

**CITY OF CHATTANOOGA, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 1999**

**PREPARED BY:  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
JAMES S. BONEY, ADMINISTRATOR  
DAISY W. MADISON, DEPUTY ADMINISTRATOR**

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

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

We have audited the accompanying general-purpose financial statements of the City of Chattanooga, Tennessee, and the combining and individual fund and account group financial statements of the City as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the City of Chattanooga, Tennessee's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority. Such financial statements reflect total assets of \$360,306,206 as of June 30, 1999, and total revenues of \$347,989,232 for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, is based solely on the reports of the other auditors.

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

The Year 2000 supplementary information on page 47 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City of Chattanooga is or will become Year 2000 compliant, that the City of Chattanooga's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Chattanooga does business are or will become Year 2000 compliant.

In our opinion, based on our audit and the reports of the other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Chattanooga, Tennessee, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above (other than the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, whose financial statements were audited by other auditors whose reports expressed unqualified opinions) present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Chattanooga, Tennessee, as of June 30, 1999, and the results of operations of such funds and cash flows of individual proprietary funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 1999, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

Chattanooga, Tennessee  
September 28, 1999

CITY OF CHATTANOOGA, TENNESSEE

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

June 30, 1999

(With Comparative Totals for 1998)

ASSETS	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Cash and cash equivalents	\$ 26,075,697	\$ 4,684,641	\$ 1,566,791	\$ 11,136,870	\$ 45,079,637	\$ 3,682,118
Investments	16,803,191	1,219,827	1,000,000	-	48,366,627	-
Receivables, net of allowance for uncollectibles:						
Taxes	3,637,562	-	-	-	-	-
Accounts	-	2,637,803	-	-	-	9,703
Notes	1,437,000	-	-	-	5,669,000	-
Customer service	-	-	-	-	36,308,917	-
Other	3,248,555	-	-	73,138	1,611,000	-
Due from other funds	793,463	4,175	-	10,602,232	130,065	-
Due from component units	501,571	-	-	-	-	-
Due from other governments	5,766,072	3,412	-	-	-	59,988
Deferred charges	-	-	-	-	2,273,050	-
Inventories	756,250	-	-	-	5,373,906	795,582
Prepaid expenses	289,526	31,875	-	-	10,555	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	41,237,945	-
Investments	-	-	-	-	30,734,843	-
Dividends and accrued interest	-	-	-	-	-	-
Accounts receivable	-	-	-	-	78,432	-
Notes receivable	-	-	-	-	-	-
Land	-	-	-	-	33,000	-
Other	-	-	-	-	431,285	-
Fixed assets, net, where applicable, of accumulated depreciation	-	-	-	-	500,493,469	717,519
Other	-	-	-	-	4,278,000	-
Other debits:						
Amount available for retirement of general long-term debt	-	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 59,308,887</b>	<b>\$ 8,581,733</b>	<b>\$ 2,566,791</b>	<b>\$ 21,812,240</b>	<b>\$ 722,109,731</b>	<b>\$ 5,264,910</b>

Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt			1999	1998
Trust						
\$ 53,865	\$ -	\$ -	\$ 92,279,619	\$ 875,455	\$ 93,155,074	\$ 99,710,673
63,705	-	-	67,453,350	348,032	67,801,382	61,270,802
-	-	-	3,637,562	1,274,148	4,911,710	3,923,354
-	-	-	2,647,506	113,120	2,760,626	2,823,838
3,615,893	-	-	10,721,893	-	10,721,893	11,576,761
-	-	-	36,308,917	-	36,308,917	40,823,866
-	-	-	4,932,693	-	4,932,693	3,012,937
-	-	-	11,529,935	-	11,529,935	879,573
-	-	-	501,571	-	501,571	500,000
-	-	-	5,829,472	96,822	5,926,294	8,105,270
-	-	-	2,273,050	314,683	2,587,733	2,227,197
-	-	-	6,925,738	167,437	7,093,175	6,576,535
1,073	-	-	333,029	-	333,029	-
-	-	-	41,237,945	3,216,466	44,454,411	17,696,746
381,956,994	-	-	412,691,837	2,198,704	414,890,541	434,843,247
1,967,152	-	-	1,967,152	-	1,967,152	1,670,908
380,370	-	-	458,802	-	458,802	429,226
-	-	-	-	-	-	268
-	-	-	33,000	-	33,000	33,000
-	-	-	431,285	-	431,285	1,554,205
-	138,720,180	-	639,931,168	57,296,785	697,227,953	655,298,407
-	-	-	4,278,000	140,554	4,418,554	1,644,334
-	-	2,566,687	2,566,687	-	2,566,687	7,126,274
-	-	60,103,332	60,103,332	-	60,103,332	58,315,301
<u>\$ 388,039,052</u>	<u>\$ 138,720,180</u>	<u>\$ 62,670,019</u>	<u>\$ 1,409,073,543</u>	<u>\$ 66,042,206</u>	<u>\$ 1,475,115,749</u>	<u>\$ 1,420,042,722</u>

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CITY OF CHATTANOOGA, TENNESSEE

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

June 30, 1999

(With Comparative Totals for 1998)

(continued from previous page)

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 3,389,050	\$ 280,552	\$ 104	\$ 1,103,760	\$ 78,295,383	\$ 1,965,453
Customer deposits	-	-	-	-	6,705,000	-
Due to other funds	10,492,229	-	-	-	178,480	750,723
Due to primary government	-	-	-	-	-	-
Due to other governments	483,812	174,867	-	-	-	-
Contracts payable	-	-	-	-	941,123	-
Deferred revenue	3,522,500	-	-	-	-	-
Compensated absences	-	-	-	-	3,841,805	495,189
Notes payable	-	-	-	-	8,388,073	-
Revenue bonds payable	-	-	-	-	-	-
General obligation bonds payable	-	-	-	-	181,699,599	-
Less deferred refunding	-	-	-	-	(2,150,845)	-
Conservation advances	-	-	-	-	6,336,000	-
Other liabilities	-	-	-	-	1,677,252	-
<b>Total liabilities</b>	<b>17,887,591</b>	<b>455,419</b>	<b>104</b>	<b>1,103,760</b>	<b>285,911,870</b>	<b>3,211,365</b>
<b>EQUITY AND OTHER CREDITS</b>						
Contributed capital	-	-	-	-	78,222,231	818,973
Investment in general fixed assets	-	-	-	-	-	-
Retained earnings (deficit):						
Reserved for renewal and replacement	-	-	-	-	52,995,624	-
Unreserved	-	-	-	-	304,980,006	1,234,572
Fund balances:						
Reserved for:						
Encumbrances	1,192,116	869,220	-	6,860,078	-	-
Inventories	756,250	-	-	-	-	-
Prepaid expenses	289,526	31,875	-	-	-	-
Employees' pension benefits	-	-	-	-	-	-
Unreserved:						
Designated for debt service	-	-	2,566,687	-	-	-
Designated for subsequent years' expenditures	7,094,559	-	-	-	-	-
Undesignated	32,088,845	7,225,219	-	13,848,402	-	-
<b>Total equity and other credits</b>	<b>41,421,296</b>	<b>8,126,314</b>	<b>2,566,687</b>	<b>20,708,480</b>	<b>436,197,861</b>	<b>2,053,545</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 59,308,887</b>	<b>\$ 8,581,733</b>	<b>\$ 2,566,791</b>	<b>\$ 21,812,240</b>	<b>\$ 722,109,731</b>	<b>\$ 5,264,910</b>

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

Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt			1999	1998
\$ 493,281	\$ -	\$ -	\$ 85,527,583	\$ 1,877,466	\$ 87,405,049	\$ 99,013,981
-	-	-	6,705,000	-	6,705,000	6,570,000
108,503	-	-	11,529,935	-	11,529,935	879,573
-	-	-	-	501,571	501,571	500,000
-	-	-	658,679	-	658,679	743,278
-	-	-	941,123	77,376	1,018,499	766,162
39,063	-	-	3,561,563	-	3,561,563	3,180,210
-	-	15,251,729	19,588,723	-	19,588,723	17,845,048
-	-	9,497,888	17,885,961	-	17,885,961	14,591,164
-	-	-	-	12,372,364	12,372,364	12,624,638
-	-	37,920,402	219,620,001	-	219,620,001	231,140,001
-	-	-	(2,150,845)	-	(2,150,845)	-
-	-	-	6,336,000	-	6,336,000	8,575,000
-	-	-	1,677,252	72,989	1,750,241	-
<u>640,847</u>	<u>-</u>	<u>62,670,019</u>	<u>371,880,975</u>	<u>14,901,766</u>	<u>386,782,741</u>	<u>396,429,055</u>
-	-	-	79,041,204	53,632,398	132,673,602	134,148,402
-	138,720,180	-	138,720,180	-	138,720,180	135,973,007
-	-	-	52,995,624	-	52,995,624	46,621,937
-	-	-	306,214,578	(2,491,958)	303,722,620	282,735,623
403,889	-	-	9,325,303	-	9,325,303	9,530,475
-	-	-	756,250	-	756,250	675,943
1,073	-	-	322,474	-	322,474	-
383,625,204	-	-	383,625,204	-	383,625,204	351,140,956
-	-	-	2,566,687	-	2,566,687	7,126,274
-	-	-	7,094,559	-	7,094,559	10,333,895
<u>3,368,039</u>	<u>-</u>	<u>-</u>	<u>56,530,505</u>	<u>-</u>	<u>56,530,505</u>	<u>45,327,155</u>
<u>387,398,205</u>	<u>138,720,180</u>	<u>-</u>	<u>1,037,192,568</u>	<u>51,140,440</u>	<u>1,088,333,008</u>	<u>1,023,613,667</u>
<u>\$ 388,039,052</u>	<u>\$ 138,720,180</u>	<u>\$ 62,670,019</u>	<u>\$ 1,409,073,543</u>	<u>\$ 66,042,206</u>	<u>\$ 1,475,115,749</u>	<u>\$ 1,420,042,722</u>

CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

Year Ended June 30, 1999  
(With Comparative Totals for 1998)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	1999	1998
REVENUES							
Taxes	\$ 86,865,736	\$ -	\$ -	\$ -	\$ -	\$ 86,865,736	\$ 84,793,533
Licenses and permits	5,593,174	-	-	-	-	5,593,174	5,482,906
Intergovernmental	43,123,167	17,111,581	1,036,625	974,153	5,417,502	67,663,028	63,955,648
Charges for services	2,607,711	32,766	-	-	-	2,640,477	2,364,791
Fines, forfeitures, and penalties	2,143,025	-	-	-	-	2,143,025	1,805,903
Investment income	2,885,733	257,578	-	115,509	266,080	3,524,900	3,347,913
Donations	-	-	-	3,557,273	-	3,557,273	-
Miscellaneous	4,538,165	726,840	223,357	614,945	1,163,982	7,267,289	7,400,063
Total revenues	<u>147,756,711</u>	<u>18,128,765</u>	<u>1,259,982</u>	<u>5,261,880</u>	<u>6,847,564</u>	<u>179,254,902</u>	<u>169,150,757</u>
EXPENDITURES							
Current:							
General government	30,822,025	14,984,658	-	-	6,098,691	51,905,374	49,587,008
Finance and Administration	5,347,504	-	-	-	17,236	5,364,740	5,136,515
Police	25,582,840	281,473	-	-	-	25,864,313	24,703,132
Fire	18,235,179	-	-	-	-	18,235,179	18,597,171
Public Works	8,912,428	4,100,890	-	-	-	13,013,318	12,505,996
Parks and Recreation	10,854,732	-	-	-	-	10,854,732	9,795,435
General Services	12,596,657	-	-	-	-	12,596,657	11,799,661
Capital outlay/fixed assets	-	1,435,429	-	20,364,534	-	21,799,963	21,513,790
Debt service:							
Principal retirement	-	-	4,852,826	-	-	4,852,826	5,233,898
Interest and fiscal charges	-	-	2,625,022	-	-	2,625,022	2,941,854
Total expenditures	<u>112,351,365</u>	<u>20,802,450</u>	<u>7,477,848</u>	<u>20,364,534</u>	<u>6,115,927</u>	<u>167,112,124</u>	<u>161,814,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,405,346</u>	<u>(2,673,685)</u>	<u>(6,217,866)</u>	<u>(15,102,654)</u>	<u>731,637</u>	<u>12,142,778</u>	<u>7,336,297</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
 Year Ended June 30, 1999  
 (With Comparative Totals for 1998)

(continued from previous page)

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		1999	1998
OTHER FINANCING SOURCES (USES)							
Operating transfers in	\$ 142,831	\$ 4,178,382	\$ 1,658,279	\$ 24,486,210	\$ -	\$ 30,465,702	\$ 17,623,088
Operating transfers out	(35,772,094)	-	-	(137,242)	(791,666)	(36,701,002)	(22,053,368)
Operating transfers from component units	24,663	-	-	-	-	24,663	-
Operating transfers to component units	(3,263,819)	-	-	-	-	(3,263,819)	(3,260,504)
Proceeds of bonds and notes	-	-	-	933,714	-	933,714	11,828,151
Payments to refunded bond escrow agent	-	-	-	-	-	-	(7,607,022)
Total other financing sources (uses)	<u>(38,868,419)</u>	<u>4,178,382</u>	<u>1,658,279</u>	<u>25,282,682</u>	<u>(791,666)</u>	<u>(8,540,742)</u>	<u>(3,469,655)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(3,463,073)</u>	<u>1,504,697</u>	<u>(4,559,587)</u>	<u>10,180,028</u>	<u>(60,029)</u>	<u>3,602,036</u>	<u>3,866,642</u>
FUND BALANCE at beginning of year, as previously reported	44,884,369	6,621,617	7,126,274	10,528,452	3,833,030	72,993,742	86,010,246
Restatement for:							
Change in accounting principle	-	-	-	-	-	-	20,125
Discontinued school system	-	-	-	-	-	-	(16,903,271)
FUND BALANCE at beginning of year, as restated	<u>44,884,369</u>	<u>6,621,617</u>	<u>7,126,274</u>	<u>10,528,452</u>	<u>3,833,030</u>	<u>72,993,742</u>	<u>69,127,100</u>
FUND BALANCE at end of year	<u>\$ 41,421,296</u>	<u>\$ 8,126,314</u>	<u>\$ 2,566,687</u>	<u>\$ 20,708,480</u>	<u>\$ 3,773,001</u>	<u>\$ 76,595,778</u>	<u>\$ 72,993,742</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
 Year Ended June 30, 1999

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
<b>REVENUES</b>									
Taxes	\$ 85,898,941	\$ 86,865,736	\$ 966,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	5,174,250	5,593,174	418,924	-	-	-	-	-	-
Intergovernmental	43,858,924	43,123,167	(735,757)	15,698,139	17,111,582	1,413,443	1,036,625	1,036,625	-
Charges for services	2,283,609	2,607,711	324,102	50,000	32,766	(17,234)	-	-	-
Fines, forfeitures and penalties	1,505,000	2,143,025	638,025	-	-	-	-	-	-
Interest	2,800,000	2,885,733	85,733	167,383	257,578	90,195	-	-	-
Miscellaneous	6,174,690	8,315,596	2,140,906	1,243,102	726,839	(516,263)	216,545	223,357	6,812
<b>Total revenues</b>	<b>147,695,414</b>	<b>151,534,142</b>	<b>3,838,728</b>	<b>17,158,624</b>	<b>18,128,765</b>	<b>970,141</b>	<b>1,253,170</b>	<b>1,259,982</b>	<b>6,812</b>
<b>EXPENDITURES</b>									
Current:									
General government	35,262,816	30,849,148	4,413,668	15,813,413	14,973,215	840,198	-	-	-
Finance and Administration	5,392,282	5,342,297	49,985	-	-	-	-	-	-
Police	27,407,148	25,588,982	1,818,166	563,000	281,694	281,306	-	-	-
Fire	18,813,953	18,250,780	563,173	-	-	-	-	-	-
Public Works	9,314,956	8,881,598	433,358	4,278,425	4,051,614	226,811	-	-	-
Parks and Recreation	11,186,914	10,944,930	241,984	-	-	-	-	-	-
General Services	16,894,254	16,555,748	338,506	-	-	-	-	-	-
Capital outlay/fixed assets	-	-	-	980,223	1,420,449	(440,226)	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	4,852,826	4,852,826	-
Interest and fiscal charges	-	-	-	-	-	-	2,897,023	2,625,022	272,001
<b>Total expenditures</b>	<b>124,272,323</b>	<b>116,413,483</b>	<b>7,858,840</b>	<b>21,635,061</b>	<b>20,726,972</b>	<b>908,089</b>	<b>7,749,849</b>	<b>7,477,848</b>	<b>272,001</b>
Excess (deficiency) of revenues over (under) expenditures	23,423,091	35,120,659	11,697,568	(4,476,437)	(2,598,207)	1,878,230	(6,496,679)	(6,217,866)	278,813

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
 Year Ended June 30, 1999

(continued from previous page)

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)									
Operating transfers in	\$ 101,032	\$ 142,831	\$ 41,799	\$ 4,178,382	\$ 4,178,382	\$ -	\$ 1,658,279	\$ 1,658,279	\$ -
Operating transfers out	(37,863,318)	(35,772,094)	2,091,224	-	-	-	-	-	-
Operating transfers from component units	-	24,663	24,663	-	-	-	-	-	-
Operating transfers to component units	(3,263,819)	(3,263,819)	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(41,026,105)</u>	<u>(38,868,419)</u>	<u>2,157,686</u>	<u>4,178,382</u>	<u>4,178,382</u>	<u>-</u>	<u>1,658,279</u>	<u>1,658,279</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - (budgetary basis)	<u>\$(17,603,014)</u>	<u>(3,747,760)</u>	<u>\$ 13,855,254</u>	<u>\$ (298,055)</u>	<u>1,580,175</u>	<u>\$ 1,878,230</u>	<u>\$(4,838,400)</u>	<u>(4,559,587)</u>	<u>\$ 278,813</u>
Adjustment for encumbrances		<u>284,687</u>			<u>(75,478)</u>			<u>-</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - (GAAP basis)		<u>\$ (3,463,073)</u>			<u>\$ 1,504,697</u>			<u>\$(4,559,587)</u>	

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

CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS  
 Year Ended June 30, 1999  
 (With Comparative Totals for 1998)

	Proprietary Fund Types		Primary Government Totals	Component Units	Reporting Entity Totals (Memorandum Only)	
	Enterprise	Internal Service	(Memorandum Only)		1999	1998
<b>OPERATING REVENUES</b>						
Charge for services	\$ 374,095,661	\$ 7,306,712	\$ 381,402,373	\$ 8,638,172	\$ 390,040,545	\$ 383,406,925
Contributions	-	-	-	-	-	2,535
Other	4,507,409	42,554	4,549,963	59,322	4,609,285	4,812,939
<b>Total operating revenues</b>	<b>378,603,070</b>	<b>7,349,266</b>	<b>385,952,336</b>	<b>8,697,494</b>	<b>394,649,830</b>	<b>388,222,399</b>
<b>OPERATING EXPENSES</b>						
Power purchases	268,793,000	-	268,793,000	-	268,793,000	262,399,000
Sewer plant operation	11,980,125	-	11,980,125	-	11,980,125	11,227,168
Solid waste operation	8,380,110	-	8,380,110	-	8,380,110	11,302,137
Storm water operation	2,314,102	-	2,314,102	-	2,314,102	3,116,516
Pump station operations	841,960	-	841,960	-	841,960	952,194
Airport operation	-	-	-	4,172,960	4,172,960	3,294,629
CARTA operation	-	-	-	4,711,529	4,711,529	4,567,970
Other operating expenses	27,633,147	-	27,633,147	1,911,551	29,544,698	29,212,721
Maintenance	11,139,000	6,546,939	17,685,939	2,422,020	20,107,959	19,714,012
Liability insurance	-	836,455	836,455	-	836,455	976,714
Depreciation and amortization	20,156,102	106,358	20,262,460	3,669,322	23,931,782	22,675,217
Closure/postclosure costs	470,994	-	470,994	-	470,994	566,684
<b>Total operating expenses</b>	<b>351,708,540</b>	<b>7,489,752</b>	<b>359,198,292</b>	<b>16,887,382</b>	<b>376,085,674</b>	<b>370,004,962</b>
<b>OPERATING INCOME (LOSS)</b>	<b>26,894,530</b>	<b>(140,486)</b>	<b>26,754,044</b>	<b>(8,189,888)</b>	<b>18,564,156</b>	<b>18,217,437</b>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS  
 Year Ended June 30, 1999  
 (With Comparative Totals for 1998)

(continued from previous page)

	Proprietary Fund Types		Primary Government Totals	Component Units	Reporting Entity Totals (Memorandum Only)	
	Enterprise	Internal Service	(Memorandum Only)		1999	1998
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Taxes and tax equivalents	\$ (6,946,000)	\$ -	\$ (6,946,000)	\$ -	\$ (6,946,000)	\$ (6,551,000)
Investment income	8,297,007	-	8,297,007	223,480	8,520,487	7,520,985
Interest expense	(8,893,689)	-	(8,893,689)	(938,503)	(9,832,192)	(8,573,976)
Other income (expenses)	(133,741)	-	(133,741)	987,341	853,600	699,349
Intergovernmental revenue	-	-	-	1,099,746	1,099,746	1,146,285
Total nonoperating revenues (expenses)	<u>(7,676,423)</u>	<u>-</u>	<u>(7,676,423)</u>	<u>1,372,064</u>	<u>(6,304,359)</u>	<u>(5,758,357)</u>
Income (loss) before operating transfers	<u>19,218,107</u>	<u>(140,486)</u>	<u>19,077,621</u>	<u>(6,817,824)</u>	<u>12,259,797</u>	<u>12,459,080</u>
Operating transfers in	6,235,300	-	6,235,300	-	6,235,300	4,464,535
Operating transfers out	-	-	-	-	-	(34,255)
Operating transfers from primary government	-	-	-	3,263,819	3,263,819	3,260,504
Operating transfers to primary government	-	-	-	(24,663)	(24,663)	-
Total transfers	<u>6,235,300</u>	<u>-</u>	<u>6,235,300</u>	<u>3,239,156</u>	<u>9,474,456</u>	<u>7,690,784</u>
Net income (loss)	<u>25,453,407</u>	<u>(140,486)</u>	<u>25,312,921</u>	<u>(3,578,668)</u>	<u>21,734,253</u>	<u>20,149,864</u>
Amortization of contributed capital	<u>2,644,493</u>	<u>-</u>	<u>2,644,493</u>	<u>3,415,637</u>	<u>6,060,130</u>	<u>5,928,625</u>
Reclassification of contributed capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,200,370</u>
RETAINED EARNINGS (DEFICIT) at beginning of year, as previously reported	329,877,730	1,808,756	331,686,486	(2,328,927)	329,357,559	283,078,700
Restatement for compensated absences	-	(433,698)	(433,698)	-	(433,698)	-
RETAINED EARNINGS (DEFICIT) at beginning of year, as restated	<u>329,877,730</u>	<u>1,375,058</u>	<u>331,252,788</u>	<u>(2,328,927)</u>	<u>328,923,861</u>	<u>283,078,700</u>
RETAINED EARNINGS (DEFICIT) at end of year	<u>\$ 357,975,630</u>	<u>\$ 1,234,572</u>	<u>\$ 359,210,202</u>	<u>\$ (2,491,958)</u>	<u>\$ 356,718,244</u>	<u>\$ 329,357,559</u>

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

CITY OF CHATTANOOGA, TENNESSEE

PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS

Year Ended June 30, 1999

(With Comparative Totals for 1998)

	General Pension Plan	Firemen's and Policemen's Insurance and Pension Fund	Totals	
			1999	1998
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 1,545,608	\$ 3,781,998	\$ 5,327,606	\$ 7,432,356
Employee	<u>870,385</u>	<u>2,250,111</u>	<u>3,120,496</u>	<u>3,299,298</u>
Total contributions	<u>2,415,993</u>	<u>6,032,109</u>	<u>8,448,102</u>	<u>10,731,654</u>
Investment income:				
Net appreciation in fair market value of investments	15,594,949	9,751,366	25,346,315	37,639,470
Interest	2,694,454	5,247,620	7,942,074	7,172,328
Dividends	<u>2,258,992</u>	<u>1,620,050</u>	<u>3,879,042</u>	<u>5,115,724</u>
Total investment income	<u>20,548,395</u>	<u>16,619,036</u>	<u>37,167,431</u>	<u>49,927,522</u>
Total additions	<u>22,964,388</u>	<u>22,651,145</u>	<u>45,615,533</u>	<u>60,659,176</u>
<b>DEDUCTIONS</b>				
Benefits paid to participants	4,373,479	6,843,620	11,217,099	10,365,194
Administrative expenses	<u>875,205</u>	<u>1,038,981</u>	<u>1,914,186</u>	<u>1,857,086</u>
Total deductions	<u>5,248,684</u>	<u>7,882,601</u>	<u>13,131,285</u>	<u>12,222,280</u>
NET INCREASE	17,715,704	14,768,544	32,484,248	48,436,896
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
Beginning of year	<u>169,067,219</u>	<u>182,073,737</u>	<u>351,140,956</u>	<u>302,704,060</u>
End of year	<u>\$ 186,782,923</u>	<u>\$ 196,842,281</u>	<u>\$ 383,625,204</u>	<u>\$ 351,140,956</u>

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

CITY OF CHATTANOOGA, TENNESSEE

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
AND DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 1999  
(With Comparative Totals for 1998)

	Proprietary Fund Types		Primary Government Totals	Component Units	Reporting Entity Totals (Memorandum Only)	
	Enterprise	Internal Service	(Memorandum Only)		1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 26,894,530	\$ (140,486)	\$ 26,754,044	\$ (8,189,888)	\$ 18,564,156	\$ 18,217,437
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	20,156,102	106,358	20,262,460	3,669,322	23,931,782	22,675,217
Provision for uncollectible accounts	31,605	-	31,605	-	31,605	395,011
Payment of tax equivalents	(6,946,000)	-	(6,946,000)	-	(6,946,000)	(6,551,000)
Changes in operating assets and liabilities:						
Accounts receivable	1,731,230	439	1,731,669	(147,401)	1,584,268	(1,488,046)
Inventory	(387,842)	(43,069)	(430,911)	(5,422)	(436,333)	(315,443)
Due from other funds	124,910	137,378	262,288	-	262,288	(358,424)
Due from other governments	-	40,267	40,267	-	40,267	(100,255)
Due to primary government	-	-	-	2,991	2,991	(1,422)
Other current assets	1,632,649	-	1,632,649	48,853	1,681,502	(2,125,455)
Accounts payable	(5,351,554)	110,408	(5,241,146)	-	(5,241,146)	32,574,239
Prepaid expenses	(7,217)	-	(7,217)	309,861	302,644	-
Due to other funds	-	750,723	750,723	-	750,723	(1,273)
Other current liabilities	(7,527,331)	-	(7,527,331)	-	(7,527,331)	(3,678,010)
Other	(64,503)	-	(64,503)	866,231	801,728	1,951,159
Total adjustments	3,392,049	1,102,504	4,494,553	4,744,435	9,238,988	42,976,298
Net cash provided by (used in) operating activities	30,286,579	962,018	31,248,597	(3,445,453)	27,803,144	61,193,735
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating transfers in	6,235,300	-	6,235,300	-	6,235,300	4,464,535
Operating transfers out	-	-	-	-	-	(34,255)
Operating transfers from primary government	-	-	-	3,239,156	3,239,156	3,260,504
Intergovernmental revenues	-	-	-	1,099,746	1,099,746	1,168,785
Net cash provided by noncapital financing activities	6,235,300	-	6,235,300	4,338,902	10,574,202	8,859,569
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of fixed assets	(58,472,615)	(60,727)	(58,533,342)	(4,434,784)	(62,968,126)	(36,806,724)
Proceeds of general obligation bonds	-	-	-	-	-	83,827,401
Proceeds of notes payable	4,246,079	-	4,246,079	-	4,246,079	-
Principal paid on notes and bonds	(8,552,171)	-	(8,552,171)	(272,108)	(8,824,279)	(28,598,846)
Interest paid on bonds	(8,796,484)	-	(8,796,484)	(933,277)	(9,729,761)	(9,425,063)
Capital contributions	403,523	-	403,523	5,064,450	5,467,973	3,109,065
Net cash provided by (used in) capital and related financing activities	(71,171,668)	(60,727)	(71,232,395)	(575,719)	(71,808,114)	12,105,833
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments	(384,925,398)	-	(384,925,398)	(341,234)	(385,266,632)	(510,957,209)
Proceeds from sale and maturities of investments	429,919,025	-	429,919,025	150,000	430,069,025	449,764,306
Interest on investments	9,398,509	-	9,398,509	193,571	9,592,080	6,372,890
Net cash provided by (used in) investing activities	54,392,136	-	54,392,136	2,337	54,394,473	(54,820,013)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	19,742,347	901,291	20,643,638	320,067	20,963,705	27,339,124
<b>CASH AND CASH EQUIVALENTS at beginning of year</b>	66,575,235	2,780,827	69,356,062	3,771,854	73,127,916	45,788,792
<b>CASH AND CASH EQUIVALENTS at end of year</b>	\$ 86,317,582	\$ 3,682,118	\$ 89,999,700	\$ 4,091,921	\$ 94,091,621	\$ 73,127,916

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

(A) Financial Reporting Entity

As required by generally accepted accounting principles, the accompanying financial statements present the City of Chattanooga (the primary government) and its component units, entities for which the government is considered to be financially accountable. The primary government includes separately administered organizations that are not legally separate from the City, as discussed below. The component units discussed below are included in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legally separate entities, are in substance part of the government's operations and data from these units are combined with data of the primary government. The City has no blended component units at June 30, 1999. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. Each discretely presented component unit has a June 30 year-end.

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(A) Financial Reporting Entity (continued)

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

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

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

Greater Chattanooga Construction Industry Corporation - The City appoints all 23 members of the board. All board members serve at the City's discretion. The Construction Industry Corporation is presented as a proprietary fund type. The Construction Industry Corporation ceased operations in 1999.

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

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

CARTA  
1617 Wilcox Boulevard  
Chattanooga, TN 37406

Greater Chattanooga Construction  
Industry Corporation  
100 East 11<sup>th</sup> Street, Suite 427  
Chattanooga, TN 37405

City officials are also responsible for appointing the members of the boards of other related organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The Mayor or the City Council appoint the Board members of Southeastern Tennessee Private Industry Council, Inc., Chattanooga Housing Authority, The Industrial Development Board of the City of Chattanooga, and The Health and Educational Facilities Board of the City of Chattanooga. During 1999 the City appropriated no funds to these organizations.

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(B) Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

PROPRIETARY FUNDS

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(B) Fund Accounting (continued)

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

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

FIDUCIARY FUNDS

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

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

ACCOUNT GROUPS

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

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

General Long-Term Debt Account Group - This account group is established to account for all long-term debt and earned leave benefits of the City, except for the debt that is accounted for in the proprietary funds.

(C) Basis of Accounting

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(C) Basis of Accounting (continued)

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

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

(D) Budgetary Data

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

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

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

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

Formal budgets are adopted for the General Fund, Special Revenue Funds, and the Debt Service Fund. These formal budgets are adopted on a departmental basis and the line item estimates are from the appropriations ledger and not from a formal budget ordinance. The legal level of budgetary control is the fund level. Transfers of appropriations between funds require the approval of the City Council. The City Finance Officer may make interdepartmental and intradepartmental transfers within the General Fund.

