ACFR 2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

MAYOR TIM KELLY
ONE CHATTANOOGA

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, 2025

DEPARTMENT OF FINANCE AND ADMINISTRATION

CITY OF CHATTANOOGA, TENNESSEE

CONTENTS

	Page
INTRODUCTORY SECTION	
Letter from Mayor Tim Kelly	Intro 1
City Council	Intro 2
Finance Administrator's Letter of Transmittal	Intro 3
Certificate of Achievement for Excellence in Financial Reporting	Intro 9
City Officials	Intro 10
Organizational Chart	Intro 11
FINANCIAL SECTION	
Report of Independent Certified Public Accountants	i
Management's Discussion and Analysis	iv
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	A-1
Statement of Activities	A-2
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	A-4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	A-5
Statement of Revenues, Expenditures, and Changes in Fund Balances	A-6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	A-8
Proprietary Fund Financial Statements	
Statement of Net Position	A-9
Statement of Revenues, Expenses, and Changes in Net Position	A-11
Statement of Cash Flows	A-13
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	A-15
Statement of Changes in Fiduciary Net Position	A-16
Component Units Financial Statements	
Combining Statement of Net Position	A-17
Combining Statement of Activities	A-18
Notes to Basic Financial Statements	A-19

CITY OF CHATTANOOGA, TENNESSEE

CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Schedules of Required Supplementary Information:

Pension and OPEB Trust Funds –

Schedule of Changes in the City's Net Pension Liability and Related Ratios – Pension Trust Fund – General	B-1
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Pension Trust Fund – Fire and Police	B-2
Schedule of City Contributions – Pension Trust Fund – General	B-3
Schedule of City Contributions – Pension Trust Fund – Fire and Police	B-4
Schedule of Investment Returns – Pension Trust Fund	B-5
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Electric Power Board of Chattanooga Retirement Plan	B-6
Schedule of City Contributions Electric Power Board of Chattanooga Retirement Plan	B-7
Schedule of Investment Returns – Electric Power Board of Chattanooga	B-8
Schedule of Changes in the City's Net OPEB Liability and Related Ratios – OPEB Trust Fund	B-9
Schedule of City Contributions – OPEB Trust Fund	B-10
Schedule of Investment Returns – OPEB Trust Fund	B-11
Schedule of Changes in the Net OPEB Liability and Related Ratios – Electric Power Board of Chattanooga OPEB Plan	B-12
Schedule of EPB Contributions – OPEB Trust Fund	B-13
Schedule of Investment Returns – Electric Power Board of Chattanooga OPEB Plan	B-14

City Pension and OPEB Plans –

Schedule of Changes in the City's Net Pension Liability and Related Ratios – General Pension Plan	B-15
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Fire and Police Pension Fund	B-16
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Electric Power Board of Chattanooga Retirement Plan	B-17
Schedule of City Contributions – General Pension Plan	B-18
Schedule of City Contributions – Fire and Police Pension Fund	B-19
Schedule of City Contributions – Electric Power Board of Chattanooga Retirement Plan	B-20
Schedule of Changes in the City's Net OPEB Liability and Related Ratios – OPEB Fund	B-21
Schedule of City Contributions – OPEB Fund	B-22
Schedule of Changes in the City's Net OPEB Liability and Related Ratios – Electric Power Board of Chattanooga OPEB Plan	B-23
Schedule of Contributions – Electric Power Board of Chattanooga OPEB Plan	B-24

CITY OF CHATTANOOGA, TENNESSEE

CONTENTS

OTHER SUPPLEMENTARY INFORMATION

Combining Financial Statements

Combining Balance Sheet – Nonmajor Governmental Funds	C-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	C-3
Combining Statement of Net Position – Internal Service Funds	C-5
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	C-6
Combining Statement of Cash Flows – Internal Service Funds	C-7
Combining Statement of Revenues, Expenses, and Changes in Net Position – Component Units	C-9
Combining Statement of Cash Flows – Component Units	C-10

Budgetary Comparison Schedules

General Fund	D-1
Special Revenue Funds	
Downtown Development Fund	D-11
Social Services Program Fund	D-12
Narcotics Program Fund	D-13
State Street Aid Fund	D-14
Community Development Fund	D-15
Hotel/Motel Tax Fund	D-16
River Pier Garage Fund	D-17
Regional Planning Agency Fund	D-18
Air Pollution Control Fund	D-19
Scenic Cities Beautiful Commission Fund	D-20
Central Business Improvement District	D-21
Debt Service Fund	D-22

Financial Schedules

Schedule of Investments by Fund	E-1
Combined Schedule of Changes in Taxes Receivable	E-3
Summary Schedule of Debt Service Requirements to Maturity	E-4
Analysis of General Obligation Debt	E-6
Schedule of Bonds and Notes – by Fiscal Year	E-10
Analysis of Leases and SBITA Payable	E-22
Schedule of Leases and SBITA Payable	E-23
Schedule of Rates in Effect	E-26

CITY OF CHATTANOOGA, TENNESSEE

CONTENTS

STATISTICAL SECTION (Unaudited)

Changes in Net Position	F-1
Net Position by Component	F-3
Governmental Activities Tax Revenue by Source	F-5
Fund Balances of Governmental Funds	F-6
Changes in Fund Balances of Governmental Funds	F-7
Assessed and Estimated Actual Value of Taxable Property	F-9
Property Tax Rates – Direct and Overlapping Governments	F-10
Principal Property Taxpayers	F-11
Property Tax Levies and Collections	F-12
Property Value and Construction Permits	F-13
General Fund Intergovernmental Revenue	F-14
EPB Utility Rate Structure and Number of Customers	F-15
Ratios of Outstanding Debt by Type	F-16
Ratios of General Bonded Debt Outstanding	F-17
Summary of Outstanding Debt	F-18
Direct and Overlapping Governmental Activities Debt	F-19
Legal Debt Margin Information	F-20
Historical Debt Ratios	F-22
Revenue Bond Coverage	F-24
Demographic and Economic Statistics	F-25
Principal Employers	F-26
Full-Time Equivalent City Government Positions by Function	F-27
Operating Indicators by Function	F-28
Capital Asset Statistics by Function	F-29
Employment and Unemployment Statistics	F-30
Other Taxes	F-31
Capital Improvement Program	F-32

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal and State Awards	G-1
Notes to Schedule of Expenditures of Federal and State Awards	G-6
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*	G-7
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance	G-9
Schedule of Findings and Questioned Costs	G-12
Schedule of Prior Audit Findings	G-14
Management's Corrective Action Plan	G-15

CITY OF CHATTANOOGA
CORPORATION
SEAL
TENNESSEE

Mayor's Letter

Mayor Tim Kelly

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

December 30, 2025

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

I am honored to present the annual financial report for the City of Chattanooga for the fiscal year ending on June 30, 2025. The 2024-2025 fiscal year budget continued our work on the One Chattanooga plan and prioritized public safety, infrastructure, parks, housing, and transportation.

In keeping with our One Chattanooga vision, we allocated an additional $10 million for road paving and $2 million to enhancing the I-75 interchange near Hamilton Place. Furthermore, we committed $2 million to growing transportation infrastructure within the Westside's development plan.

Our efforts also concentrated on community development and affordable housing initiatives. A substantial increase of approximately $6 million in appropriations was allocated to enhance the quality of life within our neighborhoods and community centers, with an additional $500,000 earmarked for pedestrian safety. Additionally, we invested $1.35 million for new CNG garbage trucks, complemented by $500,000 for the fuel powered by natural gas. We also committed $1 million to our Affordable Housing Fund and introduced new incentives to address the ongoing affordable housing crisis. We are leading the nation in innovative affordable housing strategy and we will continue to prioritize these efforts.

Finally, this year we were dedicated North America's first National Park City and we are continuing to invest in Parks and Outdoors. In FY24-25, we allocated $1 million for maintenance throughout our neighborhoods, complemented by $1.25 million for Lookout Valley's new turf field at the John A Patten Center.

I'd like to thank 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,

Mayor Tim Kelly
City of Chattanooga

City Council

Chip Henderson
District 1

Jenny Hill
Chair
District 2

Jeff Davis
District 3

Cody Harvey
District 4

Dennis Clark
District 5

Jenni Berz
District 6

Raquetta Dotley
District 7

Marvene Noel
Vice-Chair
District 8

Ron Elliott
District 9

Letter of Transmittal

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

December 30, 2025

To the Honorable Mayor Tim Kelly, Members of the City Council and the

Citizens of Chattanooga, Tennessee:

Weston Porter, CPA

City Finance Officer

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, 2025 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, 2025. 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 (GAAP) 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.

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 2024 population, released in July, 2024, is 191,496. 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 $32.3 million will be combined with a $125.1 million bond issue, approved by EPB in October 2023, to fund upgrades and growth to the power grid. Over 3,000 new electric meters were added within the EPB service area in 2023, reflecting continued expansion of customer base and infrastructure demand. 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), the Downtown Chattanooga Business Improvement District (CBID), and the Land Bank Authority, 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 2026.

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 (11%), manufacturing (19%), professional and business services (21%), education and health (15%), and leisure and hospitality (11%) comprise 96% of the workforce. The local unemployment rate of 3.4% for the Chattanooga Metropolitan Statistical Area (MSA) is comparable to the state and national averages of 3.6% and 4.3% as of August, 2025, 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 construction in 2022, has a projected value of a $120.0 million and is expected to hold approximately 600 new jobs when fully built out. The first building, covering 415,000 square feet, is fully occupied. Additionally, Rise Partners has also acquired nearly 20 acres of other industrial property on Chattanooga's Southside. The acquisition includes an entire block in the "middle of the city" with both existing users and the potential for new development. Comprised of 10 buildings, this Yerbey Warehouse Park includes more than 200,000 square feet of industrial space, small office space, and undeveloped land that provides the opportunity to further housing or other development in the growing Southside area.

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 lock is expected to be operational by 2028. The Chattanooga Metropolitan Airport (CHA) is served by four major airlines offering direct flights to fourteen major US cities. In 2025, CHA continued to build on its recent expansion with several notable enhancements and infrastructure investments. Passenger activity has remained strong throughout the year, with several months setting new usage records, demonstrating sustained demand for air travel in the region. Based on the strong start and significant capacity growth, the airport expects to surpass its 2024 record of 556,958 enplanements. To support this growth, CHA has been given approval to design and construct a second parking garage with an expected cost of $34 million and an anticipated completion date of January 2027. The new garage will add approximately 1,600 spaces and increase the overall parking capacity by roughly 20%. These developments reflect the airport's continued progress following completion of the terminal expansion and underscore its role as a key regional transportation asset. 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 Nor-

folk 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 39th year of operation, remains the anchor of the area's I-75 retail corridor and continues to evolve with changing retail trends. 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 Hixson retail corridor along Highway 153 is undergoing renewed activity. Hotels recently constructed or announced within these areas promote shopping as a destination and bring additional visitors to the Chattanooga region. A new BJ's Wholesale Club, on the former Sears site at Northgate Mall, is nearing completion with an expected opening in the coming months and will encompass nearly 100,000 sq ft. Also, a new Tax Increment Financing (TIF) agreement was just recently approved by City Council for the Northgate Mall area. Under this agreement, the mall's existing private sewer and utility infrastructure will be replaced and then conveyed to the City (for sewer) or the relevant utility (water), ensuring future public maintenance. 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, plans for a new mixed-use development were just announced at the historic Patten Parkway, which could include a proposed 12-story development that would bring some commercial units along with 266 residential units.

The South Broad District revitalization continues to progress and evolve, transforming a former industrial brownfield into a live-work-play community anchored by a new multi-use stadium. The 400-acre district includes the 140-acre site formerly occupied by the old Wheland Foundry and U.S. Pipe factory. The centerpiece of the redevelopment is a new stadium, now formally named Erlanger Park, the new home of the Chattanooga Lookouts baseball team. The park remains on schedule for the first pitch in April 2026 and is expected to serve not only as the new home of the team but also as a year-round venue for concerts, community events, banquets, and more. Construction is well underway, with the outfield walls and concourse structures being substantially complete. The developer has made use of historic buildings from the Foundry site, which are being preserved for adaptive reuse within the development. The new stadium is being 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 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. Plans for a new 290-unit residential building and a 43-unit condo building near the stadium have already been announced. Overall, this new development will provide an estimated $2.3 billion economic impact to the city. The project is being primarily funded by a 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 TIF project known as The Bend will include the former Alstom plant site, located on 120 acres just north of the new South Broad TIF district. The project is underway, as the first phase of infrastructure, including roads, utilities, and site preparation in the "north phase," broke ground in 2024. The project is expected to spur $800.0 million in additional investment, including infrastructure, housing, commercial space, and public-benefit funding. The TIF is expected to generate more than $100.0 million to help fund the Westside neighborhood redevelopment, One Westside, 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. EPB began offering community-wide 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, and in 2022, EPB launched what it calls the nation's first community-wide 25-gigabit internet service over a 100% fiber-optic network, offering symmetrical upload and download speeds to all customers. 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. EPB operates a fully automated Smart Grid built on its fiber-optic network, enabling

real-time monitoring, outage detection, and remote service capabilities for all customers. The system was initially accelerated by a $111 million U.S. Department of Energy grant, which supported the installation of approximately 170,000 smart meters and advanced grid infrastructure. In 2023, EPB launched EPB Quantum Network, marking the first commercially available quantum network in the US for private companies, researchers, and public entities. In April 2025, EPB formed a partnership with IonQ, a leading quantum computing company, to build the EPB Quantum Center, which will be the first facility in the US to offer commercial access to both quantum networking and quantum computing resources. Chattanooga's reputation as "Gig City" has provided as estimated $5.3 billion to the local economy since 2010, which is expected to grow to $10.0 billion by 2035, and has also contributed to the creation of thousands of jobs locally. With the addition of quantum networking in 2022, the Quantum Center in development, and ongoing smart-grid and fiber operations, EPB continues to advance Chattanooga's reputation as a global leader in connectivity, innovation, and the emerging quantum economy.

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 and evolve. Since that time, the broader Chattanooga area has attracted substantially more than $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 roughly $800 million investment for EV readiness, announced in 2019, added a dedicated electric-vehicle production facility and battery pack assembly capability. The plant has achieved production of over 175,000 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. It was recently announced, in early 2025, that Novonix would be increasing their footprint in the Chattanooga area after finalizing the purchase of roughly 182 acres in ESIP to build a second synthetic graphite plant. The plant is expected to reach 31,500 tonnes/year capacity by 2028, bringing their total investment to approximately $1.5 billion and the creation of 500 new jobs in Chattanooga. In 2019, Nippon Paint USA, a Japanese paint and paint products manufacturing company announced plans for a $61 million investment to build a LEED-certified 270,000-square-foot automotive paint production facility, the biggest new manufacturing investment in East Chattanooga in more than a century. The project is expected to be completed by December 31, 2027, and is expected to create 150 jobs. Road construction to service the plant has already been completed.

The Chattanooga Chamber of Commerce has set forth on a new five-year strategic economic development plan, "Climbs Higher," covering the period from July 1, 2024 to June 30, 2029, and has set goals for job creation, increased average wages, and increased private investment. These goals include the following benchmarks (with results shown as of June 30, 2025):

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.

Goal to increase	5 Year Target	Actual (1 year)
Regional Employment	5,000	799
Private Investment	$1.5 B	$1.1 B
Payroll	$600 M	$75.9 M
Annual Income	$60,000	$63,973

Quality education remains 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 a problem-based STEM curriculum with links to hands-on training, internships, and early-college pathways. The statewide 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 workplace learning program, designated as a registered apprenticeship program with the U.S. Department of Labor, which pays the student participants as they gain manufacturing skills in conjunction with their education.

The University of Tennessee at Chattanooga (UTC) now organizes its academic offerings across five colleges and provides 150+ degree and certificate programs, supporting both undergraduate and graduate study in areas aligned with regional workforce needs. UTC just announced a new leadership initiative, Economic and Workforce Development, to strengthen its roles in regional talent development and economic progress. 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, continue to attract smart-city, energy, transportation, and health-care research projects to the area. Industry-focused applied training initiatives such as The Smart Factory Institute, supported in partnership with the Volkswagen Academy, provide a knowledge-transfer and training hub intended to help local manufacturers adopt advanced manufacturing techniques.

Chattanooga continues to see a robust rebound in tourism, following setbacks during the 2020 pandemic. In 2024, the region hit a new high in visitor spending, surpassing $1.8 billion, which was a 4% increase from the prior year. Major events in 2025 helped fuel that rebound. The IRONMAN 70.3 Chattanooga triathlon, which celebrated its 10th year in 2025 with a sellout race, drew thousands of athletes to Chattanooga's scenic river-front course. Other major sporting events included the Head of the Hooch Regatta rowing competition and state-level high school sports tournaments. The legacy attractions that anchor downtown tourism, most notably the Tennessee Aquarium and the Tennessee riverfront, remain central to Chattanooga's appeal. The Aquarium, first opened in 1992, continues to be a key draw. The 13-mile Tennessee Riverwalk and River park system remains open and connects much of downtown to the riverfront and neighborhoods along the Tennessee 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, offering a multi-use trail corridor spanning much of the metro region. A new 34-mile multi-use trail, called the River to the Clouds Route, connecting the Chattanooga riverfront in St. Elmo Cloudland Canyon State Park in Rising Fawn, Georgia was officially unveiled in November 2023. Chattanooga's growing reputation as a destination for outdoor recreation and sports, from triathlon to rowing to greenway cycling and walking, continues to draw visitors and students alike from all parts of the world. This combination of nature, sport, and urban culture supports tourism growth, strengthens local businesses, and helps sustain the city's attractiveness to younger workers and families. Chattanooga's working-age young adult population (25-34) has grown in share and remains a larger portion of the population compared with a decade ago. That growth appears to outpace state and national trends.

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 part of a long-term, tri-state regional growth partnership, now operated by the nonprofit Thrive Regional Partnership (originally "Thrive 2055"). The partnership continues to coordinate planning and development across 16 counties in Southeast Tennessee, Northwest Georgia, and Northeast Alabama. In recent years, Thrive has evolved from a citizen-led visioning process into an active implementer of regional programs, including resilience planning, connectivity, and data-driven decision support. In 2024, Thrive secured nearly $2.9 million in grants to expand regional connectivity and resilience programs. In 2025, the partnership added two more communities to its "Resilient Communities" program, helping small towns address environmental vulnerability and plan nature-based solutions. As such, Thrive remains a central vehicle for long-term collaboration, balancing economic development, environmental stewardship, and quality-of-life goals for the greater Chattanooga region.

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, 2024. This was the thirty-third consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

The City also received the GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for each of the thirty-one 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 thirteen 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.

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, 2024

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

Respectfully submitted,

Weston Porter, CPA

City Finance Officer

City Officials as of June 30, 2025

EXECUTIVE BRANCH:
Tim Kelly, Mayor
Kevin Roig, Chief of Staff
Darrin Ledford, Deputy Chief of Staff
Mande Green, Chief Operating Officer

CITY COUNCIL:

Jenny Hill, Chair.....District 2

Chip Henderson.....District 1
Jeff Davis.....District 3
Cody Harvey.....District 4
Dennis Clark.....District 5
Jenni Berz.....District 6
Raquetta Dotley.....District 7
Marvene Noel, Vice-Chair.....District 8
Ron Elliott.....District 9

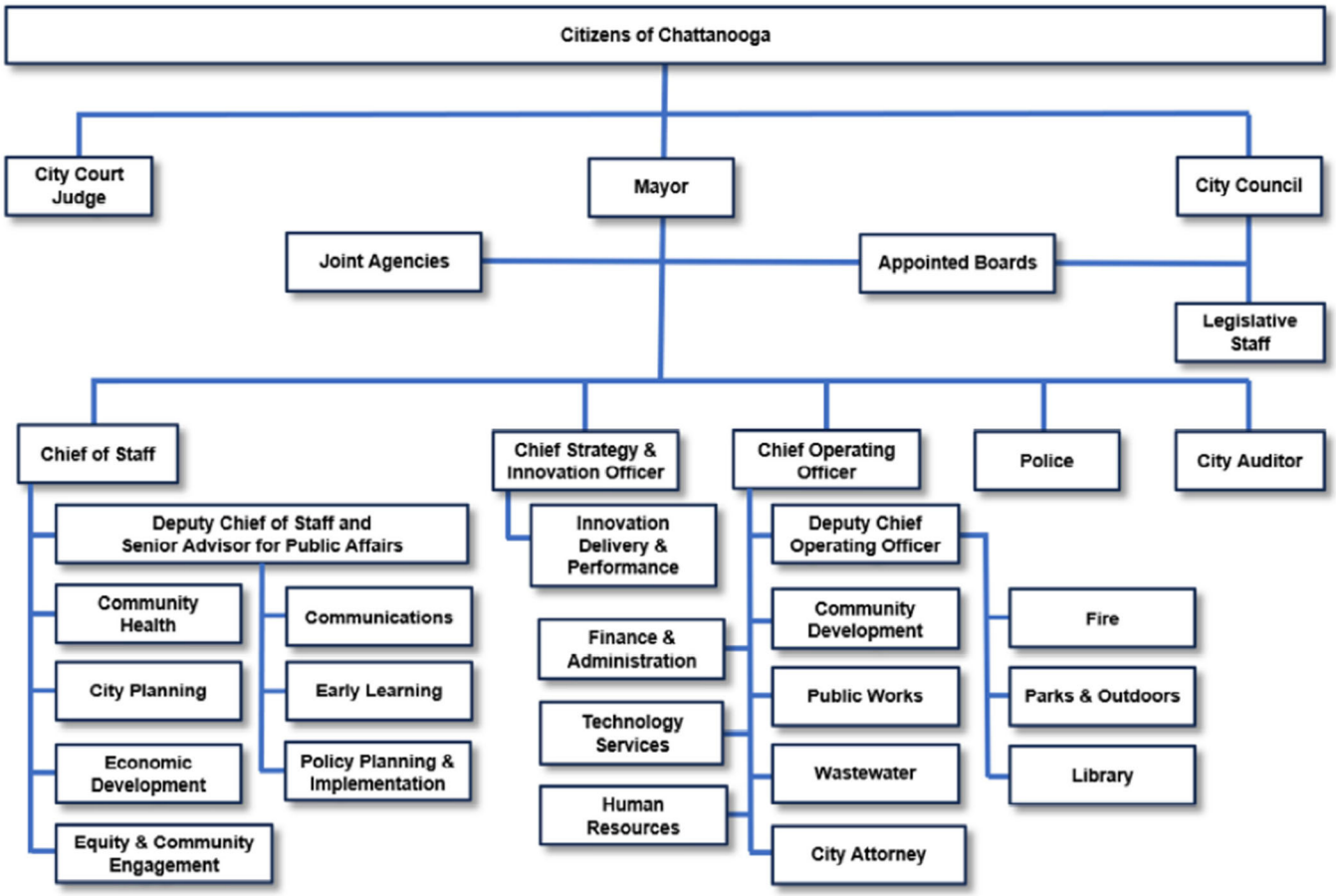
COURTS:

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

DEPARTMENT ADMINISTRATORS

Legal	Phil A. Noblett	City Attorney
Legislative	Nicole Gwyn	Clerk to the Council
Finance and Administration	Weston Porter	Administrator
Purchasing	Debbie Talley	Chief Procurement Officer
Fire	Terry Knowles	Fire Chief
Community Development	Cedric Henson	Administrator
Police	John Chambers	Chief of Police
Human Resources	Melody Wingfield	Chief Human Resource Officer
Public Works	Jerramy Wood	Administrator
Parks and Outdoors	April Furth	Administrator
Early Learning	Karitsa Jones	Administrator
City Planning	Karen Rennich	Administrator
Equity and Community Engagement	Anthony Sammons	Chief Equity Officer
Economic Development	Richard Beeland	Administrator
Wastewater	Mark Heinzer	Administrator
Technology Services	Jerele Neeld	Chief Technology Officer

Organizational Chart



CITY OF CHATTANOOGA
CORPORATION
SEAL
TENNESSEE

FINANCIAL SECTION

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, 2025, 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, 2025, 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 which represents 85%, 89%, and 75%, respectively, of the assets and deferred outflows of resources, net position, and revenue of the discretely presented component units. We also did not audit the financial statements of the Chattanooga Area Regional Transit Authority which represents 15%, 11%, and 23%, respectively, of the assets and deferred outflows of resources, net position, and revenue of the discretely presented component units. We also did not audit the financial statements of the Downtown Chattanooga Business Improvement District which represents 0%, 0%, and 2%, respectively, 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-24 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'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 30, 2025, 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 30, 2025

Henderson Hutcherson
& 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, 2025. 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 $3.4 billion (net position), an increase of $240.4 million or 7.7 percent, at the close of the fiscal year. Of this amount, there is $336.3 million in unrestricted net position, an increase of $117.1 million. Governmental activities unrestricted net position increased $18.7 million while business-type activities increased $98.4 million.
- Net position of governmental activities was $1.8 billion, an increase of $108.2 million, or 6.4 percent. Business-type activities reported an ending net position of $1.6 billion, an increase of $132.1 million, or 9.1 percent due to favorable operations trend in all business-type activities.
- Long-term liabilities for the City's primary government decreased $91.5 million or 7.0 percent, during the current fiscal year. Governmental activities long-term liabilities decreased $38.1 million or 7.5 percent. During the year, $20.5 million in long-term liabilities were retired during the year and $672,000 of leases/SBITA were recorded. Compensated absences increased by $10.0 million and debt premiums liabilities decreased by $2.6 million. Business-type activities long-term liabilities decreased $53.4 million or 8.7 percent. During the year, EPB issued refunding bonds of $145.9 million, which refunded future payments of $156.4 million, $1.5 million in new State Revolving Fund (SRF) loans for financing sewer consent decree projects, and $6.4 million for recording leases/SBITAs. These were offset by $8.5 million in payments of leases/SBITAs, $22.5 million in retired debt, a decrease in pension liabilities of $2.2 million, and $12.8 million in retired SRF loan notes.
- At the end of the current fiscal year, fund balance for the General Fund is $159.6 million, a decrease of $32.0 million or 16.7 percent, while fiscal year 2024 had a $33.3 million increase. The unassigned fund balance decreased $122.4 million or 80.0 percent, which was due to the City implementing a Financial Stabilization policy described later. Revenue highlights include an increase of $4.5 million in intergovernmental revenue, which includes a $1.8 million appropriation from the state. On the expenditure side, the City saw an increase in personnel expenditures of $28.0 million, largely due to a fiscal year 2025 budget amendment that appropriated $18.0 million for a one-time payment to the Fire and Police Pension fund to help decrease the fund's liability.

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, which is a legally separate entity that functions as an enterprise of the City and therefore has been included as an integral part of the primary government.

Component Units – There are four 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), the Downtown Chattanooga Business Improvement District (CBID) d/b/a Downtown Chattanooga Alliance, and the Chattanooga Land Bank Authority.

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

Fund Financial Statements

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

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

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

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

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

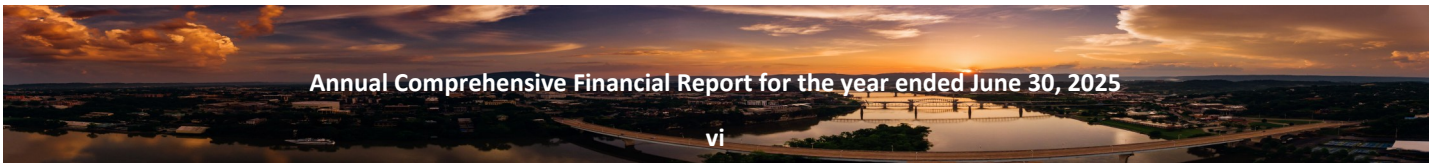
The City maintains a general fund, multiple special revenue funds, a debt service fund, a capital projects fund and one permanent fund as governmental funds. Information is presented separately in the governmental statements for the General Fund and the Capital Projects Fund since both are considered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

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

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

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

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



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

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

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

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

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

Notes to the Financial Statements

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

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

Supplemental Information

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

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

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

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

Government-wide Overall Financial Analysis

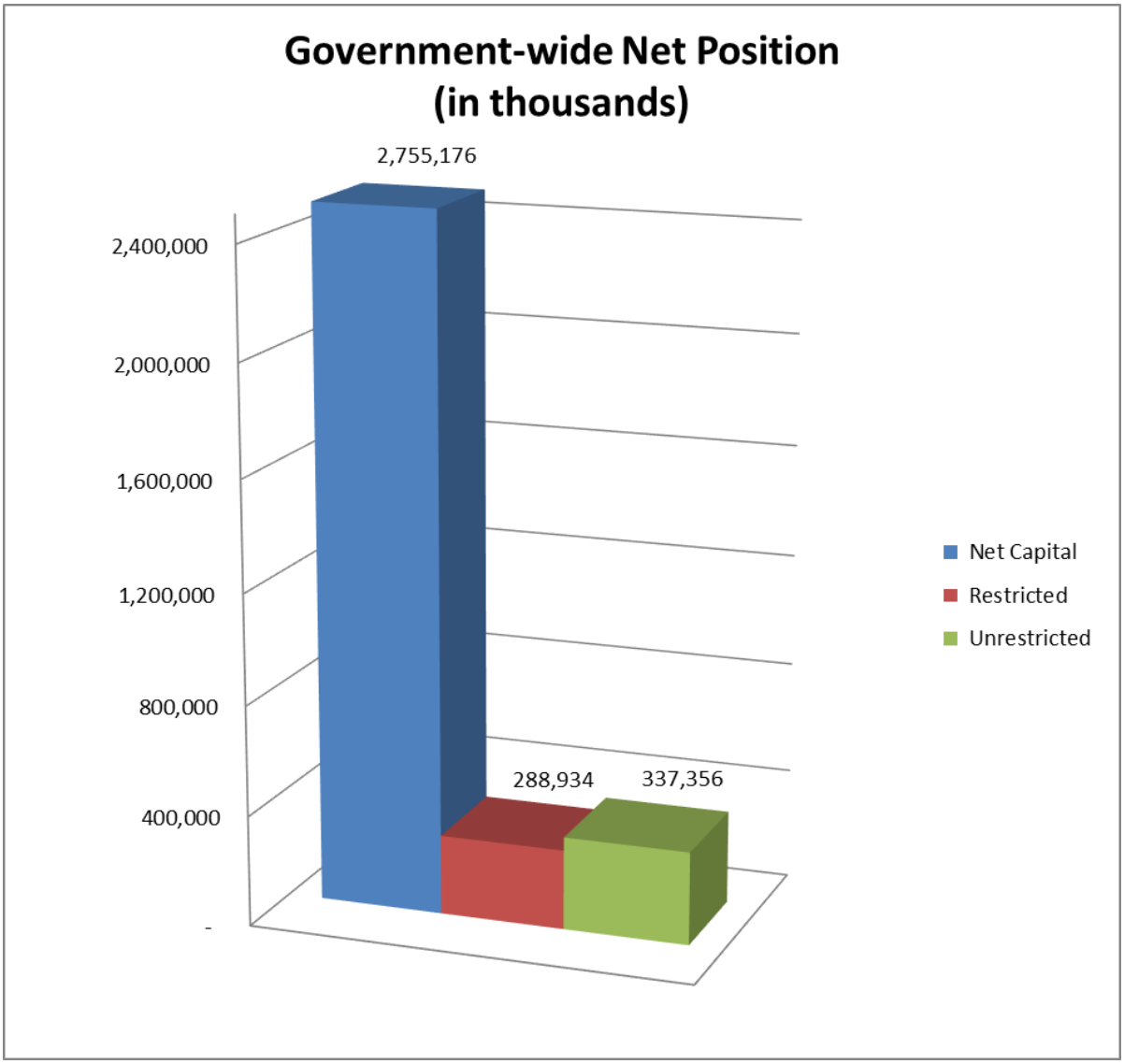
Net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $3.4 billion at the close of the most recent fiscal year, an increase of $240.4 million, or 7.7 percent, from last 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	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 652,368	$ 683,423	$ 874,374	$ 882,113	$ 1,526,742	$ 1,565,536
Capital assets	1,840,442	1,743,660	1,609,091	1,452,913	3,449,533	3,196,573
Total assets	2,492,810	2,427,083	2,483,465	2,335,026	4,976,275	4,762,109
Total deferred outflows of resources	135,913	135,486	55,511	67,414	191,424	202,900
Long-term liabilities outstanding	558,119	596,261	664,350	717,673	1,222,469	1,313,934
Other liabilities	58,526	62,294	263,036	216,964	321,562	279,258
Total liabilities	616,645	658,555	927,386	934,637	1,544,031	1,593,192
Total deferred inflows of resources	215,542	215,722	26,660	15,001	242,202	230,723
Net position:						
Net investment in capital assets	1,728,023	1,622,232	1,027,153	916,932	2,755,176	2,539,164
Restricted	181,656	197,958	107,278	184,792	288,934	382,750
Unrestricted	(113,143)	(131,898)	450,499	351,078	337,356	219,180
Total net position	$ 1,796,536	$ 1,688,292	$ 1,584,930	$ 1,452,802	$ 3,381,466	$ 3,141,094

By far the largest portion of the City's net position, $2.8 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, $288.9 million, represents resources that are subject to external restrictions on how they may be used. The City also has a unrestricted fund balance of $337.4 million.

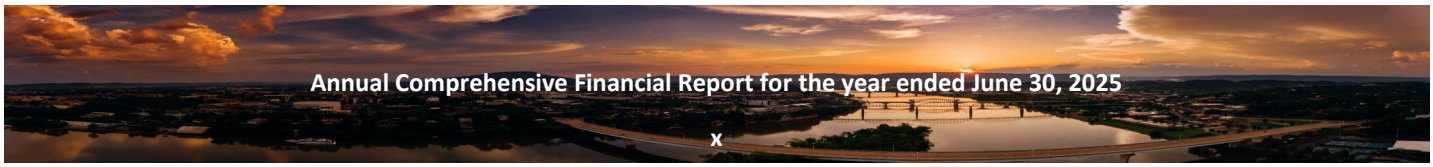


The next chart provides revenue and expense details for Governmental Activities, Business-type Activities and the Primary Government as a whole.

City of Chattanooga's Changes in Net Position

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 25,548	$ 26,171	$ 1,048,342	$ 976,835	$ 1,073,890	$ 1,003,006
Operating grants	53,684	51,737	-	183	53,684	51,920
Capital grants	84,723	57,540	7,363	5,776	92,086	63,316
General revenues:						
Property taxes	181,397	190,222	-	-	181,397	190,222
Other taxes	33,507	33,509	-	-	33,507	33,509
Investment income	17,005	16,077	27,156	16,950	44,161	33,027
Miscellaneous	290	476	-	-	290	476
Unrestricted grants and contributions	128,451	126,010	-	-	128,451	126,010
Total revenues	524,605	501,742	1,082,861	999,744	1,607,466	1,501,486
Expenses						
Governmental activities:						
General government	112,764	98,091	-	-	112,764	98,091
Economic and community development	51,087	25,145	-	-	51,087	25,145
Public safety	137,405	151,545	-	-	137,405	151,545
Public works	77,589	64,905	-	-	77,589	64,905
Parks and outdoors	21,798	19,332	-	-	21,798	19,332
Early learning	19,316	18,971	-	-	19,316	18,971
Interest on long-term debt	3,771	3,844	-	-	3,771	3,844
Business-type activities:						
Electric utility	-	-	821,134	785,348	821,134	785,348
Sewer	-	-	89,898	86,803	89,898	86,803
Solid waste	-	-	5,963	6,058	5,963	6,058
Stormwater	-	-	22,662	17,765	22,662	17,765
Regional communications	-	-	2,279	2,447	2,279	2,447
Downtown redevelopment	-	-	1,245	1,270	1,245	1,270
Total expenses	423,730	381,833	943,181	899,691	1,366,911	1,281,524
Excess (deficiency) before transfers	100,875	119,909	139,680	100,053	240,555	219,962
Transfers	7,369	-	(7,369)	-	-	-
Increase (decrease) in net position	108,244	119,909	132,311	100,053	240,555	219,962
Net position, beginning	1,688,292	1,568,383	1,452,802	1,352,749	3,141,094	2,921,132
Change in Financial Reporting Entity			(182)		(182)	
Net position, restated	1,688,292	1,568,383	1,452,620	1,352,749	3,140,912	2,921,132
Net position, ending	$ 1,796,536	$ 1,688,292	$ 1,584,931	$ 1,452,802	$ 3,381,467	$ 3,141,094

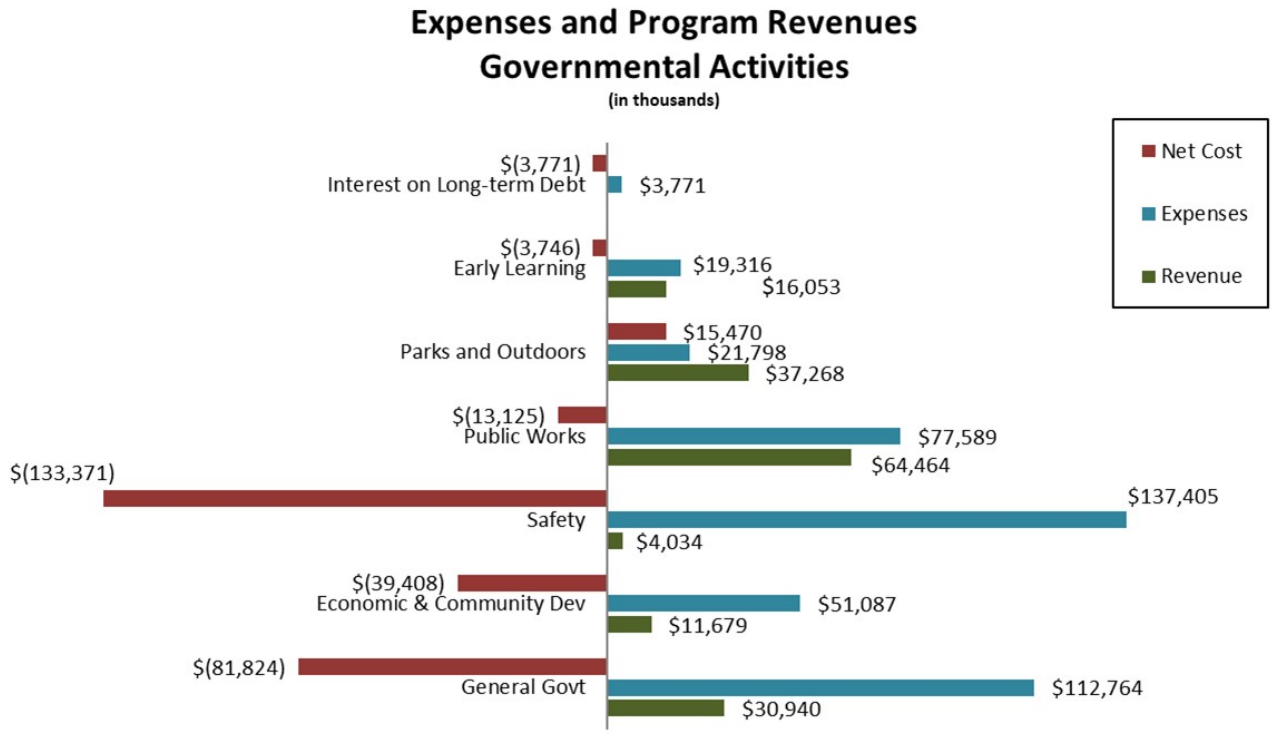


Governmental Activities

During the current fiscal year, net position of the City's governmental activities increased $108.2 million from the prior year for an ending balance of $1.8 billion. Compared to the previous fiscal year, overall revenue and transfers increased $30.2 million or 6.0 percent. Revenue for capital grants and contributions increased by $27.2 million or 47.2 percent due to 8 parcels being conveyed to the City in the Renaissance Park area. Total sales tax, inclusive of local option, state and TDZ, increased $2.4 million or 2.0 percent. Investment income also increased $0.9 million, or 5.8 percent.. This was offset by a decrease of $1.5 million in property tax.

Expenses for the current year increased $42.0 million or 11.0 percent. Personnel costs increased by $44.0 million, or 20.9 percent, which was largely due to a fiscal year 2025 budget amendment that appropriated $18.0 million for a one-time payment to the Fire and Police Pension fund to help decrease the fund's liability. This was offset by a decrease in the total operational costs of $2.1 million or 1.2 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.

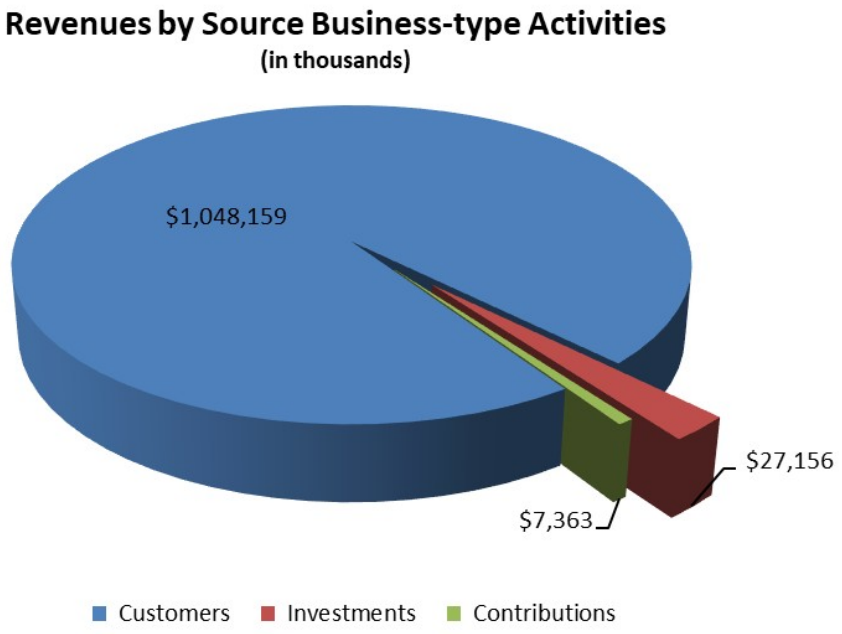


Business-type Activities

During the current year, net position of the business-type activities increased $132.3 million or 9.1 percent, to $1.6 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 $1.1 billion for the year just completed; this is a $82.9 million or 8.3 percent increase. Expenses increased $43.3 million or 4.8 percent resulting in total expense of $943.0 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.



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	Stormwater	Regional Communication System	Downtown Revelopment	Total
Expenses	$ 821,134	$ 89,899	$ 5,963	$ 22,662	$ 2,279	$ 1,245	$ 943,182
Revenues	884,521	145,584	6,783	41,321	2,080	2,573	$ 1,082,862
Transfers In (Out)	(7,369)	-	-	-	-	-	(7,369)
Change in net position	$ 56,018	$ 55,685	$ 820	$ 18,659	$ (199)	$ 1,328	$ 132,311

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.

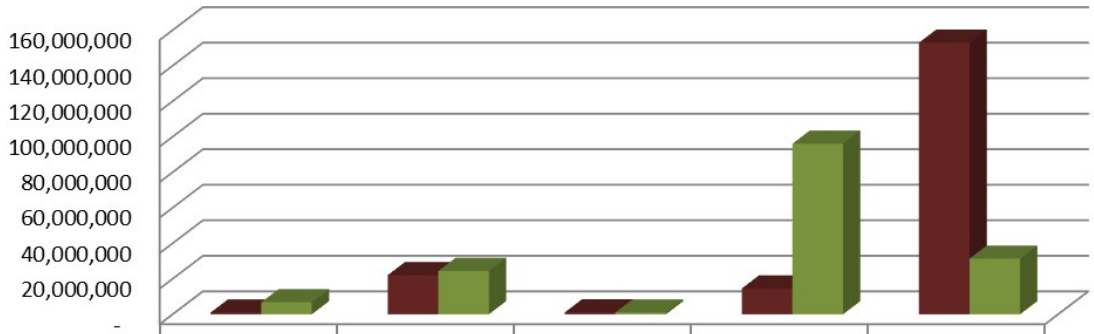
Governmental Funds

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 $322.9 million at the end of the fiscal year. Of this amount, 9.5 percent or $30.6 million is available for spending at the City's discretion (unassigned fund balance). Total fund balance is made up of the following:

- $14.4 million is in non-spendable form such as inventories and notes receivable.
- $173.3 million is restricted for particular purposes due to restrictions placed by grants, bond covenants, other governments or by City ordinance.
- $7.1 million is committed for specific purposes based on City resolutions.
- $97.5 million is assigned for particular purposes such as under control of boards or designated purpose by management, including Financial Stabilization, which is new for fiscal year 2025. The Financial Stabilization is calculated as 20% of the annual General Fund revenues and it is designated as assigned.
- $30.6 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 decreased by $32.0 million or 16.7 percent to $159.6 million during the fiscal year. Unassigned fund balance decreased $121.6 million or 79.5 percent to $31.3 million, which is largely due to the Financial Stabilization.



