



2025 FINANCIAL GUIDE

ANNUAL FINANCIAL GUIDE FOR
THE YEAR ENDED JUNE 30, 2025

MAYOR TIM KELLY
ONE CHATTANOOGA

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Introduction

We are pleased to present Chattanooga's Financial Guide, our Popular Annual Financial Report for the fiscal year ended on June 30, 2025. Our goal is to make the City of Chattanooga's financial data more accessible and understandable to residents without a background in accounting. Development of the 2025 Financial Guide follows the City's commitment to providing outstanding transparency and the highest quality financial reporting.

This report is an overview of the City's financial position and long-standing financial practices. It identifies revenue sources and describes how they are spent in a fiscally responsible manner. Our fiscal stability is reflected by our AAA bond rating from Standard & Poor's and our AA+ rating from Fitch.

The Financial Guide is not an audited report, but the financial data within it comes from the City's Annual Comprehensive Financial Report (ACFR), which is audited. For more detailed financial information, the FY25 ACFR will be your best source. The City's financial reports can all be found on the city's website.

Sincerely,
Weston Porter, CPA
City Finance Officer



Explore the City's full financial statements
at:
<https://chattanooga.gov/stay-informed/budget-financial-data>



Message from the Mayor

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 ended 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,

A handwritten signature in dark ink, appearing to read 'Tim Kelly'.

Mayor Tim Kelly
City of Chattanooga

The **ONE** **CHATTANOOGA** Strategy

BUILD A PATH TO UNIVERSAL EARLY LEARNING

Where every child is prepared to thrive and succeed

CATALYZE ECONOMIC VITALITY IN THE BLACK COMMUNITY

Where there's a better way forward for Black Chattanooga

ENSURE ACCESSIBLE HOUSING CHOICES FOR ALL

Where every Chattanooga has an affordable place to call home

IMPROVE OUR LOCAL INFRASTRUCTURE & PUBLIC TRANSIT

Where we build a strong foundation for the future

BUILD A COMPETITIVE REGIONAL ECONOMY

Where opportunity for all creates economic vitality

CLOSE THE GAPS IN PUBLIC HEALTH

Where all Chattanoogaans can lead a happy, healthy life

ENSURE RESPONSIVE AND EFFECTIVE LOCAL GOVERNMENT

Where the nuts and bolts of government are done right

These eleven principles serve as guideposts for an emerging culture within City government and the foundation for our strategic vision as a city:

01 Equity

02 Accountability

03 The Urgency of Now

04 Candor

05 Justice over Charity

06 People First

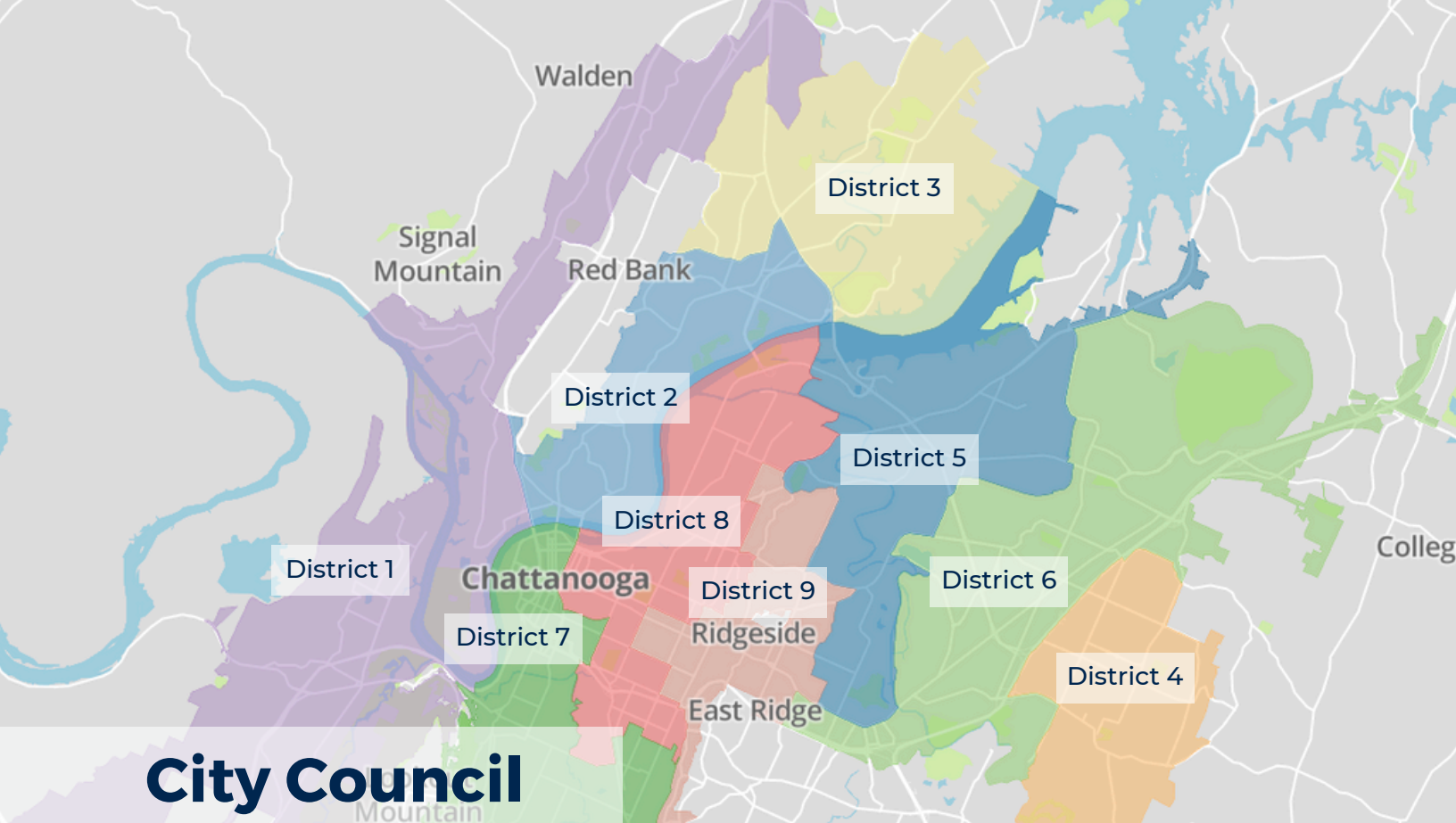
07 Involved and Invested, not just Informed

08 Localism

09 Opportunity in Service of Prosperity

10 Common Sense for Common Purpose

11 Respect



City Council



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The Chattanooga City Council is the legislative branch of our government. Council members are responsible for passing ordinances and providing general oversight of City government.

The Council consists of nine members, with each member being elected from one of nine districts within the Chattanooga city limits.



