620
Total revenues	1,373,355	1,373,355	1,610,560	237,205
EXPENDITURES				
Administration	3,486,020	3,486,020	3,194,000	(292,020)
Transportation planning	424,657	424,657	424,657	-
Other program	1,347,993	1,347,993	1,351,528	3,535
Capital outlay	22,600	22,600	16,577	(6,023)
Total expenditures	5,281,271	5,281,270	4,986,762	(294,508)
Excess (deficiency) of revenues over (under) expenditures	(3,907,916)	(3,907,915)	(3,376,202)	531,713
OTHER FINANCING SOURCES (USES)				
Transfers in	2,953,750	2,953,750	2,953,750	-
Transfers out	(478,741)	(478,741)	(357,081)	121,660
Total other financing sources (uses)	2,475,009	2,475,009	2,596,669	121,660
Net change in fund balances	(1,432,906)	(1,432,906)	(779,533)	653,373
FUND BALANCES, beginning	4,184,266	4,184,266	4,184,266	-
FUND BALANCES, ending	\$ 2,751,360	\$ 2,751,360	\$ 3,404,733	\$ 653,373

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Federal funds	\$ 451,278	\$ 451,278	\$ 451,278	\$ -
Hamilton County funds	228,114	228,114	228,113	(1)
Permits	612,251	612,251	529,286	(82,965)
Other	-	-	585	585
Total revenues	1,291,643	1,291,643	1,209,262	(82,381)
EXPENDITURES				
Operations	5,204,919	5,204,919	4,761,431	(443,488)
Special programs	52,812	52,812	52,812	-
Capital outlay	47,808	47,808	76,382	28,574
Total expenditures	5,305,539	5,305,539	4,890,625	(414,913)
Excess (deficiency) of revenues over (under) expenditures	(4,013,896)	(4,013,896)	(3,681,363)	332,532
OTHER FINANCING SOURCES (USES)				
Transfers in	3,992,411	3,992,411	3,876,906	(115,505)
Transfers out	(367,022)	(367,022)	(367,224)	(202)
Total other financing sources (uses)	3,625,390	3,625,390	3,509,682	(115,708)
Net change in fund balances	(388,506)	(388,506)	(171,681)	216,825
FUND BALANCES, beginning	687,248	687,248	687,248	-
FUND BALANCES, ending	\$ 298,742	\$ 298,742	\$ 515,567	\$ 216,825

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
State of Tennessee funds	\$ 44,485	\$ 44,485	\$ 48,332	\$ 3,847
Total revenues	44,485	44,485	48,332	3,847
EXPENDITURES				
Operations	115,068	115,068	114,953	(115)
Total expenditures	115,068	115,068	114,953	(115)
Excess (deficiency) of revenues over (under) expenditures	(70,583)	(70,583)	(66,621)	3,962
OTHER FINANCING SOURCES (USES)				
Transfers in	70,583	70,583	66,621	(3,962)
Total other financing sources (uses)	70,583	70,583	66,621	(3,962)
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning	-	-	-	-
FUND BALANCES, ending	\$ -	\$ -	\$ -	\$ -

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Special Assessment Central Business Improvement District	\$ 876,739	\$ 876,739	\$ 868,904	\$ (7,835)
Interest	8,525	8,525	7,993	(532)
Total revenues	<u>885,264</u>	<u>885,264</u>	<u>876,897</u>	<u>(8,367)</u>
EXPENDITURES				
BID Assessment Fee	885,264	885,264	876,897	(8,367)
Total expenditures	<u>885,264</u>	<u>885,264</u>	<u>876,897</u>	<u>(8,367)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CHATTANOOGA, TENNESSEE

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

Year Ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Principal retirement	18,326,297	18,326,297	18,326,185	(112)
Interest	5,951,698	5,951,698	5,843,121	(108,577)
Fiscal charges	100,000	100,000	13,171	(86,829)
Total expenditures	24,377,995	24,377,995	24,182,477	(195,518)
Excess (deficiency) of revenues over (under) expenditures	(24,377,995)	(24,377,995)	(24,182,477)	195,518
OTHER FINANCING SOURCES (USES)				
Transfers in	24,376,986	24,376,986	24,376,544	(442)
Total other financing sources (uses)	24,376,986	24,376,986	24,376,544	(442)
Net change in fund balances	(1,009)	(1,009)	194,067	195,076
FUND BALANCES, beginning	3,049,424	3,049,424	3,049,424	-
FUND BALANCES, ending	\$ 3,048,415	\$ 3,048,415	\$ 3,243,491	\$ 195,076



FINANCIAL SCHEDULES

FINANCIAL SCHEDULES

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENTS BY FUND

June 30, 2024

Issuer	Interest Rate %	Maturity Date	Amount
GOVERNMENTAL FUNDS			
General fund			
Federal Home Loan Bank	1.050	07/25/2024	\$ 12,494,712
Federal Home Loan Bank	3.650	07/26/2024	12,000,000
Federal Home Loan Bank	5.250	09/13/2024	9,996,978
Federal Home Loan Bank	4.500	10/03/2024	6,988,516
Federal Home Loan Bank	0.650	10/07/2024	10,575,593
Federal Farm Credit Bank	0.300	11/12/2024	4,999,268
Federal Farm Credit Bank	0.875	11/18/2024	13,121,815
Federal Home Loan Bank	0.620	12/09/2024	10,912,747
Federal Home Loan Bank	0.650	03/17/2025	4,500,000
Federal Farm Credit Bank	4.875	05/15/2026	6,010,341
Federal Home Loan Bank	4.375	06/12/2026	9,977,239
			<u>101,577,209</u>
Capital projects			
Federal Home Loan Bank	5.080	02/07/2025	7,010,742
Federal Home Loan Bank	0.780	09/04/2026	6,215,838
			<u>13,226,580</u>
Internal service funds			
Federal Home Loan Bank	0.650	3/17/2025	10,000,000
Nonmajor funds			
Library endowments -Raymond James & Associate Inc.			6,998,211
Total governmental fund investments			<u>\$ 131,802,000</u>
ENTERPRISE FUNDS			
Interceptor Sewer Fund			
Federal Home Loan Bank	0.350	07/12/2024	\$ 1,999,973
Federal Home Loan Bank	0.450	07/26/2024	6,210,000
Federal Home Loan Bank	0.500	07/29/2024	10,500,000
Federal Home Loan Bank	1.830	08/28/2024	6,175,262
Federal Farm Credit Bank	0.480	09/03/2024	9,999,655
Federal Farm Credit Bank	0.300	11/12/2024	1,998,931
Federal Home Loan Bank	1.200	12/23/2024	11,815,570
Federal Home Loan Bank	0.625	12/30/2024	5,000,000
Federal Home Loan Bank	0.580	01/28/2025	3,500,000
Federal Home Loan Bank	0.650	03/17/2025	5,000,000
Federal Home Loan Bank	0.750	04/14/2025	10,000,000
Federal Home Loan Bank	0.700	06/30/2025	5,004,909
Federal Home Loan Bank	4.750	06/12/2026	15,062,372
Federal Farm Credit Bank	4.875	08/28/2026	10,081,986
Federal Home Loan Mtg Corp	5.000	02/12/2027	8,072,327
			<u>110,420,985</u>
Solid Waste			
Federal Farm Credit Bank	0.450	04/07/2025	2,998,052
Federal Home Loan Bank	3.050	05/12/2025	5,149,621
Federal Home Loan Bank	5.100	02/15/2028	3,860,000
			<u>12,007,673</u>
Stormwater			
Federal Home Loan Bank	0.500	07/29/2024	2,000,000
Federal Farm Credit Bank	0.300	11/12/2024	8,999,781
Federal Farm Credit Bank	4.750	03/09/2026	15,153,443
Federal National Mtg Assn	1.875	09/24/2026	12,002,456
Federal Home Loan Bank	5.000	04/02/2027	5,006,952
Federal National Mtg Assn	5.160	02/11/2028	10,000,000
			<u>53,162,632</u>

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENTS BY FUND

June 30, 2024

Issuer	Interest Rate %	Maturity Date	Amount
Chattanooga Downtown Redevelopment Corporation			
US Treasury Bonds	3.250	08/31/2024	\$ 3,788,420
US Treasury Bonds	3.250	08/31/2024	7,545
			<u>3,795,965</u>
Electric Power Board			
Citizens Bank(CDARS) - Fund 1	4.000	02/06/2025	957,233
US Treasury Note - Fund 1	1.750	07/31/2024	6,878,476
US Treasury Note - Fund 1	0.380	08/15/2024	4,206,593
Federal Home Loan Bank - Fund 1	0.500	08/26/2024	1,541,895
Federal National Mtg Assn - Fund 1	3.880	08/28/2024	251,807
US Treasury Note - Fund 1	0.380	09/15/2024	5,230,028
Federal Home Loan Mtg Corp - Fund 1	4.630	09/30/2024	757,575
Federal Home Loan Bank - Fund 1	4.500	10/03/2024	6,083,807
Federal Home Loan Bank - Fund 1	4.980	11/15/2024	5,531,187
Federal Home Loan Bank - Fund 1	1.000	11/25/2024	522,284
Federal Home Loan Bank - Fund 1	1.150	12/10/2024	295,344
Federal Home Loan Bank - Fund 1	5.000	12/13/2024	2,306,003
Federal Farm Credit Bank - Fund 1	0.320	12/23/2024	3,340,351
Federal Farm Credit Bank - Fund 1	5.000	01/07/2025	6,175,366
Federal Home Loan Mtg Corp - Fund 1	1.500	02/12/2025	383,882
US Treasury Note - Fund 1	1.500	02/15/2025	4,572,392
Federal Home Loan Bank - Fund 1	1.000	02/24/2025	733,063
Federal Home Loan Bank - Fund 1	2.000	02/28/2025	247,191
Federal Home Loan Bank - Fund 1	0.550	03/04/2025	974,497
Federal Home Loan Bank - Fund 1	2.380	03/14/2025	4,659,671
Federal Home Loan Mtg Corp - Fund 1	0.450	03/28/2025	140,820
Federal Home Loan Bank - Fund 1	1.000	04/07/2025	487,139
Federal National Mtg Assn - Fund 1	0.380	04/15/2025	4,838,018
Federal Home Loan Bank - Fund 1	3.000	04/22/2025	495,493
Federal Home Loan Mtg Corp - Fund 1	3.130	05/12/2025	1,982,206
Federal Home Loan Bank - Fund 1	1.100	05/28/2025	678,182
Federal Home Loan Mtg Corp - Fund 1	0.500	06/16/2025	963,233
Federal Home Loan Bank - Fund 1	2.000	06/17/2025	1,790,628
Federal Home Loan Bank - Fund 1	1.150	06/30/2025	2,918,301
Federal Agricultural Mtg Corp - Fund 1	5.240	07/01/2025	565,945
Federal Farm Credit Bank - Fund 1	0.390	07/14/2025	575,715
US Treasury Bill - Fund 3	5.340	08/01/2024	15,180,297
US Treasury Bill - Fund 3	5.330	11/14/2024	15,095,826
US Treasury Bill - Fund 3	5.300	12/19/2024	15,021,552
			<u>116,382,000</u>
Total enterprise fund investments			<u>\$ 295,769,255</u>

CITY OF CHATTANOOGA, TENNESSEE

COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE

Year Ended June 30, 2024

TAX YEAR (1)	Property Taxes Receivable Balance 6/30/2023	Property Tax Levied	Anticipated Current Year Levy (2)	Net Pick-Ups and Charge-Offs	Collections	Property Taxes Receivable Balance 6/30/2024	Allowance for Uncollectibles	Net Receivable Balance 6/30/2024
2024	\$ -	\$ -	\$ 171,463,417	\$ -	\$ -	\$ 171,463,417	\$ -	\$ 171,463,417
2023	-	176,766,409	-	(128,508)	170,540,233	6,097,668	792,698	5,304,970
2022	5,783,520	-	-	405,395	3,977,979	2,210,936	574,843	1,636,093
2021	2,186,267	-	-	(73,280)	899,270	1,213,717	534,035	679,682
2020	1,175,815	-	-	(154,082)	548,368	473,365	388,159	85,206
2019	391,499	-	-	(16,828)	21,010	353,661	335,978	17,683
2018	389,364	-	-	50,794	3,522	436,636	436,636	-
2017	360,791	-	-	(11,087)	24,526	325,178	325,178	-
2016	352,405	-	-	(7,259)	3,305	341,841	341,841	-
2015	374,490	-	-	(4,780)	574	369,136	369,136	-
2014	367,325	-	-	(6,137)	2,712	358,476	358,476	-
	<u>\$ 11,381,476</u>	<u>\$ 176,766,409</u>	<u>\$ 171,463,417</u>	<u>\$ 54,228</u>	<u>\$ 176,021,499</u>	<u>\$ 183,644,031</u>	<u>\$ 4,456,980</u>	<u>\$ 179,187,051</u>

Note:

- (1) All years prior to 2019 have been turned over to the Clerk and Master for collection.
- (2) Accrual of the anticipated current year levy is required by GASB Statement No. 33. The accrual is recorded net of the allowance for uncollectible amounts.

CITY OF CHATTANOOGA, TENNESSEE

SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

June 30, 2024

	Principal	Interest	Total
GOVERNMENTAL ACTIVITIES			
2025	\$ 18,539,049	\$ 6,408,059	\$ 24,947,108
2026	19,133,778	5,509,463	24,643,241
2027	17,022,358	4,549,201	21,571,559
2028	14,708,288	3,772,481	18,480,769
2029	14,703,288	3,138,568	17,841,856
2030	10,953,287	2,512,327	13,465,614
2031	10,908,287	1,964,664	12,872,951
2032	4,703,288	1,517,482	6,220,770
2033	3,458,288	1,326,876	4,785,164
2034	3,458,288	1,167,394	4,625,682
2035	2,115,000	1,007,913	3,122,913
2036	2,115,000	899,519	3,014,519
2037	2,110,000	791,250	2,901,250
2038	2,110,000	685,750	2,795,750
2039	2,110,000	580,250	2,690,250
2040	2,110,000	474,750	2,584,750
2041	2,110,000	369,250	2,479,250
2042	2,110,000	263,750	2,373,750
2043	2,110,000	158,250	2,268,250
2044	2,110,000	52,750	2,162,750
	<u>138,698,199</u>	<u>37,149,946</u>	<u>175,848,145</u>
BUSINESS-TYPE ACTIVITIES			
2025	35,823,091	19,096,426	54,919,517
2026	34,846,807	17,859,424	52,706,231
2027	35,491,236	16,866,757	52,357,993
2028	35,531,356	15,908,205	51,439,561
2029	33,719,507	14,680,060	48,399,567
2030	30,432,749	13,584,090	44,016,839
2031	31,333,231	12,616,847	43,950,078
2032	31,089,280	11,490,261	42,579,541
2033	31,996,090	10,317,033	42,313,123
2034	33,176,713	9,255,279	42,431,992
2035	30,323,395	8,233,553	38,556,948
2036	31,354,590	7,189,700	38,544,290
2037	32,343,598	6,244,992	38,588,590
2038	29,120,238	5,310,799	34,431,037
2039	27,530,297	4,418,400	31,948,697
2040	28,435,231	3,497,924	31,933,155
2041	29,232,331	2,539,010	31,771,341
2042	28,352,496	1,603,347	29,955,843
2043	14,552,049	850,243	15,402,292
2044	15,254,373	138,585	15,392,958
	<u>599,938,658</u>	<u>181,700,935</u>	<u>781,639,593</u>
Total primary government indebtedness	<u>\$ 738,636,857</u>	<u>\$ 218,850,881</u>	<u>\$ 957,487,738</u>

CITY OF CHATTANOOGA, TENNESSEE

SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

June 30, 2024

COMPONENT UNITS	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,306,203	\$ 390,258	\$ 1,696,461
2026	1,336,862	359,599	1,696,461
2027	1,315,487	328,146	1,643,633
2028	1,293,117	295,878	1,588,995
2029	1,326,221	262,774	1,588,995
2030	1,353,397	228,811	1,582,208
2031	811,588	201,890	1,013,478
2032	830,369	183,108	1,013,477
2033	849,586	163,892	1,013,478
2034	869,247	144,231	1,013,478
2035	889,363	124,115	1,013,478
2036	909,944	103,533	1,013,477
2037	931,002	82,475	1,013,477
2038	952,547	60,930	1,013,477
2039	974,591	38,887	1,013,478
2040	997,145	16,333	1,013,478
2041	181,456	498	181,954
	<u> </u>	<u> </u>	<u> </u>
Total component units indebtedness	<u>\$ 17,128,125</u>	<u>\$ 2,985,358</u>	<u>\$ 20,113,483</u>