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(D) Budgetary Data (continued)

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

The budgets are prepared on a basis consistent with generally accepted accounting principles except that (a) encumbrances are treated as budget expenditures in the year of the commitment to purchase and (b) budgeted revenues and expenditures in the General Fund include employee benefits related to other funds. For the fiscal year ended June 30, 1999, employee benefits of \$3,777,431 related to other funds are presented as budgetary basis revenues and expenditures of the General Fund. This amount is not included in GAAP basis revenues and expenditures. Budgetary comparisons presented in the report are on this budgetary basis. All unencumbered and unexpended appropriations lapse at the end of the fiscal year.

Expenditures may not legally exceed appropriations at or above the fund level. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental appropriations. During the year ended June 30, 1999, the City Council authorized supplemental appropriations as follows:

	<u>Original Appropriation Budget</u>	<u>Increase/ (Decrease) in Appropriations</u>	<u>Amended Appropriations Budget</u>
General Fund	\$147,084,644	\$18,314,816	\$165,399,460
Special Revenue Funds	20,613,257	1,021,804	21,635,061
Debt Service Fund	7,749,849	-	7,749,849

(E) Encumbrances

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

(F) Cash and Cash Equivalents

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Investments

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the City's investments are stated at fair value, except for interest-earning investment contracts that have a remaining maturity of one year or less at the time of purchase. Any change in the value of investments recorded at fair value is included in investment income. Fair value is based on quoted market prices.

(H) Interfund Transactions

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

(I) Inventory

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

(J) General Fixed Assets

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

(K) Fixed Assets of Proprietary Funds

Property, plant and equipment purchased by the Proprietary Funds are stated at cost or estimated cost. Maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Interest costs, net of any investment earnings, during construction are capitalized. Upon disposal of such assets, the accounts are relieved of the related costs

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(K) Fixed Assets of Proprietary Funds (continued)

and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings	28½- 60 Years
Vehicles and machinery	5 - 28 Years
Improvements	5 - 30 Years
Sewer and storm water systems	50 Years

(L) General Long-Term Debt

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

(M) Compensated Absences

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

(N) Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in all statements because its inclusion would make certain statements unduly complex and difficult to understand. Certain comparative amounts shown for 1998 have been reclassified in the accompanying financial statements to conform with 1999 presentations.

(O) Property Taxes

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

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(O) Property Taxes (continued)

The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the City Council and collected by the City Treasurer. Property taxes are secured by a statutory lien effective as of the original levy date of January 1. Taxes are due October 1 and become delinquent March 1. Property taxes levied for 1998 are recorded as receivables, net of estimated uncollectibles.

The receivables collected during the current fiscal year and those collected by August 29, 1999, related to tax levies for fiscal year 1999, are recorded as revenue in accordance with the principles established by the Governmental Accounting Standards Board. The net receivables estimated to be collectible subsequent to August 29, 1999, are recorded as deferred revenues at June 30, 1999.

(P) Deficit Fund Equity

The Solid Waste/Sanitation Fund has a deficit in retained earnings of \$10,772,279 at June 30, 1999. This deficit resulted from the recognition of cumulative landfill closure and postclosure care costs from prior years. These costs may be covered by charges to future landfill users, taxpayers, or both.

The Liability Insurance Fund has a deficit in retained earnings of \$402,013 at June 30, 1999. This deficit resulted from the recognition of unfunded tort liabilities as described in Note 16. This deficit will be funded by premiums to other funds.

(Q) Total Columns on Combined Statements

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

NOTE 2. CASH AND INVESTMENTS

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

Statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 2. CASH AND INVESTMENTS (continued)

agreements utilizing obligations of the United States or its agencies as the underlying securities, state pooled investment fund, and money market mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

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

Cash

At June 30, 1999, the carrying amount of cash and cash equivalent deposits of the primary government was \$154,809,101 and the bank balance was \$157,520,869. The bank balance is categorized below as to credit risk. Category 1 includes deposits either covered by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name or by the Federal Reserve Banks acting as third party agents. Category 2 includes deposits covered by collateral held by the pledging bank's agent in the City's name. Category 3 includes deposits either uninsured, uncollateralized or covered by collateral held by the pledging bank or its agent, but not in the City's name.

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Cash and cash equivalent deposits	\$157,520,869	\$ -	\$ -	\$157,520,869	\$154,809,101
Cash on hand					143,335
Certificates of deposit held as investments					<u>(21,434,872)</u>
Total cash and cash equivalents of primary government					<u>\$133,517,564</u>

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

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Cash and cash equivalent deposits	<u>\$4,249,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,249,347</u>	<u>\$4,091,921</u>

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 2. Cash and Investments (continued)

Investments

The City's investments are categorized below to give an indication of the credit risk at June 30, 1999. Category 1 includes investments either insured, registered in the City's name, or held by the City or its agent in the City's name. Category 2 includes investments uninsured and unregistered that are held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes investments uninsured and unregistered that are held by the pledging financial institution's trust department or agent, but not in the City's name.

Governmental Funds, Proprietary Funds, and Expendable Trust Funds:

	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government Agency securities	\$59,657,452	\$ -	\$ -	\$59,657,452	\$60,484,615
U.S. Government securities	<u>17,032,164</u>	<u>-</u>	<u>-</u>	<u>17,032,164</u>	<u>17,032,164</u>
	<u>\$76,689,616</u>	<u>\$ -</u>	<u>\$ -</u>	76,689,616	77,516,779
Investments in Mutual Funds				63,705	63,705
Certificates of deposit held as investments				<u>21,434,872</u>	<u>21,434,872</u>
				<u>\$98,188,193</u>	<u>\$99,015,356</u>

Pension Trust Funds:

	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government securities	\$ 68,628,357	\$ -	\$ -	\$ 68,628,357	\$ 68,628,357
Corporate bonds	46,337,470	-	-	46,337,470	46,337,470
Foreign bonds	2,633,269	-	-	2,633,269	2,633,269
Corporate stocks	164,018,448	-	-	164,018,448	164,018,448
Other securities	<u>23,847,596</u>	<u>-</u>	<u>-</u>	<u>23,847,596</u>	<u>23,847,596</u>
	<u>\$305,465,140</u>	<u>\$ -</u>	<u>\$ -</u>	305,465,140	305,465,140
Investments in mutual funds				<u>76,491,854</u>	<u>76,491,854</u>
				<u>\$381,956,994</u>	<u>\$381,956,994</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 2. CASH AND INVESTMENTS (continued)

Investments (continued)

Component Units:

	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Government securities	<u>\$ 2,546,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,546,736</u>	<u>\$ 2,578,704</u>

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

NOTE 3. CHANGES IN FIXED ASSETS

Changes in fixed assets during the fiscal year ended June 30, 1999, were as follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
<b>GENERAL FIXED ASSETS</b>				
Land \$ 26,198,472	\$ 868,898	\$ 511,822	\$ 26,555,548	
Buildings	36,507,712	422,927	565,269	36,365,370
Vehicles and machinery	56,499,296	6,096,518	3,755,886	58,839,928
Improvements	16,551,228	328,912	-	16,880,140
Construction in progress	<u>216,299</u>	<u>269,314</u>	<u>406,419</u>	<u>79,194</u>
	<u>\$ 135,973,007</u>	<u>\$ 7,986,569</u>	<u>\$ 5,239,396</u>	<u>\$ 138,720,180</u>
<b>PROPRIETARY FUNDS</b>				
Land \$ 13,095,094	\$ 205,702	\$ 47,000	\$ 13,253,796	
Buildings	14,039,134	2,193,928	296,000	15,937,062
Vehicles and machinery	302,373,324	24,091,755	6,238,680	320,226,399
Construction in progress	11,558,403	84,735	1,646,000	9,997,138
Sewer system	339,043,243	26,335,644	-	365,378,887
Storm Water System	<u>13,485,426</u>	<u>8,876,965</u>	<u>-</u>	<u>22,362,391</u>
	693,594,624	<u>\$ 61,788,729</u>	<u>\$ 8,227,680</u>	747,155,673
Accumulated depreciation	<u>(230,815,267)</u>			<u>(245,944,685)</u>
	<u>\$ 462,779,357</u>			<u>\$ 501,210,988</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 3. CHANGES IN FIXED ASSETS (continued)

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1999</u>
<b>COMPONENT UNITS</b>				
Land \$ 5,333,252	\$ -	\$ 585	\$ 5,332,667	
Buildings	42,487,543	283,926	-	42,771,469
Vehicles and machinery	24,398,609	1,588,886	805,956	25,181,539
Improvements	13,915,294	1,011,950	-	14,927,244
Construction in progress	<u>451,740</u>	<u>1,547,081</u>	<u>-</u>	<u>1,998,821</u>
	86,586,438	<u>\$4,431,843</u>	<u>\$806,541</u>	90,211,740
Accumulated depreciation	<u>(30,040,395)</u>			<u>(32,914,955)</u>
	<u>\$ 56,546,043</u>			<u>\$ 57,296,785</u>

Interest costs of \$693,659 were capitalized during the fiscal year ended June 30, 1999.

NOTE 4. LONG-TERM DEBT

Changes in long-term debt for the fiscal year ended June 30, 1999, were as follows:

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 1999</u>
<b>GENERAL LONG-TERM DEBT</b>				
General obligation serial bonds	\$41,111,947	\$ -	\$3,191,545	\$37,920,402
Notes payable	10,225,454	933,715	1,661,281	9,497,888
Compensated absences (net change)	<u>14,104,174</u>	<u>1,147,555</u>	<u>-</u>	<u>15,251,729</u>
Total general long-term debt	<u>\$65,441,575</u>	<u>\$2,081,270</u>	<u>\$4,852,826</u>	<u>\$62,670,019</u>
<b>PROPRIETARY FUNDS</b>				
Electric Power Board of Chattanooga:				
Compensated absences (net change)	<u>\$ 2,399,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 2,339,000</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 4. LONG-TERM DEBT (continued)

PROPRIETARY FUNDS (continued)

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 1999</u>
Interceptor Sewer System:				
General obligation				
serial bonds	\$139,144,318	\$ -	\$7,162,855	\$131,981,463
Notes payable	2,182,855	4,246,079	111,858	6,317,076
Compensated absences				
(net change)	<u>729,686</u>	<u>99,800</u>	<u>-</u>	<u>829,486</u>
	<u>142,056,859</u>	<u>4,345,879</u>	<u>7,274,713</u>	<u>139,128,025</u>
Solid Waste/Sanitation Fund:				
General obligation				
serial bonds	29,528,670	-	691,464	28,837,206
Compensated absences				
(net change)	<u>434,413</u>	<u>57,933</u>	<u>-</u>	<u>492,346</u>
	<u>29,963,083</u>	<u>57,933</u>	<u>691,464</u>	<u>29,329,552</u>
Storm Water Fund:				
General obligation				
serial bonds	21,355,066	-	474,136	20,880,930
Notes payable	2,182,855	-	111,858	2,070,997
Compensated absences				
(net change)	<u>177,775</u>	<u>3,198</u>	<u>-</u>	<u>180,973</u>
	<u>23,715,696</u>	<u>3,198</u>	<u>585,994</u>	<u>23,132,900</u>
Municipal Fleet Services Fund:				
Compensated absences				
(net change)	<u>433,698</u>	<u>61,491</u>	<u>-</u>	<u>495,189</u>
Total proprietary funds	<u>\$198,568,336</u>	<u>\$4,468,501</u>	<u>\$8,612,171</u>	<u>\$194,424,666</u>
COMPONENT UNITS				
Metropolitan Airport Authority:				
Revenue bonds	<u>\$ 12,624,638</u>	<u>\$ -</u>	<u>\$ 252,274</u>	<u>\$ 12,372,364</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 4. LONG-TERM DEBT (continued)

In 1986, 1992, 1995, and 1998 the City refunded certain general obligation and sewage facility bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liabilities for the refunded bonds are not included in the City's financial statements. At June 30, 1999, the liabilities for the bonds refunded in 1986, 1992, 1995, and 1998 were \$17,675,000, \$30,975,000, \$18,800,000, and \$26,715,000, respectively.

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Street Improvement, Series 1974	5.00%	\$ 60,000
Urban Renewal, 1974 Series B	5.00%	200,000
Parks & Playgrounds Improvement, Series 1974	5.00%	20,000
Municipal Public Improvement, Series 1986	7.10%	50,000
County/City Jail/Court Building City's Portion, Series 1987	5.00%	795,000
Municipal Public Improvement, Series 1990	6.90%	530,000
Municipal Public Improvement, Series 1992	5.75% - 7.75%	1,090,000
Refunding Bonds, 1992 Series A	4.80% - 5.70%	8,737,602
Municipal Public Improvement, Series 1995	5.00% - 5.40%	7,425,200
Municipal Public Improvement, Series 1996	4.75% - 5.70%	11,720,000
Public Improvement Refunding, Series 1998	4.00% - 5.50%	<u>7,292,600</u>
Total payable from the Debt Service Fund		<u>\$37,920,402</u>

Tennessee Municipal Bond Fund Loan - The City acquired a \$4,835,000 loan through the Tennessee Municipal Bond Fund. Loan repayments are due in ten annual installments beginning May 25, 1992, through May 25, 2001, at variable rates of interest. The balance on this loan at June 30, 1999, is \$967,000.

Tennessee Municipal Bond Fund Alternative Loan Program - The City acquired a \$7,430,000 loan through the Tennessee Municipal Bond Fund Alternative Loan Program for various capital improvement projects. Loan repayments are due in ten annual installments beginning June 15, 1994, through June 15, 2003, at variable rates of interest ranging from 2.95% to 5.25%. The balance at June 30, 1999, is \$3,350,000.

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 4. LONG-TERM DEBT (continued)

Hamilton County Series 1991 - Parking Garage - The City entered into an agreement with Hamilton County for cost sharing with respect to the parking garage for the Hamilton County/City of Chattanooga Courts/Jail complex in the principal amount of \$917,418. Hamilton County issued 15-year serial bonds to cover the cost of construction at rates ranging from 4.5% to 6.5%. Principal and interest payments are due annually to the County beginning 1992 through 2007. The remaining balance at June 30, 1999, is \$486,248.

Tennessee Municipal Bond Fund Loan - Pursuant to a loan agreement with the Tennessee Municipal Bond Fund, the City of Chattanooga is authorized to incur indebtedness up to \$7,908,000 for the purpose of financing certain general government capital projects. The maximum amount authorized by the agreement is being reserved by the Trustee and is disbursed to the City upon request. The loan will be repaid over a 15-year period at variable interest rates beginning 1998 through 2012. The balance at June 30, 1999, is \$4,694,640.

Georgia State Revolving Loan - Pursuant to a loan agreement with the Georgia State Revolving Loan Fund, the City of Chattanooga is authorized to incur indebtedness up to \$7,255,000 for the purpose of financing sewer expansion in Northwest Georgia. The maximum amount authorized by the agreement is being reserved by the Georgia Environmental Facilities Authority and is disbursed to the City upon request. The loan will be repaid over a 20-year period at 4% interest beginning 2000 through 2020. The balance at June 30, 1999, is \$4,246,079.

Enterprise Funds debt at June 30, 1999, consisted of the following:

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Interceptor Sewer System Fund:		
Sewer and Sewage Facilities, Series 1974	5.00%	\$ 400,000
Sewer and Sewage Facilities, Series 1976	4.50%	520,000
Sewer and Sewage Facilities, Series 1990	6.90%	600,000
Sewer and Sewage Facilities, Series 1992	5.75% - 7.75%	4,230,000
Sewage Facilities Refunding Bonds, Series 1992	4.60% - 5.70%	46,672,398
Sewer and Sewage Facilities Refunding, Series 1995	4.30% - 5.13%	19,545,000
Sewer and Sewage Facilities, Series 1995	5.00% - 5.63%	13,790,000
Municipal Public Improvement, Series 1998	4.00% - 5.375%	32,611,365
Municipal Public Improvement Refunding, Series 1998	4.00% - 5.50%	13,612,700
1992 State Revolving Sewer Loan*	3.98%	2,070,997
North West Georgia Sewer Expansion Project	4.00%	4,246,079
Solid Waste/Sanitation Fund:		
Municipal Public Improvement, Series 1995	5.00% - 5.40%	7,186,812
Municipal Public Improvement, Series 1998	4.00% - 5.375%	17,964,294
Municipal Public Improvement Refunding, Series 1998	4.00% - 5.50%	3,686,100

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 4. LONG-TERM DEBT (continued)

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Storm Water Fund:		
1992 State Revolving Sewer Loan*	3.98%	\$ 2,070,997
Municipal Public Improvement, Series 1995	5.00% - 5.40%	4,927,988
Municipal Public Improvement, Series 1998	4.00% - 5.375%	13,424,342
Municipal Public Improvement Refunding, Series 1998	4.00% - 5.50%	<u>2,528,600</u>
Total payable from Enterprise Funds		<u>\$190,087,672</u>

\*State Revolving Loan Fund - The City entered into an agreement with the Tennessee Department of Health and Environment to secure a loan for the purpose of constructing a Combined Sewer Overflow Facility located at Ross's Landing. The loan will be repaid in monthly installments through 2013 with interest at 3.98%. The remaining balance at June 30, 1999, is \$4,141,994.

Component Units debt at June 30, 1999, consisted of the following:

<u>Issue</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Metropolitan Airport Authority:		
Airport Revenue Bonds, Series 1990	6.30% - 7.375%	<u>\$12,372,364</u>

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

<u>Year</u>	<u>General Long-Term</u>	<u>Proprietary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
2000	\$ 4,748,696	\$ 10,401,373	\$ 15,150,069	\$ 270,000	\$ 15,420,069
2001	4,224,589	10,840,113	15,064,702	290,000	15,354,702
2002	3,878,705	10,901,541	14,780,246	310,000	15,090,246
2003	3,748,589	11,171,976	14,920,565	335,000	15,255,565
2004	2,891,829	11,161,724	14,053,553	355,000	14,408,553
2005-2020	<u>27,925,882</u>	<u>135,610,945</u>	<u>163,536,827</u>	<u>10,812,364</u>	<u>174,349,191</u>
Total principal	47,418,290	190,087,672	237,505,962	12,372,364	249,878,326
Total interest	<u>18,304,806</u>	<u>88,438,093</u>	<u>106,742,899</u>	<u>12,417,245</u>	<u>119,160,144</u>
Principal and interest	<u>\$65,723,096</u>	<u>\$278,525,765</u>	<u>\$344,248,861</u>	<u>\$24,789,609</u>	<u>\$369,038,470</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 5. CONSERVATION PROGRAMS

The Electric Power Board is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. As of June 30, 1999, outstanding funds advanced by TVA totaled \$6,336,000 to be used by the Board for customer loans in connection with TVA's insulation and heat pump conservation programs. At June 30, 1999, the outstanding receivables for loans made from these funds amounted to \$6,164,000. A total of approximately \$76,795,000 has been loaned to the Board's customers since the programs were begun in 1977.

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS

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

The following is a summary of each of these plans:

City of Chattanooga Administered Pension Plans

**Significant Accounting Policies:**

Basis of Accounting

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

Method Used to Value Investments

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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Note 6. EMPLOYEE RETIREMENT SYSTEMS (continued)

**Plan Descriptions:**

(1) City of Chattanooga General Pension Plan

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

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

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

The normal retirement date is the first day of the month following the participant's attainment of age 62. Benefits are reduced on a pro rata basis for early retirement. However, if the sum of the participant's age and years of credited service is at least eighty-five (85), there shall be no reduction in the immediate early retirement benefit.

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

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

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

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS (continued)

City of Chattanooga Administered Pension Plans (continued)

**Plan Descriptions: (continued)**

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

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

Current membership in each of these plans was comprised of the following as of June 30, 1999:

<u>Group</u>	<u>General Pension Plan</u>	<u>Firemen's and Policemen's Insurance and Pension Fund</u>
Retirees and beneficiaries currently receiving benefits	588	482
Vested terminated employees	40	3
Active employees	1,497	777
Actuarial update	1-1-98	7-1-98

**Funding Policy and Other Information:**

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

	<u>General Pension Plan</u>	<u>Firemen's and Policemen's Insurance and Pension Fund</u>
Contributions rates for employer	3.78%	12.00%
Contribution rates for plan members	2.00%	8.00%
Annual pension cost	\$1,534,145	\$5,464,302
Contributions made by employer	1,929,574	2,250,111
Contributions made by plan members	861,027	3,781,998
Actuarial valuation date for current contributions	January 1, 1998	July 1, 1998
Actuarial cost method	Entry Age	Entry Age
Amortization method	Straight Line	Level Dollar
Remaining amortization period	40 Years	33 Years
Asset valuation method	5-Year Smoothing	Market Value, As Adjusted
Actuarial assumptions:		
Investment rate of return	7.50%	8.25%
Projected salary increases	5.50%	5.00%

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS (continued)

City of Chattanooga Administered Pension Plans (continued)

**Trend Information:**

	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
General Pension Plan	12/31/98	\$1,534,145	125.78%	\$ -
	12/31/97	2,058,870	141.50%	-
	12/31/96	3,190,988	109.72%	-
Firemen's and Policemen's Fund	6/30/98	5,464,302	100.00%	-
	6/30/97	5,359,708	100.00%	-
	6/30/96	4,924,618	100.00%	-

Electric Power Board Pension Plan

**Plan Description and Provision:**

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

**Funding Policy:**

Contribution requirements of Plan members and the EPB are established and can be amended by the EPB. The Plan does not require Plan members to make a contribution. The EPB is required to contribute at an actuarially determined rate, the current rate is 5.17% of annual covered payroll.

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

EPB's annual pension cost of the Plan for the current year was \$1,093,000. There is no net pension obligation as EPB has contributed the annual required contribution, adjusted with interest, as calculated by actuarial valuation. The annual required contribution was determined as part of an actuarial valuation performed as of August 1, 1998, using the aggregate cost method. Significant actuarial assumptions used in the valuation included (a) a rate of return on the investment of present and future assets of 8.25% per year compounded annually, (b) projected salary increases of 5.0% per year compounded annually, and (c) no postretirement benefit increases.

**Trend Information:**

	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
	6/30/99	\$1,093,000	100%	\$ -
	6/30/98	1,327,774	100%	-

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS (continued)

Electric Power Board 401(k) Plan

The Electric Power Board also has a 401(k) plan which permits employees to invest up to 7.5 percent of salary in a tax-deferred savings plan. The Electric Power Board contributes up to 2.5 percent of an employee's salary. The Electric Power Board contributions are fully vested and amounted to \$460,000 in 1999.

Pension Plans of Component Units

CARTA is the only component unit with a separate defined benefit pension plan, and complete pension disclosures are in CARTA's separately-issued financial statements. Actuarially determined employer contribution requirements were met for the year ended June 30, 1999. Condensed disclosures for CARTA's defined benefit pension plan are as follows:

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/99	\$63,261	438%	\$ -
6/30/98	36,854	715%	-

Postretirement Benefits

The City provides postretirement health and medical benefits for retirees and their dependents in accordance with the applicable City ordinance. Substantially all of the City's employees may become eligible for the benefits if they reach normal retirement age while working for the City. At June 30, 1999, there were 646 employees who had retired and were receiving healthcare benefits. The City is insured for a portion of these benefits. All the associated costs are accounted for in the General Fund. For the year ended June 30, 1999, the City recognized expenditures of approximately \$1,360,000, which was offset by \$377,521 of retiree contributions.

NOTE 7. DEFERRED COMPENSATION PLAN

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

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

Asset balance at July 1, 1998	\$10,784,362
Deferrals of compensation	816,936
Earnings	1,360,836
Withdrawals	(366,892)
Administrative expenses	<u>(1,323)</u>
Asset balance at June 30, 1999	<u>\$12,593,919</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 8. COMMITMENTS AND CONTINGENCIES

The City and its component units are parties to various lawsuits and claims in the ordinary course of their operations. Management believes that the potential adverse impact of these proceedings would not be material to the combined financial statements of the City.

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

NOTE 9. JOINT VENTURE

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

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

While the bonds owed by the Corporation do not constitute an indebtedness of the City or the County, under the terms of the lease the City and County are unconditionally obligated to make rental payments (one-third by the County and two-thirds by the City) to the Corporation which, in the aggregate, will be sufficient to pay principal and interest on the bonds. For the fiscal year ended June 30, 1999, lease payments from the City's General Fund were \$1,432,332.

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 9. JOINT VENTURE (continued)

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

2000	\$1,390,552
2001	1,390,740
2002	1,388,267
2003	1,383,267
2004	1,379,653
Thereafter	2,754,587

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

Condensed financial information for Carter Street Corporation as of June 30, 1999, is as follows:

ASSETS	
Cash	\$ 888,705
Accounts receivable	1,796,357
Inventories 272,923	
Prepaid expenses	18,593
Premises and equipment	17,627,288
Other assets	<u>170,420</u>
Total assets	<u>\$20,774,286</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable and accrued expenses	\$ 282,236
Accrued interest	228,096
Advance deposits	36,401
Bonds payable	<u>12,482,604</u>
Total liabilities	<u>13,029,337</u>
FUND EQUITY	
Contributed capital:	
City of Chattanooga	3,557
Hamilton County	3,557
Urban development action grants	5,997,326
Marriott Corporation	<u>19,227</u>
	6,023,667
Retained earnings	<u>1,721,282</u>
Total fund equity	<u>7,744,949</u>
Total liabilities and fund equity	<u>\$20,774,286</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 9. JOINT VENTURE (continued)

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY	
Total operating revenues	\$ 3,315,852
Total operating expenses	<u>3,848,672</u>
Loss from operations	(532,820)
Nonoperating revenues	3,853,957
Nonoperating expenses	<u>706,800</u>
Net income 2,614,337	
Fund equity at July 1, 1998	<u>5,130,612</u>
Fund equity at June 30, 1999	<u>\$ 7,744,949</u>

NOTE 10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds which provide electric, sewer, sanitation, and storm water services. Segment information for the year ended June 30, 1999, follows:

	<u>Electric Power Board</u>	<u>Interceptor Sewer System</u>	<u>Solid Waste/ Sanitation</u>	<u>Storm Water</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$335,025,000	\$ 32,069,124	\$ 6,566,890	\$ 4,942,056	\$378,603,070
Depreciation and amortization expense	11,093,000	7,789,330	830,855	442,917	20,156,102
Operating income (loss)	16,429,000	11,395,562	(3,115,069)	2,185,037	26,894,530
Other revenues (expenses)					
Investment income	1,959,000	4,350,540	930,555	1,056,912	8,297,007
Interest expense	-	(6,336,409)	(1,443,301)	(1,113,979)	(8,893,689)
Other	(7,254,000)	59,501	114,758	-	(7,079,741)
Operating transfers in	-	34,255	5,475,483	725,562	6,235,300
Net income (loss)	11,134,000	9,503,449	1,962,426	2,853,532	25,453,407
Current capital contributions	-	117,436	273,650	12,437	403,523
Property and equipment: Additions	19,724,000	26,876,464	2,796,627	9,075,524	58,472,615
Net increase (decrease) in cash	(4,277,000)	6,307,806	6,399,665	11,311,876	19,742,347
Net working capital	14,289,000	43,705,127	4,994,250	(425,776)	62,562,601
Total assets	294,264,000	356,900,948	29,160,801	41,783,982	722,109,731
Bonds and other long-term liabilities:					
General obligation	-	131,981,463	28,837,206	20,880,930	181,699,599
Notes	-	6,317,076	-	2,070,997	8,388,073
Total equity	213,473,000	214,291,329	(8,488,829)	16,922,361	436,197,861

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 11. CONDENSED FINANCIAL STATEMENTS OF COMPONENT UNITS

Condensed financial statements of discretely presented component units as of and for the year ended June 30, 1999, are as follows:

	<u>Metropolitan Airport Authority</u>	<u>CARTA</u>	<u>Construction Industry Corporation</u>	<u>Total Component Units</u>
<b>ASSETS</b>				
Current assets	\$ 1,157,849	\$ 1,717,165	\$ -	\$ 2,875,014
Restricted cash	5,415,170	-	-	5,415,170
Other assets	364,120	91,117	-	455,237
Fixed assets, net	<u>29,981,759</u>	<u>27,315,026</u>	<u>-</u>	<u>57,296,785</u>
 Total assets	 <u>\$36,918,898</u>	 <u>\$29,123,308</u>	 <u>\$ -</u>	 <u>\$66,042,206</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Current maturities of long-term debt	\$ 290,692	\$ -	\$ -	\$ 290,692
Due to primary government	1,571	500,000	-	501,571
Other accrued liabilities	<u>1,086,229</u>	<u>868,613</u>	<u>-</u>	<u>1,954,842</u>
 Total current liabilities	 1,378,492	 1,368,613	 -	 2,747,105
Long-term debt	12,154,661	-	-	12,154,661
Contributed capital	25,759,861	27,872,537	-	53,632,398
Retained earnings (deficit) - unreserved	<u>(2,374,116)</u>	<u>(117,842)</u>	<u>-</u>	<u>(2,491,958)</u>
 Total liabilities and fund equity	 <u>\$36,918,898</u>	 <u>\$29,123,308</u>	 <u>\$ -</u>	 <u>\$66,042,206</u>
<b>STATEMENT OF REVENUES AND EXPENSES</b>				
Operating revenues	\$ 5,140,692	\$ 3,553,973	\$ 2,829	\$ 8,697,494
Operating expenses	<u>5,505,651</u>	<u>11,365,264</u>	<u>16,467</u>	<u>16,887,382</u>
 Operating loss	 (364,959)	 (7,811,291)	 (13,638)	 (8,189,888)
Intergovernmental revenues	-	1,099,746	-	1,099,746
Other nonoperating revenues (expenses)	239,925	32,393	-	272,318
Operating transfers from primary government	-	3,263,819	-	3,263,819
Operating transfers to primary government	<u>-</u>	<u>-</u>	<u>(24,663)</u>	<u>(24,663)</u>
 Net loss	 <u>\$ (125,034)</u>	 <u>\$ (3,415,333)</u>	 <u>\$(38,301)</u>	 <u>\$(3,578,668)</u>
 Current capital contributions	 <u>\$ 1,576,086</u>	 <u>\$ 2,605,718</u>	 <u>\$ -</u>	 <u>\$ 4,181,804</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Fund	\$ 33,032
General Fund	Home Fund	10,000
General Fund	Liability Insurance Fund	750,000
General Fund	Municipal Fleet Services	431
Narcotics Program Fund	General Fund	4,175
Capital Projects	General Fund	10,487,812
Capital Projects	Community Development Fund	65,471
Capital Projects	Interceptor Sewer Fund	48,949
Interceptor Sewer Fund	Municipal Fleet Services	292
Solid Waste/Sanitation Fund	Interceptor Sewer Fund	129,531
Storm Water Fund	General Fund	<u>242</u>
		<u>\$11,529,935</u>

NOTE 13. CONDUIT DEBT OBLIGATIONS

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

As of June 30, 1999, 116 series of Industrial Revenue Bonds had been issued. The principal amount of the series issued after July 1, 1995, was \$23,861,403. The aggregate principal amounts payable for the 108 series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$253,648,700.