To learn more about City Council visit:
www.Chattanooga.gov/City-Council



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Meetings

Council meetings are held every Tuesday at 3:30pm. These are open to the public and take place in the City Council building at [1000 Lindsay St.](#) Meetings are also live streamed on YouTube. Schedules for committee meetings and other special meetings are available at [chattanooga.gov/city-council](#).

Public Comment

Community members may make public comments for up to 3 minutes at the end of City Council meetings, with a maximum of 1 hour for all public comments.

Committees

The Council has ten committees, each of which is chaired by a council member.

- Economic Development
- Public Safety
- Parks & Public Works
- Equity & Community Development
- Affordable Housing
- Education & Innovation
- Planning & Zoning
- Budget & Finance
- Legislative
- Human Resources

What's Happening in Chattanooga



Chattanooga Metropolitan Airport

Enplanements for July 2024 - June 2025 are expected to reach an all time high of over 589,674. Direct flights have been expanded to fourteen major cities with four major airlines.

A 26,000 sq ft major terminal expansion with new gates, shops, and dining is now open. A new parking garage is in the planning stages. An aviation themed park with a playground and observation deck are also in the planning stages.



Walnut Street Bridge

In March 2025, the Walnut Street Bridge renovation was started and is estimated to be completed within 18 months. The renovation will address key structural, electrical, and deck deficiencies. This is the first major renovation of the bridge in 30 years. The bridge was dedicated as a pedestrian bridge in 1993.



One Westside

The Westside neighborhood transformation plan lays out a long term road map for sustainable and holistic revitalization of the community.

New housing, shops, restaurants, and greenspaces will energize and refresh this community.

South Broad District



The South Broad Revitalization Project received final approval in 2022, kicking off the revitalization of Chattanooga's western gateway.

The South Broad Revitalization Project is expected to generate tens of millions of dollars in new money for schools, roads, and infrastructure across Chattanooga and Hamilton County, while transforming a blighted brownfield into a vast, vibrant live-work-play district.

The new development will re-energize the 140 acres formerly occupied by the old Wheland Foundry and U.S. Pipe complex, and will include:

- A new multi-use stadium to generate year-round entertainment and keep the Lookouts in Chattanooga
- \$170m in new housing
- Commercial space for small businesses
- New public green spaces and trails

"After years of studies and non-starters, the City, the County, and the State are coming together with the ownership group and a world-renowned master developer to transform this site into a vibrant new community where economic opportunity and quality of life come together."

- Mayor Tim Kelly



Erlanger Park

The South Broad district will be anchored by a new multi-use stadium, Erlanger Park.

Why a new stadium? The Chattanooga Lookouts' previous home at AT&T Field no longer meets Major League Baseball's standards. It faces into the sun and was found by MLB to have more than 140 different compliance deficiencies that would have caused the league to pull the franchise had we not acted. The loss of the Lookouts would not only have terminated one of baseball's historic franchises, but would also have resulted in the loss of \$30m in annual economic impact for our community.

When not in use by the Lookouts, the stadium will serve as another community space for residents to enjoy concerts, fundraising drives, and other local events.

The project is being funded in part through an economic development tool called tax increment financing (TIF), which leverages the growth in tax collections resulting from new development to help fund public projects.

In other words, the stadium will be funded by the increase in property taxes generated by the new surrounding development, in addition to rent from the Lookouts and sales tax revenue from the stadium.

Property tax revenue allocated to Hamilton County Schools will continue receiving their full allocation — and projected growth from the district is expected to add tens of millions to school funding over time as the area's taxable value increases.



Learn more about the South Broad district at:
www.SouthBroad.info

National Park City



Chattanooga was recognized in 2025 as the first National Park City in North America.

Chattanooga is the only city in North America and only the 3rd city worldwide to be so recognized, behind Adelaide, Australia and London, England.

The National Park City movement is a long-term, grassroots and grassroots effort that invites everyone — residents, leaders, and organizations — to work together to make their cities greener, healthier, and wilder. In Chattanooga, this designation will help city government and community partners prioritize connecting more people to the outdoors that have long defined our identity.

"Here in Chattanooga, we've used the National Park City movement to encourage folks to think about Chattanooga as a city in a park, rather than a city with some parks in it. The outdoors is our competitive advantage. It's at the heart of our story of revitalization, and it's core to our identity."

- Mayor Tim Kelly

Comparative Data - Six Largest Cities in Tennessee

Demographic & Financial Data	#1 Nashville	#2 Memphis	#3 Knoxville	#4 Chattanooga	#5 Clarksville	#6 Murfreesboro
Population ^a	687,787	618,655	198,175	187,023	180,705	165,423
Area (Square Miles) ^b	476	296	99	142	100	64
Per Capita Income ^{a, b}	\$50,643	\$31,208	\$33,292	\$41,324	\$30,872	\$37,748
Median Household Income ^b	\$80,217	\$51,399	\$50,183	\$62,547	\$67,246	\$78,069
% Below Poverty Line ^b	11.9%	22.6%	23.6%	18.4%	16.1%	7.8%
Public Safety Spending ^d	\$661m	\$557m	\$128m	\$146m	\$72m	\$83m
Public Safety Spending - per capita ^d	\$961	\$901	\$644	\$782	\$396	\$499
Bond Rating (S&P) ^d	AA+	AA	AAA	AAA	AA+ ³	AA+
Gov't Assets ^d	\$9.7b	\$4.2b	\$1.5b	\$2.6b	\$0.8b	\$1.8b
Gov't Liabilities ^d	\$10.3b	\$3.9b	\$0.7b	\$0.9b	\$0.3b	\$1b
Net Position ^d	\$-0.6b	\$0.3b	\$0.8b	\$1.7b	\$0.5b	\$0.8b
Asset to Liability Ratio ^d	0.94	1.07	2.18	2.93	2.75	1.86
Gov't Debt ^d	\$3,592m	\$1,807m	\$108m	\$163m	\$125m	\$291m
Total Debt ^d	\$4,972m	\$2,913m	\$174m	\$799m	\$614m	\$340m
Gov't Debt Per Capita ^d	\$5,223	\$2,921	\$545	\$873	\$691	\$1,761
Total Debt Per Capita ^d	\$7,229	\$4,709	\$876	\$4,272	\$3,399	\$2,057
Property Tax Rate - City ^d	0.33% ¹	2.70%	2.16%	2.25%	1.23%	0.95%
Property Tax Rate - City & County ^d	3.25% ¹	6.09%	4.28%	4.49%	4.22%	2.83%
Total Property Tax Levy - City ^d	\$145m	\$403m	\$167m	\$178m	\$47m	\$70m
Property Tax Levy Per Capita - City ^d	n/a ²	\$651	\$845	\$954	\$262	\$422

Sources:

- ^a data.census.gov
- ^b censusreporter.org
- ^c TN Dept of Labor
- ^d Corresponding FY24 ACFR

Notes:

- ¹ Nashville-Davidson is divided between a "General Services District" and "Urban Services District." Property owners in the USD pay additional property taxes in exchange for additional services, like trash pickup. The "City" rate shown here is the Urban Services District.
- ² Population estimates are not available for the Nashville Urban Services District, so we are unable to calculate an appropriate number for comparison.
- ³ S&P rating unavailable for Clarksville. Bond rating from Fitch Ratings is shown.