	Nonspendable	Restricted	Committed	Assigned	Unassigned
FY24	1,008,012	22,043,457	1,070,032	14,580,001	152,929,880
FY25	6,772,405	24,412,927	1,041,220	96,054,181	31,328,263

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 7.3 percent of total General Fund expenditures and transfers out, while total fund balance represents 37.0 percent.

Revenues - Total revenues increased $4.6 million or 1.1 percent, from the prior year. All major revenue sources are discussed as follows.

- Tax revenue was down $15.7 million or 7.3 percent from the prior year. Property tax revenue, which includes current and delinquent taxes, increased by 415,000 or 0.2 percent, from the prior year. Payment in lieu of taxes (PILOTs) decreased by $8.5 million or 60.1 percent, due to the City correcting the EPB PILOT from being shown as revenue to being shown as a transfer.

- Licenses and permits revenues increased by only $811,000 or 11.3 percent, which includes an increase in building permits of $451,000, or 15.0 percent.

- Intergovernmental revenues increased $4.5 million or 3.2 percent from the prior year. This includes a $2.3 million or 100.0 percent increase in state appropriated dollars, which is mostly made up of a $1.8 million appropriation from the state of Tennessee to purchase the Mountain Creek Quarry to use it as a park.

- Charges for services decreased by $291,000 or 0.3 percent, which includes an increase of $40,000 in golf course charges, a decrease in charges of $108,000 in carousel ridership charges, an increase of $35,000 in concession sales and a decrease of $32,000 in library book fines and fees.
- Fines, forfeitures and penalties saw an increase of $954,000 or 52.8 percent from the prior year. This is mainly driven by an increase of $1.1 million or 123.0 percent in automated traffic fines, which was due an increase in the speeding fines from the traffic cameras.

- Investment income increased $518,000 or 3.6 percent. The increase is primarily due to increased amount of dollars invested throughout the fiscal year.

- Contributions and donations decreased $252,000 or 47.8 percent. The decrease was largely due to a miscellaneous donations in fiscal year 2024 of $70,000 from the National League of Cities relating to several different causes that did not occur in fiscal year 2025

- Sale of property decreased $158,000 or 32.1 percent. This is largely due to the normal fluctuations between years and doesn't have a single large driver.

- All other revenues saw a decrease of $130,000 or 1.7 percent.

Expenditures - Total expenditures increased $33.7 million or 10.6 percent, from the previous year. Major changes during fiscal year 2025 are discussed below.

- Total employee compensation increased by $28.0 million or 14.3 percent. This increase was largely due to a fiscal year 2025 budget amendment that appropriated $18.0 million for a one-time payment to the Fire and Police Pension Fund to help decrease the fund's pension liability.
- Operational costs increased by $5.7 million or 4.7 percent. The largest increase is in services, which had an increase of $6.1 million or 11.2 percent from the prior year, includes IT maintenance fees, which increased $3.5 million or 51.2 percent from the prior year. This was accompanied by a decrease in insurance and claims of $3.8 million or 65.3 percent from the prior year due to a decrease of pending litigation.

Transfers - Total transfers out increased $37.1 million or 83.7 percent primarily due to a planned increase in general fund dollars for capital in the amount of $36.1 million. There is also a transfer from EPB to the City for $7.4 million that is new for fiscal year 2025, due to a correction in how PILOT payments from EPB are being recorded.

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 $119.3 million in fund balance, a decrease of $14.6 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 consists mostly of transfers in of $65.0 million, including $56.5 million from General Fund, $1.0 million from State Street Aid, and $7.5 million from Hotel/Motel Tax. Sources also include $3.9 million in revenue. This is primarily Federal and State revenues and private donations.

Current year expenditures of $83.4 million including the following: $17.4 million for street paving, sidewalk, bridge and tunnel projects, which includes $2.0 million for a Riverwalk extension to connect downtown to the Moccasin Bend Park; $17.9 million for investment in public works infrastructure, which includes $8.8 million to renovate the Walnut Street bridge; $6.6 million for park and playground improvements; $22.1 million for economic development, which includes $21 million to set up the Affordable Housing Trust; $4.7 million for IT upgrades, including costs for the City's digital infrastructure upgrades; $5.6 million for fire improvements, which includes $2.6 million to purchase fire apparatus; and additional appropriations totaling $8.1 million, which include $1.5 million for renovations to the James A. Henry Hub in the One Westside area to utilize this building as a dynamic community hub.

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 internal service funds, have a combined net position of $1.7 billion. Net investment in capital assets is $1.0 billion, with an additional $107.3 million restricted for future use, leaving $520.9 million available to meet on-going obligations.

Enterprise Funds - Total net position of the enterprise funds is $1.6 billion, an increase of $132.1 million or 9.1 percent. Details for each fund are presented below:

- **Electric Power Board** – The largest enterprise fund is EPB, which has an electric division, a fiber optic division, and a strategic initiatives division. Total net position increased $56.0 million or 8.5 percent to $714.1 million, mainly due to an increase of $57.1 million in utility plant assets. Operating revenues were up $49.4 million or 6.1 percent. Combined operating expenses, which includes tax equivalents and depreciation, increased by $40.3 million or 5.3 percent.
- **Interceptor Sewer System** – Net position of the Interceptor Sewer System increased $55.7 million, or 9.3 percent, to $654.4 million. Operating revenues rose $15.9 million or 12.8 percent while operating expenses increased by $3.3 million or 3.9 percent. Unrestricted net position (available to finance on-going operations) decreased $52.9 million or 45.9 percent to $62.3 million. An additional $93.6 million is restricted for future capital spending, which is an increase of $145,000 or 0.2 percent. Capital net position increased $108.4 million or 27.8 percent to $498.6 million.
- **Solid Waste** – The City operates a municipal solid waste landfill. The fund has a net position of $16.5 million, which saw an increase of $820,000. To date the City has accrued liabilities of $6.5 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 $175.6 million in net position, an increase of $18.7 million or 11.9 percent from last year. Net investment in capital is $65.2 million, $4.2 million is restricted for future capital spending, leaving the amount available to fund day-to-day operations (unrestricted net position) at $106.1 million.
- **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 $6.8 million which is a $200,000 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 $17.5 million, an increase of $1.3 million from last year.

Internal Service Funds - The internal service fund is used to account for the City's vehicle operation and maintenance program, employee medical benefits program, risk management, technology replacement and third party liability claims. See the combining statements later in this report for more detail. The funds have a net position of $93.3 million, a increase of $9.7 million or 11.5 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 $16.7 million or 4.5 percent. All revenue categories except tax revenues exceeded expectations and are addressed below.

- Total tax revenue for the year was lower than budget by $6.0 million or 2.8 percent. This is primarily due to the reclassification of the payment in lieu of taxes from EPB being reclassified as an interfund transfer. All other taxes, including gross receipts tax, liquor and beer taxes, exceeded budget by $2.7 million or 13.6 percent.

- Licenses and permits revenue was higher than budget by $553,000 or 7.5 percent. This was largely due to fees being higher than budget by $412,000 or 27.6 percent, specifically plan checking fees exceeding budget by $231,000, or 43.9 percent and fire permit fees exceeding budget by $101,000, or 28.1 percent.

- Intergovernmental revenue is $11.7 million or 8.7 percent more than budget. Part of the increase is due to local option sales tax, which is $2.6 million or 2.9 percent over budget. State shared city allocated state sales tax also exceeded budget by $1.1 million or 5.3 percent. State shared TDZ (tourist development zone) sales tax was received in the amount of $5.2 million, from $0 budgeted.

- Charges for services are $432,000 above budget or 10.0 percent, partially made up of concessions being $41,000 over budget, or 293.6 percent higher and ballfield income being $49,000 over budget, or 113.6 percent higher.

- Fines and forfeitures was higher than budget by $1.0 million or 57.6 percent. This increase is almost entirely made up by an increase in automated traffic fines of $985,000 or 82.1 percent.

- Miscellaneous revenue is $9.0 million or 62.1 percent above budget primarily due interest income coming in $7.6 million or 115.8 percent higher than expected due to an increase in the average amount invested in the fiscal year as compared to the prior years.

Expenditures were less than budget by $11.7 million or 33.2 percent. All departments were under budget. Employee compensation made up the majority of the deficit being under budget by $11.0 million or 4.7 percent due to vacancies. Operations were under budget by $636,000 or 0.5 percent.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the City had a net of $3.4 billion in capital assets, an increase of $253.0 million or 7.9 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 $96.8 million or 5.6 percent and capital assets, net of depreciation, for business-type increased by $156.2 million or 10.7 percent. The following table shows the net investment in capital assets by both governmental activities

City of Chattanooga's Capital Assets

(net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Non-depreciable:						
Land & Easements	$ 1,330,943	$ 1,270,476	$ 23,348	$ 23,123	$1,354,292	$ 1,293,599
Construction in progress	80,033	93,960	452,941	335,498	532,974	429,458
Depreciable:						
Buildings & Improvements	78,516	79,043	101,429	103,483	179,945	182,526
Vehicles & Machinery	48,516	39,532	88,710	99,303	137,226	138,835
Infrastructure	295,947	252,971	934,971	883,578	1,230,919	1,136,549
Right to use asset	6,488	7,678	7,691	7,928	14,179	15,606
Total	$ 1,840,442	$ 1,743,660	$ 1,609,091	$ 1,452,913	$3,449,533	$ 3,196,573

and business-type activities.

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

- Land & easements saw an increase of $60.5 million in fiscal year 2025. This was largely due to donated streets in the amount of $47.6 million. 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 $110.6 million in not yet completed Sewer projects. Construction of projects related to the sewer system's consent decree comprised the majority of the increase 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 $39.0 million while business-type activities recognized depreciation expense of $81.4 million.

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

Debt Administration

At June 30, 2025, the City had $688.5 million in long-term debt outstanding. This is a $66.0 million decrease or 8.7 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 $117.5 million; this is 1.46 percent of the assessed value of $8,032,884,545. As of year-end, EPB had $344.1 million in revenue bond debt outstanding compared to $368.8 million last year; these bonds are rated "AA+" by Fitch and "Aa1" by Moody's. CDRC had $23.5 million in revenue bonds outstanding compared to $29.7 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	
	2025	2024	2025	2024	2025	2024
General obligation bonds (backed by the City)	$ 120,159	$ 138,698	$ 8,176	$ 10,217	$ 128,335	$ 148,915
Revenue bonds (backed by specific revenues)	-	-	367,599	398,494	367,599	398,494
Notes payable and other	-	-	180,053	191,228	180,053	191,228
Leases/SBITAS	6,610	7,863	5,867	7,925	12,477	15,788
Total	$ 126,769	$ 146,561	$ 561,695	$ 607,864	$ 688,464	$ 754,425

During the year the City issued the following new debt:

- The Interceptor Sewer System drew down $1.6 million from a state revolving loan fund for EPA consent decree projects and paid $12.8 million to the state revolving loan.
- EPB issued $145.9 million in refunding bonds, which refunded $156.4 million in outstanding bond principal.
- A total of $51.4 million in debt was retired during the fiscal year; $41.0 million in bond principal payments were made with an additional $10.4 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 2026:

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 Chattanoogans

Improve local infrastructure

Build a competitive regional economy

Address racial and economic disparities in public health outcomes

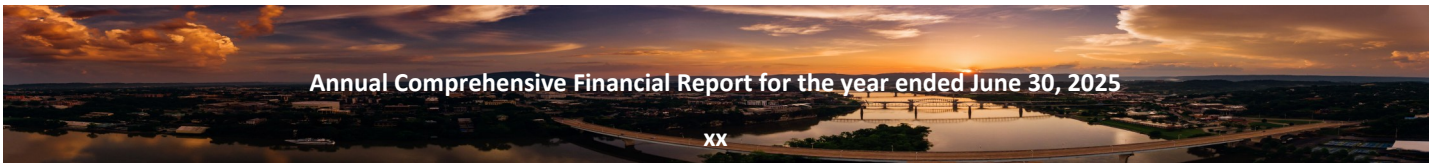
Streamline our city processes and prioritize innovative approaches to city services

The following factors were taken into account when adopting the budget for 2026:

- Anticipated revenues in the General Fund were originally passed at $345 million. The budget was subsequently amended to $390.1 million due to a new property tax rate. This is a $53.6 million or 15.9 percent increase over the previous budget. The revenue budget from property tax increased $49 million or 25.58 percent. Intergovernmental revenues increased by $3.6 million or 3.6 percent.

- Sales tax remained strong and is expected to continue to increase. State sales tax is budgeted $777,000 or 3.6 percent higher and local option sales tax is budgeted $2.6 million or 3.7 percent higher.

- Expenditures of $390.1 million reflect a $53.6 million or 12.9 percent increase over prior year budget. This budget allocates $13.35 million to capital projects, which includes $7.5 million for paving, $2 million for Parks and Outdoors deferred maintenance, and $1.6 million for fire apparatus This budget continues to build on the 24% pay raise commitment made by Mayor Kelly and Council at the beginning of this term with $23.7 million dedicated to sworn pay increases. This budget also includes staffing for 15 additional fire fighters.



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

Land Bank Authority

101 East 11th Street; Suite 101
Chattanooga, Tennessee 37402
(423) 643-7363
www.chattanooga.gov/government/economic-development/chattanooga-land-bank-authority

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2025

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 238,367,578	$ 494,289,534	$ 732,657,112	$ 20,282,596
Investments	127,057,290	147,994,698	275,051,988	-
Receivables, net of allowance for uncollectible	255,351,966	131,986,216	387,338,182	10,639,176
Internal balances	(26,867,877)	26,867,877	-	-
Certificates of deposit	-	-	-	41,000,000
Inventories	3,957,135	28,895,420	32,852,555	1,100,072
Prepaid items	4,431	11,054,000	11,058,431	1,491,193
Leases receivable, current	137,662	3,660,000	3,797,662	-
Restricted assets:				
Cash and cash equivalents	32,962,777	2,209,524	35,172,301	4,697,538
Investments	-	15,722,226	15,722,226	-
Endowment investments	7,663,355	-	7,663,355	-
Receivables	1,580	-	1,580	499,160
Other	-	931,130	931,130	-
FEMA grant receivable	-	4,998,000	4,998,000	-
Leases receivable, non-current	1,357,541	5,766,000	7,123,541	7,285,493
Equity interest in joint ventures	12,374,005	-	12,374,005	-
Land and other nondepreciable assets	1,410,975,939	476,289,694	1,887,265,633	37,555,822
Other capital assets, net of accumulated depreciation	429,466,462	1,132,801,065	1,562,267,527	179,088,320
Total assets	2,492,809,844	2,483,465,384	4,976,275,228	303,639,370
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	851,127	160,918	1,012,045	-
Deferred pension	105,419,107	38,871,534	144,290,641	3,738,354
Deferred OPEB	29,643,137	16,478,937	46,122,074	181,220
Total deferred outflows of resources	135,913,371	55,511,389	191,424,760	3,919,574
LIABILITIES				
Accounts payable and accrued liabilities	42,802,939	215,293,920	258,096,859	7,054,219
Customer deposits	-	31,085,000	31,085,000	-
Contracts payable	1,321,749	7,290,408	8,612,157	-
Unearned program revenue	62,806	-	62,806	115,310
Unearned grants revenue	14,338,661	6,660,000	20,998,661	-
Other liabilities	-	2,707,000	2,707,000	-
Long-term liabilities:				
Due within one year	24,543,363	39,292,141	63,835,504	1,944,696
Due in more than one year	533,575,844	625,058,230	1,158,634,074	32,797,976
Total liabilities	616,645,362	927,386,699	1,544,032,061	41,912,201
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	188,757,960	8,874,000	197,631,960	-
Deferred pension	3,662,872	910,941	4,573,813	763,281
Deferred OPEB	21,710,025	7,547,661	29,257,686	100,414
Deferred lease	1,411,157	9,327,000	10,738,157	7,038,954
Total deferred inflows of resources	215,542,014	26,659,602	242,201,616	7,902,649
NET POSITION				
Net investment in capital assets	1,728,022,953	1,027,152,580	2,755,175,533	200,718,316
Restricted for:				
Capital projects	119,301,069	-	119,301,069	-
Debt service reserve	-	3,862,030	3,862,030	5,196,698
Renewal and replacement	-	98,095,708	98,095,708	-
Landfill postclosure	-	5,320,754	5,320,754	-
Grant receivables	2,896,617	-	2,896,617	-
Community development	3,632,112	-	3,632,112	-
Economic development	23,386,373	-	23,386,373	-
Public improvements and waterfront	13,733,175	-	13,733,175	-
Streets	7,034,355	-	7,034,355	-
Law enforcement and narcotics	2,971,113	-	2,971,113	-
Other	297,775	-	297,775	-
Permanent endowments:				
Expendable	739,768	-	739,768	-
Nonexpendable	7,663,355	-	7,663,355	-
Unrestricted	(113,142,826)	450,499,400	337,356,574	51,829,080
Total net position	$ 1,796,535,839	$ 1,584,930,472	$ 3,381,466,311	$ 257,744,094

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, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General Government	$ 112,764,512	$ 13,529,109	$ 11,192,613	$ 6,218,969
Economic and Community Development	51,086,649	616,928	11,062,474	-
Public Safety	137,405,119	839,131	3,068,650	126,409
Public Works	77,589,552	7,078,637	8,337,535	49,046,776
Parks and Outdoors	21,797,790	3,463,794	4,473,635	29,330,400
Early Learning	19,315,629	20,781	15,548,720	-
Interest on long-term debt	3,771,229	-	-	-
Total governmental activities	423,730,480	25,548,380	53,683,627	84,722,554
Business-type activities:				
Electric utility, including fiber optics	821,134,000	858,445,000	-	7,363,000
Sewer	89,898,348	141,193,365	-	-
Solid Waste	5,962,619	6,373,708	-	-
Stormwater Management	22,661,993	37,939,407	-	-
Regional Communications	2,279,152	2,079,859	-	-
Downtown Redevelopment	1,244,627	2,310,932	-	-
Total business-type activities	943,180,739	1,048,342,271	-	7,363,000
TOTAL PRIMARY GOVERNMENT	$ 1,366,911,219	$ 1,073,890,651	$ 53,683,627	$ 92,085,554
COMPONENT UNITS				
Airport Authority	$ 34,918,257	$ 35,536,657	$ -	$ 18,517,152
Downtown Chattanooga Business Improvement District (CBID)	1,108,190	893,537	32,371	-
Transportation Authority	36,310,530	10,756,184	9,025,196	12,839,045
Land Bank Authority	28,460	59,283	-	-
TOTAL COMPONENT UNITS	$ 72,365,437	$ 47,245,661	$ 9,057,567	$ 31,356,197

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

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning, as previously reported

Change to or within financial reporting entity

Restatement - GASB 101 implementation

Net position, beginning, as restated

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (81,823,821)	$ -	$ (81,823,821)	$ -
(39,407,247)	-	(39,407,247)	
(133,370,929)	-	(133,370,929)	-
(13,126,604)	-	(13,126,604)	-
15,470,039	-	15,470,039	-
(3,746,128)	-	(3,746,128)	-
(3,771,229)	-	(3,771,229)	-
(259,775,919)	-	(259,775,919)	-
-	44,674,000	44,674,000	-
-	51,295,017	51,295,017	-
-	411,089	411,089	-
-	15,277,414	15,277,414	-
-	(199,293)	(199,293)	
-	1,066,305	1,066,305	-
-	112,524,532	112,524,532	-
(259,775,919)	112,524,532	(147,251,387)	-
-	-	-	19,135,552
-	-	-	(182,282)
-	-	-	(3,690,105)
-	-	-	30,823
-	-	-	15,293,988
181,397,153	-	181,397,153	-
7,968,904	-	7,968,904	-
10,089,218	-	10,089,218	-
8,656,046	-	8,656,046	-
4,818,495	-	4,818,495	-
1,974,046	-	1,974,046	-
92,382,672	-	92,382,672	-
23,008,260	-	23,008,260	-
1,110	-	1,110	-
5,246,956	-	5,246,956	-
7,812,302	-	7,812,302	-
17,005,356	27,155,848	44,161,204	2,076,689
-	-	-	170,298
290,076	-	290,076	3,039,080
7,369,000	(7,369,000)	-	-
368,019,594	19,786,848	387,806,442	5,286,067
108,243,675	132,311,380	240,555,055	20,580,055
1,688,292,164	1,452,802,005	3,141,094,169	237,675,218
-	(182,913)	(182,913)	182,913
-	-	-	(694,092)
1,688,292,164	1,452,619,092	3,140,911,256	237,164,039
$ 1,796,535,839	$ 1,584,930,472	$ 3,381,466,311	$ 257,744,094

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

CITY OF CHATTANOOGA, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2025

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 102,304,655	$ 96,166,107	$ 29,085,463	$ 227,556,225
Investments	63,578,542	27,594,176	13,666,280	104,838,998
Receivables, net of allowance for uncollectibles:				
Property taxes	183,352,589	-	-	183,352,589
Other taxes	13,373,675	-	1,800,241	15,173,916
Notes	5,793,216	-	5,424,767	11,217,983
Other	5,420,584	884,811	782,720	7,088,115
Due from other governments	24,575,587	180,631	10,008,094	34,764,312
Inventories	896,497	-	-	896,497
Prepaid items	4,431	-	-	4,431
Total assets	$ 399,299,776	$ 124,825,725	$ 60,767,565	$ 584,893,066
LIABILITIES				
Accounts payable and accrued liabilities:				
Accounts payable	$ 9,241,303	$ 4,140,765	$ 6,973,443	$ 20,355,511
Accrued payroll	9,171,943	-	761,125	9,933,068
Accrued pension and OPEB contributions	17,305	-	-	17,305
Other accrued liabilities	2,671	2,576	88,239	93,486
Due to other governments	748,048	-	130,947	878,995
Contracts payable	40,372	1,281,378	-	1,321,750
Unearned program revenue	62,806	-	-	62,806
Unearned grants revenue	13,552,875	99,937	685,849	14,338,661
Total liabilities	32,837,323	5,524,656	8,639,603	47,001,582
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	181,914,248	-	-	181,914,248
Unavailable revenue - PILOTS	9,958,000	-	-	9,958,000
Unavailable revenue - other local taxes	2,703,333	-	833,333	3,536,666
Unavailable revenue - shared tax revenue	10,171,417	-	557,500	10,728,917
Unavailable revenue - CDBG loans	-	-	6,751,751	6,751,751
Unavailable revenue - other	2,106,459	-	-	2,106,459
Total deferred inflows of resources	206,853,457	-	8,142,584	214,996,041
FUND BALANCES				
Nonspendable	6,772,405	-	7,663,355	14,435,760
Restricted	23,678,673	119,301,069	30,278,361	173,258,103
Committed	1,041,220	-	6,043,662	7,084,882
Assigned	97,540,266	-	-	97,540,266
Unassigned	30,576,432	-	-	30,576,432
Total fund balances	159,608,996	119,301,069	43,985,378	322,895,443
Total liabilities, deferred inflows of resources and fund balances	$ 399,299,776	$ 124,825,725	$ 60,767,565	$ 584,893,066

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, 2025

Differences in amounts reported for governmental activities in the statement of net position on page A-1:		
Fund balances - total governmental funds		$ 322,895,443
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.		1,817,610,695
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.		26,238,082
The equity interest in the joint ventures represents an interest in the capital assets of the joint venture. This interest is not a financial resource and is not reported in the funds.		12,374,005
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		93,255,072
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	$ 139,377,360	
Deferred OPEB	33,641,184	173,018,544
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.		(64,661,930)
The City's pollution remediation obligation is considered a long term obligation		(102,487)
The City's lessor leases receivable, due to the implementation of GASB 87, are considered non-current and are not reported in the funds:		
Leases receivable	1,495,202	
Accrued interest	3,959	1,499,161
Net pension liabilities are not due and payable in the current period and are not reported in the funds:		
General pension	(67,851,068)	
Fire and police pension	(251,496,665)	(319,347,733)
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	(120,159,149)	
Add net deferred refunding, issue premiums and discounts	(13,339,306)	
Leases and SBITAs	(6,610,133)	
Due to CDRC - Long-term agreement (internal balance)	(26,867,877)	
Compensated absences	(32,802,162)	
Accrued interest payable	(1,724,031)	(201,502,658)
Certain amounts related to the following are deferred and amortized over time. These are not reported in the funds:		
Deferred pension	(37,621,125)	
Deferred OPEB	(25,708,072)	
Deferred lease	(1,411,157)	(64,740,354)
Net position of governmental activities		$ 1,796,535,839

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, 2025

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 205,794,878	$ -	$ 10,996,162	$ 216,791,040
Licenses and permits	7,957,295	-	662,732	8,620,027
Intergovernmental	146,480,137	1,573,582	34,858,792	182,912,511
Charges for services	4,765,610	-	660,257	5,425,867
Fines, forfeitures and penalties	2,761,268	-	24,926	2,786,194
Investment income	15,059,999	1,743,863	1,957,514	18,761,376
Contributions and donations	275,108	576,881	-	851,989
Sale of property	333,667	-	21,575	355,242
Miscellaneous	7,728,513	-	548,010	8,276,523
Total revenues	391,156,475	3,894,326	49,729,968	444,780,769
EXPENDITURES				
Current:				
General government	93,700,435	-	7,253,590	100,954,025
Finance and administration	7,717,929	-	-	7,717,929
Economic and community development	18,246,880	-	10,582,826	28,829,706
Public safety	158,654,197	-	146,515	158,800,712
Public works	46,964,308	-	6,649,861	53,614,169
Parks and outdoors	19,902,471	-	-	19,902,471
Early Learning	3,120,535	-	15,885,294	19,005,829
Capital outlay/capital assets	-	83,363,001	-	83,363,001
Debt service:				
Principal retirement	1,472,372	164,668	18,827,189	20,464,229
Interest and fiscal charges	68,410	11,057	7,464,310	7,543,777
Total expenditures	349,847,537	83,538,726	66,809,585	500,195,848
Excess (deficiency) of revenues over (under) expenditures	41,308,938	(79,644,400)	(17,079,617)	(55,415,079)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,430,424	65,012,499	28,951,001	101,393,924
Transfers out	(81,434,048)	-	(12,590,876)	(94,024,924)
Subscription-based IT arrangements	672,300	-	-	672,300
Total other financing sources (uses)	(73,331,324)	65,012,499	16,360,125	8,041,300
Net change in fund balances	(32,022,386)	(14,631,901)	(719,492)	(47,373,779)
FUND BALANCES, beginning	191,631,382	133,932,970	44,704,870	370,269,222
FUND BALANCES, ending	$ 159,608,996	$ 119,301,069	$ 43,985,378	$ 322,895,443

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, 2025

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		$ (47,373,779)
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.		50,333,622
Depreciation expense for governmental capital assets are included in the governmental activities.		(32,011,808)
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.		76,920,186
The net effect of various transactions in which the City is the lessor due to GASB 87 to increase net position.		17,270
The increase of equity interest in joint venture is reported in the statement of activities. This gain does not use current financial resources and is not reflected in the governmental funds.		4,475,106
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	$ 18,539,050	
Principal paid - Leases and SBITAs	1,925,179	
Payment of Southside long-term agreement	4,449,328	
Bond premium amortization	2,604,719	
Deferred charge on refunding	(48,634)	
Amortization - Leases per GASB 87	(927,134)	
Amortization - SBITAs per GASB 96	(935,332)	
Change in accrued interest payable	237,354	25,844,530
Net gain of the internal service funds are reported with governmental activities.		9,651,131
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	(10,010,134)	
Change in pension expense	17,132,341	
Change in pollution remediation liability	4,355	
Change in OPEB liability	14,849,030	21,975,592
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	(1,588,175)	(1,588,175)
Change in net position of governmental activities		$ 108,243,675

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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
REVENUES				
Taxes	$ 211,757,200	$ 211,757,200	$ 205,794,878	$ (5,962,322)
Licenses and permits	7,404,500	7,404,500	7,957,295	552,795
Intergovernmental	134,778,372	134,778,372	146,480,137	11,701,765
Charges for services	4,333,161	4,333,161	4,765,610	432,449
Fines, forfeitures and penalties	1,751,600	1,751,600	2,761,268	1,009,668
Investment income	7,317,423	7,317,423	15,059,999	7,742,576
Miscellaneous	7,115,055	7,115,055	8,337,288	1,222,233
Total revenues	374,457,311	374,457,311	391,156,475	16,699,164
EXPENDITURES				
General government	61,831,088	80,085,666	74,707,760	(5,377,906)
Executive	12,090,290	12,154,850	12,086,669	(68,181)
Finance and administration	7,718,071	7,718,071	7,717,929	(142)
Human resources	4,259,675	4,259,675	3,827,708	(431,967)
Community development	10,265,062	10,265,062	9,615,251	(649,811)
Police	92,754,178	92,754,178	91,729,917	(1,024,261)
Fire	66,924,683	66,924,683	66,924,279	(404)
Public works	48,142,132	48,142,132	47,393,955	(748,177)
Parks and outdoors	21,026,571	21,026,571	19,902,470	(1,124,101)
Early learning	3,284,592	3,284,592	3,120,535	(164,057)
City planning	993,186	993,186	729,546	(263,640)
Equity and community engagement	1,722,297	1,722,297	1,614,075	(108,222)
Economic development	10,160,993	10,160,993	8,631,630	(1,529,363)
Innovation delivery and performance	2,328,892	2,009,754	1,845,813	(163,941)
Total expenditures	343,501,710	361,501,710	349,847,537	(11,654,173)
Excess of revenues over expenditures	30,955,601	12,955,601	41,308,938	28,353,337
OTHER FINANCING SOURCES (USES)				
Transfers in	61,424	61,424	7,430,424	7,369,000
Transfers out	(69,378,054)	(81,285,554)	(81,434,048)	(148,494)
Subscription-based IT arrangements	-	-	672,300	672,300
Total other financing sources (uses)	(69,316,630)	(81,224,130)	(73,331,324)	7,892,806
Net change in fund balances	(38,361,029)	(68,268,529)	(32,022,386)	36,246,143
FUND BALANCES, beginning	191,631,382	191,631,382	191,631,382	-
FUND BALANCES, ending	$ 153,270,353	$ 123,362,853	$ 159,608,996	$ 36,246,143

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, 2025

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds							
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment	Regional Communications	Total	
ASSETS								
Current Assets:								
Cash and cash equivalents	$ 289,216,000	$ 123,052,108	$ 3,378,837	$ 62,242,022	$ 9,810,945	$ 6,589,622	$ 494,289,534	$ 43,774,128
Investments	41,457,000	53,304,352	-	53,233,346	-	-	147,994,698	29,881,647
Receivables:								
Customer service	89,956,000	24,234,323	11,843	8,590,512	-	-	122,792,678	3,743,509
Other	-	9,910,033	352,473	822,551	58,169	11,749	11,154,975	-
Less allowance for doubtful accounts	(1,820,000)	(13,971,636)	(100)	(5,077,770)	-	-	(20,869,506)	-
Inventories	24,991,000	3,904,420	-	-	-	-	28,895,420	3,060,638
Due from other governments	-	18,908,069	-	-	-	-	18,908,069	9,165
Prepaid items	11,053,000	-	-	-	-	1,000	11,054,000	-
Leases receivable, current	3,660,000	-	-	-	-	-	3,660,000	-
Total current assets	458,513,000	219,341,669	3,743,053	119,810,661	9,869,114	6,602,371	817,879,868	80,469,087
Noncurrent Assets:								
Restricted Assets:								
Cash and cash equivalents	-	-	-	2,209,524	-	-	2,209,524	-
Investments	-	-	11,860,000	-	3,862,226	-	15,722,226	-
Due from long-term agreement	-	-	-	-	26,867,877	-	26,867,877	-
Other	902,000	-	28,787	343	-	-	931,130	-
Total restricted assets	902,000	-	11,888,787	2,209,867	30,730,103	-	45,730,757	-
FEMA grant receivable	4,998,000	-	-	-	-	-	4,998,000	-
Leases receivable, non-current	5,766,000	-	-	-	-	-	5,766,000	-
Capital Assets:								
Land	6,597,000	12,865,980	1,624,426	2,215,429	45,541	-	23,348,376	-
Construction in progress	91,063,000	357,323,908	190,815	4,363,595	-	-	452,941,318	282,270
Buildings	61,266,000	86,240,863	4,256,693	11,471,503	927,723	-	164,162,782	5,797,446
Equipment	72,066,000	47,502,898	5,221,706	3,123,322	261,285	12,293,159	140,468,370	10,199,669
Vehicles	-	7,186,337	2,431,798	5,992,413	-	-	15,610,548	56,315,296
Infrastructure	995,060,000	587,350,135	9,652,223	79,571,981	-	-	1,671,634,339	-
Right to use leased assets, net of amortization	758,000	-	-	-	-	-	758,000	-
Right to use subscription assets, net of amortization	6,933,000	-	-	-	-	-	6,933,000	-
	1,233,743,000	1,098,470,121	23,377,661	106,738,243	1,234,549	12,293,159	2,475,856,733	72,594,681
Less accumulated depreciation	(392,614,000)	(412,302,666)	(14,087,842)	(35,593,079)	(736,847)	(11,431,540)	(866,765,974)	(49,762,974)
Net capital assets	841,129,000	686,167,455	9,289,819	71,145,164	497,702	861,619	1,609,090,759	22,831,707
Total noncurrent assets	852,795,000	686,167,455	21,178,606	73,355,031	31,227,805	861,619	1,665,585,516	22,831,707
Total assets	1,311,308,000	905,509,124	24,921,659	193,165,692	41,096,919	7,463,990	2,483,465,384	103,300,794
DEFERRED OUTFLOWS OF RESOURCES								
Deferred refunding	9,000	13,322	31,860	5,390	101,346	-	160,918	-
Deferred pension	31,354,000	4,477,919	156,275	2,687,693	-	195,647	38,871,534	-
Deferred OPEB	12,050,000	2,653,071	138,376	1,524,440	-	113,050	16,478,937	-
Total deferred outflows of resources	43,413,000	7,144,312	326,511	4,217,523	101,346	308,697	55,511,389	-

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, 2025

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds							
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Redevelopment	Regional Communications	Total	
LIABILITIES								
Current liabilities:								
Accounts payable and accrued liabilities:								
Accounts payable	$ 163,846,000	$ 48,946,835	$ 232,216	$ 495,446	$ 2,533	$ 16,123	$ 213,539,153	$ 9,597,090
Accrued payroll	-	788,358	57,963	491,628	-	26,395	1,364,344	203,454
Other accrued liabilities	-	75,978	11,391	111,799	191,255	-	390,423	-
Current maturities of long-term liabilities:								
Bonds payable	14,955,000	118,863	637,114	1,310,247	6,455,000	-	23,476,224	-
Notes payable	-	11,424,851	-	-	-	-	11,424,851	-
Compensated absences	196,000	187,775	10,088	144,950	-	9,662	548,475	26,528
Landfill postclosure costs	-	-	347,591	-	-	-	347,591	-
Lease liability	319,000	-	-	-	-	-	319,000	-
Subscription liabilities	3,176,000	-	-	-	-	-	3,176,000	-
Contracts payable	-	7,290,408	-	-	-	-	7,290,408	-
Unearned revenue	6,660,000	-	-	-	-	-	6,660,000	-
Total current liabilities	189,152,000	68,833,068	1,296,363	2,554,070	6,648,788	52,180	268,536,469	9,827,072
Long-term liabilities:								
Bonds payable	357,804,000	153,464	331,701	6,812,938	17,084,000	-	382,186,103	-
Notes payable	-	168,627,687	-	-	-	-	168,627,687	-
Compensated absences	395,000	1,547,671	83,146	1,194,700	-	79,633	3,300,150	218,650
OPEB liability	3,999,000	5,787,267	301,846	3,325,329	-	246,601	13,660,043	-
Pension liability	30,558,000	10,818,792	377,565	6,493,547	-	472,688	48,720,592	-
Landfill postclosure costs	-	-	6,191,655	-	-	-	6,191,655	-
Customer deposits	31,085,000	-	-	-	-	-	31,085,000	-
Lease liabilities	480,000	-	-	-	-	-	480,000	-
Subscription liabilities	1,892,000	-	-	-	-	-	1,892,000	-
Other noncurrent liabilties	2,707,000	-	-	-	-	-	2,707,000	-
Total long-term liabilities	428,920,000	186,934,881	7,285,913	17,826,514	17,084,000	798,922	658,850,230	218,650
Total liabilities	618,072,000	255,767,949	8,582,276	20,380,584	23,732,788	851,102	927,386,699	10,045,722
DEFERRED INFLOWS OF RESOURCES								
Deferred refunding	8,874,000	-	-	-	-	-	8,874,000	-
Deferred pension	-	542,614	18,937	325,683	-	23,707	910,941	-
Deferred OPEB	4,304,000	1,943,055	101,343	1,116,468	-	82,795	7,547,661	-
Deferred lease	9,327,000	-	-	-	-	-	9,327,000	-
Total deferred inflows of resources	22,505,000	2,485,669	120,280	1,442,151	-	106,502	26,659,602	-
NET POSITION								
Net investment in capital assets	453,638,000	498,565,504	8,352,864	65,236,892	497,701	861,619	1,027,152,580	22,831,707
Restricted for renewal and replacement	-	93,579,872	202,382	4,206,074	-	107,380	98,095,708	-
Restricted for landfill postclosure	-	-	5,320,754	-	-	-	5,320,754	-
Restricted for debt service	-	-	-	-	3,862,030	-	3,862,030	-
Unrestricted	260,506,000	62,254,442	2,669,614	106,117,514	13,105,746	5,846,084	450,499,400	70,423,365
Total net position	$ 714,144,000	$ 654,399,818	$ 16,545,614	$ 175,560,480	$ 17,465,477	$ 6,815,083	$ 1,584,930,472	$ 93,255,072

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, 2025

	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	
OPERATING REVENUES									
Charges for services:									
Electric	$ 659,990,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 659,990,000	$ -
Fiber optic	179,992,000	-	-	-	-	-	-	179,992,000	-
Sewer	-	128,171,912	-	-	-	-	-	128,171,912	-
Waste disposal	-	-	6,272,102	-	-	-	-	6,272,102	-
Water quality	-	-	-	33,552,876	-	-	-	33,552,876	-
Lease rental revenue	-	-	-	-	1,531,882	-	-	1,531,882	-
Parking garage	-	-	-	-	779,050	-	-	779,050	-
Regional Communications Services	-	-	-	-	-	1,838,193	-	1,838,193	-
Back Tax Sale Surplus	-	-	-	-	-	-	-	-	-
Other services	18,463,000	11,322,650	62,465	1,500	-	241,666	-	30,091,281	74,251,564
Other	-	1,216,848	42	4,379,298	-	-	-	5,596,188	9,523,724
Total operating revenues	858,445,000	140,711,410	6,334,609	37,933,674	2,310,932	2,079,859	-	1,047,815,484	83,775,288
OPERATING EXPENSES									
Power purchases	504,098,000	-	-	-	-	-	-	504,098,000	-
Other electic operations	114,208,000	-	-	-	-	-	-	114,208,000	-
Fiber optic operations	108,336,000	-	-	-	-	-	-	108,336,000	-
Sewer plant operations	-	72,667,744	-	-	-	-	-	72,667,744	-
Waste disposal operations	-	-	4,809,794	-	-	-	-	4,809,794	-
Closure/postclosure costs	-	-	584,803	-	-	-	-	584,803	-
Stormwater operations	-	-	-	20,093,686	-	-	-	20,093,686	-
Parking garage operations	-	-	-	-	426,759	-	-	426,759	-
Regional Communication Services	-	-	-	-	-	1,408,006	-	1,408,006	-
Fleet operations	-	-	-	-	-	-	-	-	17,581,848
Liability insurance	-	-	-	-	-	-	-	-	990,457
Health services	-	-	-	-	-	-	-	-	50,964,166
Technology replacement	-	-	-	-	-	-	-	-	520,266
Risk management	-	-	-	-	-	-	-	-	3,293
Depreciation	63,095,000	14,386,900	568,022	2,423,476	77,148	871,146	-	81,421,692	5,106,377
Other	11,553,000	-	-	-	12,024	-	-	11,565,024	-
Total operating expenses	801,290,000	87,054,644	5,962,619	22,517,162	515,931	2,279,152	-	919,619,508	75,166,407
OPERATING INCOME (LOSS)	57,155,000	53,656,766	371,990	15,416,512	1,795,001	(199,293)	-	128,195,976	8,608,881

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	$ 18,713,000	$ 4,390,653	$ 409,293	$ 3,381,371	$ 261,531	$ -	$ -	$ 27,155,848	$ -
Interest expense	(12,298,000)	(2,824,704)	-	(144,831)	(728,696)	-	-	(15,996,231)	-
Other income	(183,000)	481,955	39,099	5,733	-	-	-	343,787	1,042,250
Other expense	(7,363,000)	(19,000)	-	-	-	-	-	(7,382,000)	-
Total nonoperating revenues (expenses)	(1,131,000)	2,028,904	448,392	3,242,273	(467,165)	-	-	4,121,404	1,042,250
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	56,024,000	55,685,670	820,382	18,658,785	1,327,836	(199,293)	-	132,317,380	9,651,131
Capital contributions	7,363,000	-	-	-	-	-	-	7,363,000	-
Tax equivalent/Transfers out	(7,369,000)	-	-	-	-	-	-	(7,369,000)	-
CHANGE IN NET POSITION	56,018,000	55,685,670	820,382	18,658,785	1,327,836	(199,293)	-	132,311,380	9,651,131
NET POSITION, beginning	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
CHANGE TO OR WITHIN FINANCIAL REPORTING ENTITY	-	-	-	-	-	-	(182,913)	(182,913)	-
NET POSITION, as restated	658,126,000	598,714,148	15,725,232	156,901,695	16,137,641	7,014,376	-	1,452,619,092	83,603,941
NET POSITION, ending	$ 714,144,000	$ 654,399,818	$ 16,545,614	$ 175,560,480	$ 17,465,477	$ 6,815,083	$ -	$ 1,584,930,472	$ 93,255,072

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, 2025

	Business-type Activities - Enterprise Funds							
			Major Funds					Governmental Activities - Internal Service Fund
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Development	Communications	Total	
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	$ 858,890,631	$ 129,012,542	$ 1,373,499	$ 37,113,590	$ 2,268,479	$ 1,059,477	$ 1,029,718,218	$ 83,859,908
Receipts from interfund services provided	3,968,369	1,526,826	4,700,000	863,629	-	1,014,747	12,073,571	-
Receipts from operating grants	-	-	62,465	-	-	-	62,465	-
Payments to suppliers	(648,619,000)	(22,560,904)	(4,215,547)	(8,101,231)	(438,784)	(742,525)	(684,677,991)	(65,509,554)
Payments to employees	(67,123,000)	(17,644,771)	(660,081)	(12,726,235)	-	(456,662)	(98,610,749)	(4,487,460)
Payments in lieu of taxes	(18,006,000)	-	-	-	-	-	(18,006,000)	-
Net cash from operating activities	129,111,000	90,333,693	1,260,336	17,149,753	1,829,695	875,037	240,559,514	13,862,894
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Principal paid on capital debt	(14,285,000)	(12,878,619)	(614,818)	(1,305,914)	(6,150,000)	-	(35,234,351)	-
Payments made to escrow agent	(158,045,000)	-	-	-	-	-	(158,045,000)	-
Interest paid on capital debt	(15,080,000)	(2,840,230)	(56,520)	(342,220)	(881,676)	-	(19,200,646)	-
Line of credit	(17,000)	-	-	-	-	-	(17,000)	-
Proceeds from capital debt	158,568,000	1,583,081	-	-	4,449,328	-	164,600,409	-
Bond issuance costs	(566,000)	-	-	-	-	-	(566,000)	-
Capital grants and contributions	9,316,000	-	-	-	-	-	9,316,000	-
(Additions) Subtractions to capital assets	(132,450,000)	(112,461,403)	(400,705)	(4,792,293)	-	-	(250,104,401)	(7,775,226)
Proceeds from sale of capital assets	-	-	-	5,733	-	-	5,733	16,166
Premium on debt	-	-	-	-	-	-	-	(77,946)
Net cash flows used in capital and related financing activities	(152,559,000)	(126,597,171)	(1,072,043)	(6,434,694)	(2,582,348)	-	(289,245,256)	(7,837,006)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of investments	(40,000,000)	(28,233,500)	(11,867,790)	(18,276,386)	(37,425,441)	-	(135,803,117)	(19,881,647)
Proceeds from sales and maturities of investments	116,711,000	85,350,133	12,015,463	18,205,672	37,359,180	-	269,641,448	-
Interest	11,927,000	4,390,653	409,293	3,381,371	261,531	-	20,369,848	-
Net cash flows from investing activities	88,638,000	61,507,286	556,966	3,310,657	195,270	-	154,208,179	(19,881,647)
Net increase (decrease) in cash and cash equivalents	65,190,000	25,243,808	745,259	14,025,716	(557,383)	875,037	105,522,437	(13,855,759)
Cash and cash equivalents, beginning of year	224,026,000	97,808,300	2,633,578	50,425,830	10,368,328	5,714,585	390,976,621	57,629,887
Cash and cash equivalents, end of year	$ 289,216,000	$ 123,052,108	$ 3,378,837	$ 64,451,546	$ 9,810,945	$ 6,589,622	$ 496,499,058	$ 43,774,128