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 14. CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital of the primary government during the year ended June 30, 1999, are as follows:

	<u>Interceptor Sewer System</u>	<u>Solid Waste/ Sanitation Fund</u>	<u>Storm Water Fund</u>	<u>Municipal Fleet Services</u>
Contributed capital, July 1, 1998	\$77,879,780	\$2,523,737	\$ 59,681	\$818,973
Sewer tap fees	117,044	-	-	-
Transfers of fixed assets	394	273,651	12,437	-
Amortization of contributed capital	<u>(2,098,227)</u>	<u>(513,938)</u>	<u>(32,328)</u>	<u>-</u>
Contributed capital, June 30, 1999	<u>\$75,898,991</u>	<u>\$2,283,450</u>	<u>\$ 39,790</u>	<u>\$818,973</u>

Changes in contributed capital of component units during the year ended June 30, 1999, are as follows:

	<u>Metropolitan Airport Authority</u>	<u>CARTA</u>
Contributed capital, July 1, 1998	\$24,183,775	\$28,682,456
Amortization of contributed capital	-	(3,415,637)
Capital grants	<u>1,576,086</u>	<u>2,605,718</u>
Contributed capital, June 30, 1999	<u>\$25,759,861</u>	<u>\$27,872,537</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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NOTE 15. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Solid Waste/Sanitation Fund accounts for the operations of the Summit landfill, the City landfill, garbage collection, and recycling. State and federal regulations require the City to place a final cover on all landfills after closure, and the City must perform certain maintenance and monitoring functions for 30 years thereafter. The City closed the first phase of the Summit landfill in 1996 and expects to complete closure of the second phase of the Summit landfill in 2000. The 36th Street landfill was closed in 1992. The City recognizes landfill closure and postclosure care costs based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs of \$6,700,372 at June 30, 1999, is based on the use of 100 percent of the capacity of the first and second phases of the Summit landfill, and 3 percent of the capacity of the City landfill. The City will recognize the remaining estimated costs of closure and postclosure care of \$5,519,886 as the remaining capacity is used. The estimated total current cost of the landfill closure and postclosure care of \$12,220,258 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired at June 30, 1999. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure requirements may need to be covered by charges to future landfill users, taxpayers, or both.

NOTE 16. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; medical benefits; unemployment compensation; injuries to employees; errors and omissions; and natural disasters. The City retains the risk of loss related to torts, certain retiree medical benefits, unemployment compensation, and injuries to employees. The General Fund accounts for all exposures, except for torts, which are accounted for in the Liability Insurance Fund. To minimize its losses, the City has established a limited risk management program. Premiums are paid by all funds and are available to pay claims, claim reserves, and administrative costs of the program. The premiums are used to reduce the amount of claims expenditures reported in the respective funds. As of June 30, 1999, such interfund premiums did not exceed reimbursable expenditures.

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

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE 16. RISK MANAGEMENT (continued)

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

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

	General Fund	Liability Insurance Fund
Unpaid claims, June 30, 1997	\$ 560,169	\$1,535,000
Incurred claims (including IBNRs)	9,741,215	764,034
Claim payments	<u>(9,673,746)</u>	<u>(583,784)</u>
Unpaid claims, June 30, 1998	627,638	1,715,250
Incurred claims (including IBNRs)	11,671,622	287,906
Claim payments	<u>(12,001,943)</u>	<u>(290,156)</u>
Unpaid claims, June 30, 1999	<u>\$ 297,317</u>	<u>\$1,713,000</u>

NOTE 17. RESTATEMENT OF PRIOR YEAR'S FINANCIAL STATEMENTS

During 1999, management determined that compensated absences for Municipal Fleet Services should be accounted for in the Internal Service Fund. The compensated absences through June 30, 1998, were \$433,698. Retained Earnings of the Municipal Fleet Services Fund have been restated for the effect of this adjustment.

NOTE 18. ISSUE RELATED TO WATER UTILITY

As of June 30, 1999, the City was engaged in an eminent domain takeover of water company operations from a private operator. Special counsel costs related to the takeover attempt totaled \$388,082 for the year ended June 30, 1999, and were recorded as expenses of the Liability Insurance Fund.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION  
 PUBLIC EMPLOYEE RETIREMENT SYSTEMS  
 SCHEDULE OF FUNDING PROGRESS  
 June 30, 1999

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>CITY OF CHATTANOOGA ADMINISTERED PLANS</b>						
General Pension Plan						
January 1, 1998	\$ 129,592,442	\$ 109,916,957	\$ (19,675,485)	117.90%	\$ 38,223,969	-51.47%
January 1, 1996	101,710,722	98,001,759	(3,708,963)	103.78%	35,455,421	-10.46%
January 1, 1994	89,466,400	74,738,584	(14,727,816)	119.71%	34,757,165	-42.37%
Firemen's and Policemen's Insurance and Pension Fund						
July 1, 1998	\$ 169,512,500	\$ 167,287,300	\$ (2,225,200)	101.33%	\$ 25,140,400	-8.85%
July 1, 1997	144,431,598	152,129,429	7,697,831	94.94%	24,607,560	31.28%
July 1, 1996	123,063,696	143,333,706	20,270,010	85.86%	23,686,990	85.57%
July 1, 1994	95,857,377	127,980,072	32,122,695	74.90%	21,435,799	149.86%
July 1, 1993	85,447,423	103,196,554	17,749,131	82.80%	19,964,862	88.90%
<b>ELECTRIC POWER BOARD</b>						
August 1, 1998	\$ 43,773,000	\$ 38,418,000	\$ (5,355,000)	113.94%	\$ 19,437,000	-27.55%
August 1, 1997	39,169,000	40,519,000	1,350,000	96.67%	19,160,000	7.05%
August 1, 1996	33,672,000	34,873,000	1,201,000	96.56%	19,217,000	6.25%

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION  
 PUBLIC EMPLOYEE RETIREMENT SYSTEMS  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 June 30, 1999

CITY OF CHATTANOOGA ADMINISTERED PLANS

Year Ended <u>June 30</u>	<u>General Pension Plan</u>		<u>Firemen's and Policemen's Insurance and Pension Fund</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1999	\$1,534,145	100%	\$5,464,302	100%
1998	2,058,870	100%	5,359,708	100%
1997	3,672,807	100%	5,770,372	100%
1996	3,190,988	100%	5,770,372	100%
1995	3,815,687	100%	6,222,253	100%
1994	3,815,687	100%	6,222,253	100%

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

	<u>General Pension Plan</u>	<u>Firemen's and Policemen's Insurance and Pension Fund</u>
Valuation date	1/1/98	7/1/98
Actuarial cost method	Entry Age	Entry Age
Amortization method	Straight Line	Level dollar
Remaining amortization period	40	33
Asset valuation method	5-Year Smoothing	Market value, adjusted for gains/losses
Actuarial assumptions:		
Investment rate of return	7.5%	8.25%
Projected salary increases	5.5%	5.0%
Includes inflation at	3.5%	None
Cost-of-living adjustments	3.0%	2.0%

CITY OF CHATTANOOGA, TENNESSEE

REQUIRED SUPPLEMENTAL INFORMATION  
DISCLOSURE RELATED TO THE YEAR 2000 ISSUE  
June 30, 1999

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The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The City of Chattanooga initiated an aggressive new technology direction more than seven years ago that resulted in the Y2K issue being easier to resolve. This technology direction resulted in new hardware, new software maintained by a vendor and realizing that all in-house created databases needed dates stored with complete century. In the past two years all City equipment and machinery was inventoried and investigated for non-compliant computer chips. The non-compliant equipment and machinery has been replaced, repaired, or upgraded. For example, controller chips in some traffic lights were replaced. All Departments of the City of Chattanooga are staying in constant contact with vendors and manufacturers to keep up with any late breaking news on their Y2K readiness.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the City of Chattanooga is or will be Year 2000 ready, that the City of Chattanooga's remediation efforts will be successful in whole or in part, or that parties with whom the City of Chattanooga does business will be Year 2000 ready.

## GENERAL FUND

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

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

BALANCE SHEETS

June 30, 1999

(With Comparative Totals for 1998)

ASSETS	<u>1999</u>	<u>1998</u>
Cash and cash equivalents	\$ 26,075,697	\$ 25,004,047
Investments	16,803,191	14,908,876
Taxes receivable (Net of allowance for uncollectibles)	3,637,562	3,923,354
Due from other funds	793,463	28,229
Due from component units	501,571	500,000
Due from other governments:		
Federal	290,371	390,020
State of Tennessee	2,811,451	2,649,288
Hamilton County, Tennessee	508,826	1,744,506
In-lieu-of taxes	2,155,424	2,155,424
Inventory	756,250	675,943
Prepaid expenses	289,526	-
Other receivables	3,248,555	1,665,816
Note receivable (Net of allowance for uncollectibles)	<u>1,437,000</u>	<u>-</u>
 Total assets	 <u>\$ 59,308,887</u>	 <u>\$ 53,645,503</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,499,230	\$ 2,392,161
Due to other funds	10,492,229	199,115
Due to other governments	483,812	517,957
Accrued payroll	1,512,562	1,821,811
Accrued pension plan contributions	79,941	168,455
Accrued healthcare benefits	297,317	627,638
Deferred revenue	<u>3,522,500</u>	<u>3,033,997</u>
 Total liabilities	 <u>17,887,591</u>	 <u>8,761,134</u>
FUND BALANCES		
Reserved for encumbrances	1,192,116	1,260,157
Reserved for inventory	756,250	675,943
Reserved for prepaid expenses	289,526	-
Unreserved - designated for subsequent years' expenditures	7,094,559	10,333,895
Unreserved - undesignated	<u>32,088,845</u>	<u>32,614,374</u>
 Total fund balances	 <u>41,421,296</u>	 <u>44,884,369</u>
 Total liabilities and fund balances	 <u>\$ 59,308,887</u>	 <u>\$ 53,645,503</u>

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

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 1999

(With Comparative Totals for 1998)

	<u>1999</u>	<u>1998</u>
REVENUES		
Taxes	\$ 86,865,736	\$ 84,793,533
Licenses and permits	5,593,174	5,482,906
Intergovernmental	43,123,167	40,517,604
Charges for services	2,607,711	2,315,595
Fines, forfeitures and penalties	2,143,025	1,805,903
Investment income	2,885,733	2,682,184
Miscellaneous	<u>4,538,165</u>	<u>4,850,399</u>
Total revenues	<u>147,756,711</u>	<u>142,448,124</u>
EXPENDITURES		
General government	30,822,025	29,645,512
Finance and Administration	5,347,504	5,101,425
Police	25,582,840	24,402,682
Fire	18,235,179	18,597,171
Public Works	8,912,428	8,586,155
Parks and Recreation	10,854,732	9,795,435
General Services	<u>12,596,657</u>	<u>11,799,661</u>
Total expenditures	<u>112,351,365</u>	<u>107,928,041</u>
Excess of revenues over expenditures	<u>35,405,346</u>	<u>34,520,083</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	142,831	6,556
Operating transfers out	(35,772,094)	(21,980,687)
Operating transfers from component units	24,663	-
Operating transfers to component units	<u>(3,263,819)</u>	<u>(3,260,504)</u>
Total other financing sources (uses)	<u>(38,868,419)</u>	<u>(25,234,635)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,463,073)	9,285,448
FUND BALANCE at beginning of year	<u>44,884,369</u>	<u>35,598,921</u>
FUND BALANCE at end of year	<u>\$ 41,421,296</u>	<u>\$ 44,884,369</u>

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

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 1999

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes:			
Property	\$ 59,800,975	\$ 59,749,252	\$ (51,723)
Property in lieu of taxes:			
Electric Power Board	2,155,424	2,155,424	-
Burner Systems	1,819	18,486	16,667
Chattanooga Housing Authority	18,900	20,420	1,520
Tennessee Valley Authority	896,070	979,282	83,212
Jaycee Towers 1 and 2	2,448	2,448	-
Chattanooga Neighborhood Enterprise	58,000	58,000	-
Good Neighbors	2,808	2,808	-
Kenco Group	287	3,212	2,925
Sofix	100,308	74,442	(25,866)
Buster Brown	-	74,114	74,114
Southern Foundry	1,631	1,995	364
Southern Health Care of Tennessee	158,926	-	(158,926)
Gibraltar Steel	34,624	32,612	(2,012)
Hutco Steel	494	466	(28)
Combustion Engineering, Inc.	460	440	(20)
Southern Champion Tray Company	33,784	37,982	4,198
T. B. Woods	4,093	5,638	1,545
Regis Corporation	3,350	18,177	14,827
Culp, Inc.	-	440	440
Chattanooga Bakery, Inc.	-	4,795	4,795
JRB Company	-	8,594	8,594
National Print Group	-	6,627	6,627
Top Flight, Inc.	-	12,559	12,559
Corporate excise taxes - intangible property	295,290	253,643	(41,647)
Interest and penalty on taxes:			
Current year	75,000	70,678	(4,322)
Prior years	285,000	228,328	(56,672)
Collection fees - delinquent taxes	120,000	106,573	(13,427)
Other local taxes:			
Franchise taxes	1,214,750	1,374,238	159,488
Liquor taxes	1,180,000	1,208,956	28,956
Beer taxes	3,950,000	4,163,963	213,963
Litigation taxes - City Court	4,500	5,288	788
Designated revenues	<u>15,500,000</u>	<u>16,185,856</u>	<u>685,856</u>
Total taxes	<u>85,898,941</u>	<u>86,865,736</u>	<u>966,795</u>
Licenses and permits:			
Motor vehicle licenses	360,000	333,945	(26,055)
Parking meters	457,000	517,796	60,796
Business licenses (excluding liquor)	118,000	121,088	3,088
Gross receipts taxes	2,430,000	2,556,344	126,344
Fees for issuing business licenses	54,000	55,545	1,545
Interest and penalty on business licenses	68,000	62,866	(5,134)
Wrecker permits	6,095	6,675	580
Building permits	300,000	412,836	112,836
Electrical permits	85,000	92,277	7,277

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 1999

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Licenses and permits: (continued)			
Plumbing fixtures connection permits	\$ 82,000	\$ 87,694	\$ 5,694
Street cut-in permits	31,000	36,276	5,276
Annual electrical contractors licenses	-	69,123	69,123
Plumbing examiner fees	22,000	24,215	2,215
Electrical examiner fees	48,000	32,645	(15,355)
Gas examiner fees	15,000	34,095	19,095
Beer permit application fees	92,000	87,767	(4,233)
Mechanical code permits	46,000	63,890	17,890
Mechanical examiner fees	60,000	66,320	6,320
Fees for issuing construction, renovation permits	53,000	66,590	13,590
Liquor by drink licenses	97,000	99,900	2,900
Liquor by drink, interest and penalty	5,300	4,855	(445)
Hotel permits	1,883	2,175	292
Gas permits	7,300	9,309	2,009
Exhibitor fees	-	3,390	3,390
Sign permits	72,000	95,620	23,620
Taxicab driver permits	-	3,765	3,765
Miscellaneous licenses and permits	35,000	20,273	(14,727)
Designated revenues	<u>628,672</u>	<u>625,900</u>	<u>(2,772)</u>
 Total licenses and permits	 <u>5,174,250</u>	 <u>5,593,174</u>	 <u>418,924</u>
 Intergovernmental revenues:			
City allocation - state beer tax	77,720	76,577	(1,143)
City allocation - state income tax	2,907,959	2,540,605	(367,354)
City allocation - state sales tax	9,055,192	9,048,518	(6,674)
County-wide sales tax	19,984,725	19,698,478	(286,247)
Mixed drink tax	946,955	1,025,918	78,963
State maintenance of streets	100,000	109,831	9,831
State gas inspection fees	373,362	374,801	1,439
State alcoholic beverage taxes	64,163	80,734	16,571
TVA impact fees	50,300	28,280	(22,020)
TEMA tornado recovery	-	533,506	533,506
HUD projects	524,640	236,468	(288,172)
Hamilton County - Ross's Landing	558,578	530,788	(27,790)
Hamilton County - radio & electronics	50,000	-	(50,000)
State - Department of Transportation	-	174,000	174,000

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 1999

(continued from previous page)

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Intergovernmental revenues: (continued)			
COPS hiring grant	\$ 1,342,110	\$ 880,708	\$ (461,402)
IMS federal grant - zoo	-	14,520	14,520
Designated revenues	<u>7,823,220</u>	<u>7,769,435</u>	<u>(53,785)</u>
Total intergovernmental revenues	<u>43,858,924</u>	<u>43,123,167</u>	<u>(735,757)</u>
Charges for services:			
City court costs	60,000	94,812	34,812
State court costs	1,000	21,373	20,373
City Court Clerk fees	180,000	293,918	113,918
Charges for financial services, Electric Power Board	7,200	7,200	-
Monitoring service	3,300	3,314	14
Variance request fees	5,200	6,160	960
Fire and ambulance service fees	-	1,744	1,744
Designated revenues	<u>2,026,909</u>	<u>2,179,190</u>	<u>152,281</u>
Total charges for services	<u>2,283,609</u>	<u>2,607,711</u>	<u>324,102</u>
Fines, forfeitures, and penalties:			
City court fines	650,000	1,132,790	482,790
Criminal court fines	200,000	247,463	47,463
Parking tickets	290,000	247,195	(42,805)
Delinquent parking tickets	-	51,932	51,932
Air pollution penalties	-	43,062	43,062
Bond forfeitures	-	2,029	2,029
Delinquent tickets	245,000	337,600	92,600
Miscellaneous forfeitures and penalties	-	12,012	12,012
Designated revenues	<u>120,000</u>	<u>68,942</u>	<u>(51,058)</u>
Total fines, forfeitures, and penalties	<u>1,505,000</u>	<u>2,143,025</u>	<u>638,025</u>
Miscellaneous revenues:			
Investment income	2,800,000	2,885,733	85,733
Sale of City property	-	462,275	462,275
Land and building rents	101,000	171,769	70,769
Dock rental (wharf)	9,200	12,510	3,310

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 1999

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Miscellaneous revenues: (continued)			
Telephone commission	\$ 1,700	\$ 1,376	\$ (324)
Payroll deduction charges	17,900	10,997	(6,903)
Indirect cost	1,644,549	1,644,560	11
Plans and specification deposits	1,500	19,322	17,822
Reimbursements - health insurance	1,955,813	2,153,758	197,945
Employee contributions - health insurance	1,515,456	1,202,587	(312,869)
Retiree reimbursements - health insurance	-	377,521	377,521
Cobra reimbursements - health insurance	-	43,565	43,565
Delinquent fines collection fees	-	41,508	41,508
Delinquent court cost - interest	175,000	95,661	(79,339)
Delinquent parking fine - interest	-	12,899	12,899
Condemnation	-	19,201	19,201
Memorial Auditorium box office	52,000	112,277	60,277
Memorial Auditorium rents	172,000	204,953	32,953
Memorial Auditorium concessions	42,000	57,460	15,460
Tivoli box office	16,000	28,837	12,837
Tivoli rents	105,000	108,901	3,901
Tivoli concessions	13,500	19,237	5,737
Swimming pools	12,760	9,410	(3,350)
Park concessions	15,219	24,117	8,898
Zoo recycling	-	41,646	41,646
CHA - recreation projects	-	17,125	17,125
Other miscellaneous revenue	-	91,979	91,979
Designated revenues	320,443	763,277	442,834
Departmental revenues:			
Finance and Administration	-	37,751	37,751
Police	-	251,768	251,768
Fire	-	12,317	12,317
Public Works	-	71,363	71,363
Parks and Recreation	3,650	52,210	48,560
General Services	-	136,270	136,270
Personnel	-	202	202
Neighborhood Services	-	4,987	4,987
Total miscellaneous revenues	<u>8,974,690</u>	<u>11,201,329</u>	<u>2,226,639</u>
Total revenues	<u>147,695,414</u>	<u>151,534,142</u>	<u>3,838,728</u>
EXPENDITURES			
General government:			
Executive Office of the Mayor	530,258	528,446	1,812
City Council	487,455	471,097	16,358

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 1999

(continued from previous page)

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
General government: (continued)			
Allied Arts Council	\$ 154,500	\$ 154,500	\$ -
Association of Visual Artists	15,000	15,000	-
Audits, dues, and surveys	124,000	119,124	4,876
Election expense	46,500	46,448	52
Carcog and Economic Development District	30,494	30,493	1
Carter Street lease agreement	1,432,336	1,432,332	4
Chattanooga Neighborhood Enterprises	2,000,000	2,000,000	-
City Court (Judicial)	318,488	318,470	18
Contingency fund	375,309	374,519	790
Community impact fund	167,000	167,000	-
Children's Advocacy Center	30,000	30,000	-
Homeless Health Care Centers	17,500	17,500	-
Humane Educational Society	492,516	492,516	-
Intergovernmental relations	194,000	179,556	14,444
African-American Museum	35,000	35,000	-
Regional History Museum	48,000	48,000	-
Tennessee Valley Railroad	174,000	174,000	-
City Attorney's Office	651,034	650,990	44
Census address update	800	798	2
Chattanooga Area Urban League	50,000	50,000	-
Chattanooga Downtown Partnership	100,000	100,000	-
Pensions and UIC	99,500	86,815	12,685
Tennessee Riverpark	586,875	586,868	7
WTCI - Channel 45	60,000	60,000	-
Taxi board	1,600	214	1,386
Chamber of Commerce marketing	50,000	50,000	-
Personnel	807,480	805,819	1,661
Neighborhood Services	881,388	874,738	6,650
Stormwater fees	69,800	69,710	90
Renewal and replacement	1,518,000	1,419,265	98,735
Metro Council - Community Services	10,000	10,000	-
Liability insurance fund	982,680	982,680	-
Southeast Local Development Corporation	35,000	35,000	-
Orchard Knob Development Corporation	12,475	12,475	-
Regional Planning Agency	2,057,504	1,974,605	82,899
Air Pollution Control Bureau	1,324,655	1,313,215	11,440
Scenic Cities Beautiful Commission	96,899	96,549	350
Private Industry Council	5,420,902	4,795,126	625,776
Real estate	471,806	424,461	47,345
Reduction - Part I offenses	120,000	119,916	84

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 1999

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
General government: (continued)			
Training assistance	\$ 31,000	\$ 23,396	\$ 7,604
Beautiful City fund	7,500	7,255	245
Special recreation	-	286,248	(286,248)
Free public library	16,500	-	16,500
Law enforcement planning	842,000	706,366	135,634
Specialized training	405,000	400,321	4,679
Summer Youth Work Action	22,250	22,215	35
Economic Development/Education	11,737,812	8,155,928	3,581,884
Special programs	-	21,550	(21,550)
Heritage Hall	120,000	72,624	47,376
Total general government	<u>35,262,816</u>	<u>30,849,148</u>	<u>4,413,668</u>
Finance and Administration:			
Finance administration	1,481,119	1,474,284	6,835
Information Services	2,197,795	2,196,976	819
Office of City Treasurer	519,217	498,489	20,728
Telephone system	274,785	274,705	80
City Court Clerk's Office	819,366	819,205	161
Court space usage costs	100,000	78,638	21,362
Total Finance and Administration	<u>5,392,282</u>	<u>5,342,297</u>	<u>49,985</u>
Police:			
Operations	706,979	31,616	675,363
Administration	1,546,091	1,507,285	38,806
Uniformed Services	11,497,275	10,607,558	889,717
Investigative	5,641,050	5,629,953	11,097
Support	8,015,753	7,812,570	203,183
Total Police	<u>27,407,148</u>	<u>25,588,982</u>	<u>1,818,166</u>
Fire:			
Operations	17,326,036	16,772,092	553,944
Utilities	1,487,917	1,478,688	9,229
Total Fire	<u>18,813,953</u>	<u>18,250,780</u>	<u>563,173</u>
Public Works:			
Administration	475,953	445,518	30,435
Board of Appeals and Variances	5,650	2,873	2,777
City Engineer	1,647,820	1,553,079	94,741
City-wide services:			
Street cleaning	1,361,321	1,352,107	9,214
City yards	755,214	731,198	24,016
Emergency	379,424	357,724	21,700

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 1999

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Public Works: (continued)			
Waste resources:			
Sewer construction and maintenance	\$ 1,527,296	\$ 1,432,166	\$ 95,130
Codes and inspections:			
Inspection Division	1,144,073	1,132,881	11,192
Board of Examiners	30,701	29,437	1,264
Utilities	142,600	118,869	23,731
Interceptor sewer system pump stations	137,360	64,074	73,286
Traffic management:			
Administration	424,789	388,546	36,243
Control	1,282,755	1,273,126	9,629
Total Public Works	<u>9,314,956</u>	<u>8,881,598</u>	<u>433,358</u>
Parks and Recreation:			
Administration	707,385	700,000	7,385
Recreation:			
Supervision	435,483	430,718	4,765
Recreation centers	697,002	693,316	3,686
Senior citizens recreation	58,916	58,916	-
Summer youth recreation	159,744	159,196	548
Fitness center	228,219	227,727	492
Greater Chattanooga Sports	75,000	75,000	-
Late Night Programs	67,245	67,244	1
Inner city ministries	18,500	18,500	-
Cultural arts	144,074	143,300	774
OutVenture	53,644	52,047	1,597
Sports	523,068	520,635	2,433
At Risk Youth	507,266	504,023	3,243
Parks maintenance:			
Warner Park Zoo	283,657	283,607	50
Municipal parks	2,306,006	2,305,936	70
Tennessee Riverpark-Downtown	1,020,130	974,701	45,429
Carousel	55,769	40,934	14,835
Municipal forestry	307,646	311,072	(3,426)
Auditorium/Tivoli:			
Administration	375,995	370,965	5,030
Memorial Auditorium	314,669	314,553	116
Tivoli Theatre	246,656	246,616	40
Concessions	91,205	52,435	38,770
Municipal golf courses	1,961,909	1,845,905	116,004
Building and structures	547,726	547,584	142
Total Parks and Recreation	<u>11,186,914</u>	<u>10,944,930</u>	<u>241,984</u>
General Services:			
Administration	449,679	449,561	118
City Hall/Annex maintenance	728,386	725,624	2,762
Radio and Electronic Division	289,678	288,567	1,111

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 1999

(continued from previous page)

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
General Services: (continued)			
Employee Benefits Office:			
Administration	\$ 205,977	\$ 205,951	\$ 26
Insurance and medical payments	11,949,220	11,618,133	331,087
Purchasing Division	709,464	706,510	2,954
Street and traffic lighting	<u>2,561,850</u>	<u>2,561,402</u>	<u>448</u>
Total General Services	<u>16,894,254</u>	<u>16,555,748</u>	<u>338,506</u>
Total expenditures	<u>124,272,323</u>	<u>116,413,483</u>	<u>7,858,840</u>
Excess of revenues over expenditures	<u>23,423,091</u>	<u>35,120,659</u>	<u>11,697,568</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	101,032	142,831	41,799
Operating transfers out	(37,863,318)	(35,772,094)	2,091,224
Operating transfers from component units	-	24,663	24,663
Operating transfers to component units	<u>(3,263,819)</u>	<u>(3,263,819)</u>	<u>-</u>
Total other financing sources (uses)	<u>(41,026,105)</u>	<u>(38,868,419)</u>	<u>2,157,686</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - (budgetary basis)	<u>\$ (17,603,014)</u>	<u>(3,747,760)</u>	<u>\$ 13,855,254</u>
Adjustment for encumbrances		<u>284,687</u>	
Deficiency of revenues and other financing sources under expenditures and other financing uses - (GAAP basis)		(3,463,073)	
FUND BALANCE at beginning of year		<u>44,884,369</u>	
FUND BALANCE at end of year		<u>\$ 41,421,296</u>	

CITY OF CHATTANOOGA, TENNESSEE

GENERAL FUND

SCHEDULE OF DESIGNATED REVENUES - BUDGET AND ACTUAL ON BUDGETARY BASIS  
Year Ended June 30, 1999

	Budget						Actual						Variance - Favorable (Unfavorable)		
	Taxes	Licenses and Permits	Inter-governmental Revenues	Charges for Services	Fines, Forfeitures, and Penalties	Miscellaneous Revenues	Total	Taxes	Licenses and Permits	Inter-governmental Revenues	Charges for Services	Fines, Forfeitures, and Penalties		Miscellaneous Revenues	Total
Regional Planning Agency	\$ -	\$ -	\$ 923,259	\$ -	\$ -	\$ 124,000	\$ 1,047,259	\$ -	\$ -	\$ 974,465	\$ -	\$ -	\$ 132,875	\$ 1,107,340	\$ 60,081
Air Pollution Bureau	-	628,672	449,973	-	-	-	1,078,645	-	625,900	477,348	-	-	62,250	1,165,498	86,853
Scenic Cities Beautiful Commission	-	-	64,181	-	-	4,000	68,181	-	-	72,266	-	-	4,809	77,075	8,894
Private Industry Council	-	-	5,103,807	-	-	5,193	5,109,000	-	-	4,789,807	-	-	5,319	4,795,126	(313,874)
Real estate	-	-	-	-	-	95,000	95,000	-	-	-	-	-	104,731	104,731	9,731
Reduction - Part I offenses	-	-	-	-	120,000	-	120,000	-	-	-	-	68,942	3,292	72,234	(47,766)
Training assistance	-	-	-	-	-	31,000	31,000	-	-	-	-	-	33,526	33,526	2,526
Municipal golf courses	-	-	-	2,026,909	-	-	2,026,909	-	-	-	1,948,832	-	3,914	1,952,746	(74,163)
Beautiful City	-	-	-	-	-	7,500	7,500	-	-	-	-	-	1,690	1,690	(5,810)
Special recreation fund	-	-	-	-	-	-	-	-	-	13,000	230,358	-	70,542	313,900	313,900
Free Public Library	-	-	-	-	-	16,500	16,500	-	-	-	-	-	16,434	16,434	(66)
Miller Park	-	-	-	-	-	-	-	-	-	-	-	-	568	568	568
Law enforcement planning	-	-	842,000	-	-	-	842,000	-	-	1,007,047	-	-	13,315	1,020,362	178,362
Specialized training	-	-	405,000	-	-	-	405,000	-	-	395,100	-	-	-	395,100	(9,900)
Summer youth work action	-	-	-	-	-	22,250	22,250	-	-	-	-	-	42,440	42,440	20,190
Confiscated and unclaimed property	-	-	-	-	-	-	-	-	-	-	-	-	437	437	437
Nonprofit request	-	-	-	-	-	-	-	-	-	-	-	-	2,050	2,050	2,050
Economic Development and Education fund	15,500,000	-	-	-	-	-	15,500,000	16,185,856	-	-	-	-	247,470	16,433,326	933,326
Special programs fund	-	-	-	-	-	-	-	-	-	5,402	-	-	13,250	18,652	18,652
Heritage Hall	-	-	35,000	-	-	15,000	50,000	-	-	35,000	-	-	4,365	39,365	(10,635)
<b>Total designated revenues</b>	<b>\$ 15,500,000</b>	<b>\$ 628,672</b>	<b>\$ 7,823,220</b>	<b>\$ 2,026,909</b>	<b>\$ 120,000</b>	<b>\$ 320,443</b>	<b>\$ 26,419,244</b>	<b>\$ 16,185,856</b>	<b>\$ 625,900</b>	<b>\$ 7,769,435</b>	<b>\$ 2,179,190</b>	<b>\$ 68,942</b>	<b>\$ 763,277</b>	<b>\$ 27,592,600</b>	<b>\$ 1,173,356</b>

## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1999

(With Comparative Totals for 1998)

	Public Library	Downtown Development	Human Services Program	Narcotics Program	State Street Aid	Totals	
						1999	1998
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,098,540	\$ 456,209	\$ 1,990,638	\$ 367,853	\$ 771,401	\$ 4,684,641	\$ 4,589,398
Investments	-	-	-	-	1,219,827	1,219,827	1,271,617
Accounts receivable	-	796,620	1,831,847	6,575	2,761	2,637,803	1,662,818
Due from other funds	-	-	-	4,175	-	4,175	20,780
Due from other governments	-	-	-	3,412	-	3,412	47,159
Prepaid expenses	11,064	-	19,209	-	1,602	31,875	-
Total assets	<u>\$ 1,109,604</u>	<u>\$ 1,252,829</u>	<u>\$ 3,841,694</u>	<u>\$ 382,015</u>	<u>\$ 1,995,591</u>	<u>\$ 8,581,733</u>	<u>\$ 7,591,772</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 8,894	\$ -	\$ 182,013	\$ 8,442	\$ 81,203	\$ 280,552	\$ 652,127
Due to other funds	-	-	-	-	-	-	92,707
Due to other governments	-	-	174,867	-	-	174,867	225,321
Total liabilities	<u>8,894</u>	<u>-</u>	<u>356,880</u>	<u>8,442</u>	<u>81,203</u>	<u>455,419</u>	<u>970,155</u>
<b>FUND BALANCES</b>							
Reserved for encumbrances	12,268	-	324,484	165,156	367,312	869,220	1,059,303
Reserved for prepaid expenses	11,064	-	19,209	-	1,602	31,875	-
Unreserved - undesignated	1,077,378	1,252,829	3,141,121	208,417	1,545,474	7,225,219	5,562,314
Total fund balances	<u>1,100,710</u>	<u>1,252,829</u>	<u>3,484,814</u>	<u>373,573</u>	<u>1,914,388</u>	<u>8,126,314</u>	<u>6,621,617</u>
Total liabilities and fund balances	<u>\$ 1,109,604</u>	<u>\$ 1,252,829</u>	<u>\$ 3,841,694</u>	<u>\$ 382,015</u>	<u>\$ 1,995,591</u>	<u>\$ 8,581,733</u>	<u>\$ 7,591,772</u>

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

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 1999

(With Comparative Totals for 1998)

	Public Library	Downtown Development	Human Services Program	Narcotics Program	State Street Aid	Totals	
						1999	1998
<b>REVENUES</b>							
Intergovernmental	\$ 2,567,978	\$ -	\$ 9,902,229	\$ 181,168	\$ 4,460,206	\$ 17,111,581	\$ 15,556,202
Charges for services	-	-	32,766	-	-	32,766	49,196
Investment income	68,884	74,697	45,866	-	68,131	257,578	266,459
Miscellaneous	172,995	-	194,428	315,058	44,359	726,840	520,533
Total revenues	<u>2,809,857</u>	<u>74,697</u>	<u>10,175,289</u>	<u>496,226</u>	<u>4,572,696</u>	<u>18,128,765</u>	<u>16,392,390</u>
<b>EXPENDITURES</b>							
General government	4,670,531	-	10,314,127	-	-	14,984,658	14,215,895
Police	-	-	-	281,473	-	281,473	300,450
Public works	-	-	-	-	4,100,890	4,100,890	3,919,841
Capital outlay/fixed assets	114,612	-	638,784	130,059	551,974	1,435,429	221,306
Total expenditures	<u>4,785,143</u>	<u>-</u>	<u>10,952,911</u>	<u>411,532</u>	<u>4,652,864</u>	<u>20,802,450</u>	<u>18,657,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,975,286)</u>	<u>74,697</u>	<u>(777,622)</u>	<u>84,694</u>	<u>(80,168)</u>	<u>(2,673,685)</u>	<u>(2,265,102)</u>
<b>OTHER FINANCING SOURCES</b>							
Operating transfers in	<u>2,131,598</u>	<u>-</u>	<u>1,396,784</u>	<u>-</u>	<u>650,000</u>	<u>4,178,382</u>	<u>3,857,707</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	<u>156,312</u>	<u>74,697</u>	<u>619,162</u>	<u>84,694</u>	<u>569,832</u>	<u>1,504,697</u>	<u>1,592,605</u>
FUND BALANCE at beginning of year	<u>944,398</u>	<u>1,178,132</u>	<u>2,865,652</u>	<u>288,879</u>	<u>1,344,556</u>	<u>6,621,617</u>	<u>5,029,012</u>
FUND BALANCE at end of year	<u>\$ 1,100,710</u>	<u>\$ 1,252,829</u>	<u>\$ 3,484,814</u>	<u>\$ 373,573</u>	<u>\$ 1,914,388</u>	<u>\$ 8,126,314</u>	<u>\$ 6,621,617</u>

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

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

PUBLIC LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 1999

	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
Hamilton County, Tennessee funds	\$ 2,131,598	\$ 2,138,654	\$ 7,056
State of Tennessee funds	415,275	429,325	14,050
Investment income	65,883	68,884	3,001
Book sales	63,500	42,051	(21,449)
Miscellaneous	113,280	130,943	17,663
Total revenues	<u>2,789,536</u>	<u>2,809,857</u>	<u>20,321</u>
<b>EXPENDITURES</b>			
Central branch and administration	3,871,979	3,658,684	213,295
Eastgate branch	382,705	324,874	57,831
Northgate branch	335,905	312,565	23,340
Ooltewah/Collegedale branch	307,044	265,638	41,406
South Chattanooga branch	114,511	105,130	9,381
Capital outlay	103,990	114,977	(10,987)
Other	5,000	-	5,000
Total expenditures	<u>5,121,134</u>	<u>4,781,868</u>	<u>339,266</u>
Deficiency of revenues under expenditures	(2,331,598)	(1,972,011)	359,587
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	<u>2,131,598</u>	<u>2,131,598</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures (budgetary basis)	<u>\$ (200,000)</u>	159,587	<u>\$ 359,587</u>
Adjustments for encumbrances		<u>(3,275)</u>	
Excess of revenues and other financing sources over expenditures (GAAP basis)		156,312	
FUND BALANCE at beginning of year		<u>944,398</u>	
FUND BALANCE at end of year		<u>\$ 1,100,710</u>	

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

DOWNTOWN DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 1999

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	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Investment income	\$ 51,500	\$ 74,697	\$ 23,197
Total revenues	<u>51,500</u>	<u>74,697</u>	<u>23,197</u>
EXPENDITURES			
Future projects	51,500	-	51,500
Total expenditures	<u>51,500</u>	<u>-</u>	<u>51,500</u>
Excess of revenues over expenditures	<u>\$ -</u>	74,697	<u>\$ 74,697</u>
FUND BALANCE at beginning of year		<u>1,178,132</u>	
FUND BALANCE at end of year		<u>\$ 1,252,829</u>	

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

HUMAN SERVICES PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 1999

	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
Federal funds	\$ 6,474,834	\$ 6,435,491	\$ (39,343)
State of Tennessee funds	2,665,282	3,466,738	801,456
United Way	30,600	32,030	1,430
Project Warm Neighbors	23,975	24,607	632
Day care fees	50,000	32,766	(17,234)
Investment income	-	45,866	45,866
Other	227,421	137,791	(89,630)
	<u>9,472,112</u>	<u>10,175,289</u>	<u>703,177</u>
Total revenues			
<b>EXPENDITURES</b>			
Administration	918,887	923,045	(4,158)
Headstart - handicapped	197,452	254,603	(57,151)
Headstart - centers	4,412,916	3,989,890	423,026
Headstart - career development	31,455	30,747	708
Headstart - parent child center	806,115	833,811	(27,696)
Day care	1,526,747	1,186,579	340,168
Occupancy	156,213	157,737	(1,524)
Foster grandparent	383,719	319,401	64,318
Low-income energy assistance	696,058	966,436	(270,378)
CSA block grant	203,428	167,502	35,926
LIEAP weatherization	244,989	236,338	8,651
Emergency food & shelter	452,005	387,305	64,700
Summer food service program	400,821	606,021	(205,200)
Harry McKeldin Memorial Fund	1,200	1,564	(364)
Commodities	37,325	41,745	(4,420)
Project Warm Neighbors	23,975	17,275	6,700
Water help	4,000	1,219	2,781
City general relief	105,603	122,024	(16,421)
Neighborhood Family Service Center	101,861	63,082	38,779
HUD counseling	40,000	-	40,000
Capital outlay	151,233	587,440	(436,207)
	<u>10,896,002</u>	<u>10,893,764</u>	<u>2,238</u>
Total expenditures			

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

HUMAN SERVICES PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 1999

(continued from previous page)

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Deficiency of revenues under expenditures	\$ (1,423,890)	\$ (718,475)	\$ 705,415
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	<u>1,396,784</u>	<u>1,396,784</u>	<u>-</u>
Deficiency of revenues and other financing sources under expenditures (budgetary basis)	<u>\$ (27,106)</u>	678,309	<u>\$ 705,415</u>
Adjustments for encumbrances		<u>(59,147)</u>	
Deficiency of revenues and other financing sources under expenditures (GAAP basis)		619,162	
FUND BALANCE at beginning of year		<u>2,865,652</u>	
FUND BALANCE at end of year		<u>\$ 3,484,814</u>	

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

NARCOTICS PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Federal funds	\$ 160,000	\$ 61,918	\$ (98,082)
State of Tennessee funds	-	119,250	119,250
Confiscated money, vehicles and equipment	280,000	253,867	(26,133)
Other	<u>52,051</u>	<u>61,191</u>	<u>9,140</u>
Total revenues	<u>492,051</u>	<u>496,226</u>	<u>4,175</u>
<b>EXPENDITURES</b>			
Narcotics program	563,000	222,539	340,461
Weed and Seed program	-	59,155	(59,155)
Capital outlay	<u>-</u>	<u>280,932</u>	<u>(280,932)</u>
Total expenditures	<u>563,000</u>	<u>562,626</u>	<u>374</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (70,949)</u>	(66,400)	<u>\$ 4,549</u>
Adjustment for encumbrances		<u>151,094</u>	
Excess of revenues over expenditures (GAAP basis)		84,694	
FUND BALANCE at beginning of year		<u>288,879</u>	
FUND BALANCE at end of year		<u>\$ 373,573</u>	

CITY OF CHATTANOOGA, TENNESSEE

SPECIAL REVENUE FUND

STATE STREET AID FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
 Year Ended June 30, 1999

	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
State of Tennessee funds	\$ 4,266,425	\$ 4,460,206	193,781
Investment income	50,000	68,131	18,131
Other	37,000	44,359	7,359
Total revenues	<u>4,353,425</u>	<u>4,572,696</u>	<u>219,271</u>
<b>EXPENDITURES</b>			
Salaries and wages	2,351,171	2,092,668	258,503
Fringe benefits	568,776	482,787	85,989
Employee physicals	81,620	87,460	(5,840)
Vehicle operations	604,650	556,721	47,929
Materials and supplies	668,408	829,159	(160,751)
Other services	3,800	1,762	2,038
Capital outlay	-	1,057	(1,057)
Fixed assets	725,000	437,100	287,900
Total expenditures	<u>5,003,425</u>	<u>4,488,714</u>	<u>514,711</u>
Excess (deficiency) of revenues over (under) expenditures	(650,000)	83,982	733,982
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	<u>650,000</u>	<u>650,000</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures (budgetary basis)	<u>\$ -</u>	733,982	<u>\$ 733,982</u>
Adjustment for encumbrances		<u>(164,150)</u>	
Excess of revenues over expenditures (GAAP basis)		569,832	
FUND BALANCE at beginning of year		<u>1,344,556</u>	
FUND BALANCE at end of year		<u>\$ 1,914,388</u>	

## DEBT SERVICE FUND

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

CITY OF CHATTANOOGA, TENNESSEE

DEBT SERVICE FUND

BALANCE SHEETS

June 30, 1999

(With Comparative Totals for 1998)

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	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
Cash	\$ 1,566,791	\$ 2,967,811
Investments	<u>1,000,000</u>	<u>4,184,412</u>
Total assets	<u>\$ 2,566,791</u>	<u>\$ 7,152,223</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	<u>\$ 104</u>	<u>\$ 25,949</u>
Total liabilities	<u>104</u>	<u>25,949</u>
<b>FUND BALANCE</b>		
Unreserved - designated for debt service	<u>2,566,687</u>	<u>7,126,274</u>
Total liabilities and fund balance	<u>\$ 2,566,791</u>	<u>\$ 7,152,223</u>

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

CITY OF CHATTANOOGA, TENNESSEE

DEBT SERVICE FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)

Year Ended June 30, 1999

(With Comparative Totals for 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual on GAAP Basis		Actual
<b>REVENUES</b>				
Hamilton County, Tennessee funds	\$ 1,036,625	\$ 1,036,625	\$ -	\$ 847,748
Rental revenue	216,545	216,545	-	216,545
Other	-	6,812	6,812	18,821
Total revenues	<u>1,253,170</u>	<u>1,259,982</u>	<u>6,812</u>	<u>1,083,114</u>
<b>EXPENDITURES</b>				
Principal retirement	4,852,826	4,852,826	-	5,233,898
Interest	2,882,023	2,612,840	269,183	2,859,906
Fiscal charges	15,000	12,182	2,818	81,948
Total expenditures	<u>7,749,849</u>	<u>7,477,848</u>	<u>272,001</u>	<u>8,175,752</u>
Deficiency of revenues under expenditures	<u>(6,496,679)</u>	<u>(6,217,866)</u>	<u>278,813</u>	<u>(7,092,638)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	1,658,279	1,658,279	-	5,340,340
Proceeds of refunding bonds	-	-	-	7,682,764
Payments to refunded bond escrow agent	-	-	-	(7,607,022)
Total other financing sources	<u>1,658,279</u>	<u>1,658,279</u>	<u>-</u>	<u>5,416,082</u>
Deficiency of revenues and other financing sources under expenditures	<u>\$ (4,838,400)</u>	<u>(4,559,587)</u>	<u>\$ 278,813</u>	<u>(1,676,556)</u>
FUND BALANCE at beginning of year		<u>7,126,274</u>		<u>8,802,830</u>
FUND BALANCE at end of year		<u>\$ 2,566,687</u>		<u>\$ 7,126,274</u>

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

## CAPITAL PROJECTS FUNDS

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

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

CITY OF CHATTANOOGA, TENNESSEE

CAPITAL PROJECTS FUND

BALANCE SHEETS

June 30, 1999

(With Comparative Totals for 1998)

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,136,870	\$ 11,136,735
Accounts receivable	73,138	26,539
Due from other funds	<u>10,602,232</u>	<u>48,949</u>
 Total assets	 <u>\$ 21,812,240</u>	 <u>\$ 11,212,223</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>\$ 1,103,760</u>	<u>\$ 683,771</u>
 Total liabilities	 <u>1,103,760</u>	 <u>683,771</u>
<b>FUND BALANCES</b>		
Reserved for encumbrances	6,860,078	7,167,582
Unreserved - undesignated	<u>13,848,402</u>	<u>3,360,870</u>
 Total fund balances	 <u>20,708,480</u>	 <u>10,528,452</u>
 Total liabilities and fund balances	 <u>\$ 21,812,240</u>	 <u>\$ 11,212,223</u>

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

CITY OF CHATTANOOGA, TENNESSEE

CAPITAL PROJECTS FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

Year Ended June 30, 1999

(With Comparative Totals for 1998)

	1999	1998
<b>REVENUES</b>		
Intergovernmental	\$ 974,153	\$ 2,463,027
Investment income	115,509	137,700
Donations	3,557,273	-
Miscellaneous	614,945	810,462
Total revenues	<u>5,261,880</u>	<u>3,411,189</u>
<b>EXPENDITURES</b>		
Capital outlay:		
Fire and police equipment	2,855,542	4,421,662
Fire hall renovations	337,355	-
Equipment and software	851,505	829,615
CARTA	400,000	132,000
Development Resource Center	306,109	-
Stadium development	912,468	8,105,592
Parks facilities	7,204,398	2,274,942
Street improvements	2,803,270	4,397,781
Land acquisition	571,123	-
Site development	386,041	-
Americans with Disabilities Act compliance	355,941	-
Household Hazardous Waste	215,927	117,990
Westside economic development center	350,000	-
Police space renovation/911 center	577,590	130,792
Chattanooga Conference Center	1,415,085	-
Chamber of Commerce	256,634	-
Carter Street	89,725	-
TVA	33,100	-
City council chambers	274,653	-
Other	168,068	882,110
Total expenditures	<u>20,364,534</u>	<u>21,292,484</u>
Deficiency of revenues under expenditures	<u>(15,102,654)</u>	<u>(17,881,295)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds of bonds and notes	933,714	4,145,387
Operating transfers in	24,486,210	8,418,485
Operating transfers out	(137,242)	-
Total other financing sources	<u>25,282,682</u>	<u>12,563,872</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>10,180,028</u>	<u>(5,317,423)</u>
FUND BALANCE at beginning of year, as previously reported	10,528,452	18,536,069
Restatement for discontinued school system	-	(2,690,194)
FUND BALANCE at beginning of year, as restated	<u>10,528,452</u>	<u>15,845,875</u>
FUND BALANCE at end of year	<u>\$ 20,708,480</u>	<u>\$ 10,528,452</u>

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

## PROPRIETARY FUNDS

### ENTERPRISE FUNDS

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

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

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

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

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

### INTERNAL SERVICE FUNDS

Internal Service Funds are used to provide goods or services to other governmental operating units such as departments, bureaus, and agencies. The costs associated with providing these goods or services are usually recovered from those governmental units that receive benefits.

Municipal Fleet Services Fund accounts for revenues and expenditures associated with the operation of the City's garage and gasoline services. The cost for these services are paid by the departments and agencies of City government.

Liability Insurance Fund accounts for the City's self-insurance programs for liability claims and losses due to liabilities arising under the laws of State and Federal governments. The costs for these programs are funded through premiums paid by the departments and agencies of City government.

CITY OF CHATTANOOGA, TENNESSEE

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

June 30, 1999

(With Comparative Totals for 1998)

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					1999	1998
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 33,238,000	\$ 2,875,281	\$ 6,956,687	\$ 2,009,669	\$ 45,079,637	\$ 51,632,048
Investments	-	48,366,627	-	-	48,366,627	40,507,992
Receivables:						
Customer service	32,253,000	3,849,087	408,347	819,716	37,330,150	41,885,246
Other	1,611,000	-	-	-	1,611,000	1,320,582
Less allowance for doubtful accounts	(416,000)	(2,500)	(4,500)	(598,233)	(1,021,233)	(1,061,380)
Prepaid expenses	-	5,079	2,138	3,338	10,555	-
Inventories	4,490,000	882,522	1,384	-	5,373,906	4,986,064
Due from other funds	-	292	129,531	242	130,065	644,237
Other current assets	4,278,000	-	-	-	4,278,000	1,504,000
<b>Total current assets</b>	<b>75,454,000</b>	<b>55,976,388</b>	<b>7,493,587</b>	<b>2,234,732</b>	<b>141,158,707</b>	<b>141,418,789</b>
<b>RESTRICTED ASSETS</b>						
Cash and cash equivalents	11,729,000	8,196,575	9,605,737	11,706,633	41,237,945	14,943,187
Investments	4,550,000	17,499,472	3,598,942	5,086,429	30,734,843	83,587,105
Accounts receivable	-	78,135	-	297	78,432	77,318
Land	-	33,000	-	-	33,000	33,000
Other	-	259,337	88,197	83,751	431,285	1,554,205
<b>Total restricted assets</b>	<b>16,279,000</b>	<b>26,066,519</b>	<b>13,292,876</b>	<b>16,877,110</b>	<b>72,515,505</b>	<b>100,194,815</b>
<b>FIXED ASSETS</b>						
Land	3,865,000	6,770,395	1,833,682	784,719	13,253,796	13,095,094
Buildings	13,730,000	-	1,617,114	-	15,347,114	13,449,186
Vehicles and machinery	302,029,000	8,735,347	8,084,942	613,909	319,463,198	301,667,325
Construction in progress	9,533,000	464,139	-	-	9,997,139	11,558,403
Sewer system	-	365,378,887	-	-	365,378,887	339,043,243
Storm water system	-	-	-	22,362,391	22,362,391	13,485,426
	329,157,000	381,348,768	11,535,738	23,761,019	745,802,525	692,298,677
Less accumulated depreciation	(132,868,000)	(107,794,153)	(3,389,610)	(1,257,293)	(245,309,056)	(230,282,470)
<b>Net fixed assets</b>	<b>196,289,000</b>	<b>273,554,615</b>	<b>8,146,128</b>	<b>22,503,726</b>	<b>500,493,469</b>	<b>462,016,207</b>
<b>OTHER ASSETS</b>						
Deferred charges	573,000	1,303,426	228,210	168,414	2,273,050	1,897,472
Conservation loans receivable	5,669,000	-	-	-	5,669,000	7,735,000
<b>Total other assets</b>	<b>6,242,000</b>	<b>1,303,426</b>	<b>228,210</b>	<b>168,414</b>	<b>7,942,050</b>	<b>9,632,472</b>
<b>Total assets</b>	<b>\$ 294,264,000</b>	<b>\$ 356,900,948</b>	<b>\$ 29,160,801</b>	<b>\$ 41,783,982</b>	<b>\$ 722,109,731</b>	<b>\$ 713,262,283</b>

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

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					1999	1998
<b>LIABILITIES AND FUND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Current maturities of bonds and notes payable	\$ -	\$ 8,095,454	\$ 1,278,836	\$ 1,027,083	\$ 10,401,373	\$ 8,552,171
Accounts payable	43,649,000	2,109,369	357,303	802,759	46,918,431	52,343,736
Accrued liabilities	8,644,000	1,610,165	638,773	391,761	11,284,699	10,965,392
Deposits	6,705,000	-	-	-	6,705,000	6,570,000
Due to other funds	-	178,480	-	-	178,480	567,742
Contracts payable	-	277,793	224,425	438,905	941,123	446,053
Other current liabilities	2,167,000	-	-	-	2,167,000	2,109,000
<b>Total current liabilities</b>	<b>61,165,000</b>	<b>12,271,261</b>	<b>2,499,337</b>	<b>2,660,508</b>	<b>78,596,106</b>	<b>81,554,094</b>
<b>OTHER LIABILITIES</b>						
Notes payable	-	6,200,682	-	1,160,308	7,360,990	4,141,994
Compensated absences	2,339,000	829,486	492,346	180,973	3,841,805	3,740,874
Deferred revenue	-	-	273,881	-	273,881	621,300
Accrued closure and post closure care	-	-	6,700,372	-	6,700,372	11,467,493
General obligation bonds payable	-	124,002,403	27,558,370	20,764,536	172,325,309	181,699,599
Less deferred refunding	-	(1,724,144)	(251,631)	(175,070)	(2,150,845)	-
Conservation advances	6,336,000	-	-	-	6,336,000	8,575,000
Accrued postretirement benefits	10,951,000	-	-	-	10,951,000	11,121,000
Other liabilities	-	1,029,931	376,955	270,366	1,677,252	-
<b>Total other liabilities</b>	<b>19,626,000</b>	<b>130,338,358</b>	<b>35,150,293</b>	<b>22,201,113</b>	<b>207,315,764</b>	<b>221,367,260</b>
<b>Total liabilities</b>	<b>80,791,000</b>	<b>142,609,619</b>	<b>37,649,630</b>	<b>24,861,621</b>	<b>285,911,870</b>	<b>302,921,354</b>
<b>FUND EQUITY</b>						
Contributed capital	-	75,898,991	2,283,450	39,790	78,222,231	80,463,198
Retained earnings (deficit):						
Reserved for renewal and replacement	-	24,438,894	12,783,484	15,773,246	52,995,624	46,621,937
Unreserved	213,473,000	113,953,444	(23,555,763)	1,109,325	304,980,006	283,255,794
<b>Total fund equity</b>	<b>213,473,000</b>	<b>214,291,329</b>	<b>(8,488,829)</b>	<b>16,922,361</b>	<b>436,197,861</b>	<b>410,340,929</b>
<b>Total liabilities and fund equity</b>	<b>\$ 294,264,000</b>	<b>\$ 356,900,948</b>	<b>\$ 29,160,801</b>	<b>\$ 41,783,982</b>	<b>\$ 722,109,731</b>	<b>\$ 713,262,283</b>

CITY OF CHATTANOOGA, TENNESSEE

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year Ended June 30, 1999

(With Comparative Totals for 1998)

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					1999	1998
<b>REVENUES</b>						
Residential service	\$ 132,670,000	\$ -	\$ -	\$ -	\$ 132,670,000	\$ 130,626,000
Commercial service	197,848,000	-	-	-	197,848,000	195,544,000
Customer charges	-	32,069,124	6,566,633	4,941,904	43,577,661	42,292,926
Other	4,507,000	-	257	152	4,507,409	4,403,658
Total revenues	<u>335,025,000</u>	<u>32,069,124</u>	<u>6,566,890</u>	<u>4,942,056</u>	<u>378,603,070</u>	<u>372,866,584</u>
<b>OPERATING EXPENSES</b>						
Power purchases	268,793,000	-	-	-	268,793,000	262,399,000
Sewer plant operations	-	11,980,125	-	-	11,980,125	11,227,168
Solid waste operations	-	-	8,380,110	-	8,380,110	11,302,137
Storm water operations	-	-	-	2,314,102	2,314,102	3,116,516
Pump station operations	-	841,960	-	-	841,960	952,194
Maintenance and repairs	11,139,000	-	-	-	11,139,000	11,141,000
Depreciation and amortization	11,093,000	7,789,330	830,855	442,917	20,156,102	19,069,976
Closure/postclosure costs	-	-	470,994	-	470,994	566,684
Other	27,571,000	62,147	-	-	27,633,147	27,265,392
Total operating expenses	<u>318,596,000</u>	<u>20,673,562</u>	<u>9,681,959</u>	<u>2,757,019</u>	<u>351,708,540</u>	<u>347,040,067</u>
OPERATING INCOME (LOSS)	<u>16,429,000</u>	<u>11,395,562</u>	<u>(3,115,069)</u>	<u>2,185,037</u>	<u>26,894,530</u>	<u>25,826,517</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Tax and tax equivalents	(6,946,000)	-	-	-	(6,946,000)	(6,551,000)
Investment income	1,959,000	4,350,540	930,555	1,056,912	8,297,007	7,249,449
Interest expense	-	(6,336,409)	(1,443,301)	(1,113,979)	(8,893,689)	(7,624,901)
Other income (expense)	(308,000)	59,501	114,758	-	(133,741)	(174,892)
Total nonoperating revenues (expenses)	<u>(5,295,000)</u>	<u>(1,926,368)</u>	<u>(397,988)</u>	<u>(57,067)</u>	<u>(7,676,423)</u>	<u>(7,101,344)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>11,134,000</u>	<u>9,469,194</u>	<u>(3,513,057)</u>	<u>2,127,970</u>	<u>19,218,107</u>	<u>18,725,173</u>
Operating transfers in	-	34,255	5,475,483	725,562	6,235,300	4,464,535
Operating transfers out	-	-	-	-	-	(34,255)
NET INCOME	11,134,000	9,503,449	1,962,426	2,853,532	25,453,407	23,155,453
Amortization of contributed capital	-	2,098,227	513,938	32,328	2,644,493	2,632,421
RETAINED EARNINGS (DEFICIT) at beginning of year	<u>202,339,000</u>	<u>126,790,662</u>	<u>(13,248,643)</u>	<u>13,996,711</u>	<u>329,877,730</u>	<u>304,089,856</u>
RETAINED EARNINGS (DEFICIT) at end of year	<u>\$ 213,473,000</u>	<u>\$ 138,392,338</u>	<u>\$ (10,772,279)</u>	<u>\$ 16,882,571</u>	<u>\$ 357,975,630</u>	<u>\$ 329,877,730</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 1999  
(With Comparative Totals for 1998)

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 16,429,000	\$ 11,395,562	\$ (3,115,069)	\$ 2,185,037	\$ 26,894,530	\$ 25,826,517
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	11,093,000	7,789,330	830,855	442,917	20,156,102	19,069,976
Provision for uncollectible accounts	-	1,078	(6,439)	36,966	31,605	395,011
Payment of tax equivalents	(6,946,000)	-	-	-	(6,946,000)	(6,551,000)
Changes in operating assets and liabilities:						
Accounts receivable	(240,000)	1,670,799	352,251	(51,820)	1,731,230	(1,513,627)
Inventory	(312,000)	(74,458)	(1,384)	-	(387,842)	(374,194)
Due from other funds	-	407,713	(595,433)	312,630	124,910	(741,458)
Other current assets	1,774,000	-	-	(141,351)	1,632,649	(2,136,145)
Prepaid expenses	-	(5,079)	(2,138)	-	(7,217)	-
Deferred charges	(550,000)	166,266	(183,578)	-	(567,312)	(431,308)
Accounts payable	(5,289,000)	357,035	(1,033,470)	613,881	(5,351,554)	32,298,672
Customer deposits	135,000	-	-	-	135,000	393,000
Other current liabilities	(1,963,000)	(267,145)	10,286	(37,039)	(2,256,898)	(865,404)
Accrued closure and postclosure care	-	-	(4,767,121)	-	(4,767,121)	(2,951,298)
Deferred credits	(71,000)	-	-	-	(71,000)	177,000
Other	-	(534,912)	(49,404)	519,813	(64,503)	1,086,306
Total adjustments	(2,369,000)	9,510,627	(5,445,575)	1,695,997	3,392,049	37,855,531
Net cash provided by (used in) operating activities	14,060,000	20,906,189	(8,560,644)	3,881,034	30,286,579	63,682,048
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating transfers in	-	34,255	5,475,483	725,562	6,235,300	4,464,535
Operating transfers out	-	-	-	-	-	(34,255)
Net cash provided by noncapital financing activities	-	34,255	5,475,483	725,562	6,235,300	4,430,280

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 1999  
(With Comparative Totals for 1998)

(continued from previous page)

	Electric Power Board	Interceptor Sewer System	Solid Waste/ Sanitation	Storm Water	Totals	
					1999	1998
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of fixed assets	\$ (19,724,000)	\$ (26,876,464)	\$ (2,796,627)	\$ (9,075,524)	\$ (58,472,615)	\$ (33,129,696)
Proceeds of general obligation bonds	-	-	-	-	-	83,827,401
Proceeds of notes payable	-	4,246,079	-	-	4,246,079	-
Principal paid on notes and bonds	-	(7,274,713)	(691,464)	(585,994)	(8,552,171)	(28,316,345)
Interest paid on bonds	-	(6,263,144)	(1,429,184)	(1,104,156)	(8,796,484)	(8,481,214)
Capital contributions	-	117,436	273,650	12,437	403,523	152,371
Net cash provided by (used in) capital and related financing activities	<u>(19,724,000)</u>	<u>(36,050,806)</u>	<u>(4,643,625)</u>	<u>(10,753,237)</u>	<u>(71,171,668)</u>	<u>14,052,517</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments	(550,000)	(215,268,689)	(70,461,471)	(98,645,238)	(384,925,398)	(510,572,040)
Proceeds from sale and maturities of investments	-	231,707,816	83,412,677	114,798,532	429,919,025	449,414,306
Interest on investments	1,937,000	4,979,041	1,177,245	1,305,223	9,398,509	6,116,889
Net cash provided by (used in) investing activities	<u>1,387,000</u>	<u>21,418,168</u>	<u>14,128,451</u>	<u>17,458,517</u>	<u>54,392,136</u>	<u>(55,040,845)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,277,000)	6,307,806	6,399,665	11,311,876	19,742,347	27,124,000
CASH AND CASH EQUIVALENTS at beginning of year	<u>49,244,000</u>	<u>4,764,050</u>	<u>10,162,759</u>	<u>2,404,426</u>	<u>66,575,235</u>	<u>39,451,235</u>
CASH AND CASH EQUIVALENTS at end of year	<u>\$ 44,967,000</u>	<u>\$ 11,071,856</u>	<u>\$ 16,562,424</u>	<u>\$ 13,716,302</u>	<u>\$ 86,317,582</u>	<u>\$ 66,575,235</u>