Comparative Data

How does Chattanooga measure up to other Tennessee cities?

Comparing our financial indicators to Tennessee's major cities (Nashville and Memphis) and our fellow mid-sized cities (Knoxville, Clarksville, and Murfreesboro) is one of the best ways to judge our performance.

It's important to note that these cities aren't all responsible for the same services. Murfreesboro manages its own school system, which Chattanooga, Knoxville, Clarksville and Memphis rely on their County Governments for. Metro Nashville is a consolidated City-County government, meaning it is responsible for schools and every other service that a County would usually be responsible for.

Bond Ratings

Bond Ratings are an estimation of a City's ability to repay its debts, which are assigned by national ratings agencies like Moody's, Standard & Poor's, and Fitch. Chattanooga's high ratings mean we're a safe investment for creditors, so we are able to borrow money at very low interest rates for infrastructure projects. Examining Chattanooga's ratio of its assets to liabilities is a easy indication of why creditors view us as one of the safest investments in Tennessee.

Debt

Our total debt can be separated by Governmental & Business-Type Activities (explained on pg 14-15). These metrics provide an indication of how much debt we hold relative to other cities. The data also shows how much of that debt is held by Governmental funds as opposed to Business-Type funds. Chattanooga and Clarksville's public utilities (EPB and CDE Lightband, respectively) issue revenue bonds, which results in a large gap between our Governmental and Total Debt.

Property Taxes

Our tax structure is most similar to Knoxville's, while Clarksville and Murfreesboro rely on their county governments to provide more services. Nashville's rates are lower, partially due to their property values being dramatically higher than other cities. Property tax calculations are explained in more detail on pg 18.

How does the City track & report financial activities?

Government financial statements are similar to those for private businesses, however there are a few fundamental differences.



01

Net Position

The Statement of Net Position compares our assets and deferred outflows to our liabilities and deferred inflows to give a snapshot of Chattanooga's overall financial health & ability to repay our debts.



02

Statement of Activities

Governments exist to serve their residents, not to turn a profit. Instead of an Income Statement, we publish a Statement of Activities which details revenues and expenses and how those affect our Net Position.



03

Separating Business-like Entities

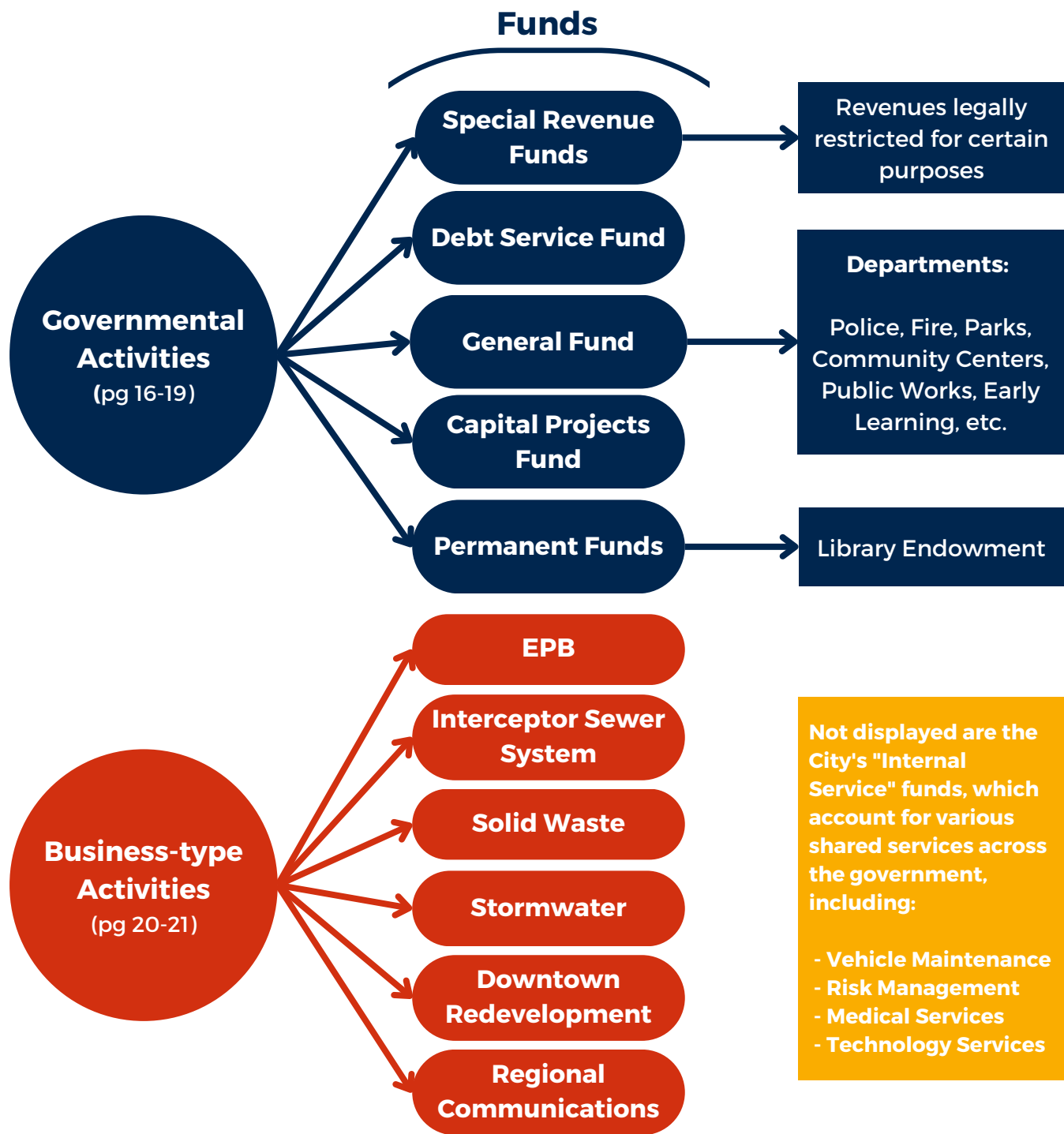
Entities funded by user fees, like EPB, are fundamentally different from the City's Fire or Police departments, which are funded by tax dollars, so they are reported separately.