(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, 2025

	Business-type Activities - Enterprise Funds							
	Major Funds							Governmental Activities - Internal Service Fund
	EPB	Interceptor Sewer System	Solid Waste	Stormwater Management	Downtown Development	Communications	Total	
(Continued from previous page)								
CLASSIFIED AS:								
Current assets	$ 289,216,000	$ 123,052,108	$ 3,378,837	$ 62,242,022	$ 9,810,945	$ 6,589,622	$ 494,289,534	$ 43,774,128
Restricted assets	-	-	-	2,209,524	-	-	2,209,524	-
	$ 289,216,000	$ 123,052,108	$ 3,378,837	$ 64,451,546	$ 9,810,945	$ 6,589,622	$ 496,499,058	$ 43,774,128
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES								
OPERATING INCOME (LOSS)	$ 57,155,000	$ 53,656,766	$ 371,990	$ 15,416,512	$ 1,795,001	$ (199,293)	$ 128,195,976	$ 8,608,881
ADJUSTMENTS NOT AFFECTING CASH								
Depreciation and amortization	64,466,000	14,386,900	568,022	2,423,476	77,148	871,146	82,792,692	5,106,377
Miscellaneous nonoperating expenses	5,400,000	-	-	-	-	-	5,400,000	-
Tax equivalents transferred to City	(7,075,000)	-	-	-	-	-	(7,075,000)	-
Provision for uncollectible accounts	-	697,484	-	1,896,836	-	-	2,594,320	-
(Increase) decrease in:								
Accounts receivable	(4,093,000)	(11,351,484)	(198,646)	(1,872,995)	(42,454)	(5,634)	(17,564,213)	(295,845)
Due from other funds	-	-	-		-	-	-	1,535
Due from other governments	-	-	-	19,704	-	-	19,704	-
Inventory	1,957,000	(245,785)	-		-	-	1,711,215	318,285
Leases receivables and payables	(722,000)	-	-		-	-	(722,000)	-
Subscription liabilities	(2,810,000)	-	-		-	-	(2,810,000)	-
Prepaid Items	(4,528,000)	-	-		-	-	(4,528,000)	-
Increase (decrease) in:								
Accounts payable	14,755,000	30,533,973	(95,916)	31,843	-	7,587	45,232,487	(858,822)
Accrued liabilities	-	381,104	623,402	61,472	-	5,438	1,071,416	-
Other assets/liabilities	2,262,000	2,151,789	26,541	(404,479)	-	180,220	4,216,071	1,040,715
Net pension liability	2,081,000	-	(157,435)	(610,001)	-	-	1,313,564	-
OPEB liability	263,000	-	122,378	5,890	-	-	391,268	-
Compensated absences	-	122,946	-	181,495	-	15,573	320,014	(58,832)
Total adjustments	71,956,000	36,676,927	888,346	1,733,241	34,694	1,074,330	112,363,538	5,253,413
Net cash from operating activities	$ 129,111,000	$ 90,333,693	$ 1,260,336	$ 17,149,753	$ 1,829,695	$ 875,037	$ 240,559,514	$ 13,862,294

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, 2025

	Other Postemployment Benefits and Pension Trust Fund
ASSETS	
Investments:	
Corporate bonds and notes	$ 6,843,431
Corporate stocks	107,647,638
Foreign equity	66,035,300
US equity	12,353,000
Mutual funds - money market	12,277,000
Private debt	5,881,776
Mutual funds - equity	390,623,975
Mutual funds - fixed income	197,102,305
Real estate	51,729,252
Hedge funds	82,444,951
Private equity	45,988,373
Temporary investments	47,819,307
Alternative funds	24,687,000
Receivables:	
Accrued income	527,224
Due from plan custodian	1,137,494
Total assets	1,053,098,026
LIABILITIES	
Accounts payable and accrued liabilities:	
Accrued expense	212,573
Due to plan custodian	623,488
Total liabilities	836,061
NET POSITION	
Net position restricted for OPEB	216,334,543
Net position restricted for pensions	835,927,422
Total net position	$ 1,052,261,965

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, 2025

	Other Postemployment Benefits and Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	$ 94,631,143
Plan member	10,602,700
Other	102,450
Total contributions	105,336,293
Investment income:	
Net appreciation in fair value of investments	77,491,780
Interest	231,870
Dividends	17,541,942
	95,265,592
Less investment expense	(1,324,581)
Net investment income	93,941,011
Total additions	199,277,304
DEDUCTIONS	
Benefits paid to participants	81,924,785
Administrative expenses	1,582,700
Total deductions	83,507,485
CHANGE IN NET POSITION	115,769,819
NET POSITION -as previously reported	918,932,863
Error Correction	17,559,283
NET POSITION -as restated	936,492,146
NET POSITION - ending	$ 1,052,261,965

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, 2025

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District	Chattanooga Land Bank Authority	Total
ASSETS					
Cash and cash equivalents	$ 18,748,595	$ 866,251	$ 446,904	$ 220,846	$ 20,282,596
Accounts receivable, net	5,783,554	4,763,214	92,408	-	10,639,176
Inventories	86,762	1,013,310	-	-	1,100,072
Certificates of deposit	41,000,000	-	-	-	41,000,000
Prepaid items	660,178	827,760	3,255	-	1,491,193
Restricted assets:					
Cash and cash equivalents	4,697,538	-	-	-	4,697,538
Receivables	499,160	-	-	-	499,160
Lease receivable	6,814,887	470,606	-	-	7,285,493
Land and other nondepreciable assets	33,960,884	3,594,938	-	-	37,555,822
Other capital assets, net of accumulated depreciation	146,843,679	32,115,871	128,770	-	179,088,320
Total assets	259,095,237	43,651,950	671,337	220,846	303,639,370
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	1,346,035	2,392,319	-	-	3,738,354
Deferred OPEB outflows	80,941	100,279	-	-	181,220
Total deferred outflows of resources	1,426,976	2,492,598	-	-	3,919,574
LIABILITIES					
Accounts payable and accrued liabilities	4,039,800	2,931,735	75,574	7,110	7,054,219
Unearned revenue	115,310	-	-	-	115,310
Net pension obligation	3,231,184	13,002,202	-	-	16,233,386
Net OPEB obligation	176,565	391,157	-	-	567,722
Compensated absences payable	541,664	1,474,074	-	-	2,015,738
Lease payable	-	-	98,081	-	98,081
Notes payable	162,104	-	-	-	162,104
Revenue bonds payable	15,665,641	-	-	-	15,665,641
Total liabilities	23,932,268	17,799,168	173,655	7,110	41,912,201
DEFERRED INFLOWS OF RESOURCES					
Leases	6,607,558	431,396	-	-	7,038,954
Deferred OPEB inflows	59,280	41,134	-	-	100,414
Deferred pension inflows	170,702	592,579	-	-	763,281
Total deferred inflows of resources	6,837,540	1,065,109	-	-	7,902,649
NET POSITION					
Net investment in capital assets	164,976,818	35,710,809	30,689	-	200,718,316
Restricted					
Debt service and construction	5,196,698	-	-	-	5,196,698
Unrestricted	59,578,889	(8,430,538)	466,993	213,736	51,829,080
Total net position	$ 229,752,405	$ 27,280,271	$ 497,682	$ 213,736	$ 257,744,094

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, 2025

		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	Chattanooga Land Bank Authority	Total
CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY									
Airport operations	$ 34,918,257	$ 35,536,657	$ -	$ 18,517,152	$ 19,135,552	$ -	$ -	$ -	$ 19,135,552
DOWNTOWN CHATTANOOGA BUSINESS IMPROVEMENT DISTRICT (CBID)									
CBID operations	1,108,190	893,537	32,371	-	-	-	(182,282)	-	(182,282)
CARTA									
CARTA operations	36,310,530	10,756,184	9,025,196	12,839,045	-	(3,690,105)	-	-	(3,690,105)
CHATTANOOGA LAND BANK AUTHORITY									
Land Bank operations	28,460	59,283	-	-	-	-	-	30,823	30,823
Total component units	$ 72,365,437	$ 47,245,661	$ 9,057,567	$ 31,356,197	19,135,552	(3,690,105)	(182,282)	30,823	15,293,988
		General revenues:							
		Investment income			2,042,982	33,707	-	-	2,076,689
		Gain on disposal of property			-	3,039,080	-	-	3,039,080
		Miscellaneous			7,358	37,465	125,475	-	170,298
		Total general revenues			2,050,340	3,110,252	125,475	-	5,286,067
		CHANGE IN NET POSITION			21,185,892	(579,853)	(56,807)	30,823	20,580,055
		Net position, beginning, as previously reported			208,566,513	28,554,216	554,489	-	237,675,218
		Change to or within financial reporting entity			-	-	-	182,913	182,913
		Restatement - GASB 101 implementation			-	(694,092)	-	-	(694,092)
		Net position, beginning, as restated			208,566,513	27,860,124	554,489	182,913	237,164,039
		Net position, ending			$ 229,752,405	$ 27,280,271	$ 497,682	$ 213,736	$ 257,744,094

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

NOTES TO BASIC
FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

		Page
Note 1	Summary of Significant Accounting Policies	A-19
Note 2	Cash and Investments	A-27
Note 3	Receivables	A-31
Note 4	Capital Assets	A-32
Note 5	Long-Term Liabilities	A-34
Note 6	Pension and Other Postemployment Benefit Trusts Funds	A-40
Note 7	Pension and Other Postemployment Benefit Obligations	A-55
Note 8	Interfund Transfers / Internal Balance	A-83
Note 9	Fund Balance	A-83
Note 10	Risk Management	A-85
Note 11	Endowments	A-85
Note 12	Tax Abatements	A-86
Note 13	Commitments and Contingencies	A-87
Note 14	Segment Information	A-90
Note 15	Joint Venture	A-91
Note 16	Leases	A-93
Note 17	Subscription-Based Information Technology Arrangements	A-95
Note 18	Change in Financial Reporting Entity and Error Correction	A-96
Note 19	Subsequent Events	A-97

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

The City reports the following discretely-presented component units:

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

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

(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

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. Separately issued financial statements can be obtained from:

City Hall – Finance & Administration Department
101 E. 11th Street, Suite 101
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 four discretely-presented component units. The Chattanooga Metropolitan Airport Authority, the Chattanooga Area Regional Transit Authority, the Downtown Chattanooga Business Improvement District, nor the Chattanooga Land Bank Authority 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 long-term agreement, 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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Measurement Focus and Basis of Accounting

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

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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Cash and Cash Equivalents

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

Investments

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

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 $10,000 ($25,000 for software, $50,000 for infrastructure) and an estimated useful life of two 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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City reports deferred gains on refunding and deferred contributions and differences between projected and actual earnings/experience/assumptions 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 outflows for pension and OPEB plans include deferred contributions that were made during the fiscal year but are after the measurement date of the actuarial report and differences in projected and actual earnings, experience, and/or assumptions These amounts will be recognized during a future 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 five 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. (5) For leases, the City is a lessor and the revenue will be recognized when the lease receivable payments are received.

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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

<u>Revenues, Expenditures/Expenses</u>

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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

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

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

Indirect Costs

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

Compensated Absences

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

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

Proprietary Funds Operating and Non-operating Revenues and Expenses

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

Estimates

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

NOTE 2. CASH AND INVESTMENTS

Cash Deposits with Financial Institutions

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

Investments

The City utilizes a pooled investment concept. The City's investment policy with respect to the cash and investment pool is to maximize investment earnings while maintaining an acceptable level of risk. At June 30, 2025, investments of the primary government (except for Permanent, Restricted, Pension Trust and Other Postemployment Benefits Trust Funds) consist of the following:

	Weighted Average Maturity (Years)	Fair Value or Carrying Amount
Primary Government – Governmental Activities:		
U.S. Government agency securities	3.12	$ 127,057,290
Primary Government – Business-Type Activities:		
U.S. Treasury bonds	1.00	$ 44,155,789
U.S. Government agency securities	2.45	119,561,135
		$ 163,716,924

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

	S&P or Moody's Rating	Fair Value Measurements Using: Fair Value	Level 1
Primary Government – Governmental Activities:			
Corporate Bonds – Federal Home Loan Bank	AA+	$ 26,052,849	$ 26,052,849
Corporate Bonds – Federal Farm Credit Bank	AA+	26,122,794	26,122,794
Corporate Bonds – Federal Home Mortgage Corp.	AA+	33,962,132	33,962,132
Corporate Bonds – Federal National Mtg. Assn.	AA+	40,919,515	40,919,515
		$ 127,057,290	$ 127,057,290

	S&P or Moody's Rating	Fair Value Measurements Using: Fair Value	Level 1
Primary Government – Business-Type Activities:			
US Treasury Bonds	AA+	$ 44,155,789	$ 44,155,789
Corporate Bonds – Federal Home Loan Bank	AA+	29,089,265	29,089,265
Corporate Bonds – Federal Farm Credit Bank	AA+	25,693,865	25,693,865
Corporate Bonds – Federal Home Mortgage Corp.	AA+	8,968,513	8,968,513
Corporate Bonds – Federal National Mtg Assn.	AA+	55,247,141	55,247,141
Corporate Bonds – Federal Agricultural Mtg Corp.	AA+	562,351	562,351
		$ 163,716,924	$ 163,716,924

(Continued)

NOTE 2. CASH AND INVESTMENTS (Continued)

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 fair 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 fair 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. Tennessee Code Annotated (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	$ 4,627,383	$ 4,627,383	$ -
Mutual funds – fixed income	Not rated	2,540,931	2,540,931	-
Other investments	Not rated	363,882	-	363,882
Temporary investments	Not rated	131,159	131,159	-
		$ 7,663,355	$ 7,299,473	$ 363,882

	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	89,225,362	89,225,362	-
Foreign equity	Not rated	2,931,886	2,931,886	-
Private debt	Not rated	5,253,324	5,253,324	-
Mutual funds – equity	Not rated	85,382,630	85,382,630	-
Mutual funds – fixed income	Not rated	74,442.306	74,442,306	-
Real estate	Not rated	30,179,092	-	30,179,092
Hedge funds	Not rated	67,817,349	-	67,817,349
Private equity	Not rated	314,447	-	314,447
Temporary investments	Not rated	32,548,212	32,548,212	-
		$ 388,094,672	$ 289,783,784	$ 98,310,888
Fire and Police Pension Fund				
Corporate bonds and notes	Not rated	$ 6,843,367	$ 6,843,367	$ -
Foreign equity	Not rated	55,279,873	55,279,873	-
Mutual funds – equity	Not rated	175,724,876	175,724,876	-
Mutual funds – fixed income	Not rated	70,095,234	70,095,234	-
Real estate	Not rated	16,089,341	-	16,089,341
Private equity	Not rated	40,730,639	-	40,730,639
Temporary investments	Not rated	2,790,521	2,790,521	-
		$ 367,553,851	$ 310,733,871	$ 56,819,980
Other Postemployment Benefit Trust Fund				
Corporate stocks	Not rated	$ 18,422,276	$ 18,422,276	$ -
Foreign equity	Not rated	1,710,541	1,710,541	-
Private debt	Not rated	628,452	628,452	-
Mutual funds – equity	Not rated	92,503,469	92,503,469	-
Mutual funds – fixed income	Not rated	27,608,765	27,608,765	-
Real estate	Not rated	5,460,819	-	5,460,819
Hedge funds	Not rated	14,627,602	-	14,627,602
Private equity	Not rated	4,943,287	-	4,943,287
Temporary investments	Not rated	12,480,574	12,480,574	-
		$ 178,385,785	$ 153,354,077	$ 25,031,708

(Continued)

NOTE 2. CASH AND INVESTMENTS (Continued)

	S&P or Moody's Rating	Fair Value	Fair Value Measurements Using: Level 1	Level 2	Level 3
Electric Power Board (EPB)					
Pension Plan Trust Fund					
Cash and money market funds	Not rated	$ 11,856,000	$ 11,856,000	$ -	$ -
Fixed income funds	Baa1 to Baa3	1,721,000	-	1,721,000	-
Fixed income funds	Ba1 to Ba3	1,162,000	-	1,162,000	-
Fixed income funds	Aa1 to Aa3	72,000	-	72,000	-
Fixed income funds	A1 to A3	1,124,000	-	1,124,000	-
Fixed income funds	Not rated	12,541,000	-	12,541,000	-
Equity mutual funds	Not rated	37,013,000	37,013,000	-	-
Alternative funds	Not rated	14,569,000	-	-	14,569,000
		$ 80,058,000	$ 48,869,000	$ 16,620,000	$ 14,569,000

	S&P or Moody's Rating	Fair Value	Level 1	Level 2	Level 3
EPB – Other Postemployment					
Benefit Trust Fund					
Cash and money market funds	Not rated	$ 421,000	$ 421,000	$ -	$ -
Fixed income funds	Baa1 to Baa3	825,000	-	825,000	-
Fixed income funds	Ba1 to Ba3	358,000	-	358,000	-
Fixed income funds	A1 to A3	529,000	-	529,000	-
Fixed income funds	Not rated	6,624,000	-	6,624,000	-
US equity funds	Not rated	12,353,000	12,353,000	-	-
International equity	Not rated	6,113,000	6,113,000	-	-
Non-traditional	Not rated	10,118,000	-	-	10,118,000
		$ 37,341,000	$ 18,887,000	$ 8,336,000	$ 10,118,000

At June 30, 2025, the fair values of the City's investments in items classified as Level 2 and Level 3 on the fair value hierarchy totaling $215,600,458 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					
	General	Capital Projects	Other Governmental	Internal Service	Business-Type Activities	Total
Primary Government						
Receivables:						
Taxes	$ 186,654,969	$ -	$ -	$ -	$ -	$ 186,654,969
Accounts	13,373,675	-	1,800,241	-	-	15,173,916
Notes	5,793,216	-	6,261,932	-	-	12,055,148
Customer service	-	-	-	3,743,509	122,792,678	126,536,187
Other	5,420,584	884,811	782,720	-	11,154,975	18,243,090
Restricted	-	-	-	-	4,998,000	4,998,000
Leases	1,499,160	-	-	-	9,426,000	10,925,160
Intergovernmental	24,575,587	180,631	10,008,094	9,165	18,908,069	53,681,546
Gross receivables	237,317,191	1,065,442	18,852,987	3,752,674	167,279,722	428,268,016
Less:						
Allowance for uncollectibles	(3,302,380)	-	(837,165)	-	(20,869,506)	(25,009,051)
Net receivables	$ 234,014,811	$ 1,065,442	$ 18,015,822	$3,752,674	$146,410,216	$ 403,258,965

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 $3,302,380 is the weighted average percentage of prior year collections on delinquent taxes to the total delinquent taxes receivable at June 30, 2025.

Community Development Loans

Notes receivable of $6,261,932 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 $837,165.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions/ Transfers In	Deductions/ Transfers Out	Ending Balance
PRIMARY GOVERNMENT				
Governmental Activities:				
Non-depreciable assets:				
Land and land improvements	$ 1,270,475,502	$ 60,467,906	$ -	$ 1,330,943,408
Construction in progress	93,960,259	40,553,394	54,481,122	80,032,531
Total non-depreciable assets	1,364,435,761	101,021,300	54,481,122	1,410,975,939
Depreciable assets:				
Buildings and improvements	237,416,695	6,700,560	-	244,117,255
Vehicles and machinery	191,478,535	17,509,276	3,617,901	205,369,910
Infrastructure	939,243,467	64,356,969	-	1,003,600,436
Leased buildings	6,637,413	-	-	6,637,413
Leased SBITA	4,247,542	672,300	-	4,919,842
Total depreciable assets	1,379,023,652	89,239,105	3,617,901	1,464,644,856
Less accumulated depreciation for:				
Buildings and improvements	158,373,639	7,227,661	-	165,601,300
Vehicles and machinery	151,946,079	8,509,862	3,601,734	156,854,207
Infrastructure	686,272,600	21,380,663	-	707,653,263
Leased buildings	1,471,187	927,134	-	2,398,321
Leased SBITA	1,735,971	935,332	-	2,671,303
Total accumulated depreciation	999,799,476	38,980,652	3,601,734	1,035,178,394
Depreciable assets, net	379,224,176	50,258,453	16,167	429,466,462
Governmental activities capital assets, net	$ 1,743,659,937	$ 151,279,753	$ 54,497,289	$ 1,840,442,401
Business-Type Activities				
Non-depreciable assets:				
Land	$ 23,123,463	$ 224,915	$ -	$ 23,348,378
Construction in progress	335,497,541	133,617,549	16,173,774	452,941,316
Total non-depreciable assets	358,621,004	133,842,464	16,173,774	476,289,694
Depreciable assets:				
Buildings and improvements	163,789,816	2,379,968	2,007,000	164,162,784
Vehicles and machinery	163,943,670	11,200,041	19,064,793	156,078,918
Sewer	587,238,821	111,316	-	587,350,137
Solid waste system	9,553,299	98,924	-	9,652,223
Stormwater management system	74,089,517	5,482,464	-	79,571,981
Electric system	829,969,000	72,744,000	24,326,000	878,387,000
Communication system	103,847,000	21,796,000	8,970,000	116,673,000
Leased towers	621,000	-	140,000	481,000
Leased printers	658,000	-	446,000	212,000
Leased postage meters	664,000	1,000	122,000	543,000
Leased virtual storage equipment	2,704,000	-	860,000	1,844,000
Leased SBITA	11,078,000	6,350,000	652,000	16,776,000
Total depreciable assets	1,948,156,123	120,163,713	56,587,793	2,011,732,043

(Continued)

NOTE 4. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions/ Transfers In	Deductions/ Transfers Out	Ending Balance
Business-Type Activities (Continued)				
Less accumulated depreciation for:				
Buildings and improvements	$ 79,286,634	$ 4,636,374	$ 2,007,000	$ 81,916,008
Vehicles and machinery	112,183,099	8,773,675	11,871,793	109,084,981
Sewer	303,648,964	10,692,162	-	314,341,126
Solid waste system	5,223,230	319,819	-	5,543,049
Stormwater management system	22,501,151	1,663,663	-	24,164,814
Electric system	263,376,000	32,350,000	25,815,000	269,911,000
Communication system	59,848,000	17,958,000	16,001,000	61,805,000
Leased towers	175,000	48,000	137,000	86,000
Leased printers	519,000	40,000	443,000	116,000
Leased postage meters	352,000	121,000	102,000	371,000
Leased virtual storage equipment	2,010,000	567,000	828,000	1,749,000
Leased SBITA	4,741,000	5,622,000	520,000	9,843,000
Total accumulated depreciation	853,864,078	82,791,693	57,724,793	878,930,978
Depreciable assets, net	1,094,292,045	37,372,020	(1,137,000)	1,132,801,065
Business-type activities capital assets, net	$ 1,452,913,049	$ 171,214,484	$ 15,036,774	$ 1,609,090,759

Depreciation/Amortization expense is charged to functions as follows:

Primary Government – Governmental Activities:	
General Government	$ 6,564,358
Public Safety	7,189,572
Economic Development	1,508,461
Public Works	23,389,703
Parks Management	199,181
Early Learning	80,993
City Planning	6,336
Innovation, Delivery, & Performance	42,048
Total	$ 38,980,652
Primary Government – Business-Type Activities:	
Sewer	$ 14,386,900
Solid Waste	568,022
Stormwater	2,423,476
Tennessee Valley Regional Communications	871,146
Downtown Redevelopment	77,148
Electric Utility	63,095,000
Total	$ 81,421,692
Discretely Presented Component Units:	
CARTA	$ 5,807,948
Airport Authority	10,876,275
Downtown Chattanooga Business Improvement District	19,733
Total	$ 16,703,956

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 2025, this auto depreciation was equal to the $1.4 million difference.

NOTE 5. LONG-TERM LIABILITIES

Governmental Activities

Debt related to governmental activities at June 30, 2025, 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:

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2025
General Obligation Bonds, Series 2013	$ 19,355,000	2.00% - 5.00%	10/01/28	$ 5,245,000
Hotel-Motel Tax Pledge, Series 2013	7,420,000	2.00% - 5.00%	10/01/28	2,005,000
General Obligation Refunding Bonds, Series 2014 A	13,792,100	1.75% - 5.00%	11/01/26	1,393,555
Hotel-Motel Tax Refunding Bonds, Series 2014 A	3,961,340	1.75% - 5.00%	11/01/26	401,007
General Obligation Bonds, Series 2015 A	28,245,000	5.00%	09/01/30	11,280,000
General Obligation Refunding Bonds, Series 2015 B	18,955,000	3.00% - 5.00%	11/01/28	8,790,000
General Obligation Bonds, Series 2017 A	8,200,000	5.00%	03/01/31	3,270,000
General Obligation Refunding Bonds, Series 2017 B	12,640,000	3.00% - 5.00%	03/01/26	2,330,000
General Obligation Bonds, Series 2019 A	20,156,711	5.00%	02/01/34	12,089,587
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	8,715,000
General Obligation Refunding Bonds, Series 2021 B	9,515,000	5.00%	10/01/31	4,260,000
Hotel-Motel Tax Refunding Bonds, Series 2021 B	12,560,000	5.00%	10/01/27	8,060,000
General Obligation Bonds, Series 2023	41,995,000	5.00% - 7.00%	10/01/43	40,145,000
Total payable from Debt Service Fund	$ 228,110,151			$ 120,159,149

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 Chattanoogan - 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 Chattanoogan 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 $7,031,676, of which $6,150,000 was a reduction of principal. The debt service reserve fund held by the fiscal agent at June 30, 2025 is $3,819,963. The fiscal agent is required by the agreement to apply any interest on the debt service reserve fund toward the long-term agreement 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 agreement.

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

Per GASB 61, CDRC is reported as a blended component unit presented as a business-type activity. The long term agreement in governmental activities and 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, 2025, 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.

The Electric Power Board has pledged sufficient revenue, after deductions of all current operating expenses, to meet bond principal and interest payments, when due.

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

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2025
Electric Power Board				
2015 A Electric System Revenue Bonds	$ 218,855,000	2.88%-5.00%	09/01/33	$ 12,485,000
2015 B Electric System Revenue Bonds	15,355,000	0.70%-3.38%	09/01/25	1,520,000
2015 C Electric System Revenue Bonds	25,880,000	4.00%-5.00%	09/01/40	950,000
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
2025 Electric System Refunding Revenue Bonds	145,900,000	5.00%	09/01/40	145,900,000
Interceptor Sewer System				
General Obligation Refunding Bonds, Series 2014A	2,343,620	1.75%-5.00%	11/01/26	237,082
Solid Waste Fund				
General Obligation Refunding Bonds, Series 2014A	4,674,278	1.75%-5.00%	11/01/26	472,049
General Obligation Refunding Bonds, Series 2017B	2,155,000	3.00%-5.00%	03/01/26	400,000
Stormwater Fund				
General Obligation Bonds, Series 2013	5,245,000	2.00%-5.00%	10/01/28	1,420,000
General Obligation Refunding Bonds, Series 2014A	1,153,663	1.75%-5.00%	11/01/26	116,307
General Obligation Bonds, Series 2015A	8,100,000	5.00%	09/01/30	3,240,000
General Obligation Refunding Bonds, Series 2017B	615,000	3.00%-5.00%	03/01/26	115,000
General Obligation Bonds, Series 2019 A	3,628,289	5.00%	02/01/34	2,175,413
Chattanooga Downtown Redevelopment Corporation				
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/01/28	23,539,000
2018C IDB Rev Refunding 2010 Bonds Taxable	28,200,000	3.90%	10/01/24	-
Total payable from Business-type Activities	$ 677,544,850			$ 375,774,851

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

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, 2025 to be paid from Interceptor Sewer Fund 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, 2025 to be paid from Interceptor Sewer Fund is $4,863,355.

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, 2025 to be paid from Interceptor Sewer Fund is $12,307,146.

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, 2025 to be paid from Interceptor Sewer Fund is $20,400,588.

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, 2025 to be paid from Interceptor Sewer Fund is $41,627,167.

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, 2025 to be paid from Interceptor Sewer Fund is $36,365,554.

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, 2025 to be paid from Interceptor Sewer Fund is $40,025,559.

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, 2025 to be paid from Interceptor Sewer Fund is $17,544,120.

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, 2025 to be paid from Interceptor Sewer Fund is $6,919,049.

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, 2025, the City has not drawn down any funds from this agreement.

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

Component Units

Component Units debt at June 30, 2025, consisted of the following:

Description	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2025
Revenue Bonds				
Metropolitan Airport Authority				
2020 Tax Exempt Garage	$ 16,250,000	2.29%	07/10/41	$ 12,992,127
2020 Taxable Garage	8,750,000	2.87%	07/10/41	2,673,514
	25,000,000			15,665,641
Note Payable				
Metropolitan Airport Authority				
Total note payable	754,000	0.00%	04/01/27	162,104
Lease Payable				
Downtown Chattanooga Business Improvement District				
Toal lease payable	65,632	4.44%	01/31/26	98,081
Total payable from Component Units	$ 25,819,632			$ 15,925,826

Refunding

During fiscal year 2025, 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, 2025, the remaining liabilities for the bonds refunded were as follows.

Year Refunded	Primary Government
2011	$ 10,340,000
2014	2,619,998
2015	8,790,000
2017	2,845,000
2021	12,320,000

Changes in long-term liabilities for the fiscal year ended June 30, 2025, were as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Primary Government					
GOVERNMENTAL ACTIVITIES					
General obligation serial bonds	$ 138,698,199	$ -	$ 18,539,050	$ 120,159,149	$ 19,133,778
Leases/SBITA payable	7,863,013	672,300	1,925,180	6,610,133	1,751,376
Accrued pollution remediation costs	106,842	16,479	20,832	102,489	82,487
Accrued postemployment benefits	63,646,438	1,015,492	-	64,661,930	-
Accrued general pension costs	72,410,647	-	4,559,579	67,851,068	-
Accrued fire and police pension costs	273,644,341	-	22,147,676	251,496,665	-
Compensated absences	23,096,038	34,669,102	24,717,800	33,047,340	3,575,722
Original issue premium	16,795,152	-	2,604,719	14,190,433	-
Total governmental activities	$ 596,260,670	$ 36,373,373	$ 74,514,836	$ 558,119,207	$ 24,543,363

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
BUSINESS-TYPE ACTIVITIES					
EPB:					
Revenue bonds	$ 368,805,000	$145,900,000	$170,645,000	$ 344,060,000	$ 14,955,000
Lease payable	1,590,000	42,000	833,000	799,000	319,000
SBITA payable	6,335,000	6,350,000	7,617,000	5,068,000	3,176,000
Accrued postemployment benefits	6,519,000	-	2,520,000	3,999,000	-
Accrued pension costs	32,884,000	-	2,326,000	30,558,000	-
Compensated absences	562,000	29,000	-	591,000	196,000
Original issue premium	34,132,000	12,718,000	18,151,000	28,699,000	-
	450,827,000	165,039,000	202,092,000	413,774,000	18,646,000
Interceptor Sewer System:					
General obligation serial bonds	357,300	-	120,218	237,082	118,863
Notes payable	191,227,857	1,583,081	12,758,400	180,052,538	11,424,851
Accrued postemployment benefits	3,688,254	2,099,013	-	5,787,267	-
Accrued general pension costs	10,072,970	745,822	-	10,818,792	-
Compensated absences	1,612,500	1,766,472	1,643,526	1,735,446	187,775
Original issue premium	52,868	-	17,623	35,245	-
	207,011,749	6,194,388	14,539,767	198,666,370	11,731,489
Solid Waste Fund:					
General obligation serial bonds	1,486,867	-	614,818	872,049	637,114
Accrued landfill closure costs	5,971,949	584,803	17,506	6,539,246	347,591
Accrued postemployment benefits	190,008	111,838	-	301,846	-
Accrued general pension costs	535,000	-	157,435	377,565	-
Compensated absences	56,449	136,615	99,830	93,234	10,088
Original issue premium	177,293	-	80,527	96,766	-
	8,417,566	833,256	970,116	8,280,706	994,793
Stormwater Management Fund:					
General obligation serial bonds	8,372,634	-	1,305,914	7,066,720	1,310,247
Accrued postemployment benefits	3,319,439	5,890	-	3,325,329	-
Accrued general pension costs	7,103,548	-	610,001	6,493,547	-
Compensated absences	1,158,156	1,243,992	1,062,498	1,339,650	144,950
Original issue premium	1,254,665	-	198,200	1,056,465	-
	21,208,442	1,249,882	3,176,613	19,281,711	1,455,197
Tennessee Valley Regional Communication Systems Fund:					
Accrued postemployment benefits	127,535	119,066	-	249,601	-
Accrued general pension costs	317,766	154,922	-	472,688	-
Compensated absences	73,722	59,834	44,261	89,295	9,662
	519,023	333,822	44,261	808,584	9,662
Chattanooga Downtown Redevelopment Corporation:					
Revenue bonds	29,689,000	-	6,150,000	23,539,000	6,455,000
Total business-type activities	$ 717,672,780	$ 173,650,348	$ 226,972,757	$ 664,350,371	$ 39,292,141

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

	Balance July 1, 2024	Additions	Reductions	Due Within June 30, 2025	One Year
Discretely-Presented Component Units					
Airport Authority:					
Revenue bonds	$ 16,858,557	$ -	$ 1,192,916	$ 15,665,641	$ 1,207,332
Note payable	269,568	-	107,464	162,104	107,465
Accrued postemployment benefits	302,918	-	126,353	176,565	-
Accrued general pension costs	3,150,698	80,486	-	3,231,184	-
Compensated absences	495,470	46,194	-	541,664	23,225
	21,077,211	126,680	1,426,733	19,777,158	1,338,022
CARTA:					
Accrued postemployment benefits	179,867	19,832	37,006	162,693	-
Accrued postemployment benefits - LGOP	92,581	136,744	861	228,464	-
Accrued general pension costs	13,575,314	4,043,530	4,616,642	13,002,202	-
Compensated absences	1,273,906	200,168	-	1,474,074	589,630
	15,121,668	4,400,274	4,654,509	14,867,433	589,630
CBID:					
Lease payable	21,420	96,394	19,733	98,081	17,044
	21,420	96,394	19,733	98,081	17,044
Total component units	$ 36,220,299	$ 4,623,348	$ 6,100,975	$ 34,742,672	$ 1,944,696

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

	Primary Government			
	Governmental Activities		Business-Type Activities	
Year	Principal	Interest	Principal	Interest
2026	$ 19,133,778	$ 5,509,463	$ 34,901,075	$ 18,518,098
2027	17,022,360	4,549,201	34,346,431	17,313,571
2028	14,708,288	3,772,481	34,642,491	16,098,601
2029	14,703,288	3,138,568	32,936,611	14,861,828
2030	10,953,288	2,512,327	29,690,838	13,668,581
2031-2035	24,643,147	6,984,328	155,204,628	51,479,750
2036-2040	10,555,000	3,431,519	146,152,568	26,268,103
2041-2044	8,440,000	844,000	87,952,746	5,219,980
	$ 120,159,149	$ 30,741,887	$ 555,827,388	$ 163,428,512

	Component Units	
Year	Principal	Interest
2026	$ 1,314,797	$ 359,599
2027	1,315,488	328,146
2028	1,293,117	295,878
2029	1,326,221	262,774
2030	1,355,815	228,811
2031-2035	4,250,153	817,236
2036-2040	4,765,229	302,158
2041	206,925	498
	$ 15,827,745	$ 2,595,100

(Continued)

NOTE 5. LONG-TERM LIABILITIES (Continued)

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

	Primary Government					
	Governmental Activities		Business-Type Activities		Component Units	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,751,376	$ 136,969	$ 3,423,000	$ 57,000	$ 17,044	$ 3,647
2027	1,431,956	99,824	2,108,000	46,000	17,867	3,238
2028	803,676	69,343	64,000	9,000	19,108	2,420
2029	136,475	56,098	49,000	8,000	20,413	1,545
2030	142,385	53,034	51,000	60,000	23,649	618
2031-2035	763,530	216,496	172,000	10,000	-	-
2036-2040	882,836	126,588	-	-	-	-
2041-2044	697,899	27,721	-	-	-	-
	$ 6,610,133	$ 786,073	$ 5,867,000	$ 190,000	$ 98,081	$ 11,468

NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS

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

1) 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.

a) 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.

Plan membership - Pension plan membership as of January 1, 2025, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,393
Inactive plan members entitled to but not yet receiving benefits	191
Active plan members	1,623
Total	3,207

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.

(Continued)

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

General Pension Plan (Continued)

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, 2024 valuation, for the year ended June 30, 2025, is 20.94% of projected payroll. The active member contribution rate was 2% of payroll.

b) 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, 2025:

Asset Class	Target Allocation
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	0.5
Total	100.0%

Rate of return - For the year ended June 30, 2025, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 9.4 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

c) Net Pension Liability

The components of the net pension liability of the City at June 30, 2025 were as follows:

Total pension liability	$ 470,736,102
Plan fiduciary net position	(388,064,051)
Net pension liability	$ 82,672,051
Plan fiduciary net position as a percentage of the total pension liability	82.44%

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2025 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025:

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.

(Continued)

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

General Pension Plan (Continued)

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, 2025 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:

Asset Class	Long-Term Expected Real Rate of Return*
US large cap equity	8.3%
US small cap equity	9.4
International equity	9.0
US core fixed income	5.3
US high yield fixed income	6.8
International fixed developed	4.3
Private debt	8.7
Equity hedge funds	6.6
Diversified hedge funds	6.6
Private equity	12.1
Private real estate	7.6
Cash	3.6

*Arithmetic mean

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GPP net pension liability	$ 136,873,594	$ 82,672,051	$ 37,142,989

2) Fire and Police Pension Fund

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.

(Continued)

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

Fire and Police Pension Fund (Continued)

a) 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 full-time administrative staff that oversees daily operations.

Plan membership – Pension plan membership as of January 1, 2025, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	833
Inactive plan members entitled to but not yet receiving benefits	66
Active plan members	798
Total	1,697

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, 2015, 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.

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.

(Continued)

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

Fire and Police Pension Fund (Continued)

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, 2024, valuation, for the year ended June 30, 2025, is 49.69% of projected payroll. The active member contribution rate was 11% of payroll.

b) 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, 2025:

Asset Class	Target Allocation
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, 2025, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 11.17 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

c) Net Pension Liability

The components of the net pension liability of the City at June 30, 2025 were as follows:

Total pension liability	$ 583,341,554
Plan fiduciary net position	(367,805,371)
Net pension liability	$ 215,536,183
Plan fiduciary net position as a percentage of the total pension liability	63.05%

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025:

Inflation	2.50 percent
Salary increases	2.75 percent – 3.25 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%.

(Continued)

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

Fire and Police Pension Fund (Continued)

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, 2025 (see the discussion of the pension plan's investment policy) are summarized in the table below:

Asset Class	Long-Term Expected Real Rate of Return*
Domestic large cap	5.9%
Domestic mid cap	6.5
Domestic small cap	6.7
Developed international	6.2
Domestic fixed income	1.9
Emerging markets	7.4
Private debt	9.7
Real estate	3.5
Timber	3.5
Farmland	6.4

*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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
CFPPF net pension liability	$ 283,562,627	$ 215,536,183	$ 158,737,883

3) Electric Power Board of Chattanooga Retirement Plan

a) Plan Description

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.

(Continued)

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

Electric Power Board of Chattanooga Retirement Plan (Continued)

Employees covered by benefit terms – The following employees were covered by the benefit terms as of June 30, 2025:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	197
Active plan members	476
	692

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.

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.

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 17.7% of annual covered payroll as of August 1, 2024.

b) Plan Investments

Asset Class	Target Allocation
Domestic equity	25 – 40 %
International equity	12 – 24
Fixed income	15 – 30
Real estate	0 – 45
Cash	0

c) Net Pension Liability

The components of the net pension liability for EPB at June 30, 2025 were as follows:

Total pension liability	$ 110,616,000
Plan fiduciary net position	(80,058,000)
Net OPEB liability	$ 30,558,000
Plan fiduciary net position as a percentage of the total OPEB liability	72.37%

(Continued)

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

Electric Power Board of Chattanooga Retirement Plan (Continued)

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of August 1, 2024, 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 for the Pension expense determination were based on the RP-2014 Mortality Table with MP-2021 generation improvements. The employee benefit amounts were based on the UP-1984 Mortality Table for Males and Females.

The actuarial assumptions used in the August 1, 2024 valuation were based on the results of an actuarial experience study for the period August 1, 2021 - July 31, 2024.

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:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.5%
International equity	6.0
Fixed income	3.5
Real estate	6.0
Cash	2.0

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.

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	$ 49,455,000	$ 30,558,000	$ 14,971,000

4) 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.

(Continued)

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

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

a) 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, 2025, the date of the valuation, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,247
Active plan members	2,434
Total	3,681

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 10.17 percent of the total covered payroll of participants. All obligations are liquidated from the OPEB trust.

b) 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, 2025:

Asset Class	Target Allocation
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	5.0
Total	100.0%

(Continued)

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

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

Rate of return - For the year ended June 30, 2025, the annual money-weighted rate of return on OPEB investments, net of OPEB plan investment expense, was 11.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

c) OPEB Liability

The components of the net OPEB liability of the City at June 30, 2025 were as follows:

Total OPEB liability	$ 210,813,582
Plan fiduciary net position	(178,993,545)
Net OPEB liability	$ 31,820,037
Plan fiduciary net position as a percentage of the total OPEB liability	84.91%

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of January 1, 2025 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025:

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	5.20 percent
Single equivalent interest rate	6.75 percent
Healthcare cost trend rate	6.50 percent to 4.50 percent, including inflation
Year of ultimate trend	2033

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, 2025 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, 2025 valuation were based on a review of recent plan experience done concurrently with the January 1, 2025 valuation.

(Continued)

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

Other Postemployment Benefits Plan (OPEB) - Trust (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:

Asset Class	20-yr Expected Real Rate of Return
US equity – mid/large cap	8.29 %
US equity - small cap	9.35
International equity	8.96
Core fixed income	5.28
High yield fixed income	6.82
International fixed income	4.29
E.M. debt	6.87
Private debt	8.71
Equity hedge funds	6.57
Diversified hedge funds	6.57
Private equity	12.14
Real estate	7.59

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:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	$ 51,719,365	$ 31,820,037	$ 14,329,361

(Continued)

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

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

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 (5.50% decreasing to 3.50% for pre-Medicare and Medicare eligible) or 1-percentage point higher (7.50% decreasing to 5.50% for pre-Medicare and Medicare eligible) than the current healthcare cost trend rates. The current healthcare cost trend rates are 6.50% decreasing to 4.50% for pre-Medicare and Medicare eligible.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	$ 11,720,825	$ 31,820,037	$ 55,223,819

Alternative measurement method – January 1, 2025 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, 2025 from the prior measurement date of June 30, 2024 adds the normal cost (also called the service cost) for the fiscal year 2025, 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, 2025, as shown in the following:

	Total OPEB Liability Roll Forward
Total OPEB Liability as of June 30, 2024	$ 210,787,319
Actual benefit payment and refunds for July 1, 2024 – June 30, 2025	(10,461,245)
Interest on TOL	13,875,077
Service cost for the period July 1, 2024 – June 30, 2025 at the end of period	4,879,928
Experience	(8,267,497)
Total OPEB liability rolled forward to June 30, 2025	$ 210,813,582

5) Other Postemployment Benefits - EPB

a) Plan Description

Plan administration - 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.

Employees covered by Benefit terms - At June 30, 2025, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	436
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	728
	1,171

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.

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 2025 are as shown in the table below.

(Continued)

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

Other Postemployment Benefits – EPB (Continued)

	Retirement After March 1, 1991 Years of Service/Percent of Contributions				
Category	5-9/85%	10-14/75%	15-19/55%	20-24/35%	25+/15%
Pre-Age 35, EPO					
Individual	$ 807.84	$ 712.80	$ 522.72	$ 332.64	$ 142.56
Employee +1	1,624.66	1,433.52	1,051.25	668.98	286.70
Family	2,432.50	2,146.32	1,573.97	1,001.62	429.26
Pre-age 65, PPO					
Individual	646.27	570.24	418.18	266.11	114.05
Employee +1	1,292.54	1,140.48	836.35	532.22	228.10
Family	1,938.81	1,710.72	1,254.53	798.33	342.15
Age 65 & Over					
Individual	129.66	118.22	87.71	57.20	26.69
Spouse	129.66	118.22	87.71	57010	26.69

EPB's contributions are calculated based on claims actually paid under the plan, which were 3.7% of annual covered payroll as of June 30,2025.

b) Plan Investments

Asset Class	Target Allocation
Domestic equity	25 – 40 %
International equity	12 – 24
Fixed income	15 – 30
Real estate	0 – 45
Cash	0

c) OPEB Liability

The components of the net OPEB liability of the City at June 30, 2025 were as follows:

Total OPEB liability	$ 38,445,000
Plan fiduciary net position	(34,446,000)
Net OPEB liability	$ 3,999,000
Plan fiduciary net position as a percentage of the total OPEB liability	89,60%

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

Healthcare cost trend - active	6.5 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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 – June 30, 2024.

