

CITY OF CHATTANOOGA, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2004**

**DEPARTMENT OF FINANCE AND ADMINISTRATION
DAVID R. EICHENTHAL, ADMINISTRATOR
DAISY W. MADISON, DEPUTY ADMINISTRATOR**

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Mayor's Letter

NOVEMBER 12, 2004

To the Members of the City Council and the Citizens of Chattanooga, Tennessee:

It is my great pleasure to present to you this comprehensive annual financial report for the City of Chattanooga for the fiscal year ended June 30, 2004.

It has been a great honor to serve as the Mayor of Chattanooga during the past four years. I am extremely proud of what we have been able to achieve over the past four years with the strong partnership of our citizens and of the vitality and growth our city is poised to enjoy for years to come.

We were elected to office based on an aggressive and specific platform. It focused on building a strong city by putting in place tools and infrastructure to strengthen the economy, building strong and safe neighborhoods, and driving up educational achievement in the city's nine high priority elementary schools.

Within six months in office, through the strong partnership of the City Council, we had implemented a series of initiatives that addressed each of these areas. After three and a half years in office, there are many projects firmly in place which are transforming the city.

Working closely with the Chamber of Commerce, we made the recruitment of new business and expansion of existing business a high priority.

Working with Hamilton County and the City Council, Enterprise South, a 1,200 acre industrial park, is complete and construction is already underway on the first companies to locate there. Through a partnership with the State, construction is also underway on a new \$23 million interchange dedicated to the site, along with the continued widening of I-75.



We have made the enhancement of air service a priority. We worked with the State General Assembly to change the makeup of the Airport Authority and appointed a strong nine-member board who have professionalized the airport and are aggressively pursuing improved air service. Since coming to office, new non-stop service to New York, the city's number one business destination, was added with two daily flights and as of July 2004 direct service to Reagan National Airport in Washington, D.C. began.

A key part of our platform was the recognition of the need for access to capital to assist start up and emerging businesses. Through concentrated efforts, Southeast Community Capital was recruited to the community and the Chattanooga Opportunity Fund, a debt-based fund, was created for small and minority owned businesses. In

addition, one of the State's most respected "pure" venture capital firms was recruited to the city and their presence here has already resulted in millions of dollars in commitments to Chattanooga companies.

Working with the Bush Administration, we were successful in securing a Renewal Community designation for the downtown and other areas, which has resulted in significant tax credits for eligible businesses that are expanding and adding jobs in Chattanooga.

We have worked to take full advantage of the city's location and establish Chattanooga as a hub of the technology corridor. The city, the county and Congressman Wamp have caused the Enterprise Center to become an umbrella organization for oversight and accountability to 12 innovative, federally funded initiatives. By coordinating the efforts of these initiatives, and building on them, Chattanooga's place in this technology corridor has been enhanced along with the community's relationships with the world class research institutions throughout the region.

In 2002, through a focused effort, Chattanooga became the first city in the state with a direct fiber optic connection to the Oak Ridge National Laboratory's super computer. This distinction was instrumental in UTC's recruitment of the SIM Center, a world-class computational engineering program, which also brought the first doctoral program to the university.

A few weeks after taking office, we worked with Hamilton County to put in place a tax abatement incentive for those who built new or rehabbed existing rental housing units in the downtown. This program has been successful and rounds out the diverse offering of housing options available in a downtown that is quickly becoming one of the most desired places to live in the city.

On May 22, 2002, after tremendous public input and with no identified funding source or architectural plans, we announced that the \$120 million 21st Century Waterfront Plan would be implemented and completed in 35 months, by May 2005.

The Waterfront Plan includes major expansions of the Tennessee Aquarium, the Hunter Museum of Art and an extensive renovation of the Creative Discovery Museum. On the south shore, the project includes the creation of public green spaces at Ross's Landing Park; riverfront mooring facilities; the connection of the art district to the downtown via First Street and a new pedestrian bridge; the creation of a new City Pier; a narrowed Riverfront Parkway that better accommodates pedestrian traffic; a passage-way underneath the Parkway which connects the Aquarium Plaza to the river; and additional parking facilities. On the North shore, the development of property adjacent to Coolidge Park will feature additional public spaces and the preservation of a natural wetland.

Several parcels have been set aside which will allow for immediate on-site private development, bringing additional housing and retail units to the urban core. Construction is well underway on a mixed-use housing development beside the Chattanooga Green, and construction will begin soon on two housing developments on either side of First Street adjacent to the Walnut Street Bridge. Other similar projects will undoubtedly be announced in the coming months. There is unprecedented vitality and energy in our community and over the next few months, I believe the momentum we are experiencing will continue to grow.

The waterfront plan represents the largest public/private undertaking in a community known for such partnerships. Funding is divided between the public and private sectors, with \$69 million in public funds generated primarily through a dedicated lodging tax. Through an effort we personally led, a 90-day fundraising effort led to \$51 million being put in place through the private sector. The ambitious goal set in 2002 will be met and has been funded in a way that leaves absolutely no financial burden on the citizens of Chattanooga.