04

Fund Accounting

Every financial transaction is recorded in a specific "Fund." Most of the City's operations fall under the General Fund, but things like infrastructure projects and debt service have separate funds.



Not listed are the City's "**Component Units**" which the City doesn't have direct oversight over and therefore are reported separately in the financial statements. These include **CARTA**, the **Chattanooga Airport**, the **Land Bank Authority**, and the **Downtown Chattanooga Alliance** (a.k.a. the Business Improvement District).

Governmental Activities

This section covers core city departments like **Public Works and Police**, along with the means by which they're funded.

Below is our **Net Position**, which compares the City's assets to its liabilities to assess our ability to repay our debts.

Over **56% of our total assets are land** and other assets that don't depreciate. Depreciating assets, like **buildings and vehicles**, account for another **17%**. Cash and investments make up another 10%. Receivables, revenue which is earned but hasn't come in the door yet, account for 10% of our total assets.

The vast majority of our liabilities are long-term (those not payable within the next year). They include **employee pensions (62%)** and **general obligation serial bonds (19%)**, which are issued for major infrastructure projects and repaid over a long period of time.



Net Position - Governmental Activities

Amounts expressed in thousands

	2025	2024	2023	2022	2021
+ Assets	\$ 2,492,810	\$ 2,427,083	\$ 2,287,047	\$ 2,219,814	\$ 2,011,830
+ Deferred Outflows*	\$ 135,913	\$ 135,486	\$ 155,158	\$ 32,038	\$ 116,223
- Liabilities	\$ 616,645	\$ 658,555	\$ 644,144	\$ 589,836	\$ 660,841
- Deferred Inflows**	\$ 215,542	\$ 215,722	\$ 229,678	\$ 196,181	\$ 165,302
Net Position	\$ 1,796,536	\$ 1,688,292	\$ 1,568,383	\$ 1,465,835	\$ 1,301,910

*Expenses paid for a future period

**Income received for a future period

Governmental Revenues & Expenses

Governments exist to serve their residents, not turn a profit. Instead of an Income Statement, we publish a Statement of Activities, which details revenues and expenses and how those affect our Net Position.

Statement of Activities - Governmental Activities

Department	Expenses	Grants & Fees	Net
General Government	\$ 112,764,512	\$ 30,940,691	\$ (81,823,821)
Economic & Community Dev.	\$ 51,086,649	\$ 11,679,402	\$ (39,407,247)
Public Safety	\$ 137,405,119	\$ 4,034,190	\$ (133,370,929)
Public Works	\$ 77,589,552	\$ 64,462,948	\$ (13,126,604)
Parks & Outdoors	\$ 21,797,790	\$ 37,267,829	\$ 15,470,039
Early Learning	\$ 19,315,629	\$ 15,569,501	\$ (3,746,128)
Interest on Debt	\$ 3,771,229	\$ -	\$ (3,771,229)
Total Activities	\$ 423,730,480	\$ 163,954,561	\$ (259,775,919)

Property Taxes \$ 181,397,153

Sales Taxes \$ 115,390,932

Other Revenues* \$ 71,231,509

Total General Revenues \$ 368,019,594

Total Change in Net Position \$ 108,243,675

*Includes hotel/motel taxes, liquor taxes, franchise taxes, and others

Yearly Change in Net Position

2021 2022 2023 2024 2025
\$64.3m \$163.9m \$102.5m \$119.9m \$108.2m

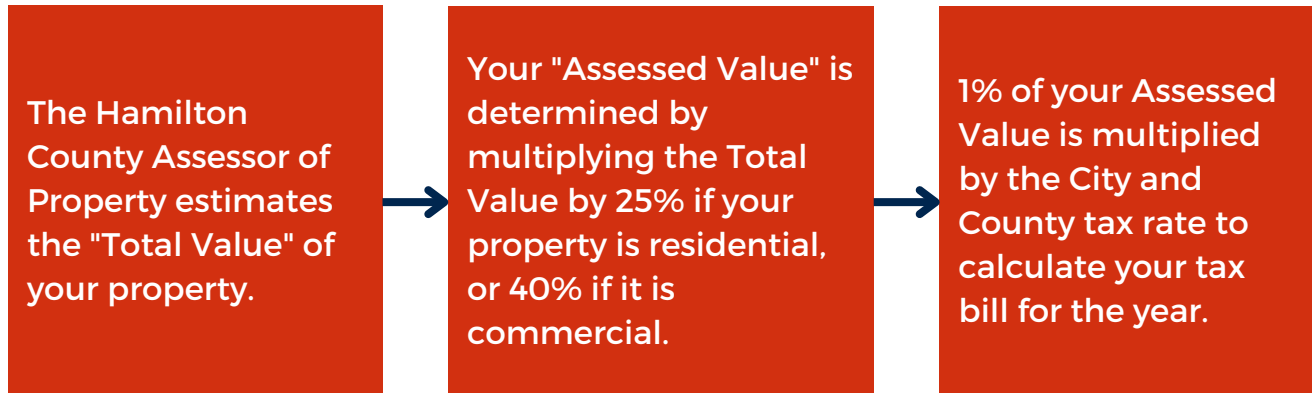


Governmental Expenses Over Time

Department	2021	2022	2023	2024	2025
General Government	\$81m	\$93m	\$95m	\$98m	\$113m
Public Safety	\$133m	\$133m	\$136m	\$152m	\$137m
Public Works	\$73m	\$64m	\$62m	\$65m	\$78m
Parks, Education, & Community Dev.	\$49m	\$55m	\$68m	\$63m	\$92m
Interest on Debt	\$4m	\$3m	\$3m	\$4m	\$4m
Total Activities	\$340m	\$349m	\$364m	\$382m	\$424m

Property Tax Breakdown

Property taxes are the largest source of revenue for Governmental Activities. Every year, the City and County governments set their respective property tax rates, which are levied on every residential and commercial property. While the rate is consistent on all properties, residential and commercial properties are assessed differently. Hamilton County's tax rate is \$2.2373 while Chattanooga's is \$2.2500, for a combined rate of \$4.4873.



Small Office in Brainerd

1. The Assessor's office judges the total value to be \$500k
2. The total value is multiplied by 40% to calculate the "assessed value"
 - a. $\$500k \times 40\% = \$200k$
3. 1% of the property's assessed value is multiplied by the combined property tax rate
 - a. $\$200k \times 1\% = \$2,000$
 - b. $\$2,000 \times \$4.4873 = \$8,974.60$

Annual tax bill: \$8,974.60



Home in St. Elmo

1. The Assessor's office judges the total value to be \$240k
2. The total value is multiplied by 25% to calculate the "assessed value"
 - a. $\$240k \times 25\% = \$60k$
3. 1% of the property's assessed value is multiplied by the combined property tax rate
 - a. $\$60k \times 1\% = \600
 - b. $\$600 \times \$4.4873 = \$2,692.38$

Annual tax bill: \$2,692.38

Understanding our Liabilities



Our Net Position shows \$558m in long-term liabilities. Understanding that number is key to assessing the financial health of our City.