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2024

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2023	Issued FY 2024	Retired FY 2024	Refunded FY 2024	Outstanding June 30, 2024
GOVERNMENTAL ACTIVITIES:									
Serial Bonds:									
Tax Supported									
2013 Series General Improvement Bond	\$ 19,355,000	2.00% - 5.00%	1/8/2014	10/1/2028	\$ 7,875,000	\$ -	\$ 1,315,000	\$ -	\$ 6,560,000
2014 Municipal Public Improvement Refunding	13,792,100	1.75% - 5.00%	7/8/2014	11/1/2026	2,816,687	-	715,557	-	2,101,130
2015 Series A GO Bond	28,245,000	5.00%	11/10/2015	9/1/2030	15,050,000	-	1,885,000	-	13,165,000
2015 Series B Refunding GO Bond	18,955,000	3.00% - 5.00%	11/10/2015	11/1/2028	13,825,000	-	2,520,000	-	11,305,000
2017 Series A GO Bond	8,200,000	5.00%	1/25/2017	3/1/2031	4,360,000	-	545,000	-	3,815,000
2017 Series B Refunding GO Bond	12,640,000	3.00% - 5.00%	1/25/2017	3/1/2026	6,630,000	-	2,090,000	-	4,540,000
2019 Series A GO Bond	20,156,711	5.00%	10/24/2019	2/1/2034	14,776,163	-	1,343,287	-	13,432,876
2019 Series B Refunding GO Bond	4,055,000	2.00% - 5.00%	10/24/2019	2/1/2031	2,885,000	-	-	-	2,885,000
2021 Series A GO Bond	12,455,000	5.00%	12/8/2021	10/1/2031	11,205,000	-	1,245,000	-	9,960,000
2021 Series B Refunding GO Bond	9,515,000	5.00%	12/8/2021	10/1/2027	7,980,000	-	1,835,000	-	6,145,000
2023 Series GO Bond	41,995,000	5.00% - 7.00%	11/16/2023	10/1/2043	-	41,995,000	-	-	41,995,000
Total Tax Supported Bonds					<u>87,402,850</u>	<u>41,995,000</u>	<u>13,493,844</u>	<u>-</u>	<u>115,904,006</u>
Self Supported									
2013 Series Hotel-Motel Tax Pledge	7,420,000	2.00% - 5.00%	1/8/2014	10/1/2028	3,015,000	-	505,000	-	2,510,000
2014 Hotel Motel Refunding	3,961,340	1.75% - 5.00%	7/8/2014	11/1/2026	809,670	-	205,477	-	604,193
2019 Series Hotel Motel Refunding	14,805,000	2.00% - 5.00%	10/24/2019	2/1/2031	9,290,000	-	-	-	9,290,000
2021 Series Hotel Motel Refunding	12,560,000	5.00%	12/8/2021	10/1/2027	12,560,000	-	2,170,000	-	10,390,000
Total Self Supported Bonds					<u>25,674,670</u>	<u>-</u>	<u>2,880,477</u>	<u>-</u>	<u>22,794,193</u>
Total Serial Bonds					<u>113,077,520</u>	<u>41,995,000</u>	<u>16,374,321</u>	<u>-</u>	<u>138,698,199</u>
Notes Payable:									
Tax Supported									
2004 TML Bond Fund	24,406,300	Variable	12/6/2004	5/25/2024	1,571,310	-	1,571,310	-	-
Total Tax Supported Notes Payable					<u>1,571,310</u>	<u>-</u>	<u>1,571,310</u>	<u>-</u>	<u>-</u>
Self Supported									
2008 HUD Section 108 Loan Program	4,576,000	4.00%	6/12/2008	8/1/2023	306,000	-	306,000	-	-
Total Self Supported Notes Payable					<u>306,000</u>	<u>-</u>	<u>306,000</u>	<u>-</u>	<u>-</u>
Total Notes Payable					<u>1,877,310</u>	<u>-</u>	<u>1,877,310</u>	<u>-</u>	<u>-</u>
Total governmental activities					<u>114,954,830</u>	<u>41,995,000</u>	<u>18,251,631</u>	<u>-</u>	<u>138,698,199</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2024

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2023	Issued FY 2024	Retired FY 2024	Refunded FY 2024	Outstanding June 30, 2024
BUSINESS TYPE ACTIVITIES:									
Interceptor Sewer System:									
Serial Bonds:									
2014 Municipal Public Improvement Refunding	\$ 2,343,620	1.75% - 5.00%	7/8/2014	11/1/2026	\$ 478,875	\$ -	\$ 121,575	\$ -	\$ 357,300
Total Serial Bonds					<u>478,875</u>	<u>-</u>	<u>121,575</u>	<u>-</u>	<u>357,300</u>
Notes Payable:									
2003-168 State Revolving Loan	37,321,000	2.98%	12/5/2002	4/20/2025	4,664,603	-	2,512,992	-	2,151,611
2007-204 State Revolving Loan	13,000,000	2.79%	6/25/2007	9/20/2031	6,249,079	-	683,208	-	5,565,871
2011-289 State Revolving Loan	20,000,000	2.00%	11/1/2011	8/20/2037	14,059,014	-	867,180	-	13,191,834
2012-307 State Revolving Loan	33,100,000	1.15%	6/25/2013	11/20/2037	23,422,800	-	1,502,424	-	21,920,376
2013-318 State Revolving Loan	66,800,000	1.67%	6/18/2014	11/20/2037	47,561,911	-	2,942,616	-	44,619,295
2016-357 State Revolving Loan	42,500,000	1.29%	2/8/2016	2/20/2039	40,119,680	48,374	1,888,992	-	38,279,062
2018-405 State Revolving Loan	1,000,000	1.41%	11/7/2017	5/20/2041	818,577	-	40,020	-	778,557
2018-406 State Revolving Loan	17,100,000	1.41%	11/28/2017	3/20/2041	16,363,464	-	747,876	-	15,615,588
2019-428 State Revolving Loan	3,000,000	2.05%	12/6/2018	11/20/2041	2,867,576	-	109,788	-	2,757,788
2019-429 State Revolving Loan	21,000,000	2.05%	12/6/2018	4/20/2042	11,771,516	2,181,286	-	-	13,952,802
2018-406-01 State Revolving Loan	30,000,000	1.41%	10/10/2019	6/20/2041	27,192,138	-	1,372,272	-	25,819,866
2020-440 State Revolving Loan	15,000,000	0.61%	11/24/2020	11/20/2041	5,335,035	1,240,172	-	-	6,575,207
Total Notes Payable					<u>200,425,393</u>	<u>3,469,832</u>	<u>12,667,368</u>	<u>-</u>	<u>191,227,857</u>
Total Interceptor Sewer System					<u>200,904,268</u>	<u>3,469,832</u>	<u>12,788,943</u>	<u>-</u>	<u>191,585,157</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2024

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2023	Issued FY 2024	Retired FY 2024	Refunded FY 2024	Outstanding June 30, 2024
BUSINESS TYPE ACTIVITIES: (continued)									
Solid Waste Fund:									
Serial Bonds:									
2014 Municipal Public Improvement Refunding	\$ 4,674,278	1.75% - 5.00%	7/8/2014	11/1/2026	\$ 954,390	\$ -	\$ 242,523	\$ -	\$ 711,867
2017 Series B Refunding GO Bond	2,155,000	3.00% - 5.00%	1/25/2017	3/1/2026	1,130,000	-	355,000	-	775,000
Total Serial Bonds					<u>2,084,390</u>	<u>-</u>	<u>597,523</u>	<u>-</u>	<u>1,486,867</u>
Notes Payable:									
2004 TML Bond Fund	593,700	Variable	12/6/2004	5/25/2024	38,558	-	38,558	-	-
Total Notes Payable					<u>38,558</u>	<u>-</u>	<u>38,558</u>	<u>-</u>	<u>-</u>
Total Solid Waste & Sanitation Fund					<u>2,122,948</u>	<u>-</u>	<u>636,081</u>	<u>-</u>	<u>1,486,867</u>
Stormwater Fund									
Serial Bonds:									
2013 Water Quality Bonds	5,245,000	2.00% - 5.00%	1/8/2014	10/1/2028	2,130,000	-	355,000	-	1,775,000
2014 Municipal Public Improvement Refunding	1,153,663	1.75% - 5.00%	7/8/2014	11/1/2026	235,377	-	59,869	-	175,508
2015 Series A GO Bond	8,100,000	5.00%	11/10/2015	9/1/2030	4,320,000	-	540,000	-	3,780,000
2017 Series B Refunding GO Bond	615,000	3.00% - 5.00%	1/25/2017	3/1/2026	325,000	-	100,000	-	225,000
2019 Series A Water Quality GO Bond	3,628,289	5.00%	10/24/2019	2/1/2034	2,658,838	-	241,712	-	2,417,126
Total Serial Bonds					<u>9,669,215</u>	<u>-</u>	<u>1,296,581</u>	<u>-</u>	<u>8,372,634</u>
Total Stormwater Fund					<u>9,669,215</u>	<u>-</u>	<u>1,296,581</u>	<u>-</u>	<u>8,372,634</u>
Total Business-Type Activities					<u>212,696,431</u>	<u>3,469,832</u>	<u>14,721,605</u>	<u>-</u>	<u>201,444,658</u>
TOTAL GENERAL OBLIGATION DEBT					<u>327,651,261</u>	<u>45,464,832</u>	<u>32,973,236</u>	<u>-</u>	<u>340,142,857</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2024

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2023	Issued FY 2024	Retired FY 2024	Refunded FY 2024	Outstanding June 30, 2024
Electric Power Board									
Revenue Bonds:									
2015A Electric System Refunding Revenue Bonds	\$ 218,855,000	2.88% - 5.00%	8/31/2015	9/1/2033	\$ 170,300,000	\$ -	\$ 11,160,000	\$ -	\$ 159,140,000
2015B Electric System Revenue Bonds	15,355,000	2.60% - 3.38%	8/31/2015	9/1/2025	4,675,000	-	1,595,000	-	3,080,000
2015C Electric System Revenue Bonds	25,880,000	4.00% - 5.00%	8/31/2015	9/1/2040	24,250,000	-	870,000	-	23,380,000
2021 Electric System Revenue Bonds	71,080,000	2.00% - 4.00%	6/29/2021	9/1/2041	71,080,000	-	-	-	71,080,000
2023 Electric System Revenue Bonds					-	112,125,000	-	-	112,125,000
Total Revenue Bonds					<u>270,305,000</u>	<u>112,125,000</u>	<u>13,625,000</u>	<u>-</u>	<u>368,805,000</u>
Total Electric Power Board					<u>270,305,000</u>	<u>112,125,000</u>	<u>13,625,000</u>	<u>-</u>	<u>368,805,000</u>
Chattanooga Downtown Redevelopment Corporation:									
Revenue Bonds:									
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/1/2018	10/1/2028	25,524,000	-	980,000	-	24,544,000
2018C IDB Rev Refunding 2010 Bonds Taxable	28,200,000	3.90%	10/1/2018	10/1/2024	7,110,000	-	1,965,000	-	5,145,000
Total Revenue Bonds					<u>32,634,000</u>	<u>-</u>	<u>2,945,000</u>	<u>-</u>	<u>29,689,000</u>
Total Chattanooga Downtown Redevelopment Corp.					<u>32,634,000</u>	<u>-</u>	<u>2,945,000</u>	<u>-</u>	<u>29,689,000</u>
Total Primary Government					<u>\$ 630,590,261</u>	<u>\$ 157,589,832</u>	<u>\$ 49,543,236</u>	<u>\$ -</u>	<u>\$ 738,636,857</u>
COMPONENT UNITS									
Metropolitan Airport Authority:									
Revenue Bonds:									
2020 Tax Exempt Garage	16,250,000	2.29%	12/11/2019	7/10/2041	14,381,053	-	685,976	-	13,695,077
2020 Taxable Garage	8,750,000	2.87%	12/11/2019	7/10/2041	3,639,162	-	475,683	-	3,163,479
Total Revenue Bonds					<u>18,020,215</u>	<u>-</u>	<u>1,161,659</u>	<u>-</u>	<u>16,858,556</u>
Notes Payable:									
Titan Aviation Note					<u>377,033</u>	<u>-</u>	<u>107,465</u>	<u>-</u>	<u>269,568</u>
Total Metropolitan Airport Authority					<u>18,397,248</u>	<u>-</u>	<u>1,269,124</u>	<u>-</u>	<u>17,128,124</u>
Total Component Units					<u>\$ 18,397,248</u>	<u>\$ -</u>	<u>\$ 1,269,124</u>	<u>\$ -</u>	<u>\$ 17,128,124</u>

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2013 General Obligation	3.00%	\$ 1,315,000	\$ 218,018	\$ 1,533,018
2026		3.13%	1,315,000	177,747	1,492,747
2027		4.00%	1,310,000	131,000	1,441,000
2028		4.00%	1,310,000	78,600	1,388,600
2029		4.00%	1,310,000	26,200	1,336,200
			<u>6,560,000</u>	<u>631,565</u>	<u>7,191,565</u>
2025	2013 Hotel Motel	3.00%	505,000	83,355	588,355
2026		3.13%	505,000	67,890	572,890
2027		4.00%	500,000	50,000	550,000
2028		4.00%	500,000	30,000	530,000
2029		4.00%	500,000	10,000	510,000
			<u>2,510,000</u>	<u>241,245</u>	<u>2,751,245</u>
2025	2014 Series A Refunding Hotel Motel	3.00%	203,186	15,056	218,242
2026		3.00%	200,894	8,994	209,888
2027		3.00%	200,113	2,990	203,103
			<u>604,193</u>	<u>27,040</u>	<u>631,233</u>
2025	2014 Series A Refunding General Obligation	3.00%	707,576	52,430	760,006
2026		3.00%	699,596	31,322	730,918
2027		3.00%	693,958	10,414	704,372
			<u>2,101,130</u>	<u>94,166</u>	<u>2,195,296</u>
2025	2015 Series A General Obligation	5.00%	1,885,000	611,125	2,496,125
2026		5.00%	1,880,000	517,000	2,397,000
2027		5.00%	1,880,000	423,000	2,303,000
2028		5.00%	1,880,000	329,000	2,209,000
2029		5.00%	1,880,000	235,000	2,115,000
2030		5.00%	1,880,000	141,000	2,021,000
2031		5.00%	1,880,000	47,000	1,927,000
			<u>13,165,000</u>	<u>2,303,125</u>	<u>15,468,125</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

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DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2015 Series B Refunding General Obligation	5.00%	\$ 2,515,000	\$ 414,975	\$ 2,929,975
2026		5.00%	2,205,000	296,975	2,501,975
2027		5.00%	2,215,000	186,475	2,401,475
2028		3.00%	2,205,000	98,025	2,303,025
2029		3.00%	2,165,000	32,475	2,197,475
			<u>11,305,000</u>	<u>1,028,925</u>	<u>12,333,925</u>
2025	2017 Series A General Obligation	5.00%	545,000	190,750	735,750
2026		5.00%	545,000	163,500	708,500
2027		5.00%	545,000	136,250	681,250
2028		5.00%	545,000	109,000	654,000
2029		5.00%	545,000	81,750	626,750
2030		5.00%	545,000	54,500	599,500
2031		5.00%	545,000	27,250	572,250
			<u>3,815,000</u>	<u>763,000</u>	<u>4,578,000</u>
2025	2017 Series B Refunding General Obligation	3.00%	2,210,000	227,000	2,437,000
2026		3.00%	2,330,000	116,500	2,446,500
			<u>4,540,000</u>	<u>343,500</u>	<u>4,883,500</u>
2025	2019 Series A General Obligation	5.00%	1,343,288	617,912	1,961,200
2026		5.00%	1,343,288	550,748	1,894,036
2027		5.00%	1,343,288	483,584	1,826,872
2028		5.00%	1,343,288	416,419	1,759,707
2029		5.00%	1,343,288	349,255	1,692,543
2030		5.00%	1,343,288	282,090	1,625,378
2031		5.00%	1,343,288	214,926	1,558,214
2032		5.00%	1,343,288	161,195	1,504,483
2033		5.00%	1,343,288	107,463	1,450,751
2034		5.00%	1,343,284	53,731	1,397,015
			<u>13,432,876</u>	<u>3,237,323</u>	<u>16,670,199</u>
2025	2019 Series B General Obligation Refunding	0.00%	-	130,350	130,350
2026		5.00%	285,000	130,350	415,350
2027		2.00%	290,000	116,100	406,100
2028		5.00%	285,000	110,300	395,300
2029		5.00%	735,000	96,050	831,050
2030		5.00%	770,000	59,300	829,300
2031		4.00%	520,000	20,800	540,800
			<u>2,885,000</u>	<u>663,250</u>	<u>3,548,250</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

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DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2019 Series B Hotel Motel Refunding	0.00%	\$ -	\$ 430,850	\$ 430,850
2026		5.00%	35,000	430,850	465,850
2027		2.00%	35,000	429,100	464,100
2028		5.00%	40,000	428,400	468,400
2029		5.00%	2,865,000	426,400	3,291,400
2030		5.00%	3,055,000	283,150	3,338,150
2031		4.00%	3,260,000	130,400	3,390,400
			<u>9,290,000</u>	<u>2,559,150</u>	<u>11,849,150</u>
2025	2021 Series A General Obligation	5.00%	1,245,000	466,875	1,711,875
2026		5.00%	1,245,000	404,625	1,649,625
2027		5.00%	1,245,000	342,375	1,587,375
2028		5.00%	1,245,000	280,125	1,525,125
2029		5.00%	1,245,000	217,875	1,462,875
2030		5.00%	1,245,000	155,625	1,400,625
2031		5.00%	1,245,000	93,375	1,338,375
2032		5.00%	1,245,000	31,125	1,276,125
			<u>9,960,000</u>	<u>1,992,000</u>	<u>11,952,000</u>
2025	2021 Series B General Obligation Refunding	5.00%	1,885,000	260,125	2,145,125
2026		5.00%	1,930,000	164,750	2,094,750
2027		5.00%	1,970,000	67,250	2,037,250
2028		5.00%	360,000	9,000	369,000
				<u>6,145,000</u>	<u>501,125</u>
2025	2021 Series B Hotel Motel Refunding	5.00%	2,330,000	461,250	2,791,250
2026		5.00%	2,500,000	340,500	2,840,500
2027		5.00%	2,680,000	211,000	2,891,000
2028		5.00%	2,880,000	72,000	2,952,000
				<u>10,390,000</u>	<u>1,084,750</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

(continued from previous page)