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

CITY OF CHATTANOOGA, TENNESSEE

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET

June 30, 1999

(With Comparative Totals for 1998)

	Municipal Fleet Services	Liability Insurance	Totals	
			1999	1998
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 1,570,937	\$ 2,111,181	\$ 3,682,118	\$ 2,780,827
Accounts receivable	9,703	-	9,703	10,142
Due from other funds	-	-	-	137,378
Due from other governments	59,988	-	59,988	100,255
Inventories of materials and supplies	795,582	-	795,582	752,513
Total current assets	<u>2,436,210</u>	<u>2,111,181</u>	<u>4,547,391</u>	<u>3,781,115</u>
<b>FIXED ASSETS</b>				
Buildings	589,948	-	589,948	589,948
Machinery and equipment	763,200	-	763,200	705,999
	1,353,148	-	1,353,148	1,295,947
Less accumulated depreciation	<u>(635,629)</u>	<u>-</u>	<u>(635,629)</u>	<u>(532,797)</u>
Net fixed assets	<u>717,519</u>	<u>-</u>	<u>717,519</u>	<u>763,150</u>
Total assets	<u>\$ 3,153,729</u>	<u>\$ 2,111,181</u>	<u>\$ 5,264,910</u>	<u>\$ 4,544,265</u>
<b>LIABILITIES AND FUND EQUITY (DEFICIT)</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 202,259	\$ 50,194	\$ 252,453	\$ 201,286
Accrued claims	-	1,713,000	1,713,000	1,715,250
Due to other funds	723	750,000	750,723	-
Total current liabilities	<u>202,982</u>	<u>2,513,194</u>	<u>2,716,176</u>	<u>1,916,536</u>
<b>OTHER LIABILITIES</b>				
Compensated absences	<u>495,189</u>	<u>-</u>	<u>495,189</u>	<u>-</u>
<b>FUND EQUITY</b>				
Contributed capital	818,973	-	818,973	818,973
Retained earnings (deficit)	<u>1,636,585</u>	<u>(402,013)</u>	<u>1,234,572</u>	<u>1,808,756</u>
Total fund equity (deficit)	<u>2,455,558</u>	<u>(402,013)</u>	<u>2,053,545</u>	<u>2,627,729</u>
Total liabilities and fund equity	<u>\$ 3,153,729</u>	<u>\$ 2,111,181</u>	<u>\$ 5,264,910</u>	<u>\$ 4,544,265</u>

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

CITY OF CHATTANOOGA, TENNESSEE

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year Ended June 30, 1999

(With Comparative Totals for 1998)

	Municipal Fleet Services	Liability Insurance	Totals	
			1999	1998
<b>REVENUES</b>				
Billings to departments	\$ 6,324,032	\$ 982,680	\$ 7,306,712	\$ 6,865,342
Other	42,554	-	42,554	339,298
Total revenues	<u>6,366,586</u>	<u>982,680</u>	<u>7,349,266</u>	<u>7,204,640</u>
<b>OPERATING EXPENSES</b>				
Repairs and maintenance - Amnicola	2,684,342	-	2,684,342	2,580,053
Repairs and maintenance - 12th Street	3,202,369	-	3,202,369	2,935,211
Operations - Amnicola	265,368	-	265,368	364,721
Operations - 12th Street	501,218	-	501,218	680,464
Judgments and costs	-	123,614	123,614	622,209
Claims and tort liabilities	-	164,292	164,292	141,825
Special counsel	-	548,549	548,549	212,680
Total operating expenses	<u>6,653,297</u>	<u>836,455</u>	<u>7,489,752</u>	<u>7,537,163</u>
OPERATING INCOME (LOSS)	(286,711)	146,225	(140,486)	(332,523)
Operating transfers in	-	-	-	-
NET INCOME (LOSS)	<u>(286,711)</u>	<u>146,225</u>	<u>(140,486)</u>	<u>(332,523)</u>
<b>RETAINED EARNINGS (DEFICIT)</b>				
at beginning of year, as previously reported	2,356,994	(548,238)	1,808,756	2,141,279
Restatement for compensated absences	<u>(433,698)</u>	-	<u>(433,698)</u>	-
RETAINED EARNINGS (DEFICIT) at beginning of year, as restated	<u>1,923,296</u>	<u>(548,238)</u>	<u>1,375,058</u>	<u>2,141,279</u>
RETAINED EARNINGS (DEFICIT) at end of year	<u>\$ 1,636,585</u>	<u>\$ (402,013)</u>	<u>\$ 1,234,572</u>	<u>\$ 1,808,756</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 1999  
(With Comparative Totals for 1998)

	Municipal Fleet Services	Liability Insurance	Totals	
			1999	1998
<b>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (286,711)	\$ 146,225	\$ (140,486)	\$ (332,523)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	106,358	-	106,358	95,011
Changes in operating assets and liabilities:				
Due from other funds	137,378	-	137,378	383,034
Due from other governments	40,267	-	40,267	(100,255)
Accounts receivable	439	-	439	133,513
Inventories	(43,069)	-	(43,069)	46,687
Due to other funds	723	750,000	750,723	(1,273)
Accounts payable and accrued liabilities	69,398	41,010	110,408	178,847
Total adjustments	311,494	791,010	1,102,504	735,564
Net cash provided by operating activities	24,783	937,235	962,018	403,041
<b>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Operating transfers in	-	-	-	-
<b>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>CAPITAL AND RELATED FINANCIAL</b>				
<b>ACTIVITIES</b>				
Acquisition and construction of fixed assets	(60,727)	-	(60,727)	(103,854)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(35,944)</b>	<b>937,235</b>	<b>901,291</b>	<b>299,187</b>
<b>CASH AND CASH EQUIVALENTS at beginning of year</b>	<b>1,606,881</b>	<b>1,173,946</b>	<b>2,780,827</b>	<b>2,481,640</b>
<b>CASH AND CASH EQUIVALENTS at end of year</b>	<b>\$ 1,570,937</b>	<b>\$ 2,111,181</b>	<b>\$ 3,682,118</b>	<b>\$ 2,780,827</b>

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

## FIDUCIARY FUNDS

### EXPENDABLE TRUST FUNDS

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

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

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

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

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

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

### PENSION TRUST FUNDS

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

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

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

CITY OF CHATTANOOGA, TENNESSEE

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

June 30, 1999

(With Comparative Totals for 1998)

	Expendable Trust	Pension Trust	Totals	
			1999	1998
<b>ASSETS</b>				
Cash and cash equivalents	\$ 84,018	\$ (30,153)	\$ 53,865	\$ 581,512
Investments	63,705	-	63,705	54,678
Restricted investments	-	381,956,994	381,956,994	349,274,129
Receivables, net of allowance for uncollectibles:				
Notes	3,615,893	-	3,615,893	3,721,129
Accrued income	-	1,967,152	1,967,152	1,670,908
Contributions	-	186,789	186,789	216,233
Other	193,581	-	193,581	135,675
Prepaid expenses	1,073	-	1,073	-
Due from other governments	-	-	-	78,314
<b>Total assets</b>	<b>\$ 3,958,270</b>	<b>\$ 384,080,782</b>	<b>\$ 388,039,052</b>	<b>\$ 355,732,578</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 37,703	\$ 455,578	\$ 493,281	\$ 592,370
Deferred revenue	39,063	-	39,063	146,213
Due to other funds	108,503	-	108,503	20,009
<b>Total liabilities</b>	<b>185,269</b>	<b>455,578</b>	<b>640,847</b>	<b>758,592</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances	403,889	-	403,889	43,433
Reserved for employees' pension benefits	-	383,625,204	383,625,204	351,140,956
Reserved for prepaid expenses	1,073	-	1,073	-
Unreserved	3,368,039	-	3,368,039	3,789,597
<b>Total fund balances</b>	<b>3,773,001</b>	<b>383,625,204</b>	<b>387,398,205</b>	<b>354,973,986</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,958,270</b>	<b>\$ 384,080,782</b>	<b>\$ 388,039,052</b>	<b>\$ 355,732,578</b>

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

CITY OF CHATTANOOGA, TENNESSEE

EXPENDABLE TRUST FUNDS

COMBINING BALANCE SHEET

June 30, 1999

(With Comparative Totals for 1998)

	Community Development	Home Investment	Chattanooga High School Medal	Ochs-Oakes Fire and Police Medal	Ochs-Oakes High School Medal	Totals	
						1999	1998
<b>ASSETS</b>							
Cash and cash equivalents	\$ 45,997	\$ 33,562	\$ 4,459	\$ -	\$ -	\$ 84,018	\$ 189,757
Investments	-	-	-	53,982	9,723	63,705	54,678
Accounts receivable	193,575	6	-	-	-	193,581	135,675
Notes receivable, net of allowance for uncollectibles of \$52,746	3,615,893	-	-	-	-	3,615,893	3,720,861
Prepaid expenses	1,073	-	-	-	-	1,073	-
Due from other funds	-	-	-	-	-	-	78,314
Total assets	<u>\$ 3,856,538</u>	<u>\$ 33,568</u>	<u>\$ 4,459</u>	<u>\$ 53,982</u>	<u>\$ 9,723</u>	<u>\$ 3,958,270</u>	<u>\$ 4,179,285</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accruals	\$ 37,703	\$ -	\$ -	\$ -	\$ -	\$ 37,703	\$ 180,033
Deferred revenue	39,063	-	-	-	-	39,063	146,213
Due to other funds	98,503	10,000	-	-	-	108,503	20,009
Total liabilities	<u>175,269</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,269</u>	<u>346,255</u>
<b>FUND BALANCES</b>							
Reserved for encumbrances	403,889	-	-	-	-	403,889	43,433
Reserved for prepaid expenses	1,073	-	-	-	-	1,073	-
Unreserved	<u>3,276,307</u>	<u>23,568</u>	<u>4,459</u>	<u>53,982</u>	<u>9,723</u>	<u>3,368,039</u>	<u>3,789,597</u>
Total fund balances	<u>3,681,269</u>	<u>23,568</u>	<u>4,459</u>	<u>53,982</u>	<u>9,723</u>	<u>3,773,001</u>	<u>3,833,030</u>
Total liabilities and fund balances	<u>\$ 3,856,538</u>	<u>\$ 33,568</u>	<u>\$ 4,459</u>	<u>\$ 53,982</u>	<u>\$ 9,723</u>	<u>\$ 3,958,270</u>	<u>\$ 4,179,285</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
EXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Year Ended June 30, 1999  
(With Comparative Totals for 1998)

	Community Development	Home Investment	Chattanooga High School Medal	Ochs-Oakes Fire and Police Medal	Ochs-Oakes High School Medal	Totals	
						1999	1998
REVENUES							
Intergovernmental	\$ 3,693,861	\$ 1,723,641	\$ -	\$ -	\$ -	\$ 5,417,502	\$ 4,571,067
Investment income	256,723	-	80	7,849	1,428	266,080	261,570
Miscellaneous	905,418	258,564	-	-	-	1,163,982	983,303
Total revenues	<u>4,856,002</u>	<u>1,982,205</u>	<u>80</u>	<u>7,849</u>	<u>1,428</u>	<u>6,847,564</u>	<u>5,815,940</u>
EXPENDITURES							
Community development projects	4,135,655	1,963,036	-	-	-	6,098,691	5,725,601
Administration	-	16,986	-	125	125	17,236	35,090
Total expenditures	<u>4,135,655</u>	<u>1,980,022</u>	<u>-</u>	<u>125</u>	<u>125</u>	<u>6,115,927</u>	<u>5,760,691</u>
Excess of revenues over expenditures	<u>720,347</u>	<u>2,183</u>	<u>80</u>	<u>7,724</u>	<u>1,303</u>	<u>731,637</u>	<u>55,249</u>
OTHER FINANCING USES							
Operating transfers out	<u>(791,666)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(791,666)</u>	<u>(72,681)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(71,319)</u>	<u>2,183</u>	<u>80</u>	<u>7,724</u>	<u>1,303</u>	<u>(60,029)</u>	<u>(17,432)</u>
FUND BALANCE at beginning of year, as previously reported	3,752,588	21,385	4,379	46,258	8,420	3,888,030	3,830,337
Restatement for change in accounting principle	-	-	-	-	-	-	20,125
FUND BALANCE at beginning of year, as restated	<u>3,752,588</u>	<u>21,385</u>	<u>4,379</u>	<u>46,258</u>	<u>8,420</u>	<u>3,833,030</u>	<u>3,850,462</u>
FUND BALANCE at end of year	<u>\$ 3,681,269</u>	<u>\$ 23,568</u>	<u>\$ 4,459</u>	<u>\$ 53,982</u>	<u>\$ 9,723</u>	<u>\$ 3,773,001</u>	<u>\$ 3,833,030</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF PLAN NET ASSETS  
June 30, 1999  
(With Comparative Totals for 1998)

	General Pension Plan	Firemen's and Policemen's Insurance and Pension Fund	Totals	
			1999	1998
<b>ASSETS</b>				
Cash and cash equivalents	\$ (30,153)	\$ -	\$ (30,153)	\$ 391,755
Receivables:				
Accrued income	658,435	1,308,717	1,967,152	1,670,908
Contributions:				
Employer	119,234	-	119,234	154,006
Employee	67,555	-	67,555	62,227
Notes from participants	-	-	-	268
Total receivables	<u>845,224</u>	<u>1,308,717</u>	<u>2,153,941</u>	<u>1,887,409</u>
Investments, at fair value:				
U.S. Government securities	17,401,774	31,927,683	49,329,457	47,356,325
Corporate bonds	10,724,920	35,612,550	46,337,470	33,784,945
Foreign bonds	87,059	2,546,210	2,633,269	2,166,742
Asset-backed securities	15,378,769	4,079,947	19,458,716	29,014,488
Corporate stocks	89,559,130	74,459,318	164,018,448	153,016,677
Mutual funds	48,647,176	27,844,678	76,491,854	72,851,147
Temporary investments	-	19,298,900	19,298,900	10,415,928
Other investments	4,388,880	-	4,388,880	667,877
Total investments	<u>186,187,708</u>	<u>195,769,286</u>	<u>381,956,994</u>	<u>349,274,129</u>
Total assets	<u>187,002,779</u>	<u>197,078,003</u>	<u>384,080,782</u>	<u>351,553,293</u>
<b>LIABILITIES</b>				
Accrued expenses	<u>219,856</u>	<u>235,722</u>	<u>455,578</u>	<u>412,337</u>
Total liabilities	<u>219,856</u>	<u>235,722</u>	<u>455,578</u>	<u>412,337</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress is presented on page 45)</b>				
	<u>\$ 186,782,923</u>	<u>\$ 196,842,281</u>	<u>\$ 383,625,204</u>	<u>\$ 351,140,956</u>

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

## ACCOUNT GROUPS

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

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

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

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF GENERAL FIXED ASSETS  
 June 30, 1999  
 (With Comparative Totals for 1998)

	1999	1998
<b>GENERAL FIXED ASSETS</b>		
Land	\$ 26,555,548	\$ 26,198,472
Buildings	36,365,370	36,507,712
Machinery and equipment	58,839,928	56,499,296
Improvements	16,880,140	16,551,228
Construction work in progress	79,194	216,299
Total general fixed assets	\$ 138,720,180	\$ 135,973,007
<b>INVESTMENT IN GENERAL FIXED ASSETS</b>		
General Fund	\$ 67,199,608	\$ 68,475,050
Special Revenue Funds	16,413,658	15,703,049
Capital Projects Funds	54,811,542	51,263,386
Trust and other funds	295,372	531,522
Total investment in general fixed assets	\$ 138,720,180	\$ 135,973,007

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

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE  
Year Ended June 30, 1999

	Land	Buildings	Machinery and Equipment	Improvements	Construction Work in Progress	Total
GENERAL FIXED ASSETS, July 1, 1998	<u>\$ 26,198,472</u>	<u>\$ 36,507,712</u>	<u>\$ 56,499,296</u>	<u>\$ 16,551,228</u>	<u>\$ 216,299</u>	<u>\$ 135,973,007</u>
Additions:						
Acquired by expenditures from:						
General Fund	8,941	37,825	1,668,514	-	-	1,715,280
Special Revenue Funds	-	-	884,355	54,260	-	938,615
Capital Projects Funds	739,957	367,102	3,516,680	274,652	269,314	5,167,705
Trust and other funds	120,000	18,000	15,560	-	-	153,560
Transfers from Proprietary Funds	<u>-</u>	<u>-</u>	<u>11,409</u>	<u>-</u>	<u>-</u>	<u>11,409</u>
Total additions	<u>868,898</u>	<u>422,927</u>	<u>6,096,518</u>	<u>328,912</u>	<u>269,314</u>	<u>7,986,569</u>
Deductions:						
Fixed assets abandoned, sold, or traded	511,822	544,098	3,629,403	-	152,953	4,838,276
Transfers to Proprietary Funds	<u>-</u>	<u>21,171</u>	<u>126,483</u>	<u>-</u>	<u>253,466</u>	<u>401,120</u>
Total deductions	<u>511,822</u>	<u>565,269</u>	<u>3,755,886</u>	<u>-</u>	<u>406,419</u>	<u>5,239,396</u>
GENERAL FIXED ASSETS, June 30, 1999	<u>\$ 26,555,548</u>	<u>\$ 36,365,370</u>	<u>\$ 58,839,928</u>	<u>\$ 16,880,140</u>	<u>\$ 79,194</u>	<u>\$ 138,720,180</u>

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

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
June 30, 1999

	Land	Buildings	Machinery and Equipment	Improvements	Total
<b>FUNCTION AND ACTIVITY</b>					
General government					
Office of the Mayor	\$ -	\$ -	\$ 53,601	\$ -	\$ 53,601
City Attorney	-	-	86,241	-	86,241
City Judge	-	-	12,012	-	12,012
Neighborhood Services	-	-	208,655	-	208,655
Personnel	-	-	106,991	-	106,991
Human Rights Commission	-	-	5,525	-	5,525
Board of Electrical Exam	-	-	554	-	554
City Council	-	-	37,482	274,652	312,134
Bessie Smith Preservation Hall	718,388	-	38,080	-	756,468
Air Pollution	-	1,656	708,787	-	710,443
Regional Planning Agency	-	-	550,308	-	550,308
Public Library	381,859	5,469,098	1,779,891	762,350	8,393,198
Scenic City Beautiful	-	-	12,980	-	12,980
Title IIA - administration	-	-	4,479	-	4,479
Real estate	213,889	3,803,515	12,888	-	4,030,292
Equipment leasing	-	-	24,697	-	24,697
Stadium	1,250,557	-	-	-	1,250,557
Other unassigned	4,620,636	79,086	195,965	25,943	4,921,630
<b>Total general government</b>	<u>7,185,329</u>	<u>9,353,355</u>	<u>3,839,136</u>	<u>1,062,945</u>	<u>21,440,765</u>
Finance and Administration					
Finance administration	-	-	621,426	-	621,426
Information services	-	-	2,138,563	-	2,138,563
City Treasurer	-	-	100,390	-	100,390
City Court Clerk's Office	-	-	304,668	-	304,668
Resource management system	-	-	1,368,428	-	1,368,428
<b>Total Finance and Administration</b>	<u>-</u>	<u>-</u>	<u>4,533,475</u>	<u>-</u>	<u>4,533,475</u>
Police					
Police	79,464	1,519,860	14,233,532	44,139	15,876,995
Shop	-	3,336,751	67,435	-	3,404,186
Narcotics	-	-	1,068,143	-	1,068,143
Other unassigned	-	-	2,307,396	5,561	2,312,957
<b>Total Police</b>	<u>79,464</u>	<u>4,856,611</u>	<u>17,676,506</u>	<u>49,700</u>	<u>22,662,281</u>
Fire					
Fire Department	671,634	4,379,617	8,705,806	1,800	13,758,857
Ambulance	-	-	484,482	-	484,482
<b>Total Fire</b>	<u>671,634</u>	<u>4,379,617</u>	<u>9,190,288</u>	<u>1,800</u>	<u>14,243,339</u>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
June 30, 1999

	Land	Buildings	Machinery and Equipment	Improvements	Total
(continued from previous page)					
FUNCTION AND ACTIVITY					
Public Works					
Sewer construction and maintenance	\$ -	\$ 3,359	\$ 434,840	\$ -	\$ 438,199
Street maintenance/construction	64,698	-	1,348,771	-	1,413,469
State Street Aid	-	82,821	3,893,234	-	3,976,055
Public Works administration	-	-	174,028	-	174,028
Engineering	4,520	-	791,802	-	796,322
City garage shop	-	-	1,674	-	1,674
City yards	759,765	300,050	1,893,282	40,842	2,993,939
Inspection	-	-	439,402	-	439,402
Traffic division	230,012	372,336	521,230	-	1,123,578
Brainerd Levee Project	-	-	2,425	-	2,425
Georgia Avenue/Barton Bridge	1,065,274	-	-	-	1,065,274
WPA ditch repair	-	-	66,693	-	66,693
Other unassigned	220,502	1,348	3,452,752	-	3,674,602
<b>Total Public Works</b>	<b>2,344,771</b>	<b>759,914</b>	<b>13,020,133</b>	<b>40,842</b>	<b>16,165,660</b>
Parks and Recreation					
Supervision	-	-	3,554	-	3,554
Playgrounds	122,894	96,794	3,400	-	223,088
Municipal Golf Course	2,155,390	547,448	753,192	-	3,456,030
Community centers	326,316	4,310,421	416,465	781,993	5,835,195
Administration	-	51,937	184,411	-	236,348
Parks and Zoo	5,508,305	3,543,462	2,724,292	1,539,723	13,315,782
Miller Park	937,199	-	15,847	-	953,046
Greenway Farm	1,210,409	7,600	-	-	1,218,009
Ross's Landing/Plaza	-	-	198,612	-	198,612
Bureau of Weights and Measures	-	-	6,275	-	6,275
Safety Lane	61,200	665	-	-	61,865
Memorial Auditorium	4,712,824	-	199,959	6,736,782	11,649,565
Tivoli	719,000	1,821,468	11,301	6,589,276	9,141,045
Other unassigned	-	2,700	554,302	2,099	559,101
<b>Total Parks and Recreation</b>	<b>15,753,537</b>	<b>10,382,495</b>	<b>5,071,610</b>	<b>15,649,873</b>	<b>46,857,515</b>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
June 30, 1999

	Land	Buildings	Machinery and Equipment	Improvements	Total
(continued from previous page)					
FUNCTION AND ACTIVITY					
General Services					
Administration	\$ -	\$ -	\$ 188,792	\$ -	\$ 188,792
City Hall/Annex maintenance	-	-	28,033	-	28,033
Radio and electronics	-	-	2,616,606	-	2,616,606
Renewal and replacement	-	-	24,594	-	24,594
Purchasing	-	-	89,596	-	89,596
Electronics	-	-	42,728	-	42,728
Employee benefits	-	-	9,897	-	9,897
Building operation - City Hall and Annex	<u>208,000</u>	<u>4,588,687</u>	<u>2,530</u>	<u>-</u>	<u>4,799,217</u>
Total General Services	<u>208,000</u>	<u>4,588,687</u>	<u>3,002,776</u>	<u>-</u>	<u>7,799,463</u>
Community Development	<u>312,000</u>	<u>297,118</u>	<u>65,806</u>	<u>18,900</u>	<u>693,824</u>
Human Services Program	<u>813</u>	<u>1,747,573</u>	<u>2,440,198</u>	<u>56,080</u>	<u>4,244,664</u>
Total general fixed assets	<u>\$ 26,555,548</u>	<u>\$ 36,365,370</u>	<u>\$ 58,839,928</u>	<u>\$ 16,880,140</u>	138,640,986
Construction work in progress					<u>79,194</u>
Total general fixed assets					<u>\$ 138,720,180</u>

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY  
FUNCTION AND ACTIVITY  
Year Ended June 30, 1999

FUNCTION AND ACTIVITY	Total July 1, 1998	Additions	Deletions	Total June 30, 1999
General government				
Office of the Mayor	\$ 53,601	\$ -	\$ -	\$ 53,601
City Attorney	81,696	4,545	-	86,241
City Judge	971	11,041	-	12,012
Neighborhood Services	78,090	134,171	3,606	208,655
Personnel	86,777	20,214	-	106,991
Human Rights Commission	3,834	1,691	-	5,525
Board of Electrical Exam	554	-	-	554
City Council	29,030	283,104	-	312,134
Bessie Smith Preservation Hall	756,468	-	-	756,468
Air pollution	638,401	74,006	1,964	710,443
Regional Planning Agency	508,976	42,961	1,629	550,308
Public Library	8,313,530	87,231	7,563	8,393,198
Scenic City Beautiful	9,411	3,569	-	12,980
Title IIA - administration	4,479	-	-	4,479
Real estate	4,017,145	13,147	-	4,030,292
Equipment leasing	24,697	-	-	24,697
Stadium	1,250,557	-	-	1,250,557
Other unassigned	4,559,590	423,862	61,822	4,921,630
Total general government	<u>20,417,807</u>	<u>1,099,542</u>	<u>76,584</u>	<u>21,440,765</u>
Finance and Administration				
Finance administration	610,650	16,441	5,665	621,426
Information Services	1,965,631	172,932	-	2,138,563
City Treasurer	82,485	17,905	-	100,390
City Court Clerk's Office	271,323	35,338	1,993	304,668
Resource management system	1,368,428	-	-	1,368,428
Total Finance and Administration	<u>4,298,517</u>	<u>242,616</u>	<u>7,658</u>	<u>4,533,475</u>
Police				
Police	15,909,382	2,701,646	2,734,033	15,876,995
Shop	3,404,186	-	-	3,404,186
Narcotics	996,963	84,323	13,143	1,068,143
Other unassigned	2,312,957	-	-	2,312,957
Total Police	<u>22,623,488</u>	<u>2,785,969</u>	<u>2,747,176</u>	<u>22,662,281</u>
Fire				
Fire	13,332,862	972,674	546,679	13,758,857
Ambulance	484,482	-	-	484,482
Total Fire	<u>13,817,344</u>	<u>972,674</u>	<u>546,679</u>	<u>14,243,339</u>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY  
FUNCTION AND ACTIVITY  
Year Ended June 30, 1999

	Total July 1, 1998	Additions	Deletions	Total June 30, 1999
(continued from previous page)				
FUNCTION AND ACTIVITY				
Public Works				
Sewer construction and maintenance	\$ 465,199	\$ -	\$ 27,000	\$ 438,199
Street maintenance/construction	1,413,469	-	-	1,413,469
State Street Aid	3,976,055	-	-	3,976,055
Public Works administration	143,428	30,600	-	174,028
Engineering	752,536	45,677	1,891	796,322
City garage shop	1,674	-	-	1,674
City yards	2,272,435	907,630	186,126	2,993,939
Inspection	370,074	87,173	17,845	439,402
Traffic division	958,473	167,054	1,949	1,123,578
Brainerd Levee project	2,425	-	-	2,425
Georgia Avenue/Barton Bridge	1,065,274	-	-	1,065,274
WPA ditch repair	66,693	-	-	66,693
Other unassigned	4,304,520	13,371	643,289	3,674,602
<b>Total Public Works</b>	<b>15,792,255</b>	<b>1,251,505</b>	<b>878,100</b>	<b>16,165,660</b>
Parks and Recreation				
Supervision	3,554	-	-	3,554
Playgrounds	223,088	-	-	223,088
Municipal Golf Course	3,854,297	76,050	474,317	3,456,030
Community centers	5,818,725	18,349	1,879	5,835,195
Administration	106,266	131,582	1,500	236,348
Parks and Zoo	12,771,209	552,298	7,725	13,315,782
Miller Park	953,046	-	-	953,046
Greenway Farm	1,218,009	-	-	1,218,009
Ross's Landing/Plaza	198,612	-	-	198,612
Bureau of Weights and Measures	6,275	-	-	6,275
Safety Lane	61,865	-	-	61,865
Memorial Auditorium	11,601,974	48,569	978	11,649,565
Tivoli	9,141,045	-	-	9,141,045
Other unassigned	596,539	-	37,438	559,101
<b>Total Parks and Recreation</b>	<b>46,554,504</b>	<b>826,848</b>	<b>523,837</b>	<b>46,857,515</b>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY  
 FUNCTION AND ACTIVITY  
 Year Ended June 30, 1999

	<u>Total July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Total June 30, 1999</u>
(continued from previous page)				
FUNCTION AND ACTIVITY				
General Services				
Administration	\$ 166,582	\$ 35,029	\$ 12,819	\$ 188,792
City Hall/Annex maintenance	21,242	6,791	-	28,033
Radio and electronics	2,636,917	7,709	28,020	2,616,606
Renewal and replacement	24,594	-	-	24,594
Purchasing	69,863	19,733	-	89,596
Electronics	42,728	-	-	42,728
Employee benefits	6,848	3,685	636	9,897
Building operation - City Hall and Annex	<u>4,799,217</u>	<u>-</u>	<u>-</u>	<u>4,799,217</u>
Total General Services	<u>7,767,991</u>	<u>72,947</u>	<u>41,475</u>	<u>7,799,463</u>
Community Development	<u>531,522</u>	<u>162,302</u>	<u>-</u>	<u>693,824</u>
Human Services Program	<u>3,953,280</u>	<u>302,852</u>	<u>11,468</u>	<u>4,244,664</u>
Construction Work in progress	<u>216,299</u>	<u>269,314</u>	<u>406,419</u>	<u>79,194</u>
Total general fixed assets	<u>\$ 135,973,007</u>	<u>\$ 7,986,569</u>	<u>\$ 5,239,396</u>	<u>\$ 138,720,180</u>

CITY OF CHATTANOOGA, TENNESSEE  
 STATEMENTS OF GENERAL LONG-TERM DEBT  
 Year Ended June 30, 1999  
 (With Comparative Totals for 1998)

	1999	1998
<b>AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG-TERM DEBT</b>		
Amount available in Debt Service Fund	\$ 2,566,687	\$ 7,126,274
Amount to be provided	60,103,332	58,315,301
Total available and to be provided	\$ 62,670,019	\$ 65,441,575
<b>GENERAL LONG-TERM DEBT PAYABLE</b>		
Direct indebtedness:		
Serial bonds	\$ 37,920,402	\$ 41,111,947
Notes payable	9,497,888	10,225,454
Compensated absences	15,251,729	14,104,174
Total general long-term debt	\$ 62,670,019	\$ 65,441,575

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

## DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

Greater Chattanooga Construction Industry Corporation accounts for the activities performed to maximize the participation of minority, disadvantaged, and women business enterprises in the greater Chattanooga area.