(Continued)

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

Other Postemployment Benefits – EPB (Continued)

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:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.5 %
International equity	6.0
Fixed income	3.5
Real estate	6.0
Cash	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.

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:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB liability (asset)	$ 8,599,000	$ 3,999,000	$ 131,000

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 (6.0% to 3.0%)	Healthcare Trend Rate (7.0% to 4.0%)	1% Increase (8.0% to 5.0%)
Net OPEB liability (asset)	$ (559,000)	$ 3,999,000	$ 9,663,000

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, 2024.

(Continued)

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

6) Combining Statements of Pension and OPEB Trust

a) Combining Statement of Pension and OPEB Trust Net Position

	General Pension Plan	Fire and Police Pension Plan	OPEB	EPB Pension	EPB OPEB	Total
ASSETS						
Receivables:						
Accrued income	$ 181,952	$ 251,520	$ 93,752	$ -	$ -	$ 527,224
Due from plan custodian	-	-	1,137,494	-	-	1,137,494
Total receivables	181,952	251,520	1,231,246	-	-	1,664,718
Investments:						
Corporate bonds and notes	64	6,843,367	-	-	-	6,843,431
Corporate stocks	89,225,362	-	18,422,276	-	-	107,647,638
Foreign equity	2,931,886	55,279,873	1,710,541	-	6,113,000	66,035,300
US Equity	-	-	-	-	12,353,000	12,353,000
Mutual funds – money market	-	-	-	11,856,000	421,000	12,277,000
Private debt	5,253,324	-	628,452	-	-	5,881,776
Mutual funds – equity	85,382,630	175,724,876	92,503,469	37,013,000	-	390,623,975
Mutual funds – fixed income	74,442,306	70,095,234	27,608,765	16,620,000	8,336,000	197,102,305
Real estate	30,179,092	16,089,341	5,460,819	-	-	51,729,252
Hedge funds	67,817,349	-	14,627,602	-	-	82,444,951
Private equity	314,447	40,730,639	4,943,287	-	-	45,988,373
Temporary investments	32,548,212	2,790,521	12,480,574	-	-	47,819,307
Alternative funds	-	-	-	14,569,000	10,118,000	24,687,000
Total investments	388,094,672	367,553,851	178,385,785	80,058,000	37,341,000	1,051,433,308
Total assets	388,276,624	367,805,371	179,617,031	80,058,000	37,341,000	1,053,098,026
LIABILITIES						
Accrued expenses	212,573	-	-	-	-	212,573
Due to plan custodian	-	-	623,488	-	-	623,488
Total liabilities	212,573	-	623,488	-	-	836,061
NET POSITION RESTRICTED FOR PENSIONS AND OPEB	$ 388,064,051	$ 367,805,371	$ 178,993,543	$ 80,058,000	$ 37,341,000	$1,052,261,965

b) Combining Statement of Changes in Plan Net Position

	General Pension Plan	Fire and Police Pension Plan	OPEB	EPB Pension	EPB OPEB	Total
ADDITIONS						
Contributions:						
Employer	$ 19,541,102	$ 47,731,357	$ 17,358,684	$ 10,000,000	$ -	$ 94,631,143
Employee	1,863,936	5,968,707	2,770,057	-	-	10,602,700
Other	-	102,450	-	-	-	102,450
Total contributions	21,405,038	53,802,514	20,128,741	10,000,000	-	105,336,293
Investment income:						
Net appreciation in fair value of investments	27,452,258	25,646,195	15,304,327	6,822,000	2,267,000	77,491,780
Interest	-	231,870	-	-	-	231,870
Dividends	6,176,879	6,106,577	3,149,486	1,322,000	787,000	17,541,942
	33,629,137	31,984,642	18,453,813	8,144,000	3,054,000	95,265,592
Less investment expense	(637,882)	(206,687)	(121,012)	(236,000)	(123,000)	(1,324,581)
Net investment income (loss)	32,991,255	31,777,955	18,332,801	7,908,000	2,931,000	93,941,011
Total additions	54,396,293	85,580,469	38,461,542	17,908,000	2,931,000	199,277,304
DEDUCTIONS						
Benefits paid to participants	29,000,260	35,000,224	13,231,301	4,688,000	5,000	81,924,785
Administrative expenses	195,964	1,258,973	83,763	13,000	31,000	1,582,700
Total deductions	29,196,224	36,259,197	13,315,064	4,701,000	36,000	83,507,485
NET CHANGE	$ 25,200,069	$ 49,321,272	$ 25,146,478	$ 13,207,000	$ 2,895,000	$ 115,769,819

(Continued)

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

Combining Statements of Pension and OPEB Trust (Continued)

	General Pension Plan	Fire and Police Pension Plan	OPEB	EPB Pension	EPB OPEB	Total
NET POSITION RESTRICTED FOR PENSIONS AND OPEB						
Beginning of year – as previously reported	$ 362,863,982	$ 318,484,099	$ 136,287,782	$ 66,851,000	$ 34,446,000	$ 918,932,863
Error correction	-	-	17,559,283	-	-	17,559,283
Beginning of year - restated	362,863,982	318,484,099	153,847,065	66,851,000	34,446,000	936,492,146
End of year	$ 388,064,051	$ 367,805,371	$ 178,993,543	$ 80,058,000	$ 37,341,000	$1,052,261,965

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.

Please note that the EPB Pension amounts reported in Note 7 are prior year information, whereas the financial statements present current year information.

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 6/30/2023	$ 1,059,050,586	$ 673,810,144	$ 385,240,442
Changes for the year:			
Service cost	23,520,378	-	23,520,378
Interest expense	69,950,624	-	69,950,624
Experience losses (gains)	(5,620,056)	-	(5,620,056)
Changes of assumptions	21,073,174	-	21,073,174
Contributions – city	-	51,063,981	(51,063,981)
Contributions – members	-	7,119,573	(7,119,573)
Net investment income	-	66,613,542	(66,613,542)
Benefits paid	(62,519,094)	(62,519,094)	-
Plan administrative expenses	-	(1,210,734)	1,210,734
Other	-	183,876	(183,876)
Net changes	46,405,026	61,251,144	(14,846,118)
Balances at 6/30/2024	$ 1,105,455,612	$ 735,061,288	$ 370,394,324

(Continued)

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

	Component Units Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2023	$ 51,582,390	$ 34,618548	$ 16,963,842
Changes for the year:			
Service cost	1,591,437	-	1,591,437
Interest expense	3,456,596	-	3,456,596
Experience losses (gains)	75,031	-	75,031
Changes in assumptions	437,612	-	437,612
Contributions – city	-	2,495,126	(2,495,126)
Contributions – members	-	391,730	(391,730)
Net investment income	-	3,497,172	(3,497,172)
Benefits paid	(3,314,930)	(3,314,930)	-
Plan administrative expenses	-	(92,897)	92,897
Net changes	2,245,746	2,976,201	(730,455)
Balances at 6/30/2024	$ 53,828,136	$ 37,594,749	$ 16,233,387

	Primary Government			
	General City Pension Plan	Fire & Police Pension Plan	EPB Pension Plan	Totals
Net pension liability	$ 86,013,659	$ 251,496,665	$ 32,884,000	$ 370,394,324
Deferred pension outflows				
Contributions	18,833,600	47,731,357	1,500,000	68,064,957
Change in assumptions	8,714,874	10,890,836	15,843,000	35,448,710
Difference between expected and actual experience	8,282,814	20,652,646	13,740,000	42,675,460
Net difference between projected and actual earnings on pension plan investments	-	-	4,678,000	4,678,000
	35,831,288	79,274,839	35,761,000	150,867,127
Deferred pension inflows				
Change in assumptions	-	143,802	-	143,802
Difference between expected and actual experience	4,314,000	116,010	-	4,430,010
Net difference between projected and actual earnings on pension plan investments	230,065	1,939,429	-	2,169,494
	4,544,065	2,199,241	-	6,743,306
Pension expense	$ 18,648,106	$ 37,295,930	$ 9,800,000	$ 65,744,036

(Continued)

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

	Component Units		
	CARTA Pension Plan	General Airport Pension Plan	Totals
Net pension liability	$ 13,002,202	$ 3,231,185	$ 16,233,387
Deferred pension outflows			
Contributions	1,446,385	707,502	2,153,887
Change in assumptions	521,049	327,382	848,431
Difference between expected and actual experience	318,012	311,151	629,163
Net difference between projected and actual earnings on pension plan investments	106,873	-	106,873
	2,392,319	1,346,035	3,738,354
Deferred pension inflows			
Difference between expected and actual experience	592,579	162,059	754,638
Net difference between projected and actual earnings on pension plan investments	-	8,643	8,643
	592,579	170,702	763,281
Pension expense	2,235,001	700,614	2,935,618

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

The following is a summary of each of these plans:

1) City of Chattanooga General Pension Plan

a) 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)

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.

(Continued)

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

City of Chattanooga General Pension Plan (Continued)

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

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

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, 2024, 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.

b) Net Pension Liability

The City's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024, rolled-forward to June 30, 2024 using standard roll forward techniques.

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.

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 Pub-2010 mortality tables, projected generationally using MP-2021 Projection Scale with adjustments for healthy retirees, contingent annuitants and active members.. The 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, 2012, dated October 16, 2023. The investment rate of return was decreased from 7.00% to 6.75% 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 (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.

(Continued)

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

City of Chattanooga General Pension Plan (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US large cap equity	25.0%	8.7%
US small cap equity	5.0	9.7
International equity	10.0	9.4
US core fixed income	16.0	4.9
US high yield fixed income	4.5	7.0
International fixed developed	6.0	3.8
Private debt	5.0	8.9
Equity hedge funds	7.5	6.5
Diversified hedge funds	7.5	6.5
Private equity	3.0	12.8
Private real estate	10.0	7.5
Cash	0.5	3.2
	100.0%	

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.

c) Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2023	$ 435,056,596	$ 341,465,967	$ 93,590,629
Changes for the year:			
Service cost	9,546,892	-	9,546,892
Interest expense	28,448,596	-	28,448,596
Changes of assumptions	12,086,786	-	12,086,786
Difference between expected and actual experience	(5,838,225)	-	(5,838,225)
Contributions – city	-	17,988,874	(17,988,874)
Contributions – members	-	1,709,090	(1,709,090)
Net investment income	-	29,116,997	(29,116,997)
Benefits paid	(27,191,820)	(27,191,820)	-
Plan administrative expenses	-	(225,127)	225,127
Net changes	17,052,229	21,398,014	(4,345,785)
Balances at 6/30/2024	$ 452,108,825	$ 362,863,981	$ 89,244,844

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)

City of Chattanooga General Pension Plan (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	$ 140,913,289	$ 89,244,844	$ 45,797,417

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.

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

For the year ended June 30, 2024, the City recognized pension expense of $18,648,106 with an additional $700,617 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	$ 18,833,600	$ 707,502	$ 19,541,102
Difference between expected and actual experience	8,282,814	311,151	8,593,965
Change of assumptions	8,714,874	327,382	9,042,256
Total deferred outflow of resources	$ 35,831,288	$ 1,346,035	$ 37,177,323

Deferred inflows of resources related to pensions are as follows:

	Primary Government	Airport Authority	Total
Difference between expected and actual experience	$ 4,314,000	$ 162,059	$ 4,476,059
Net difference between projected and actual earnings on pension plan investments	230,065	8,643	238,708
Total deferred inflow of resources	$ 4,544,065	$ 170,702	$ 4,714,767

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

	Primary Government	Airport Authority	Total
Year ended June 30,			
2025	$ 2,980,127	$ 111,951	$ 3,092,078
2026	9,068,336	340,661	9,408,997
2027	1,625,046	61,046	1,686,092
2028	(1,219,886)	(45,827)	(1,265,713)
	$ 12,453,623	$ 467,831	$ 12,921,454

(Continued)

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

City of Chattanooga General Pension Plan (Continued)

e) 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.

2) Fire and Police Pension Fund

a) 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)

Fire and Police Pension Fund (Continued)

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

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

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, 2024, 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.

b) Net Pension Liability

The City's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, rolled-forward to June 30, 2024.

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.

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 five-year period ending December 31, 2019, and it is anticipated that the assumptions will next be reviewed for the five-year period ending December 31, 2024.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equity	20%	6.40%
Mid cap equity	15	7.00
Small cap equity	5	7.30
International equity	10	6.70
Fixed income	20	1.80
Emerging markets	10	8.00
Private equity	5	9.90
Real estate	5	3.40
Timber	5	3.40
Farmland	5	6.30
	100%	

(Continued)

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

Fire and Police Pension Fund (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.

c) Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2023	$ 555,857,578	$ 282,213,237	$ 273,644,341
Changes for the year:			
Service cost	9,770,139	-	9,770,139
Interest expense	37,080,033	-	37,080,033
Difference between expected and actual experience	(139,209)	-	(139,209)
Contributions – city	-	26,726,409	(26,726,409)
Contributions – members	-	5,472,362	(5,472,362)
Net investment income	-	37,442,750	(37,442,750)
Benefits paid	(32,587,777)	(32,587,777)	-
Plan administrative expenses	-	(966,758)	966,758
Other	-	183,876	(183,876)
Net changes	14,123,186	36,270,862	(22,147,676)
Balances at 6/30/2024	$ 569,980,764	$ 318,484,099	$ 251,496,665

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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability	$ 316,157,098	$ 251,496,665	$ 197,337,297

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)

Fire and Police Pension Fund (Continued)

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

For the year ended June 30, 2024, the City recognized $37,295,930 in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 20,652,646	$ 116,010
Change of assumptions	10,890,836	143,802
Deferred contributions	47,731,357	-
Net difference between projected and actual earnings on pension plan investments	-	1,939,429
Total	$ 79,274,839	$ 2,199,241

Deferred outflows of resources totaling $47,731,357 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,	
2025	$ 8,789,728
2026	18,351,577
2027	5,057,143
2028	(2,831,005)
2029	(23,202)
	$ 29,344,241

e) 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.

3) Electric Power Board of Chattanooga Retirement Plan

a) 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)

Electric Power Board of Chattanooga Retirement Plan (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	524
	712

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.

b) 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	25-40%	6.5%
International equity	12-24	6.0
Fixed income	15-30	3.5
Real estate	0-45	6.0
Cash	0	2.0

(Continued)

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

Electric Power Board of Chattanooga Retirement Plan (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.

c) Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2023	$ 83,888,000	$ 62,494,000	$ 21,394,000
Changes for the year:			
Service cost	4,549,000	-	4,549,000
Interest expense	5,452,000	-	5,452,000
Difference between expected and actual experience	146,000	-	146,000
Changes of assumptions	9,424,000	-	9,424,000
Contributions – EPB	-	7,000,000	(7,000,000)
Net investment income	-	1,108,000	(1,108,000)
Benefits paid	(3,724,000)	(3,724,000)	-
Plan administrative expenses	-	(27,000)	27,000
Net changes	15,847,000	4,357,000	11,490,000
Balance at 6/30/2024	$ 99,735,000	$ 66,851,000	$ 32,884,000

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	$ 50,133,000	$ 32,884,000	$ 18,682,000

The Plan does not issue a separate report.

d) 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
Difference between expected and actual experience	$ 13,740,000
Employer contributions made after plan year	1,500,000
Change in assumptions	15,843,000
Net difference between projected and actual earnings on pension plan investments	4,678,000
Total	$ 35,761,000

(Continued)

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

Electric Power Board of Chattanooga Retirement Plan (Continued)

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,	
2026	$ 2,616,000
2027	4,452,000
2028	2,521,000
2029	1,954,000
2030	2,684,000
Thereafter	17,127,000
	$ 31,354,000

e) 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.

Please note that the EPB OPEB amounts reported in Note 7 are prior year information, whereas the financial statements present current year information.

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 6/30/2023	$ 225,667,613	$ 155,839,943	$ 69,827,670
Changes for the year:			
Service cost	5,165,427	-	5,165,427
Interest expense	14,929,085	-	14,929,085
Changes of assumptions	8,824,209	-	8,824,209
Difference between expected and actual experience	3,310,406	-	3,310,406
Contributions – employer	-	18,976,595	(18,976,595)
Net investment income	-	2,317,517	(2,317,517)
Benefits paid	(9,865,986)	(9,865,986)	-
Plan administrative expenses	-	(79,288)	79,288
Net changes	22,33,141	11,348,838	11,014,303
Balances at 6/30/2024	$ 248,030,754	$ 167,188,781	$ 80,841,973

(Continued)

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

	Component Unit Total OPEB Liability
Total OPEB liability (TOL) as of June 30, 2023*	$ 441,369
Changes for the year:	
Service cost	58,743
Interest on TOL and cash flows	43,155
Changes in benefit terms	7,116
Changes in assumptions	(2,661)
Difference between actual and expected experience	68,786
Contributions - employer	(38,325)
Net investment income	398
Benefits paid	(11,001)
Plan administrative expenses	141
Net changes	126,352
Total OPEB liability (TOL) as of June 30, 2024**	$ 567,721

*CARTA Balance at 6/30/2024
**CARTA Balance at 6/30/2025

	Primary Government		
	City OPEB Plan	EPB OPEB Plan	Total
Net OPEB liability	$ 74,322,793	$ 6,519,000	$ 80,841,973
Deferred OPEB outflows:			
Deferred contributions	17,317,543	2,302,000	19,619,543
Difference between expected and actual experience	-	9,268,000	9,268,000
Change in assumptions	6,539,494	871,000	7,410,494
Net difference between projected and actual earnings on OPEB plan investments	10,215,037	1,771,000	11,986,037
	34,072,074	14,212,000	48,284,072
Deferred OPEB inflows:			
Difference between expected and actual experience	(24,953,686)	(3,683,000)	(28,636,686)
	(24,953,686)	(3,683,000)	(28,636,686)
OPEB expense (income)	$ 2,555,500	$ 1,900,000	$ 4,455,500

	Component Units		
	Airport OPEB Plan	CARTA OPEB Plan	Total
Net OPEB liability	$ 176,565	$ 391,157	$ 567,722
Deferred OPEB outflows:			
Deferred contributions	41,138	11,159	52,297
Difference between expected and actual experience	-	62,425	62,425
Change in assumptions	15,536	26,695	42,231
Net difference between projected and actual earnings on OPEB plan investments	24,267	-	24,267
	80,941	100,279	181,220
Deferred OPEB inflows:			
Difference between expected and actual experience	(59,280)	(7,778)	(67,058)
Change in assumptions	-	(33,356)	(33,356)
	(59,280)	(41,134)	(100,414)
OPEB expense (income)	$ 6,071	$ 65,381	$ 71,452

(Continued)

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

The following is a summary of each plan:

4) Other Postemployment Benefits (City Fund)

a) 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.

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, 2024, the date of the valuation used to determine the June 30, 2024:

Inactive members or their beneficiaries currently receiving benefits	1,250
Active members	2,318
Total	3,568

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

b) Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024, rolled-forward to June 30, 2024.

Actuarial assumptions. The total OPEB liability in the January 1, 2024 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	3.93%
Single equivalent interest rate	6.75 percent
Healthcare cost trend rate	6.75 percent – 4.50 percent, include inflation
Year of Ultimate trend	2033

(Continued)

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

Other Postemployment Benefits - City Fund (Continued)

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-20221 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 adjustments, set forward three years for males and females and projected generationally using projection scaled 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-2021for 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 reflected 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 capital 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.

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 weighing 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:

Asset Class	Target Allocation	20-yr Expected Real Rate of Return
US equity – mid/large cap	38.0 %	8.67 %
US equity – small cap	5.0	9.72
International equity	15.0	9.38
Core fixed income	12.0	4.93
High yield fixed income	3.0	7.03
International fixed income	2.5	3.81
E.M. debt	5.0	7.00
Private debt	2.5	8.89
Equity hedge funds	3.5	6.54
Diversified hedge funds	3.5	6.54
Private Equity	5.0	12.77
Real estate	5.0	7.48
	100.0 %	

(Continued)

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

Other Postemployment Benefits - City Fund (Continued)

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 it 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. There was no change in the discount rate from the Prior Measurement Date.

c) Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2023	$ 198,612,324	$ 127,337,733	$ 71,274,591
Changes for the year:			
Service cost	3,995,897	-	3,995,897
Interest expense	13,170,299	-	13,170,299
Changes of assumptions	3,562,652	-	3,562,652
Difference between expected and actual costs	(1,560,292)	-	(1,560,292)
Contributions – employer	-	16,170,920	(16,170,920)
Net investment income	-	(167,881)	167,881
Benefits paid	(6,993,561)	(6,993,561)	-
Plan administrative expenses	-	(59,429)	59,429
Net changes	12,174,995	8,950,049	3,224,946
Balance at 6/30/2024	$ 210,787,319	$ 136,287,782	$ 74,499,537

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	$ 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.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 54,617,624	$ 74,499,537	$ 97,597,226

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)

Other Postemployment Benefits - City Fund (Continued)

d) 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 $2,555,500 with an additional $6,071 for the Airport Authority, a component unit of the City.

Deferred outflows of resources related to OPEB are as follows:

	Primary Government	Airport Authority	Total
Deferred outflow of resources:			
Deferred contribution	$ 17,317,543	$ 41,140	$ 17,358,683
Difference between expected and actual Experience	-	-	-
Changes of assumptions	6,539,494	15,536	6,555,030
Net difference between projected and actual earnings on OPEB investment	10,215,037	24,267	10,239,304
Total	$ 34,072,074	$ 80,943	$ 34,153,017

Deferred inflows of resources related to OPEB are as follows:

	Primary Government	Airport Authority	Total
Deferred inflow of resources:			
Difference between expected and actual experience	$ (24,953,686)	$ (59,280)	$ (25,012,966)
Changes of proportionate OPEB plan*	-	-	-
Total	$ (24,953,686)	$ (59,280)	$ (25,012,966)

*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:

	Primary Government	Airport Authority	Total
Year ended June 30,			
2025	$ (6,888,706)	$ (16,365)	$ (6,905,071)
2026	(1,390,419)	(3,303)	(1,393,722)
2027	(2,250,545)	(5,346)	(2,255,891)
2028	2,179,125	5,177	2,184,302
2029	151,390	360	151,750
	$ (8,199,155)	$ (19,477)	$ (8,218,632)

e) 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)

5) Other Postemployment Benefits - EPB

a) General Information

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	740
	1,259

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.

	Retirement After March 1, 1991 Years of Service/percent of Contributions				
Category	5-9/85%	10-14,75%	15-19/55%	20-24/35%	25+/15%
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	207.36
Family	1,762.56	1,555.20	1,140.48	725.76	311.04
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.

b) 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.

(Continued)

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

Other Postemployment Benefits - EPB (Continued)

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

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	25-40%	6.5 %
International equity	12-24	6.0
Fixed income	15-3	3.5
Real estate	0-45	6.0
Cash	0	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.

c) Changes in Net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) – (b)
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	10,217,000	2,420,000	7,797,000
Balance at 6/30/2024	$ 37,743,000	$ 31,224,000	$ 6,519,000

(Continued)

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

Other Postemployment Benefits - City Fund (Continued)

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:

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

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

	1% Decrease (5.0% to 3.0%)	Healthcare Trend Rate (6.0% to 4.0%)	1% Increase (7.0% to 5.0%)
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.

d) 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made after plan year	$ 2,302,000	$ -
Difference between expected and actual experience	9,268,000	(3,683,000)
Change of assumptions	871.000	-
Net difference between projected and actual earnings on OPEB plan investments	1,771,000	-
Total	$ 14,212,000	$ (3,683,000)

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	$ 41,000
2026	1,168,000
2027	(232,000)
2028	(109,000)
2029	137,000
Thereafter	4,440,000
	$ 5,445,000

(Continued)

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

Other Postemployment Benefits - City Fund (Continued)

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 2026.

e) Payable to the OPEB Plan

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

6) 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.

Assets in the plan are recorded at x 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, 2024	$ 50,736,260
Deferrals of compensation	6,912,228
Earnings (losses)	(7,074,377)
Withdrawals	4,663,495
Administrative expenses	(80,656)
Asset balance at June 30, 2025	$ 55,156,950

7) 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.

8) 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, 2025, 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:

a) 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.

(Continued)

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

Pension Plans of Component Units (Continued)

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 December 31, 2024, the valuation date:

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	11
Active employees	180
	314

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

b) Net Pension Liability

The Authority's net pension liability was measured as of December 31, 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.

c) 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 12/31/2023	$ 35,830,802	$ 22,255,488	$ 13,575,314
Changes for the year:			
Service cost	1,245,784	-	1,245,784
Interest expense	2,426,591	-	2,426,591
Experience losses (gains)	286,409	-	286,409
Contributions – CARTA	-	1,843,824	(1,843,824)
Contributions – members	-	329,851	(329,851)
Net investment income	-	2,442,967	(2,442,967)
Benefits paid	(2,330,427)	(2,330,427)	-
Plan administrative expenses	-	(84,746)	84,746
Net changes	1,628,357	2,201,469	(573,112)
Balance at 12/31/2024	$ 37,459,159	$ 24,456,957	$ 13,002,202

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	$ 16,460,440	$ 13,002,202	$ 10,058,517

(Continued)

NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS
(Pension Plans of Component Units – Continued)

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

For the year ended June 30, 2025, the Authority recognized pension expense of $2,235,001. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 318,012	$ 592,579
Authority contributions received after the measurement date	1,446,385	-
Changes in assumptions	521,049	-
Net difference between projected and actual earnings on pension plan investments	106,873	-
Total	$ 2,392,319	$ 592,579

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	$ 489,984
2026	621,791
2027	(565,907)
2028	(198,677)
2029	6,164
	$ 353,355

9) Other Postemployment Benefits of Component Units

a) 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 description - 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 $2,000 for life insurance, with additional supplemental benefits available based on the retiree's age.

Funding policy contributions - CARTA pays a $2,000 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, 2025, the Authority contributed $10,140 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, 2025.

Inactive employees or beneficiaries	108
DROP members	7
Active employees	180
Total	295

(Continued)

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

Other Postemployment Benefits of Component Units (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, 2025, is reflected below:

Total OPEB Liability (TOL) as of June 30, 2024	$ 179,867
Changes for the Year:	
Service cost	2,970
Interest on TOL and cash flows	6,887
Change in benefit terms	7,116
Difference between actual and expected	2,859
Changes of assumptions	(26,866)
Benefit payment	(10,140)
Net changes	(17,174)
Total OPEB Liability (TOL) as of June 30, 2025	$ 162,693

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of the valuation date, June 30, 2025. The following actuarial assumptions apply to all periods included in the measurement:

Discount rate	5.25%
Salary increases	N/A
Inflation rate	3.00%
Municipal bond index rate	5.25%
Long-term expected rate of return	5.25%

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, 2025:

	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Authority's total OPEB Liability	$ 182,507	$ 162,693	$146,527

OPEB income and deferred outflows of resources and deferred inflows of resources related to OPEB - For the fiscal year ended June 30, 2025, the Authority recognized OPEB expense of $768. At June 30, 2025, 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	$ 2,325	$ (3,040)
Changes in assumptions	-	(33,356)
Total	$ 2,325	$ (36,396)

(Continued)

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

Other Postemployment Benefits of Component Units (Continued)

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

Fiscal Year Ending June 30:	
2026	$ (15,632)
2027	(8,610)
2028	(7,162)
2029	(2,667)
Total	$ (34,071)

b) Plan #2 Local Government OPEB Plan

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 3 inactive employees currently receiving benefit payments as of July 1, 2024.

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, 2025, CARTA paid $11,988 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, 2025, is reflected on the following schedule:

Total OPEB Liability (TOL) as of June 30, 2024	$ 92,581
Changes for the Year:	
Service cost	46,303
Interest on TOL and cash flows	5,054
Difference between actual and expected	69,625
Changes of assumptions	15,762
Benefits payments	(861)
Net changes	135,883
Total OPEB Liability (TOL) as of June 30, 2025	$ 228,464

(Continued)

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

Other Postemployment Benefits of Component Units (Continued)

Actuarial assumptions - The total OPEB liability in the June 30, 2025 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 4.00 percent
Inflation rate	2.25 percent
Healthcare cost trend rates	10.68 percent for pre-65 in 2025, decreasing annually over a 13 year period to an ultimate rate of 4.50 percent. 13.44 percent for post-65 in 2025, decreasing annually over a 13 year period to an ultimate rate of 4.50 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, 2024, valuations were the same as those employed in the July 1, 2020 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 headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled postretirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19 percent load for males and a 18 percent load for females. Mortality rates for impaired 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 with mortality improvement projected to all future years using Scale MP-2021.

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 3.93 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 3.65 percent as of the beginning of the measurement period to 3.93 percent as of June 30, 2024. 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 (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	$ 243,461	$ 228,464	$214,619

(Continued)

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

Other Postemployment Benefits of Component Units (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 (5.60% to 3.50%)	Current rate (6.60% to 4.50%)	1% Increase (7.60% to 5.50%)
Total OPEB Liability	$ 208,073	$ 228,464	$252,427

OPEB Expense – For the year ended June 30, 2025, CARTA recognized an OPEB expense of $64,613.

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2025, CARTA reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 60,100	$ (4,738)
Change in plan assumptions	26,695	-
Employer payments made subsequent to measurement date	11,159	-
Total	$ 97,954	$ (4,738)

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,	
2026	$ 13,256
2027	13,256
2028	13,256
2029	13,256
2030	13,256
Thereafter	15,777
	$ 82,057

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

NOTE 8. INTERFUND TRANSFERS / INTERNAL BALANCE

	Transfers out:						
		Nonmajor Governmental Funds					
	General Fund	Downtown Development	State Street Aid	Hotel/Motel Tax	Regional Planning	Electric Power Board	Total
Transfers in:							
General Fund	$ -	$ 11,423	$ -	$ -	$ 50,000	$ 7,369,000	$ 7,430,423
Capital Project Funds	56,512,499	-	1,000,000	7,500,000	-	-	65,012,499
Nonmajor Governmental Funds							
Social Services Program	492,300	-	-	-	-	-	492,300
Community Development	55,000	-	-	-	-	-	55,000
Regional Planning	2,480,257	-	-	-	-	-	2,480,257
Air Pollution	330,168	-	-	-	-	-	330,168
Scenic Cities	111,859	-	-	-	-	-	111,859
Debt Service	21,451,965	-	-	4,029,452	-	-	25,481,417
Total	$ 81,434,048	$ 11,423	$ 1,000,000	$ 11,529,452	$ 50,000	$ 7,369,000	$ 101,393,923

Transfers are used to: (1) move money from General Fund to various Special Revenue funds, (2) move unrestricted revenues from the General Fund to the Capital Project fund for ongoing projects, (3) move revenues from State Street Aid, and Hotel/Motel Fund to Capital Projects Fund for ongoing projects, (4) move money from General Fund and Hotel/Motel Fund to Debt Service fund, (5) move special revenue money to General Fund, (6) move Enterprise Fund money to General Fund.

The City reports an internal balance of $26,867,877 that is related to the long-term agreement between the City and the CDRC. This internal balance is due to the City taking possession of the debt and capital assets of the CDRC in fiscal year 2003. This balance will be amortized until fiscal year 2030. See Note 5 for more information related to the debt.

NOTE 9. FUND BALANCE

The City Council has adopted a policy to maintain a minimum level of unrestricted fund balance of 15% (the total of committed, assigned and unassigned components of fund balance) in the General Fund. Management has set a target level of 20% of General Fund revenues and transfers in, based on best practices. 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, 2025, the minimum fund balance per best practice is $79.7 million. The current unrestricted fund balance is $129.2 million.

(Continued)

NOTE 9. FUND BALANCE (Continued)

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable				
Endowments	$ -	$ -	$ 7,663,355	$ 7,663,355
Inventory	896,497	-	-	896,497
Long-term notes receivable	5,871,477	-	-	5,871,477
Prepaid expenses	4,431	-	-	4,431
Restricted				
Law enforcement	35,266	-	2,932,651	2,967,917
Confiscated property	3,196	-	-	3,196
Economic development	22,652,119	-	-	22,652,119
Bessie Smith Cultural Center	136,839	-	-	136,839
Special programs	642,067	-	-	642,067
Capital projects	-	119,301,069	-	119,301,069
Public library	209,186	-	739,768	948,954
Human services program	-	-	736,345	736,345
State street aid	-	-	7,034,355	7,034,355
Community development	-	-	3,632,112	3,632,112
Hotel-Motel tax revenue pledge	-	-	13,733,175	13,733,175
Regional Planning Agency	-	-	1,309,019	1,309,019
Air Pollution Control Bureau	-	-	160,936	160,936
Committed				
Law enforcement	269,747	-	-	269,747
Economic development	588,802	-	-	588,802
Free Public library	45,832	-	-	45,832
Bessie Smith Cultural Center	136,839	-	-	136,839
Regional Planning Agency	-	-	2,114,766	2,114,766
Air Pollution Control Bureau	-	-	241,405	241,405
Debt service	-	-	3,687,491	3,687,491
Assigned				
Public library	2,079,968	-	-	2,079,968
Special programs	7,814,617	-	-	7,814,617
Golf course	1,122,587	-	-	1,122,587
Other purposes	6,805,714	-	-	6,805,714
Financial stabilization	79,717,380	-	-	79,717,380
Unassigned	30,576,432	-	-	30,576,432
Total fund balances	$ 159,608,996	$ 119,301,069	$ 43,985,378	$ 322,895,443
Summary for Governmental Funds Balance Sheet:				
Nonspendable	$ 6,772,405	$ -	$ 7,663,355	$ 14,435,760
Restricted	23,678,673	119,301,069	30,278,361	173,258,103
Committed	1,041,220	-	6,043,662	7,084,882
Assigned	97,540,266	-	-	97,540,266
Unassigned	30,576,432	-	-	30,576,432
Total fund balances	$ 159,608,996	$ 119,301,069	$ 43,985,378	$ 322,895,443

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, 2025, 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, 2025, the Internal Service Fund liability consists of $2,825,000 related to torts and $3,240,540 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:

	General Fund	Internal Service Fund
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	(1,756,325)	(33,460,264)
Unpaid claims, June 30, 2024	288,711	6,303,787
Incurred claims, including IBNRs/reduction in estimated liabilities	2,817,843	35,162,825
Claim payments	(2,667,982)	(35,401,072)
Unpaid claims, June 30, 2025	$ 438,572	$ 6,065,540

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, 2025, net appreciation of $739,768 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 (T.C.A.) 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 T.C.A. 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, or other items.

In 2015, an economic development fee was added to several 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	-	12	1	$ 966,605
Commercial and Industrial Development	1	14	-	15,023,002
Total	1	26	1	$ 15,989,607

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, 2025, the City's commitment with contractors was $122,511,293.

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 18.99 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 Capital Waste Services. This has reduced utilization of Area III by approximately 45,000 cubic yards per year below normal. Absent renewal of a contract, the useful life will be approximately 54 years.

Changes in the estimated liability for landfill closure and post closure care costs for the year ended June 30, 2025, are as follows:

Estimated liability, June 30, 2024	$ 5,971,948
Expenses recognized	584,803
Costs incurred	(17,505)
Estimated liability, June 30, 2025	$ 6,539,246
Due within one year	$ 347,591

(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 $20,832 in pollution remediation obligation related activities and received $16,479 reimbursement from the Department of Environmental Protection Agency (EPA). On June 30, 2025, the City had a net pollution remediation obligation of $102,489.

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 $2,487 at the end of fiscal year 2025.

(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 affected 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 2025. 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 2026. At the end of fiscal year 2025, $16,479 was spent on this project.

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, 2025, the City remitted $1,652,711 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. In fiscal year 2025, EPB created a new division titled strategic initiatives. The electric, fiber optic, and strategic initiative 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, fiber optic, and strategic initiatives divisions are presented below.

CONDENSED STATEMENT OF NET POSITION

	Electric Division	Fiber Optics Division	Strategic Initiatives Division	Eliminations	Total
Assets and deferred outflows of resources:					
Current assets	$ 285,954,000	$ 231,155,000	$ 26,867,000	$ (84,561,000)	$ 459,415,000
Non-current assets	12,948,000	5,507,000	-	-	18,455,000
Capital assets	721,584,000	103,104,000	8,750,000	-	833,438,000
Deferred outflows of resources	37,630,000	27,210,000	-	(21,427,000)	43,413,000
Total assets and deferred Outflows of resources	1,058,116,000	366,976,000	35,617,000	(105,988,000)	1,354,721,000
Liabilities and deferred inflows of resources:					
Current liabilities	166,401,000	23,738,000	428,000	(1,415,000)	189,152,000
Noncurrent liabilities	472,568,000	5,202,000	34,296,000	(83,146,000)	428,920,000
Deferred inflows of resources	36,388,000	7,544,000	-	(21,427,000)	22,505,000
Total liabilities and deferred Inflows of resources	675,357,000	36,484,000	34,724,000	(105,988,000)	640,577,000
Net position:					
Net investment in capital assets	292,660,000	103,378,000	-	57,600,000	453,638,000
Restricted	-	-	-	-	-
Unrestricted	90,099,000	227,114,000	893,000	(57,600,000)	260,506,000
Total net position	$ 382,759,000	$ 330,492,000	$ 893,000	$ -	$ 714,144,000

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

	Electric Division	Fiber Optics Division	Strategic Initiatives Division	Eliminations	Total
Customer charges	$ 700,119,000	$ 187,380,000	$ 161,000	$ (29,215,000)	$ 858,445,000
Depreciation expense	(43,867,000)	(19,228,000)	-	-	(63,095,000)
Other operating expenses	(625,490,000)	(137,607,000)	(4,313,000)	29,215,000	(738,195,000)
Operating income	30,762,000	30,545,000	(4,152,000)	-	57,155,000
Nonoperating revenues (expenses):					
Investment earnings	6,822,000	6,802,000	5,000,000	89,000	18,713,000
Interest expense	(12,298,000)	-	-	-	(12,298,000)
Other nonoperating revenues	(1,092,000)	953,000	45,000	(89,000)	(183,000)
Tax equivalent	(6,748,000)	(621,000)	-	-	(7,369,000)
Change in net position	17,446,000	37,679,000	893,000	-	56,018,000
Net position, beginning of year	365,313,000	292,813,000	-	-	658,126,000
Net position, end of year	$ 382,759,000	$ 330,492,000	$ 893,000	$ -	$ 714,144,000

(Continued)

NOTE 14. SEGMENT INFORMATION (Continued)

CONDENSED STATEMENT OF CASH FLOWS

	Electric Division	Fiber Optics Division	Strategic Initiatives Division	Eliminations	Total
Net cash provided (used) by:					
Operating activities	$ 78,616,000	$ 49,238,000	$ 1,257,000	$ -	$ 129,111,000
Capital and related financing activities	(109,845,000)	(60,815,000)	18,101,000	-	(152,559,000)
Investing activities	76,743,000	11,806,000	89,000	-	88,638,000
Net increase (decrease)	45,514,000	229,000	19,447,000	-	65,190,000
Beginning cash and cash equivalents	130,043,000	93,983,000	-	-	224,026,000
Ending cash and cash equivalents	$ 175,557,000	$ 94,212,000	$ 19,447,000	$ -	$ 289,216,000

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	$ 13,819,389
Multiplied by two-thirds	x 2/3
City's equity interest	$ 9,212,926

Condensed financial information for Carter Street Corporation as of June 30, 2025, is as follows:

STATEMENT OF NET POSITION

Assets:	
Cash	$ 6,195,125
Accounts receivable, net	329,351
Lease receivable	6,473,457
Prepaid expenses	107,137
Capital assets, net	8,002,558
Total assets	$ 21,107,628
Liabilities:	
Accounts payable	$ 269,431
Accrued expenses	62,341
Advanced deposits	157,567
Total liabilities	489,339
Deferred Inflows of Resources	
Lease related	6,138,277
Service agreement	419,364
Total deferred inflows	6,557,641

(Continued)

NOTE 15. JOINT VENTURE (Continued)

STATEMENT OF NET POSITION (Continued)

Net Position:	
Net investment in capital assets	7,895,548
Unrestricted	5,923,841
Total net position	13,819,389
Total liabilities and net position	$ 20,866,369

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Total operating revenues	$ 5,978,713
Total operating expenses	(4,923,967)
Income from operations	1,054,746
Nonoperating revenues	659,361
Capital contributions	100,000
Net increase	1,814,107
Net position, beginning of year	12,005,282
Net position, end of year	$ 13,819,389

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	$	6,322,158
Multiplied by one-half	x	1/2
City's equity interest	$	3,161,079

STATEMENT OF NET POSITION

Assets:		
Cash	$	75,293,919
Capital assets, net		36,830,581
Total assets	$	112,124,500
Liabilities:		
Accounts payable	$	10,362,727
Accrued interest payable		380,523
Contracts payable		1,168,388
Bonds payable, due after one year		93,890,704
Total liabilities		105,802,342
Net Position:		
Net investment in capital assets		(2,746,824)
Unrestricted		9,068,982
Total net position		6,322,158
Total liabilities and net position	$	112,124,500

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Total operating revenues	$	506,299
Total operating expenses		(50,856)
Income from operations		455,443
Nonoperating revenues		7,967,007
Nonoperating expenses		(3,891,048)
Capital contributions		2,000,000
Net increase		6,531,402
Net position, beginning of year		(209,244)
Net position, end of year	$	6,322,158

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 – Governmental Funds

As of June 30, 2025, the City had six active leases. The leases have payments that range from $90,0000 to $429,647 and interest rates that range from 0.1980% to 2.1900%. As of June 30, 2025 the total combined value of the lease liability is $4,567,042, the total combined value of the short-term lease liability is $793,898. The combined value of the right to use asset, as of June 30, 2025 of $6,637,413 with an accumulated amortization of $2,398,321 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, 2025, as reported in the Statement of Net Position, are as follows:

Asset Class	Lease Asset Value	Accumulated Amortization
Buildings	$ 6,637,413	$ 2,398,321
Total leases	$ 6,637,413	$ 2,398,321

The annual principal and interest expected to maturity as of June 30, 2025 for governmental activities are as follows:

Governmental Activities			
Fiscal Year June 30	Principal Payments	Interest Payments	Total Payments
2026	$ 793,898	$ 91,011	$ 884,909
2027	700,177	75,998	776,175
2028	449,841	61,819	511,660
2029	136,475	56,098	192,573
2030	142,385	53,034	195,419
2031-2035	763,530	216,496	980,026
2036-2040	882,836	126,588	1,009,424
2041-2044	697,899	27,721	725,620
	$ 4,567,041	$ 708,765	$ 5,275,806

Lessee Transactions – Business-Type Funds

EPB has recorded right to use assets as a result of implementing GASB Statement No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The assets are right to use assets for leased towers, printers, postage meters, and virtual storage equipment. The right to use assets are amortized on a straight-line basis over the life of the related issue.

The amount of lease assets by major class of underlying assets for the year ended June 30, 2025, as reported in the Statement of Net Position, are as follows:

Asset Class	Lease Asset Value	Accumulated Amortization
Buildings	$ 3,080,000	$ 2,322,000
Total leases	$ 3,080,000	$ 2,322,000

The annual principal and interest expected to maturity as of June 30, 2025 for business-type activities are as follows:

Business-Type Activities			
Fiscal Year June 30	Principal Payments	Interest Payments	Total Payments
2026	$ 319,000	$ 18,000	$ 337,000
2027	144,000	12,000	156,000
2028	64,000	9,000	73,000
2029	49,000	8,000	57,000
2030	51,000	6,000	57,000
2031-2033	172,000	10,000	182,000
	$ 799,000	$ 63,000	$ 862,000

(Continued)

NOTE 16. LEASES (Continued)

Lessor Transactions

As of June 30, 2025, 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, 2025 the total combined of the lease receivable is $1,495,203, the total combined value of the short-term lease receivable is $137,662, and the combined value of the deferred inflow of resources is $1,411,157. The leases had $0 of variable receipts and $0 of other receipts, not included in the lease receivable, within the fiscal year.

	Governmental Activities		
Fiscal Year June 30	Principal Payments	Interest Payments	Total Payments
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	147,079	8,368	155,447
2031-2035	539,101	23,208	562,309
2036-2039	235,866	4,074	239,940
	$ 1,495,203	$ 83,860	$ 1,579,063

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.