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2023 General Obligation	5.00%	\$ 1,850,000	\$ 2,227,988	\$ 4,077,988
2026		7.00%	2,115,000	2,107,712	4,222,712
2027		7.00%	2,115,000	1,959,663	4,074,663
2028		7.00%	2,115,000	1,811,612	3,926,612
2029		7.00%	2,115,000	1,663,563	3,778,563
2030		5.00%	2,115,000	1,536,662	3,651,662
2031		5.00%	2,115,000	1,430,913	3,545,913
2032		5.00%	2,115,000	1,325,162	3,440,162
2033		5.00%	2,115,000	1,219,413	3,334,413
2034		5.00%	2,115,000	1,113,662	3,228,662
2035		5.00%	2,115,000	1,007,913	3,122,913
2036		5.25%	2,115,000	899,519	3,014,519
2037		5.00%	2,110,000	791,250	2,901,250
2038		5.00%	2,110,000	685,750	2,795,750
2039		5.00%	2,110,000	580,250	2,690,250
2040		5.00%	2,110,000	474,750	2,584,750
2041		5.00%	2,110,000	369,250	2,479,250
2042		5.00%	2,110,000	263,750	2,373,750
2043		5.00%	2,110,000	158,250	2,268,250
2044		5.00%	2,110,000	52,750	2,162,750
			<u>41,995,000</u>	<u>21,679,782</u>	<u>63,674,782</u>
	Total direct indebtedness		<u>138,698,199</u>	<u>37,149,946</u>	<u>175,848,145</u>

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2003 State Revolving Loan	2.98%	\$ 2,151,611	\$ 26,541	\$ 2,178,152
			<u>2,151,611</u>	<u>26,541</u>	<u>2,178,152</u>
2025	2007 State Revolving Loan	2.79%	\$ 702,516	\$ 146,352	\$ 848,868
2026		2.79%	722,376	126,492	848,868
2027		2.79%	742,788	106,080	848,868
2028		2.79%	763,776	85,092	848,868
2029		2.79%	785,364	63,504	848,868
2030		2.79%	807,552	41,316	848,868
2031		2.79%	830,376	18,492	848,868
2032		2.79%	211,123	1,001	212,124
			<u>5,565,871</u>	<u>588,329</u>	<u>6,154,200</u>
2025	2011-289 State Revolving Loan	2.00%	884,688	255,756	1,140,444
2026		2.00%	902,544	237,900	1,140,444
2027		2.00%	920,760	219,684	1,140,444
2028		2.00%	939,348	201,096	1,140,444
2029		2.00%	958,308	182,136	1,140,444
2030		2.00%	977,652	162,792	1,140,444
2031		2.00%	997,380	143,064	1,140,444
2032		2.00%	1,017,516	122,928	1,140,444
2033		2.00%	1,038,048	102,396	1,140,444
2034		2.00%	1,059,000	81,444	1,140,444
2035		2.00%	1,080,372	60,072	1,140,444
2036		2.00%	1,102,188	38,256	1,140,444
2037		2.00%	1,124,436	16,008	1,140,444
2038		2.00%	189,594	474	190,068
			<u>13,191,834</u>	<u>1,824,006</u>	<u>15,015,840</u>
2025	2012-307 State Revolving Loan	1.15%	1,519,788	244,092	1,763,880
2026		1.15%	1,537,356	226,524	1,763,880
2027		1.15%	1,555,128	208,752	1,763,880
2028		1.15%	1,573,104	190,776	1,763,880
2029		1.15%	1,591,296	172,584	1,763,880
2030		1.15%	1,609,692	154,188	1,763,880
2031		1.15%	1,628,304	135,576	1,763,880
2032		1.15%	1,647,132	116,748	1,763,880
2033		1.15%	1,666,164	97,716	1,763,880
2034		1.15%	1,685,436	78,444	1,763,880
2035		1.15%	1,704,912	58,968	1,763,880
2036		1.15%	1,724,628	39,252	1,763,880
2037		1.15%	1,744,560	19,320	1,763,880
2038		1.15%	732,876	2,109	734,985
			<u>21,920,376</u>	<u>1,745,049</u>	<u>23,665,425</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2013-318 State Revolving Loan	1.67%	\$ 2,992,128	\$ 722,316	\$ 3,714,444
2026		1.67%	3,042,492	671,952	3,714,444
2027		1.67%	3,093,684	620,760	3,714,444
2028		1.67%	3,145,752	568,692	3,714,444
2029		1.67%	3,198,684	515,760	3,714,444
2030		1.67%	3,252,516	461,928	3,714,444
2031		1.67%	3,307,248	407,196	3,714,444
2032		1.67%	3,362,904	351,540	3,714,444
2033		1.67%	3,419,496	294,948	3,714,444
2034		1.67%	3,477,036	237,408	3,714,444
2035		1.67%	3,535,560	178,884	3,714,444
2036		1.67%	3,595,056	119,388	3,714,444
2037		1.67%	3,655,548	58,896	3,714,444
2038		1.67%	1,541,191	6,055	1,547,246
			<u>44,619,295</u>	<u>5,215,723</u>	<u>49,835,018</u>
2025	2014 General Obligation Refunding	3.00%	120,219	8,908	129,127
2026		3.00%	118,863	5,322	124,185
2027		3.00%	118,218	1,769	119,987
			<u>357,300</u>	<u>15,999</u>	<u>373,299</u>
2025	2016-357 State Revolving Loan	1.29%	1,913,508	498,528	2,412,036
2026		1.29%	1,938,336	473,700	2,412,036
2027		1.29%	1,963,500	448,536	2,412,036
2028		1.29%	1,988,976	423,060	2,412,036
2029		1.29%	2,014,788	397,248	2,412,036
2030		1.29%	2,040,924	371,112	2,412,036
2031		1.29%	2,067,408	344,628	2,412,036
2032		1.29%	2,094,240	317,796	2,412,036
2033		1.29%	2,121,420	290,616	2,412,036
2034		1.29%	2,148,948	263,088	2,412,036
2035		1.29%	2,176,836	235,200	2,412,036
2036		1.29%	2,205,084	206,952	2,412,036
2037		1.29%	2,233,692	178,344	2,412,036
2038		1.29%	2,262,684	149,352	2,412,036
2039		1.29%	2,292,048	119,988	2,412,036
2040		1.29%	2,321,784	90,252	2,412,036
2041	1.29%	2,351,916	60,120	2,412,036	
2042	1.29%	2,142,970	29,604	2,172,574	
			<u>38,279,062</u>	<u>4,898,124</u>	<u>43,177,186</u>
2025	2018-405 State Revolving Loan	1.53%	40,632	11,628	52,260
2026		1.53%	41,256	11,004	52,260
2027		1.53%	41,892	10,368	52,260
2028		1.53%	42,540	9,720	52,260
2029		1.53%	43,200	9,060	52,260
2030		1.53%	43,860	8,400	52,260
2031		1.53%	44,532	7,728	52,260
2032		1.53%	45,228	7,032	52,260
2033		1.53%	45,924	6,336	52,260
2034		1.53%	46,620	5,640	52,260
2035		1.53%	47,340	4,920	52,260
2036		1.53%	48,072	4,188	52,260
2037		1.53%	48,816	3,444	52,260
2038		1.53%	49,572	2,688	52,260
2039		1.53%	50,328	1,932	52,260
2040		1.53%	51,108	1,152	52,260
2041	1.53%	43,190	360	43,550	
2042	1.53%	4,447	6	4,453	
			<u>778,557</u>	<u>105,606</u>	<u>884,163</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal	
2025	2018-406 State Revolving Loan	1.53%	\$ 759,408	\$ 233,604	\$ 993,012	
2026		1.53%	771,108	221,904	993,012	
2027		1.53%	782,988	210,024	993,012	
2028		1.53%	795,048	197,964	993,012	
2029		1.53%	807,300	185,712	993,012	
2030		1.53%	819,732	173,280	993,012	
2031		1.53%	832,368	160,644	993,012	
2032		1.53%	845,196	147,816	993,012	
2033		1.53%	858,216	134,796	993,012	
2034		1.53%	871,440	121,572	993,012	
2035		1.53%	884,868	108,144	993,012	
2036		1.53%	898,500	94,512	993,012	
2037		1.53%	912,348	80,664	993,012	
2038		1.53%	926,400	66,612	993,012	
2039		1.53%	940,680	52,332	993,012	
2040		1.53%	955,164	37,848	993,012	
2041		1.53%	969,888	23,124	993,012	
2042		1.53%	984,936	8,180	993,116	
				<u>15,615,588</u>	<u>2,258,732</u>	<u>17,874,320</u>
2025		2019-428 State Revolving Loan	2.05%	112,937	56,535	169,472
2026	2.05%		115,253	54,219	169,472	
2027	2.05%		117,615	51,857	169,472	
2028	2.05%		120,027	49,445	169,472	
2029	2.05%		122,487	46,985	169,472	
2030	2.05%		124,998	44,474	169,472	
2031	2.05%		127,561	41,911	169,472	
2032	2.05%		130,175	39,297	169,472	
2033	2.05%		132,844	36,628	169,472	
2034	2.05%		135,567	33,905	169,472	
2035	2.05%		138,347	31,125	169,472	
2036	2.05%		141,183	28,289	169,472	
2037	2.05%		144,077	25,395	169,472	
2038	2.05%		147,030	22,442	169,472	
2039	2.05%		150,045	19,427	169,472	
2040	2.05%		153,120	16,352	169,472	
2041	2.05%		156,259	13,213	169,472	
2042	2.05%	159,463	10,009	169,472		
2043	2.05%	162,732	6,740	169,472		
2044	2.05%	166,068	3,404	169,472		
			<u>2,757,788</u>	<u>631,652</u>	<u>3,389,440</u>	

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2019-429 State Revolving Loan	2.05%	\$ 571,398	\$ 286,032	\$ 857,430
2026		2.05%	583,112	274,318	857,430
2027		2.05%	595,065	262,365	857,430
2028		2.05%	607,264	250,166	857,430
2029		2.05%	619,713	237,717	857,430
2030		2.05%	632,417	225,013	857,430
2031		2.05%	645,382	212,048	857,430
2032		2.05%	658,612	198,818	857,430
2033		2.05%	672,114	185,316	857,430
2034		2.05%	685,892	171,538	857,430
2035		2.05%	699,953	157,477	857,430
2036		2.05%	714,302	143,128	857,430
2037		2.05%	728,945	128,485	857,430
2038		2.05%	743,888	113,542	857,430
2039		2.05%	759,138	98,292	857,430
2040		2.05%	774,701	82,729	857,430
2041		2.05%	790,582	66,848	857,430
2042		2.05%	806,789	50,641	857,430
2043		2.05%	823,328	34,102	857,430
2044		2.05%	840,207	17,224	857,431
			<u>13,952,802</u>	<u>3,195,799</u>	<u>17,148,601</u>
2025	2018-406-01 State Revolving Loan	1.17%	1,388,412	294,660	1,683,072
2026		1.17%	1,404,744	278,328	1,683,072
2027		1.17%	1,421,268	261,804	1,683,072
2028		1.17%	1,437,984	245,088	1,683,072
2029		1.17%	1,454,904	228,168	1,683,072
2030		1.17%	1,472,004	211,068	1,683,072
2031		1.17%	1,489,320	193,752	1,683,072
2032		1.17%	1,506,840	176,232	1,683,072
2033		1.17%	1,524,576	158,496	1,683,072
2034		1.17%	1,542,504	140,568	1,683,072
2035		1.17%	1,560,648	122,424	1,683,072
2036		1.17%	1,579,008	104,064	1,683,072
2037		1.17%	1,597,584	85,488	1,683,072
2038		1.17%	1,616,376	66,696	1,683,072
2039		1.17%	1,635,384	47,688	1,683,072
2040	1.17%	1,654,620	28,452	1,683,072	
2041	1.17%	1,533,690	8,986	1,542,676	
			<u>25,819,866</u>	<u>2,651,962</u>	<u>28,471,828</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2020-440 State Revolving Loan	0.61%	\$ 310,114	\$ 40,109	\$ 350,223
2026		0.61%	312,006	38,217	350,223
2027		0.61%	313,909	36,314	350,223
2028		0.61%	315,824	34,399	350,223
2029		0.61%	317,750	32,473	350,223
2030		0.61%	319,689	30,534	350,223
2031		0.61%	321,639	28,584	350,223
2032		0.61%	323,601	26,622	350,223
2033		0.61%	325,575	24,648	350,223
2034		0.61%	327,561	22,662	350,223
2035		0.61%	329,559	20,664	350,223
2036		0.61%	331,569	18,654	350,223
2037		0.61%	333,592	16,631	350,223
2038		0.61%	335,627	14,596	350,223
2039		0.61%	337,674	12,549	350,223
2040		0.61%	339,734	10,489	350,223
2041		0.61%	341,806	8,417	350,223
2042		0.61%	343,891	6,332	350,223
2043		0.61%	345,989	4,234	350,223
2044		0.61%	348,098	2,124	350,222
			<u>6,575,207</u>	<u>429,252</u>	<u>7,004,459</u>
Total Interceptor Sewer System indebtedness			<u>191,585,157</u>	<u>23,586,774</u>	<u>215,171,931</u>
<u>SOLID WASTE FUND</u>					
2025	2014 General Obligation Refunding	3.00%	239,818	17,770	257,588
2026		3.00%	237,114	10,616	247,730
2027		3.00%	234,935	3,529	238,464
			<u>711,867</u>	<u>31,915</u>	<u>743,782</u>
2025	2017 Series B General Obligation Refunding	3.00%	375,000	38,750	413,750
2026		5.00%	400,000	20,000	420,000
			<u>775,000</u>	<u>58,750</u>	<u>833,750</u>
Total Solid Waste Fund indebtedness			<u>1,486,867</u>	<u>90,665</u>	<u>1,577,532</u>

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SCHEDULE OF BONDS AND NOTES

June 30, 2024

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STORMWATER FUND

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2013 General Obligation	3.000%	\$ 355,000	\$ 59,017	\$ 414,017
2026		3.125%	355,000	48,147	403,147
2027		4.000%	355,000	35,500	390,500
2028		4.000%	355,000	21,300	376,300
2029		4.000%	355,000	7,100	362,100
			<u>1,775,000</u>	<u>171,064</u>	<u>1,946,064</u>
2025	2014 General Obligation Refunding	3.00%	59,201	4,387	63,588
2026		3.00%	58,534	2,621	61,155
2027		3.00%	57,773	871	58,644
			<u>175,508</u>	<u>7,879</u>	<u>183,387</u>
2025	2015 Series A General Obligation	5.00%	540,000	175,500	715,500
2026		5.00%	540,000	148,500	688,500
2027		5.00%	540,000	121,500	661,500
2028		5.00%	540,000	94,500	634,500
2029		5.00%	540,000	67,500	607,500
2030		5.00%	540,000	40,500	580,500
2031		5.00%	540,000	13,500	553,500
			<u>3,780,000</u>	<u>661,500</u>	<u>4,441,500</u>
2025	2017 Series B General Obligation Refunding	3.00%	110,000	11,250	121,250
2026		5.00%	115,000	5,750	120,750
			<u>225,000</u>	<u>17,000</u>	<u>242,000</u>
2025	2019 Series A General Obligation	5.00%	241,713	111,188	352,901
2026		5.00%	241,713	99,102	340,815
2027		5.00%	241,713	87,017	328,730
2028		5.00%	241,713	74,931	316,644
2029		5.00%	241,713	62,845	304,558
2030		5.00%	241,713	50,760	292,473
2031		5.00%	241,713	38,674	280,387
2032		5.00%	241,713	29,006	270,719
2033		5.00%	241,713	19,337	261,050
2034		5.00%	241,709	9,669	251,378
				<u>2,417,126</u>	<u>582,527</u>
	Total Stormwater Fund indebtedness		<u>8,372,634</u>	<u>1,439,970</u>	<u>9,812,604</u>

ELECTRIC POWER BOARD

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2015 A Electric System Refunding Revenue Bonds	5.00%	11,810,000	6,318,648	18,128,648
2026		5.00%	12,485,000	5,700,023	18,185,023
2027		2.88%	14,735,000	5,242,955	19,977,955
2028		3.00%	15,160,000	4,793,350	19,953,350
2029		5.00%	15,610,000	4,067,133	19,677,133
2030		4.00%	16,395,000	3,390,550	19,785,550
2031		4.00%	17,050,000	2,712,917	19,762,917
2032		5.00%	17,730,000	1,860,500	19,590,500
2033		5.00%	18,615,000	937,125	19,552,125
2034		4.00%	19,550,000	130,333	19,680,333
				<u>159,140,000</u>	<u>35,153,534</u>
2025	2015 B Electric System Revenue Bonds	3.20%	1,560,000	59,620	1,619,620
2026		3.38%	1,520,000	8,550	1,528,550
			<u>3,080,000</u>	<u>68,170</u>	<u>3,148,170</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

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ELECTRIC POWER BOARD

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2015 C Electric System Revenue Bonds	4.00%	\$ 915,000	\$ 1,129,350	\$ 2,044,350
2026		5.00%	950,000	1,083,667	2,033,667
2027		5.00%	995,000	1,034,292	2,029,292
2028		5.00%	1,045,000	982,458	2,027,458
2029		5.00%	1,100,000	927,917	2,027,917
2030		5.00%	1,155,000	870,625	2,025,625
2031		5.00%	1,210,000	810,583	2,020,583
2032		5.00%	1,275,000	747,375	2,022,375
2033		5.00%	1,335,000	681,125	2,016,125
2034		5.00%	1,405,000	611,458	2,016,458
2035		5.00%	1,475,000	538,292	2,013,292
2036		5.00%	1,545,000	461,625	2,006,625
2037		5.00%	1,625,000	381,042	2,006,042
2038		5.00%	1,705,000	296,458	2,001,458
2039		5.00%	1,790,000	207,667	1,997,667
2040		5.00%	1,880,000	114,417	1,994,417
2041	5.00%	1,975,000	16,458	1,991,458	
			<u>23,380,000</u>	<u>10,894,809</u>	<u>34,274,809</u>
2025	2021 Electric System Revenue Bonds		-	1,741,300	1,741,300
2026			-	1,741,300	1,741,300
2027			-	1,741,300	1,741,300
2028			-	1,741,300	1,741,300
2029			-	1,741,300	1,741,300
2030			-	1,741,300	1,741,300
2031			-	1,741,300	1,741,300
2032			-	1,741,300	1,741,300
2033			-	1,741,300	1,741,300
2034			-	1,741,300	1,741,300
2035		4.00%	7,830,000	1,480,300	9,310,300
2036		4.00%	8,155,000	1,156,267	9,311,267
2037		2.00%	8,400,000	961,900	9,361,900
2038		2.00%	8,575,000	790,983	9,365,983
2039		2.00%	8,750,000	616,567	9,366,567
2040		2.00%	8,925,000	438,650	9,363,650
2041	2.00%	9,110,000	257,067	9,367,067	
2042	2.00%	11,335,000	37,783	11,372,783	
			<u>71,080,000</u>	<u>23,152,517</u>	<u>94,232,517</u>
2025	2023 Electric System Revenue Bonds		-	5,606,250	5,606,250
2026			-	5,606,250	5,606,250
2027			-	5,606,250	5,606,250
2028			-	5,606,250	5,606,250
2029			-	5,606,250	5,606,250
2030			-	5,606,250	5,606,250
2031			-	5,606,250	5,606,250
2032			-	5,606,250	5,606,250
2033			-	5,606,250	5,606,250
2034			-	5,606,250	5,606,250
2035		5.00%	8,860,000	5,237,083	14,097,083
2036		5.00%	9,315,000	4,775,125	14,090,125
2037		5.00%	9,795,000	4,289,375	14,084,375
2038		5.00%	10,295,000	3,778,792	14,073,792
2039		5.00%	10,825,000	3,241,958	14,066,958
2040		5.00%	11,380,000	2,677,583	14,057,583
2041	5.00%	11,960,000	2,084,417	14,044,417	
2042	5.00%	12,575,000	1,460,792	14,035,792	
2043	5.00%	13,220,000	805,167	14,025,167	
2044	5.00%	13,900,000	115,833	14,015,833	
			<u>112,125,000</u>	<u>84,528,625</u>	<u>196,653,625</u>
Total Electric Power Board indebtedness			<u>368,805,000</u>	<u>153,797,655</u>	<u>522,602,655</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2024