CITY OF CHATTANOOGA, TENNESSEE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING BALANCE SHEET  
June 30, 1999  
(With Comparative Totals for 1998)

	Metropolitan	CARTA	Construction	Totals	
	Airport Authority		Industry Corporation	1999	1998
<b>ASSETS</b>					
Cash and cash equivalents	\$ 109,439	\$ 766,016	\$ -	\$ 875,455	\$ 1,018,295
Investments	-	348,032	-	348,032	343,227
Accounts receivable	935,290	338,858	-	1,274,148	1,150,878
Notes receivable	113,120	-	-	113,120	120,900
Due from other governments	-	96,822	-	96,822	940,304
Deferred charges	314,683	-	-	314,683	329,725
Inventories	-	167,437	-	167,437	162,015
Other	49,437	91,117	-	140,554	140,334
Restricted assets:					
Cash and cash equivalents	3,216,466	-	-	3,216,466	2,753,559
Investments	2,198,704	-	-	2,198,704	1,982,013
Fixed assets, net of accumulated depreciation	<u>29,981,759</u>	<u>27,315,026</u>	<u>-</u>	<u>57,296,785</u>	<u>56,546,043</u>
<b>Total assets</b>	<b><u>\$ 36,918,898</u></b>	<b><u>\$ 29,123,308</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 66,042,206</u></b>	<b><u>\$ 65,487,293</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 1,008,853	\$ 868,613	\$ -	\$ 1,877,466	\$ 1,505,242
Due to primary government	1,571	500,000	-	501,571	500,000
Contracts payable	77,376	-	-	77,376	320,109
Revenue bonds payable	12,372,364	-	-	12,372,364	12,624,638
Other liabilities	<u>72,989</u>	<u>-</u>	<u>-</u>	<u>72,989</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>13,533,153</u></b>	<b><u>1,368,613</u></b>	<b><u>-</u></b>	<b><u>14,901,766</u></b>	<b><u>14,949,989</u></b>
<b>EQUITY AND OTHER CREDITS</b>					
Contributed capital	25,759,861	27,872,537	-	53,632,398	52,866,231
Unreserved - undesignated	<u>(2,374,116)</u>	<u>(117,842)</u>	<u>-</u>	<u>(2,491,958)</u>	<u>(2,328,927)</u>
<b>Total equity and other credits</b>	<b><u>23,385,745</u></b>	<b><u>27,754,695</u></b>	<b><u>-</u></b>	<b><u>51,140,440</u></b>	<b><u>50,537,304</u></b>
<b>Total liabilities, equity and other credits</b>	<b><u>\$ 36,918,898</u></b>	<b><u>\$ 29,123,308</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 66,042,206</u></b>	<b><u>\$ 65,487,293</u></b>

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

CITY OF CHATTANOOGA, TENNESSEE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Year Ended June 30, 1999  
(With Comparative Totals for 1998)

	Metropolitan	CARTA	Construction	Totals	
	Airport Authority		Industry Corporation	1999	1998
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,140,692	\$ 3,497,391	\$ 89	\$ 8,638,172	\$ 8,078,657
Contributions	-	-	-	-	2,535
Other	-	56,582	2,740	59,322	69,983
Total operating revenues	<u>5,140,692</u>	<u>3,553,973</u>	<u>2,829</u>	<u>8,697,494</u>	<u>8,151,175</u>
<b>OPERATING EXPENSES</b>					
Airport operation	4,172,960	-	-	4,172,960	3,294,629
CARTA operation	-	4,711,529	-	4,711,529	4,567,970
Other operating expenses	-	1,895,084	16,467	1,911,551	1,947,329
Maintenance	131,585	2,290,435	-	2,422,020	2,107,574
Depreciation and amortization	1,201,106	2,468,216	-	3,669,322	3,510,230
Total operating expenses	<u>5,505,651</u>	<u>11,365,264</u>	<u>16,467</u>	<u>16,887,382</u>	<u>15,427,732</u>
OPERATING LOSS	(364,959)	(7,811,291)	(13,638)	(8,189,888)	(7,276,557)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	191,087	32,393	-	223,480	271,536
Interest expense	(938,503)	-	-	(938,503)	(949,075)
Other income	987,341	-	-	987,341	874,241
Intergovernmental revenue	-	1,099,746	-	1,099,746	1,146,285
LOSS BEFORE OPERATING TRANSFERS	(125,034)	(6,679,152)	(13,638)	(6,817,824)	(5,933,570)
Operating transfers from primary government	-	3,263,819	-	3,263,819	3,260,504
Operating transfers to primary government	-	-	(24,663)	(24,663)	-
NET LOSS	(125,034)	(3,415,333)	(38,301)	(3,578,668)	(2,673,066)
Amortization of contributed capital	-	3,415,637	-	3,415,637	3,296,204
Reclassification of contributed capital	-	-	-	-	20,200,370
RETAINED EARNINGS (DEFICIT), beginning	<u>(2,249,082)</u>	<u>(118,146)</u>	<u>38,301</u>	<u>(2,328,927)</u>	<u>(23,152,435)</u>
RETAINED EARNINGS (DEFICIT), ending	<u>\$ (2,374,116)</u>	<u>\$ (117,842)</u>	<u>\$ -</u>	<u>\$ (2,491,958)</u>	<u>\$ (2,328,927)</u>

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

CITY OF CHATTANOOGA, TENNESSEE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 1999  
(With Comparative Totals for 1998)

	Metropolitan Airport Authority	CARTA	Construction Industry Corporation	Totals	
				1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating loss	\$ (364,959)	\$ (7,811,291)	\$ (13,638)	\$ (8,189,888)	\$ (7,276,557)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,201,106	2,468,216	-	3,669,322	3,510,230
Changes in operating assets and liabilities:					
Accounts receivable	(31,180)	(116,221)	-	(147,401)	(107,932)
Inventory	-	(5,422)	-	(5,422)	12,064
Due to primary government	1,571	1,420	-	2,991	(1,422)
Other current assets	(1,640)	50,493	-	48,853	10,690
Accounts payable and accrued liabilities	314,474	-	(4,613)	309,861	96,720
Other	902,731	(36,500)	-	866,231	864,853
Total adjustments	2,387,062	2,361,986	(4,613)	4,744,435	4,385,203
Net cash provided by (used in) operating activities	2,022,103	(5,449,305)	(18,251)	(3,445,453)	(2,891,354)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers from primary government	-	3,263,819	(24,663)	3,239,156	3,260,504
Intergovernmental revenues	-	1,099,746	-	1,099,746	1,168,785
Net cash provided by (used in) noncapital financing activities	-	4,363,565	(24,663)	4,338,902	4,429,289
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of fixed assets	(2,366,757)	(2,068,027)	-	(4,434,784)	(3,573,174)
Principal paid on notes and bonds	(272,108)	-	-	(272,108)	(282,501)
Interest paid on bonds	(933,277)	-	-	(933,277)	(943,849)
Capital contributions	1,698,511	3,365,939	-	5,064,450	2,956,694
Net cash provided by (used in) capital and related financing activities	(1,873,631)	1,297,912	-	(575,719)	(1,842,830)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(216,691)	(124,543)	-	(341,234)	(385,169)
Proceeds from sale and maturities of investments	-	150,000	-	150,000	350,000
Interest on investments	191,087	2,484	-	193,571	256,001
Net cash provided by (used in) investing activities	(25,604)	27,941	-	2,337	220,832
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	122,868	240,113	(42,914)	320,067	(84,063)
CASH AND CASH EQUIVALENTS at beginning of year	3,203,037	525,903	42,914	3,771,854	3,855,917
CASH AND CASH EQUIVALENTS at end of year	\$ 3,325,905	\$ 766,016	\$ -	\$ 4,091,921	\$ 3,771,854

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

## 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 CERTIFICATES OF DEPOSIT BY FUND  
 June 30, 1999

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	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
GENERAL FUND			
First Tennessee Bank	4.82%	07/02/99	\$ 600,000
First Tennessee Bank	4.82%	07/02/99	800,000
First Tennessee Bank	4.82%	07/08/99	2,000,000
First Tennessee Bank	4.82%	07/22/99	500,000
First Tennessee Bank	4.95%	07/26/99	1,370,087
First Tennessee Bank	4.95%	07/27/99	35,000
First Tennessee Bank	4.76%	07/28/99	1,200,000
First Tennessee Bank	4.82%	07/29/99	2,000,000
First American Bank	4.90%	08/04/99	1,000,000
First Tennessee Bank	4.90%	08/11/99	700,000
First Tennessee Bank	4.90%	08/12/99	2,600,000
First Tennessee Bank	4.90%	08/18/99	2,500,000
First Tennessee Bank	4.95%	08/24/99	2,000,000
First American Bank	4.90%	08/25/99	1,800,000
First Tennessee Bank	4.76%	08/25/99	1,800,000
First Tennessee Bank	4.82%	09/08/99	500,000
First Tennessee Bank	4.80%	09/08/99	2,000,000
First Tennessee Bank	4.80%	09/14/99	600,000
First Tennessee Bank	4.95%	09/22/99	2,000,000
First Tennessee Bank	4.80%	09/22/99	500,000
First Tennessee Bank	4.80%	09/22/99	1,900,000
First Tennessee Bank	4.80%	09/29/99	1,500,000
First American Bank	4.81%	10/06/99	1,500,000
First Tennessee Bank	4.82%	10/07/99	1,400,000
First Tennessee Bank	4.82%	10/13/99	1,500,000
First Tennessee Bank	4.75%	10/20/99	300,000
First Tennessee Bank	4.83%	10/20/99	500,000
First Tennessee Bank	4.83%	10/20/99	1,600,000
First Tennessee Bank	4.82%	10/21/99	400,000
First American Bank	4.94%	10/27/99	1,300,000
First Tennessee Bank	4.83%	11/04/99	400,000
First Tennessee Bank	4.84%	11/04/99	500,000
First American Bank	4.93%	11/04/99	2,000,000
First Tennessee Bank	4.80%	11/08/99	1,700,000
First American Bank	5.04%	11/10/99	1,400,000
First Tennessee Bank	5.04%	11/17/99	1,000,000
First Tennessee Bank	4.98%	11/17/99	1,000,000
First Tennessee Bank	5.10%	11/23/99	1,000,000

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF CERTIFICATES OF DEPOSIT BY FUND  
 June 30, 1999

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
<b>SPECIAL REVENUE FUNDS</b>			
Downtown Development Fund:			
First Tennessee Bank	4.76%	07/14/99	\$ 343,240
State Street Aid Fund:			
First Tennessee Bank	4.95%	07/02/99	185,000
First Tennessee Bank	4.90%	07/08/99	300,000
First Tennessee Bank	4.90%	07/15/99	200,000
<b>DEBT SERVICE FUND</b>			
First Tennessee Bank	4.80%	07/13/99	350,000
<b>CAPITAL PROJECTS FUNDS</b>			
Capital Improvement Bond:			
First Tennessee Bank	4.70%	07/01/99	174,352
First Tennessee Bank	4.90%	07/01/99	1,292,105
<b>ENTERPRISE FUNDS</b>			
Electric Power Board:			
First American	4.76%	09/01/99	300,000
First American	4.85%	09/01/99	400,000
First American	4.82%	09/01/99	800,000
First American	4.76%	09/01/99	1,000,000
First American	4.71%	07/02/99	475,000
First American	4.71%	07/02/99	650,000
First American	4.83%	09/01/99	600,000
First American	4.71%	07/02/99	1,000,000
First American	4.85%	09/01/99	650,000
First American	4.72%	07/02/99	700,000
First American	4.72%	07/02/99	800,000
First American	4.71%	07/02/99	1,000,000
First American	4.71%	07/02/99	1,050,000
First American	4.73%	07/02/99	1,300,000
First American	4.73%	07/02/99	2,000,000
First American	4.79%	09/01/99	800,000
First American	4.75%	07/02/99	950,000
First American	4.76%	07/02/99	1,100,000
First American	4.75%	07/02/99	750,000
First American	4.75%	07/02/99	10,000,000
First American	4.75%	07/02/99	1,200,000
First American	4.75%	07/02/99	800,000
First American	4.76%	07/02/99	425,000

## CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CERTIFICATES OF DEPOSIT BY FUND  
June 30, 1999

	Interest Rate	Maturity Date	Amount
Electric Power Board: (continued)			
First American	4.78%	07/02/99	\$ 600,000
First American	4.78%	07/02/99	800,000
First American	4.79%	07/09/99	625,000
First American	4.79%	07/20/99	600,000
First American	4.79%	07/23/99	625,000
First American	4.80%	08/06/99	625,000
First American	4.90%	08/20/99	3,750,000
First American	4.90%	09/01/99	325,000
First American	4.85%	08/02/99	1,200,000
First American	4.85%	08/02/09	1,200,000
First American	4.92%	09/01/99	600,000
First American	4.88%	08/02/99	1,250,000
First American	4.93%	09/01/99	8,000,000
First American	4.88%	08/02/99	1,800,000
First American	4.87%	08/02/99	600,000
First American	4.88%	08/02/99	1,400,000
First American	4.95%	09/01/99	1,000,000
First American	4.89%	08/02/99	2,200,000
First American	4.92%	08/02/99	1,000,000
First American	4.97%	08/02/99	500,000
First American	4.98%	08/02/99	1,050,000
First American	5.03%	08/02/99	400,000
First American	5.04%	08/02/99	1,400,000
First American	5.06%	08/02/99	600,000
First Tennessee	4.80%	07/02/99	1,700,000
First Tennessee	4.90%	07/02/99	1,300,000
First Tennessee	4.90%	08/20/99	850,000
Interceptor Sewer System:			
First Tennessee Bank	4.80%	07/06/99	154,556
First Tennessee Bank	5.05%	07/07/99	350,000
First Tennessee Bank	4.97%	07/22/99	650,000
First Tennessee Bank	4.95%	07/22/99	1,904,782
First Tennessee Bank	4.90%	07/27/99	850,000
First American Bank	5.09%	09/23/99	420,000
Solid Waste/Sanitation Fund:			
First Tennessee Bank	5.03%	08/16/99	4,318,610
Storm Water Fund:			
First Tennessee Bank	4.97%	07/28/99	1,826,755
First Tennessee Bank	4.70%	08/30/99	3,245,729
Total certificates of deposit			<u>\$ 128,720,216</u>

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF INVESTMENTS BY FUND  
June 30, 1999

	Interest Rate	Maturity Date	Amount
<b>GENERAL FUND</b>			
Federal National Mortgage Association	4.85%	07/09/99	\$ 3,699,193
Federal Home Loan Bank	4.91%	07/16/99	1,999,451
Federal Home Loan Bank	4.79%	07/16/99	999,925
Federal Home Loan Mortgage Corporation	4.81%	07/16/99	1,199,300
Federal National Mortgage Association	4.79%	07/19/99	996,581
Federal Home Loan Bank	4.79%	08/04/99	999,403
Federal Home Loan Mortgage Corporation	4.75%	09/03/99	999,691
Certificate of Deposit	5.05%	09/28/99	11,800
Certificate of Deposit	5.00%	10/22/99	2,158,401
Certificate of Deposit	4.95%	10/22/99	1,315,923
Federal Home Loan Mortgage Corporation	4.96%	11/15/99	1,599,977
Federal Home Loan Mortgage Corporation	4.96%	11/15/99	499,075
Certificate of Deposit	4.95%	12/07/99	324,471
<b>SPECIAL REVENUE FUND</b>			
State Street Aid:			
Certificate of Deposit	5.11%	09/21/99	1,219,827
<b>DEBT SERVICE FUND</b>			
Certificate of Deposit	4.80%	07/21/99	1,000,000
<b>ENTERPRISE FUNDS</b>			
Electric Power Board:			
Certificate of Deposit	4.76%	09/01/99	300,000
Certificate of Deposit	4.85%	09/01/99	400,000
Certificate of Deposit	4.82%	09/01/99	800,000
Certificate of Deposit	4.76%	09/01/99	1,000,000
Certificate of Deposit	4.83%	09/01/99	600,000
Certificate of Deposit	4.85%	09/01/99	650,000
Certificate of Deposit	4.79%	09/01/99	800,000
Solid Waste/Sanitation Fund:			
Federal Home Loan Mortgage Corporation	4.74%	07/29/99	1,799,091
U.S. Treasury Note	6.00%	10/15/99	1,196,625
U.S. Treasury Note	6.38%	01/15/00	736,280
U.S. Treasury Note	5.50%	04/15/00	356,199
U.S. Treasury Note	5.88%	06/30/00	275,133
U.S. Treasury Note	6.13%	09/30/00	165,567
U.S. Treasury Note	5.50%	12/31/00	136,893
U.S. Treasury Note	6.38%	03/31/01	346,990

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENTS BY FUND  
 June 30, 1999

	Interest Rate	Maturity Date	Amount
<b>Storm Water Fund:</b>			
Federal Home Loan Mortgage Corporation	4.74%	07/29/99	\$ 1,753,161
U.S. Treasury Note	6.00%	10/15/99	1,309,813
U.S. Treasury Note	6.38%	01/15/00	244,840
U.S. Treasury Note	5.50%	04/15/00	275,121
U.S. Treasury Note	5.88%	06/30/00	212,506
U.S. Treasury Note	6.13%	09/30/00	127,880
U.S. Treasury Note	5.50%	12/31/00	105,733
U.S. Treasury Note	6.38%	03/31/01	268,007
<b>Interceptor Sewer System:</b>			
Federal National Mortgage Association	4.85%	07/09/99	1,495,148
Federal National Mortgage Association	5.40%	07/13/99	999,301
U.S. Treasury Notes	4.47%	07/15/99	2,614,714
Federal Home Loan Mortgage Corporation	4.74%	07/29/99	4,600,826
Federal Home Loan Bank	4.68%	08/03/99	4,598,191
Federal National Mortgage Association	5.41%	08/04/99	996,158
Certificate of Deposit	5.50%	08/05/99	1,000,000
Certificate of Deposit	4.70%	08/18/99	3,000,000
U.S. Treasury Note	4.53%	08/19/99	1,150,695
Certificate of Deposit	5.01%	08/31/99	1,000,000
U.S. Treasury Note	4.61%	09/16/99	83,544
U.S. Treasury Note	6.00%	10/15/99	2,783,395
Federal National Mortgage Association	4.82%	10/18/99	1,496,122
U.S. Treasury Note	4.44%	10/21/99	917,430
Certificate of Deposit	5.20%	11/30/99	500,000
Certificate of Deposit	5.00%	12/15/99	1,300,000
Certificate of Deposit	5.20%	12/29/99	4,000,000
U.S. Treasury Note	6.38%	01/15/00	1,315,321
Certificate of Deposit	5.08%	01/18/00	500,000
Certificate of Deposit	5.00%	01/19/00	600,000
Certificate of Deposit	5.00%	01/26/00	850,000
Certificate of Deposit	5.20%	01/27/00	1,800,000
Federal Home Loan Bank	4.77%	01/28/00	2,995,961
Federal Home Loan Bank	4.77%	01/31/00	996,796
Certificate of Deposit	4.97%	02/08/00	1,000,000
Certificate of Deposit	5.10%	02/08/00	800,000
Certificate of Deposit	5.00%	02/16/00	4,600,000
Federal Home Loan Bank	4.85%	02/17/00	1,996,954
Federal Home Loan Bank	4.97%	02/18/00	1,333,499
Federal Home Loan Bank	4.98%	02/28/00	999,600
Federal Home Loan Bank	4.98%	02/28/00	2,998,800

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF INVESTMENTS BY FUND  
 June 30, 1999

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Interceptor Sewer System: (continued)			
Certificate of Deposit	5.07%	03/01/00	\$ 963,000
Certificate of Deposit	5.00%	03/21/00	500,000
Certificate of Deposit	5.40%	03/21/00	700,000
Certificate of Deposit	5.35%	03/21/00	600,000
Certificate of Deposit	5.55%	03/28/00	1,000,000
Federal Home Loan Bank	4.86%	03/28/00	749,341
U.S. Treasury Note	5.50%	04/15/00	670,102
Federal Home Loan Bank	4.87%	04/21/00	1,997,356
Certificate of Deposit	5.41%	05/03/00	1,000,000
U.S. Treasury Note	5.88%	06/30/00	517,595
U.S. Treasury Note	6.13%	09/30/00	311,474
U.S. Treasury Note	5.50%	12/31/00	257,530
U.S. Treasury Note	6.38%	03/31/01	652,778
EXPENDABLE TRUST FUNDS			
Ochs-Oakes Fire and Police Medal Fund:			
Mutual Funds	N/A	N/A	53,982
Ochs-Oakes High School Medal Fund:			
Mutual Funds	N/A	N/A	<u>9,723</u>
Total investments of Governmental, Proprietary and Expendable Trust Funds			<u>\$ 98,188,193</u>

CITY OF CHATTANOOGA, TENNESSEE  
 COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE  
 Year Ended June 30, 1999

Tax Year (1)	Property Taxes Receivable Balance June 30, 1998	Property Taxes Levied	Net Pick-Ups and Charge-Offs	Collections	Property Taxes Receivable Balance June 30, 1999	Allowance for Uncollectibles	Net Receivable Balance June 30, 1999
1998	\$ -	\$ 60,155,010	\$ 40,189	\$ 57,660,552	\$ 2,534,647	\$ 182,244	\$ 2,352,403
1997	2,796,559	-	(38,504)	1,745,925	1,012,130	171,375	840,755
1996	984,201	-	(25,902)	468,053	490,246	139,068	351,178
1995	493,349	-	(9,847)	309,219	174,283	106,351	67,932
1994	190,077	-	(9,429)	34,750	145,898	120,604	25,294
1993	195,047	-	(14,489)	9,558	171,000	171,000	-
1992	184,715	-	(32,949)	6,833	144,933	144,933	-
1991	174,416	-	10,518	-	184,934	184,934	-
1990	165,274	-	-	-	165,274	165,274	-
1989	130,840	-	(27,385)	-	103,455	103,455	-
Totals	<u>\$ 5,314,478</u>	<u>\$ 60,155,010</u>	<u>\$ (107,798)</u>	<u>\$ 60,234,890</u>	<u>\$ 5,126,800</u>	<u>\$ 1,489,238</u>	<u>\$ 3,637,562</u>

Note:

(1) All years except 1998 have been turned over to the Clerk and Master for collection.

## CITY OF CHATTANOOGA, TENNESSEE

SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
June 30, 1999

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>GENERAL LONG-TERM DEBT</b>			
2000	\$ 4,748,696	\$ 2,419,453	\$ 7,168,149
2001	4,224,589	2,186,211	6,410,800
2002	3,878,705	1,987,472	5,866,177
2003	3,748,589	1,792,760	5,541,349
2004	2,891,829	1,604,202	4,496,031
2005	3,004,521	1,458,891	4,463,412
2006	3,088,914	1,307,300	4,396,214
2007	3,210,553	1,149,130	4,359,683
2008	2,091,164	986,613	3,077,777
2009	2,998,589	849,390	3,847,979
2010	2,839,953	687,173	3,527,126
2011	2,758,025	534,191	3,292,216
2012	1,474,917	419,362	1,894,279
2013	1,527,275	337,787	1,865,062
2014	1,390,674	258,667	1,649,341
2015	1,456,397	181,631	1,638,028
2016	1,341,300	104,998	1,446,298
2017	361,600	29,547	391,147
2018	382,000	10,028	392,028
	<u>47,418,290</u>	<u>18,304,806</u>	<u>65,723,096</u>
<b>PROPRIETARY FUNDS</b>			
2000	10,401,373	9,467,646	19,869,019
2001	10,840,113	9,190,521	20,030,634
2002	10,901,541	8,564,234	19,465,775
2003	11,171,976	8,013,004	19,184,980
2004	11,161,724	7,446,774	18,608,498
2005	11,512,710	6,868,171	18,380,881
2006	11,715,707	6,276,398	17,992,105
2007	12,227,205	5,669,938	17,897,143
2008	10,572,722	5,030,352	15,603,074
2009	12,661,663	4,421,296	17,082,959
2010	10,833,217	3,739,084	14,572,301
2011	10,132,583	3,176,519	13,309,102
2012	8,264,033	2,686,780	10,950,813
2013	8,444,179	2,241,439	10,685,618
2014	7,461,832	1,826,369	9,288,201
2015	7,790,956	1,433,814	9,224,770
2016	5,846,299	1,050,901	6,897,200

CITY OF CHATTANOOGA, TENNESSEE

SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
June 30, 1999

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>PROPRIETARY FUNDS (continued)</b>			
2017	\$ 6,151,661	\$ 750,252	\$ 6,901,913
2018	6,467,357	433,989	6,901,346
2019	5,220,903	142,876	5,363,779
2020	<u>307,918</u>	<u>7,736</u>	<u>315,654</u>
Total proprietary funds indebtedness	<u>190,087,672</u>	<u>88,438,093</u>	<u>278,525,765</u>
Total primary government indebtedness	<u>\$ 237,505,962</u>	<u>\$ 106,742,899</u>	<u>\$ 344,248,861</u>
<b>COMPONENT UNITS</b>			
Municipal Airport Authority:			
2000	\$ 270,000	\$ 914,051	\$ 1,184,051
2001	290,000	895,421	1,185,421
2002	310,000	875,411	1,185,411
2003	335,000	853,711	1,188,711
2004	355,000	830,261	1,185,261
2005	380,000	805,411	1,185,411
2006	410,000	778,431	1,188,431
2007	440,000	748,194	1,188,194
2008	470,000	715,744	1,185,744
2009	505,000	681,081	1,186,081
2010	540,000	643,828	1,183,828
2011	580,000	604,013	1,184,013
2012	625,000	561,238	1,186,238
2013	670,000	515,144	1,185,144
2014	720,000	465,731	1,185,731
2015	775,000	412,631	1,187,631
2016	830,000	355,475	1,185,475
2017	895,000	294,263	1,189,263
2018	960,000	228,256	1,188,256
2019	1,030,000	157,456	1,187,456
2020	<u>982,364</u>	<u>81,494</u>	<u>1,063,858</u>
Total component unit indebtedness	<u>\$ 12,372,364</u>	<u>\$ 12,417,245</u>	<u>\$ 24,789,609</u>

CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF GENERAL OBLIGATION DEBT  
June 30, 1999

	Outstanding July 1, 1998	Interest Paid FY 1998-99	Issued FY 1998-99	Retired FY 1998-99	Outstanding June 30, 1999	Maturing FY 1999-2000	Interest Payable FY 1999-2000
<b>GENERAL LONG-TERM DEBT</b>							
Serial bonds:							
1974 Urban Transit	\$ 90,000	\$ 4,050	\$ -	\$ 90,000	\$ -	\$ -	\$ -
1974 Urban Renewal	115,000	5,175	-	115,000	-	-	-
1974 Street Improvement	120,000	4,500	-	60,000	60,000	60,000	1,500
1974 Urban Renewal - Series B	400,000	15,000	-	200,000	200,000	200,000	5,000
1974 Parks and Playground Improvement	40,000	1,500	-	20,000	20,000	20,000	500
1986 Municipal Public Improvement	100,000	7,050	-	50,000	50,000	50,000	3,550
1987 Jail/Court Building	1,060,000	57,505	-	265,000	795,000	265,000	39,750
1990 Municipal Public Improvement	1,060,000	72,610	-	530,000	530,000	530,000	36,570
1992 Municipal Public Improvement	1,215,000	78,796	-	125,000	1,090,000	130,000	68,915
1992 Series A Refunding	9,314,747	481,478	-	577,145	8,737,602	551,915	454,958
1995 Municipal Public Improvement	8,139,600	423,830	-	714,400	7,425,200	754,300	388,825
1996 Municipal Improvement	12,165,000	647,870	-	445,000	11,720,000	460,000	627,845
1998 Public Improvement Refunding	7,292,600	392,107	-	-	7,292,600	10,200	391,902
Total serial bonds	<u>41,111,947</u>	<u>2,191,471</u>	<u>-</u>	<u>3,191,545</u>	<u>37,920,402</u>	<u>3,031,415</u>	<u>2,019,315</u>
Notes payable:							
1990 Tennessee Municipal Bond Fund	1,450,500	38,870	-	483,500	967,000	483,500	29,010
1993 Tennessee Municipal Bond Fund	4,095,000	199,450	-	745,000	3,350,000	780,000	167,042
Hamilton County Parking Garage	547,029	32,062	-	60,781	486,248	60,781	28,506
1997 Tennessee Municipal Bond Fund	4,132,925	176,936	933,715	372,000	4,694,640	393,000	175,580
Total notes payable	<u>10,225,454</u>	<u>447,318</u>	<u>933,715</u>	<u>1,661,281</u>	<u>9,497,888</u>	<u>1,717,281</u>	<u>400,138</u>
Liability for compensated absences (1)	<u>14,104,174</u>	<u>-</u>	<u>1,147,555</u>	<u>-</u>	<u>15,251,729</u>	<u>-</u>	<u>-</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF GENERAL OBLIGATION DEBT  
June 30, 1999

(continued from previous page)

	Outstanding July 1, 1998	Interest Paid FY 1998-99	Issued FY 1998-99	Retired FY 1998-99	Outstanding June 30, 1999	Maturing FY 1999-2000	Interest Payable FY 1999-2000
<b>PROPRIETARY FUNDS</b>							
Interceptor Sewer System:							
1974 Sewer and Sewage Facilities (03-01-74)	\$ 120,000	\$ 5,400	\$ -	\$ 120,000	\$ -	\$ -	\$ -
1974 Sewer and Sewage Facilities (10-01-74)	800,000	30,000	-	400,000	400,000	400,000	10,000
1976 Sewer and Sewage Facilities	780,000	35,100	-	260,000	520,000	260,000	23,400
1990 Sewer and Sewage Facilities	1,200,000	82,200	-	600,000	600,000	600,000	41,400
1992 Sewer and Sewage Facilities	4,710,000	305,835	-	480,000	4,230,000	505,000	267,666
1992 Sewer and Sewage Facilities - Refunding	49,755,253	2,571,843	-	3,082,855	46,672,398	2,948,085	2,430,183
1995 Sewer and Sewage Facilities - Refunding	21,205,000	998,631	-	1,660,000	19,545,000	1,645,000	928,911
1995 Sewer and Sewage Facilities	14,350,000	767,551	-	560,000	13,790,000	585,000	739,551
1998 Municipal Public Improvement	32,611,365	1,638,734	-	-	32,611,365	996,175	1,618,810
1998 Municipal Public Improvement - Refunding	13,612,700	713,567	-	-	13,612,700	39,800	712,772
State Revolving Loan	2,182,855	84,852	-	111,858	2,070,997	116,394	80,316
Northwest Georgia Sewer Expansion Project	-	-	4,246,079	-	4,246,079	-	-
Total Interceptor Sewer System	<u>141,327,173</u>	<u>7,233,713</u>	<u>4,246,079</u>	<u>7,274,713</u>	<u>138,298,539</u>	<u>8,095,454</u>	<u>6,853,009</u>

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CITY OF CHATTANOOGA, TENNESSEE  
ANALYSIS OF GENERAL OBLIGATION DEBT  
June 30, 1999

(continued from previous page)

	Outstanding July 1, 1998	Interest Paid FY 1998-99	Issued FY 1998-99	Retired FY 1998-99	Outstanding June 30, 1999	Maturing FY 1999-2000	Interest Payable FY 1999-2000
PROPRIETARY FUNDS (continued)							
Solid Waste/Sanitation Fund:							
1995 Municipal Public Improvement	\$ 7,878,276	\$ 410,223	\$ -	\$ 691,464	\$ 7,186,812	\$ 730,083	\$ 376,341
1998 Municipal Public Improvement	17,964,294	902,713	-	-	17,964,294	548,753	891,737
1998 Municipal Public Improvement - Refunding	<u>3,686,100</u>	<u>202,736</u>	<u>-</u>	<u>-</u>	<u>3,686,100</u>	<u>-</u>	<u>202,735</u>
Total Solid Waste/Sanitation Fund	<u>29,528,670</u>	<u>1,515,672</u>	<u>-</u>	<u>691,464</u>	<u>28,837,206</u>	<u>1,278,836</u>	<u>1,470,813</u>
Storm Water Fund:							
State Revolving Loan	2,182,855	84,852	-	111,858	2,070,997	116,394	80,316
1995 Municipal Public Improvement	5,402,124	281,289	-	474,136	4,927,988	500,617	258,057
1998 Municipal Public Improvement	13,424,342	674,578	-	-	13,424,342	410,072	666,377
1998 Municipal Public Improvement - Refunding	<u>2,528,600</u>	<u>139,073</u>	<u>-</u>	<u>-</u>	<u>2,528,600</u>	<u>-</u>	<u>139,073</u>
Total Storm Water Fund	<u>23,537,921</u>	<u>1,179,792</u>	<u>-</u>	<u>585,994</u>	<u>22,951,927</u>	<u>1,027,083</u>	<u>1,143,823</u>
Total general obligation debt	<u>\$ 259,835,339</u>	<u>\$ 12,567,966</u>	<u>\$ 6,327,349</u>	<u>\$ 13,404,997</u>	<u>\$ 252,757,691</u>	<u>\$ 15,150,069</u>	<u>\$ 11,887,098</u>

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

- (1) The City's accounting records do not provide for accumulation of total additions or total reductions in compensated absences; therefore, this amount represents the net increase during the fiscal year ended June 30, 1999.