Governmental Activities

As of June 30, 2025, the City had 11 active subscriptions. The subscriptions have payments that range from $12,000 to $341,196 and interest rates that range from 1.5800% to 3.1550%. As of June 30, 2025, the total combined value of subscription liability is $2,043,091, and the total combined value of the short-term subscription liability is $957,478. The combined value of the right to use asset, as of June 30, 2025 of $4,383,500 with accumulated amortization of $2,137,565 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, 2025, as reported in the Statement of Net Position, are as follows:

Asset Class	Subscription Asset Value	Accumulated Amortization
Software	$ 4,383,500	$ 2,137,565
Total subscription	$ 4,383,500	$ 2,137,565

The annual principal and interest expected to maturity as of June 30, 2025 for governmental activities are as follows:

	Governmental Activities		
Fiscal Year June 30	Principal Payments	Interest Payments	Total Payments
2026	$ 957,478	$ 45,958	$ 1,003,436
2027	731,779	23,826	755,605
2028	353,835	7,524	361,359
	$ 2,043,092	$ 77,308	$ 2,120,400

(Continued)

NOTE 17. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (Continued)

Business-Type Activities

EPB has recorded right to use subscription-based assets as a result of implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The right to use assets are initially measured at an amount equal to the initial measurement of the SBITA liability plus any payments made prior to the contract term and capitalizable implementation costs, less any incentives received at or before the commencement of the contract term. The assets represent right to use assets for contracts that EPB has entered into related to the right to use another party's information technology software.

The amount of subscription assets by major class of underlying assets for the year ended June 30, 2025, as reported in the Statement of Net Position, are as follows:

Asset Class	Subscription Asset Value	Accumulated Amortization
Software	$ 16,776,000	$ 9,843,000
Total subscription	$ 16,776,000	$ 9,843,000

The annual principal and interest expected to maturity as of June 30, 2025 for business-type activities are as follows:

	Governmental Activities		
Fiscal Year June 30	Principal Payments	Interest Payments	Total Payments
2026	$ 3,104,000	$ 39,000	$ 3,143,000
2027	1,964,000	34,000	1,998,000
	$ 5,068,000	$ 73,000	$ 5,141,000

NOTE 18. CHANGE IN FINANCIAL REPORTING ENTITY AND ERROR CORRECTION

During the preparation of the financial statements for the year ended June 30, 2025, the City determined that the Land Bank Authority should have been a discretely-presented component unit. In the prior year financial statements, it was presented as a blended component unit.

During the preparation of the financial statements for the year ended June 30, 2025, the City identified an error regarding the fiduciary fund financial reporting of the Other Post-Employment Benefits (OPEB) Trust Fund. Specifically, a transfer of $15 million from the OPEB Trust Fund to a new money manager was completed during the year, but the corresponding assets were inadvertently omitted from the fiduciary-fund financial statements and related disclosures for that prior year. The error correction is for $17,559,283, which includes the difference of $2,559,283, which is due the interest and dividends earned throughout the time period.

	June 30, 2024 As previously reported	Change within financial reporting entity	Error Correction	June 30, 2024 as restated
Fiduciary funds				
OPEB trust fund	$ 136,287,782	$ -	$ 17,559,283	$ 153,847,065
Proprietary funds				
Land bank authority	182,913	(182,913)	-	-
Discretely-presented component units				
Land bank authority	$ -	$ 182,913	$ -	$ 182,913

NOTE 19. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through December 30, 2025 (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 December 2, 2025, the City Council approved an economic impact plan establishing a tax increment financing (TIF) district for the Northgate Mall area of the City. The TIF is intended to support infrastructure improvements associated with redevelopment of the Northgate property, including water, sewer, and stormwater system upgrades. The TIF captures a portion of future incremental City property tax revenues generated within the district over an estimated term of approximately 20 years. Hamilton County elected not to participate in the TIF district. No debt or financial obligations were outstanding related to this TIF as of December 2, 2025.

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 10,057,113	$ 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
Interest	29,538,587	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
Differences between expected and actual experience	8,031,837	(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
Changes of assumptions	-	12,086,786	-	-	-	-	5,411,416	-	8,927,192	8,345,787
Benefit payments, including refund of member contributions	(29,000,260)	(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)
Net change in total pension liability	18,627,277	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
	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
Total pension liability - ending (a)	$ 470,736,102	$ 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
Plan fiduciary net position										
Contributions - employer	$ 19,541,102	$ 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
Contributions - member	1,863,936	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
Net investment income	32,991,254	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
Benefit payments, including refund of member contributions	(29,000,260)	(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)
Administrative expense	(195,962)	(225,127)	(461,852)	(160,753)	(205,273)	(221,766)	(164,522)	(393,230)	(158,790)	(161,500)
Net change in plan fiduciary net position	25,200,070	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)
Plan fiduciary net position - beginning	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
Plan fiduciary net position - ending (b)	$ 388,064,051	$ 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
Net pension liability - ending (a) - (b)	$ 82,672,051	$ 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
Plan fiduciary net position as a percentage of the total pension liability	82.44%	80.26%	78.49%	80.52%	86.14%	75.30%	78.19%	82.20%	79.44%	79.72%
Covered payroll	$ 92,700,510	$ 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
Net pension liability as a percentage of covered payroll	89.18%	107.22%	115.43%	116.62%	89.96%	147.98%	131.50%	107.53%	122.47%	116.62%

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 atmost 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% ofpayroll.
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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 9,746,482	$ 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
Interest	37,950,332	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
Differences between expected and actual experience	(12,055,384)	(139,209)	5,272,671	31,165,237	4,073,991	55,033	1,268,327	18,629,233	(8,657,838)	175,120
Changes of assumptions	12,719,584	-	-	13,771,643	-	14,017,546	(1,006,613)	8,251,113	10,839,776	-
Benefit payments, including refund of member contributions	(35,000,224)	(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)
Net change in total pension liability	13,360,790	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
Total pension liability - beginning	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
Total pension liability - ending (a)	$ 583,341,554	$ 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
Plan fiduciary net position										
Contributions - employer	$ 47,731,357	$ 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
Contributions - member	5,968,707	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
Net investment income	31,777,955	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)
Benefit payments, including refund of member contributions	(35,000,224)	(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)
Administrative expense	(1,258,973)	(966,758)	(948,434)	(955,057)	(256,877)	(947,089)	(2,004,109)	(1,054,284)	(742,349)	(1,269,308)
Other	102,450	183,876	94,215	111,546	121,816	150,878	144,652	135,260	151,146	326,393
Net change in plan fiduciary net position	49,321,272	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)
Plan fiduciary net position - beginning	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
Plan fiduciary net position - ending (b)	$ 367,805,371	$ 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
Net pension liability - ending (a) - (b)	$ 215,536,183	$ 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
Plan fiduciary net position as a percentage of the total pension liability	63.05%	55.88%	50.77%	49.08%	61.12%	49.94%	51.57%	51.04%	53.63%	52.44%
Covered payroll	$ 52,464,024	$ 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
Net pension liability as a percentage of covered payroll	410.83%	482.53%	520.36%	536.82%	448.14%	564.05%	524.57%	558.68%	483.86%	481.59%

Notes to Schedule:

Benefit changes: None.

Changes in assumptions:
2025:
*The mortality tables were updated to the Pub-2010 Public Safety Retiree and Employee tables and to the Pub-2010 Non-Public Safety Disabled Retiree table, all projected generationally with 75% of the MP-2021 improvement scale.
Rates for the healthy Retiree table are set forward two years.
* Retirement rates were updated for members hired prior to July 1, 2014.
* Turnover rates were updaetd for both fire and police members.
* The salary Scale was updated to service-based rates ranging from 2.75% to 3.25%.
* The percentage of eligible members who are assumed to take BackDROP is 90%, with members selecting the maximum BackDROP period for which they are eligible.
*The percentage of participants assumed to be married was raised to 75%.
The administrative expense assumption was increased from $875,000 to $900,000.
2022:
*The assumed rated 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 17,429,730	$ 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
Contributions in relation to the actuarially determined contribution	19,541,102	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
Contribution deficiency (excess)	$ (2,111,372)	$ (1,011,146)	$ (2,270,305)	$ (2,561,049)	$ (34,099)	$ (326,195)	$ (430,052)	$ (59,892)	$ (167,126)	$ 43,923
Covered payroll	$ 92,700,510	$ 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
Contributions as a percentage of covered payroll	21.08%	21.61%	20.59%	22.33%	22.68%	21.19%	20.29%	19.37%	16.41%	14.02%

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	12.2 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 25,899,645	$ 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
Contributions in relation to the actuarially determined contribution	47,731,357	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
Contribution deficiency (excess)	$ (21,831,712)	$ (702,774)	$ (4,117,378)	$ (5,672,490)	$ (937,452)	$ (1,392,937)	$ (823,846)	$ (1,531,428)	$ (170,592)	$ 42,999
Covered payroll	$ 52,464,024	$ 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
Contributions as a percentage of covered payroll	90.98%	51.28%	56.04%	53.11%	52.48%	50.29%	47.56%	46.93%	33.37%	30.52%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2024.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense										
General Plan	9.40%	9.45%	6.90%	-9.80%	24.60%	2.35%	5.56%	8.07%	11.46%	-0.78%
Fire & Police Plan	11.17%	10.79%	8.57%	-11.76%	29.34%	3.85%	5.81%	6.35%	10.59%	-2.61%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 5,590,000	$ 4,549,000	$ 4,728,000	$ 4,826,000	$ 4,140,000	$ 4,008,000	$ 4,052,000	$ 3,420,000	$ 3,192,000	$ 2,766,000
Interest	6,330,000	5,452,000	5,445,000	5,355,000	4,906,000	4,543,000	4,222,000	4,432,000	4,250,000	4,043,000
Differences between expected and actual experience	3,649,000	146,000	5,233,000	1,191,000	1,752,000	1,736,000	2,278,000	1,460,000	735,000	2,594,000
Changes in assumptions	-	9,424,000	-	-	6,410,000	-	-	-	4,050,000	-
Benefit payments, including refund of member contributions	(4,688,000)	(3,724,000)	(15,280,000)	(9,994,000)	(4,910,000)	(5,100,000)	(5,963,000)	(7,178,000)	(6,569,000)	(5,237,000)
Net change in total pension liability	10,881,000	15,847,000	126,000	1,378,000	12,298,000	5,187,000	4,589,000	2,134,000	5,658,000	4,166,000
Total pension liability - beginning	99,735,000	83,888,000	83,762,000	82,384,000	70,086,000	64,899,000	60,310,000	58,176,000	52,518,000	48,352,000
Total pension liability - ending (a)	$ 110,616,000	$ 99,735,000	$ 83,888,000	$ 83,762,000	$ 82,384,000	$ 70,086,000	$ 64,899,000	$ 60,310,000	$ 58,176,000	$ 52,518,000
Plan fiduciary net position										
Contributions - employer	$ 10,000,000	$ 7,000,000	$ 7,000,000	$ 15,500,000	$ 7,940,000	$ 5,600,000	$ 5,834,000	$ 5,825,000	$ 7,000,000	$ 5,700,000
Net investment income	7,908,000	1,108,000	(5,210,000)	12,626,000	2,101,000	1,792,000	3,214,000	4,174,000	(346,000)	2,143,000
Benefit payments, including refund of member contributions	(4,688,000)	(3,724,000)	(15,280,000)	(9,994,000)	(4,910,000)	(5,100,000)	(5,963,000)	(7,178,000)	(6,569,000)	(5,237,000)
Administrative expense	(13,000)	(27,000)	(31,000)	(29,000)	(25,000)	(24,000)	(55,000)	(74,000)	(74,000)	(74,000)
Net change in plan fiduciary net position	13,207,000	4,357,000	(13,521,000)	18,103,000	5,106,000	2,268,000	3,030,000	2,747,000	11,000	2,532,000
Plan fiduciary net position - beginning	66,851,000	62,494,000	76,015,000	57,912,000	52,806,000	50,538,000	47,508,000	44,761,000	44,750,000	42,218,000
Plan fiduciary net position - ending (b)	$ 80,058,000	$ 66,851,000	$ 62,494,000	$ 76,015,000	$ 57,912,000	$ 52,806,000	$ 50,538,000	$ 47,508,000	$ 44,761,000	$ 44,750,000
Net pension liability - ending (a) - (b)	$ 30,558,000	$ 32,884,000	$ 21,394,000	$ 7,747,000	$ 24,472,000	$ 17,280,000	$ 14,361,000	$ 12,802,000	$ 13,415,000	$ 7,768,000
Plan fiduciary net position as a percentage of the total pension liability	72.37%	67.03%	74.50%	90.75%	70.30%	75.34%	77.87%	78.77%	76.94%	85.21%
Covered payroll	$ 49,171,000	$ 47,674,000	$ 45,216,000	$ 46,760,000	$ 43,578,000	$ 42,079,000	$ 40,978,000	$ 37,196,000	$ 35,296,000	$ 34,481,000
Net pensioin liability as a percentage of covered payroll	62.15%	68.98%	47.32%	16.57%	56.16%	41.07%	35.05%	34.42%	38.01%	22.53%

Notes to Schedule:

Benefit changes: None.

Changes in assumptions:

For FY 2025, using the actuarial valuation as of July 31, 2024, the actuary made the following assumption changes:

- Changed mortality table by using RP-2014 Table with MP-2021 generational improvements for expense determination instead of previous UP-1984 Table
- Changed expected salary increases to 3.5% based on recent trends and market changes from previous 3.0% rate
- Decreased inflation rates to 2.5% per annum from previous level of 3.0%.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS
ELECTRIC POWER BOARD OF CHATTANOOGA RETIREMENT PLAN
Last 10 Calendar Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 8,287,000	$ 8,427,000	$ 6,960,000	$ 6,692,000	$ 7,482,000	$ 5,927,000	$ 5,597,000	$ 5,573,000	$ 5,059,000	$ 4,447,000
Contributions in relation to the actuarially determined contribution	8,500,000	8,500,000	7,000,000	15,500,000	7,500,000	5,940,000	5,600,000	5,584,000	5,075,000	4,500,000
Contribution deficiency (excess)	$ (213,000)	$ (73,000)	$ (40,000)	$ (8,808,000)	$ (18,000)	$ (13,000)	$ (3,000)	$ (11,000)	$ (16,000)	$ (53,000)
Covered payroll	$ 46,821,000	$ 46,560,000	$ 47,674,000	$ 45,216,000	$ 46,760,000	$ 43,578,000	$ 42,079,000	$ 40,978,000	$ 37,196,000	$ 35,296,000
Contributions as a percentage of covered payroll	18.15%	18.26%	14.68%	34.28%	16.04%	13.63%	13.31%	13.63%	13.64%	12.75%

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	Aggregate
Asset valuation method	Three year smoothing of capital gains (losses) with 20% corridor of current fair value
Inflation	1.50% - 3.00%
Salary increases	3.50%
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.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENT RETURNS
ELECTRIC POWER BOARD OF CHATTANOOGA
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	11.90%	5.60%	-10.50%	23.90%	4.30%	3.60%	6.80%	10.00%	-0.90%	5.00%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability										
Service cost	$ 4,879,928	$ 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	13,875,077	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	(8,267,497)	(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	(10,461,245)	(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	26,263	12,174,995	8,845,080	(28,390,370)	10,375,709	103,682	7,821,379	21,983,418	8,380,562	3,437,945
Total OPEB liability - beginning	210,787,319	198,612,324	189,767,244	218,157,614	207,781,905	207,678,223	199,856,844	177,873,426	169,492,864	166,054,919
Total OPEB liability - ending (a)	$ 210,813,582	$ 210,787,319	$ 198,612,324	$ 189,767,244	$ 218,157,614	$ 207,781,905	$ 207,678,223	$ 199,856,844	$ 177,873,426	$ 169,492,864
Plan fiduciary net position										
Contributions - employer	$ 17,358,684	$ 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	18,332,801	(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	(10,461,245)	(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	(83,760)	(59,429)	(62,981)	(66,605)	(49,023)	(37,505)	(44,054)	(50,522)	(41,992)	(41,906)
Other (updated fiscal year 2024 information)	17,559,283	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	42,705,763	8,950,049	17,438,413	(3,468,067)	30,232,645	9,444,074	7,246,927	11,551,793	13,334,288	1,488,018
Plan fiduciary net position - beginning	136,287,782	127,337,733	109,899,320	113,367,387	83,134,742	73,690,668	66,443,741	54,891,948	41,557,660	40,069,642
Plan fiduciary net position - ending (b)	$ 178,993,545	$ 136,287,782	$ 127,337,733	$ 109,899,320	$ 113,367,387	$ 83,134,742	$ 73,690,668	$ 66,443,741	$ 54,891,948	$ 41,557,660
Net OPEB liability - ending (a) - (b)	$ 31,820,037	$ 74,499,537	$ 71,274,591	$ 79,867,924	$ 104,790,227	$ 124,647,163	$ 133,987,555	$ 133,413,103	$ 122,981,478	$ 127,935,204
Plan fiduciary net position as a percentage of the total OPEB liability	84.91%	64.66%	64.11%	57.91%	51.97%	40.01%	35.48%	33.25%	30.86%	24.52%
Covered payroll	$ 170,680,595	$ 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	18.64%	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:
2025: None
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. Assumtions 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: Healthcare trend assumption was updated. The demographic actuarial assumptions for sworn employees reflect the results of the experience investigation of the Sworn Pension Fund for the period ending December 31, 2019.
2021: None
2020: Discount rate was changed to 6.75%. Healthcare trend assumption was updated. The demographic actuarial assumptions for general employees reflect the results of the experience investigation of the General Pension Fund for the period ending December 31, 2017. The demographic actuarial assumptions for mortality for fire and police employees reflect the most recent assumptions used in the Fund's GASB 67 and 68 actuarial valuations prepared as of June 30, 2019.
2019: None
2018: Discount rate was changed to 7.00%. 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

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS
OPEB TRUST FUND (Reporting Per GASB 74)
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 15,848,953	$ 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
Contributions in relation to the actuarially determined contribution	17,358,684	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
Contribution deficiency (excess)	$ (1,509,731)	$ (1,923,442)	$ (1,786,838)	$ (2,473,847)	$ (130,400)	$ (1,025,300)	$ (592,099)	$ (1,028,113)	$ (240,356)	$ (158,043)
Covered payroll	$ 170,680,595	$ 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
Contributions as a percentage of covered payroll	10.17%	11.99%	13.22%	12.46%	11.87%	13.60%	14.17%	14.18%	13.90%	13.39%

Notes to Schedule:

Valuation date:

Valuation are performed every year. The last valuation was January 1, 2025.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining weighted amortization period	2.6 years
Asset valuation method	Fair value, with 5 years recognition of investment gains and losses, not less than 80% or greater than 120% of fair value
Inflation	2.50%
Healthcare cost trend rate	6.50% - 4.50%, including inflation
Year of ultimate trend	2033
Long-Term Investment rate of return	6.75% compounded annually, net of investment expense, and 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% formales 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 Adjustement, 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 (Reporting Per GASB 74)
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense										
OPEB	11.10%	13.79%	9.70%	-12.50%	28.90%	3.76%	5.98%	8.30%	12.86%	-0.77%

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 1,768,000	$ 1,179,000	$ 925,000	$ 943,000	$ 950,000	$ 1,218,000	$ 1,250,000	$ 1,191,000
Interest	2,453,000	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	(1,192,000)	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	(2,327,000)	(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	702,000	10,217,000	2,830,000	249,000	866,000	(1,165,000)	(1,204,000)	(2,534,000)
Total OPEB liability - beginning	37,743,000	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)	$ 38,445,000	$ 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	$ 2,302,000	$ 2,844,000	$ 2,067,000	$ 1,796,000	$ 1,663,000	$ 1,720,000	$ 1,582,000	$ 1,686,000
Net investment income	3,256,000	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	(2,327,000)	(2,889,000)	(2,102,000)	(1,850,000)	(1,688,000)	(1,775,000)	(1,603,000)	(1,716,000)
Administrative expense	(9,000)	(20,000)	(23,000)	(21,000)	(20,000)	(19,000)	(39,000)	(49,000)
Net change in plan fiduciary net position	3,222,000	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	31,224,000	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)	$ 34,446,000	$ 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)	$ 3,999,000	$ 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	89.60%	82.73%	104.64%	136.36%	108.01%	111.69%	101.42%	90.09%
Covered payroll	$ 63,026,000	$ 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	6.35%	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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Employer Contributions	$ 2,301,000	$ 2,302,000	$ 2,844,000	$ 2,067,000	$ 1,796,000	$ 1,663,000	$ 1,720,000	$ 1,582,000	$ 1,686,000
Covered payroll	$ 63,026,000	$ 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	3.65%	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 Value
Inflation rate	2.5% - 2025; 3.0% - 2024, 2.5% -2023, 1.5% - 2022 thru 2017
Healthcare cost trend rate: Active & Early Retirees	6.5% initial, 4.0% ultimate -2025; 7.0% initial, 4.0% 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 2024-2025
	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

	2025	2024	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	10.40%	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

	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
Changes of assumptions	12,086,786	-	-	-	-	5,411,416	1,236,249	8,927,192	8,345,787	-
Difference between expected and actual experience	(5,838,225)	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	(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

Assumption changes:
2024:
*Withdrawal rates changed to a purely service-based table and were increased atmost 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% ofpayroll.
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

	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 rated 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 4,549,000	$ 4,728,000	$ 4,826,000	$ 4,140,000	$ 4,008,000	$ 4,052,000	$ 3,420,000	$ 3,192,000	$ 2,766,000	$ 2,395,000
Interest	5,452,000	5,445,000	5,355,000	4,906,000	4,543,000	4,222,000	4,432,000	4,250,000	4,043,000	3,637,000
Differences between expected and actual experience	146,000	5,233,000	1,191,000	1,752,000	1,736,000	2,278,000	1,460,000	735,000	2,594,000	3,608,000
Changes in assumptions	9,424,000	-	-	6,410,000	-	-	-	4,050,000	-	-
Benefit payments, including refund of member contributions	(3,724,000)	(15,280,000)	(9,994,000)	(4,910,000)	(5,100,000)	(5,963,000)	(7,178,000)	(6,569,000)	(5,237,000)	(2,455,000)
Net change in total pension liability	15,847,000	126,000	1,378,000	12,298,000	5,187,000	4,589,000	2,134,000	5,658,000	4,166,000	7,185,000
Total pension liability - beginning	83,888,000	83,762,000	82,384,000	70,086,000	64,899,000	60,310,000	58,176,000	52,518,000	48,352,000	41,167,000
Total pension liability - ending (a)	$ 99,735,000	$ 83,888,000	$ 83,762,000	$ 82,384,000	$ 70,086,000	$ 64,899,000	$ 60,310,000	$ 58,176,000	$ 52,518,000	$ 48,352,000
Plan fiduciary net position										
Contributions - employer	$ 7,000,000	$ 7,000,000	$ 15,500,000	$ 7,940,000	$ 5,600,000	$ 5,834,000	$ 5,825,000	$ 7,000,000	$ 5,700,000	$ 3,630,000
Net investment income	1,108,000	(5,210,000)	12,626,000	2,101,000	1,792,000	3,214,000	4,174,000	(346,000)	2,143,000	5,735,000
Benefit payments, including refund of member contributions	(3,724,000)	(15,280,000)	(9,994,000)	(4,910,000)	(5,100,000)	(5,963,000)	(7,178,000)	(6,569,000)	(5,237,000)	(2,455,000)
Administrative expense	(27,000)	(31,000)	(29,000)	(25,000)	(24,000)	(55,000)	(74,000)	(74,000)	(74,000)	(87,000)
Net change in plan fiduciary net position	4,357,000	(13,521,000)	18,103,000	5,106,000	2,268,000	3,030,000	2,747,000	11,000	2,532,000	6,823,000
Plan fiduciary net position - beginning	62,494,000	76,015,000	57,912,000	52,806,000	50,538,000	47,508,000	44,761,000	44,750,000	42,218,000	35,395,000
Plan fiduciary net position - ending (b)	$ 66,851,000	$ 62,494,000	$ 76,015,000	$ 57,912,000	$ 52,806,000	$ 50,538,000	$ 47,508,000	$ 44,761,000	$ 44,750,000	$ 42,218,000
Net pension liability - ending (a) - (b)	$ 32,884,000	$ 21,394,000	$ 7,747,000	$ 24,472,000	$ 17,280,000	$ 14,361,000	$ 12,802,000	$ 13,415,000	$ 7,768,000	$ 6,134,000
Plan fiduciary net position as a percentage of the total pension liability	67.03%	74.50%	90.75%	70.30%	75.34%	77.87%	78.77%	76.94%	85.21%	87.31%
Covered payroll	$ 47,674,000	$ 45,216,000	$ 46,760,000	$ 43,578,000	$ 42,079,000	$ 40,978,000	$ 37,196,000	$ 35,296,000	$ 34,481,000	$ 32,127,000
Net pensioin liability as a percentage of covered payroll	68.98%	47.32%	16.57%	56.16%	41.07%	35.05%	34.42%	38.01%	22.53%	19.09%

Notes to Schedule:

Benefit changes: None.

Changes in assumptions:

For FY 2024, using the actuarial valuation as of July 31, 2023, the actuary made the following assumption changes:

- Changed mortality table by using RP-2014 Table with MP-2021 generational improvements for expense determination instead of previous UP-1984 Table
- Changed expected salary increases to 3.5% based on recent trends and market changes from previous 3.0% rate
- Decreased inflation rates to 2.5% per annum from previous level of 3.0%.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS
GENERAL PENSION FUND (Reporting per GASB 68)
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 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	12.3 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

	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 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 anniversarty of retirement date)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS
ELECTRIC POWER BOARD OF CHATTANOOGA RETIREMENT PLAN
Last 10 Calendar Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 8,427,000	$ 6,960,000	$ 6,692,000	$ 7,482,000	$ 5,927,000	$ 5,597,000	$ 5,573,000	$ 5,059,000	$ 4,447,000	$ 3,562,000
Contributions in relation to the actuarially determined contribution	8,500,000	7,000,000	15,500,000	7,500,000	5,940,000	5,600,000	5,584,000	5,075,000	4,500,000	3,700,000
Contribution deficiency (excess)	$ (73,000)	$ (40,000)	$ (8,808,000)	$ (18,000)	$ (13,000)	$ (3,000)	$ (11,000)	$ (16,000)	$ (53,000)	$ (138,000)
Covered payroll	$ 46,560,000	$ 47,674,000	$ 45,216,000	$ 46,760,000	$ 43,578,000	$ 42,079,000	$ 40,978,000	$ 37,196,000	$ 35,296,000	$ 34,481,000
Contributions as a percentage of covered payroll	18.26%	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	Aggregate
Asset valuation method	Three year smoothing of capital gains (losses) with 20% corridor of current fair value
Inflation	1.50% - 3.00%
Salary increases	3.50%
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.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
CITY'S OPEB FUND (Reporting Per GASB 75)
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	-	-
Changes of assumptions	3,562,652	-	7,549,180	-	903,971	-	13,240,396	-	-
Benefit payments	(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	12,174,995	8,845,080	(28,390,370)	10,375,709	103,682	7,821,379	21,983,418	8,380,562	3,437,945
Total OPEB liability - beginning	198,612,324	189,767,244	218,157,614	207,781,905	207,678,223	199,856,844	177,873,426	169,492,864	166,054,919
Total OPEB liability - ending (a)	$ 210,787,319	$ 198,612,324	$ 189,767,244	$ 218,157,614	$ 207,781,905	$ 207,678,223	$ 199,856,844	$ 177,873,426	$ 169,492,864
Plan fiduciary net position									
Contributions - employer	$ 16,170,920	$ 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, net 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	8,950,049	17,438,413	(3,468,067)	30,232,645	9,444,074	7,246,927	11,551,793	13,334,288	1,488,018
Plan fiduciary net position - beginning	127,337,733	109,899,320	113,367,387	83,134,742	73,690,668	66,443,741	54,891,948	41,557,660	40,069,642
Plan fiduciary net position - ending (b)	$ 136,287,782	$ 127,337,733	$ 109,899,320	$ 113,367,387	$ 83,134,742	$ 73,690,668	$ 66,443,741	$ 54,891,948	$ 41,557,660
Net OPEB liability - ending (a) - (b)	$ 74,499,537	$ 71,274,591	$ 79,867,924	$ 104,790,227	$ 124,647,163	$ 133,987,555	$ 133,413,103	$ 122,981,478	$ 127,935,204
Plan fiduciary net position as a percentage of the total OPEB liability	64.66%	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

Assumption changes:

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. Assumtions 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: Healthcare trend assumption was updated. The demographic actuarial assumptions for sworn employees reflect the results of the experience investigation of the Sworn Pension Fund for the period ending December 31, 2019.

2021: None

2020: Discount rate was changed to 6.75%. Healthcare trend assumption was updated. The demographic actuarial assumptions for general employees reflect the results of the experience investigation of the General Pension Fund for the period ending December 31, 2017. The demographic actuarial assumptions for mortality for fire and police employees reflect the most recent assumptions used in the Fund's GASB 67 and 68 actuarial valuations prepared as of June 30, 2019.

2019: None

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

2017: None

2016: The demographic assumptions for retirement, disability incidence, withdrawal, and salary increases for fire and police employees reflect the results of the experience of the Fire and Police Pension Fund for the period ended December 31, 2014

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS
CITY'S OPEB FUND (Reporting Per GASB 75)
Last 10 Fiscal Years

	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 relationto 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:

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 weighted amortization period	9 years
Asset valuation method	Fair value, with 5 years recognition of investment gains and losses, not less than 80% or greater than 120% of fair value
Inflation	2.50%
Healthcare cost trend rate	
Pre-Medicare eligible	7.00 - 4.50%, including inflation
Medicare	4.75 - 4.50%, including inflation
Year of ultimate trend	
Pre-Medicare	2029
Medicare	2023
Long-Term Investment rate of return	6.75% compounded annually, net of investment expense, and 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

	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

	2024	2023	2022	2021	2020	2019	2018	2017
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 Value
Inflation rate	2.5% - 2025; 3.0% - 2024, 2.5% -2023, 1.5% - 2022 thru 2017
Healthcare cost trend rate: Active & Early Retirees	6.5% initial, 4.0% ultimate -2025; 7.0% initial, 4.0% 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 2024-2025
	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
CORPORATION
SEAL
TENNESSEE

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, 2025

	Special Revenue					
	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax
ASSETS						
Cash and cash equivalents	$ -	$ -	$ 4,505,181	$ 6,698,472	$ 3,691,004	$ 3,714,744
Investments	-	-	-	-	-	6,002,925
Receivables, net of allowance for uncollectibles:						
Other taxes	-	-	-	-	-	1,800,241
Notes	-	-	-	-	5,424,767	-
Other	-	-	2,856	-	694,105	37,895
Due from other governments:						
Federal	-	3,988,746	-	-	1,722,905	-
State of Tennessee	-	1,589,202	-	1,132,869	230,422	-
Other	-	-	-	-	34,931	-
Total assets	$ -	$ 5,577,948	$ 4,508,037	$ 7,831,341	$ 11,798,134	$ 11,555,805
LIABILITIES						
Accounts payable and accrued liabilities:						
Accounts payable	$ -	$ 4,145,123	$ 1,575,386	$ 96,555	$ 836,207	$ 90,917
Accrued payroll	-	421,024	-	142,931	41,990	-
Other accrued liabilities	-	88,239	-	-	-	-
Due to other governments	-	133	-	-	130,814	-
Unearned grants revenue	-	187,084	-	-	405,260	-
Total liabilities	-	4,841,603	1,575,386	239,486	1,414,271	90,917
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - other local taxes	-	-	-	-	-	833,333
Unavailable revenue - shared tax revenue	-	-	-	557,500	-	-
Unavailable revenue - CDBG loans	-	-	-	-	6,751,751	-
Total deferred inflows of resources	-	-	-	557,500	6,751,751	833,333
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	736,345	2,932,651	7,034,355	3,632,112	10,631,555
Committed	-	-	-	-	-	-
Total fund balances	-	736,345	2,932,651	7,034,355	3,632,112	10,631,555
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 5,577,948	$ 4,508,037	$ 7,831,341	$ 11,798,134	$ 11,555,805

Special Revenue							Permanent Fund	
River Pier Garage	Regional Planning Agency	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Total Special Revenue	Debt Service	Library Endowment	Total Nonmajor Funds
$ 3,054,156	$ 2,527,198	$ 462,082	$ 5,192	$ 159	$ 24,658,188	$ 3,687,491	$ 739,784	$ 29,085,463
-	-	-	-	-	6,002,925	-	7,663,355	13,666,280
-	-	-	-	-	1,800,241	-	-	1,800,241
-	-	-	-	-	5,424,767	-	-	5,424,767
47,464	400	-	-	-	782,720	-	-	782,720
-	-	-	-	-	5,711,651	-	-	5,711,651
-	1,118,610	-	-	-	4,071,103	-	-	4,071,103
-	190,409	-	-	-	225,340	-	-	225,340
$ 3,101,620	$ 3,836,617	$ 462,082	$ 5,192	$ 159	$ 48,676,935	$ 3,687,491	$ 8,403,139	$ 60,767,565
$ -	$ 213,424	$ 14,156	$ 1,500	$ 159	$ 6,973,427	$ -	$ 16	$ 6,973,443
-	105,903	45,585	3,692	-	761,125	-	-	761,125
-	-	-	-	-	88,239	-	-	88,239
-	-	-	-	-	130,947	-	-	130,947
-	93,505	-	-	-	685,849	-	-	685,849
-	412,832	59,741	5,192	159	8,639,587	-	16	8,639,603
-	-	-	-	-	833,333	-	-	833,333
-	-	-	-	-	557,500	-	-	557,500
-	-	-	-	-	6,751,751	-	-	6,751,751
-	-	-	-	-	8,142,584	-	-	8,142,584
-	-	-	-	-	-	-	7,663,355	7,663,355
3,101,620	1,309,019	160,936	-	-	29,538,593	-	739,768	30,278,361
-	2,114,766	241,405	-	-	2,356,171	3,687,491	-	6,043,662
3,101,620	3,423,785	402,341	-	-	31,894,764	3,687,491	8,403,123	43,985,378
$ 3,101,620	$ 3,836,617	$ 462,082	$ 5,192	$ 159	$ 48,676,935	$ 3,687,491	$ 8,403,139	$ 60,767,565

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2025

	Special Revenue						
	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax	River Pier Garage
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ -	$ 10,101,251	$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental:							
Federal	-	15,357,083	121,023	-	5,198,927	-	-
State	-	4,666,674	2,246	6,484,570	538,491	-	-
County	-	-	-	-	63,623	-	-
Other	-	-	-	-	-	-	-
Charges for services	-	-	-	-	15,772	-	534,778
Fines, forfeitures and penalties	-	-	24,926	-	-	-	-
Investment income	-	-	55,011	626,906	11,898	456,591	-
Sale of property	-	-	17,580	-	-	-	-
Miscellaneous	-	-	271,049	-	247,186	-	19,122
Total revenues	-	20,023,757	491,835	7,111,476	6,075,897	10,557,842	553,900
EXPENDITURES							
Current:							
General government:							
General government	-	-	-	-	-	1,030,126	265,169
City planning	-	-	-	-	-	-	-
Economic and community development	-	4,475,038	-	-	6,107,788	-	-
Public safety:							
Police	-	-	146,515	-	-	-	-
Public works and transportation:							
Public works	-	-	-	6,649,861	-	-	-
Early learning							
Youth and family development	-	15,885,294	-	-	-	-	-
Debt service:							
Principal retirement	-	88,826	-	-	-	-	-
Interest and fiscal charges	-	9,707	-	-	-	-	-
Total expenditures	-	20,458,865	146,515	6,649,861	6,107,788	1,030,126	265,169
Excess (deficiency) of revenues over (under) expenditures	-	(435,108)	345,320	461,615	(31,891)	9,527,716	288,731
OTHER FINANCING SOURCES (USES)							
Transfers in	-	842,300	-	-	55,000	-	-
Transfers out	(11,424)	(350,000)	-	(1,000,000)	-	(11,529,452)	-
Total other financing sources (uses)	(11,424)	492,300	-	(1,000,000)	55,000	(11,529,452)	-
Net change in fund balances	(11,424)	57,192	345,320	(538,385)	23,109	(2,001,736)	288,731
FUND BALANCES, beginning	11,424	679,153	2,587,331	7,572,740	3,609,003	12,633,291	2,812,889
FUND BALANCES, ending	$ -	$ 736,345	$ 2,932,651	$ 7,034,355	$ 3,632,112	$ 10,631,555	$ 3,101,620

Special Revenue							Permanent Fund	
Regional Planning Agency	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Interfund Eliminations	Total Special Revenue	Debt Service	Library Endowment	Total Nonmajor Funds
$ -	$ -	$ -	$ 894,911	$ -	$ 10,996,162	$ -	$ -	$ 10,996,162
128,810	533,922	-	-	-	662,732	-	-	662,732
-	634,001	-	-	-	21,311,034	-	-	21,311,034
453,355	-	-	-	-	12,145,336	-	-	12,145,336
881,641	228,113	-	-	-	1,173,377	-	-	1,173,377
229,045	-	-	-	-	229,045	-	-	229,045
109,707	-	-	-	-	660,257	-	-	660,257
-	-	-	-	-	24,926	-	-	24,926
-	-	-	-	-	1,150,406	-	807,108	1,957,514
-	3,995	-	-	-	21,575	-	-	21,575
-	130	-	10,523	-	548,010	-	-	548,010
1,802,558	1,400,161	-	905,434	-	48,922,860	-	807,108	49,729,968
-	1,646,128	111,859	905,434	-	3,958,716	-	39,233	3,997,949
3,255,641	-	-	-	-	3,255,641	-	-	3,255,641
-	-	-	-	-	10,582,826	-	-	10,582,826
-	-	-	-	-	146,515	-	-	146,515
-	-	-	-	-	6,649,861	-	-	6,649,861
-	-	-	-	-	15,885,294	-	-	15,885,294
-	122,419	-	-	-	211,245	18,615,944	-	18,827,189
958,122	75,008	-	-	-	1,042,837	6,421,473	-	7,464,310
4,213,763	1,843,555	111,859	905,434	-	41,732,935	25,037,417	39,233	66,809,585
(2,411,205)	(443,394)	(111,859)	-	-	7,189,925	(25,037,417)	767,875	(17,079,617)
2,859,999	939,015	111,859	-	(1,338,589)	3,469,584	25,481,417	-	28,951,001
(429,742)	(608,847)	-	-	1,338,589	(12,590,876)	-	-	(12,590,876)
2,430,257	330,168	111,859	-	-	(9,121,292)	25,481,417	-	16,360,125
19,052	(113,226)	-	-	-	(1,931,367)	444,000	767,875	(719,492)
3,404,733	515,567	-	-	-	33,826,131	3,243,491	7,635,248	44,704,870
$ 3,423,785	$ 402,341	$ -	$ -	$ -	$ 31,894,764	$ 3,687,491	$ 8,403,123	$ 43,985,378

INTERNAL SERVICE FUNDS

These are the internal service funds which are used to accumulate and allocate costs internally among the City's various functions.

Fleet Services Fund accounts for the costs of acquiring, maintaining, and repairing the City's vehicles and motorized equipment. Departments are charged user fees based on actual services provided, which helps ensure the full cost of fleet operations, including fuel, maintenance, replacement, and administrative support, is appropriately allocated across the organization.

Health Insurance Fund accounts for the financial activity related to the City's employee health benefit program. The fund collects premiums from departments and employees and pays medical, dental, pharmacy, and wellness program costs. This structure allows the City to manage health plan expenses centrally and maintain adequate reserves for current and future claims.

Liability Insurance Fund accounts for payment of the City's general liability claims, judgments and associated legal expenses, including attorney's fees. Centralizing these costs allows the City to manage its self-insured programs, monitor claims trends, and maintain reserves for potential losses.

Risk Management Fund supports citywide efforts to identify, assess, and mitigate risks. Activities may include safety training, loss prevention programs, claims administration, compliance monitoring, and risk analysis. The fund ensures a coordinated approach to reducing the City's exposure to financial, operational, and legal risks.

Technology Replacement Fund provides a structured mechanism to finance the replacement of essential technology and information systems. The fund ensures stable, predictable funding for technology upgrades and helps maintain modern, secure, and reliable systems across the City.

Tennessee Valley Regional Communications System Fund collects radio lease revenues from City departments to support the infrastructure, equipment, and technical services necessary to provide reliable radio and data communications within the City. Centralizing these revenues in an internal service fund ensures consistent service levels, coordinated system upgrades, and dedicated resources for critical communications that support public safety and emergency response across the region.

CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUND

June 30, 2025

	Fleet	Health Insurance	Liability Insurance	Risk Mgmt	Technology Replacement Fund	TVRCS City Radio Fund	Grand Totals
ASSETS							
Current Assets:							
Cash and cash equivalents	$ 16,701,091	$ 19,105,820	$ 3,573,091	$ 1,000,000	$ 1,714,202	$ 1,679,924	$ 43,774,128
Investments	9,959,278	9,951,367	4,980,698	-	-	4,990,304	29,881,647
Receivables:							
Other	10,067	3,716,891	14,323	-	-	2,228	3,743,509
Inventories	2,391,452	669,186	-	-	-	-	3,060,638
Due from other governments:							
Other local governments	9,165	-	-	-	-	-	9,165
Total current assets	29,071,053	33,443,264	8,568,112	1,000,000	1,714,202	6,672,456	80,469,087
Noncurrent Assets:							
Capital Assets:							
Construction in progress	282,270	-	-	-	-	-	282,270
Buildings	1,061,179	4,736,267	-	-	-	-	5,797,446
Equipment	3,829,701	193,560	-	-	198,673	5,977,735	10,199,669
Vehicles	56,315,296	-	-	-	-	-	56,315,296
	61,488,446	4,929,827	-	-	198,673	5,977,735	72,594,681
Less accumulated depreciation	(41,554,566)	(2,032,000)	-	-	(198,673)	(5,977,735)	(49,762,974)
Net capital assets	19,933,880	2,897,827	-	-	-	-	22,831,707
Total assets	49,004,933	36,341,091	8,568,112	1,000,000	1,714,202	6,672,456	103,300,794
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities:							
Accounts payable	1,021,643	5,436,132	3,028,136	-	111,179	-	9,597,090
Accrued payroll	200,161	-	-	3,293	-	-	203,454
Current maturities of long-term liabilities:							
Compensated absences	26,528	-	-	-	-	-	26,528
Total current liabilities	1,248,332	5,436,132	3,028,136	3,293	111,179	-	9,827,072
Long-term liabilities:							
Compensated absences	218,650	-	-	-	-	-	218,650
Total long-term liabilities	218,650	-	-	-	-	-	218,650
Total liabilities	1,466,982	5,436,132	3,028,136	3,293	111,179	-	10,045,722
NET POSITION							
Net investment in capital assets	19,933,880	2,897,827	-	-	-	-	22,831,707
Unrestricted	27,604,071	28,007,132	5,539,976	996,707	1,603,023	6,672,456	70,423,365
Total net position	$ 47,537,951	$ 30,904,959	$ 5,539,976	$ 996,707	$ 1,603,023	$ 6,672,456	$ 93,255,072

CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND

Year Ended June 30, 2025

	Fleet	Health Insurance	Liability Insurance	Risk Mgmt	Technology Replacement Fund	TVRCS City Radio Fund	Grand Totals
OPERATING REVENUES							
Departmental billings	$ 24,045,429	$ 36,941,850	$ 1,000,000	$ 1,000,000	$ 750,000	$ -	$ 63,737,279
Claim reimbursed by OPEB Trust	-	10,514,285	-	-	-	-	10,514,285
Other	518,888	7,990,090	-	-	-	1,014,746	9,523,724
Total operating revenues	24,564,317	55,446,225	1,000,000	1,000,000	750,000	1,014,746	83,775,288
OPERATING EXPENSES							
Fleet operations:							
Fuel purchases - Amnicola	723,083	-	-	-	-	-	723,083
Fuel purchases - 12th Street	2,177,762	-	-	-	-	-	2,177,762
Maintenance - Amnicola	6,486,513	-	-	-	-	-	6,486,513
Maintenance - 12th Street	5,097,256	-	-	-	-	-	5,097,256
Fleet leasing operations	3,097,234	-	-	-	-	-	3,097,234
Liability insurance:							
Special counsel	-	-	439,603	-	-	-	439,603
Claims and tort liabilities	-	-	550,854	-	-	-	550,854
Health services:							
Employee healthcare	-	25,381,927	-	-	-	-	25,381,927
Retiree healthcare	-	10,826,004	-	-	-	-	10,826,004
Pensioners healthcare	-	252,069	-	-	-	-	252,069
Clinics and wellness	-	3,779,566	-	-	-	-	3,779,566
Pharmacy	-	10,724,600	-	-	-	-	10,724,600
Risk management:							
Administrative	-	-	-	3,293	-	-	3,293
Technology replacement fund:						-	
Technology purchases	-	-	-	-	520,266	-	520,266
Depreciation	4,948,671	157,706	-	-	-	-	5,106,377
Total operating expenses	22,530,519	51,121,872	990,457	3,293	520,266	-	75,166,407
OPERATING INCOME (LOSS)	2,033,798	4,324,353	9,543	996,707	229,734	1,014,746	8,608,881
NONOPERATING REVENUES (EXPENSES)							
Other income	(4,135)	528,864	517,521	-	-	-	1,042,250
Total nonoperating revenues (expenses)	(4,135)	528,864	517,521	-	-	-	1,042,250
CHANGE IN NET POSITION	2,029,663	4,853,217	527,064	996,707	229,734	1,014,746	9,651,131
NET POSITION, beginning	45,508,288	26,051,742	5,012,912	-	1,373,289	5,657,710	83,603,941
NET POSITION, ending	$ 47,537,951	$ 30,904,959	$ 5,539,976	$ 996,707	$ 1,603,023	$ 6,672,456	$ 93,255,072

CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year ended June 30, 2025

	Fleet	Health Insurance	Liability Insurance	Risk Management	Technology Replacement Fund	TVRCS City Radio Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	$ 24,601,150	$ 55,510,563	$ 985,677	$ 1,000,000	$ 750,000	$ 1,012,518	$ 83,859,908
Payments to suppliers	(14,212,543)	(49,747,062)	(1,138,199)	3,293	(415,043)	-	(65,509,554)
Payments to employees	(4,484,167)	-	-	(3,293)	-	-	(4,487,460)
Net cash from operating activities	5,904,440	5,763,501	(152,522)	1,000,000	334,957	1,012,518	13,862,894
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
(Additions) Subtractions to capital assets	(7,775,226)	-	-	-	-	-	(7,775,226)
Proceeds from sale of capital assets	16,166	-	-	-	-	-	16,166
Premium on debt	(77,946)	-	-	-	-	-	(77,946)
Net cash flows used in capital and related financing activities	(7,837,006)	-	-	-	-	-	(7,837,006)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(4,959,278)	(4,951,367)	(4,980,698)	-	-	(4,990,304)	(19,881,647)
Net cash flows from investing activities	(4,959,278)	(4,951,367)	(4,980,698)	-	-	(4,990,304)	(19,881,647)
Net increase (decrease) in cash and cash equivalents	(6,891,844)	812,134	(5,133,220)	1,000,000	334,957	(3,977,786)	(13,855,759)
Cash and cash equivalents, beginning of year	23,592,935	18,293,686	8,706,311	-	1,379,245	5,657,710	57,629,887
Cash and cash equivalents, end of year	$ 16,701,091	$ 19,105,820	$ 3,573,091	$ 1,000,000	$ 1,714,202	$ 1,679,924	$ 43,774,128
CLASSIFIED AS:							
Current assets	$ 16,701,091	$ 19,105,820	$ 3,573,091	$ 1,000,000	$ 1,714,202	$ 1,679,924	$ 43,774,128
	$ 16,701,091	$ 19,105,820	$ 3,573,091	$ 1,000,000	$ 1,714,202	$ 1,679,924	$ 43,774,128

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year ended June 30, 2025

(Continued from previous page)	Fleet	Health Insurance	Liability Insurance	Risk Management	Technology Replacement Fund	TVRCS City Radio Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES							
OPERATING INCOME (LOSS)	$ 2,033,798	$ 4,324,353	$ 9,543	$ 996,707	$ 229,734	$ 1,014,746	$ 8,608,881
ADJUSTMENTS NOT AFFECTING CASH							
Depreciation and amortization	4,948,671	157,706	-	-	-	-	5,106,377
(Increase) decrease in:							
Accounts receivable	36,833	(316,127)	(14,323)	-	-	(2,228)	(295,845)
Due from other funds	1,535	-	-		-	-	1,535
Inventory	277,116	41,169	-		-	-	318,285
Increase (decrease) in:							
Accounts payable	(1,383,735)	1,082,260	(665,263)	3,293	105,223	-	(858,222)
Other assets/liabilities	(5,670)	528,864	517,521	-	-	-	1,040,715
Compensated absences	(4,108)	(54,724)	-	-	-	-	(58,832)
Total adjustments	3,870,642	1,439,148	(162,065)	3,293	105,223	(2,228)	5,254,013
Net cash from operating activities	$ 5,904,440	$ 5,763,501	$ (152,522)	$ 1,000,000	$ 334,957	$ 1,012,518	$ 13,862,894

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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.