(continued from previous page)

CHATTANOOGA DOWNTOWN REDEVELOPMENT CORPORATION

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2018 Series A IDB Rev Refunding 2007 Bonds	3.25%	\$ 1,005,000	\$ 797,680	\$ 1,802,680
2026		3.25%	6,455,000	765,018	7,220,018
2027		3.25%	6,665,000	555,230	7,220,230
2028		3.25%	6,460,000	338,618	6,798,618
2029		3.25%	3,959,000	128,668	4,087,668
			<u>24,544,000</u>	<u>2,585,214</u>	<u>27,129,214</u>
	2018 Series C IDB Rev Refunding 2010 Bonds				
2025	Taxable	3.90%	5,145,000	200,655	5,345,655
			<u>5,145,000</u>	<u>200,655</u>	<u>5,345,655</u>
	Total Chattanooga Downtown Redevelopment Corporation indebtedness		<u>29,689,000</u>	<u>2,785,869</u>	<u>32,474,869</u>
	Total Primary Government		<u>\$ 738,636,857</u>	<u>\$ 218,850,879</u>	<u>\$ 957,487,736</u>

METROPOLITAN AIRPORT AUTHORITY

2025	2020 Tax Exempt Garage	2.29%	\$ 707,490	\$ 305,988	\$ 1,013,478
2026		2.29%	723,863	289,615	1,013,478
2027		2.29%	740,614	272,863	1,013,477
2028		2.29%	757,753	255,724	1,013,477
2029		2.29%	775,289	238,188	1,013,477
2030		2.29%	793,231	220,247	1,013,478
2031		2.29%	811,588	201,890	1,013,478
2032		2.29%	830,369	183,108	1,013,477
2033		2.29%	849,586	163,892	1,013,478
2034		2.29%	869,247	144,231	1,013,478
2035		2.29%	889,363	124,115	1,013,478
2036		2.29%	909,944	103,533	1,013,477
2037		2.29%	931,002	82,475	1,013,477
2038		2.29%	952,547	60,930	1,013,477
2039		2.29%	974,591	38,887	1,013,478
2040		2.29%	997,145	16,333	1,013,478
2041		2.29%	181,456	498	181,954
			<u>13,695,078</u>	<u>2,702,517</u>	<u>16,397,595</u>
2025	2020 Taxable Garage	2.870%	491,248	84,270	575,518
2026		2.870%	505,534	69,984	575,518
2027		2.870%	520,235	55,283	575,518
2028		2.870%	535,364	40,154	575,518
2029		2.870%	550,932	24,586	575,518
2030		2.870%	560,166	8,564	568,730
			<u>3,163,479</u>	<u>282,841</u>	<u>3,446,320</u>
2025	Titan Aviation Note	5.000%	107,465	-	107,465
2026		5.000%	107,465	-	107,465
2027		5.000%	54,638	-	54,638
			<u>269,568</u>	<u>-</u>	<u>269,568</u>
	Total Airport Authority indebtedness		<u>\$ 17,128,125</u>	<u>\$ 2,985,358</u>	<u>\$ 20,113,483</u>

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF LEASES AND SBITA PAYABLE

June 30, 2024

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2023	Issued FY 2024	Retired FY 2024	Refunded FY 2024	Outstanding June 30, 2024
GOVERNMENTAL ACTIVITIES:									
Leases and SBITA Payable:									
Tax Supported									
2022 Golf Course Capital Lease	\$ 461,434	3.14%	4/1/2021	5/15/2028	\$ 383,225	\$ -	\$ 74,554	\$ -	\$ 308,671
Bonny Oaks Office Park	1,340,483	0.29%	9/1/2014	8/31/2024	161,113	-	56,975	104,138	-
Office Space - 5900 Building - Suite 1500	935,913	0.64%	4/1/2017	3/31/2027	351,862	-	93,010	-	258,852
Edney Building - 1100 Market St., Suite 300	1,014,503	0.20%	12/1/2017	11/1/2023	443,193	-	180,426	-	262,767
MidTown Campus - 5715 Uptain Rd	2,036,949	2.19%	2/1/2023	2/1/2028	1,872,159	-	392,640	-	1,479,519
Air Pollution Control Bureau - CBL Building	3,179,514	2.19%	1/1/2024	12/1/2043	-	3,179,514	50,223	-	3,129,291
Hope City Church - Head Start	96,312	2.19%	6/18/2024	7/10/2025	-	96,312	-	-	96,312
Eproval Epremium License Subscription	175,844	1.58%	7/1/2022	6/30/2026	130,844	-	42,933	-	87,911
Oracle Cloud Applications Subscription	434,700	2.11%	9/1/2021	6/30/2026	323,730	-	105,663	-	218,067
Oracle Cloud Managed Services Subscription	1,713,431	2.19%	11/1/2021	10/31/2027	1,392,523	-	316,155	-	1,076,368
Oracle E-Business Suite Subscription	67,631	2.32%	10/1/2021	10/3/2028	56,037	-	10,699	-	45,338
Oracle Cloud HCM Software Subscription	65,430	1.89%	12/30/2021	12/29/2024	32,713	-	32,713	-	-
Small Gov't Term Enterprise Subscription	325,341	1.89%	10/4/2021	10/3/2024	161,933	-	161,933	-	-
Splash BI Software Subscription	304,223	2.19%	3/1/2022	2/28/2027	228,979	-	74,682	-	154,297
Tyler Software Subscription	186,210	2.04%	2/1/2022	1/31/2025	94,195	-	94,195	-	-
Amplifund - Grant Management Software	363,652	3.16%	2/1/2023	11/1/2027	298,652	-	57,933	-	240,719
Pure - Storage Solutions	611,069	2.19%	4/24/2024	6/30/2027	-	611,069	106,168	-	504,901
Total Tax Supported Leases and SBITAS					<u>5,931,158</u>	<u>3,886,895</u>	<u>1,850,902</u>	<u>104,138</u>	<u>7,863,013</u>
Total governmental activities					<u>\$ 5,931,158</u>	<u>\$ 3,886,895</u>	<u>\$ 1,850,902</u>	<u>\$ 104,138</u>	<u>\$ 7,863,013</u>
COMPONENT UNITS									
Chattanooga Business Improvement District:									
Lease Payable									
Office Space	65,632	4.44%	1/1/2020	1/1/2025	\$ 39,909	\$ -	\$ 18,489	\$ -	\$ 21,420
Total Lease Liability					<u>39,909</u>	<u>-</u>	<u>18,489</u>	<u>-</u>	<u>21,420</u>
Total component units					<u>\$ 39,909</u>	<u>\$ -</u>	<u>\$ 18,489</u>	<u>\$ -</u>	<u>\$ 21,420</u>

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF LEASES AND SBITA PAYABLE

June 30, 2024

GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	2022 Golf Cart Capital Lease	3.14%	\$ 76,895	\$ 8,671	\$ 85,566
2026		3.14%	79,462	6,104	85,566
2027		3.14%	82,009	3,557	85,566
2028		3.14%	70,305	1,001	71,306
			<u>308,671</u>	<u>19,333</u>	<u>328,004</u>
2025	Office Space - 5900 Building - Suite 1500	0.64%	93,604	1,376	94,980
2026		0.64%	94,202	778	94,980
2027		0.64%	71,046	189	71,235
			<u>258,852</u>	<u>2,343</u>	<u>261,195</u>
2025	Edney Building - 1100 Market St., Suite 300	0.20%	185,317	355	185,672
2026		0.20%	77,451	39	77,490
			<u>262,768</u>	<u>394</u>	<u>263,162</u>
2025	MidTown Campus - 5715 Uptain Rd	2.19%	401,310	28,337	429,647
2026		2.19%	410,171	19,476	429,647
2027		2.19%	419,227	10,420	429,647
2028		2.19%	248,811	1,816	250,627
			<u>1,479,519</u>	<u>60,049</u>	<u>1,539,568</u>
2025	Air Pollution Control Board - CBL Building	2.19%	122,419	67,308	189,727
2026		2.19%	125,127	64,600	189,727
2027		2.19%	127,895	61,832	189,727
2028		2.19%	130,725	59,002	189,727
2029		2.19%	136,475	56,098	192,573
2030		2.19%	142,385	53,034	195,419
2031		2.19%	145,534	49,885	195,419
2032		2.19%	148,754	46,665	195,419
2033		2.19%	152,044	43,375	195,419
2034		2.19%	155,408	40,011	195,419
2035		2.19%	161,790	36,560	198,350
2036		2.19%	168,346	32,935	201,281
2037		2.19%	172,070	29,211	201,281
2038		2.19%	175,876	25,405	201,281
2039		2.19%	179,767	21,514	201,281
2040		2.19%	186,777	17,523	204,300
2041	2.19%	193,975	13,345	207,320	
2042	2.19%	198,266	9,054	207,320	
2043	2.19%	202,652	4,668	207,320	
2044	2.19%	103,006	654	103,660	
			<u>3,129,291</u>	<u>732,679</u>	<u>3,861,970</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF LEASES AND SBITA PAYABLE

June 30, 2024

(continued from previous page)

GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
2025	Hope City - Head Start	2.19%	\$ 88,826	\$ 1,174	\$ 90,000
2026		2.19%	7,486	14	7,500
			<u>96,312</u>	<u>1,188</u>	<u>97,500</u>
2025	Eproval Epremium License Subscription	1.58%	43,611	1,389	45,000
2026		1.58%	44,300	700	45,000
			<u>87,911</u>	<u>2,089</u>	<u>90,000</u>
2025	Oracle Cloud Applications Subscription	2.11%	107,894	4,606	112,500
2026		2.11%	110,173	2,327	112,500
			<u>218,067</u>	<u>6,933</u>	<u>225,000</u>
2025	Oracle Cloud Managed Services Subscription	2.19%	320,869	20,327	341,196
2026		2.19%	325,154	13,270	338,424
2027		2.19%	321,582	6,198	327,780
2028		2.19%	108,764	496	109,260
			<u>1,076,369</u>	<u>40,291</u>	<u>1,116,660</u>
2025	Oracle E-Business Suite Subscription	2.32%	10,947	1,053	12,000
2026		2.32%	11,201	799	12,000
2027		2.32%	11,462	538	12,000
2028		2.32%	11,728	272	12,000
			<u>45,338</u>	<u>2,662</u>	<u>48,000</u>
2025	Splash BI Software Subscription	2.19%	76,315	3,373	79,688
2026		2.19%	77,982	1,705	79,687
			<u>154,297</u>	<u>5,078</u>	<u>159,375</u>
2025	Amplifund - Grant Management Software	2.32%	57,405	7,595	65,000
2026		2.32%	59,216	5,784	65,000
2027		2.32%	61,085	3,915	65,000
2028		2.32%	63,012	1,988	65,000
			<u>240,718</u>	<u>19,282</u>	<u>260,000</u>
2025	Pure - Storage Solution	2.32%	164,668	11,057	175,725
2026		2.32%	168,274	7,451	175,725
2027		2.32%	171,959	3,766	175,725
			<u>504,901</u>	<u>22,274</u>	<u>527,175</u>
	Total Governmental leases and SBITAS		<u>\$ 7,863,014</u>	<u>\$ 914,595</u>	<u>\$ 8,777,609</u>

COMPONENT UNIT

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest	Total Interest and Principal
<u>Downtown Chattanooga Business Improvement District (CBID)</u>					
2025	Facility Lease	4.44%	\$ 19,733	\$ 553	\$ 20,286
2026		4.44%	1,687	6	1,693
	Total CBID indebtedness		<u>\$ 21,420</u>	<u>\$ 559</u>	<u>\$ 21,979</u>



CITY OF CHATTANOOGA, TENNESSEE

STATISTICAL SECTION (Unaudited)

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CITY OF CHATTANOOGA, TENNESSEE

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental activities:										
General government	\$ 98,091,123	\$ 95,191,494	\$ 93,231,324	\$ 80,870,897	\$ 75,953,230	\$ 63,023,449	\$ 64,499,674	\$ 74,480,647	\$ 68,405,139	\$ 68,922,709
Economic & community development	25,144,796	28,646,538	24,874,764	18,130,506	14,806,447	12,156,617	10,021,209	11,379,757	18,390,875	25,728,093
Public safety	151,545,236	136,355,857	133,326,649	132,694,493	132,524,318	132,778,507	119,561,798	116,346,808	104,952,395	82,128,786
Public works	64,904,654	61,924,488	64,023,445	-	-	-	-	-	-	-
Public works & transportation	-	-	-	73,484,269	82,470,389	76,435,104	75,170,258	64,442,601	63,429,352	66,224,659
Youth & family development	-	-	-	30,998,037	31,152,643	31,340,713	28,892,158	27,234,006	26,048,987	23,455,413
Parks and outdoors	19,331,631	19,402,649	17,056,164	-	-	-	-	-	-	-
Early learning	18,971,593	19,723,689	12,619,804	-	-	-	-	-	-	-
Interest on long-term debt	3,844,284	2,919,734	3,439,422	4,236,694	4,565,153	5,328,912	6,028,962	6,380,122	6,854,540	6,904,505
Total governmental activities expenses	<u>381,833,317</u>	<u>364,164,449</u>	<u>348,571,572</u>	<u>340,414,896</u>	<u>341,472,180</u>	<u>321,063,302</u>	<u>304,174,059</u>	<u>300,263,941</u>	<u>288,081,288</u>	<u>273,364,165</u>
Business-type activities:										
Electric utility, including fiber optics	785,348,000	782,778,000	741,342,000	678,231,000	709,943,000	708,305,000	689,008,000	683,959,000	653,115,000	655,053,000
Sewer	86,803,459	69,174,190	71,465,618	62,119,991	67,086,717	59,351,594	55,483,626	51,040,686	46,229,974	48,140,754
Solid waste	6,058,046	6,034,886	4,517,692	3,628,459	3,958,406	2,638,142	3,431,188	3,948,930	4,145,986	4,126,419
Stormwater management	17,764,922	17,161,571	17,036,630	16,325,436	18,827,597	12,113,690	15,370,685	14,525,893	13,688,806	13,151,961
Downtown redevelopment	1,269,459	1,726,498	1,447,442	1,753,892	2,122,563	37,205,161	16,140,720	17,794,859	16,759,306	16,760,841
Regional communication	2,447,162	2,047,397	1,645,265	2,411,054	1,899,550	2,602,144	2,616,794	1,039,599	931,065	-
Total business-type activities expenses	<u>899,691,048</u>	<u>878,922,542</u>	<u>837,434,647</u>	<u>764,469,832</u>	<u>803,837,833</u>	<u>822,215,731</u>	<u>782,051,013</u>	<u>772,308,967</u>	<u>734,870,137</u>	<u>737,232,975</u>
Total primary government expenses	<u>1,281,524,365</u>	<u>1,243,086,991</u>	<u>1,186,026,219</u>	<u>1,104,884,728</u>	<u>1,145,310,013</u>	<u>1,143,279,033</u>	<u>1,086,225,072</u>	<u>1,072,572,908</u>	<u>1,022,951,425</u>	<u>1,010,597,140</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	12,495,106	12,405,014	12,532,756	14,109,942	12,656,487	13,255,087	11,968,056	14,166,467	14,530,075	16,177,423
Economic & community development	3,120,731	3,180,597	185,521	4,892,896	5,635,373	5,673,454	4,811,693	4,949,579	4,130,813	3,645,519
Public safety	708,453	1,433,831	642,243	706,085	788,301	708,997	691,340	960,516	878,733	934,476
Public works	6,436,487	7,030,465	6,353,488	-	-	-	-	-	-	-
Public works & transportation	-	-	-	2,858,193	2,813,739	2,427,357	2,256,844	536,615	524,452	581,137
Youth & family development	-	-	-	87,319	241,719	466,502	478,048	532,507	553,403	559,531
Parks and recreation	3,407,647	3,142,589	2,693,496	-	-	-	-	-	-	-
Early learning	2,207	-	-	-	-	-	-	-	-	-
Operating grants and contributions	51,737,470	52,209,319	40,888,320	51,743,000	32,525,747	32,629,404	36,569,368	33,639,774	30,519,758	36,065,180
Capital grants and contributions	57,539,861	29,983,251	114,001,942	41,879,674	17,837,542	46,910,666	14,265,850	8,761,232	28,317,766	1,556,749
Total governmental activities program revenues	<u>135,447,962</u>	<u>109,385,066</u>	<u>177,297,766</u>	<u>116,277,109</u>	<u>72,498,908</u>	<u>102,071,467</u>	<u>71,041,199</u>	<u>63,546,690</u>	<u>79,455,000</u>	<u>59,520,015</u>
Business-type activities:										
Charges for services:										
Electric utility, including fiber optics	809,647,000	805,630,000	795,811,000	721,628,000	714,862,000	741,762,000	729,971,000	716,889,000	684,060,000	671,251,000
Sewer	124,829,521	116,944,844	108,046,621	100,966,032	100,567,367	91,924,327	83,455,871	78,169,727	70,770,332	64,055,861
Solid waste	5,914,758	5,488,599	5,483,628	4,574,506	4,718,160	5,950,273	6,048,011	6,322,756	6,981,881	7,314,318
Water quality management	33,026,696	35,689,943	29,001,080	30,663,356	26,735,084	23,478,180	19,443,914	21,239,224	19,526,288	19,945,571
Downtown redevelopment	1,453,642	4,348,888	3,215,564	3,717,660	4,367,108	36,227,818	18,875,249	19,324,706	18,882,874	18,659,042
Regional communication	1,963,286	1,938,181	1,896,742	2,714,137	2,110,687	2,533,273	2,505,410	1,330,745	1,306,785	-
Operating grants and contributions	182,913	-	-	-	-	-	-	-	-	-
Capital grants and contributions	5,776,000	2,869,000	19,593,000	4,242,489	1,292,383	1,751,000	2,178,000	2,639,203	985,000	739,109
Total business-type activities program revenues	<u>982,793,816</u>	<u>972,909,455</u>	<u>963,047,635</u>	<u>868,506,180</u>	<u>854,652,789</u>	<u>903,626,871</u>	<u>862,477,455</u>	<u>845,915,361</u>	<u>802,513,160</u>	<u>781,964,901</u>
Total primary government program revenues	<u>1,118,241,778</u>	<u>1,082,294,521</u>	<u>1,140,345,401</u>	<u>984,783,289</u>	<u>927,151,697</u>	<u>1,005,698,338</u>	<u>933,518,654</u>	<u>909,462,051</u>	<u>881,968,160</u>	<u>841,484,916</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