- Pensions & OPEB - \$384m
- Serial Bonds - \$120m
- Other Liabilities - \$54m



Pensions & OPEB

Pensions and Other Post-Employment Benefits represent benefits that City employees earned while working for the city that have not been paid out.

For example, a Chattanooga Firefighter earns **25% of their salary** in pension benefits **after ten years** with the City, but the City doesn't pay that expense until the employee retires, which could be decades in the future. To account for this, we record those unpaid expenses as liabilities to show that we will have to pay them in the future.

To ensure that we're always able to pay those benefits, the City maintains an **OPEB & Pension Trust Fund** for the sole purpose of securing retirement benefits for our employees. **This fund has a balance of \$1.05b** as of the end of FY25.

More information can be found on pages B-1 - B-24 of the City's ACFR.



Serial Bonds

To finance large infrastructure projects like road expansions and building construction, the City sells "General Obligation Serial Bonds" which are backed by the full faith and credit of the City. These bonds are paid off over a long period of time, usually 10-15 years.

Tennessee state law limits the total General Obligation debt of a city to 10% of the City's assessed property value. Our current outstanding debt is less than 2% of our assessed property value.

Chattanooga is able to borrow money at lower interest rates than most cities because we maintain a **AAA Bond Rating** from Standard & Poor's and AA+ rating from Fitch.

More information can be found on page E-6 of the City's ACFR.

Business-Type Activities

This section covers the City's Enterprise Funds which are reported separately because they primarily rely on service charges to fund their operations, not tax revenue.

Below is our **Net Position** for Business-Type Activities, which compares the City's assets and liabilities to assess our ability to repay our debts.

Depreciating assets, like buildings and vehicles, make up 45% of total assets for business activities. Another **19% of those assets are land** that doesn't depreciate. **Cash and investments account for another 26%**. Receivables, revenue which is earned but hasn't come in the door yet, makes up 5%.

Roughly **43% of the total liabilities are revenue bonds** for EPB and Downtown Redevelopment and **18% are notes payable** for the Interceptor Sewer System.



Net Position - Business-Type Activities

Amounts expressed in thousands

	2025	2024	2023	2022	2021
+ Assets	\$ 2,483,465	\$ 2,335,026	\$ 2,123,277	\$ 2,069,327	\$ 1,935,608
+ Deferred Outflows*	\$ 55,511	\$ 67,414	\$ 39,198	\$ 29,475	\$ 45,862
- Liabilities	\$ 927,387	\$ 934,637	\$ 801,576	\$ 824,306	\$ 846,908
- Deferred Inflows**	\$ 26,659	\$ 15,001	\$ 8,146	\$ 24,070	\$ 11,335
Net Position	\$ 1,584,930	\$ 1,452,802	\$ 1,352,753	\$ 1,250,426	\$ 1,123,227

*Expenses paid for a future period

**Income received for a future period

Business Revenues & Expenses

Statement of Activities - Business-Type Activities

	Expenses	Revenues	Net
Electric Power Board (EPB)	\$ 821,134,000	\$ 865,808,000	\$ 44,674,000
Interceptor Sewer System	\$ 89,898,348	\$ 141,193,365	\$ 51,295,017
Solid Waste	\$ 5,962,619	\$ 6,373,708	\$ 411,089
Stormwater	\$ 22,661,993	\$ 37,939,407	\$ 15,277,414
Regional Communications	\$ 2,279,152	\$ 2,079,859	\$ (199,293)
Downtown Redevelopment	\$ 1,244,627	\$ 2,310,932	\$ 1,066,305
Total Activities	\$ 943,180,739	\$ 1,055,705,271	\$ 112,524,532
		Interest Income	\$ 27,155,848
		Other Expenses	\$ 7,369,000
		Total Change in Net Position	\$ 132,311,380

EPB

The largest portion of the business-type activities is Electric Power Board (EPB). EPB is a city owned company that provides electric utility and fiber optic service for residents and businesses in Chattanooga and surrounding areas. EPB is managed by a board appointed by the Chattanooga Mayor and City Council.

Sewer

Chattanooga's Interceptor Sewer System provides wastewater services to Chattanooga, most of Hamilton County, and parts of North Georgia.

Solid Waste

The City operates a solid waste landfill as a business fund, which primarily serves the City government, but is available for household use by residents and some other uses.

Stormwater

The Stormwater Program manages Chattanooga's stormwater, natural water bodies, and green infrastructure.

Regional Communications

The Tennessee Valley Regional Communication System Fund was established in the 2016 fiscal year to account for a regional communication system that services our multi-county region.

Downtown Redevelopment

The Chattanooga Downtown Redevelopment Corporation (CDRC) accounts for redevelopment financing, multiple parking facilities, and other activities.



Grants Management

Chattanooga routinely pursues grant funding for important programs and infrastructure projects.