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF REVENUE BONDS

June 30, 1999

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	<u>Outstanding July 1, 1998</u>	<u>Interest Paid FY 1998-99</u>	<u>Issued FY 1998-99</u>	<u>Retired FY 1998-99</u>	<u>Outstanding June 30, 1999</u>	<u>Maturing FY 1999-2000</u>	<u>Interest Payable FY 1999-2000</u>
COMPONENT UNITS							
Metropolitan Airport Authority: 1990 Airport Revenue Bonds	<u>\$ 12,624,638</u>	<u>\$ 931,391</u>	<u>\$ -</u>	<u>\$ 252,274</u>	<u>\$ 12,372,364</u>	<u>\$ 270,000</u>	<u>\$ 914,051</u>
Total revenue bonds	<u>\$ 12,624,638</u>	<u>\$ 931,391</u>	<u>\$ -</u>	<u>\$ 252,274</u>	<u>\$ 12,372,364</u>	<u>\$ 270,000</u>	<u>\$ 914,051</u>

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
June 30, 1999

**DIRECT INDEBTEDNESS**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2000	1974 Street Improvement	5.00	\$ 60,000	\$ 1,500	\$ 61,500
2000	1974 Urban Renewal - Series B	5.00	200,000	5,000	205,000
2000	1974 Parks and Playground Improvement	5.00	20,000	500	20,500
2000	1986 Municipal Public Improvement	7.10	50,000	3,550	53,550
2000	1987 Hamilton County, Tennessee Jail/Court Building - City of Chattanooga Portion	5.00	265,000	39,750	304,750
2001		5.00	265,000	26,500	291,500
2002		5.00	265,000	13,250	278,250
			<u>795,000</u>	<u>79,500</u>	<u>874,500</u>
2000	1990 Municipal Public Improvement	6.90	530,000	36,570	566,570
2000	1992 Municipal Public Improvement	7.75	130,000	68,915	198,915
2001		7.75	135,000	58,646	193,646
2002		7.75	145,000	47,796	192,796
2003		7.50	155,000	36,365	191,365
2004		5.75	165,000	25,809	190,809
2005		5.80	175,000	15,990	190,990
2006		5.90	185,000	5,458	190,458
			<u>1,090,000</u>	<u>258,979</u>	<u>1,348,979</u>
2000	1992 Series A Refunding Bonds	4.80	551,915	454,958	1,006,873
2001		5.00	764,008	422,612	1,186,620
2002		5.10	756,124	384,230	1,140,354
2003		5.20	743,508	345,618	1,089,126
2004		5.30	672,548	308,464	981,012
2005		5.40	666,240	272,653	938,893
2006		5.50	618,933	237,644	856,577
2007		5.60	609,472	203,558	813,030
2008		5.625	603,164	169,529	772,693
2009		5.70	611,049	135,150	746,199
2010		5.50	603,953	101,127	705,080
2011		5.50	394,225	73,677	467,902
2012		5.50	387,917	52,168	440,085
2013		5.50	383,975	30,941	414,916
2014		5.50	186,074	15,264	201,338
2015	5.50	184,497	5,074	189,571	
			<u>8,737,602</u>	<u>3,212,667</u>	<u>11,950,269</u>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 1999

(continued from previous page)

**DIRECT INDEBTEDNESS**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2000	1995 Municipal Public Improvement	5.00	\$ 754,300	\$ 388,825	\$ 1,143,125
2001		5.10	796,100	351,110	1,147,210
2002		5.10	843,600	310,508	1,154,108
2003		5.20	891,100	267,485	1,158,585
2004		5.25	944,300	221,148	1,165,448
2005		5.30	1,001,300	171,572	1,172,872
2006		5.40	1,064,000	118,503	1,182,503
2007		5.40	1,130,500	61,046	1,191,546
			<u>7,425,200</u>	<u>1,890,197</u>	<u>9,315,397</u>
2000	1996 Municipal Public Improvement	4.75	460,000	627,845	1,087,845
2001		4.75	480,000	605,995	1,085,995
2002		4.80	505,000	583,195	1,088,195
2003		4.90	525,000	558,955	1,083,955
2004		5.00	550,000	533,230	1,083,230
2005		5.10	575,000	505,730	1,080,730
2006		5.20	605,000	476,405	1,081,405
2007		5.30	630,000	444,945	1,074,945
2008		5.40	665,000	411,555	1,076,555
2009		5.40	700,000	375,645	1,075,645
2010		5.50	735,000	337,845	1,072,845
2011		5.50	770,000	297,420	1,067,420
2012		5.60	815,000	255,070	1,070,070
2013		5.60	855,000	209,430	1,064,430
2014		5.60	900,000	161,550	1,061,550
2015		5.70	950,000	111,150	1,061,150
2016		5.70	1,000,000	57,000	1,057,000
			<u>11,720,000</u>	<u>6,552,965</u>	<u>18,272,965</u>
2000	1998 Public Improvement Refunding	4.00	10,200	391,902	402,102
2001		4.00	11,200	391,474	402,674
2002		4.00	11,200	391,026	402,226
2003		4.00	12,200	390,558	402,758
2004		4.13	12,200	390,063	402,263
2005		4.25	13,200	389,531	402,731
2006		4.30	13,200	388,966	402,166
2007		5.00	208,800	383,462	592,262
2008		5.00	220,000	372,743	592,743
2009		5.50	1,413,900	328,360	1,742,260
2010		5.50	1,501,000	248,201	1,749,201
2011		5.50	1,593,800	163,094	1,756,894
2012		5.25	272,000	112,124	384,124
2013		5.25	288,300	97,416	385,716
2014		5.25	304,600	81,854	386,454
2015		5.25	321,900	65,408	387,308
2016		5.25	341,300	47,999	389,299
2017		5.25	361,600	29,548	391,148
2018		5.25	382,000	10,028	392,028
			<u>7,292,600</u>	<u>4,673,757</u>	<u>11,966,357</u>

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
June 30, 1999

(continued from previous page)

**DIRECT INDEBTEDNESS**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2000	Note Payable - Tennessee	Variable -	\$ 483,500	\$ 29,010	\$ 512,510
2001	Municipal Bond Fund	Estimated	483,500	14,505	498,005
		at 3.0%	967,000	43,515	1,010,515
2000	Note Payable - Tennessee	4.70	780,000	167,042	947,042
2001	Municipal Bond Fund 1993	4.85	815,000	130,383	945,383
2002		5.10	855,000	90,855	945,855
2003		5.25	900,000	47,250	947,250
			3,350,000	435,530	3,785,530
2000	Hamilton County - City	5.90	60,781	28,506	89,287
2001	Portion of Series 1991	6.00	60,781	24,890	85,671
2002	General Obligation Bonds	6.10	60,781	21,213	81,994
2003		6.20	60,781	17,475	78,256
2004		6.30	60,781	13,676	74,457
2005		6.40	60,781	9,816	70,597
2006		6.45	60,781	5,911	66,692
2007		6.50	60,781	1,975	62,756
			486,248	123,462	609,710
2000	Note Payable - Tennessee	Variable -	393,000	175,580	568,580
2001	Municipal Bond Fund 1997	Estimated	414,000	160,096	574,096
2002		at 3.74%	437,000	145,398	582,398
2003			461,000	129,054	590,054
2004			487,000	111,813	598,813
2005			513,000	93,599	606,599
2006			542,000	74,413	616,413
2007			571,000	54,142	625,142
2008			603,000	32,786	635,786
2009			273,640	10,233	283,873
			4,694,640	987,114	5,681,754
	Total direct indebtedness		47,418,290	18,304,806	65,723,096

**INTERCEPTOR SEWER SYSTEM**

2000	1974 Sewer and Sewage Facilities (10-01-74)	5.00	400,000	10,000	410,000
2000	1976 Sewer and Sewage Facilities	4.50	260,000	23,400	283,400
2001		4.50	260,000	11,700	271,700
			520,000	35,100	555,100
2000	1990 Sewer and Sewage Facilities	6.90	600,000	41,400	641,400

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
June 30, 1999

(continued from previous page)

**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2000	1992 Sewer and Sewage Facilities	7.75	\$ 505,000	\$ 267,666	\$ 772,666
2001		7.75	535,000	227,366	762,366
2002		7.75	565,000	184,741	749,741
2003		7.50	600,000	140,348	740,348
2004		5.75	635,000	99,591	734,591
2005		5.80	675,000	61,760	736,760
2006		5.90	715,000	21,093	736,093
			<u>4,230,000</u>	<u>1,002,565</u>	<u>5,232,565</u>
2000	1992 Series A Refunding Bonds	4.80	2,948,085	2,430,183	5,378,268
2001		5.00	4,080,992	2,257,404	6,338,396
2002		5.10	4,038,876	2,052,388	6,091,264
2003		5.20	3,971,492	1,846,138	5,817,630
2004		5.30	3,592,452	1,647,679	5,240,131
2005		5.40	3,558,760	1,456,393	5,015,153
2006		5.50	3,306,067	1,269,390	4,575,457
2007		5.60	3,255,528	1,087,318	4,342,846
2008		5.625	3,221,836	905,549	4,127,385
2009		5.70	3,263,951	721,912	3,985,863
2010		5.50	3,226,047	540,173	3,766,220
2011		5.50	2,105,775	393,548	2,499,323
2012		5.50	2,072,083	278,657	2,350,740
2013		5.50	2,051,025	165,272	2,216,297
2014		5.50	993,926	81,536	1,075,462
2015	5.50	985,503	27,101	1,012,604	
			<u>46,672,398</u>	<u>17,160,641</u>	<u>63,833,039</u>
2000	1995 Sewer & Sewage Facilities Refunding Bonds	4.30	1,645,000	928,911	2,573,911
2001		4.40	1,680,000	858,176	2,538,176
2002		4.50	1,715,000	784,256	2,499,256
2003		4.60	1,795,000	707,081	2,502,081
2004		4.70	1,880,000	624,511	2,504,511
2005		4.80	1,955,000	536,151	2,491,151
2006		4.80	2,085,000	442,311	2,527,311
2007		5.00	2,310,000	342,231	2,652,231
2008		5.00	2,295,000	226,731	2,521,731
2009		5.125	2,185,000	111,981	2,296,981
			<u>19,545,000</u>	<u>5,562,340</u>	<u>25,107,340</u>
2000	1995 Sewer & Sewage Facilities	5.00	585,000	739,551	1,324,551
2001		5.00	610,000	710,301	1,320,301
2002		5.00	635,000	679,801	1,314,801
2003		5.00	665,000	648,051	1,313,051
2004		5.00	700,000	614,801	1,314,801
2005		5.10	735,000	579,801	1,314,801
2006		5.20	770,000	542,316	1,312,316
2007		5.25	810,000	502,276	1,312,276
2008		5.40	850,000	459,751	1,309,751
2009		5.50	895,000	413,851	1,308,851
2010		5.50	945,000	364,626	1,309,626
2011	5.50	995,000	312,651	1,307,651	

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
June 30, 1999

(continued from previous page)

**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2012	1995 Sewer & Sewage Facilities	5.60	\$ 1,055,000	\$ 257,926	\$ 1,312,926
2013	(continued)	5.60	1,115,000	198,846	1,313,846
2014		5.625	1,180,000	136,406	1,316,406
2015		5.625	1,245,000	70,031	1,315,031
			13,790,000	7,230,986	21,020,986
2000	1992 State Revolving Sewer Loan	3.98	116,394	80,316	196,710
2001		3.98	121,110	75,600	196,710
2002		3.98	126,024	70,686	196,710
2003		3.98	131,130	65,580	196,710
2004		3.98	136,446	60,264	196,710
2005		3.98	141,978	54,732	196,710
2006		3.98	147,732	48,978	196,710
2007		3.98	153,720	42,990	196,710
2008		3.98	159,948	36,762	196,710
2009		3.98	166,434	30,276	196,710
2010		3.98	173,178	23,532	196,710
2011		3.98	180,198	16,512	196,710
2012		3.98	187,500	9,210	196,710
2013		3.98	129,205	1,935	131,140
			2,070,997	617,373	2,688,370
2000	1998 General Obligation Bonds	4.00	996,175	1,618,810	2,614,985
2001		4.50	1,034,392	1,575,613	2,610,005
2002		4.50	1,082,799	1,527,976	2,610,775
2003		5.00	1,131,206	1,475,333	2,606,539
2004		5.25	1,187,258	1,415,887	2,603,145
2005		5.25	1,248,404	1,351,951	2,600,355
2006		4.75	1,314,646	1,287,958	2,602,604
2007		5.00	1,375,792	1,222,341	2,598,133
2008		5.00	1,444,582	1,151,831	2,596,413
2009		5.00	1,518,467	1,077,754	2,596,221
2010		5.375	1,594,900	996,930	2,591,830
2011		5.375	1,678,976	908,945	2,587,921
2012		5.375	1,770,695	816,234	2,586,929
2013		5.375	1,864,962	718,527	2,583,489
2014		5.00	1,964,325	619,298	2,583,623
2015		5.00	2,063,688	518,597	2,582,285
2016		5.00	2,165,598	412,865	2,578,463
2017		5.00	2,275,152	301,847	2,576,999
2018		5.00	2,389,802	185,223	2,575,025
2019		5.00	2,509,546	62,739	2,572,285
			32,611,365	19,246,659	51,858,024
2000	1998 Public Improvement Refunding	4.00	39,800	712,772	752,572
2001		4.00	43,800	711,100	754,900
2002		4.00	43,800	709,347	753,147
2003		4.00	47,800	707,516	755,316
2004		4.13	47,800	705,574	753,374
2005		4.25	51,800	703,487	755,287
2006		4.30	51,800	701,272	753,072

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 1999

(continued from previous page)

**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal	
2007	1998 Public Improvement Refunding	5.00	\$ 816,200	\$ 679,753	\$ 1,495,953	
2008		5.00	860,000	637,848	1,497,848	
2009		5.50	857,800	592,759	1,450,559	
2010		5.50	910,500	544,131	1,454,631	
2011		5.50	963,300	492,601	1,455,901	
2012		5.25	1,063,000	438,207	1,501,207	
2013		5.25	1,126,700	380,728	1,507,428	
2014		5.25	1,190,400	319,904	1,510,304	
2015		5.25	1,258,100	255,631	1,513,731	
2016		5.25	1,333,700	187,596	1,521,296	
2017		5.25	1,413,400	115,484	1,528,884	
2018		5.25	1,493,000	39,191	1,532,191	
				<u>13,612,700</u>	<u>9,634,901</u>	<u>23,247,601</u>
2001		Georgia Environmental Facilities Authority	4.00	59,201	256,453	315,654
2002			4.00	150,417	165,238	315,655
2003			4.00	156,524	159,130	315,654
2004			4.00	162,880	152,775	315,655
2005			4.00	169,493	146,161	315,654
2006	4.00		176,375	139,279	315,654	
2007	4.00		183,537	132,117	315,654	
2008	4.00		190,989	124,665	315,654	
2009	4.00		198,744	116,910	315,654	
2010	4.00		206,814	108,840	315,654	
2011	4.00		215,212	100,443	315,655	
2012	4.00		223,950	91,704	315,654	
2013	4.00		233,043	82,611	315,654	
2014	4.00		242,506	73,148	315,654	
2015	4.00		252,353	63,302	315,655	
2016	4.00		262,599	53,055	315,654	
2017	4.00		273,262	42,393	315,655	
2018	4.00		284,357	31,297	315,654	
2019	4.00		295,903	19,751	315,654	
2020	4.00		307,920	7,736	315,656	
			<u>4,246,079</u>	<u>2,067,008</u>	<u>6,313,087</u>	
	Total Interceptor Sewer System indebtedness		<u>138,298,539</u>	<u>62,608,973</u>	<u>200,907,512</u>	

**SOLID WASTE/SANITATION FUND**

2000	1995 Municipal Public Improvement	5.00	730,083	376,341	1,106,424
2001		5.10	770,541	339,837	1,110,378
2002		5.10	816,516	300,540	1,117,056
2003		5.20	862,491	258,897	1,121,388

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
June 30, 1999

(continued from previous page)

**SOLID WASTE/SANITATION FUND**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2004	1995 Municipal Public Improvement (continued)	5.25	\$ 913,983	\$ 214,048	\$ 1,128,031
2005		5.30	969,153	166,064	1,135,217
2006		5.40	1,029,840	114,698	1,144,538
2007		5.40	1,094,205	59,087	1,153,292
			<u>7,186,812</u>	<u>1,829,512</u>	<u>9,016,324</u>
2000	1998 General Obligation Bonds	4.00	548,753	891,737	1,440,490
2001		4.50	569,805	867,942	1,437,747
2002		4.50	596,471	841,701	1,438,172
2003		5.00	623,136	812,702	1,435,838
2004		5.25	654,013	779,956	1,433,969
2005		5.25	687,696	744,736	1,432,432
2006		4.75	724,186	709,484	1,433,670
2007		5.00	757,869	673,338	1,431,207
2008		5.00	795,762	634,498	1,430,260
2009		5.375	836,462	593,692	1,430,154
2010		5.375	878,566	549,169	1,427,735
2011		5.375	924,880	500,702	1,425,582
2012		5.375	975,405	449,632	1,425,037
2013		5.00	1,027,333	395,808	1,423,141
2014		5.00	1,082,068	341,146	1,423,214
2015		5.00	1,136,803	285,674	1,422,477
2016		5.00	1,192,941	227,431	1,420,372
2017		5.00	1,253,290	166,275	1,419,565
2018		5.00	1,316,446	102,031	1,418,477
2019	5.00	1,382,409	34,560	1,416,969	
			<u>17,964,294</u>	<u>10,602,214</u>	<u>28,566,508</u>
2000	1998 Public Improvement Refunding	4.00	-	202,736	202,736
2001		4.00	-	202,735	202,735
2002		4.00	-	202,736	202,736
2003		4.00	-	202,735	202,735
2004		4.13	-	202,736	202,736
2005		4.25	-	202,735	202,736
2006		4.30	-	202,736	202,735
2007		5.00	-	202,735	202,735
2008		5.00	-	202,735	202,735
2009		5.50	1,155,600	170,957	1,326,557
2010		5.50	1,226,900	105,438	1,332,338
2011		5.50	1,303,600	35,849	1,339,449
			<u>3,686,100</u>	<u>2,136,863</u>	<u>5,822,963</u>
	Total Solid Waste/Sanitation Fund indebtedness		<u>28,837,206</u>	<u>14,568,589</u>	<u>43,405,795</u>

**STORM WATER FUND**

2000	1992 State Revolving General Obligation Loan	3.98	116,394	80,316	196,710
2001		3.98	121,110	75,600	196,710
2002		3.98	126,024	70,686	196,710
2003		3.98	131,130	65,580	196,710

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 1999

(continued from previous page)

**STORM WATER FUND**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal	
2004	1992 State Revolving General Obligation Loan (continued)	3.98	\$ 136,446	\$ 60,264	\$ 196,710	
2005		3.98	141,978	54,732	196,710	
2006		3.98	147,732	48,978	196,710	
2007		3.98	153,720	42,990	196,710	
2008		3.98	159,948	36,762	196,710	
2009		3.98	166,434	30,276	196,710	
2010		3.98	173,178	23,532	196,710	
2011		3.98	180,198	16,512	196,710	
2012		3.98	187,500	9,210	196,710	
2013		3.98	129,205	1,935	131,140	
				<u>2,070,997</u>	<u>617,373</u>	<u>2,688,370</u>
2000		1995 Municipal Public Improvement	5.00	500,617	258,057	758,674
2001			5.10	528,359	233,026	761,385
2002	5.10		559,884	206,080	765,964	
2003	5.20		591,409	177,525	768,934	
2004	5.25		626,717	146,771	773,488	
2005	5.30		664,547	113,870	778,417	
2006	5.40		706,160	78,649	784,809	
2007	5.40		750,295	40,516	790,811	
			<u>4,927,988</u>	<u>1,254,494</u>	<u>6,182,482</u>	
2000	1998 General Obligation Bonds	4.00	410,072	666,377	1,076,449	
2001		4.50	425,803	648,595	1,074,398	
2002		4.50	445,730	628,985	1,074,715	
2003		5.00	465,657	607,315	1,072,972	
2004		5.25	488,730	582,845	1,071,575	
2005		5.25	513,901	556,525	1,070,426	
2006		4.75	541,169	530,183	1,071,352	
2007		5.00	566,339	503,172	1,069,511	
2008		5.00	594,656	474,147	1,068,803	
2009		5.00	625,071	443,654	1,068,725	
2010		5.375	656,534	410,382	1,066,916	
2011		5.375	691,144	374,164	1,065,308	
2012		5.375	728,900	336,000	1,064,900	
2013		5.375	767,705	295,779	1,063,484	
2014		5.00	808,607	254,931	1,063,538	
2015		5.00	849,509	213,478	1,062,987	
2016		5.00	891,460	169,954	1,061,414	
2017		5.00	936,558	124,254	1,060,812	
2018		5.00	983,752	76,246	1,059,998	
2019		5.00	1,033,045	25,826	1,058,871	
			<u>13,424,342</u>	<u>7,922,812</u>	<u>21,347,154</u>	
2000	1998 Public Improvement Refunding	4.00	-	139,073	139,073	
2001		4.00	-	139,073	139,073	
2002		4.00	-	139,073	139,073	
2003		4.00	-	139,073	139,073	
2004		4.13	-	139,073	139,073	
2005		4.25	-	139,073	139,073	
2006		4.30	-	139,073	139,073	
2007		5.00	-	139,073	139,073	
2008		5.00	-	139,073	139,073	

(continued on following page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR  
 June 30, 1999

(continued from previous page)

**STORM WATER FUND**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2009	1998 Public Improvement Refunding (continued)	5.50	\$ 792,700	\$ 117,274	\$ 909,974
2010		5.50	841,600	72,331	913,931
2011		5.50	894,300	24,590	918,890
			<u>2,528,600</u>	<u>1,465,852</u>	<u>3,994,452</u>
	Total Storm Water Fund indebtedness		<u>22,951,927</u>	<u>11,260,531</u>	<u>34,212,458</u>
	Total primary government indebtedness		<u>\$ 237,505,962</u>	<u>\$ 106,742,899</u>	<u>\$ 344,248,861</u>

**METROPOLITAN AIRPORT AUTHORITY**

2000	1990 Airport Revenue Bonds	6.90	\$ 270,000	\$ 914,051	\$ 1,184,051
2001		6.90	290,000	895,421	1,185,421
2002		7.00	310,000	875,411	1,185,411
2003		7.00	335,000	853,711	1,188,711
2004		7.00	355,000	830,261	1,185,261
2005		7.10	380,000	805,411	1,185,411
2006		7.375	410,000	778,431	1,188,431
2007		7.375	440,000	748,194	1,188,194
2008		7.375	470,000	715,744	1,185,744
2009		7.375	505,000	681,081	1,186,081
2010		7.375	540,000	643,828	1,183,828
2011		7.375	580,000	604,013	1,184,013
2012		7.375	625,000	561,238	1,186,238
2013		7.375	670,000	515,144	1,185,144
2014		7.375	720,000	465,731	1,185,731
2015		7.375	775,000	412,631	1,187,631
2016		7.375	830,000	355,475	1,185,475
2017		7.375	895,000	294,263	1,189,263
2018		7.375	960,000	228,256	1,188,256
2019		7.375	1,030,000	157,456	1,187,456
2020	7.375	982,364	81,494	1,063,858	
	Total component unit indebtedness		<u>\$ 12,372,364</u>	<u>\$ 12,417,245</u>	<u>\$ 24,789,609</u>

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF INTERFUND TRANSFERS - ALL FUNDS  
 Year Ended June 30, 1999

<u>Transfer To</u>	<u>Transfers From</u>	<u>Amount</u>
Public Library Fund	General Fund	\$ 2,131,598
State Street Aid Fund	General Fund	650,000
Human Services Fund	General Fund	1,396,784
Solidwaste/Sanitation Fund	General Fund	5,475,483
Storm Water Fund	General Fund	683,952
Debt Service Fund	General Fund	1,658,279
Capital Projects Fund	General Fund	23,775,998
Interceptor Sewer System	Capital Projects Fund	34,255
General Fund	Capital Projects Fund	102,987
Storm Water Fund	Community Development Fund	41,610
General Fund	Community Development Fund	23,032
Capital Projects Fund	Community Development Fund	710,212
General Fund	Community Development Fund	<u>16,812</u>
 Total interfund transfers		 <u>\$ 36,701,002</u>

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 1999

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Tennessee Department of Agriculture:			
Emergency Food Assistance Program (Administrative Costs)	10.568	Z98-086051 Z99-091068	\$ 43,147
Emergency Food Assistance Program (Food Commodities - Noncash)	10.569	N/A	235,535
Cooperative Forestry Assistance	10.664	GG-98-07780 GG-98-084040 GG-99-08126	19,554
Passed Through Tennessee Department of Human Services:			
Child and Adult Care Food Program	10.558	03-47-55915-00-8 03-47-56136-00-6 03-47-60076-00-9	380,586
Summer Food Service Program for Children	10.559	DG9801336/30-010	<u>612,537</u>
Total U.S. Department of Agriculture			<u>1,291,359</u>
U.S. DEPARTMENT OF COMMERCE			
Economic Development - Technical Assistance	11.303		<u>87,119</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/ Entitlement Grants	14.218		4,314,276
Emergency Shelter Grants Program	14.231		87,522
Shelter Plus Care	14.238		51,339
HOME Investment Partnerships Program	14.239		<u>1,980,022</u>
Total U.S. Department of Housing and Urban Development			<u>6,433,159</u>
U.S. DEPARTMENT OF THE INTERIOR			
Passed Through Tennessee Wildlife Resources Agency:			
Sport Fish Restoration	15.605	GG-97-02360	<u>38,695</u>

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CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 1999

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
(continued from previous page)			
U.S. DEPARTMENT OF JUSTICE			
Local Law Enforcement Block Grants Program	16.592		\$ 443,727
Executive Office for Weed and Seed	16.595		59,155
Public Safety Partnership and Community Policing Grants	16.710		777,944
Passed through Tennessee Department of Criminal Justice:			
Bryne Formula Grant Program	16.579	97DG909	<u>40,274</u>
Total U.S. Department of Justice			<u>1,321,100</u>
U.S. DEPARTMENT OF LABOR			
Passed Through Tennessee Department of Labor:			
Employment Service	17.207		196,576
Employment and Training Assistance - Dislocated Workers	17.246		1,378,489
Job Training Partnership Act Programs	17.250		2,291,822
Welfare-to-Work Grants to States and Localities	17.253		<u>142,389</u>
Total U.S. Department of Labor			<u>4,009,276</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Tennessee Department of Transportation:			
Highway Planning and Construction	20.205	Z-98-084145 Z-99-091844 STP-EN-9202(56) STP-H-3300(29) STP-H-3300(30)	426,903
Federal Transit Metropolitan Planning grants	20.505	Z-98-083494 Z-99-092351	29,368
Passed Through Georgia Department of Transportation:			
Highway Planning and Construction	20.205	50558-1565-0098 50558-1565-0099	<u>14,854</u>
Total U.S. Department of Transportation			<u>471,125</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 1999

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
(continued from previous page)			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Institute of Museum and Library Services	45.301		\$ 23,198
Passed through Tennessee Aquarium:			
Museum Leadership Initiatives	45.306	IL-80061-98	<u>5,402</u>
Total National Foundation on the Arts and the Humanities			<u>28,600</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through Tennessee Libraries and Archives:			
State Library Program	45.310	Z-98-088881 Z-99-090020 Z-99-093158 Z-99-093184 GG-98-07888	<u>228,626</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Air Pollution Control Program Support	66.001		<u>318,502</u>
U.S. DEPARTMENT OF ENERGY			
Passed Through Tennessee Department Human Services:			
Weatherization Assistance for Low-Income Persons	81.042	Z-99-087250	<u>254,096</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Emergency Food and Shelter National Board Program	83.523		28,061
Passed through Tennessee Department of military (Disaster Relief)			
Public Assistance Grants	83.544	Z-97-083255	<u>586,017</u>
Total Federal Emergency Management Agency			<u>614,078</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Head Start	93.600		5,894,529
Passed Through Tennessee Department of Labor:			
Temporary Assistance for Needy Families	93.558	98-06-999-157-99-88 99-06-999-666-99-83 99-06-999-205-56-63	641,777

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 1999

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
(continued from previous page)			
Passed Through Tennessee Department of Human Services:			
Low-Income Home Energy Assistance	93.568	Z-99-087269	\$ 992,526
Community Services Block Grant	93.569	Z-99-089465	<u>636,093</u>
Total U.S. Department of Health and Human Services			<u>8,164,925</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Foster Grandparent Program	94.011		<u>345,803</u>
<u>Awards Audited by Other Auditors</u>			
Electric Power Board of Chattanooga			
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Public Assistance Grants	83.544		<u>496,840</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT UNIT			<u>24,103,303</u>
<b>Component Units</b>			
<u>Awards Audited by Other Auditors</u>			
<b>Chattanooga Area Regional Transportation Authority</b>			
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Transit Capital Improvement Grants	20.500		1,202,668
Federal Transit Capital and Operating Assistance Formula Grants	20.507		<u>659,118</u>
Total Expenditures of Federal Awards - Chattanooga Area Regional Transportation Authority			<u>1,861,786</u>
<b>Chattanooga Metropolitan Airport Authority</b>			
U.S. DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106		<u>872,670</u>
Total Expenditures of Federal Awards - Component Units Audited by Other Auditors			<u>2,734,456</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY			<u>\$ 26,837,759</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 1999

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
(continued from previous page)			
STATE AWARDS			
Tennessee Libraries and Archives			
Regional Library Contract for General Library Service		Z98-084762-00	\$ 200,595
Tennessee Housing Development Agency			
(CNE Project)		HS98E002	233,000
Tennessee Department of agriculture			
Scenic Cities Beautiful		Z-98-084063-01	5,799
Tennessee Department of Economic and Community Development			
Clean Cities Grant		GR 9811542	17,068
Tennessee Department of Education			
Specialized Training		Z-99-091863	248,221
Tennessee Department of Health and Human Services			
Families First		98-06-999-157-99-88 99-06-999-999-99-83	277,339
One-Stop Career Center - Operational		99-06-999-205-56-63	24,676
Tennessee Department of Labor			
Welfare to Work		98-06-999-106-99-85	70,132
Tennessee Department of Environment and Conservation			
Household Hazardous Waste Grant		GG-97-07431	215,927
Cooledge Park		Z-98-086087	250,000
Tennessee Department of Transportation			
Highway Planning and Construction		GG-98-07665	<u>3,623</u>
TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT UNIT			<u>1,546,380</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 1999

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
(continued from previous page)			
<b>Component Units</b>			
<u>Awards Audited by Other Auditors</u>			
<b>Chattanooga Area Regional Transportation Authority</b>			
FTA Section 3 Grant - Capital		TN 03-0031 TN 03-0041 TN 03-0042	\$ 158,618
FTA Section 9 Grant - Capital		TN 09-0142 TN 09-0153	82,392
FTA Section 9 Grant - Operating		TN-90-4153	1,145,696
Other Grants:			
State		Z-99088658	<u>19,086</u>
Total Expenditures of State Awards - Chattanooga Area Regional Transportation Authority			1,405,792
<b>Chattanooga Metropolitan Airport Authority</b>			
Airport Improvement Program		33-555-0440-04 33-555-0437-04 33-555-0334-04 33-555-0342-04 33-555-0343-04	<u>707,627</u>
Total Expenditures of State Awards - Component Units Audited by Other Auditors			<u>2,113,419</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>3,659,799</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 30,497,558</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
June 30, 1999

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Note 1. Basis of Presentation

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

Note 2. Subrecipients

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided To Subrecipient</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$3,929,725
HOME Investment Partnerships Program	14.239	\$1,958,985
Employment Service	17.207	\$ 196,576
Employment and Training Assistance - Dislocated Workers	17.246	\$1,378,489
Job Training Partnership Act Programs	17.250	\$2,291,822
Welfare-to-Work Grants to States and Localities	17.253	\$ 142,389

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

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

We have audited the general-purpose financial statements and the combining and individual fund and account group financial statements of the City of Chattanooga, Tennessee, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 28, 1999. We did not audit the financial statements of the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on those financial statements, insofar as it relates to the amounts included for the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, was based solely on the work of other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and the combining and individual fund and account group financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as Finding 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Chattanooga, Tennessee in a separate letter dated September 28, 1999.