(continued from previous page)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net (expense)/revenue										
Governmental activities	\$ (246,385,355)	\$ (254,779,383)	\$ (171,273,806)	\$ (224,137,787)	\$ (268,973,273)	\$ (218,991,835)	\$ (233,132,860)	\$ (236,717,250)	\$ (208,626,288)	\$ (213,844,150)
Business-type activities	83,102,768	93,986,913	125,592,988	104,036,348	50,814,956	81,411,140	80,426,442	73,606,394	67,643,023	44,731,926
Total primary government net expense	<u>(163,282,587)</u>	<u>(160,792,470)</u>	<u>(45,680,818)</u>	<u>(120,101,439)</u>	<u>(218,158,317)</u>	<u>(137,580,695)</u>	<u>(152,706,418)</u>	<u>(163,110,856)</u>	<u>(140,983,265)</u>	<u>(169,112,224)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	190,222,039	193,741,398	187,610,412	154,825,821	151,749,670	149,034,245	146,283,546	134,943,202	130,902,972	127,519,982
Liquor and beer taxes	8,365,905	8,779,569	9,059,006	9,237,593	8,560,765	8,270,282	8,330,478	8,737,791	8,997,261	7,606,018
Gross receipts tax	8,477,772	8,528,112	7,351,259	6,865,870	6,218,255	6,032,093	5,748,596	5,958,597	5,882,100	4,899,150
Franchise tax	4,586,056	5,408,674	5,022,621	4,426,095	4,247,252	4,656,152	4,824,817	4,498,990	4,382,373	4,725,955
Hotel-motel tax	10,123,203	9,948,881	9,959,496	6,302,228	6,478,478	7,604,794	7,206,593	7,030,339	6,589,452	5,995,649
Other taxes	1,955,941	2,493,258	1,944,302	2,343,018	2,017,775	362,712	658,303	750,707	222,074	134,509
Unrestricted investment earnings	16,076,815	8,080,465	(131,166)	2,171,964	4,117,538	3,824,381	3,079,718	2,992,787	1,753,046	954,972
Grants not allocated to specific programs	126,009,887	118,992,377	111,505,648	100,575,920	96,718,359	95,070,994	91,059,607	82,923,454	79,585,292	75,505,288
Gain on sale of capital assets	476,472	625,415	503,875	1,714,974	285,040	723,448	1,110,365	831,846	836,089	1,501,675
Gain on equity interest in joint venture	-	730,006	-	-	-	-	-	229,028	-	23,684
Transfers	-	-	2,372,691	(8,535)	4,902,278	(19,030)	(10,047,603)	-	50,952	-
Total governmental activities	<u>366,294,090</u>	<u>357,328,155</u>	<u>335,198,144</u>	<u>288,454,948</u>	<u>285,295,410</u>	<u>275,560,071</u>	<u>258,254,420</u>	<u>248,896,741</u>	<u>239,201,611</u>	<u>228,866,882</u>
Business-type activities:										
Unrestricted investment earnings	16,950,495	8,340,171	1,607,609	3,190,451	6,190,417	5,326,319	3,058,133	1,898,682	1,815,617	1,186,019
Transfers	-	-	-	8,535	(4,902,279)	19,030	10,047,603	-	(50,952)	-
Total business-type activities	<u>16,950,495</u>	<u>8,340,171</u>	<u>1,607,609</u>	<u>3,198,986</u>	<u>1,288,138</u>	<u>5,345,349</u>	<u>13,105,736</u>	<u>1,898,682</u>	<u>1,764,665</u>	<u>1,186,019</u>
Total primary government	<u>383,244,585</u>	<u>365,668,326</u>	<u>336,805,753</u>	<u>291,653,934</u>	<u>286,583,548</u>	<u>280,905,420</u>	<u>271,360,156</u>	<u>250,795,423</u>	<u>240,966,276</u>	<u>230,052,901</u>
Change in Net Position										
Governmental activities	119,908,735	102,548,772	163,924,338	64,317,161	16,322,137	56,568,236	25,121,560	12,179,491	30,575,323	15,022,732
Business-type activities	100,053,263	102,327,084	127,200,597	107,235,334	52,103,094	86,756,489	93,532,178	75,505,076	69,407,688	45,917,945
Total primary government	<u>\$ 219,961,998</u>	<u>\$ 204,875,856</u>	<u>\$ 291,124,935</u>	<u>\$ 171,552,495</u>	<u>\$ 68,425,231</u>	<u>\$ 143,324,725</u>	<u>\$ 118,653,738</u>	<u>\$ 87,684,567</u> ⁽¹⁾	<u>\$ 99,983,011</u>	<u>\$ 60,940,677</u>

⁽¹⁾ In fiscal year 2017, GASB 74 and 75 were implemented.

CITY OF CHATTANOOGA, TENNESSEE

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year			
	2024	2023	2022	2021
Governmental activities:				
Net investment in capital assets	\$ 1,622,232,322	\$ 1,563,039,685	\$ 1,491,670,241	\$ 1,383,671,937
Restricted	197,958,292	142,302,143	99,677,788	89,816,293
Unrestricted	<u>(131,898,450)</u>	<u>(136,958,399)</u>	<u>(125,513,372)</u>	<u>(171,577,911)</u>
Total governmental activities net position	<u>1,688,292,164</u>	<u>1,568,383,429</u>	<u>1,465,834,657</u>	<u>1,301,910,319</u>
Business-type activities:				
Net investment in capital assets	916,932,340	858,231,113	787,423,277	835,498,170
Restricted	184,791,612	118,288,928	123,211,979	116,431,327
Unrestricted ⁽¹⁾	<u>351,078,053</u>	<u>376,233,505</u>	<u>339,791,206</u>	<u>171,296,368</u>
Total business-type activities net position	<u>1,452,802,005</u>	<u>1,352,753,546</u>	<u>1,250,426,462</u>	<u>1,123,225,865</u>
Primary government:				
Net investment in capital assets	2,539,164,662	2,421,270,798	2,279,093,518	2,219,170,107
Restricted	382,749,904	260,591,071	222,889,767	206,247,620
Unrestricted	<u>219,179,603</u>	<u>239,275,106</u>	<u>214,277,834</u>	<u>(281,543)</u>
Total primary government net position	<u>\$ 3,141,094,169</u>	<u>\$ 2,921,136,975</u>	<u>\$ 2,716,261,119</u>	<u>\$ 2,425,136,184</u>

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

⁽²⁾ In 2017, City implemented GASB 74 and 75.

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 1,323,233,082	\$ 1,324,097,124	\$ 1,285,941,167	\$ 1,277,949,718	\$ 1,272,353,698	\$ 1,275,429,168
91,569,529	71,556,811	65,361,086	60,727,476	66,118,034	47,791,629
(174,457,122)	(171,630,583)	(183,847,137)	(196,343,638) ⁽²⁾	(134,094,903)	(149,419,291)
<u>1,240,345,489</u>	<u>1,224,023,352</u>	<u>1,167,455,116</u>	<u>1,142,333,556</u>	<u>1,204,376,829</u>	<u>1,173,801,506</u>
813,975,284	741,029,373	720,686,418	652,037,064	590,844,184	603,011,447
102,022,445	97,897,857	70,984,783	76,121,378	49,238,536	69,421,422
100,976,688	125,944,093	86,443,633	53,364,214 ⁽²⁾	78,680,556	(23,077,281)
<u>1,016,974,417</u>	<u>964,871,323</u>	<u>878,114,834</u>	<u>781,522,656</u>	<u>718,763,276</u>	<u>649,355,588</u>
2,137,208,366	2,065,126,497	2,006,627,585	1,929,986,782	1,863,197,882	1,878,440,615
193,591,974	169,454,668	136,345,869	136,848,854	115,356,570	117,213,051
(73,480,434)	(45,686,490)	(97,403,504)	(142,979,424) ⁽²⁾	(55,414,347)	(172,496,572)
<u>\$ 2,257,319,906</u>	<u>\$ 2,188,894,675</u>	<u>\$ 2,045,569,950</u>	<u>\$ 1,923,856,212</u>	<u>\$ 1,923,140,105</u>	<u>\$ 1,823,157,094</u>

CITY OF CHATTANOOGA, TENNESSEE

**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Fiscal Year	Property Tax	Liquor & Beer Tax		Other City-Levied Taxes				Total
		Liquor	Beer	Gross Receipts	Franchise Tax	Hotel- Motel Tax	Other Taxes	
		2015	\$ 127,519,982	\$ 2,468,684	\$ 5,137,334	\$ 4,899,150	\$ 4,725,955	
2016	130,902,972	2,796,779	6,200,482	5,882,100	4,382,373	6,589,452	222,074	156,976,232
2017	134,943,202	2,708,237	6,029,553	5,958,597	4,498,990	7,030,339	750,707	161,919,626
2018	146,283,546	2,698,025	5,632,453	5,748,596	4,824,817	7,206,593	658,303	173,052,333
2019	149,034,245	2,817,350	5,452,931	6,032,093	4,656,152	7,604,794	362,712	175,960,277
2020	151,749,670	3,161,466	5,399,299	6,218,255	4,247,252	6,478,478	2,017,775	179,272,195
2021	154,825,821	3,613,616	5,623,977	6,865,870	4,426,095	6,302,228	2,343,018	184,000,625
2022	187,610,412	3,280,969	5,778,037	7,351,259	5,022,621	9,959,496	1,944,302	220,947,096
2023	193,741,398	3,272,159	5,507,410	8,528,112	5,408,674	9,948,881	2,493,258	228,899,892

CITY OF CHATTANOOGA, TENNESSEE

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General fund										
Nonspendable	\$ 1,008,012	\$ 864,595	\$ 923,412	\$ 1,677,885	\$ 1,187,344	\$ 1,449,989	\$ 1,131,708	\$ 1,131,569	\$ 1,521,502	\$ 1,783,514
Restricted	22,043,457	12,741,388	10,327,432	16,885,164	16,494,405	19,381,904	18,515,906	10,599,175	5,924,050	5,449,595
Committed	1,070,032	1,030,880	978,792	976,605	952,883	895,680	808,990	810,609	645,036	795,692
Assigned	14,580,001	8,717,501	16,903,034	10,288,336	8,398,973	9,546,750	9,194,748	11,105,986	8,830,766	6,293,667
Unassigned	152,929,880	134,930,519	114,183,861	98,393,207	76,908,146	78,168,460	80,489,150	77,758,552	65,922,139	55,113,696
Total general fund	<u>191,631,382</u>	<u>158,284,883</u>	<u>143,316,531</u>	<u>128,221,197</u>	<u>103,941,751</u>	<u>109,442,783</u>	<u>110,140,502</u>	<u>101,405,891</u>	<u>82,843,493</u>	<u>69,436,164</u>
All other governmental funds										
Nonspendable	6,998,211	6,259,977	5,786,456	6,864,317	5,470,369	5,289,761	5,131,170	4,748,454	4,814,493	5,623,182
Restricted	165,673,133	122,771,934	118,282,741	101,524,470	102,425,708	78,221,716	73,045,107	70,681,969	73,783,314	52,110,734
Committed	5,966,497	6,816,610	5,974,031	6,821,147	7,410,718	8,286,685	8,103,627	6,423,455	6,413,573	8,656,519
Assigned	-	-	-	-	-	-	1,795,550	1,556,472	1,315,448	1,107,806
Total all other governmental funds	<u>178,637,841</u>	<u>135,848,521</u>	<u>130,043,228</u>	<u>115,209,934</u>	<u>115,306,795</u>	<u>91,798,162</u>	<u>88,075,454</u>	<u>83,410,350</u>	<u>86,326,828</u>	<u>67,498,241</u>
Total governmental funds	<u>\$ 370,269,223</u>	<u>\$ 294,133,404</u>	<u>\$ 273,359,759</u>	<u>\$ 243,431,131</u>	<u>\$ 219,248,546</u>	<u>\$ 201,240,945</u>	<u>\$ 198,215,956</u>	<u>\$ 184,816,241</u>	<u>\$ 169,170,321</u>	<u>\$ 136,934,405</u>

CITY OF CHATTANOOGA, TENNESSEE

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

	Fiscal Year			
	2024	2023	2022	2021
Revenues				
Taxes	\$ 225,351,441	\$ 227,391,618	\$ 218,183,921	\$ 185,209,894
Licenses and permits	7,806,527	8,358,364	7,522,078	7,614,966
Intergovernmental	175,265,825	166,568,999	152,329,025	147,448,984
Charges for services	5,636,580	5,188,189	4,387,217	4,091,389
Fines, forfeitures and penalties	1,845,474	1,973,350	2,276,781	1,464,849
Investment income	18,236,277	9,249,707	(64,724)	2,202,409
Contributions and donations	864,023	444,439	334,396	6,779,620
Sale of property	491,588	625,415	503,875	1,721,994
Miscellaneous	10,665,365	11,367,539	8,022,159	9,294,434
Total revenues	<u>446,163,100</u>	<u>431,167,620</u>	<u>393,494,728</u>	<u>365,828,539</u>
Expenditures				
General government	97,534,825	88,405,620	85,996,891	71,291,961
Economic & community development	24,975,762	27,319,857	21,478,121	13,188,443
Public safety	146,429,332	148,238,334	140,565,973	113,184,112
Public works	47,453,628	42,789,638	42,096,770	-
Public works & transportation	-	-	-	48,953,553
Youth & family development	-	-	-	28,594,469
Parks and outdoors	18,824,320	18,807,895	14,688,314	-
Early leaning	18,345,556	19,437,674	13,843,669	-
Capital outlay	37,996,518	42,901,731	38,214,854	39,125,641
Debt service:				
Principal	19,996,364	19,639,263	18,145,412	18,153,780
Interest	7,621,027	6,531,842	5,700,700	6,276,326
Total expenditures	<u>419,177,332</u>	<u>414,071,854</u>	<u>380,730,704</u>	<u>338,768,285</u>
Excess of revenues over (under) expenditures	26,985,768	17,095,766	12,764,024	27,060,254
Other financing sources (uses)				
Transfers in	54,143,806	63,587,273	58,722,265	53,936,070
Transfers out	(54,143,806)	(65,587,272)	(59,172,265)	(56,813,742)
Refunding bonds issued	41,995,000	-	22,075,000	-
Bonds issued	3,268,155	-	12,455,000	-
Premium on bonds issued	-	-	6,085,845	-
Payments to refunded bond escrow agent	-	-	(25,369,127)	-
Notes issued	-	-	-	-
Subscription-based IT arrangements	611,069	3,272,821	-	-
Leases	3,275,827	2,405,057	2,367,886	-
Total other financing sources (uses)	<u>49,150,051</u>	<u>3,677,879</u>	<u>17,164,604</u>	<u>(2,877,672)</u>
Net change in fund balances	<u>\$ 76,135,819</u>	<u>\$ 20,773,645</u>	<u>\$ 29,928,628</u>	<u>\$ 24,182,582</u>
Debt service as a percentage of non-capital expenditures	7.21%	6.83%	6.74%	7.96%