**Grant Funding
Applied for:**
\$32,965,400



**New Grant Funding
Received:**
\$40,705,862

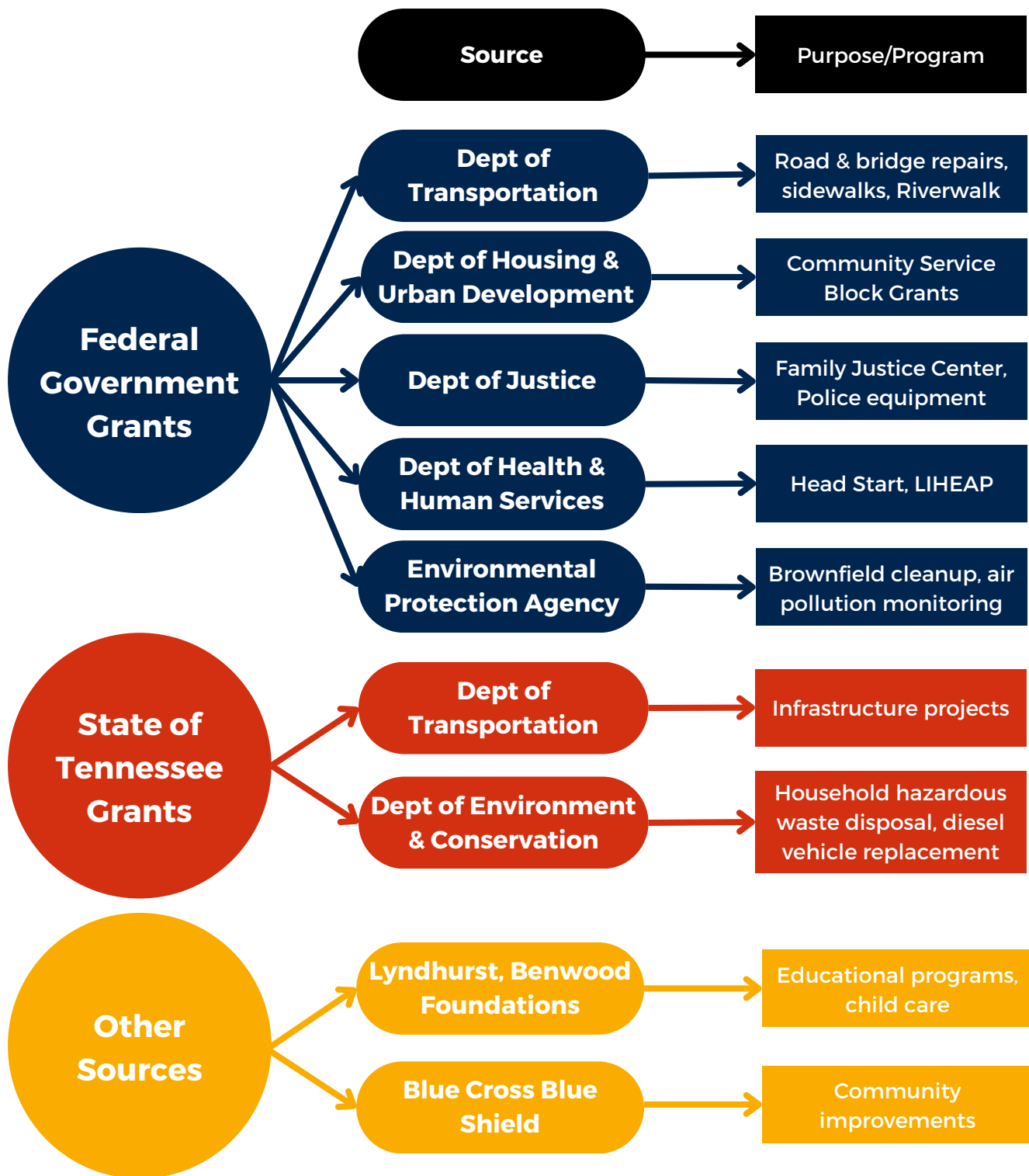


**Total Grants Funds
Managed:**
\$276,787,011

Grants are funding opportunities awarded to support a specific project or program and require some level of compliance from the City. Securing grants from the Federal and State governments, in addition to private grantors, ensures that **your tax dollars are used to benefit your community.**

Grants largely fund programs like **Head Start** and the **Low-Income Home Energy Assistance Program (LIHEAP)**, as well as infrastructure projects like road repairs and expansion of the Riverwalk.

The Office of Grants & Opportunities ensures we're strategically pursuing available opportunities, as well as meeting compliance requirements.



This chart is not all-inclusive. Please refer to the Schedule of Expenditures for Federal and State Awards in the ACFR (Pages G-1 through G-5) for a more inclusive list.

Developing the Budget

Chattanooga's budget is a carefully constructed document laying out planned revenues and expenditures for the coming year. It is legally required to be approved by both the Mayor and City Council.

The anticipated Fiscal Year 2026 budget is the fourth year for full implementation of Priority Based Budgeting process under Mayor Tim Kelly, which you can learn about in the City's Comprehensive Annual Budget Report (CABR) on page 55.

The budget reflects this broad vision that guides the work of all city departments and provides the resources necessary to accomplish their goals.



Budget Timeline

Jan	●	—	Budget Department begins prep work & assisting departments
Feb	●	—	Departments, Agencies, and nonprofits submit budget requests Requests are reviewed and discussed internally
Mar	●	—	Review, discussion, and modification of budget requests Preliminary budget review with Mayor & Executive Staff
Apr	●	—	Citizen input sessions Recommended Operations Budget prepared for Council
May	●	—	Mayor & Executive Staff review final budget & present to City Council
Jun	●	—	City Council approves the budget after two readings
Jul	●	—	Budget is filed with TN Comptroller's Office

See page 60 of the City's CABR for a more detailed budget calendar



Strategic Framework

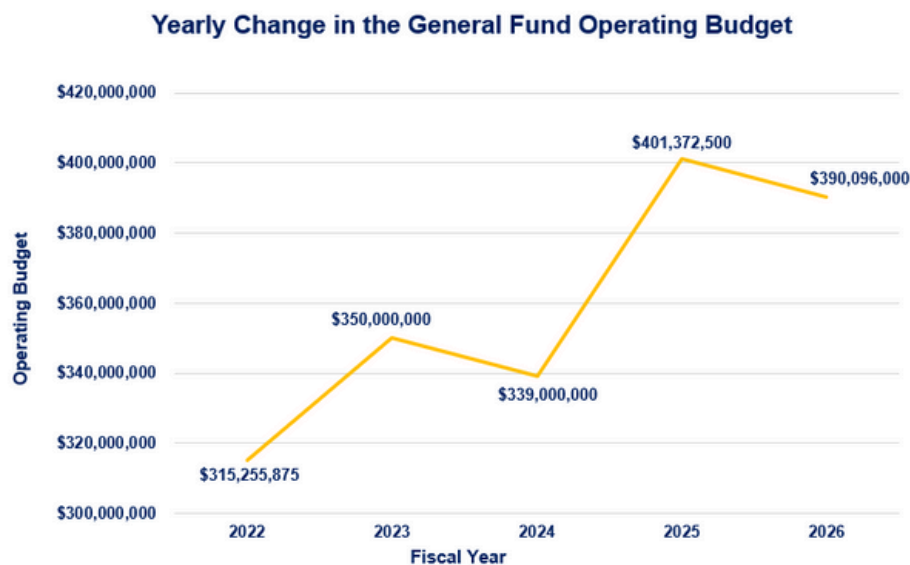
The One Chattanooga Plan outlines a bold vision of a city that includes everyone in its prosperity. The values, strategic initiatives, and goals in the plan provide direction and purpose, helping to prioritize action and allocate resources effectively.

- Building a universal path to Early Learning
- Catalyzing Economic Vitality in the black community
- Ensuring Affordable Housing choices for all Chattanoogaans
- Improving local Infrastructure & Public Transit
- Building a Competitive Regional Economy
- Closing the gaps in Public Health
- Providing Responsive and Effective local government



Budget Comparison Over Fiscal Years

Our annual operating budget totaled \$390m in Fiscal Year 2026, detailing funds allocated to dozens of Departments and Agencies across Chattanooga.