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

Chattanooga, Tennessee  
September 28, 1999

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

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

Compliance

We have audited the compliance of the City of Chattanooga, Tennessee, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. We did not audit the compliance of the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, whose federal and state financial assistance is \$496,840, \$1,580,297, and \$3,267,578, respectively. The reports of the other auditors on compliance with the requirements applicable to major programs have been furnished to us, and our opinion on compliance with those requirements, insofar as it relates to the amounts included for the Electric Power Board of Chattanooga, the Chattanooga Metropolitan Airport Authority, and the Chattanooga Area Regional Transit Authority, was based solely on the reports of the other auditors. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States and Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Chattanooga, Tennessee complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 99-2.

#### Internal Control Over Compliance

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

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

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

Chattanooga, Tennessee  
September 28, 1999

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 1999

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

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

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

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

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 1999

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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	U.S. Department of Housing and Urban Development
14.239	Community Development Block Grants/Entitlement Grants HOME Investment Partnerships Program
17.246	U.S. Department of Labor:
17.250	Employment and Training Assistance - Dislocated Workers Job Training Partnership Act Programs
20.106	U.S. Department of Transportation:
20.500	Airport Improvement Program Federal Transit Capital Improvement Grants
93.568	U.S. Department of Health and Human Services:
93.600	Low-Income Home Energy Assistance Head Start

Dollar threshold used to distinguish between type A  
and type B programs: \$805,133

Auditee qualified as low-risk auditee?  yes  no

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 99-1: Grant Revenue Accrual

Criteria: Generally accepted accounting principles require that accrued revenues be recorded.

Condition: Accrued grant revenues were not recorded at June 30, 1999, for the Head Start grant which is administered by Chattanooga Human Services.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 1999

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SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

Effect: Without an accrual entry, grant revenues and receivables are understated by \$781,498.

Cause: The condition was caused by a lack of communication between departments as well as inadequate supervision of new personnel regarding year-end closing procedures.

Recommendation: In areas where Federal funds are received, personnel should be aware of proper accrual procedures. Personnel should be informed about cut-off provisions and the need to accrue revenues based on unreimbursed expenditures at year-end.

Management's response:

Department personnel have been informed of the proper procedures for recording accrual of grant revenue. Supervisory review of accounting transactions will be implemented to ensure procedures are adhered to and that employees are cross-trained to ensure continuity in the event of employee absences and/or terminations. Management will also review the existing procedure to strengthen controls and facilitate more accurate and timely reporting of grant revenues and expenditures.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 99-2: Period of Funds Availability

Federal program: CFDA 16.592 Local Law Enforcement Block Grants Program  
Federal agency: U.S. Department of Justice  
Award year: October 1, 1996 to September 30, 1998

Criteria: Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency.

Condition: The City did not obligate or expend funds for the Local Law Enforcement Block Grants Program within the specified grant period.

Questioned costs: \$129,566

Effect: The City is not in compliance with federal regulations regarding period of funds availability.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 1999

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

Finding 99-2: Period of Funds Availability (continued)

Cause: Grant period cut-off provisions were not monitored to ensure that amounts were expended within the grant funding period.

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

Management's response: Expenses applied against the 1996 Local Law Enforcement Block Grant included an encumbrance/commitment for the purchase of a mobile data terminal system to be used in police vehicles. Due to unavoidable delays by the vendor, the system was not delivered at the expiration of the specified time period. Funds were obligated for this purpose but could not be expensed during the allotted time period. The system has now been delivered. We will monitor commitments against future grants in a manner that ensures the delivery of goods and/or services within the specified grant period.

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

Fiscal Year Ended June 30	Property Taxes	Other Local Taxes	Licenses and Permits	Inter- Governmental	Charges for Services	Fines, Forfeitures and Penalties	Investment Income	Miscellaneous (2)	Total
1990	\$ 56,520,372	\$ 4,429,623	\$ 2,887,198	\$ 124,336,151	\$ 6,953,926	\$ 909,530	\$ 4,427,554	\$ 5,410,976	\$ 205,875,330
1991	57,679,705	4,629,630	3,183,762	119,904,404	6,087,062	1,153,704	3,657,820	5,225,822	201,521,909
1992	57,943,847	4,693,360	3,507,879	118,204,115	7,341,278	1,207,966	2,659,490	4,822,896	200,380,831
1993	59,266,895	4,919,351	3,707,760	143,013,793	8,303,582	1,349,297	1,663,412	3,928,215	226,152,305
1994	61,356,169	5,048,321	4,131,628	142,569,973	8,342,304	1,266,112	2,326,198	6,147,657	231,188,362
1995	71,061,842	5,133,580	4,159,161	135,647,682	4,402,528	1,482,496	4,112,847	6,227,331	232,227,467
1996	72,147,987	5,322,460	5,059,012	139,128,935	4,460,791	1,645,901	4,022,283	6,083,666	237,871,035
1997	66,725,268	16,505,914	5,315,140	146,431,963	4,686,720	1,760,268	4,178,729	5,828,088	251,432,090
1998	62,837,381	21,956,152	5,482,906	59,384,581	2,364,791	1,805,903	3,086,343	6,416,760	163,334,817
1999	63,927,435	22,938,301	5,593,174	62,245,526	2,640,477	2,143,025	3,258,820	9,660,580	172,407,338

Notes:

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

(2) Increase in 1999 is primarily due to donations of \$3,557,273.

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

Fiscal Year Ended June 30	General Government (3)	Finance and Administration	Public Safety	Public Works	Parks and Recreation	General Services (2)	Education	Debt Services	Capital Outlay	Social Services	Total
1990	\$ 46,320,384	\$ 3,135,193	\$ 28,522,252	\$ 15,989,182	\$ 4,222,388	\$ -	\$ 74,382,894	\$ 5,686,333	\$ 17,516,893	\$ 9,623,729	\$ 205,399,248
1991	24,823,899	3,376,195	29,519,716	15,649,337	4,550,731	10,270,867	79,135,661	6,350,348	18,176,807	7,927,722	199,781,283
1992	27,039,951	3,570,331	29,689,037	14,108,694	5,005,300	10,630,316	79,042,473	6,530,063	28,137,161	9,189,182	212,942,508
1993	26,588,285	3,748,014	27,841,742	15,937,355	5,224,447	10,478,139	92,111,382	6,523,416	17,674,964	8,427,892	214,555,636
1994	19,753,860	4,771,897	34,807,160	12,910,022	7,984,729	10,168,662	99,957,853	6,636,830	18,195,819	9,487,265	224,674,097
1995	17,045,619	4,542,789	37,067,540	13,082,451	8,418,986	10,428,911	97,159,632	5,943,855	22,460,035	14,097,296	230,247,114
1996	17,578,266	4,806,407	38,863,226	13,587,704	8,853,506	10,324,153	98,716,585	6,839,092	23,774,426	14,969,700	238,313,065
1997	19,615,441	5,593,165	41,239,008	13,100,104	9,645,826	11,162,219	108,785,421	7,610,454	25,333,133	14,643,491	256,728,262
1998	26,751,553	5,101,425	43,300,303	12,505,996	9,795,435	11,799,661	-	8,175,752	21,513,790	17,109,854	156,053,769
1999	28,400,715	5,347,504	44,099,492	13,013,318	10,854,732	12,596,657	-	7,477,848	21,799,963	17,405,968	160,996,197

Notes:

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

(2) This function was part of general government until fiscal year 1991.

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

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

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
1990	\$ 53,628,677	\$ 50,247,824	93.7%	\$ 4,395,406	\$ 54,643,230	101.9%	\$ 4,817,668	9.0%
1991	54,602,809	51,167,958	93.7%	1,923,928	53,091,886	97.2%	6,176,079	11.3%
1992	54,631,287	50,869,912	93.1%	2,482,385	53,352,297	97.7%	7,021,437	12.9%
1993	54,855,475	52,108,748	95.0%	3,484,893	55,593,641	101.3%	6,059,296	11.0%
1994	56,890,595	54,141,733	95.2%	2,312,510	56,454,243	99.2%	6,499,904	11.4%
1995	65,526,453	62,692,608	95.7%	3,148,835	65,841,443	100.5%	5,820,496	8.9%
1996	66,277,436	63,788,287	96.2%	2,273,018	66,061,305	99.7%	5,924,547	8.9%
1997	61,988,345	58,976,664	95.1%	2,498,964	61,475,628	99.2%	5,757,609	9.3%
1998	58,443,299	55,449,615	94.9%	2,930,520	58,380,135	99.9%	5,423,483	9.3%
1999	60,155,010	57,660,552	95.9%	2,574,338	60,234,890	100.1%	5,126,800	8.5%

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

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

Fiscal Year Ended June 30	Real Property (1)		Personal Property (2)		Public Utilities (3)		Total		Assessed to Total Estimated Actual Value
	Assessed Value (5)	Estimated Actual Value (5)	Assessed Value (5)	Estimated Actual Value (5)	Assessed Value (5)	Estimated Actual Value (5)	Assessed Value (5)	Estimated Actual Value (5)	
1990	\$ 1,579,205,710	\$ 4,811,090,115	\$ 285,365,082	\$ 962,039,364	\$ 129,057,856	\$ 234,650,647	\$ 1,993,628,648	\$ 6,007,780,126	33.18%
1991	1,592,797,918	4,854,426,584	305,507,457	1,018,358,190	131,537,150	239,158,455	2,029,842,525	6,111,943,229	33.21%
1992	1,623,471,083	4,947,161,599	276,327,564	921,091,880	131,104,207	238,371,285	2,030,902,854	6,106,624,764	33.26%
1993	1,633,805,813	4,985,486,870	265,998,097	886,660,323	139,430,519	253,150,035	2,039,234,429	6,125,657,228	33.29%
1994	1,711,202,108	5,254,372,948	306,309,606	1,021,032,020	153,885,032	279,790,967	2,171,396,746	6,555,195,935	33.12%
1995	1,733,174,165	5,324,263,360	307,830,119	1,026,100,397	157,865,664	287,028,480	2,198,869,948	6,637,392,237	33.13%
1996	1,764,147,467	5,421,140,894	308,318,501	1,027,728,337	151,604,715	275,644,936	2,224,070,683	6,724,514,167	33.07%
1997	1,797,441,847	5,523,206,725	344,984,883	1,149,949,610	153,432,945	278,968,991	2,295,859,675	6,952,125,326	33.02%
1998	1,987,416,146	6,147,138,482	381,056,931	1,270,189,770	161,516,615	293,666,573	2,529,989,692	7,710,994,825	32.81%
1999	2,031,602,544	6,284,950,419	407,967,358	1,359,891,193	164,540,123	299,163,860	2,604,110,025	7,944,005,472	32.78%

Notes:

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

CITY OF CHATTANOOGA, TENNESSEE

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

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Fiscal Year Ended June 30	Tax Rates			Tax Levies		
	Per \$100 Assessed Value			City	County	Total
	City	County	Total			
1990	\$ 2.69	\$ 2.43	\$ 5.12	\$ 53,628,677	\$ 74,367,062	\$ 127,995,739
1991	2.69	2.43	5.12	54,602,809	76,141,251	130,744,060
1992	2.69	2.43	5.12	54,631,287	76,192,815	130,824,102
1993	2.69	2.93	5.62	54,855,475	93,012,723	147,868,198
1994	2.62	2.81	5.43	56,890,595	96,378,123	153,268,718
1995	2.98	2.81	5.79	65,526,453	98,321,810	163,848,263
1996	2.98	2.81	5.79	66,277,436	100,264,781	166,542,217
1997	2.70	3.22	5.92	61,988,345	118,833,274	180,821,619
1998	2.31	2.93	5.24	58,443,299	121,892,101	180,335,400
1999	2.31	2.93	5.24	60,155,010	126,038,952	186,193,962

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

CITY OF CHATTANOOGA, TENNESSEE

PRINCIPAL TAXPAYERS  
June 30, 1999

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Taxpayer	1998 Assessment	Percent of Assessed Valuation	City Tax
Electric Power Board (Municipal Electric Utility)	\$ 98,403,815	3.78%	\$ 2,273,128
E.I. DuPont de Nemours and Company (Synthetic Yarns)	68,073,096	2.61%	1,572,489
South Central Bell (Telephone Utility)	54,018,335	2.07%	1,247,824
Chattanooga Valley Associates (TVA) (Office Leasing)	43,869,440	1.68%	1,013,384
CBL & Associates (Land Development)	41,870,682	1.61%	967,213
Tennessee-American Water Company (Water Utility)	32,661,039	1.25%	754,470
Chattanooga Gas Company (Natural Gas)	22,752,217	0.87%	525,576
Blue Cross-Blue Shield ( Insurance/Leasing)	20,924,172	0.80%	483,348
Parkridge Medical Center	17,225,848	0.66%	397,917
Provident Life and Accident Insurance Company	<u>16,563,470</u>	<u>0.64%</u>	<u>382,616</u>
	<u>\$ 416,362,114</u>	<u>15.97%</u>	<u>\$ 9,617,965</u>

Source: City Treasurer

CITY OF CHATTANOOGA, TENNESSEE

HISTORICAL DEBT RATIOS  
June 30, 1999

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Estimated population (1)	152,466	153,800	155,000	154,700	154,200	151,600	150,300	148,800	147,500
Appraised property valuation	\$ 5,853,614,974	\$ 6,106,624,764	\$ 6,125,657,228	\$ 6,555,195,935	\$ 6,637,392,236	\$ 6,724,514,167	\$ 6,952,125,326	\$ 7,710,994,825	\$ 7,944,005,472
Assessed property valuation	2,024,180,058	2,030,902,854	2,039,234,429	2,171,396,746	2,198,869,948	2,224,070,683	2,295,859,675	2,529,989,692	2,604,110,025
Gross indebtedness (2)	136,781,090	157,418,732	169,276,511	159,288,470	185,837,792	204,479,351	191,283,521	245,731,165	237,505,962
Less: Self-supporting indebtedness (3)	106,460,000	121,245,000	130,073,419	121,598,982	140,426,612	147,739,894	138,922,708	194,393,764	190,087,672
Debt Service Fund	<u>6,697,390</u>	<u>6,833,840</u>	<u>8,062,547</u>	<u>8,268,907</u>	<u>9,128,676</u>	<u>9,127,569</u>	<u>8,802,830</u>	<u>7,126,274</u>	<u>2,566,687</u>
Net direct indebtedness	23,623,700	29,339,892	31,140,545	29,420,581	36,282,504	47,611,888	43,557,983	44,211,127	44,851,603
Plus: Estimated net overlapping indebtedness	<u>41,160,822</u>	<u>50,120,961</u>	<u>72,122,174</u>	<u>84,898,036</u>	<u>75,913,865</u>	<u>79,884,361</u>	<u>100,669,117</u>	<u>99,208,181</u>	<u>98,505,368</u>
Net direct and overlapping indebtedness	<u>\$ 64,784,522</u>	<u>\$ 79,460,853</u>	<u>\$ 103,262,719</u>	<u>\$ 114,318,617</u>	<u>\$ 112,196,369</u>	<u>\$ 127,496,249</u>	<u>\$ 144,227,100</u>	<u>\$ 143,419,308</u>	<u>\$ 143,356,971</u>
Gross debt per capita	\$897.13	\$1,023.53	\$1,092.11	\$1,029.66	\$1,205.17	\$1,348.81	\$1,272.68	\$1,651.42	\$1,610.21
Net direct debt per capita	154.94	190.77	200.91	190.18	235.30	314.06	289.81	297.12	304.08
Net direct and overlapping debt per capita	424.91	516.65	666.21	738.97	727.60	841.00	959.59	963.84	971.91
Gross debt to appraised valuation	2.34%	2.58%	2.76%	2.43%	2.80%	3.04%	2.75%	3.19%	2.99%
Net direct debt to appraised valuation	.40%	.48%	.51%	.45%	.55%	.71%	.63%	.57%	.56%
Net direct debt and overlapping debt to appraised valuation	1.11%	1.30%	1.69%	1.74%	1.69%	1.90%	2.07%	1.86%	1.80%
Gross debt to assessed valuation	6.76%	7.75%	8.30%	7.34%	8.45%	9.19%	8.33%	9.71%	9.12%
Net direct debt to assessed valuation	1.17%	1.44%	1.53%	1.35%	1.65%	2.14%	1.90%	1.75%	1.72%
Net direct and overlapping debt to assessed valuation	3.20%	3.91%	5.06%	5.26%	5.10%	5.73%	6.28%	5.67%	5.51%

(1) Population figures for all years are estimates except 1991; population used for 1991 is the 1990 Census Count.

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

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

CITY OF CHATTANOOGA, TENNESSEE

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

<u>Fiscal Year Ended June 30</u>	<u>Bond Principal</u>	<u>Bond Interest &amp; Fiscal Charges (2)</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1990	\$ 3,046,429	\$ 2,254,699	\$ 5,301,128	\$ 205,399,248	2.6%
1991	3,951,429	2,398,919	6,350,348	199,781,283	3.2%
1992	4,339,929	2,190,134	6,530,063	212,942,508	3.1%
1993	4,435,743	2,087,673	6,523,416	214,555,636	3.0%
1994	4,253,402	2,383,428	6,636,830	224,674,097	3.0%
1995	3,884,314	2,059,541	5,943,855	230,247,114	2.6%
1996	4,295,735	2,543,357	6,839,092	238,313,065	2.9%
1997	4,719,181	2,891,273	7,610,454	256,728,262	3.0%
1998	5,233,898	2,941,854	8,175,752	156,053,769	5.2%
1999	4,852,826	2,625,022	7,477,848	160,996,197	4.6%

Notes:

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

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

CITY OF CHATTANOOGA, TENNESSEE  
 COMPUTATION OF DIRECT AND OVERLAPPING INDEBTEDNESS  
 Year Ended June 30, 1999

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<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Chattanooga	\$ 44,851,603	100.0000%	\$ 44,851,603
Overlapping:			
Hamilton County	<u>162,607,804</u>	60.5785%	<u>98,505,368</u>
Total	<u>\$ 207,459,407</u>		<u>\$ 143,356,971</u>

CITY OF CHATTANOOGA, TENNESSEE  
COMPUTATION OF DEBT LIMIT AND LEGAL DEBT MARGIN  
Year Ended June 30, 1999

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Debt limit (10% of assessed valuation)	<u>\$ 260,411,003</u>
Gross Indebtedness:	
General obligation bonds outstanding	219,620,001
Notes Payable	<u>17,885,961</u>
Gross indebtedness	<u>237,505,962</u>
Less self-supporting indebtedness for general obligation bonds:	
Interceptor Sewer System	138,298,539
Solid Waste/Sanitation Fund	28,837,206
Storm Water Fund	<u>22,951,927</u>
	<u>190,087,672</u>
Gross direct indebtedness	47,418,290
Less: Debt Service Fund balance	<u>2,566,687</u>
Debt subject to debt limitation	<u>44,851,603</u>
Net legal debt margin	<u><u>\$ 215,559,400</u></u>
Percentage of direct legal debt exhausted	<u>17.22%</u>

CITY OF CHATTANOOGA, TENNESSEE

PROPERTY VALUE AND CONSTRUCTION  
LAST TEN FISCAL YEARS

Calendar Year (1)	Commercial Construction (2)		Residential Construction (2)		Property Value (3)		
	Number of Permits	Value	Number of Permits	Value	Commercial	Residential	Public Utilities
1989	634	\$ 109,020,443	1,059	\$ 35,276,318	\$ 2,531,745,895	\$ 2,279,344,220	\$ 234,650,647
1990	710	143,700,926	1,148	29,905,938	2,505,579,795	2,348,846,789	239,158,456
1991	548	118,775,834	1,180	36,148,872	2,549,545,833	2,397,615,766	238,371,285
1992	691	99,320,108	1,229	46,109,341	2,615,638,370	2,369,848,500	253,510,035
1993	757	96,390,346	1,320	58,710,817	2,684,870,032	2,569,502,916	279,790,967
1994	672	124,406,215	1,434	63,825,615	2,716,252,084	2,608,011,276	287,028,480
1995	749	152,369,585	1,360	63,336,445	2,758,077,658	2,663,063,236	275,644,936
1996	789	214,356,906	1,465	75,164,190	2,815,608,289	2,707,598,436	278,968,991
1997	834	151,458,193	1,509	85,398,111	3,041,450,294	3,105,688,188	293,666,573
1998	822	212,851,146	1,516	73,308,479	3,109,414,963	3,175,535,456	299,163,860

Notes:

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

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

Fiscal Year	Gross Revenue (Note A)	Expenses (Note B)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Primary Government:							
ELECTRIC POWER BOARD							
1990	\$ 277,445,000	\$ 264,404,800	\$ 13,040,200	\$ 250,000	\$ 63,000	\$ 313,000	41.66
1991	278,747,000	266,357,000	12,390,000	250,000	48,750	298,750	41.47
1992	278,299,000	266,036,000	12,263,000	250,000	34,500	284,500	43.10
1993	283,491,000	265,463,000	18,028,000	250,000	20,000	270,000	66.77
1994	298,793,000	282,413,000	16,380,000	250,000	10,000	260,000	63.00
1995	286,546,000	272,502,000	14,044,000	-	-	-	-
1996	311,940,000	296,020,000	15,920,000	-	-	-	-
1997	292,026,000	277,576,000	14,450,000	-	-	-	-
1998	332,613,000	307,581,000	25,032,000	-	-	-	-
1999	336,984,000	314,757,000	22,227,000	-	-	-	-
Component Unit:							
METROPOLITAN AIRPORT AUTHORITY (Note C)							
1990	2,554,383	1,934,387	619,996	-	-	None	N/A
1991	2,418,618	2,004,519	414,099	-	-	None	N/A
1992	2,848,714	2,477,223	371,491	-	1,012,186	1,012,186	0.37
1993	4,722,120	3,111,165	1,610,955	29,118	1,012,186	1,041,304	1.55
1994	5,021,700	3,461,550	1,560,150	185,000	1,001,161	1,186,161	1.32
1995	5,306,842	3,505,242	1,801,600	195,000	989,321	1,184,321	1.52
1996	5,147,790	3,253,459	1,894,331	212,500	976,646	1,189,146	1.59
1997	5,456,099	3,277,908	2,178,191	225,000	985,062	1,210,062	1.80
1998	5,820,799	3,423,511	2,397,288	237,275	947,711	1,184,986	2.02
1999	6,319,120	4,304,545	2,014,575	252,274	931,391	1,183,665	1.70

Note A Includes operating and nonoperating revenue.

Note B Total expenses exclusive of depreciation and bond interest.

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

CITY OF CHATTANOOGA, TENNESSEE  
SALARIES AND FIDELITY BONDS OF PRINCIPAL OFFICIALS  
Year Ended June 30, 1999

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	<u>Description</u>	<u>Annual Salary</u>	<u>Fidelity Bonds</u>
Jon Kinsey	Mayor	\$ 108,805	\$ 10,000
John M. Lively, Chairman	Councilman, District 1	21,321	10,000
Mai Bell Hurley	Councilwoman, District 2	16,321	10,000
David W. Crockett,	Councilman, District 3	16,321	10,000
Don Eaves	Councilman, District 4	16,321	10,000
John Franklin	Councilman, District 5	16,321	10,000
Martha Rutherford	Councilwoman District 6	16,321	10,000
John Taylor, Jr.	Councilman, District 7	16,321	10,000
Leamon Pierce	Councilman, District 8	16,321	10,000
Yusuf A. Hakeem Vice Chairman	Councilman, District 9	18,821	10,000
James S. Boney	Administrator and City Finance Officer	96,692	100,000
Carl E. Levi	City Treasurer	75,845	500,000
Randall L. Nelson	City Attorney	101,350	10,000

CITY OF CHATTANOOGA, TENNESSEE

INSURANCE COVERAGE  
Year Ended June 30, 1999

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<b>PUBLIC BUILDINGS</b>	
Fire, extended coverage, vandalism, and malicious mischief	\$ 92,969,958
<b>CHATTANOOGA PUBLIC LIBRARIES</b>	
Fire, extended coverage, vandalism, and malicious mischief (80% coinsurance)	24,696,521
Automobile liability	350,000
Boiler	500,000
Flood	10,497,700
Earthquake	10,000,000
General liability	1,000,000
Employee dishonesty	125,000
Equipment	825,421
<b>HUMAN SERVICES</b>	
General liability	1,000,000
Fire, extended coverage, vandalism, and malicious mischief (80% coinsurance)	1,870,539
Employee dishonesty	25,000
<b>AIR POLLUTION CONTROL BOARD</b>	
General liability	2,000,000
Property damage (90% coinsurance)	400,000
Automobile liability	1,000,000
Public official and employee liability	1,000,000
Equipment (80% coinsurance)	419,044
Employee dishonesty	100,000
<b>INTERCEPTOR SEWER SYSTEM</b>	
Fire, extended coverage, vandalism, and malicious mischief	83,000,000
Pumping stations	29,382,000

CITY OF CHATTANOOGA, TENNESSEE

DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

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<u>Calendar Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Age (1)</u>	<u>Unemployment Rate (2)</u>
1989	165,200	\$11,196	34.8	4.7%
1990	152,466	12,944	34.8	4.2%
1991	153,800	12,906	35.1	5.9%
1992	155,000	13,566	35.3	6.1%
1993	154,700	14,328	35.7	4.3%
1994	154,200	15,131	36.1	2.8%
1995	151,600	14,613	37.1	4.9%
1996	150,300	15,366	36.6	4.6%
1997	148,800	15,943	36.9	5.0%
1998	147,500	16,381	38.2	4.0%

(1) Source: Survey of Buying Power, Sales & Marketing Management Magazine

(2) Source: Tennessee Department of Employment Security

CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 1999

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

Miles of Streets:

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

Building Permits:

<u>Calendar Year</u>	<u>Number Issued</u>	<u>Value of Permits*</u>
1989	1,693	\$144,296,761
1990	1,858	173,606,864
1991	1,728	154,924,706
1992	1,920	145,429,449
1993	2,077	155,101,163
1994	2,106	188,231,830
1995	2,109	215,706,030
1996	2,254	289,521,096
1997	2,343	236,856,304
1998	2,338	286,159,625

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

Source: City Building Inspection Department

Education\*\*

Public

Elementary	47
Middle	15
Senior High	12
Kindergarten through Twelve	3

Private

Parochial	18
Elementary	7
Preparatory	3

\*\*Source: Hamilton County Department of Education

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 1999

(continued from previous page)

Elections (County-Wide):

176,554 registered voters  
 59,733 votes cast in last election  
 33.83% registered voters voting

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

Recreation:

Number of parks	27
Municipal golf courses	17
Recreation centers	28
Supervised summer playgrounds	48
Ball fields	82
Public and private tennis courts	200
Swimming pools	55
Theaters	15
Bowling alleys	3

Libraries:

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

Public Safety:	<u>Fire</u>	<u>Police</u>
Sworn officers	385	439
Park officers	-	11
Civilians:		
Full-time Park Rangers	-	4
Part-time Park Rangers	-	7
Part-time School Patrol	-	30
Full-time School Patrol	-	1
All other	<u>19</u>	<u>145</u>
Total Public Safety	<u>404</u>	<u>644</u>

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 1999

(continued from previous page)

Utilities:

	<u>User Class</u>	<u>Number of Customers</u>	<u>Rate Structure</u>
Electric Power Board*			
	Residential	135,201	\$0.0641 per kilowatt-hour
	Small Commercial and Power	17,641	0.0712 per kilowatt-hour
	Large Commercial and Power	3,032	0.0509 per kilowatt-hour
	Outdoor Lighting	145	0.0770 per kilowatt-hour
Interceptor Sewer System			
(based on water used)	First 100,000 gallons	55,000	\$3.43 per 1,000 gallons
	Next 650,000 gallons	-	2.52 per 1,000 gallons
	Next 1,250,000 gallons	-	2.03 per 1,000 gallons
	Over 30,000,000 gallons	-	1.45 per 1,000 gallons
	Over 32,000,000 gallons	-	1.14 per 1,000 gallons
Average Income Level:**		<u>City</u>	<u>County</u>
	Per capita	\$16,381	\$18,060
	Per family	39,739	45,273

\*Source: Average cost per Electric Power Board Annual Report for the year ended June 30, 1999.

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