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 179,386,665	\$ 175,253,318	\$ 172,980,292	\$ 163,443,650	\$ 155,799,808	\$ 151,630,655
7,593,342	7,916,922	6,938,663	7,569,081	7,352,468	6,519,237
129,091,166	126,600,057	122,729,461	113,376,554	109,583,823	104,921,960
3,927,303	4,020,963	4,394,849	4,558,271	4,491,755	5,596,920
1,358,350	1,364,832	1,367,852	2,117,601	2,599,585	2,721,488
4,443,739	4,191,025	3,451,398	3,277,471	1,972,171	1,111,693
1,191,805	1,851,373	5,322,453	1,244,604	1,609,166	982,639
285,042	723,642	-	-	-	-
8,958,698	8,969,818	8,763,086	7,445,416	6,651,589	8,144,924
<u>336,236,110</u>	<u>330,891,950</u>	<u>325,948,054</u>	<u>303,032,648</u>	<u>290,060,365</u>	<u>281,629,516</u>
68,774,665	64,751,771	63,148,457	65,960,761	63,105,668	64,148,350
11,116,453	10,092,368	9,768,808	8,917,998	8,633,354	8,617,777
120,584,851	116,575,652	111,685,239	103,566,128	96,260,548	93,447,712
-	-	-	-	-	-
52,128,431	48,376,794	47,288,529	39,207,550	37,834,604	37,822,758
29,383,343	29,607,847	28,071,723	26,506,698	25,772,920	23,744,490
-	-	-	-	-	-
-	-	-	-	-	-
32,468,708	27,412,439	25,286,422	33,351,247	35,147,388	35,186,418
19,298,160	20,982,893	20,689,981	18,058,024	17,164,347	19,324,913
6,035,667	6,793,170	7,454,385	7,500,114	7,426,116	7,421,843
<u>339,790,278</u>	<u>324,592,934</u>	<u>313,393,544</u>	<u>303,068,520</u>	<u>291,344,945</u>	<u>289,714,261</u>
(3,554,168)	6,299,016	12,554,510	(35,872)	(1,284,580)	(8,084,745)
54,370,712	64,620,727	55,217,621	39,699,793	44,454,692	59,632,771
(56,980,523)	(64,639,757)	(55,217,621)	(39,699,794)	(44,403,738)	(61,032,771)
18,860,000	-	-	12,640,000	-	17,753,440
20,156,711	-	-	8,200,000	47,200,000	-
7,689,396	-	-	3,762,622	7,684,371	1,735,417
(22,534,528)	(3,255,000)	-	(14,898,565)	(21,414,829)	(19,324,578)
-	-	-	-	-	83,132
-	-	-	-	-	-
-	-	845,200	5,977,735	-	-
<u>21,561,768</u>	<u>(3,274,030)</u>	<u>845,200</u>	<u>15,681,791</u>	<u>33,520,496</u>	<u>(1,152,589)</u>
<u>\$ 18,007,600</u>	<u>\$ 3,024,986</u>	<u>\$ 13,399,710</u>	<u>\$ 15,645,919</u>	<u>\$ 32,235,916</u>	<u>\$ (9,237,334)</u>
7.95%	9.07%	9.69%	9.10%	9.12%	9.69%

CITY OF CHATTANOOGA, TENNESSEE

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

Fiscal Year Ended June 30	Assessed Value						Direct Tax Rate	Estimated Actual Taxable Value ⁽¹⁾	Assessed Value as a Percentage of Actual Value
	Real Property ⁽³⁾			Personalty	Public Utilities	Original Total Taxable Value ^{(1) (2)}			
	Residential Property	Commercial Property	Multi-Use Property						
2015	\$ 1,840,532,560	\$ 2,374,091,013	\$ 70,770,559	\$ 532,072,812	\$ 227,140,466	\$ 5,044,607,410	2.309	\$ 16,071,141,262	31.39%
2016	1,865,936,950	2,418,840,319	68,275,406	531,204,313	226,768,904	5,111,025,892	2.309	16,253,882,118	31.44%
2017	1,900,272,750	2,476,752,924	61,714,906	558,833,997	228,322,303	5,225,896,880	2.309	16,617,822,120	31.45%
2018	2,127,444,981	2,895,632,080	69,792,695	596,315,999	228,623,897	5,917,809,652	2.277	18,515,514,113	31.96%
2019	2,169,319,715	2,927,137,436	89,320,033	611,696,491	233,024,409	6,030,498,084	2.277	18,964,225,231	31.80%
2020	2,216,255,370	3,018,692,513	80,273,470	614,530,887	220,255,645	6,150,007,885	2.277	23,200,776,303	26.51%
2021	2,242,473,200	3,074,708,527	84,812,896	626,331,747	234,071,617	6,262,397,987	2.277	19,899,791,161	31.47%
2022	2,884,464,642	3,814,508,427	77,648,590	724,109,745	269,768,950	7,770,500,354	2.250	24,548,314,465	31.65%
2023	2,969,671,176	3,878,146,382	74,927,708	775,573,601	291,580,671	7,989,899,538	2.250	25,224,433,549	31.68%
2024	3,062,346,766	3,967,483,275	76,592,176	661,357,327	215,008,346	7,982,787,890	2.250	25,579,446,444	31.21%

Source: City Treasurer

- ⁽¹⁾ All assessments and estimated actual values are based on initial levy and do not include any adjustments.
- ⁽²⁾ Assessments for tax exempt properties are excluded from taxable value. The Hamilton County Tax Assessor does not maintain assessments for these properties.
- ⁽³⁾ Real property includes commercial and industrial property assessed at 40% and residential and farms assessed at 25% of the estimated actual value.
 Personal property is assessed at 30% of the estimated actual value. Utilities are assessed at 55% of estimated actual value.
 Multi-Use is a combination of assessment rates based on the use of the property.

CITY OF CHATTANOOGA, TENNESSEE

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	City of Chattanooga Tax Rate	Hamilton County			Total Tax Rate	Total Direct & Overlapping Rates ⁽¹⁾
		General Fund Tax Rate	School Fund Tax Rate	Road Fund Tax Rate		
2015	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742
2016	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742
2017	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742
2018	2.2770	1.5050	1.2503	0.0099	2.7652	5.0422
2019	2.2770	1.5050	1.2503	0.0099	2.7652	5.0422
2020	2.2770	1.5050	1.2503	0.0099	2.7652	5.0422
2021	2.2500	1.2177	1.0116	0.0080	2.7652	5.0152
2022	2.2500	1.2177	1.0116	0.0080	2.2373	4.4873
2023	2.2500	1.2639	0.9654	0.0080	2.2373	4.4873
2024	2.2500	1.2639	0.9654	0.0080	2.2373	4.4873

Source: www.hamiltontn.gov/trustee/

⁽¹⁾ Overlapping rates are those of local and county governments that apply to property owners within the City of Chattanooga.

CITY OF CHATTANOOGA, TENNESSEE

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer ⁽¹⁾	2024			2015		
	Taxable Assessed	Rank	Percentage of	Taxable Assessed	Rank	Percentage of
	Value		Total Taxable Assessed	Value		Total Taxable Assessed
Electric Power Board	\$ 328,966,178	1	3.88%	\$ 297,488,393	1	5.26%
Tennessee Valley Authority (Computer Center)	100,551,157	2	1.19%			
CBL & Associates	89,522,599	3	1.06%	85,122,357	4	1.51%
CS1031	71,947,780	4	0.85%			
BlueCross BlueShield	51,392,435	5	0.61%	90,394,679	3	1.60%
Tennessee-American Water Co.	50,076,365	6	0.59%	49,536,099	6	0.88%
Unum/Provident	41,855,154	7	0.49%	39,463,751	7	0.70%
Southern Champion Tray	40,137,037	8	0.47%			
WALMART	39,505,000	9	0.47%	33,988,992	8	0.60%
Cole ID Chattanooga	27,731,640	10	0.33%			
Volkswagen				214,496,976	2	3.79%
AT&T (BellSouth)				54,837,419	5	0.97%
JDK Real Estate (Kenco Group)				27,771,349	9	0.49%
Invista				25,901,439	10	0.46%
Totals	<u>\$ 841,685,345</u>		<u>9.94%</u>	<u>\$ 919,001,454</u>		<u>16.26%</u>

Source: The City Treasurer

⁽¹⁾ Property taxpayers includes both property taxes and payments in-lieu of taxes.

CITY OF CHATTANOOGA, TENNESSEE

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Original Tax Levy ⁽¹⁾	Cumulative Adjustments to Tax Levy ⁽²⁾	Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 116,480,000	\$ (64,382)	\$ 116,415,618	\$ 110,399,359	94.8%	\$ 4,648,693	\$ 115,048,052	98.8%
2016	118,013,601	(71,499)	117,942,102	112,528,120	95.4%	4,849,909	117,378,029	99.5%
2017	120,665,972	(340,056)	120,325,916	116,366,570	96.7%	3,308,559	119,675,129	99.5%
2018	134,748,526	(794,249)	133,954,277	128,784,910	96.1%	3,585,329	132,370,239	98.8%
2019	137,314,441	(1,266,107)	136,048,334	130,780,192	96.1%	3,596,189	134,376,381	98.8%
2020	140,035,693	(729,739)	139,305,954	133,369,720	95.7%	4,844,077	138,213,797	99.2%
2021	142,594,816	(589,582)	142,005,234	136,763,252	96.3%	3,987,489	140,750,741	99.1%
2022	174,590,683	(775,791)	173,814,892	166,770,305	95.9%	4,760,843	171,531,148	98.7%
2023	179,582,552	(262,635)	179,319,917	171,773,971	95.8%	3,977,979	175,751,950	98.0%
2024	178,439,283	(1,319,942)	177,119,341	170,540,233	96.3%	-	170,540,233	96.3%

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

⁽²⁾ Adjusted for errors and releases as well as pickups in each subsequent year.

CITY OF CHATTANOOGA, TENNESSEE

**PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN CALENDAR YEARS**

Calendar Year ⁽¹⁾	Commercial Construction/Others		Residential Construction		Property Value		
	Number of Permits	Value	Number of Permits	Value	Commercial	Residential	Public Utilities
2014	743	\$ 354,627,089	1,313	\$ 167,484,483	\$ 6,462,411,280	\$ 7,248,274,500	\$ 587,014,861
2015	720	522,770,623	1,476	127,443,336	6,375,533,044	7,463,747,800	589,291,000
2016	987	480,609,555	1,668	140,670,709	6,501,615,759	7,601,091,000	594,958,000
2017	1,265	542,892,582	1,515	131,819,969	7,602,456,450	8,509,779,926	415,679,813
2018	1,267	379,908,204	1,592	150,086,791	7,766,808,645	8,744,997,800	423,680,744
2019	510	289,463,495	1,346	163,745,034	7,948,691,009	12,574,180,470	400,464,809
2020	649	250,000,000	2,223	147,000,000	8,116,660,168	9,036,365,400	425,584,758
2021	636	513,670,339	2,170	262,820,912	10,010,531,239	11,636,867,185	490,489,000
2022	565	860,977,155	1,902	288,971,046	10,234,238,227	11,878,386,034	530,146,675
2023 ⁽²⁾	1,948	849,851,003	345	46,104,343	10,399,683,191	12,318,353,335	390,924,265

Source: Permits from Land Development office. The values are based on the current industry averages as published Estimated actual values from Property Tax Assessor's Office records.

⁽¹⁾ Latest information available for the calendar year.

⁽²⁾ The permits reporting system underwent changes during calendar year 2023 which returned vastly different results from prior years.

CITY OF CHATTANOOGA, TENNESSEE

**GENERAL FUND INTERGOVERNMENTAL REVENUE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>County-Wide Sales Tax</u>	<u>City Allocation State Sales Tax</u>	<u>County-Wide Designated Sales Tax</u>	<u>City Allocation State Income Tax</u>	<u>Mixed Drink Tax ⁽¹⁾</u>	<u>Other Revenue</u>	<u>Total</u>
2015	\$ 42,428,955	\$ 12,624,796	\$ 12,093,914	\$ 4,137,843	\$ 2,601,751	\$ 4,923,476	\$ 78,810,735
2016	45,479,387	13,491,087	12,961,844	3,532,771	2,909,666	5,021,382	83,396,137
2017	45,012,507	13,901,449	12,827,046	3,268,174	3,066,428	9,404,322	87,479,926
2018	49,450,575	14,236,066	13,937,255	2,866,453	3,312,240	11,579,054	95,381,643
2019	51,528,837	14,836,056	14,660,843	1,902,862	3,813,432	12,839,950	99,581,980
2020	51,347,406	15,185,906	14,657,430	731,005	3,517,154	16,114,356	101,553,257
2021	55,974,548	17,504,152	15,965,680	1,695,590	3,902,793	22,463,082	117,505,845
2022	64,511,180	20,352,689	17,377,689	170,346	5,355,187	15,023,760	122,790,851
2023	68,473,283	21,492,897	18,332,853	14,654	5,679,701	17,118,454	131,111,842
2024	70,859,444	22,273,539	18,997,282	2,399	5,823,841	16,186,046	134,142,551

⁽¹⁾ In fiscal year 2014, the City started remitting 50% of this revenue to the Department of Education.

CITY OF CHATTANOOGA, TENNESSEE

**EPB UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Residential Customers	Cents per KWH	Small Commercial Customers	Cents per KWH	Large Commercial Customers	Cents per KWH	Outdoor Lighting Customers	Cents per KWH	Total Customers	Cents per KWH
2015	152,503	10.22	20,910	11.39	3,127	8.58	142	12.01	176,682	9.46
2016	154,273	10.59	21,082	11.94	3,178	8.52	144	11.70	178,677	9.58
2017	155,745	10.93	21,500	12.30	3,199	8.55	145	12.07	180,589	9.77
2018	157,547	10.86	21,627	12.23	3,135	8.45	144	12.57	182,453	9.72
2019	159,504	10.94	21,841	12.32	3,173	8.43	143	13.63	184,661	9.76
2020	162,048	10.83	21,745	12.27	3,125	8.35	140	14.18	187,058	9.70
2021	163,996	10.77	22,184	12.24	2,948	8.10	141	14.73	189,269	9.54
2022	165,729	11.42	22,557	12.84	2,982	8.68	138	15.86	191,406	10.14
2023	168,628	12.46	22,417	13.85	3,074	9.71	134	17.23	194,253	11.17
2024	172,251	12.09	21,871	13.48	3,052	9.11	136	17.20	197,311	10.67

Source: EPB Financial Reports

Note: Number of customers and rate are the average for the year.

CITY OF CHATTANOOGA, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Total Primary Government		Total Excluding Revenue Bonds	
	General Obligation Bonds	Notes Payable	Leases / SBITAs	Revenue Bonds	General Obligation Bonds	Notes Payable	Leases / SBITAs		Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2015	\$ 182,335,696	\$ 26,990,086	\$ 174,098	\$ 383,215,627	\$ 36,956,413	\$ 61,741,959	\$ -	\$ 691,413,879	10.56%	3,988	4.71%	1,778
2016	203,311,219 ⁽²⁾	22,937,045	113,267	405,428,642	39,750,749	92,504,381	-	764,045,303	11.02%	4,327	5.17%	2,031
2017	197,788,968 ⁽²⁾	18,866,275	6,027,412	378,853,657	32,089,501	104,170,481	-	737,796,294	10.45%	4,155	5.08%	2,021
2018	181,054,741 ⁽²⁾	14,775,559	5,486,668	382,792,672	23,941,286	122,572,720	-	730,623,646	9.57%	4,079	4.56%	1,942
2019	160,361,732 ⁽²⁾	11,097,170	4,101,248	322,871,000	19,677,853	147,761,316	-	665,870,319	8.28%	3,688	4.27%	1,900
2020	168,371,703 ⁽²⁾	7,380,601	2,713,547	316,630,000	20,920,512	163,612,136	-	679,628,499	8.10%	3,718	4.33%	1,986
2021	151,290,256 ⁽²⁾	5,586,530	1,323,484	372,725,000	18,625,816	190,163,484	-	739,714,570	8.54%	4,047	4.24%	2,008
2022	142,581,492 ⁽²⁾	3,752,425	1,639,183	352,797,000	16,305,415	201,291,350	21,629	718,388,494	7.91%	3,945	4.03%	2,007
2023	129,141,150 ⁽²⁾	1,877,310	5,931,159	325,982,000	14,013,657	200,463,951	-	677,409,227	6.83%	3,680	3.54%	1,909
2024	155,493,351 ⁽²⁾	-	7,863,015	432,626,000	11,701,628	191,227,857	-	798,911,851	7.81%	4,272	3.58%	1,958

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

⁽²⁾ Includes premium and discount

CITY OF CHATTANOOGA, TENNESSEE

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

Fiscal Year	GO Bonds ⁽¹⁾	Less: Debt Service Fund Balance	Debt Supported by Property Tax Total	% Estimated Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
2015	\$ 132,550,033	\$ 3,446,011	\$ 129,104,022	0.80%	745
2016	156,253,190	2,161,977	154,091,213	0.95%	873
2017	152,787,396	1,778,396	151,009,000	0.91%	850
2018	139,425,007	2,990,089	136,434,918	0.74%	762
2019	120,903,070	3,049,310	117,853,760	0.62%	653
2020	133,165,629	2,118,813	131,046,816	0.56%	717
2021	118,500,492	2,393,395	116,107,097	0.58%	629
2022	114,264,053	2,671,340	111,592,713	0.45%	613
2023	103,466,480	3,049,424	100,417,056	0.40%	545
2024	132,699,158	3,243,491	129,455,667	0.51%	692

⁽¹⁾ GO Bonds includes premiums and discounts

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

⁽³⁾ See the schedule of Demographic and Economic Statistics for population data.