Chattanooga Land Bank Authority accounts for the transformation of nonrevenue generating, nontax producing or blighted properties owned by the City into affordable housing.

CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION COMPONENT UNITS

Year Ended June 30, 2025

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District (CBID)	Chattanooga Land Bank Authority	Total
OPERATING REVENUES					
Charges for services	$ 35,536,657	$ 10,756,184	$ 925,908	$ 59,283	$ 47,278,032
Total operating revenues	35,536,657	10,756,184	925,908	59,283	47,278,032
OPERATING EXPENSES					
Airport operations	23,647,577	-	-	-	23,647,577
CARTA operations	-	30,502,582	-	-	30,502,582
CBID operations	-	-	1,107,638	-	1,107,638
Land Bank operations	-	-	-	28,460	28,460
Depreciation and amortization	10,876,275	5,807,948	-	-	16,684,223
Total operating expenses	34,523,852	36,310,530	1,107,638	28,460	71,970,480
OPERATING INCOME (LOSS)	1,012,805	(25,554,346)	(181,730)	30,823	(24,692,448)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	-	9,025,196	-	-	9,025,196
Investment income	2,042,982	33,707	-	-	2,076,689
Interest expense	(394,405)	-	(552)	-	(394,957)
Gain on disposal of asset	-	3,039,080	-	-	3,039,080
Other income (expense)	3,412,140	37,465	125,475	-	3,575,080
Total nonoperating revenues (expenses)	5,060,717	12,135,448	124,923	-	17,321,088
INCOME (LOSS) BEFORE CONTRIBUTIONS	6,073,522	(13,418,898)	(56,807)	30,823	(7,371,360)
Capital contributions	15,112,370	12,839,045	-	-	27,951,415
CHANGE IN NET POSITION	21,185,892	(579,853)	(56,807)	30,823	20,580,055
NET POSITION, beginning	208,566,513	28,554,216	554,489	-	237,675,218
Change to or within financial reporting entity	-	-	-	182,913	182,913
Restatement - GASB 101 implementation	-	(694,092)	-	-	(694,092)
NET POSITION, beginning, as restated	208,566,513	27,860,124	554,489	182,913	237,164,039
NET POSITION, ending	$ 229,752,405	$ 27,280,271	$ 497,682	$ 213,736	$ 257,744,094

CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS

Year Ended June 30, 2025

	Chattanooga Metropolitan Airport Authority	CARTA	Chattanooga Land Bank Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 35,295,687	$ 10,669,105	$ -	$ 45,964,792
Cash received on sale of back tax surplus	-	-	59,283	59,283
Payments to suppliers	(15,829,885)	(20,942,548)	(21,350)	(36,793,783)
Payments to employees	(4,976,720)	(7,784,322)	-	(12,761,042)
Net cash from operating activities	14,489,082	(18,057,765)	37,933	(3,530,750)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental payments received	-	8,614,448	-	8,614,448
Rents received	-	37,465	-	37,465
Net cash from noncapital financing activities	-	8,651,913	-	8,651,913
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Insurance reimbursements for capital asset	-	892,324	-	892,324
Principal paid on capital debt	(1,300,380)	-	-	(1,300,380)
Proceeds from sale of property and equipment	10,725	3,543	-	14,268
Interest paid on capital debt	(394,405)	-	-	(394,405)
Capital contributions	13,682,891	12,340,708	-	26,023,599
Additions to capital assets	(25,926,523)	(4,118,547)	-	(30,045,070)
Passenger/customer facility charges collected	3,345,941	-	-	3,345,941
Net cash flows from capital and related financing activities	(10,581,751)	9,118,028	-	(1,463,723)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	2,007,534	33,707	-	2,041,241
Net cash flows from investing activities	2,007,534	33,707	-	2,041,241
Net increase (decrease) in cash and cash equivalents	5,914,865	(254,117)	37,933	5,698,681
Cash and cash equivalents, beginning of year	17,531,268	1,120,368	182,913	18,834,549
Cash and cash equivalents, end of year	$ 23,446,133	$ 866,251	$ 220,846	$ 24,533,230
CLASSIFIED AS:				
Current assets	$ 18,748,595	$ 866,251	$ 220,846	$ 19,835,692
Restricted assets	4,697,538	-	-	4,697,538
	$ 23,446,133	$ 866,251	$ 220,846	$ 24,533,230

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS

Year Ended June 30, 2025

	Chattanooga Metropolitan Airport Authority	CARTA	Chattanooga Land Bank Authority	Total
(Continued from previous page)				
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	$ 1,012,805	$ (25,554,346)	$ 30,823	$ (24,510,718)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Depreciation and amortization	10,876,275	5,807,948	-	16,684,223
Net general pension expense (benefit)	212,425	(573,112)	-	(360,687)
Net general other post-employment benefit	(238,329)	118,709	-	(119,620)
Change in operating assets and liabilities:				
Trade receivables, net	(250,000)	(95,701)	-	(345,701)
Inventory	103,574	(24,268)	-	79,306
Deferred outflows	-	686,445	-	686,445
Prepaid items	996,171	66,898	-	1,063,069
Accounts payable and accrued liabilities	1,813,946	1,733,585	7,110	3,554,641
Unearned revenue	9,031	-	-	9,031
Leases receivable	(46,816)	8,622	-	(38,194)
Deferred pension items	-	(232,545)	-	(232,545)
TOTAL ADJUSTMENTS	13,476,277	7,496,581	7,110	20,979,968
NET CASH FROM OPERATING ACTIVITIES	$ 14,489,082	$ (18,057,765)	$ 37,933	$ (3,530,750)

BUDGETARY COMPARISON SCHEDULES

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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
REVENUES				
Taxes:				
Property taxes	$ 178,724,000	$ 178,724,000	$ 176,065,434	$ (2,658,566)
Payments in lieu of tax:				
PILOT CHA	225,400	225,400	227,669	2,269
PILOT TVA	2,273,700	2,273,700	2,257,486	(16,214)
PILOT Good Neighbors	2,800	2,800	2,808	8
PILOT Dev Corp O Knob	460	460	-	(460)
PILOT UnumProvident Corporation	83,440	83,440	83,445	5
PILOT Blue Cross Blue Shield	1,161,200	1,161,200	1,162,588	1,388
PILOT Gestamp Chattanooga, LLC	424,200	424,200	1,045,560	621,360
PILOT EPB	7,075,430	7,075,430	-	(7,075,430)
PILOT Coca Cola	198,590	198,590	198,526	(64)
PILOT Plastic Omnium Auto Exteriors LLC	143,740	143,740	105,059	(38,681)
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	6,610	6,610	33,078	26,468
PILOT Yanfeng US Automotive Interior Systems LLC	-	-	37,304	37,304
PILOT M & M Industries Inc	-	-	69,435	69,435
PILOT Homeserve USA	3,240	3,240	64,992	61,752
PILOT Walnut Commons	47,850	47,850	71,775	23,925
PILOT Reserve at Mountain Pass LP	-	-	3,650	3,650
Interest and penalty on taxes				
Prior years	1,416,700	1,416,700	1,614,102	197,402
Collection fees on delinquent taxes	184,700	184,700	271,424	86,724
Total property taxes	191,988,000	191,988,000	183,330,273	(8,657,727)
Other local taxes:				
Franchise Taxes	3,563,100	3,563,100	4,849,520	1,286,420
Liquor Taxes	3,378,200	3,378,200	3,073,243	(304,957)
Beer Taxes	4,945,000	4,945,000	4,920,595	(24,405)
Local Litigation City Court	2,600	2,600	2,611	11
Gross receipts Tax	6,899,200	6,899,200	8,536,812	1,637,612
Corp Intangible Property Tax	947,200	947,200	1,076,504	129,304
NonDep Excise Tax TCA 67-4-2020	33,900	33,900	5,320	(28,580)
Total other taxes	19,769,200	19,769,200	22,464,605	2,695,405
Total taxes	211,757,200	211,757,200	205,794,878	(5,962,322)
Licenses, fees and permits:				
Licenses:				
Wrecker Business License	700	700	900	200
Liquor by Drink License	131,200	131,200	174,460	43,260
Liquor by Drink Int & Pen	1,000	1,000	638	(362)
Transient Vendor License	300	300	750	450
Motor Vehicle License	342,500	342,500	418,410	75,910
Wrecker Contractor License	400	400	500	100
Original Business License Fee	23,300	23,300	30,750	7,450

(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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
(Continued from previous page)				
Permits:				
Building Permits	$ 3,271,500	$ 3,271,500	$ 3,449,344	$ 177,844
Electrical Permits	582,700	582,700	447,148	(135,552)
Plumbing Fixtures Connection Permits	390,370	390,370	307,845	(82,525)
Street Cut-in Permits	484,000	484,000	419,618	(64,382)
Mechanical Code Permits	400,870	400,870	389,572	(11,298)
Hotel Permits	200	200	1,150	950
Gas Permits	29,300	29,300	32,150	2,850
Sign Permits	83,000	83,000	115,510	32,510
Taxicab Driver Permits	2,000	2,000	2,565	565
Moving Permit Investigation Fee	-	-	320	320
Traffic Eng Special Events Permits	12,000	12,000	21,850	9,850
Push Cart Permits	-	-	200	200
Mobile Food Unit	400	400	950	550
Tree Ordinance Permit	19,000	19,000	35,000	16,000
Tire Haulers Permit	-	-	255	255
Short Term Vacation Rental Permit	138,000	138,000	203,200	65,200
Fees:				
Business License Issuance Fees	61,000	61,000	61,256	256
Plumbing Examiners Fees	44,300	44,300	54,950	10,650
Electrical Examiners Fees	146,000	146,000	180,100	34,100
Gas Examiners Fees	30,400	30,400	37,480	7,080
Beer Board Application Fees	23,000	23,000	22,550	(450)
Mechanical Exam Fees	20,000	20,000	19,490	(510)
Permit Issuance Fees	70,000	70,000	70,530	530
Exhibitors Fees	210	210	247	37
Subdivision Review & Inspection Fees	27,600	27,600	32,672	5,072
Adult Entertain Application Fees	5,000	5,000	3,300	(1,700)
Zoning Letter Fees	37,000	37,000	30,300	(6,700)
Variance Request Fees	10,400	10,400	14,800	4,400
Certificate of Occupancy Fees	35,000	35,000	57,140	22,140
Code Compliance Letter Fees	2,000	2,000	3,369	1,369
Modular Home Site Investigation Fees	-	-	100	100
Plan Checking Fees	526,700	526,700	757,850	231,150
Phased Construction Plan Review Fees	15,100	15,100	7,982	(7,118)
Construction Board of Appeals Fees	1,200	1,200	900	(300)
Sign Board of Appeals Fees	800	800	-	(800)
Historic Zone Construction Fee	1,950	1,950	10,150	8,200
Northshore Design Appeal Fee	2,000	2,000	7,850	5,850
Fire District Removal Request Fee	-	-	200	200
Fire Permits City Code 16-29	360,000	360,000	461,244	101,244
Fire Re-Inspection of Business & Hotels	100	100	-	(100)
Wine in Grocery Store Application	-	-	1,200	1,200
Beer Permit	72,000	72,000	67,050	(4,950)
Re Inspection Fee	-	-	1,500	1,500
Total licenses, fees & permits	7,404,500	7,404,500	7,957,295	552,795

(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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
(Continued from previous page)				
Intergovernmental:				
Federal funds	$ -	$ -	$ 856,686	$ 856,686
State funds:				
State Operations Funds	-	-	325,650	325,650
State Operations Funds TEMA	-	-	31,532	31,532
State Operations Funds Training Supplement F&P	696,000	696,000	636,800	(59,200)
State Shared Ops Maintenance of Streets	60,000	60,000	44,000	(16,000)
State Opioid Settlement	-	-	29,615	29,615
State Suspended Revoked DL Fee	-	-	8,260	8,260
State Shared City Alloc State Sales Tax	21,796,000	21,796,000	22,943,510	1,147,510
State Shared City Alloc State Income Tax	-	-	1,110	1,110
State Shared City Alloc State Beer Tax	80,000	80,000	76,713	(3,287)
State Shared Mixed Drink Tax	5,805,700	5,805,700	5,775,602	(30,098)
State Shared Ci Interstate Telecommunication Sales Tax	249,000	249,000	252,796	3,796
State Shared Alcoholic Beverage Tax	188,000	188,000	184,118	(3,882)
State Shared Gas Inspection Fees	332,000	332,000	332,873	873
State Shared Commission Gross Receipts	417,000	417,000	791,944	374,944
State Shared Sports Gambling TCA 4-51-304	350,000	350,000	398,255	48,255
County funds:				
Ham Co Operations Funds	-	-	50,000	50,000
Ham Co Oper Ross's Landing	1,714,000	1,714,000	1,862,771	148,771
Ham Co Local Option Sales Tax	69,509,000	69,509,000	71,953,759	2,444,759
Ham Co Local Option Sales Tax TDZ	684,000	684,000	809,858	125,858
Other intergovernmental	25,300	25,300	-	(25,300)
Designated revenue:				
Ham Co Local Option Sales Tax (Economic Dev)	19,115,000	19,115,000	19,167,800	52,800
State Shared TDZ Sales Tax	-	-	5,246,956	5,246,956
FEMA April 2020 Disaster	1,112,732	1,112,732	1,114,061	1,329
Other	12,644,640	12,644,640	13,585,468	940,828
Total intergovernmental revenues	134,778,372	134,778,372	146,480,137	11,701,765
Charges for services				
Court charges:				
Court Cost Current	127,000	127,000	125,293	(1,707)
Court Commissions	5,000	5,000	3,966	(1,034)
Court Clerk's Fee Current	446,000	446,000	410,265	(35,735)
Court Service of Process Current	-	-	49	49
Court Processing of Release Forms	8,000	8,000	8,077	77
Court Administrative Cost	-	-	585	585
Court Current State Cost	3,000	3,000	2,666	(334)
Court Translation Service Fee	100	100	70	(30)

(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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
(Continued from previous page)				
Facility charges:				
Facility Rents	$ -	$ -	$ 6,250	$ 6,250
Property Rental Revenue	153,100	153,100	174,634	21,534
Ballfield Income	43,000	43,000	91,850	48,850
Carousel Ridership	105,000	105,000	12,765	(92,235)
Walker Pavilion Rent	23,800	23,800	36,525	12,725
Heritage Park House Rent	11,700	11,700	15,475	3,775
Renaissance Park Rent	2,200	2,200	550	(1,650)
Greenway Facility Rent	25,900	25,900	52,663	26,763
Dock Rental	36,700	36,700	51,534	14,834
Ross' Landing Rent	300	300	10,600	10,300
Champion's Club Fees	31,000	31,000	40,065	9,065
Recreation Center Rental	46,400	46,400	38,945	(7,455)
Carousel Room Rental	17,800	17,800	19,275	1,475
Coolidge Park Rental	23,300	23,300	22,750	(550)
Walnut Street Bridge Rental	-	-	4,000	4,000
Program charges:				
Program Fees	-	-	820	820
Park Event Fees	24,000	24,000	23,330	(670)
Kidz Kamp Fees	1,400	1,400	21,070	19,670
Sports Program Fees	10,200	10,200	21,998	11,798
OutVenture Fees	11,000	11,000	11,542	542
Swimming Pool Fees	93,000	93,000	96,278	3,278
Counter sales:				
Police Report Fees	2,100	2,100	-	(2,100)
Credit Card Processing Fee	4,000	4,000	3,690	(310)
Concessions	14,000	14,000	55,098	41,098
Other charges:				
Financial Service EPB	7,200	7,200	7,200	-
General Pension Admin Cost	46,500	46,500	66,460	19,960
Returned Check Fee	4,000	4,000	5,799	1,799
Waste Container Purchases	40,100	40,100	38,728	(1,372)
Non Profit Request Fee	-	-	850	850
CBID Admin Fee 2%	8,900	8,900	18,241	9,341
C-Pacer Admin Fee	-	-	(59,707)	(59,707)
Revenue adjustments:				
Over & Under	-	-	723	723
Designated revenue	2,957,461	2,957,461	3,324,638	367,177
Total charges for services	4,333,161	4,333,161	4,765,610	432,449
Fines, forfeitures and penalties				
City court fines	442,000	442,000	420,073	(21,927)
Criminal court fines	74,000	74,000	99,067	25,067
Traffic court fines	35,600	35,600	46,848	11,248
Air pollution penalties	-	-	9,979	9,979
Designated revenue	1,200,000	1,200,000	2,185,301	985,301
Total fines and forfeitures	1,751,600	1,751,600	2,761,268	1,009,668

(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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
(Continued from previous page)				
Miscellaneous:				
Investment income	$ 6,531,000	$ 6,531,000	$ 14,094,513	$ 7,563,513
Sale of property	260,000	260,000	274,485	14,485
Donations	84,000	84,000	9,170	(74,830)
Settlements	-	-	7,000	7,000
Departmental billings	6,187,000	6,187,000	6,598,120	411,120
Miscellaneous revenue	408,000	408,000	861,834	453,834
Designated revenue:				
Investment income	786,423	786,423	965,486	179,063
Sale of property	-	-	59,182	59,182
Donations	127,280	127,280	265,938	138,658
Miscellaneous revenue	48,775	48,775	261,559	212,784
Total miscellaneous revenue	14,432,478	14,432,478	23,397,287	8,964,809
Total revenues	374,457,311	374,457,311	391,156,475	16,699,164
EXPENDITURES				
General government:				
City Council	967,418	967,418	779,185	(188,233)
City Judges	603,473	603,473	585,877	(17,596)
City Attorney	2,109,977	2,109,977	2,107,550	(2,427)
Records Retention Management	55,000	55,000	85,482	30,482
Internal Audit	872,509	872,509	817,517	(54,992)
Information Technology:				
Information Technology	14,721,202	14,721,202	14,866,212	145,010
GG IS Smart Cities	906,380	906,380	573,422	(332,958)
DTS - GIS	465,025	465,025	422,130	(42,895)
DTS Data Operations	-	254,578	132,920	(121,658)

(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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
(Continued from previous page)				
Purchasing	$ 1,249,857	$ 1,249,857	$ 1,018,083	$ (231,774)
External Appropriations:				
Tennessee River Park	1,408,875	1,408,875	1,343,017	(65,858)
Enterprise South Nature Park	899,760	899,760	831,045	(68,715)
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	280,000	280,000	284,406	4,406
City Code Revision	10,000	10,000	-	(10,000)
Unemployment Insurance	70,000	70,000	65,848	(4,152)
Contingency Fund	3,040,162	21,040,162	19,778,218	(1,261,944)
Renewal & Replacement	923,563	923,563	835,887	(87,676)
Audits, Dues & Surveys	175,000	175,000	158,051	(16,949)
Intergovernmental Relations	375,000	375,000	436,539	61,539
City Stormwater Mgmt Fees	928,000	928,000	710,890	(217,110)
Liability Insurance Premiums	1,000,000	1,000,000	1,000,000	-
Education Per TCA 57-4-306	2,902,850	2,902,850	2,887,801	(15,049)
ESIP Administration	5,000	5,000	2,483	(2,517)
Technology Replacement Fund (TRF) Allocation	750,000	750,000	750,000	-
Tuition Assistance Program	25,000	25,000	2,000	(23,000)
Designated expenditures:				
Automated Traffic Enforcement	1,100,000	1,100,000	312,076	(787,924)
General government grants:				
EPA - Brownfield Assessment and Cleanup Grant	94,017	94,017	94,017	-
Public Library	8,231,520	8,231,520	8,256,202	24,682
Economic Development	11,394,000	11,394,000	9,303,402	(2,090,598)
Total general government	61,831,088	80,085,666	74,707,760	(5,377,906)
Executive Office of the Mayor:				
Executive Office Admin	2,678,089	2,742,649	3,062,615	319,966
Innovation Funding	318,480	318,480	90,997	(227,483)
MAYOR Community Health	1,067,925	1,067,925	980,944	(86,981)
Community Safety and Gun Violence Prevention	967,692	967,692	865,989	(101,703)
Family Justice Center	1,079,460	1,079,460	1,034,989	(44,471)

(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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
(Continued from previous page)				
Mayor Communications	$ 608,198	$ 608,198	$ 666,284	$ 58,086
Office of Constituent Services	-	-	951	951
OCS 311 Call Center	-	-	11,828	11,828
Designated expenditures:				
Mayors Youth Council	-	-	48	48
FJC Miscellaneous Donations	26,402	26,402	26,402	-
FJC Ham Co Operating Funds	202,082	202,082	202,082	-
FJC Charlotte Boatwright Award	-	-	855	855
423 Chain Breakers	13,666	13,666	13,666	-
Community Health FY25 ARPA	-	-	723	723
Chattanooga FJC VOCA Grant	232,041	232,041	232,041	-
ONH Public Health Grant	24,303	24,303	24,303	-
American Rescue Plan Act of 2021	4,868,452	4,868,452	4,868,452	-
Other Mayor's Office Grants	3,500	3,500	3,500	-
Total executive office	12,090,290	12,154,850	12,086,669	(68,181)
Finance and administration:				
Finance Office	4,615,547	4,615,547	4,482,479	(133,068)
Office of the City Treasurer	1,947,152	1,947,152	1,814,043	(133,109)
Land Bank Surplus Property Sale	-	-	59,283	59,283
City Court Clerk's Office	1,155,372	1,155,372	1,322,229	166,857
Designated expenditures:				
City Court Technology	-	-	39,895	39,895
Total finance and administration	7,718,071	7,718,071	7,717,929	(142)
Human resources:				
Human Resource Administration	2,254,078	2,254,078	2,032,072	(222,006)
Insurance Officer and Programs	2,005,597	2,005,597	1,795,636	(209,961)
Total human resources	4,259,675	4,259,675	3,827,708	(431,967)
Community development:				
Community Development Administration	1,686,197	1,686,197	1,580,724	(105,473)
Community Centers	8,479,848	8,479,848	7,935,331	(544,517)
Community Development Neighborhood Services	-	-	179	179
Designated expenditures:				
Eastgate Grant	40,486	40,486	40,486	-
Brownfield Assessment and Cleanup Grant	58,531	58,531	58,531	-
Total community development	10,265,062	10,265,062	9,615,251	(649,811)

(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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
(Continued from previous page)				
Police:				
Police Administration	$ 4,516,286	$ 4,516,287	$ 4,418,736	$ (97,551)
Uniform Services	43,281,181	43,281,181	39,244,975	(4,036,206)
Investigative Services	18,171,994	18,171,994	15,607,826	(2,564,168)
Support Services	25,145,827	25,145,827	30,700,582	5,554,755
Designated expenditures:				
Reduction of Part 1 Offenses	-	-	22,134	22,134
Police Special Programs	-	-	96,775	96,775
Other Police Grants	1,638,889	1,638,889	1,638,889	-
Total police	92,754,177	92,754,178	91,729,917	(1,024,261)
Fire:				
Fire Administration	9,524,713	9,524,712	11,703,474	2,178,762
Station Operations	56,585,138	56,585,138	54,396,491	(2,188,647)
Safety, Training and Tactical Services	604,711	604,711	614,194	9,483
Designated expenditures:				
Fire Programs and Grants	210,122	210,122	210,120	(2)
Total fire	66,924,684	66,924,683	66,924,279	(404)
Public works:				
Public Works Admnistration	1,080,631	1,080,631	1,109,516	28,885
City Engineer's Office	1,817,141	1,817,141	1,763,581	(53,560)
Field Surveyors	172,822	172,822	131,505	(41,317)
Facilities Management	549,587	549,587	504,088	(45,499)
Mail Room	172,594	172,594	155,330	(17,264)
Building Maintenance	1,986,772	1,986,772	1,914,464	(72,308)
Storage on Main Street	-	-	8,008	8,008
Summer Youth Worker Program	-	-	6,073	6,073
YFD Facilities Maintenance	212,850	212,850	382,421	169,571
Parks and Outdoors Facilities Maintenance	181,300	181,300	245,134	63,834
Utilities	191,339	191,339	208,834	17,495
Solid Waste Disposal	5,839,400	5,839,400	5,866,776	27,376
City-wide Services Administration	1,418,334	1,418,334	1,394,101	(24,233)
Emergency	863,552	863,552	864,403	851
Central Business District	422,336	422,336	354,838	(67,498)
Street Cleaning Crews	1,164,849	1,164,849	1,249,997	85,148
Mowing Tractors/Leaf Collection	1,380,863	1,380,863	1,498,557	117,694
Street Sweeping	674,074	674,074	668,676	(5,398)
Waste Pickup	12,089,171	12,089,171	12,175,942	86,771
Municipal Forestry	1,195,310	1,195,310	981,769	(213,541)
Development Review & Permitting Office	7,012,279	7,012,279	6,489,773	(522,506)
Transportation	9,161,720	9,161,720	8,742,580	(419,140)
Designated expenditures:				
Public Works Programs	-	-	177,267	177,267
Heritage Hall Maintenance	215,894	215,894	281,373	65,479
Building Operations	236,314	236,314	115,824	(120,490)
Transportation Programs	-	-	125	125
Other Public Works Grants	103,000	103,000	103,000	-
Total public works	48,142,132	48,142,132	47,393,955	(748,177)

(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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
(Continued from previous page)				
Parks and outdoors:				
Parks and Outdoors - Administration	$ 1,665,130	$ 1,665,130	$ 1,585,569	$ (79,561)
Parks and Outdoors - Recreation	4,738,962	4,738,962	4,555,171	(183,791)
Therapeutic Programs	460,630	460,630	429,820	(30,810)
Fitness Center	328,111	328,111	316,177	(11,934)
Recreation Facilities	57,820	57,820	37,043	(20,777)
Outdoor Chattanooga	1,272,232	1,272,232	1,266,682	(5,550)
Park Management	3,330,782	3,330,782	3,044,439	(286,343)
Hamilton County Shared Parks Maintenance	4,508,139	4,508,139	3,922,876	(585,263)
Zoo	750,000	750,000	750,000	-
Public Art Admin	450,000	450,000	437,715	(12,285)
Designated expenditures:				
Brainerd Golf Course	1,433,000	1,433,000	1,416,279	(16,721)
Brown Acres Golf Course	1,177,687	1,177,687	1,184,842	7,155
Parks and Outdoors Special Programs	-	-	101,779	101,779
Parks and Outdoors Grants	854,078	854,078	854,078	-
Total parks and outdoors	21,026,571	21,026,571	19,902,470	(1,124,101)
Early learning:				
Early Learning Administration	859,991	859,991	762,150	(97,841)
Youth Development	1,090,000	1,090,000	1,073,750	(16,250)
Office of Early Learning	318,778	318,778	320,194	1,416
Community Forward	1,015,823	1,015,823	944,497	(71,326)
Designated expenditures:				
Early Learning Programs	-	-	19,944	19,944
Total early learning	3,284,592	3,284,592	3,120,535	(164,057)
City planning:				
City Planning Administration	993,186	993,186	729,506	(263,680)
Strategic Capital Planning	-	-	40	40
Total city planning	993,186	993,186	729,546	(263,640)
Equity and community engagement:				
Equity and Community Engagement Administration	1,191,697	1,191,697	1,046,534	(145,163)
Neighborhood Services	530,600	530,600	563,371	32,771
Equity and Community Engagement Programs	-	-	4,170	4,170
Total equity and community engagement	1,722,297	1,722,297	1,614,075	(108,222)
Economic development:				
Economic Development Administration	1,878,089	1,878,089	1,435,285	(442,804)
Economic Development	324,400	324,400	37,000	(287,400)
ED Workforce Development	712,440	712,440	752,461	40,021
Economic Opportunity Housing Access	-	-	2,744	2,744
ED Homeless and Supportive Housing	2,973,445	2,973,445	2,870,588	(102,857)
ED Homeless and Housing Programs	-	-	1,100	1,100
Designated expenditures:				
Economic Development Grants	143,000	143,000	143,000	-
EPA - Brownfield Assessment and Cleanup Grant	1,382,281	1,382,281	642,114	(740,167)
American Rescue Plan Act of 2021	2,747,338	2,747,338	2,747,338	-
Total economic development	10,160,993	10,160,993	8,631,630	(1,529,363)

(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, 2025

	Budget Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
(Continued from previous page)				
Innovation delivery and performance:				
Innovation Delivery and Performance Administration	$ 654,789	$ 283,962	$ 234,806	$ (49,156)
Office of Performance Mgmt & Open Data	377,449	211,749	227,729	15,980
311 Call Center	1,296,654	748,929	759,255	10,326
Office of Constituent Services	-	49,391	49,416	25
OCS 311 Call Center	-	715,723	574,607	(141,116)
Total innovation delivery and performance	2,328,892	2,009,754	1,845,813	(163,941)
Total expenditures	343,501,710	361,501,710	349,847,537	(11,654,173)
Excess of revenues over expenditures	30,955,601	12,955,601	41,308,938	28,353,337
OTHER FINANCING SOURCES (USES)				
Transfers in	61,424	61,424	7,430,424	7,369,000
Transfers out	(69,378,054)	(81,285,554)	(81,434,048)	(148,494)
Subscription-based IT arrangements	-	-	672,300	672,300
Total other financing sources (uses)	(69,316,630)	(81,224,130)	(73,331,324)	7,892,806
Net change in fund balances	(38,361,029)	(68,268,529)	(32,022,386)	36,246,143
FUND BALANCES, beginning	191,631,382	191,631,382	191,631,382	-
FUND BALANCES, ending	$ 153,270,353	$ 123,362,853	$ 159,608,996	$ 36,246,143

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
DOWNTOWN DEVELOPMENT FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES	$ -	$ -	$ -	$ -
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(11,424)	(11,424)
Total other financing sources (uses)	-	-	(11,424)	(11,424)
Net change in fund balances	-	-	(11,424)	(11,424)
FUND BALANCES, beginning	11,424	11,424	11,424	-
FUND BALANCES, ending	$ 11,424	$ 11,424	$ -	$ (11,424)

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
SOCIAL SERVICES PROGRAM FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES				
Federal funds	$ 15,357,083	$ 15,357,083	$ 15,357,083	$ -
State of Tennessee funds	4,666,674	4,666,674	4,666,674	-
Total revenues	20,023,757	20,023,757	20,023,757	-
EXPENDITURES				
Administration	24,571	24,571	103,038	78,467
Headstart program	15,251,643	15,251,643	15,251,643	-
Foster grandparent program	541,983	541,983	541,983	-
Low-income energy assistance	3,859,618	3,859,618	3,859,618	-
Community services block grant	592,317	592,317	592,317	-
Capital outlay	110,266	110,266	110,266	-
Total expenditures	20,380,397	20,380,397	20,458,865	78,467
Excess (deficiency) of revenues over (under) expenditures	(356,640)	(356,640)	(435,108)	(78,467)
OTHER FINANCING SOURCES (USES)				
Transfers in	356,640	356,640	842,300	485,660
Transfers out	(485,660)	(485,660)	(350,000)	135,660
Total other financing sources (uses)	(129,020)	(129,020)	492,300	621,320
Net change in fund balances	(485,660)	(485,660)	57,192	542,853
FUND BALANCES, beginning	679,153	679,153	679,153	-
FUND BALANCES, ending	$ 193,493	$ 193,493	$ 736,345	$ 542,853

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
NARCOTICS PROGRAM FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES				
Federal funds	$ 20,000	$ 20,000	$ 121,023	$ 101,023
State of Tennessee funds	-	-	2,246	2,246
Confiscations	200,000	200,000	270,405	70,405
Investment income	-	-	55,011	55,011
Miscellaneous	-	-	43,150	43,150
Total revenues	220,000	220,000	491,835	271,835
EXPENDITURES				
Narcotics program	520,000	520,000	133,369	(386,631)
Capital outlay	-	-	13,146	13,146
Total expenditures	520,000	520,000	146,515	(373,485)
Excess (deficiency) of revenues over (under) expenditures	(300,000)	(300,000)	345,320	645,320
Net change in fund balances	(300,000)	(300,000)	345,320	645,320
FUND BALANCES, beginning	2,587,331	2,587,331	2,587,331	-
FUND BALANCES, ending	$ 2,287,331	$ 2,287,331	$ 2,932,651	$ 645,320

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
STATE STREET AID FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES				
State of Tennessee	$ 4,921,065	$ 4,921,065	$ 4,830,731	$ (90,334)
State of Tennessee Improve Act	1,680,175	1,680,175	1,653,839	(26,336)
Investment Income	-	-	626,906	626,906
Total revenues	6,601,240	6,601,240	7,111,476	510,236
EXPENDITURES				
Salaries and wages	2,500,039	2,500,039	2,240,583	(259,456)
Fringe benefits	1,525,208	1,525,208	1,203,162	(322,046)
Purchased services	373,359	373,359	269,604	(103,755)
Vehicle operations	809,805	809,805	1,114,132	304,327
Materials and supplies	828,155	828,155	914,206	86,051
Other expense	9,064	9,064	4,448	(4,616)
Capital outlay	1,028,214	1,028,214	903,726	(124,488)
Total expenditures	7,073,844	7,073,844	6,649,861	(423,983)
Excess (deficiency) of revenues over (under) expenditures	(472,604)	(472,604)	461,615	934,219
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	(1,472,604)	(1,472,604)	(538,385)	934,219
FUND BALANCES, beginning	7,572,740	7,572,740	7,572,740	-
FUND BALANCES, ending	$ 6,100,136	$ 6,100,136	$ 7,034,355	$ 934,219

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
COMMUNITY DEVELOPMENT FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES				
Federal funds	$ 5,198,927	$ 5,198,927	$ 5,198,927	$ -
State of Tennessee funds	538,491	538,491	538,491	-
Investment income	-	-	11,898	11,898
Miscellaneous	660,578	660,578	326,580	(333,998)
Total revenues	6,397,996	6,397,996	6,075,897	(322,099)
EXPENDITURES				
Community development programs	3,662,740	3,662,740	3,662,740	-
Home investment programs	1,287,474	1,287,474	1,287,474	-
Emergency shelter programs	666,841	666,841	666,841	-
Homeless and supportive housing	405,800	405,800	405,800	-
Other programs	437,513	437,513	83,126	(354,387)
Capital outlay	-	-	1,807	1,807
Total expenditures	6,460,368	6,460,368	6,107,788	(352,580)
Excess (deficiency) of revenues over (under) expenditures	(62,372)	(62,372)	(31,891)	30,481
OTHER FINANCING SOURCES (USES)				
Transfers in	55,000	55,000	55,000	-
Total other financing sources (uses)	55,000	55,000	55,000	-
Net change in fund balances	(7,372)	(7,372)	23,109	30,481
FUND BALANCES, beginning	3,609,003	3,609,003	3,609,003	-
FUND BALANCES, ending	$ 3,601,631	$ 3,601,631	$ 3,632,112	$ 30,481

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
HOTEL/MOTEL TAX FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES				
Hotel/Motel tax	$ 10,152,000	$ 10,152,000	$ 10,101,251	$ (50,749)
Investment income	-	-	456,591	456,591
Total revenues	10,152,000	10,152,000	10,557,842	405,842
EXPENDITURES				
Contracted services	1,122,304	1,122,304	1,030,126	(92,178)
Total expenditures	1,122,304	1,122,304	1,030,126	(92,178)
Excess (deficiency) of revenues over (under) expenditures	9,029,696	9,029,696	9,527,716	498,020
OTHER FINANCING SOURCES (USES)				
Transfers out	(11,529,696)	(11,529,696)	(11,529,452)	244
Total other financing sources (uses)	(11,529,696)	(11,529,696)	(11,529,452)	244
Net change in fund balances	(2,500,000)	(2,500,000)	(2,001,736)	498,264
FUND BALANCES, beginning	12,633,291	12,633,291	12,633,291	-
FUND BALANCES, ending	$ 10,133,291	$ 10,133,291	$ 10,631,555	$ 498,264

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
RIVER PIER GARAGE FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES				
Parking garage income	$ 539,037	$ 539,037	$ 534,778	$ (4,259)
Miscellaneous	-	-	19,122	19,122
Total revenues	539,037	539,037	553,900	14,863
EXPENDITURES				
Contracted services	160,974	160,974	265,169	104,195
Total expenditures	160,974	160,974	265,169	104,195
Excess (deficiency) of revenues over (under) expenditures	378,063	378,063	288,731	(89,332)
Net change in fund balances	378,063	378,063	288,731	(89,332)
FUND BALANCES, beginning	2,812,889	2,812,889	2,812,889	-
FUND BALANCES, ending	$ 3,190,952	$ 3,190,952	$ 3,101,620	$ (89,332)

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
REGIONAL PLANNING AGENCY FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES				
State of Tennessee funds	$ 453,355	$ 453,355	$ 453,355	$ -
Hamilton County funds	881,641	881,641	881,641	-
Other intergovernmental	229,045	229,045	229,045	-
Miscellaneous	101,500	101,500	238,517	137,017
Total revenues	1,665,541	1,665,541	1,802,557	137,017
EXPENDITURES				
Administration	3,303,481	3,303,481	2,887,178	(416,303)
Transportation planning	682,400	682,400	682,400	-
Other program	-	-	618,565	618,565
Capital outlay	22,600	22,600	25,620	3,020
Total expenditures	4,008,481	4,008,481	4,213,763	205,282
Excess (deficiency) of revenues over (under) expenditures	(2,342,940)	(2,342,940)	(2,411,205)	(68,265)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,858,691	2,858,691	2,859,999	1,308
Transfers out	(515,751)	(515,751)	(429,742)	86,009
Total other financing sources (uses)	2,342,940	2,342,940	2,430,257	87,317
Net change in fund balances	-	-	19,052	19,052
FUND BALANCES, beginning	3,404,733	3,404,733	3,404,733	-
FUND BALANCES, ending	$ 3,404,733	$ 3,404,733	$ 3,423,785	$ 19,052

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
AIR POLLUTION CONTROL FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES				
Federal funds	$ 634,001	$ 634,001	$ 634,001	$ -
Hamilton County funds	228,113	228,113	228,113	-
Permits	577,740	577,740	533,922	(43,818)
Other	25,000	25,000	4,125	(20,875)
Total revenues	1,464,854	1,464,854	1,400,161	(64,693)
EXPENDITURES				
Operations	1,637,886	1,637,886	1,743,107	105,221
Special programs	12,481	12,481	12,481	-
Capital outlay	48,616	48,616	87,967	39,351
Total expenditures	1,698,983	1,698,983	1,843,555	144,572
Excess (deficiency) of revenues over (under) expenditures	(234,129)	(234,129)	(443,394)	(209,265)
OTHER FINANCING SOURCES (USES)				
Transfers in	842,976	842,976	939,015	96,039
Transfers out	(608,847)	(608,847)	(608,847)	-
Total other financing sources (uses)	234,129	234,129	330,168	96,039
Net change in fund balances	-	-	(113,226)	(113,226)
FUND BALANCES, beginning	515,567	515,567	515,567	-
FUND BALANCES, ending	$ 515,567	$ 515,567	$ 402,341	$ (113,226)

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
SCENIC CITIES BEAUTIFUL COMMISSION FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES				
State of Tennessee funds	$ 44,485	$ 44,485	$ -	$ (44,485)
Total revenues	44,485	44,485	-	(44,485)
EXPENDITURES				
Operations	112,850	112,850	111,859	(991)
Total expenditures	112,850	112,850	111,859	(991)
Excess (deficiency) of revenues over (under) expenditures	(68,365)	(68,365)	(111,859)	(43,494)
OTHER FINANCING SOURCES (USES)				
Transfers in	68,365	68,365	111,859	43,494
Total other financing sources (uses)	68,365	68,365	111,859	43,494
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, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Over (Under)
REVENUES				
Special Assessment Central Business Improvement District	$ 895,798	$ 895,798	$ 894,911	$ (887)
Interest	-	-	10,523	10,523
Total revenues	895,798	895,798	905,434	9,636
EXPENDITURES				
BID Assessment Fee	895,798	895,798	905,434	9,636
Total expenditures	895,798	895,798	905,434	9,636
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning	-	-	-	-
FUND BALANCES, ending	$ -	$ -	$ -	$ -

CITY OF CHATTANOOGA, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Over (Under)
REVENUES	$ -	$ -	$ -	$ -
EXPENDITURES				
Principal retirement	18,615,945	18,615,945	18,615,944	(1)
Interest	6,766,716	6,766,716	6,416,719	(349,997)
Fiscal charges	99,000	99,000	4,754	(94,246)
Total expenditures	25,481,661	25,481,661	25,037,417	(444,244)
Excess (deficiency) of revenues over (under) expenditures	(25,481,661)	(25,481,661)	(25,037,417)	444,244
OTHER FINANCING SOURCES (USES)				
Transfers in	25,481,661	25,481,661	25,481,417	(244)
Total other financing sources (uses)	25,481,661	25,481,661	25,481,417	(244)
Net change in fund balances	-	-	444,000	444,000
FUND BALANCES, beginning	3,243,491	3,243,491	3,243,491	-
FUND BALANCES, ending	$ 3,243,491	$ 3,243,491	$ 3,687,491	$ 444,000