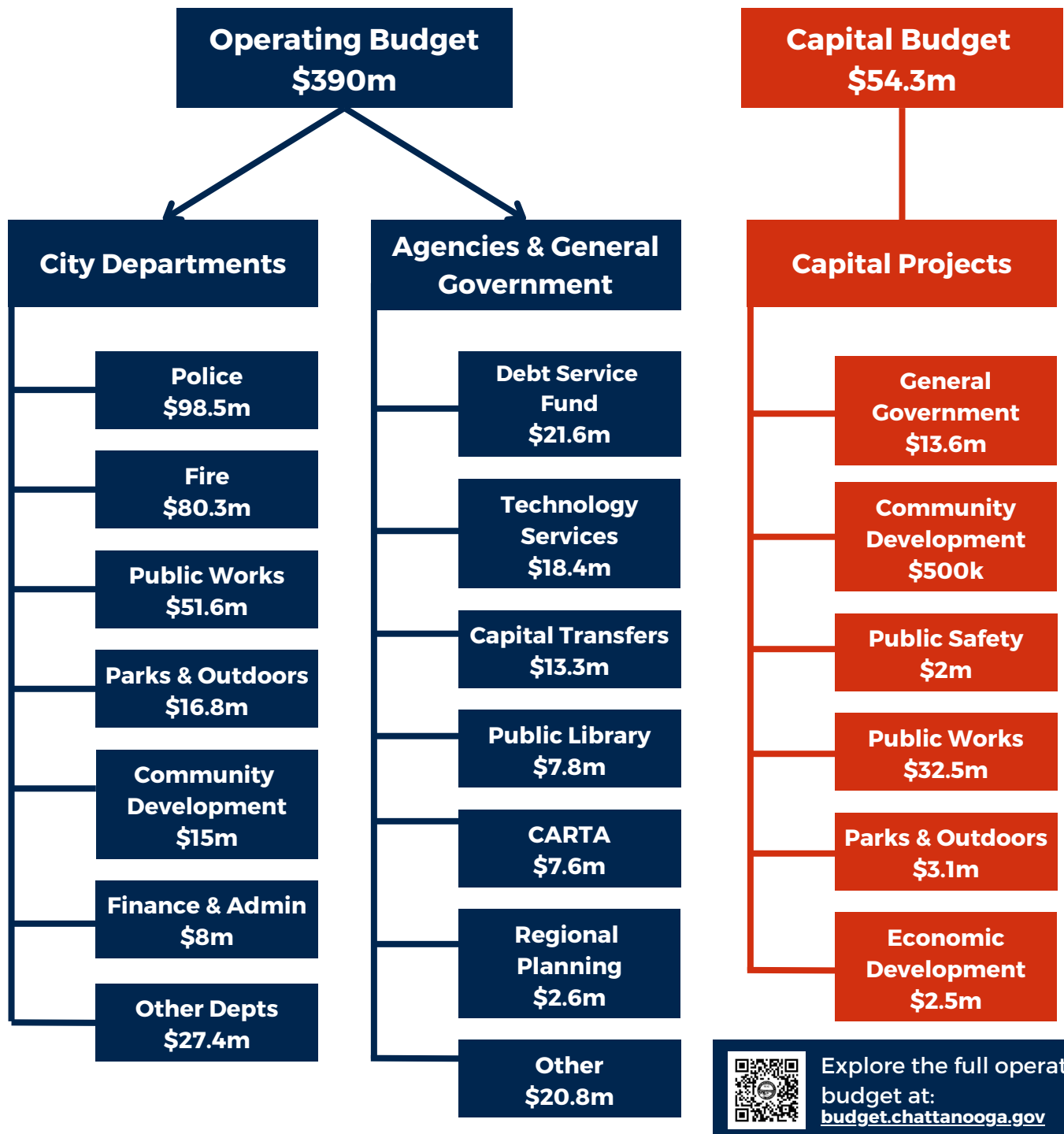


Budget figures reflect amended budgets



What does the City budget money towards?

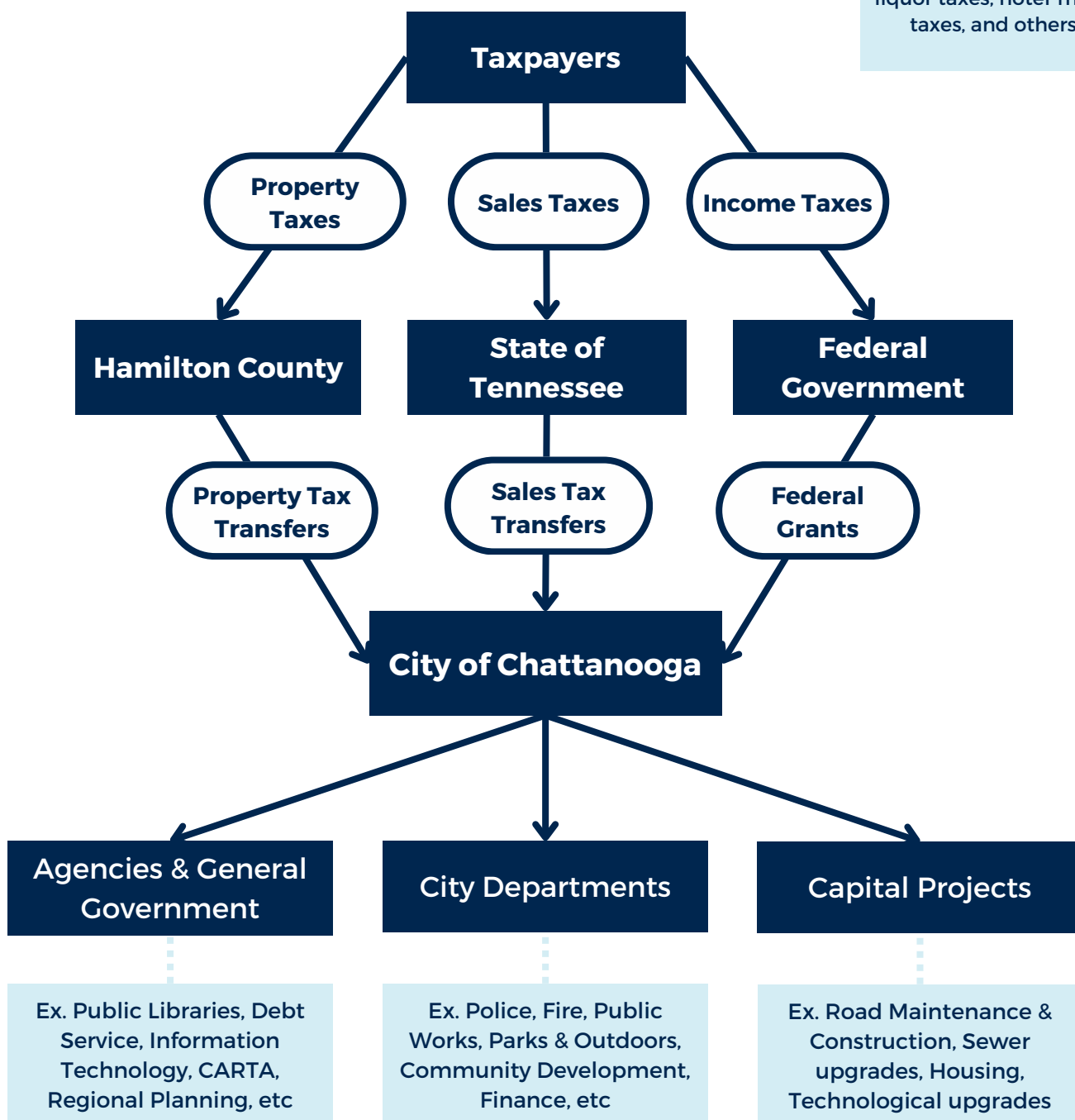
from Chattanooga's FY26 General Fund Budget





Where does Chattanooga's funding come from?