CITY OF CHATTANOOGA, TENNESSEE

**SUMMARY OF OUTSTANDING DEBT
PRIMARY GOVERNMENT
LAST TEN FISCAL YEARS**

Fiscal Year	Primary Government ⁽¹⁾			Debt Supported by Designated Revenue Streams Other Than Property Taxes					
	Total	Less:	Total	Hotel-Motel	HUD Sec.	Sewer	Solid Waste	Stormwater	EPB
	Debt	Tax Supported Gen Gov Debt	Self Supported Debt	Debt	108 Notes	Debt	Debt	Debt	Debt
2015	\$ 308,198,253	\$ 156,794,119	\$ 151,404,134	\$ 49,785,663	\$ 2,746,000	\$ 74,920,454	\$ 13,300,710	\$ 10,477,209	\$ -
2016	358,616,661	176,749,235	181,867,426	47,058,029	2,441,000	102,232,212	11,426,361	18,596,557	-
2017	358,942,637	169,517,671	189,424,966	45,001,572	2,136,000	110,264,335	9,491,440	16,504,207	-
2018	347,830,974	152,369,566	195,461,408	41,629,734	1,831,000	124,729,023	7,499,337	14,285,646	-
2019	342,999,319	134,575,488	208,423,831	39,458,662	1,526,000	149,040,684	5,556,831	12,841,654	-
2020	349,998,499	142,038,777	207,959,722	35,206,074	1,221,000	151,440,220	4,506,363	14,686,064	-
2021	366,989,570	124,494,506	242,495,064	32,789,764	916,000	190,882,876	3,796,566	13,507,604	-
2022	365,591,494	119,044,661	246,546,833	28,317,439	611,000	201,917,802	3,081,571	12,063,437	-
2023	351,128,574	110,968,949	240,159,625	25,674,670	306,000	200,974,758	2,380,768	11,122,082	-
2024	366,582,519	140,858,841	225,723,678	22,794,193	-	191,638,024	1,664,160	9,627,299	-

⁽¹⁾ Primary Government includes premiums and discounts

CITY OF CHATTANOOGA, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽²⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hamilton County General Obligation Debt	\$ 273,519,751	56.5654%	<u>\$ 154,717,541</u>
Subtotal, overlapping debt ⁽¹⁾			154,717,541
City of Chattanooga debt related to governmental activities ⁽³⁾			138,698,199
City original issue premiums and discounts			<u>16,795,152</u>
Total direct and overlapping debt			<u><u>\$ 310,210,892</u></u>

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

Notes:

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

CITY OF CHATTANOOGA, TENNESSEE

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

	Fiscal Year			
	2024	2023	2022	2021
Debt limit ⁽¹⁾	\$ 790,992,586	\$ 797,273,649	\$ 772,269,443	\$ 623,441,294
Total net debt applicable to limit ⁽²⁾	137,615,350	107,919,525	116,373,321	122,101,111
Legal debt margin	<u>\$ 653,377,236</u>	<u>\$ 689,354,124</u>	<u>\$ 655,896,122</u>	<u>\$ 501,340,183</u>
Total net debt applicable to the limit as a percentage of debt limit	17.40%	13.54%	15.07%	19.59%

Legal Debt Margin Calculation by Fiscal Year				
Assessed value	\$ 7,909,925,858	\$ 7,972,736,488	\$ 7,722,694,431	\$ 6,234,412,936
Debt limit (10% of total assessed value)	790,992,586	797,273,649	772,269,443	623,441,294
Debt applicable to limit:				
General obligation debt	140,858,841	110,968,949	119,044,661	124,494,506
Less: amount set aside for repayment of general obligation debt	(3,243,491)	(3,049,424)	(2,671,340)	(2,393,395)
Total net debt applicable to limit	<u>137,615,350</u>	<u>107,919,525</u>	<u>116,373,321</u>	<u>122,101,111</u>
Legal debt margin	<u>\$ 653,377,236</u>	<u>\$ 689,354,124</u>	<u>\$ 655,896,122</u>	<u>\$ 501,340,182</u>

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

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

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 610,060,489	\$ 599,278,414	\$ 590,946,293	\$ 522,577,906	\$ 511,102,589	\$ 504,460,741
139,919,964	131,526,178	149,379,477	167,739,275	174,587,258	153,348,109
<u>\$ 470,140,525</u>	<u>\$ 467,752,236</u>	<u>\$ 441,566,816</u>	<u>\$ 354,838,631</u>	<u>\$ 336,515,331</u>	<u>\$ 351,112,632</u>
22.94%	21.95%	25.28%	32.10%	34.16%	30.40%

Legal Debt Margin Calculation by Fiscal Year					
\$ 6,100,604,893	\$ 5,992,784,141	\$ 5,909,462,932	\$ 5,225,779,059	\$ 5,111,025,892	\$ 5,044,607,410
610,060,489	599,278,414	590,946,293	522,577,906	511,102,589	504,460,741
142,038,777	134,575,488	152,369,566	169,517,671	176,749,235	156,794,120
(2,118,813)	(3,049,310)	(2,990,089)	(1,778,396)	(2,161,977)	(3,446,011)
<u>139,919,964</u>	<u>131,526,178</u>	<u>149,379,477</u>	<u>167,739,275</u>	<u>174,587,258</u>	<u>153,348,109</u>
<u>\$ 470,140,525</u>	<u>\$ 467,752,236</u>	<u>\$ 441,566,816</u>	<u>\$ 354,838,631</u>	<u>\$ 336,515,331</u>	<u>\$ 351,112,632</u>

CITY OF CHATTANOOGA, TENNESSEE

HISTORICAL DEBT RATIOS

June 30, 2024

	Fiscal Year			
	2024	2023	2022	2021
Estimated population	187,030	184,806	182,113	182,799
Appraised property valuation	\$ 25,579,446,444	\$ 25,224,433,549	\$ 24,548,314,465	\$ 19,899,791,161
Assessed property valuation	7,982,787,890	7,989,899,538	7,722,694,431	6,234,412,936
Gross indebtedness ⁽¹⁾	335,669,871	364,045,609	393,344,286	398,108,498
Less: Self-supporting indebtedness ⁽²⁾	253,927,851	271,311,102	288,907,677	290,096,185
Debt Service Fund	3,243,491	3,049,424	2,671,339	2,396,142
Net direct indebtedness	78,498,529	89,685,083	101,765,270	105,616,171
Plus: Estimated net overlapping indebtedness	154,717,541	178,761,786	212,376,097	167,399,967
Net direct and overlapping indebtedness	\$ 233,216,070	\$ 268,446,869	\$ 314,141,367	\$ 273,016,138
Gross debt per capita	\$ 1,794.74	\$ 1,969.88	\$ 2,159.89	\$ 2,177.85
Net direct debt per capita	419.71	485.29	558.80	577.77
Net direct and overlapping debt per capita	1,246.94	1,452.59	1,724.98	1,493.53
Gross debt to appraised valuation	1.31%	1.44%	1.60%	2.00%
Net direct debt to appraised valuation	0.31%	0.36%	0.41%	0.53%
Net direct debt and overlapping debt to appraised valuation	0.91%	1.06%	1.28%	1.37%
Gross debt to assessed valuation	4.20%	4.56%	5.09%	6.39%
Net direct debt to assessed valuation	0.98%	1.12%	1.32%	1.69%
Net direct and overlapping debt to assessed valuation	2.92%	3.36%	4.07%	4.38%

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

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

Fiscal Year					
2020	2019	2018	2017	2016	2015
182,799	180,557	179,139	177,571	176,588	173,366
\$ 23,200,776,303	\$ 18,964,234,130	\$ 18,515,514,113	\$ 16,617,822,120	\$ 16,253,882,118	\$ 15,484,126,401
6,100,604,893	5,992,784,141	5,909,462,932	5,225,896,880	5,111,025,892	5,044,607,410
384,056,285	388,039,735	421,599,947	435,929,169	442,659,694	404,376,144
260,612,579	266,592,168	283,502,826	282,579,251	279,996,798	255,342,366
2,118,813	3,049,310	2,990,089	1,778,396	2,161,977	3,446,011
121,324,893	118,398,257	135,107,032	151,571,522	160,500,919	145,587,767
161,569,272	183,016,242	204,647,086	158,510,550	170,209,506	164,152,697
\$ 282,894,165	\$ 301,414,499	\$ 339,754,118	\$ 310,082,072	\$ 330,710,425	\$ 309,740,464
\$ 2,100.98	\$ 2,149.13	\$ 2,353.48	\$ 2,454.96	\$ 2,506.74	\$ 2,332.50
663.71	655.74	754.20	853.58	908.90	839.77
1,547.57	1,669.36	1,896.59	1,746.24	1,872.78	1,786.63
1.66%	2.05%	2.28%	2.62%	2.72%	2.61%
0.52%	0.62%	0.73%	0.91%	0.99%	0.94%
1.22%	1.59%	1.83%	1.87%	2.03%	2.00%
6.30%	6.48%	7.13%	8.34%	8.66%	8.02%
1.99%	1.98%	2.29%	2.90%	3.14%	2.89%
4.64%	5.03%	5.75%	5.93%	6.47%	6.14%

CITY OF CHATTANOOGA, TENNESSEE

**REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	EPB Revenue Bonds					Times Coverage
	Total Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2015	\$ 567,528,000	\$ 500,078,000	\$ 67,450,000	\$ 7,040,000	\$ 12,832,000	3.4
2016	564,280,000	487,101,000	77,179,000	8,075,000	12,371,000	3.8
2017	582,900,000	507,571,000	75,329,000	9,560,000	11,895,000	3.5
2018	583,517,000	501,690,000	81,827,000	9,835,000	11,546,000	3.8
2019	590,915,000	510,216,000	80,699,000	10,205,000	11,127,000	3.8
2020	562,730,000	507,280,000	55,450,000	10,645,000	10,662,000	2.6
2021	563,904,000	469,030,000	94,874,000	11,130,000	10,167,000	4.5
2022	636,305,000	517,739,000	118,566,000	12,440,000	10,792,000	5.1
2023	649,996,000	571,953,000	78,043,000	13,015,000	10,768,000	3.3
2024	655,935,000	570,762,000	85,173,000	13,625,000	11,260,000	3.4

Source: Electric Power Board, Electric Division

Note: This schedule is consistent with EPB's MSRB continuing disclosure for the debt covenants.

Fiscal Year Ended June 30	CDRC Lease Rental Revenue Bonds					Times Coverage
	Total Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		
				Principal	Interest	
2015	\$ 13,467,751	\$ 6,890	\$ 13,460,861	\$ 4,520,000	\$ 5,033,569	1.4
2016	15,070,640	8,115	15,062,525	4,675,000	4,871,819	1.6
2017	19,501,990	20,038	19,481,952	4,890,000	4,656,569	2.0
2018	20,896,563	146,439	20,750,124	5,125,000	4,407,219	2.2
2019 ⁽³⁾	22,237,730	71,556	22,166,174	32,690,000	3,238,756	0.6
2020	25,546,992	5,725	25,541,267	5,130,000	2,050,182	3.6
2021	20,149,205	8,200	20,141,005	5,330,000	1,851,883	2.8
2022	18,331,561	5,700	18,325,861	5,515,000	1,646,271	2.6
2023	20,487,245	15,950	20,471,295	11,826,000	1,433,234	1.5
2024	24,066,256	9,674	24,056,582	2,945,000	1,052,578	6.0

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

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

⁽³⁾ This includes \$27,315,000 of bonds issued and retired within the same year from the sale of the Chattanooga in FY19

CITY OF CHATTANOOGA, TENNESSEE

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Personal Income	Population ⁽¹⁾	Per Capita Income ⁽²⁾	Median Age ⁽¹⁾	Education Level In Years of Formal Schooling ⁽¹⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽¹⁾
2015	\$ 6,546,300,160	173,366	\$ 37,760	39.8	23.0% 4yr. Degree	43,531	6.2%
2016	6,932,844,880	176,588	39,260	39.5	23.0% 4yr. Degree	43,797	5.1%
2017	7,061,998,670	177,571	39,770	40.1	15.3% 4yr. Degree	44,414	4.3%
2018	7,631,500,539	179,139	42,601	39.6	17.9% 4yr. Degree	44,444	4.1%
2019	8,039,842,096	180,557	44,528	40.3	18.8% 4yr. Degree	43,830	3.9%
2020	8,390,474,100	182,799	45,900	40.4	19.5% 4yr. Degree	44,376	8.1%
2021	8,627,785,488	182,113	47,376	39.6	21.7% 4yr. Degree	45,342	5.4%
2022	9,081,064,745	182,113	49,865	39.4	21.7% 4yr. Degree	46,021	3.8%
2023	9,923,339,916	184,086	53,906	36.3	23.7% 4yr. Degree	45,059	2.7%
2024	10,223,994,950	187,030	54,665	37.2	21.8% 4yr. Degree	45,308	5.4%

⁽¹⁾ U.S. Census Bureau.

⁽²⁾ U.S. Department of Commerce Bureau of Economic Analysis

⁽³⁾ Hamilton County Department of Education

CITY OF CHATTANOOGA, TENNESSEE

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

Employer	2024 ⁽¹⁾			2015 ⁽²⁾		
	Full-time Employees	Rank	Percentage of Total City Employment	Full-time Employees	Rank	Percentage of Total City Employment
• BlueCross BlueShield of Tennessee	6,607	1	2.28%	4,437	2	1.72%
• Hamilton County Schools	5,597	2	1.93%	4,504	1	1.75%
• Erlanger Health System	5,519	3	1.90%	3,604	4	1.40%
Volkswagen Chattanooga	5,275	4	1.82%	2,372	9	0.92%
Tennessee Valley Authority	3,901	5	1.35%	3,737	3	1.45%
CHI Memorial	3,634	6	1.25%	2,832	5	1.10%
• McKee Foods Corporation	3,300	7	1.14%	2,750	7	1.07%
• Unum Group	2,685	8	0.93%	2,800	6	1.09%
Roper Corporation	2,500	9	0.86%	-	-	0.00%
City of Chattanooga	2,343	10	0.81%	2,230	10	0.87%
Total	41,361		14.27%	29,266		11.37%

⁽¹⁾ Chattanooga Area Chamber of Commerce Business Information Center. Data shown is for the previous year; current year data will not be available until after this report is published.

⁽²⁾ City of Chattanooga Comprehensive Annual Financial Report for the year ended June 30, 2015

• Locally owned and/or headquartered

CITY OF CHATTANOOGA, TENNESSEE

FULL-TIME EQUIVALENT CITY GOVERNMENT POSITIONS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	Full-Time Equivalent Positions as of June 30										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government	331	322	315	237	231	222	219 ⁽⁵⁾	367	368	373	359 ⁽²⁾
Public Safety:											
Police:											
Sworn	477	477	475	500	500	500	500	486	486	486	486
Civilian	124	116	115	115	115	115	120	119	115	115	103
Fire:											
Sworn	439	430	443	443	443	443	429	429	429	429	429
Civilian	25	25	25	25	25	24	24	16	16	17	17
Public Works	393	376	386	374	407	407	404	366	368	368	376
Economic & Community Development:			175	111	111	101	100	95	85	86	80
Community Development	157	173	-	-	-	-	-	-	-	-	-
Economic Development	31	20	-	-	-	-	-	-	-	-	-
Youth & Family Development	-	-	-	600 ⁽⁶⁾	386	403	406	424	423	426	412 ⁽³⁾
Parks & Recreation	-	-	-	-	-	-	-	-	-	-	- ⁽³⁾
Parks & Outdoors	275	274	263	-	-	-	-	-	-	-	-
Education, Arts and Culture	-	-	-	-	-	-	-	-	-	-	- ⁽³⁾
Early Learning	246	310	307	-	-	-	-	-	-	-	- ⁽³⁾
Transportation	-	-	-	66	65	61	60	60	60	58	47 ⁽⁴⁾
WasteWater	217	217	205	199	191	181	176	177	161	147	147
Solid Waste/Sanitation	17	16	15	15	15	15	20	20	20	20	20
Stormwater	163	164	155	155	153	149	143	152	152	151	141
EPB	707	696	659	630	617	602	592	597	552	545	547
Totals	<u>3,602</u>	<u>3,616</u>	<u>3,538</u>	<u>3,470</u>	<u>3,259</u>	<u>3,223</u>	<u>3,193</u>	<u>3,308</u>	<u>3,235</u>	<u>3,139</u>	<u>3,164</u>

Source: City Budget Office Position Summary.

⁽¹⁾ 74 Police Civilian Positions were transferred to 911.

⁽²⁾ In FY14, General Services absorbed the Civic Facilities positions from the Education Arts & Culture dissolved department

⁽³⁾ In FY14, the Parks & Recreation and Education, Arts & Culture departments were dissolved and the function absorbed by other departments.

⁽⁴⁾ In FY14, the Transportation department was established with 47 positions.

⁽⁵⁾ In FY18, the General Services department was merged with Public Works, Fire and Economic & Development departments

⁽⁶⁾ In FY21, added Part-time positions to the total count

CITY OF CHATTANOOGA, TENNESSEE

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government										
311 Service Requests Created	176,075	101,702	136,686	149,102	153,475	150,443	131,225	156,370	137,005	154,546
% of Current Tax Levy Collected	96.6%	96.1%	100.1%	103.3%	100.8%	95.5%	95.6%	96.4%	95.4%	94.8%
Police										
Crimes Committed ⁽¹⁾	28,482	29,333	29,920	25,115	23,121	26,272	23,882	23,556	21,619	12,622
Moving/Parking Violations ⁽²⁾	19,995	22,409	25,216	27,590	33,489	24,870	24,618	22,534	39,326	47,425
Citizen Complaints	104	109	108	110	105	66	55	42	N/A	20
Fire										
Emergency Calls	24,317	24,707	24,005	20,403	18,887	19,704	18,849	19,429	17,311	16,356
Inspections	5,402	4,094	4,095	4,314	4,109	4,539	4,228	5,093	8,103	5,078
Public Works/Transportation										
Sidewalks Repaired (sq.ft.)	34,043	8,690	1,054	14,278	619	4,513	11,902	16,751	65,050	18,473
Streets Paved (sq.ft.)	263,302	1,672,704	338,076	361,648	778,097	382,353	2,124,852	1,467,417	2,024,985	1,384,359
Parks, Recreation, Arts & Culture										
Chattanooga Zoo-Attendance	292,403	289,854	291,729	288,561	192,514	289,399	262,426	252,629	232,123	183,173
Community Centers-Attendance ⁽³⁾	453,917	255,879	54,098	75,532	88,103	123,749	462,314	536,199	791,138	510,599
Social Services										
Households Assisted	4,226	3,744	3,840	5,580	5,653	5,662	4,898	5,542	6,247	8,192
Wastewater (ISS)										
% of Consent Decree Requirements Met	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
% of Capacity, Management, Operations and										
Maintenance goals met	100%	62%	67%	71%	64%	60%	80%	95%	100%	100%
# of Full NPDES Compliance Days at the										
MBWWTP	365	349	360	359	353	202	362	364	352	363
Solid Waste/Sanitation										
NPDES Landfill Violations	0	0	0	0	0	1	0	-	-	-
Violation Notices to Industry	0	0	0	0	0	0	0	-	-	37
Areas of Concern (New for FY17)	9		2	4	4	7	11	5	N/A	N/A
Stormwater/Water Quality										
311 Service Requests Created	2,017	2,083	2,047	2,371	2,864	2,673	2,138	1,238	1,576	1,440
311 Service Requests Unresolved	0	0	0	34	31	0	0	38	126	116

Source: City Budget office.