FINANCIAL SCHEDULES

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, 2025

Issuer	Interest Rate %	Maturity Date	Amount
GOVERNMENTAL FUNDS			
General fund			
Federal Farm Credit Bank	4.125	12/16/2026	$ 9,946,355
Federal Home Loan Bank	2.010	02/17/2027	9,643,259
Federal Home Loan Mtg Corp	4.500	04/24/2029	11,000,000
Federal Home Loan Mtg Corp	4.480	04/24/2029	13,000,000
Federal National Mtg Assn	4.500	03/24/2028	10,000,000
Federal Home Loan Bank	4.375	06/12/2026	9,988,928
			63,578,542
Capital projects			
Federal Farm Credit Bank	4.250	01/28/2027	10,173,514
Federal National Mtg Assn	4.320	11/15/2028	11,000,000
Federal Home Loan Bank	0.780	09/04/2026	6,420,662
			27,594,176
Internal service funds			
Federal Home Loan Mtg Corp	4.000	08/06/2027	4,987,536
Federal National Mtg Assn	4.150	03/19/2029	4,976,771
Federal National Mtg Assn	4.125	09/05/2028	4,980,125
Federal Home Loan Mtg Corp	4.000	08/15/2028	4,974,596
Federal National Mtg Assn	4.150	03/19/2029	4,976,771
Federal National Mtg Assn	4.010	09/19/2028	4,985,848
			29,881,647
Nonmajor funds			
Library endowments - Raymond James & Associate Inc.			7,663,355
Federal Farm Credit Bank	4.875	05/15/2026	6,002,925
			13,666,280
Total governmental fund investments			$ 134,720,645
ENTERPRISE FUNDS			
Interceptor Sewer Fund			
Federal Farm Credit Bank	4.875	08/28/2026	$ 10,030,192
Federal Home Loan Bank	4.750	06/12/2026	15,030,341
Federal National Mtg Assn	4.000	08/28/2028	8,267,049
Federal National Mtg Assn	4.800	07/21/2028	5,000,000
Federal National Mtg Assn	4.800	07/21/2028	10,000,000
Federal National Mtg Assn	4.150	03/19/2029	4,976,770
			53,304,352
Solid Waste			
Federal National Mtg Assn	4.800	07/21/2028	3,000,000
Federal National Mtg Assn	4.320	11/15/2028	3,860,000
Federal National Mtg Assn	4.320	11/15/2028	5,000,000
			11,860,000

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENTS BY FUND

June 30, 2025

Issuer	Interest Rate %	Maturity Date	Amount
Stormwater			
Federal Farm Credit Bank	4.750	03/09/2026	$ 15,062,587
Federal National Mtg Assn	1.875	09/24/2026	12,262,594
Federal Home Loan Bank	5.000	04/02/2027	4,992,488
Federal Home Loan Bank	3.000	04/29/2027	9,066,436
Federal Home Loan Mtg Corp	4.000	08/06/2027	8,968,513
Federal National Mtg Assn	4.550	03/24/2028	2,880,728
			53,233,346
Chattanooga Downtown Redevelopment Corporation			
US Treasury Bonds	3.740	09/17/2025	3,799,372
US Treasury Bonds	3.740	09/17/2025	62,854
			3,862,226
Electric Power Board			
Federal Agricultural Mtg Corp - Fund 1	5.240	07/01/2025	562,351
Federal Farm Credit Bank - Fund 1	0.390	07/14/2025	601,086
US Treasury Bill - Fund 3	4.260	07/17/2025	20,253,923
US Treasury Bill - Fund 3	4.310	09/18/2025	20,039,640
			41,457,000
Total enterprise fund investments			$ 163,716,924

CITY OF CHATTANOOGA, TENNESSEE

COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE

Year Ended June 30, 2025

TAX YEAR (1)	Property Taxes Receivable Balance 6/30/2024	Property Tax Levied	Anticipated Current Year Levy (2)	Net Pick-Ups and Charge-Offs	Collections	Property Taxes Receivable Balance 6/30/2025	Allowance for Uncollectibles	Net Receivable Balance 6/30/2025
2025	$ -	$ -	$ 177,017,180	$ -	$ -	$ 177,017,180	$ -	$ 177,017,180
2024	-	182,491,938	-	(3,985,008)	171,953,316	6,553,614	851,970	5,701,644
2023	5,783,520	-	-	(2,171,000)	3,203,046	409,474	106,463	303,011
2022	2,186,267	-	-	(927,832)	657,861	600,574	264,253	336,321
2021	1,175,815	-	-	(895,654)	431,718	(151,557)	(124,277)	(27,280)
2020	391,499	-	-	73,364	30,601	434,262	412,549	21,713
2019	389,364	-	-	(26,483)	12,243	350,638	350,638	-
2018	360,791	-	-	66,519	2,419	424,891	424,891	-
2017	352,405	-	-	(28,629)	1,712	322,064	322,064	-
2016	374,490	-	-	(30,224)	6,797	337,469	337,469	-
2015	367,325	-	-	(9,679)	1,287	356,359	356,359	-
	$ 11,381,476	$ 182,491,938	$ 177,017,180	$ (7,934,626)	$ 176,301,000	$ 186,654,968	$ 3,302,379	$ 183,352,589

Note:

(1) All years prior to 2023 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, 2025

	Principal	Interest	Total
GOVERNMENTAL ACTIVITIES			
2026	$ 19,133,778	$ 5,509,463	$ 24,643,241
2027	17,022,360	4,549,201	21,571,561
2028	14,708,288	3,772,481	18,480,769
2029	14,703,288	3,138,568	17,841,856
2030	10,953,288	2,512,327	13,465,615
2031	10,908,288	1,964,664	12,872,952
2032	4,703,288	1,517,482	6,220,770
2033	3,458,288	1,326,876	4,785,164
2034	3,458,283	1,167,394	4,625,677
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
Total governmental activities	120,159,149	30,741,887	150,901,036
BUSINESS-TYPE ACTIVITIES			
2026	34,901,075	18,518,098	53,419,173
2027	34,346,431	17,313,571	51,660,002
2028	34,642,491	16,098,601	50,741,092
2029	32,936,611	14,861,828	47,798,439
2030	29,690,838	13,668,581	43,359,419
2031	30,722,329	12,565,504	43,287,833
2032	30,534,404	11,440,684	41,975,088
2033	31,412,252	10,298,419	41,710,671
2034	32,658,938	9,102,228	41,761,166
2035	29,876,705	8,072,916	37,949,621
2036	30,884,009	7,054,495	37,938,504
2037	31,844,148	6,136,656	37,980,804
2038	28,596,941	5,230,602	33,827,543
2039	26,978,172	4,367,780	31,345,952
2040	27,849,298	3,478,570	31,327,868
2041	28,612,623	2,541,933	31,154,556
2042	28,424,040	1,632,184	30,056,224
2043	14,474,415	867,456	15,341,871
2044	15,160,535	157,419	15,317,954
2045	1,281,133	20,988	1,302,121
Total business-type activities	555,827,388	163,428,513	719,255,901
Total primary government indebtedness	$ 675,986,537	$ 194,170,400	$ 870,156,937

CITY OF CHATTANOOGA, TENNESSEE

SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

June 30, 2025

	Principal	Interest	Total
COMPONENT UNITS			
2026	$ 1,314,797	$ 359,599	$ 1,674,396
2027	1,315,488	328,146	1,643,634
2028	1,293,117	295,878	1,588,995
2029	1,326,221	262,774	1,588,995
2030	1,355,815	228,811	1,584,626
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	144,321	1,013,568
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	206,925	498	207,423
Total component units indebtedness	$ 15,827,745	$ 2,595,190	$ 18,422,935

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2025	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2024	Issued FY 2025	Retired FY 2025	Refunded FY 2025	Outstanding June 30, 2025
GOVERNMENTAL ACTIVITIES									
Serial Bonds:									
Tax Supported									
2013 Series General Improvement Bond	$ 19,355,000	2.00% - 5.00%	1/8/2014	10/1/2028	$ 6,560,000	$ -	$ 1,315,000	$ -	$ 5,245,000
2014 Municipal Public Improvement Refunding	13,792,100	1.75% - 5.00%	7/8/2014	11/1/2026	2,101,131	-	707,576	-	1,393,555
2015 Series A GO Bond	28,245,000	5.00%	11/10/2015	9/1/2030	13,165,000	-	1,885,000	-	11,280,000
2015 Series B Refunding GO Bond	18,955,000	3.00% - 5.00%	11/10/2015	11/1/2028	11,305,000	-	2,515,000	-	8,790,000
2017 Series A GO Bond	8,200,000	5.00%	1/25/2017	3/1/2031	3,815,000	-	545,000	-	3,270,000
2017 Series B Refunding GO Bond	12,640,000	3.00% - 5.00%	1/25/2017	3/1/2026	4,540,000	-	2,210,000	-	2,330,000
2019 Series A GO Bond	20,156,711	5.00%	10/24/2019	2/1/2034	13,432,875	-	1,343,288	-	12,089,587
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	9,960,000	-	1,245,000	-	8,715,000
2021 Series B Refunding GO Bond	9,515,000	5.00%	12/8/2021	10/1/2027	6,145,000	-	1,885,000	-	4,260,000
2023 Series GO Bond	41,995,000	5.00% - 7.00%	11/16/2023	10/1/2043	41,995,000	-	1,850,000	-	40,145,000
Total Tax Supported Bonds					115,904,006	-	15,500,864	-	100,403,142
Self Supported									
2013 Series Hotel-Motel Tax Pledge	7,420,000	2.00% - 5.00%	1/8/2014	10/1/2028	2,510,000	-	505,000	-	2,005,000
2014 Hotel Motel Refunding	3,961,340	1.75% - 5.00%	7/8/2014	11/1/2026	604,193	-	203,186	-	401,007
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	10,390,000	-	2,330,000	-	8,060,000
Total Self Supported Bonds					22,794,193	-	3,038,186	-	19,756,007
Total Serial Bonds					138,698,199	-	18,539,050	-	120,159,149
Total governmental activities					138,698,199	-	18,539,050	-	120,159,149

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2025

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2024	Issued FY 2025	Retired FY 2025	Refunded FY 2025	Outstanding June 30, 2025
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	$ 357,300	$ -	$ 120,218	$ -	$ 237,082
Total Serial Bonds					357,300	-	120,218	-	237,082
Notes Payable:									
2003-168 State Revolving Loan	37,321,000	2.98%	12/5/2002	4/20/2025	2,151,611	-	2,151,611	-	-
2007-204 State Revolving Loan	13,000,000	2.79%	6/25/2007	9/20/2031	5,565,871	-	702,516	-	4,863,355
2011-289 State Revolving Loan	20,000,000	2.00%	11/1/2011	8/20/2037	13,191,834	-	884,688	-	12,307,146
2012-307 State Revolving Loan	33,100,000	1.15%	6/25/2013	11/20/2037	21,920,376	-	1,519,788	-	20,400,588
2013-318 State Revolving Loan	66,800,000	1.67%	6/18/2014	11/20/2037	44,619,295	-	2,992,128	-	41,627,167
2016-357 State Revolving Loan	42,500,000	1.29%	2/8/2016	2/20/2039	38,279,062	-	1,913,508	-	36,365,554
2018-405 State Revolving Loan	1,000,000	1.41%	11/7/2017	5/20/2041	778,557	-	40,632	-	737,925
2018-406 State Revolving Loan	17,100,000	1.41%	11/28/2017	3/20/2041	15,615,588	-	759,408	-	14,856,180
2019-428 State Revolving Loan	3,000,000	2.05%	12/6/2018	11/20/2041	2,757,788	-	405,709	-	2,352,079
2019-429 State Revolving Loan	21,000,000	2.05%	12/6/2018	4/20/2042	13,952,802	1,239,239	-	-	15,192,041
2018-406-01 State Revolving Loan	30,000,000	1.41%	10/10/2019	6/20/2041	25,819,866	-	1,388,412	-	24,431,454
2020-440 State Revolving Loan	15,000,000	0.61%	11/24/2020	11/20/2041	6,575,207	343,842	-	-	6,919,049
Total Notes Payable					191,227,857	1,583,081	12,758,400	-	180,052,538
Total Interceptor Sewer System					191,585,157	1,583,081	12,878,618	-	180,289,620

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2025

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2024	Issued FY 2025	Retired FY 2025	Refunded FY 2025	Outstanding June 30, 2025
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	$ 711,867	$ -	$ 239,818	$ -	$ 472,049
2017 Seried B Refundng GO Bond	2,155,000	3.00% - 5.00%	1/25/2017	3/1/2026	775,000	-	375,000	-	400,000
Total Serial Bonds					1,486,867	-	614,818	-	872,049
Total Solid Waste & Sanitation Fund					1,486,867	-	614,818	-	872,049
Stormwater Fund									
Serial Bonds:									
2013 Water Quality Bonds	5,245,000	2.00% - 5.00%	1/8/2014	10/1/2028	1,775,000	-	355,000	-	1,420,000
2014 Municipal Public Improvement Refunding	1,153,663	1.75% - 5.00%	7/8/2014	11/1/2026	175,508	-	59,201	-	116,307
2015 Series A GO Bond	8,100,000	5.00%	11/10/2015	9/1/2030	3,780,000	-	540,000	-	3,240,000
2017 Series B Refundng GO Bond	615,000	3.00% - 5.00%	1/25/2017	3/1/2026	225,000	-	110,000	-	115,000
2019 Series A Water Quality GO Bond	3,628,289	5.00%	10/24/2019	2/1/2034	2,417,126	-	241,713	-	2,175,413
Total Serial Bonds					8,372,634	-	1,305,914	-	7,066,720
Total Storwmater Fund					8,372,634	-	1,305,914	-	7,066,720
Total Business-Type Activities					201,444,658	1,583,081	14,799,350	-	188,228,389
TOTAL GENERAL OBLIGATION DEBT					340,142,857	1,583,081	33,338,400	-	308,387,538

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2025

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2024	Issued FY 2025	Retired FY 2025	Refunded FY 2025	Outstanding June 30, 2025
Electric Power Board									
Revenue Bonds:									
2015A Electric System Refunding Revenue Bonds	$ 218,855,000	2.88% - 5.00%	8/31/2015	9/1/2033	$ 159,140,000	$ -	$ 11,810,000	$ 134,845,000	$ 12,485,000
2015B Electric System Revenue Bonds	15,355,000	2.60% - 3.38%	8/31/2015	9/1/2025	3,080,000	-	1,560,000	-	1,520,000
2015C Electric System Revenue Bonds	25,880,000	4.00% - 5.00%	8/31/2015	9/1/2040	23,380,000	-	915,000	21,515,000	950,000
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	5.00%	12/19/2023	9/1/2043	112,125,000	-	-	-	112,125,000
2025 Electric System Refunding Revenue Bonds	145,900,000	5.00%	6/5/2025	9/1/2040	-	145,900,000	-	-	145,900,000
Total Revenue Bonds					368,805,000	145,900,000	14,285,000	156,360,000	344,060,000
Total Electric Power Board					368,805,000	145,900,000	14,285,000	156,360,000	344,060,000
Chattanooga Downtown Redevelopment Corporation:									
Revenue Bonds:									
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/1/2018	10/1/2028	24,544,000	-	1,005,000	-	23,539,000
2018C IDB Rev Refunding 2010 Bonds Taxable	28,200,000	3.90%	10/1/2018	10/1/2024	5,145,000	-	5,145,000	-	-
Total Revenue Bonds					29,689,000	-	6,150,000	-	23,539,000
Total Chattanooga Downtown Redevelopment Corp.					29,689,000	-	6,150,000	-	23,539,000
Total Primary Government					$ 738,636,857	$ 147,483,081	$ 53,773,400	$ 156,360,000	$ 675,986,538
COMPONENT UNITS									
Metropolitan Airport Authority:									
Revenue Bonds:									
2020 Tax Exempt Garage	$ 16,250,000	2.29%	12/11/2019	7/10/2041	$ 13,695,078	$ -	$ 702,951	$ -	$ 12,992,127
2020 Taxable Garage	8,750,000	2.87%	12/11/2019	7/10/2041	3,163,479	-	489,965	-	2,673,514
Total Revenue Bonds					16,858,557	-	1,192,916	-	15,665,641
Notes Payable:									
Titan Aviation Note					269,568	-	107,464	-	162,104
Total Metropolitan Airport Authority					17,128,125	-	1,300,380	-	15,827,745
Total Component Units					$ 17,128,125	$ -	$ 1,300,380	$ -	$ 15,827,745

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2013 General Obligation	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
			5,245,000	413,547	5,658,547
2026	2013 Hotel Motel	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
			2,005,000	157,890	2,162,890
2026	2014 Series A Refunding Hotel Motel	3.00%	200,894	8,994	209,888
2027		3.00%	200,113	2,990	203,103
			401,007	11,984	412,991
2026	2014 Series A Refunding General Obligation	3.00%	699,596	31,322	730,918
2027		3.00%	693,959	10,414	704,373
			1,393,555	41,736	1,435,291
2026	2015 Series A General Obligation	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
			11,280,000	1,692,000	12,972,000
2026	2015 Series B Refunding General Obligation	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
			8,790,000	613,950	9,403,950

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2017 Series A General Obligation	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
			3,270,000	572,250	3,842,250
2026	2017 Series B Refunding General Obligation	3.00%	2,330,000	116,500	2,446,500
			2,330,000	116,500	2,446,500
2026	2019 Series A General Obligation	5.00%	1,343,288	550,748	1,894,036
2027		5.00%	1,343,288	483,584	1,826,872
2028		5.00%	1,343,288	416,419	1,759,707
2029		5.00%	1,343,288	349,255	1,692,543
2030		5.00%	1,343,288	282,090	1,625,378
2031		5.00%	1,343,288	214,926	1,558,214
2032		5.00%	1,343,288	161,195	1,504,483
2033		5.00%	1,343,288	107,463	1,450,751
2034		5.00%	1,343,283	53,731	1,397,014
			12,089,587	2,619,411	14,708,998
2026	2019 Series B General Obligation Refunding	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
			2,885,000	532,900	3,417,900
2026	2019 Series B Hotel Motel Refunding	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
			9,290,000	2,128,300	11,418,300

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2021 Series A General Obligation	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
			8,715,000	1,525,125	10,240,125
2026	2021 Series B General Obligation Refunding	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
			4,260,000	241,000	4,501,000
2026	2021 Series B Hotel Motel Refunding	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
			8,060,000	623,500	8,683,500
2026	2023 General Obligation	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
			40,145,000	19,451,794	59,596,794
	Total direct indebtedness		$ 120,159,149	$ 30,741,887	$ 150,901,036

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2007 State Revolving Loan	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
			4,863,355	441,977	5,305,332
2026	2011-289 State Revolving Loan	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
			12,307,146	1,568,250	13,875,396
2026	2012-307 State Revolving Loan	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
			20,400,588	1,500,957	21,901,545

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2013-318 State Revolving Loan	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
			41,627,167	4,493,407	46,120,574
2026	2014 General Obligation Refunding	3.00%	118,863	5,322	124,185
2027		3.00%	118,218	1,769	119,987
			237,081	7,091	244,172
2026	2016-357 State Revolving Loan	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
			36,365,554	4,399,596	40,765,150

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2018-405 State Revolving Loan	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
			737,925	93,978	831,903
2026	2018-406 State Revolving Loan	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
			14,856,180	2,025,128	16,881,308

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2019-428 State Revolving Loan	2.05%	$ 116,160	$ 48,516	$ 164,676
2027		2.05%	118,560	46,116	164,676
2028		2.05%	121,008	43,668	164,676
2029		2.05%	123,516	41,160	164,676
2030		2.05%	126,072	38,604	164,676
2031		2.05%	128,688	35,988	164,676
2032		2.05%	131,352	33,324	164,676
2033		2.05%	134,064	30,612	164,676
2034		2.05%	136,836	27,840	164,676
2035		2.05%	139,668	25,008	164,676
2036		2.05%	142,560	22,116	164,676
2037		2.05%	145,512	19,164	164,676
2038		2.05%	148,524	16,152	164,676
2039		2.05%	151,596	13,080	164,676
2040		2.05%	154,728	9,948	164,676
2041		2.05%	157,932	6,744	164,676
2042		2.05%	161,208	3,468	164,676
2043		2.05%	14,095	488	14,583
			2,352,079	461,996	2,814,075
2026	2019-429 State Revolving Loan	2.05%	622,148	311,437	933,585
2027		2.05%	634,902	298,683	933,585
2028		2.05%	647,917	285,667	933,584
2029		2.05%	661,199	272,385	933,584
2030		2.05%	674,754	258,830	933,584
2031		2.05%	688,586	244,998	933,584
2032		2.05%	702,702	230,882	933,584
2033		2.05%	717,108	216,477	933,585
2034		2.05%	731,809	201,776	933,585
2035		2.05%	746,811	186,774	933,585
2036		2.05%	762,120	171,464	933,584
2037		2.05%	777,744	155,841	933,585
2038		2.05%	793,687	139,897	933,584
2039		2.05%	809,958	123,626	933,584
2040		2.05%	826,562	107,022	933,584
2041		2.05%	843,507	90,078	933,585
2042		2.05%	860,799	72,786	933,585
2043		2.05%	878,445	55,139	933,584
2044		2.05%	896,453	37,131	933,584
2045		2.05%	914,830	18,754	933,584
			15,192,041	3,479,647	18,671,688

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2018-406-01 State Revolving Loan	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
			24,431,454	2,357,302	26,788,756
2026	2020-440 State Revolving Loan	0.61%	326,331	42,206	368,537
2027		0.61%	328,322	40,215	368,537
2028		0.61%	330,325	38,212	368,537
2029		0.61%	332,339	36,198	368,537
2030		0.61%	334,367	34,170	368,537
2031		0.61%	336,406	32,131	368,537
2032		0.61%	338,458	30,079	368,537
2033		0.61%	340,523	28,014	368,537
2034		0.61%	342,600	25,937	368,537
2035		0.61%	344,690	23,847	368,537
2036		0.61%	346,793	21,744	368,537
2037		0.61%	348,908	19,629	368,537
2038		0.61%	351,037	17,500	368,537
2039		0.61%	353,178	15,359	368,537
2040		0.61%	355,332	13,205	368,537
2041		0.61%	357,500	11,037	368,537
2042		0.61%	359,680	8,857	368,537
2043		0.61%	361,875	6,662	368,537
2044		0.61%	364,082	4,455	368,537
2045		0.61%	366,303	2,234	368,537
			6,919,049	451,691	7,370,740
	Total Interceptor Sewer System indebtedness		180,289,619	21,281,020	201,570,639

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

SOLID WASTE FUND

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2014 General Obligation Refunding	3.00%	$ 237,114	$ 10,616	$ 247,730
2027		3.00%	234,935	3,529	238,464
			472,049	14,145	486,194
2026	2017 Series B General Obligation Refunding	5.00%	400,000	20,000	420,000
			400,000	20,000	420,000
	Total Solid Waste Fund indebtedness		872,049	34,145	906,194

STORMWATER FUND

2026	2013 General Obligation	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
			1,420,000	112,047	1,532,047
2026	2014 General Obligation Refunding	3.00%	58,534	2,621	61,155
2027		3.00%	57,773	871	58,644
			116,307	3,492	119,799
2026	2015 Series A General Obligation	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
			3,240,000	486,000	3,726,000
2026	2017 Series B General Obligation Refunding	5.00%	115,000	5,750	120,750
			115,000	5,750	120,750
2026	2019 Series A General Obligation	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
			2,175,413	471,339	2,646,752
	Total Stormwater Fund indebtedness		7,066,720	1,078,628	8,145,348

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

ELECTRIC POWER BOARD

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2015A Electric System Refunding Revenue Bonds	5.00%	$ 12,485,000	$ 5,700,023	$ 18,185,023
			12,485,000	5,700,023	18,185,023
2026	2015 B Electric System Revenue Bonds	3.38%	1,520,000	8,550	1,528,550
			1,520,000	8,550	1,528,550
2026	2015 C Electric System Revenue Bonds	5.00%	950,000	1,083,667	2,033,667
			950,000	1,083,667	2,033,667
2026	2021 Electric System Revenue Bonds		-	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
			71,080,000	21,411,217	92,491,217

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

ELECTRIC POWER BOARD

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2023 Electric System Revenue Bonds		$ -	$ 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
			112,125,000	78,922,375	191,047,375
2026	2025 Electric System Refunding Revenue Bonds		-	7,295,000	7,295,000
2027		5.00%	14,530,000	6,689,583	21,219,583
2028		5.00%	15,260,000	5,932,667	21,192,667
2029		5.00%	15,870,000	5,144,250	21,014,250
2030		5.00%	16,750,000	4,314,083	21,064,083
2031		5.00%	17,590,000	3,441,583	21,031,583
2032		5.00%	18,390,000	2,528,750	20,918,750
2033		5.00%	19,305,000	1,571,125	20,876,125
2034		5.00%	20,375,000	561,292	20,936,292
2035		5.00%	965,000	351,292	1,316,292
2036		5.00%	1,010,000	301,167	1,311,167
2037		5.00%	1,060,000	248,583	1,308,583
2038		5.00%	1,115,000	193,292	1,308,292
2039		5.00%	1,170,000	135,250	1,305,250
2040		5.00%	1,225,000	74,458	1,299,458
2041		5.00%	1,285,000	10,708	1,295,708
			145,900,000	38,793,083	184,693,083
	Total Electric Power Board indebtedness		344,060,000	145,918,915	489,978,915

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES

June 30, 2025

(continued from previous page)

CHATTANOOGA DOWNTOWN REDEVELOPMENT CORPORATION

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2018 Series A IDB Rev Refunding 2007 Bonds	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
			23,539,000	1,787,534	25,326,534
	Total Chattanooga Downtown Redevelopment Corporation indebtedness		23,539,000	1,787,534	25,326,534
	Total Primary Government		$ 675,986,537	$ 200,842,129	$ 876,828,666

METROPOLITAN AIRPORT AUTHORITY

2026	2020 Tax Exempt Garage	2.29%	$ 702,933	$ 289,615	$ 992,548
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%	206,925	498	207,423
			12,992,127	2,396,529	15,388,656
2026	2020 Taxable Garage	2.870%	504,399	69,984	574,383
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%	562,584	8,564	571,148
			2,673,514	198,571	2,872,085
2026	Titan Aviation Note	5.000%	107,465	-	107,465
2027		5.000%	54,639	-	54,639
			162,104	-	162,104
	Total Airport Authority indebtedness		$ 15,827,745	$ 2,595,100	$ 18,422,845

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF LEASES AND SBITA PAYABLE

June 30, 2025	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2024	Issued FY 2025	Retired FY 2025	Refunded FY 2025	Outstanding June 30, 2025
GOVERNMENTAL ACTIVITIES:									
Leases Payable:									
2022 Golf Carts Lease	$ 461,434	3.14%	4/1/2021	5/15/2028	$ 308,671	$ -	$ 76,895	$ -	$ 231,776
Office Space - 5900 Building - Suite 1500	935,913	0.64%	4/1/2017	3/31/2027	258,852	-	93,604	-	165,248
Edney Building - 1100 Market St., Suite 300	1,014,503	0.20%	12/1/2017	11/1/2023	262,767	-	185,317	-	77,450
MidTown Campus - 5715 Uptain Rd	2,036,949	2.19%	2/1/2023	2/1/2028	1,479,519	-	401,310	-	1,078,209
Air Pollution Control Bureau - CBL Building	3,179,514	2.19%	1/1/2024	12/1/2043	3,129,291	-	122,419	-	3,006,872
Hope City Church - Head Start	96,312	2.19%	6/18/2024	7/10/2025	96,312	-	88,826	-	7,486
Total lease payable					5,535,412	-	968,371	-	4,567,041
SBITAs Payable:									
Eproval Epremium License Subscription	175,844	1.58%	7/1/2022	6/30/2026	87,911	-	43,611	-	44,300
Oracle Cloud Applications Subscription	434,700	2.11%	9/1/2021	6/30/2026	218,067	-	107,894	-	110,173
Oracle Cloud Managed Services Subscription	1,713,431	2.19%	11/1/2021	10/31/2027	1,076,368	-	320,869	-	755,499
Oracle E-Business Suite Subscription	67,631	2.32%	10/1/2021	10/3/2028	45,338	-	10,947	-	34,391
Splash BI Software Subscription	304,223	2.19%	3/1/2022	2/28/2027	154,297	-	76,315	-	77,982
Amplifund - Grant Management Software	363,652	3.16%	2/1/2023	11/1/2027	240,719	-	57,405	-	183,314
Pure - Storage Solutions	611,069	2.19%	4/24/2024	6/30/2027	504,901	-	164,668	-	340,233
Small Government Enterprise Agreement	672,300	2.80%	11/1/2024	10/31/2028	-	672,300	175,100	-	497,200
Total SBITAs payable					2,327,601	672,300	956,809	-	2,043,092
Total governmental activities					$ 7,863,013	$ 672,300	$ 1,925,180	$ -	$ 6,610,133
BUSINESS TYPE ACTIVITIES:									
Electric Power Board									
Lease Payable									
Tower Lease	$ 286,000	2.86%	11/1/2023	10/31/1993	$ 235,000	$ -	$ 25,000	$ -	$ 210,000
Tower Lease	263,000	2.86%	8/1/2013	7/31/2023	211,000	6,000	24,000	-	193,000
Virtual Storage Equipment Lease	Various	2.86%	Various	8/31/2025	693,000	11,000	604,000	-	100,000
Postage Meter Lease	672,000	2.86%	11/1/2021	10/31/2026	313,000	17,000	136,000	-	194,000
Printer Lease	203,000	2.86%	Various	Various	103,000	3,000	31,000	-	75,000
Printer Lease	55,680	2.86%	8/31/2022	7/31/2027	35,000	5,000	13,000	-	27,000
Total Electric Power Board leases					1,590,000	42,000	833,000	-	799,000
SBITAs Payable									
Electric System SBITAs	Various	2.86%	Various	Various	4,845,000	4,660,000	5,989,000	-	3,516,000
Fiber Optics SBITAs	Various	2.86%	Various	Various	1,490,000	1,690,000	1,628,000	-	1,552,000
Total Electric Power Board SBITAs					6,335,000	6,350,000	7,617,000	-	5,068,000
Total Electric Power Board					7,925,000	6,392,000	8,450,000	-	5,867,000
Total Primary Government Leases & SBITAs					$ 15,788,013	$ 7,064,300	$ 10,375,180	$ -	$ 12,477,133
COMPONENT UNITS									
Chattanooga Business Improvement District:									
Lease Payable									
Office Space	$ 65,632	4.44%	1/1/2020	7/1/2030	$ 21,420	$ 96,394	$ 19,733	$ -	$ 98,081
Total Lease Liability					$ 21,420	$ 96,394	$ 19,733	$ -	$ 98,081

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF LEASES AND SBITA PAYABLE

June 30, 2025

GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	2022 Golf Cart Lease	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
			231,776	10,662	242,438
2026	Office Space - 5900 Building - Suite 1500	0.64%	94,202	778	94,980
2027		0.64%	71,046	189	71,235
			165,248	967	166,215
2026	Edney Building - 1100 Market St., Suite 300	0.20%	77,450	39	77,489
			77,450	39	77,489
2026	MidTown Campus - 5715 Uptain Rd	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
			1,078,209	31,712	1,109,921
2026	Air Pollution Control Board - CBL Building	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
			3,006,872	665,371	3,672,243

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF LEASES AND SBITA PAYABLE

June 30, 2025

(continued from previous page)

GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2026	Hope City - Head Start	2.19%	$ 7,486	$ 14	$ 7,500
			7,486	14	7,500
2026	Eproval Epremium License Subscription	1.58%	44,300	700	45,000
			44,300	700	45,000
2026	Oracle Cloud Applications Subscription	2.11%	110,173	2,327	112,500
			110,173	2,327	112,500
2026	Oracle Cloud Managed Services Subscription	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
			755,500	19,964	775,464
2026	Oracle E-Business Suite Subscription	2.32%	11,201	799	12,000
2027		2.32%	11,462	538	12,000
2028		2.32%	11,728	272	12,000
			34,391	1,609	36,000
2026	Splash BI Software Subscription	2.19%	77,982	1,705	79,687
			77,982	1,705	79,687
2026	Amplifund - Grant Management Software	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
			183,313	11,687	195,000
2026	Pure - Storage Solution	2.32%	168,274	7,451	175,725
2027		2.32%	171,959	3,766	175,725
			340,233	11,217	351,450
2026	Small Government Enterprise Agreement	2.80%	161,178	13,922	175,100
2027		2.80%	165,691	9,409	175,100
2028		2.80%	170,331	4,769	175,100
			497,200	28,100	525,300
	Total Govermental Leases and SBITAS		$ 6,610,133	$ 786,074	$ 7,396,207

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF LEASES AND SBITA PAYABLE

June 30, 2025

(continued from previous page)

BUSINESS TYPE ACTIVITIES

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
	ELECTRIC POWER BOARD				
2026	Electric Power Board aggregate leases		$ 319,000	$ 18,000	$ 337,000
2027			144,000	12,000	156,000
2028			64,000	9,000	73,000
2029			49,000	8,000	57,000
2030			51,000	6,000	57,000
2031			54,000	5,000	59,000
2032			57,000	3,000	60,000
2033			61,000	2,000	63,000
			799,000	63,000	862,000
2026	Electric Power Board aggregate SBITAs		3,104,000	39,000	3,143,000
2027			1,964,000	34,000	1,998,000
			5,068,000	73,000	5,141,000
	Total Electric Power Board & Business Type		$ 5,867,000	$ 136,000	$ 6,003,000

COMPONENT UNIT

Downtown Chattanooga Business Improvement District (CBID)

2026	Facility Lease	4.44%	$ 17,044	$ 3,647	$ 20,691
2027		4.44%	17,867	3,238	21,105
2028		4.44%	19,108	2,420	21,528
2029		4.44%	20,413	1,545	21,958
2030		4.44%	23,649	618	24,267
	Total CBID indebtedness		$ 98,081	$ 11,468	$ 109,549

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF RATES IN EFFECT

June 30, 2025

INTERCEPTOR SEWER SYSTEM

Residential

Number of gallons	Total Charges ($/1,000 gallons)
First 100,000 gallons	$15.14
Next 650,000 gallons	11.27
Next 1,250,000 gallons	9.16
Next 30,000,000 gallons	7.73
Over 32,000,000 gallons	7.52

In addition, the total charges derived from the above chart for residential users will be multipled by ninety (90) percent to compensate for water use not going to the sewer, such as lawn and garden watering. Any residential location where a separate water meter has been installed for the purpose of lawn and garden watering shall not be entitled to have the multiplier applied to any water consumed through the primary water meter. Each residence or apartment unit shall have a maximum monthly sewer service charge for a volume of note more than 12,000 gallons water used; unless the minimum charge due to water meter size exceeds the 12,000 gallon limit, and then the monthly sewer service charge shall be at least the minimum for that particular size water meter.

Regional Sewer Use Charge (Wheelage and Treatment)

The regional sewer service use charge (wheelage and treatement) shall be collected from regional users of the system including Collegedale, Tennessee; Hamilton County, Tennessee; Walker County, Georgia; Catoosa County, Georgia; Lookout Mountain, Georgia; Dade County, Georgia; Rossville, Georgia; Rossville, Georgia and Fort Oglethorpe, Georgia, and shall be determined either under the "billable" methods based upon the quantity of water used as shown by applicable water company meter readings or the "total flow" method based upon flow meter measured flow according to the applicable contract with the regional user.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF RATES IN EFFECT

June 30, 2025

Regional Sewer Use Charge (Wheelage and Treatment) (continued)

"Billable Flow" Method	Total Charges ($/1,000 gallons)
Regional Operation & Maintenance Charge	$4.1362
Regional Debt Charge	0.8550
Total	$4.9912

If regional customers are billed directly through the water company, the rate to be charged shall be five dollars and zero cents ($5.00) per thousand (1,000) gallons.

"Total Flow" Method	Total Charges ($/1,000 gallons)
Regional Operation & Maintenance Charge	$2.4730
Regional Debt Charge	0.5610
Total	$3.0340

Monthly Mimimum Sewer Service Charges

Meter Size (Inches)	Charge per Month
5/8	$31.10
3/4	110.95
1	193.84
1-1/2	433.84
2	768.16
3	1,800.62
4	3,327.58
6	7,925.77
8	14,019.24

Number of accounts

An average of 68,841 accounts through fiscal year 2025
Serves roughly 400,000 people

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF RATES IN EFFECT

June 30, 2025

STORMWATER

Residential

All residential properties are billed at
1 Equivalent Residential Unit (ERU) $183.54

Non-Residential

All non-residential properties impervious area is measured on the property. That square footage is divided by 3,200 and rounded to the nearest whole number. That number is then multipled by the rate.

Number of accounts

Residential - 59,251 ERU billed
Non-Residential - 135,708 ERU billed

STATISTICAL SECTION

STATISTICAL SECTION

CITY OF CHATTANOOGA, TENNESSEE

STATISTICAL SECTION (Unaudited)

Contents **Page**

Financial Trends – These schedules contain trend information to help the reader understand government's financial performance and overall fiscal health.

Changes in Net Position	F - 1
Net Position by Component	F - 3
Governmental Activities Tax Revenue by Source	F - 5
Fund Balances of Governmental Funds	F - 6
Changes in Fund Balances of Governmental Funds	F - 7

Revenue Trends – These schedules contain information to help the reader assess the government's property tax and intergovernmental revenue as well as the growth of the real property tax base.

Assessed and Estimated Actual Value of Taxable Property	F - 9
Property Tax Rates – Direct and Overlapping Governments	F - 10
Principal Property Taxpayers	F - 11
Property Tax Levies and Collections	F - 12
Property Value and Construction Permits	F - 13
General Fund Intergovernmental Revenue	F - 14
EPB Utility Rate Structure and Number of Customers	F - 15

Debt Capacity – These schedules show the reader the ability of the government to pay current debt and its capacity to issue additional debt in the future.

Ratios of Outstanding Debt by Type	F - 16
Ratios of General Bonded Debt Outstanding	F - 17
Summary of Outstanding Debt	F - 18
Direct and Overlapping Governmental Activities Debt	F - 19
Legal Debt Margin Information	F - 20
Historical Debt Ratios	F - 22
Revenue Bond Coverage	F - 24

Demographic Information – These schedules show demographic and economic indicators for the City.

Demographic and Economic Statistics	F - 25
Principal Employers	F - 26

Operating Information – These schedules contain service indicators for the City.

Full-time Equivalent City Government Positions by Function	F - 27
Operating Indicators by Function	F - 28
Capital Asset Statistics by Function	F - 29

Other Information – These schedules provide additional information.