This chart excludes many of the city's smaller revenue sources, such as charges for services, liquor taxes, hotel-motel taxes, and others.





Accountability

The City's Finance Department interacts extensively with internal and external auditors in City Government, which have very different roles.

Our external auditors focus on "financial" audits, whereas Internal Audit devotes more time to "operational" audits. In other words, external auditors focus on ensuring the accuracy of our financial statements, whereas Internal Audit ensures that departments are efficient, effective, and ethical with the use of taxpayer resources. In addition to conducting audits, Internal Audit also conducts fraud investigations and other special projects throughout the year.



Internal Auditors

The City of Chattanooga's Office of Internal Audit is an independent body that reviews the City's finances as well as its operational functions.

Every year, several departments undergo an in-depth audit of various work processes. The auditors will analyze their compliance with laws, regulations, and City policies, and then make suggestions on how to improve performance.

Internal Audit reviews the City's financial data every year and delivers an analysis of our financial position to the Mayor and City Council.



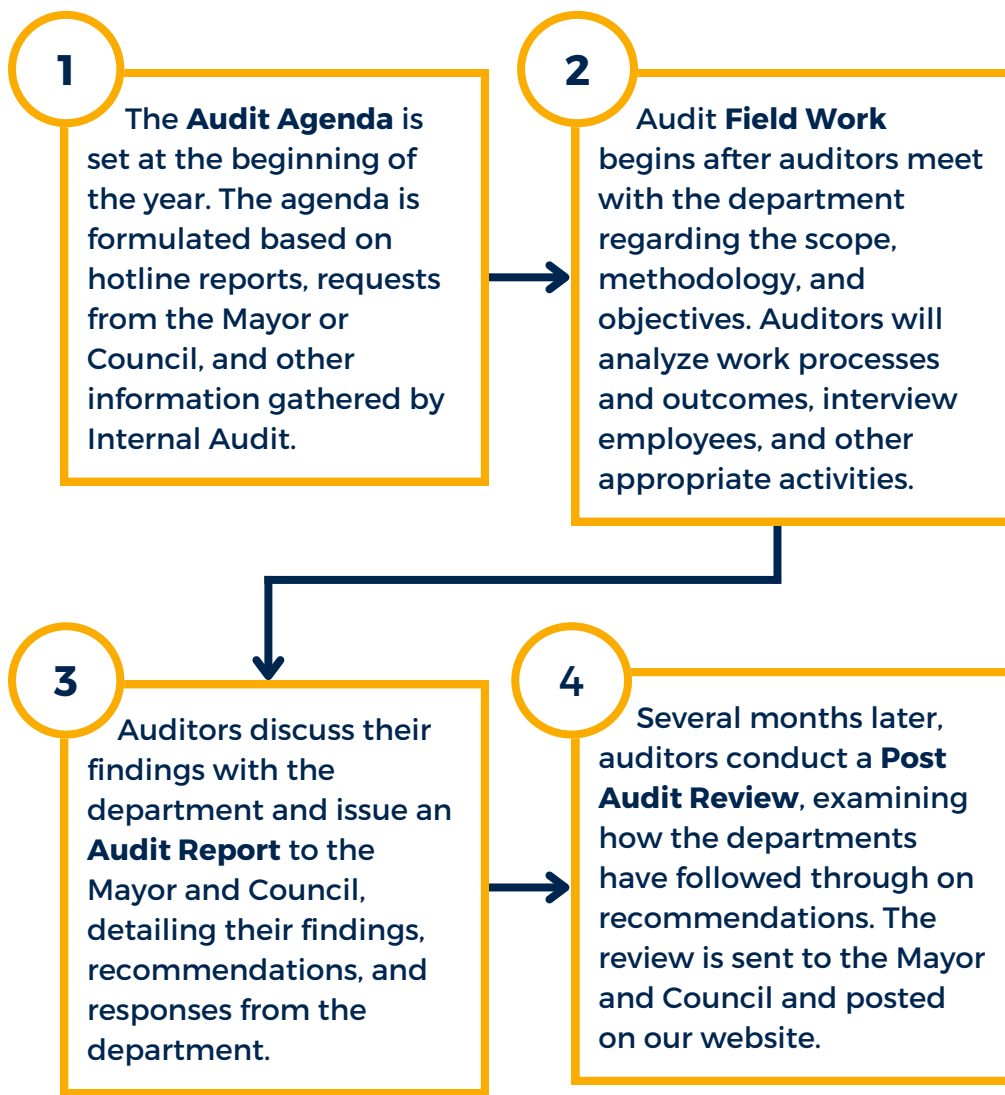
External Auditors

Chattanooga is mandated by state and federal law to undergo a rigorous audit of our Annual Comprehensive Financial Report (ACFR) every year.

The external auditor issues an "unmodified opinion" on the ACFR, which indicates that our financial statements are presented fairly and free from material errors.

Since 2011, this has been carried out by Henderson, Hutcherson, & McCullough, PLLC.

Internal Audit Process



Who holds Internal Audit accountable?

The City Auditor is appointed by and reports to the "Audit Committee," which consists of five local audit professionals, who are appointed by the Tennessee Society of CPAs, the Institute of Internal Auditors, and the Association of Certified Fraud Examiners. Independence from the Mayor and City Council helps ensure that the City Auditor remains objective.

Internal Audit is also "peer reviewed" by auditors from other local governments to ensure compliance with audit standards. Our last peer review was conducted on May 22, 2025 by the Lead Internal Audit Manager for the State of Maryland and the Audit Services Department Director for the City of Durham. The Office of Internal Audit has never failed a peer review nor had any deficiencies noted.



2025 ONE CHATTANOOGA FINANCIAL GUIDE

This report was created by the Chattanooga
Department of Finance & Administration.



You can view other financial reports
by visiting the City's website:
[https://chattanooga.gov/stay-
informed/budget-financial-data](https://chattanooga.gov/stay-informed/budget-financial-data)

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