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

⁽²⁾ Parking was transferred to CARTA (Chattanooga Parking Authority) in October 2012.

⁽³⁾ Community Centers closed a portion of the year

CITY OF CHATTANOOGA, TENNESSEE

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government:										
City Fleet	586	623	793	822	1008	925	1489	1737	1737	1739
Properties Returned to Tax Rolls	58	38	0	0	0	74	57	80	100	111
Police:										
Stations	6	6	6	6	4	4	4	4	4	4
Patrol Units	352	373	331	370	572	575	586	586	586	588
Fire:										
Stations	20	20	20	20	20	20	20	20	19	19
Ladder Trucks/Fire Engines/Combos ⁽¹⁾	52	51	48	49	33	50	28	27	27	27
Public Works:										
Miles of Paved Streets	1220	1218	1217	1214	1212	1210	1210	1200	1160	1160
Signalized Intersections	349	348	348	346	343	341	335	339	336	330
Garbage Trucks	30	24	24	22	25	28	25	26	25	25
Knuckleboom Trucks	25	23	23	24	20	24	27	27	22	22
Interceptor Sewer System:										
Miles of Sewer	1263	1263	1263	1263	1263	1263	1263	1263	1263	1263
Pump Stations	78	78	78	78	78	77	82	82	82	71
Parks, Recreation, Arts & Culture:										
Parks	85	84	84	84	84	84	84	82	80	79
Recreation Centers	15	15	15	15	15	15	15	15	15	15

Source: City of Chattanooga

⁽¹⁾ Only includes front line apparatus. Does not include reserve or support equipment.

CITY OF CHATTANOOGA, TENNESSEE

**EMPLOYMENT AND UNEMPLOYMENT STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	MSA Civilian Labor-Force (in 000's)			Civilian Labor Force % Unemployed		
	Total	Employed	Unemployed	MSA	TN	U.S.
2014	246.5	232.0	14.5	5.9	6.1	5.6
2015	254.2	241.1	13.1	5.1	5.3	5.3
2016	261.4	248.5	12.9	4.9	4.9	5.1
2017	277.1	268.1	9.0	3.3	3.1	4.5
2018	267.9	259.6	8.3	3.1	3.3	4.0
2019	277.6	268.6	9.0	3.2	3.3	3.6
2020	274.1	260.2	13.9	5.1	5.6	6.3
2021	276.9	269.0	7.8	2.8	3.6	4.0
2022	271.9	264.0	7.9	2.9	3.5	3.5
2023	281.0	273.0	8.0	2.9	3.4	3.7

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

CITY OF CHATTANOOGA, TENNESSEE

OTHER TAXES

LAST TEN FISCAL YEARS

Fiscal Year	Local Option Sales Taxes ⁽¹⁾			Other Tax Receipts					
	County-Wide Sales Tax	County-Wide Designated Sales Tax	Total Local Option Tax	Tourist Development Zone Sales Tax ⁽²⁾		Hotel-Motel Occupancy Tax ⁽³⁾	State		
				State	Local		Sales Tax	Income Tax ⁽⁴⁾	
2015	\$ 42,428,955	\$ 12,093,914	\$ 54,522,869	\$ -	\$ -	\$ 5,916,859	\$ 12,624,797	\$ 4,137,843	
2016	45,479,387	12,961,844	58,441,231	-	-	6,668,896	13,491,087	3,532,771	
2017	45,012,507	12,827,046	57,839,553	3,294,273	1,049,789	6,984,506	13,901,449	3,268,174	
2018	49,450,575	13,937,255	63,387,830	4,421,397	1,328,139	7,175,882	14,236,066	2,866,453	
2019	51,528,837	14,660,843	66,189,680	5,386,763	1,802,163	7,588,058	14,836,056	1,902,862	
2020	51,347,406	14,657,430	66,004,836	8,251,144	2,067,321	6,309,081	15,185,906	731,005	
2021	55,974,548	15,965,680	71,940,228	3,541,883	-	5,644,500	17,504,152	1,695,590	
2022	64,511,180	17,377,689	81,888,869	375,915	-	8,661,472	20,352,689	170,346	
2023	68,473,283	18,332,853	86,806,136	1,720,949	-	9,015,694	21,492,897	14,654	
2024	70,859,444	18,997,282	89,856,726	4,858,980	-	9,016,685	22,273,539	2,399	

⁽¹⁾ Local Option Sales Taxes - In accordance with the 1963 Local Option Revenue Act Title 67, Chapter 6, Part 7 of the Tennessee Code Annotated, as amended, the City and the County have adopted a Local Option Sales Tax. The effective rate is 2.25%; the City earmarks .25 percent of its share for economic development.

⁽²⁾ Tourist Development Zone (TDZ) Sales Tax - This tax is based on the incremental state and local sales taxes generated within TDZ. In some years sales in the TDZ do not exceed the base year revenues as adjusted for growth in the county as a whole.

⁽³⁾ Hotel-Motel Occupancy Tax - The City of Chattanooga and Hamilton County are authorized to levy taxes on the occupancy of hotel and motel rooms by transients. Pursuant to the Private Act of 1980, in February 1981, Hamilton County levied a 3 percent tax and increased it to 4 percent in July 1988. In August 2002 the City also levied such a tax which was phased in over a 30-month period beginning October 1, 2002. The tax, now at 4 percent, is pledged to pay debt service on the 2002 general obligation bonds used to finance a portion of the 21st Century Waterfront Plan to develop 129 acres in the downtown riverfront area, a \$120 million project jointly funded by the public and private sectors.

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

CITY OF CHATTANOOGA, TENNESSEE

**CAPITAL IMPROVEMENT PROGRAM
FIVE YEARS**

	2025	2026	2027	2028	2029	Total
Department						
Public Works	\$ 165,202,369	\$ 121,788,531	\$ 125,780,000	\$ 97,250,000	\$ 87,750,000	\$ 597,770,900
Police	1,590,000	3,000,000	3,500,000	3,500,000	2,500,000	14,090,000
Fire	8,901,000	9,900,000	5,500,000	7,000,000	5,750,000	37,051,000
Community Development	350,000	1,400,000	1,000,000	-	-	2,750,000
Economic Development	5,000,000	-	-	-	-	5,000,000
General Government	10,400,000	6,405,000	4,982,157	4,989,394	4,998,130	31,774,681
Parks & Outdoors	11,169,369	11,950,000	11,450,000	10,650,000	10,650,000	55,869,369
Early Learning	602,000	-	-	-	-	602,000
Planning	2,000,000	500,000	-	-	-	2,500,000
Total	\$ 205,214,738	\$ 154,943,531	\$ 152,212,157	\$ 123,389,394	\$ 111,648,130	\$ 747,407,950
Bonds/Loan						
General Fund	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 75,000,000
ISS (Gen Oblig Bonds/WIFIA Loan)	13,500,000	-	-	-	-	13,500,000
ISS (SRF Loan)	21,500,000	-	-	-	-	21,500,000
Total Bonds	50,000,000	15,000,000	15,000,000	15,000,000	15,000,000	110,000,000
Cash/Reserves						
General Fund	37,075,000	35,665,000	24,186,157	18,289,394	19,398,130	134,613,681
Economic Development Fund	9,500,000	6,000,000	5,000,000	6,000,000	5,000,000	31,500,000
Hotel-Motel Fund	7,500,000	4,000,000	4,000,000	4,000,000	4,000,000	23,500,000
Fleet Fund	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	22,500,000
State Street Aid	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	9,000,000
Miscellaneous Revenue	1,884,369	-	-	-	-	1,884,369
Water Quality	10,400,000	7,035,000	3,510,000	3,600,000	1,850,000	26,395,000
Interceptor Sewer	61,250,000	59,700,000	59,500,000	45,500,000	28,500,000	254,450,000
Total Cash/Reserves	133,109,369	118,900,000	102,696,157	83,889,394	65,248,130	503,843,050
External Sources						
Private Grants/Donations	2,255,369	7,193,531	5,000,000	5,000,000	5,000,000	24,448,900
Hamilton County	250,000	1,250,000	1,500,000	1,500,000	1,000,000	5,500,000
State of Tennessee	4,750,000	-	-	-	-	4,750,000
Community Development Block Grant	-	200,000	200,000	200,000	200,000	800,000
Federal	14,850,000	12,400,000	27,816,000	17,800,000	25,200,000	98,066,000
Total External Sources	22,105,369	21,043,531	34,516,000	24,500,000	31,400,000	133,564,900
Total All Sources	\$ 205,214,738	\$ 154,943,531	\$ 152,212,157	\$ 123,389,394	\$ 111,648,130	\$ 747,407,950

Source: City of Chattanooga Capital Planning and Finance



CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2024

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Expenditures</u>	<u>Amount Passed-through to Subrecipients</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Tennessee Department of Agriculture: DPO - IRA UCFP Forest Service Grant	10.727	24-DG-11083150-553	\$ 16,349	\$ -
Total U.S. Department of Agriculture			<u>16,349</u>	<u>-</u>
U.S. DEPARTMENT OF COMMERCE				
EDA-Recompete Phase 1-2023	11.040	ED24OIE0G0062	3,296	-
Total U.S. Department of Commerce			<u>3,296</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grants				
Entitlements/Special Purpose Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-47-0001	15,437	15,250
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-47-0001	1,283	-
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-47-0001	33,593	2,600
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-47-0001	650	650
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-47-0001	176,043	-
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-47-0001	1,571,117	421,108
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-47-001	3,750	-
Total Community Development Block Grants Entitlements/Special Purpose Grants Cluster			<u>1,801,873</u>	<u>439,608</u>
THDA ESG Stage	14.231	E-20-MC-47-0001	6,225	-
THDA ESG Stage	14.231	E-22-DC-47-001	82,141	-
Total Emergency Solutions Grant			<u>88,366</u>	<u>-</u>
HOME Investment Partnerships Program	14.239	M-19-MC-47-0200	226,404	1,014
HOME Investment Partnerships Program	14.239	M-20-MC-47-0200	7,541	-
HOME Investment Partnerships Program	14.239	M21-MC-47-0200	4,295	-
HOME Investment Partnerships Program	14.239	M-20-MC-47-0200	1,281,167	222,387
Homeless CoC Stabilization Grant	14.267	TN0361L43002201	352,903	6,086
HOME Investment Partnerships Program - Program Income	14.239	Program Income	22,195	-
Total HOME Investment Partnerships Program			<u>1,894,505</u>	<u>229,487</u>
Total U.S. Department of Housing and Urban Development			<u>3,784,744</u>	<u>669,095</u>

(Continued)

CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2024

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Expenditures</u>	<u>Amount Passed-through to Subrecipients</u>
(Continued)				
U.S. DEPARTMENT OF JUSTICE				
2019 Police VOCA Grant	16.575	2015-VA-GX-0018	\$ 120,717	\$ -
FJC - VOCA Grant	16.575	2020-V2-GX-0012	145,342	-
FJC - OVC Hope & Healing Grant	16.582	2019-V3-GX-K036	43,171	-
FJC-NCVRW CAP	16.582	15POVC-21-GK-00412-NONF	4,999	-
PSN-E Grant	16.609	2020-GP-BX-0075	5,747	-
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2019-DJ-BX-0228	28,216	-
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	15PBJA-21-GG-01838-JAGX	176,782	-
FJC-Delta IPV pass thru grant	93.136	1 NUS4CE002312-01-00	85,833	-
VCIF Grant	16.576	77241-VCIF	614,839	-
VSSG Grant	16.575	79135-VSSG	25,874	-
HSGP County Grant-Fire	97.044	34101-1992	79,425	-
Total U.S. Department of Justice			<u>1,330,945</u>	<u>-</u>
U.S. DEPARTMENT OF THE TREASURY				
Treasury Funds	21.016	N/A	23,609	-
American Rescue Plan Act of 2021	21.027	TD021SLFRP0361A	26,580,066	7,214,538
PW Water Infrastructure IP(TDEC)	21.027	32701-04856	5,223,326	-
Total U.S. Department of Treasury			<u>31,827,001</u>	<u>7,214,538</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Georgia Department of Transportation:				
Highway Planning and Construction	20.205	0017156-PLN	123,908	-
Total GA Highway Planning and Construction			<u>123,908</u>	<u>-</u>
Passed through Tennessee Department of Transportation:				
Governor's Highway Safety Grant-THSO	20.607	Z21THS037	79,866	-
Governor's Highway Safety Grant-THSO	20.607	Z23THSO43	109,676	-
TDOT - Federal Highway Administration	20.205	Z24MPO002A	285,093	-
Total TN Highway Planning and Construction			<u>474,635</u>	<u>-</u>
Total U.S. Department of Transportation			<u>598,543</u>	<u>-</u>

(Continued)

**CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2024**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Expenditures</u>	<u>Amount Passed-through to Subrecipients</u>
(Continued)				
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed Through Tennessee Libraries and Archives				
LSTA Grant	45.310	LS-253654-OLS-23	\$ 12,433	\$ -
State Metro Gen Library Services Grant - FY21	45.310	LS-253654-OLS-23	430,500	-
Total Institute of Museum and Library Services			442,933	-
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Air Pollution Control Program				
	66.001	00408415	225,300	-
Surveys, Studies, Investigations and Special Purpose Grants				
	66.034	96497415	162,500	-
APCB EPA Grant				
	66.034	02D50023	63,478	-
Brownsfield Assessment and Cleanup				
	66.818	02D33522 & 00D48016	49,530	-
Total U.S. Environmental Protection Agency Grants			500,808	-
Clean Water State Revolving Loan Program (SRF 2016-357)				
	66.458	SRF 2016-357	48,374	-
Clean Water State Revolving Loan Program (SRF 2019-429)				
	66.458	SRF 2019-429	2,181,286	-
Clean Water State Revolving Loan Program (SRF 2020-440)				
	66.458	SRF 2020-440	1,240,172	-
Total U.S. EPA Revolving Loan Program			3,469,832	-
Total U.S. Environmental Protection Agency			3,970,640	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
COVID19-FY21 Head Start				
	93.600	04HE000254-01-00	470,301	-
Head Start				
	93.600	04CH011734-03	11,683,702	-
Early Head Start-Child Care Partnership Grant				
	93.600	04HP00428	2,305,399	-
Total Head Start Cluster			14,459,402	-
Passed Through Tennessee Department of Human Services:				
Low-Income Home Energy Assistance				
	93.568	G-1801TNLIEA	40,487	-
	93.568	G-1801TNLIEA	3,226,714	-
Low-Income Water Assistance Program				
	93.568	2102TNLWC5/6	680,861	-
Total Low-Income Home Energy Assistance			3,948,062	-
Community Program to Improve Minority Health-OMH				
	93.137	6 CPIMP211293-01-01	2,201,379	-
Community Services Block Grant				
	93.569	Z22-49104	838,624	-
Total Community Services Block Grant			3,040,003	-
Total U. S. Department of Health and Human Services			21,447,467	-

(Continued)

**CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2024**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Expenditures</u>	<u>Amount Passed-through to Subrecipients</u>
(Continued)				
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Foster Grandparents Program	94.011	22SFHTN003	\$ 411,872	\$ -
Total Foster Grandparent/Senior Companion Cluster			<u>411,872</u>	<u>-</u>
Total Corporation for National and Community Services			<u>411,872</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
FY20 Crime Gun Intelligence Grant	97.067	EMW-2018-SS-00033-S01	150,519	-
2019 Domestic Preparedness State Homeland Security Grant	97.067	EMW-2019-SS-00029-S01	<u>116,074</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>266,593</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT			<u>63,817,441</u>	<u>7,883,633</u>
STATE AWARDS				
Tennessee Department of Environment & Conservation				
Household Hazardous Waste	N/A	32701-04716	<u>30,000</u>	<u>-</u>
Total Tennessee Department of Environment & Conservation			<u>30,000</u>	<u>-</u>
Tennessee Department of Finance & Administration				
THDA Entitlement - CNE Project	N/A	Program Income	<u>57,188</u>	<u>-</u>
Total Tennessee Department of Environment & Conservation			<u>57,188</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT			<u>87,188</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS - PRIMARY GOVERNMENT			<u>\$ 63,904,629</u>	<u>\$ 7,883,633</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

June 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Indirect Cost Rate

The City of Chattanooga has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of the City of Chattanooga, Tennessee (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 31, 2024. Our report includes a reference to other auditors who audited the financial statements of Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, and Downtown Chattanooga Business Improvement District, as described in our report on the City of Chattanooga's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Chattanooga, Tennessee
December 31, 2024

*Henderson Hutcherson
& McCullough, PLLC*



CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Chattanooga, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. The City's basic financial statements include the operations of Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, and Downtown Chattanooga Business Improvement District, which expended federal awards which are not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2024. Our compliance audit, described below, did not include the operations of these entities because the entities engage other auditors to perform audits in accordance with the Uniform Guidance.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, On a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

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

Chattanooga, Tennessee
December 31, 2024

Henderson Hutcherson

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified: yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified: yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed under the Uniform Guidance? yes no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.137	U.S. Department of Health and Human Services Community Program to Improve Minority Health-OMH
66.458	U.S. Environmental Protection Agency Clean Water State Revolving Loan Program
21.027	U.S. Department of Treasury American Rescue Plan Act of 2021

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

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

\$ 1,923,011

Auditee qualified as low-risk auditee?

yes

no

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

None noted.



City of Chattanooga

Department of Finance and Administration

City Hall

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