Employment and Unemployment Statistics	F - 30
Other Taxes	F - 31
Capital Improvement Program	F - 32

CITY OF CHATTANOOGA, TENNESSEE

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities:										
General government	$ 112,764,512	$ 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
Economic & community development	51,086,649	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
Public safety	137,405,119	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
Public works	77,589,552	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
Youth & family development	-	-	-	-	30,998,037	31,152,643	31,340,713	28,892,158	27,234,006	26,048,987
Parks and outdoors	21,797,790	19,331,631	19,402,649	17,056,164	-	-	-	-	-	-
Early learning	19,315,629	18,971,593	19,723,689	12,619,804	-	-	-	-	-	-
Interest on long-term debt	3,771,229	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
Total governmental activities expenses	423,730,480	381,833,317	364,164,449	348,571,572	340,414,896	341,472,180	321,063,302	304,174,059	300,263,941	288,081,288
Business-type activities:										
Electric utility, including fiber optics	828,503,000	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
Sewer	89,898,348	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
Solid waste	5,962,619	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
Stormwater management	22,661,993	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
Downtown redevelopment	1,244,627	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
Regional communication	2,279,152	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	950,549,739	899,691,048	878,922,542	837,454,647	764,469,832	803,837,833	822,215,731	782,051,013	772,308,967	734,870,137
Total primary government expenses	1,374,280,219	1,281,524,365	1,243,086,991	1,186,026,219	1,104,884,728	1,145,310,013	1,143,279,033	1,086,225,072	1,072,572,908	1,022,951,425
Program Revenues										
Governmental activities:										
Charges for services:										
General government	13,529,109	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
Economic & community development	616,928	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
Public safety	839,131	708,453	1,433,831	642,243	706,085	788,301	708,997	691,340	960,516	878,733
Public works	7,078,637	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
Youth & family development	-	-	-	-	87,319	241,719	466,502	478,048	532,507	553,403
Parks and recreation	3,463,794	3,407,647	3,142,589	2,693,496	-	-	-	-	-	-
Early learning	20,781	2,207	-	-	-	-	-	-	-	-
Operating grants and contributions	53,683,627	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
Capital grants and contributions	84,722,554	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
Total governmental activities program revenue	163,954,561	135,447,962	109,385,066	177,297,766	116,277,109	72,498,908	102,071,467	71,041,199	63,546,690	79,455,000
Business-type activities:										
Charges for services:										
Electric utility, including fiber optics	858,445,000	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
Sewer	141,193,365	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
Solid waste	6,373,708	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
Water quality management	37,939,407	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
Downtown redevelopment	2,310,932	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
Regional communication	2,079,859	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	7,363,000	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
Total business-type activities program revenue:	1,055,705,271	982,793,816	972,909,455	963,047,635	868,506,180	854,652,789	903,626,871	862,477,455	845,915,361	802,513,160
Total primary government program revenues	1,219,659,832	1,118,241,778	1,082,294,521	1,140,345,401	984,783,289	927,151,697	1,005,698,338	933,518,654	909,462,051	881,968,160

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CITY OF CHATTANOOGA, TENNESSEE

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

(continued from previous page)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (expense)/revenue:										
Governmental activities	$ (259,775,919)	$ (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)
Business-type activities	105,155,532	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
Total primary government net expense	(154,620,387)	(163,282,587)	(160,792,470)	(45,680,818)	(120,101,439)	(218,158,317)	(137,580,695)	(152,706,418)	(163,110,856)	(140,983,265)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	188,766,153	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
Liquor and beer taxes	7,968,904	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
Gross receipts tax	8,656,046	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
Franchise tax	4,818,495	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
Hotel-motel tax	10,089,218	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
Other taxes	1,974,046	1,955,941	2,493,258	1,944,302	2,343,018	2,017,775	362,712	658,303	750,707	222,074
Unrestricted investment earnings	17,005,356	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
Grants not allocated to specific programs	128,451,300	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
Gain on sale of capital assets	290,076	476,472	625,415	503,875	1,714,974	285,040	723,448	1,110,365	831,846	836,089
Gain on equity interest in joint venture	-	-	730,006	-	-	-	-	-	229,028	-
Transfers	-	-	-	2,372,691	(8,535)	4,902,278	(19,030)	(10,047,603)	-	50,952
Total governmental activities	368,019,594	366,294,090	357,328,155	335,198,144	288,454,948	285,295,410	275,560,071	258,254,420	248,896,741	239,201,611
Business-type activities:										
Unrestricted investment earnings	27,155,848	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
Transfers	-	-	-	-	8,535	(4,902,279)	19,030	10,047,603	-	(50,952)
Total business-type activities	27,155,848	16,950,495	8,340,171	1,607,609	3,198,986	1,288,138	5,345,349	13,105,736	1,898,682	1,764,665
Total primary government	395,175,442	383,244,585	365,668,326	336,805,753	291,653,934	286,583,548	280,905,420	271,360,156	250,795,423	240,966,276
Change in Net Position										
Governmental activities	108,243,675	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
Business-type activities	132,311,380	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
Total primary government	$ 240,555,055	$ 219,961,998	$ 204,875,856	$ 291,124,935	$ 171,552,495	$ 68,425,231	$ 143,324,725	$ 118,653,738	$ 87,684,567 [1]	$ 99,983,011

[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			
	2025	2024	2023	2022
Governmental activities				
Net investment in capital assets	$ 1,728,022,953	$ 1,622,232,322	$ 1,563,039,685	$ 1,491,670,241
Restricted	181,655,712	197,958,292	142,302,143	99,677,788
Unrestricted	(113,142,826)	(131,898,450)	(136,958,399)	(125,513,372)
Total governmental activities net position	1,796,535,839	1,688,292,164	1,568,383,429	1,465,834,657
Business-type activities				
Net investment in capital assets	1,027,152,580	916,932,340	858,231,113	787,423,277
Restricted	107,278,492	184,791,612	118,288,928	123,211,979
Unrestricted [1]	450,499,400	351,078,053	376,233,505	339,791,206
Total business-type activities net position	1,584,930,472	1,452,802,005	1,352,753,546	1,250,426,462
Primary government				
Net investment in capital assets	2,755,175,533	2,539,164,662	2,421,270,798	2,279,093,518
Restricted	288,934,204	382,749,904	260,591,071	222,889,767
Unrestricted	337,356,574	219,179,603	239,275,106	214,277,834
Total primary government net position	$ 3,381,466,311	$ 3,141,094,169	$ 2,921,136,975	$ 2,716,261,119

[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					
2021	2020	2019	2018	2017	2016
$ 1,383,671,937	$ 1,323,233,082	$ 1,324,097,124	$ 1,285,941,167	$ 1,277,949,718	$ 1,272,353,698
89,816,293	91,569,529	71,556,811	65,361,086	60,727,476	66,118,034
(171,577,911)	(174,457,122)	(171,630,583)	(183,847,137)	(196,343,638) (2)	(134,094,903)
1,301,910,319	1,240,345,489	1,224,023,352	1,167,455,116	1,142,333,556	1,204,376,829
835,498,170	813,975,284	741,029,373	720,686,418	652,037,064	590,844,184
116,431,327	102,022,445	97,897,857	70,984,783	76,121,378	49,238,536
171,296,368	100,976,688	125,944,093	86,443,633	53,364,214 (2)	78,680,556
1,123,225,865	1,016,974,417	964,871,323	878,114,834	781,522,656	718,763,276
2,219,170,107	2,137,208,366	2,065,126,497	2,006,627,585	1,929,986,782	1,863,197,882
206,247,620	193,591,974	169,454,668	136,345,869	136,848,854	115,356,570
(281,543)	(73,480,434)	(45,686,490)	(97,403,504)	(142,979,424) (2)	(55,414,347)
$ 2,425,136,184	$ 2,257,319,906	$ 2,188,894,675	$ 2,045,569,950	$ 1,923,856,212	$ 1,923,140,105

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	
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
2024	190,222,039	3,098,271	5,267,634	8,477,772	4,586,056	10,123,203	1,955,941	223,730,916
2025	188,766,153	3,034,893	4,934,011	8,656,046	4,818,495	10,089,218	1,974,046	222,272,862

CITY OF CHATTANOOGA, TENNESSEE

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General fund										
Nonspendable	$ 6,772,405	$ 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
Restricted	23,678,673	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
Committed	1,041,220	1,070,032	1,030,880	978,792	976,605	952,883	895,680	808,990	810,609	645,036
Assigned	97,540,266	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
Unassigned	30,576,432	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
Total general fund	159,608,996	191,631,382	158,284,883	143,316,531	128,221,197	103,941,751	109,442,783	110,140,502	101,405,891	82,843,493
All other governmental funds										
Nonspendable	7,663,355	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
Restricted	149,579,430	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
Committed	6,043,662	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
Assigned	-	-	-	-	-	-	-	1,795,550	1,556,472	1,315,448
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	163,286,447	178,637,841	135,848,521	130,043,228	115,209,934	115,306,795	91,798,162	88,075,454	83,410,350	86,326,828
Total governmental funds	$ 322,895,443	$ 370,269,223	$ 294,133,404	$ 273,359,759	$ 243,431,131	$ 219,248,546	$ 201,240,945	$ 198,215,956	$ 184,816,241	$ 169,170,321

CITY OF CHATTANOOGA, TENNESSEE

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

	Fiscal Year			
	2025	2024	2023	2022
Revenues				
Taxes	$ 216,791,040	$ 225,351,441	$ 227,391,618	$ 218,183,921
Licenses and permits	8,620,027	7,806,527	8,358,364	7,522,078
Intergovernmental	182,912,511	175,265,825	166,568,999	152,329,025
Charges for services	5,425,867	5,636,580	5,188,189	4,387,217
Fines, forfeitures and penalties	2,786,194	1,845,474	1,973,350	2,276,781
Investment income	18,761,376	18,236,277	9,249,707	(64,724)
Contributions and donations	851,989	864,023	444,439	334,396
Sale of property	355,242	491,588	625,415	503,875
Miscellaneous	8,276,523	10,665,365	11,367,539	8,022,159
Total revenues	444,780,769	446,163,100	431,167,620	393,494,728
Expenditures				
General government	108,671,954	97,534,825	88,405,620	85,996,891
Economic & community development	28,829,706	24,975,762	27,319,857	21,478,121
Public safety	158,800,712	146,429,332	148,238,334	140,565,973
Public works	53,614,169	47,453,628	42,789,638	42,096,770
Public works & transportation	-	-	-	-
Youth & family development	-	-	-	-
Parks and outdoors	19,902,471	18,824,320	18,807,895	14,688,314
Early leaning	19,005,829	18,345,556	19,437,674	13,843,669
Capital outlay	83,538,726	37,996,518	42,901,731	38,214,854
Debt service:				
Principal	20,299,561	19,996,364	19,639,263	18,145,412
Interest	7,532,720	7,621,027	6,531,842	5,700,700
Total expenditures	500,195,848	419,177,332	414,071,854	380,730,704
Excess of revenues over (under) expenditures	(55,415,079)	26,985,768	17,095,766	12,764,024
Other financing sources (uses)				
Transfers in	101,393,923	54,143,806	63,587,273	58,722,265
Transfers out	(94,024,924)	(54,143,806)	(65,587,272)	(59,172,265)
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 arraingments	672,301	611,069	3,272,821	-
Leases	-	3,275,827	2,405,057	2,367,886
Total other financing sources (uses)	8,041,300	49,150,051	3,677,879	17,164,604
Net change in fund balances	$ (47,373,779)	$ 76,135,819	$ 20,773,645	$ 29,928,628
Debt service as a percentage of non-capital expenditures	6.19%	7.21%	6.83%	6.74%

Fiscal Year					
2021	2020	2019	2018	2017	2016
$ 185,209,894	$ 179,386,665	$ 175,253,318	$ 172,980,292	$ 163,443,650	$ 155,799,808
7,614,966	7,593,342	7,916,922	6,938,663	7,569,081	7,352,468
147,448,984	129,091,166	126,600,057	122,729,461	113,376,554	109,583,823
4,091,389	3,927,303	4,020,963	4,394,849	4,558,271	4,491,755
1,464,849	1,358,350	1,364,832	1,367,852	2,117,601	2,599,585
2,202,409	4,443,739	4,191,025	3,451,398	3,277,471	1,972,171
6,779,620	1,191,805	1,851,373	5,322,453	1,244,604	1,609,166
1,721,994	285,042	723,642	-	-	-
9,294,434	8,958,698	8,969,818	8,763,086	7,445,416	6,651,589
365,828,539	336,236,110	330,891,950	325,948,054	303,032,648	290,060,365
71,291,961	68,774,665	64,751,771	63,148,457	65,960,761	63,105,668
13,188,443	11,116,453	10,092,368	9,768,808	8,917,998	8,633,354
113,184,112	120,584,851	116,575,652	111,685,239	103,566,128	96,260,548
-	-	-	-	-	-
48,953,553	52,128,431	48,376,794	47,288,529	39,207,550	37,834,604
28,594,469	29,383,343	29,607,847	28,071,723	26,506,698	25,772,920
-	-	-	-	-	-
-	-	-	-	-	-
39,125,641	32,468,708	27,412,439	25,286,422	33,351,247	35,147,388
18,153,780	19,298,160	20,982,893	20,689,981	18,058,024	17,164,347
6,276,326	6,035,667	6,793,170	7,454,385	7,500,114	7,426,116
338,768,285	339,790,278	324,592,934	313,393,544	303,068,520	291,344,945
27,060,254	(3,554,168)	6,299,016	12,554,510	(35,872)	(1,284,580)
53,936,070	54,370,712	64,620,727	55,217,621	39,699,793	44,454,692
(56,813,742)	(56,980,523)	(64,639,757)	(55,217,621)	(39,699,794)	(44,403,738)
-	18,860,000	-	-	12,640,000	-
-	20,156,711	-	-	8,200,000	47,200,000
-	7,689,396	-	-	3,762,622	7,684,371
-	(22,534,528)	(3,255,000)	-	(14,898,565)	(21,414,829)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	845,200	5,977,735	-
(2,877,672)	21,561,768	(3,274,030)	845,200	15,681,791	33,520,496
$ 24,182,582	$ 18,007,600	$ 3,024,986	$ 13,399,710	$ 15,645,919	$ 32,235,916
7.96%	7.95%	9.07%	9.69%	9.10%	9.12%

CITY OF CHATTANOOGA, TENNESSEE

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

Fiscal Year Ended June 30	Assessed Value: Real Property [3] Residential Property	Real Property [3] Commercial Property	Real Property [3] Multi-Use Property	Personalty	Public Utilities	Original Total Taxable Value [1] [2]	Direct Tax Rate	Estimated Actual Taxable Value [1]	Assessed Value as a Percentage of Actual Value
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	25,970,370,709	30.74%
2025	3,126,123,402	4,014,307,473	85,068,200	665,906,874	225,387,970	8,116,793,919	2.250	26,722,870,994	30.37%

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 General Fund Tax Rate	Hamilton County School Fund Tax Rate	Hamilton County Road Fund Tax Rate	Hamilton County Total Tax Rate	Total Direct & Overlapping Rates [1]
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
2025	1.9300	0.8563	0.6540	0.0054	1.5157	3.4457

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

	2025			2016		
Taxpayer [1]	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Electric Power Board	$ 327,506,489	1	4.08%	$ 296,120,225	1	4.83%
Tennessee Valley Authority (Computer Center)	100,332,703	2	1.25%	87,079,905	3	1.42%
CBL & Associates	94,147,155	3	1.17%	72,229,205	4	1.18%
CS1031	65,571,960	4	0.82%			
Gestamp Chattanooga, LLC	61,348,120	5	0.76%			
Tennessee-American Water Co.	52,229,199	6	0.65%	42,030,950	6	0.69%
BlueCross BlueShield	46,741,780	7	0.58%	94,412,764	2	1.54%
Unum/Provident	37,020,320	8	0.46%	36,678,706	7	0.60%
AGL Resources - Chattanooga Gas	30,668,557	9	0.38%			
Cole ID Chattanooga	27,731,640	10	0.35%			
AT&T (BellSouth)				54,886,822	5	0.90%
WALMART				30,540,770	8	0.50%
Chattem				29,631,592	9	0.48%
JDK Real Estate (Kenco Group)				28,841,006	10	0.47%
Totals	$ 843,297,923		10.50%	$ 772,451,945		12.61%

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
2016	$ 118,013,601	$ (71,499)	$ 117,942,102	$ 112,528,120	95.4%	$ 4,856,706	$ 117,384,826	99.5%
2017	120,665,972	(340,056)	120,325,916	116,366,570	96.7%	3,310,271	119,676,841	99.5%
2018	134,748,526	(794,249)	133,954,277	128,784,910	96.1%	3,587,748	132,372,658	98.8%
2019	137,314,441	(1,266,107)	136,048,334	130,780,192	96.1%	3,608,432	134,388,624	98.8%
2020	140,035,693	(729,739)	139,305,954	133,369,720	95.7%	4,848,253	138,217,973	99.2%
2021	142,594,816	(589,582)	142,005,234	136,763,252	96.3%	4,018,090	140,781,342	99.1%
2022	174,590,683	(1,101,573)	173,489,110	166,770,305	96.1%	5,192,443	171,962,748	99.1%
2023	179,582,552	(482,151)	179,100,401	171,773,971	95.9%	4,624,210	176,398,181	98.5%
2024	178,439,283	(1,853,796)	176,585,487	170,540,233	96.6%	3,168,945	173,709,178	98.4%
2025	182,491,939	(812,672)	181,679,267	171,953,316	94.6%	-	171,953,316	94.6%

[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

	Commercial Construction/Others		Residential Construction		Property Value		
Calendar Year [1]	Number of Permits	Value	Number of Permits	Value	Commercial	Residential	Public Utilities
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
2024	620	214,744,583	752	108,017,127	10,859,070,354	12,504,493,608	409,796,309

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

Fiscal Year	County-Wide Sales Tax	City Allocation State Sales Tax	County-Wide Designated Sales Tax	City Allocation State Income Tax	Mixed Drink Tax	Other Revenue	Total
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	24,017,172	141,973,677
2025	71,953,759	22,943,510	19,167,800	1,110	5,775,602	26,638,356	146,480,137

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
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	197,310	10.67
2025	177,286	12.70	21,924	14.16	3,142	9.70	136	18.06	202,488	11.31

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

	Governmental Activities				Business-Type Activities						Total Primary Government		Total Excluding Revenue Bonds	
Fiscal Year	General Obligation Bonds	Notes Payable	Leases	SBITAs	Revenue Bonds	General Obligation Bonds	Notes Payable	Leases	SBITAs	Total Primary Government	Percentage of Personal Income [1]	Per Capita [1]	Percentage of Personal Income [1]	Per Capita [1]
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	2,476,629	-	720,843,494	7.94%	3,958	4.05%	2,021
2023	129,141,150 [2]	1,877,310	1,339,394	4,293,112	325,982,000	14,013,657	200,463,951	1,862,000	4,788,000	683,760,574	6.89%	3,714	3.61%	1,944
2024	155,790,019 [2]	-	5,535,413	2,327,600	432,626,000	11,701,628	191,227,857	1,590,000	6,335,000	807,133,517	7.89%	4,316	3.66%	2,002
2025	134,349,582 [2]	-	4,567,042	2,043,091	396,298,000	9,364,326	180,052,538	799,000	5,068,000	732,541,579	6.50%	3,825	2.99%	1,756

[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]
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	132,995,826	3,243,491	129,752,335	0.51%	694
2025	114,593,575	3,687,491	110,906,084	0.42%	579

[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

	Primary Government [1]			Debt Supported by Designated Revenue Streams Other Than Property Taxes					
Fiscal Year	Total Debt	Less: Tax Supported Gen Gov Debt	Total Self Supported Debt	Hotel-Motel Debt	HUD Sec. 108 Notes	Sewer Debt	Solid Waste Debt	Stormwater Debt	EPB Debt
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	$295,285,000
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	266,495,000
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	256,660,000
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	246,455,000
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	273,042,000
2021	366,989,570	124,494,506	242,495,064	32,789,764	916,000	190,882,876	3,796,566	13,507,604	322,750,000
2022	365,591,494	119,044,661	246,546,833	28,317,439	611,000	201,917,802	3,081,571	12,063,437	310,792,000
2023	351,128,574	110,968,949	240,159,625	25,674,670	306,000	200,974,758	2,380,768	11,122,082	299,998,000
2024	366,582,519	140,858,841	225,723,678	22,794,193	-	191,638,024	1,664,160	9,627,299	410,862,000
2025	329,188,103	121,203,708	207,984,395	19,756,007	-	180,324,865	968,815	8,123,185	378,626,000

[1] Primary Government includes premiums and discounts

CITY OF CHATTANOOGA, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [2]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Hamilton County General Obligation Debt	$ 477,095,679	56.8744%	$ 271,345,305
Subtotal, overlapping debt [1]			271,345,305
City of Chattanooga debt related to governmental activities [3]			126,769,282
City original issue premiums and discounts			14,190,133
Total direct and overlapping debt			$ 412,304,720

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			
	2025	2024	2023	2022
Debt limit [1]	$ 803,288,455	$ 790,992,586	$ 797,273,649	$ 772,269,443
Total net debt applicable to limit [2]	117,516,217	137,615,350	107,919,525	116,373,321
Legal debt margin	$ 685,772,238	$ 653,377,236	$ 689,354,124	$ 655,896,122
Total net debt applicable to the limit as a percentage of debt limit	14.63%	17.40%	13.54%	15.07%

	Legal Debt Margin Calculation by Fiscal Year			
Assessed value	$ 8,032,884,545	$ 7,909,925,858	$ 7,972,736,488	$ 7,722,694,431
Debt limit (10% of total assessed value)	803,288,455	790,992,586	797,273,649	772,269,443
Debt applicable to limit:				
General obligation debt	121,203,708	140,858,841	110,968,949	119,044,661
Less: amount set aside for repayment of general obligation debt	(3,687,491)	(3,243,491)	(3,049,424)	(2,671,340)
Total net debt applicable to limit	117,516,217	137,615,350	107,919,525	116,373,321
Legal debt margin	$ 685,772,238	$ 653,377,236	$ 689,354,124	$ 655,896,122

(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					
2021	2020	2019	2018	2017	2016
$ 623,441,294	$ 610,060,489	$ 599,278,414	$ 590,946,293	$ 522,577,906	$ 511,102,589
122,101,111	139,919,964	131,526,178	149,379,477	167,739,275	174,587,258
$ 501,340,183	$ 470,140,525	$ 467,752,236	$ 441,566,816	$ 354,838,631	$ 336,515,331
19.59%	22.94%	21.95%	25.28%	32.10%	34.16%

Legal Debt Margin Calculation by Fiscal Year					
$ 6,234,412,936	$ 6,100,604,893	$ 5,992,784,141	$ 5,909,462,932	$ 5,225,779,059	$ 5,111,025,892
623,441,294	610,060,489	599,278,414	590,946,293	522,577,906	511,102,589
124,494,506	142,038,777	134,575,488	152,369,566	169,517,671	176,749,235
(2,393,395)	(2,118,813)	(3,049,310)	(2,990,089)	(1,778,396)	(2,161,977)
122,101,111	139,919,964	131,526,178	149,379,477	167,739,275	174,587,258
$ 501,340,182	$ 470,140,525	$ 467,752,236	$ 441,566,816	$ 354,838,631	$ 336,515,331

CITY OF CHATTANOOGA, TENNESSEE

HISTORICAL DEBT RATIOS

June 30, 2025

	Fiscal Year			
	2025	2024	2023	2022
Estimated population	191,496	187,030	184,806	182,113
Appraised property valuation	$ 26,313,074,685	$ 25,579,446,444	$ 25,224,433,549	$ 24,548,314,465
Assessed property valuation	8,032,884,545	7,909,925,858	7,972,736,488	7,722,694,431
Gross indebtedness [1]	338,536,670	335,699,871	364,045,609	393,344,286
Less: Self-supporting indebtedness [2]	231,523,395	253,927,851	271,311,102	288,907,677
Debt Service Fund	3,687,491	3,243,491	3,049,424	2,671,339
Net direct indebtedness	103,325,784	78,528,529	89,685,083	101,765,270
Plus: Estimated net overlapping indebtedness	271,345,305	154,717,541	178,761,786	212,376,097
Net direct and overlapping indebtedness	$ 374,671,089	$ 233,246,070	$ 268,446,869	$ 314,141,367
Gross debt per capita	$ 1,767.85	$ 1,794.90	$ 1,969.88	$ 2,159.89
Net direct debt per capita	539.57	419.87	485.29	558.80
Net direct and overlapping debt per capita	1,956.55	1,247.11	1,452.59	1,724.98
Gross debt to appraised valuation	1.29%	1.31%	1.44%	1.60%
Net direct debt to appraised valuation	0.39%	0.31%	0.36%	0.41%
Net direct debt and overlapping debt to appraised valuation	1.42%	0.91%	1.06%	1.28%
Gross debt to assessed valuation	4.21%	4.24%	4.57%	5.09%
Net direct debt to assessed valuation	1.29%	0.99%	1.12%	1.32%
Net direct and overlapping debt to assessed valuation	4.66%	2.95%	3.37%	4.07%

[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					
2021	2020	2019	2018	2017	2016
182,799	182,799	180,557	179,139	177,571	176,588
$ 19,899,791,161	$ 23,200,776,303	$ 18,964,234,130	$ 18,515,514,113	$ 16,617,822,120	$ 16,253,882,118
6,234,412,936	6,100,604,893	5,992,784,141	5,909,462,932	5,225,896,880	5,111,025,892
398,108,498	384,056,285	388,039,735	421,599,947	435,929,169	442,659,694
290,096,185	260,612,579	266,592,168	283,502,826	282,579,251	279,996,798
2,396,142	2,118,813	3,049,310	2,990,089	1,778,396	2,161,977
105,616,171	121,324,893	118,398,257	135,107,032	151,571,522	160,500,919
167,399,967	161,569,272	183,016,242	204,647,086	158,510,550	170,209,506
$ 273,016,138	$ 282,894,165	$ 301,414,499	$ 339,754,118	$ 310,082,072	$ 330,710,425
$ 2,177.85	$ 2,100.98	$ 2,149.13	$ 2,353.48	$ 2,454.96	$ 2,506.74
577.77	663.71	655.74	754.20	853.58	908.90
1,493.53	1,547.57	1,669.36	1,896.59	1,746.24	1,872.78
2.00%	1.66%	2.05%	2.28%	2.62%	2.72%
0.53%	0.52%	0.62%	0.73%	0.91%	0.99%
1.37%	1.22%	1.59%	1.83%	1.87%	2.03%
6.39%	6.30%	6.48%	7.13%	8.34%	8.66%
1.69%	1.99%	1.98%	2.29%	2.90%	3.14%
4.38%	4.64%	5.03%	5.75%	5.93%	6.47%

CITY OF CHATTANOOGA, TENNESSEE

REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

	EPB Revenue Bonds					
Fiscal Year Ended June 30	Total Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Times Coverage
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
2025	706,250,000	613,789,000	92,461,000	14,285,000	15,080,000	3.1

Source: Electric Power Board, Electric Division
Note: This schedule is consistent with EPB's MSRB continuing disclosure for the debt covenants.

	CDRC Lease Rental Revenue Bonds					
Fiscal Year Ended June 30	Total Revenues [1]	Less: Operating Expenses [2]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Times Coverage
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
2025	24,676,287	2,850	24,673,437	6,150,000	881,677	3.5

[1] Total revenues include economic development sales tax, tourist development zone incremental sales tax, conference center net revenue, and interests on the debt service reserve.
[2] Operating expenses include bank charges and arbitrage calculation cost.
[3] This includes $27,315,000 of bonds issued and retired within the same year from the sale of the Chattanoogan 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]
2016	$ 7,018,313,472	176,588	$ 39,744	39.5	23.0% 4yr. Degree	43,797	5.1%
2017	7,404,000,416	177,571	41,696	40.1	15.3% 4yr. Degree	44,414	4.3%
2018	7,602,121,743	179,139	42,437	39.6	17.9% 4yr. Degree	44,053	4.1%
2019	7,976,286,032	180,557	44,176	40.3	18.8% 4yr. Degree	44,250	3.9%
2020	8,380,237,356	182,799	45,844	40.4	19.5% 4yr. Degree	44,277	8.1%
2021	8,681,144,597	182,113	47,669	39.6	21.7% 4yr. Degree	43,942	5.4%
2022	9,158,826,996	182,113	50,292	39.4	21.7% 4yr. Degree	44,265	3.8%
2023	9,903,274,542	184,086	53,797	36.3	23.7% 4yr. Degree	45,059	2.7%
2024	10,476,672,480	187,030	56,016	37.2	21.8% 4yr. Degree	44,884	5.4%
2025	11,262,454,248	191,496	58,813	37.2	21.8% 4yr. Degree	45,631	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

	2025 [1]			2016 [2]		
Employer	Full-time Employees	Rank	Percentage of Total City Employment	Full-time Employees	Rank	Percentage of Total City Employment
● Erlanger Health System	5,994	1	2.02%	4,384	3	1.68%
● Hamilton County Schools	5,781	2	1.95%	4,508	2	1.73%
Volkswagen Chattanooga	5,239	3	1.77%	2,177	10	0.83%
● BlueCross BlueShield of Tennessee	4,145	4	1.40%	4,899	1	1.88%
Tennessee Valley Authority	3,857	5	1.30%	3,786	4	1.45%
CHI Memorial	3,722	6	1.26%	2,602	8	1.00%
● McKee Foods Corporation	3,171	7	1.07%	2,700	7	1.03%
● Unum Group	3,082	8	1.04%	2,800	6	1.07%
Roper Corporation	2,541	9	0.86%	-	-	0.00%
● City of Chattanooga	2,372	10	0.80%	2,250	9	0.86%
Total	39,904		13.48%	30,106		11.53%

[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 Annual Comprehensive Financial Report for the year ended June 30, 2016

● Locally owned and/or headquartered

CITY OF CHATTANOOGA, TENNESSEE

FULL-TIME EQUIVALENT CITY GOVERNMENT POSITIONS BY FUNCTION
LAST TEN FISCAL YEARS

	Full-Time Equivalent Positions as of June 30									
FUNCTION	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government	308	331	322	315	237	231	222	219 [5]	367	368
Public Safety										
Police										
Sworn	500	477	477	475	500	500	500	500	486	486
Civilian	121	124	116	115	115	115	115	120	119	115
Fire										
Sworn	449	439	430	443	443	443	443	429	429	429
Civilian	25	25	25	25	25	25	24	24	16	16
Public Works	406	393	375	386	374	407	407	404	366	368
Economic & Community Development				175	111	111	101	100	95	85
Community Development	156	157	173	-	-	-	-	-	-	-
Economic Development	34	31	21	-	-	-	-	-	-	-
Youth & Family Development	-	-	-	-	600 [6]	386	403	406	424	423
Parks & Recreation	-	-	-	-	-	-	-	-	-	-
Parks & Outdoors	274	275	276	263	-	-	-	-	-	-
Education, Arts and Culture	-	-	-	-	-	-	-	-	-	-
Early Learning	246	243	270	307	-	-	-	-	-	-
Transportation	-	-	-	-	66	65	61	60	60	60
WasteWater	225	217	217	205	199	191	181	176	177	161
Solid Waste/Sanitation	18	17	16	15	15	15	15	20	20	20
Stormwater	168	163	164	155	155	153	149	143	152	152
EPB	730	728	696	659	630	617	602	592	597	552
Totals	3,660	3,620	3,578	3,538	3,470	3,259	3,223	3,193	3,308	3,235
	2,930	2,892	2,882	2,879	2,840	2,642	2,621	2,601	2,711	2,683

Source: City Management & Budget Analysis 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

	Fiscal Year									
Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
311 Service Requests Created	138,056	176,075	101,702	136,686	149,102	153,475	150,443	131,225	156,370	137,005
% of Current Tax Levy Collected	95.1%	96.6%	96.1%	100.1%	103.3%	100.8%	95.5%	95.6%	96.4%	95.4%
Police										
Crimes Committed [1]	24,730	28,482	29,333	29,920	25,115	23,121	26,272	23,882	23,556	21,619
Moving/Parking Violations [2]	17,007	19,995	22,409	25,216	27,590	33,489	24,870	24,618	22,534	39,326
Citizen Complaints [1]	104	104	109	108	110	105	66	55	42	N/A
Fire										
Emergency Calls	24,300	24,317	24,707	24,005	20,403	18,887	19,704	18,849	19,429	17,311
Inspections	6,789	5,402	4,094	4,095	4,314	4,109	4,539	4,228	5,093	8,103
Public Works/Transportation										
Sidewalks Repaired (sq.ft.)	30,167	34,043	8,690	1,054	14,278	619	4,513	11,902	16,751	65,050
Streets Paved or Patched (sq.ft.)	1,148,770	263,302	1,672,704	338,076	361,648	778,097	382,353	2,124,852	1,467,417	2,024,985
Parks & Outdoors										
Participation in DPO Programs (NEW)	9,820	10,850	74,676							
Complete Service Requests by 95% on time	97.33%	95.00%	98.00%							
Chattanooga Zoo-Attendance	326,277	292,403	289,854	291,729	288,561	192,514	289,399	262,426	252,629	232,123
Community Development										
Community Centers-Attendance [3]	519,870	453,917	255,879	54,098	75,532	88,103	123,749	462,314	536,199	791,138
Number of participants in Center Programs	107,686	124,405	51,948							
Social Services										
Households Assisted	4,925	4,516	3,744	3,840	5,580	5,653	5,662	4,898	5,542	6,247
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	71%	100%	62%	67%	71%	64%	60%	80%	95%	100%
# of Full NPDES Compliance Days at the MBWWTP	354	365	349	360	359	353	202	362	364	352
Solid Waste/Sanitation										
NPDES Landfill Violations	1	-	-	-	-	-	1	-	-	-
Violation Notices to Industry	-	-	-	-	-	-	-	-	-	-
Areas of Concern (New for FY17)	3	9	-	2	4	4	7	11	5	N/A
Stormwater/Water Quality										
311 Service Requests Created	2,336	2,017	2,083	2,047	2,371	2,864	2,673	2,138	1,238	1,576
311 Service Requests Unresolved	-	-	-	-	34	31	-	-	38	126

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

	Fiscal Year									
Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
City Fleet	652	586	623	793	822	1008	925	1489	1737	1737
Properties Returned to Tax Rolls	25	58	38	0	0	0	74	57	80	100
Police										
Stations	6	6	6	6	6	4	4	4	4	4
Patrol Units	338	352	373	331	370	572	575	586	586	586
Fire										
Stations	20	20	20	20	20	20	20	20	20	19
Ladder Trucks/Fire Engines/Combos [(1)]	50	52	51	48	49	33	50	28	27	27
Public Works										
Miles of Paved Streets	1221	1220	1218	1217	1214	1212	1210	1210	1200	1160
Signalized Intersections	339	349	348	348	346	343	341	335	339	336
Garbage Trucks	33	30	24	24	22	25	28	25	26	25
Knuckleboom Trucks	25	25	23	23	24	20	24	27	27	22
Interceptor Sewer System										
Miles of Sewer	1296	1263	1263	1263	1263	1263	1263	1263	1263	1263
Pump Stations	78	78	78	78	78	78	77	82	82	82
Parks, Recreation, Arts & Culture										
Parks	85	85	84	84	84	84	84	84	82	80
Recreation Centers	15	15	15	15	15	15	15	15	15	15

Source: City of Chattanooga

[(1)] Only includes front line apparatus. Does not include reserve or support equipment.

CITY OF CHATTANOOGA, TENNESSEE

EMPLOYMENT AND UNEMPLOYMENT STATS
LAST TEN CALENDAR YEARS

Calendar	MSA Civilian Labor-Force (in 000's)			Civilian Labor Force % Unemployed		
Year	Total	Employed	Unemployed	MSA	TN	U.S.
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
2024	290.9	281.3	9.6	3.3	3.5	3.8

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

CITY OF CHATTANOOGA, TENNESSEE

OTHER TAXES
LAST TEN FISCAL YEARS

	Local Option Sales Taxes [1]			Other Tax Receipts				
				Tourist Development Zone Sales Tax [2]				
Fiscal Year	County-Wide Sales Tax	County-Wide Tax	Total Local Option Tax	State	Local	Hotel-Motel Occupancy Tax [3]	State Sales Tax	State Income Tax [4]
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
2025	71,953,759	19,167,800	91,121,559	5,246,956	-	9,065,694	22,943,510	1,110

[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

	2026	2027	2028	2029	2030	Total
Department						
Public Works	$ 177,964,765	$ 122,100,000	$ 112,750,000	$ 76,800,000	$ 58,550,000	$ 548,164,765
Police	(3,075,000)	500,000	500,000	500,000	500,000	(1,075,000)
Fire	3,543,064	3,000,000	4,500,000	2,500,000	2,500,000	16,043,064
Community Development	500,000	500,000	-	-	-	1,000,000
Economic Development	2,500,000	500,000	500,000	-	-	3,500,000
General Government	13,642,961	6,925,000	7,300,000	8,200,000	3,200,000	39,267,961
Parks & Outdoors	5,151,274	18,350,000	21,950,000	20,150,000	12,650,000	78,251,274
21st Century Waterfront	(1,701,274)	-	-	-	-	(1,701,274)
Total	$ 198,525,790	$ 151,875,000	$ 147,500,000	$ 108,150,000	$ 77,400,000	$ 683,450,790
Bonds/Loan						
General Fund	$ 25,000,000	$ 15,000,000	$ 15,000,000	$ 15,000,000	$ 15,000,000	$ 85,000,000
ISS (Gen Oblig Bonds/WIFIA Loan)	48,500,000	-	-	-	-	48,500,000
ISS (SRF Loan)	19,580,000	-	-	-	-	19,580,000
Total Bonds	93,080,000	15,000,000	15,000,000	15,000,000	15,000,000	153,080,000
Cash/Reserves						
General Fund	-	22,065,000	18,980,000	10,710,000	9,370,000	61,125,000
Economic Development Fund	9,000,000	6,000,000	5,000,000	6,000,000	5,000,000	31,000,000
Hotel-Motel Fund	7,500,000	4,000,000	4,000,000	4,000,000	4,000,000	23,500,000
Fleet Fund	6,000,000	4,500,000	4,500,000	4,500,000	4,500,000	24,000,000
State Street Aid	2,256,300	2,000,000	2,000,000	2,000,000	2,000,000	10,256,300
Miscellaneous Revenue	3,000,000	-	-	-	-	3,000,000
Water Quality	11,871,150	5,850,000	4,900,000	3,800,000	5,250,000	31,671,150
Interceptor Sewer	59,100,000	64,600,000	54,000,000	36,000,000	21,000,000	234,700,000
Total Cash/Reserves	98,727,450	109,015,000	93,380,000	67,010,000	51,120,000	419,252,450
External Sources						
Private Grants/Donations	-	7,500,000	12,000,000	12,000,000	5,000,000	36,500,000
Hamilton County	-	-	-	-	-	-
Monsanto PCB Settlement	4,379,298	-	-	-	-	4,379,298
State of Tennessee	378,017	-	-	-	-	378,017
Federal	1,961,025	20,360,000	27,120,000	14,140,000	6,280,000	69,861,025
Total External Sources	6,718,340	27,860,000	39,120,000	26,140,000	11,280,000	111,118,340
Total All Sources	$ 198,525,790	$ 151,875,000	$ 147,500,000	$ 108,150,000	$ 77,400,000	$ 683,450,790

Source: City of Chattanooga Capital Planning and Finance

SINGLE AUDIT SECTION

CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2025

Federal Grantor/Pass-Through/Grantor/Program Title	Federal Assistance Listing Number	Federal Contract Number	Expenditures	Amount Passed-through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Tennessee Department of Agriculture:				
DPO - IRA UCFP Forest Service Grant	10.727	24-DG-11083150-553	$ 781,544	$ -
Total U.S. Department of Agriculture			781,544	-
U.S. DEPARTMENT OF COMMERCE				
EDA-Recompete Phase 1-2023	11.040	ED24OIE0G0062	143,000	-
Total U.S. Department of Commerce			143,000	-
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	310,711	310,711
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-47-0001	253,439	253,439
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-47-0001	752,096	752,096
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-47-0001	112,729	112,729
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-47-0001	78,717	78,717
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-47-0001	2,155,049	1,534,027
Total Community Development Block Grants Entitlements/Special Purpose Grants Cluster			3,662,740	3,041,719
THDA ESG Stage	14.231	E-20-MC-47-0001	209,803	127,603
THDA ESG Stage	14.231	E-22-DC-47-001	286,034	-
Total Emergency Solutions Grant			495,836	127,603
HOME Investment Partnerships Program	14.239	M-19-MC-47-0200	4,007	4,007
HOME Investment Partnerships Program	14.239	M21-MC-47-0200	218,731	218,731
HOME Investment Partnerships Program	14.239	M21-MC-47-0200	431,795	430,765
HOME Investment Partnerships Program	14.239	M21-MC-47-0200	302,292	295,208
HOME Investment Partnerships Program	14.239	M-20-MC-47-0200	622,325	8,407
Homeless CoC Stabilization Grant	14.267	TN0361L4J002201	521,722	165,405
Homeless CoC FUSE Grant	14.267	TN0361L4J002201	102,210	59,239
Total HOME Investment Partnerships Program			2,203,083	1,181,762
Total U.S. Department of Housing and Urban Development			6,361,660	4,351,084

(Continued)

CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2025

Federal Grantor/Pass-Through/Grantor/Program Title	Federal Assistance Listing Number	Federal Contract Number	Expenditures	Amount Passed-through to Subrecipients
(Continued)				
U.S. DEPARTMENT OF THE INTERIOR				
National Park Service, Historic Preservation Grants	15.904	N/A	$ 53,000	$ -
Total U.S. Environmental Protection Agency			53,000	-
U.S. DEPARTMENT OF JUSTICE				
2019 Police VOCA Grant	16.575	2015-VA-GX-0018	93,990	-
FJC - VOCA Grant	16.575	2020-V2-GX-0012	119,089	-
2020 State Homeland Security Program	97.067	EMW-2018-SS-00033-S01	35,091	-
FJC-NCVRW CAP	16.582	15POVC-21-GK-00412-NONF	4,801	-
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	15PBJA-21-GG-01838-JAGX	484,412	-
FJC-Delta IPV pass thru grant	N/A	1 NUS4CE002312-01-00	108,151	-
HSGP County Grant-Fire	N/A	34101-1992	40,584	-
COPS LHME	16.738	N/A	6,759	-
COPS Tech	16.710	N/A	482,545	-
Total U.S. Department of Justice			1,375,421	-
U.S. DEPARTMENT OF THE TREASURY				
Treasury Funds	21.016	N/A	23,448	-
PW Water Infrastucture IP(TDEC)	21.027	32701-04856	903,773	-
Total U.S. Department of Treasury			927,221	-
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Georgia Department of Transportation:				
Highway Planning and Construction	20.205	0017156-PLN	120,507	-
Total GA Highway Planning and Construction			120,507	-

(Continued)

CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2025

Federal Grantor/Pass-Through/Grantor/Program Title	Federal Assistance Listing Number	Federal Contract Number	Expenditures	Amount Passed-through to Subrecipients
(Continued)				
Passed through Tennessee Department of Transportation:				
Governor's Highway Safety Grant-THSO	20.607	Z21THS037	$ 224,512	$ -
TDOT - Smart Cities	20.941	N/A	468,600	-
TDOT - DTS ATCMTD	20.205	N/A	2,376,176	-
TDOT - Federal Highway Administration	20.205	N/A	234,523	-
TDOT - CP-FHWA SS4A	20.939	N/A	149,343	-
RPA - FRA Award	20.326	N/A	178,027	-
TEMA-HMEP -	20.703	N/A	11,949	-
Total TN Highway Planning and Construction			3,643,129	-
Total U.S. Department of Transportation			3,763,636	-
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed Through Tennessee Libraries and Archives				
LSTA Grant	45.310	LS-253654-OLS-23	9,883	-
State Metro Gen Library Services Grant - FY21	45.310	LS-253654-OLS-23	430,500	-
Total Institute of Museum and Library Services			440,383	-
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Air Pollution Control Program	66.001	00408415	385,387	-
Surveys, Studies, Investigations and Special Purpose Grants	66.034	96497415	136,614	-
APCB EPA Grant	66.034	02D50023	97,632	-
APCB 5T EPA Grant Grant	66.034	N/A	14,368	-
Brownsfield Assessment and Cleanup	66.818	02D33522 & 00D48016	1,440,812	1,381,125
Total U.S. Environmental Protection Agency Grants			2,074,813	1,381,125
Clean Water State Revolving Loan Program (SRF 2020-440)	66.458	SRF 2020-440	3,069,958	-
Total U.S. EPA Revolving Loan Program			3,069,958	-
Total U.S. Environmental Protection Agency			5,144,771	1,381,125

(Continued)

CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2025

Federal Grantor/Pass-Through/Grantor/Program Title	Federal Assistance Listing Number	Federal Contract Number	Expenditures	Amount Passed-through to Subrecipients
(Continued)				
U.S. DEPARTMENT OF THE HOMELAND SECURITY				
CFD-FEMA AFG	97.044	N/A	$ 149,040	$ -
Total U.S. Environmental Protection Agency			149,040	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Head Start	93.600	04CH011734-03	12,596,494	-
Early Head Start-Child Care Partnership Grant	93.600	04HP00428	2,410,243	-
Total Head Start Cluster			15,006,737	-
Passed Through Tennessee Department of Human Services:				
Low-Income Home Energy Assistance	93.568	G-1801TNLIEA	3,880,257	-
Low-Income Water Assistance Program	93.568	2102TNLWC5/6	17,931	17,931
Total Low-Income Home Energy Assistance			3,898,188	17,931
Community Program to Improve Minority Health-OMH	93.137	6 CPIMP211293-01-01	24,303	-
Community Services Block Grant	93.569	Z22-49104	594,781	-
Total Community Services Block Grant			619,084	-
Total U. S. Department of Health and Human Services			19,524,009	17,931

(Continued)

CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR PERIOD ENDING JUNE 30, 2025

Federal Grantor/Pass-Through/Grantor/Program Title	Federal Assistance Listing Number	Federal Contract Number	Expenditures	Amount Passed-through to Subrecipients
(Continued)				
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Foster Grandparents Program	94.011	22SFHTN003	$ 541,983	$ -
Total Foster Grandparent/Senior Companion Cluster			541,983	-
Total Corporation for National and Community Services			541,983	-
TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT			39,205,668	5,750,140
STATE AWARDS				
Tennessee Commission on Aging & Disability				
SETDD Glenwood Ctr	N/A	34401-99566-15	18,000	-
SETDD Glenwood Ctr	N/A	03203-25001	22,486	-
Total Tennessee Department of Environment & Conservation			40,486	-
Tennessee Department of Environment & Conservation				
Household Hazardous Waste	N/A	32701-04716	30,000	-
Total Tennessee Department of Environment & Conservation			30,000	-
Tennessee Department of Finance & Administration				
THDA Entitlement - CNE Project	N/A	Program Income	18,659	13,202
VCIF Grant	N/A	77241-VCIF	765,850	-
VSSG Grant	N/A	VSSG	554	-
Total Tennessee Department of Environment & Conservation			785,064	13,202
Tennessee Department of Commerce and Insurance				
TLETA Retention Grant	N/A	33501-2548325	30,000	-
Total Tennessee Department of Commerce and Insurance			30,000	-
TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT			885,550	13,202
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS - PRIMARY GOVERNMENT			$ 40,091,218	$ 5,763,342

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

June 30, 2025

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.

Note 3. Prior Year Expenditures Not Previously Reported

During fiscal year 2025, the City identified $1,231,257 and $863,864 of expenditures under the Clean Water State Revolving Grant (Assistance Listing 66.458) and Brownsfield Assessment and Cleanup Grant (Assistance Listing 66.818), respectively, that were incurred during fiscal year 2024 and were not reported on the fiscal year 2024 Schedule of Expenditures of Federal Awards. These expenditures have been included in the fiscal year 2025 schedule for reporting completeness only and have been excluded from the major program determination for fiscal year 2025.

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, 2025, 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 30, 2025. 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. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a significant deficiency.

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AN INDEPENDENT MEMBER OF THE BDO ALLIANCE USA

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*.

City of Chattanooga's Reposes to Findings

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items listed the reference numbers of the related finding 2025-001 that we consider to be significant deficiencies.

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 30, 2025

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, 2025. 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, 2025. 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, 2025.

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.

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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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 to be a significant deficiency.

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

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 30, 2025

Henderson Hutcherson
& McCullough, PLLC

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2025

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	__x no
• Significant deficiencies identified that are not considered to be material weaknesses?	___yes	__x_ none reported
Noncompliance material to financial statements noted?	__yes	__x no

Federal Awards

Internal control over major programs:		
• Material weaknesses identified:	___yes	__x no
• Significant deficiencies identified that are not considered to be material weaknesses?	__x__yes	___ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed under the Uniform Guidance?	__x_yes	___no

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.218	U.S. Department of Housing and Urban Development CDBG-Entitlement/Special Purpose Grants Cluster
66.458	U.S. Environmental Protection Agency Clean Water State Revolving Loan Program
20.205	U.S. Department of Transportation Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:		$ 1,113,316
Auditee qualified as low-risk auditee?	__x__yes	____no

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2025-001: Schedule of Federal Expenditures

Assistance Listing Titles: Clean Water State Revolving Loan Program and Brownsfield Assessment and Cleanup Grant
Assistance Listing Numbers: 66.458 and 66.818
Federal Award Year: 2023-2024
Federal Agency: U.S. Environmental Protection Agency
Type of Finding: Significant deficiency
Questioned Costs: $2,095,121

Condition: The City missed prior year expenditures in the amount of $1,231,257 and $863,864 for the Clean Water State Revolving Loan Program and Brownsfield Assessment and Cleanup Grant, respectively.

Criteria: Per compliance supplement Part 6, management should design control activities, design activities for information systems, and implement controls over the Schedule of Federal and State Awards.

Cause: The City lacks sufficient enough internal controls concerned with the Schedule of Federal and State Awards to ensure that all expenditures are properly reported for each grant.

Effect: When there are not sufficient internal controls in place, there is a risk that the Schedule of Federal and State Awards is not accurately recorded.

Recommendation: The City needs to record current year expenditures on the Schedule of Federal and State Awards and reconcile them for better internal controls.

Management Response: See management's corrective action plan.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2025

None noted.

City of Chattanooga

Department of Finance and Adminstration
Mayor Tim Kelly

2025-01 Federal Award Findings and Questioned Costs

Person Responsible for Implementing the Corrective Action;

Weston Porter, CPA, Chief Financial Officer

Anticipated Completion Date for Corrective Action; June 30, 2026

Planned Corrective Action;

The City will implement procedures to ensure that all current-year expenditures related to federal awards are accurately recorded on the Schedule of Expenditures of Federal Awards (SEFA) and properly reconciled to the general ledger.

Specifically, Finance staff will:

- Develop and document a standardized SEFA preparation and review process that requires identification of current-year federal expenditures by grant and Assistance Listing number.
- Perform a formal reconciliation of SEFA amounts to the general ledger and supporting grant reports prior to finalization, with variances investigated and resolved.
- Assign supervisory review and approval of the SEFA and reconciliation as part of the year-end closing process.
- Provide refresher training to staff involved in grant accounting and SEFA preparation to reinforce requirements under Uniform Guidance.

These actions will strengthen internal controls over federal reporting and help ensure the SEFA is complete, accurate, and reflective of current-year activity.

Signature: _____

Weston Porter, City Finance Officer

City of Chattanooga
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