As part of the Waterfront project, we launched a Public Art initiative and convened 500 people who gave

input on the formation of a Public Art Committee. The Public Art Committee's work of ingraining art into the fabric of the community will be focal points of the Waterfront development and is expanding to other areas of the city.

We created the Outdoor Chattanooga initiative designed to take advantage of the tremendous outdoor opportunities that exist throughout the region. In November of 2003, over 800 citizens gathered and provided input for the creation of the new initiative.

The Outdoor Initiative will be headquartered at the 23 acres being developed beside Coolidge Park through the 21st Century Waterfront Plan and will be one of the most unique settings in the country that features the outdoors.

Soon after coming to office, we formed the Community Education Alliance, and brought together business leaders to focus on the nine urban elementary schools in Chattanooga on the State's on notice list. There was a significant problem recruiting and retaining high performing teachers to these schools. They had become places where teachers felt they were on a losing team and were regularly transferring out to teach elsewhere.

After three years, 56 of the school system's most effective educators are taking advantage of the bonus incentive for high performing teachers and principals. Since the effort began, these schools have outpaced all other schools in the system in student gains and in the fall of 2003 they opened for the first time with not a single position vacant. These schools have become places where educators want to be. These educators and this effort have shown that if public education is supported appropriately, tremendous results can be achieved.

We have worked with departments in city government to streamline operations while enhancing services. Today there are 250 fewer jobs in city government than when we took office and services have been greatly enhanced. We have worked hard to keep city government lean but responsive, and our fourth budget is less than 1% higher than our first.

In addition, we introduced a long-term capital planning function within the city. The five-year capital plan allows projects to be prioritized, with definable timeframes which allow citizens to anticipate when the improvements will occur. This strategic approach has been important in helping Chattanooga prudently strengthen its infrastructure, ensuring that we continue the work of building a great city for generations to come.

During our administration, we launched a 311 call system giving citizens easy access to local government. With data collected through 311 and other sources, Chattanooga Results was implemented to evaluate department performance. The accountability and collaboration that has occurred as a result of monthly performance meetings has enhanced each department's ability to deliver efficient services and the administration's ability to monitor their efforts.

During the 2005 budget cycle, we announced the creation of "ChattanoogaInvests." By preventing poverty or crime, these programs will build a stronger economy leading to improved city revenues or reduced budgetary costs. Through the program, the city will serve as a partner to initiatives that help leverage efforts by other governments, the private sector, and the non-profit sector.

Early on, we implemented the Strategic Neighborhood Initiative, which has strengthened code enforcement, developed neighborhood leaders, and restored blighted property in 15 of Chattanooga's neighborhoods most in need. We spearheaded the development of tough new refuse policies and provided for additional garbage inspectors, which have given residents the tools they need to positively impact their neighborhoods and make the community a cleaner, better place to live.

Soon after being elected, a couple of neighborhood groups came to us with a plan which involved changing MLK Boulevard and McCallie Avenue from one-way to two-way traffic. Although initially controversial, after much discussion and planning, this request was ultimately

implemented and the change has had a positive impact on the community and to the neighborhoods that border these two streets. Through the leadership of the Lyndhurst Foundation, ML King Tomorrow, the Community Impact Fund, and Chattanooga Neighborhood Enterprise, 92 new housing units for all income levels are being constructed or rehabbed in this neighborhood resulting in a \$13 million investment to be completed by May of 2005.

Public Safety is an essential element to a strong community and we have focused significant energy on putting in place a strong leadership team in the Chattanooga Police Department. Since 2002, crime in Chattanooga is down 22% thanks to these efforts and to the diligence of the men and women in the Chattanooga Police Department. In addition, through 2003, violent crime has dropped more in Chattanooga than any other city in the State of Tennessee.

We have put in place a comprehensive plan to end chronic homelessness in ten years. Through this initiative, a total paradigm shift has occurred in how the chronic homeless population is viewed; the ten percent of that population who go through long periods of homelessness and eat up the bulk of resources. The city's focus has gone away from temporary band-aid fixes, to giving these citizens more permanent solutions to address their needs.

In 2002, we leveraged federal resources to implement a comprehensive bicycle facilities plan which created 31 miles of bike facilities in the City of Chattanooga and connected the region's primary North/South and East/West corridors.

During the 2004 tax season, 2,183 Chattanoogaans were assisted through an aggressive initiative to help low to moderate income citizens claim their full tax refund. Through the program, low and moderate income taxpayers were helped at eight sites around the City, and received \$2.6 million back from the Federal Government. In its inaugural year, Chattanooga became a leader in the growing national effort to help low and moderate income

workers receive the benefits under the Earned Income Tax Credit, the Child and Dependent Care Credit, and other tax credits for which they may be eligible.

By creatively leveraging existing funds coupled with the utilization of a federal grant, we were able to fully implement the \$84 million Hope VI project that is now underway in the Alton Park community. When complete, the development will provide 400 new units of housing for that community.

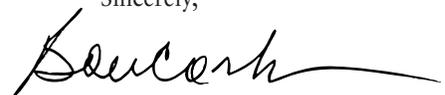
We have established strong partnerships between the City of Chattanooga and federal and state governments. As a result of those partnerships, millions of dollars in federal appropriations have been secured to move Chattanooga forward and every piece of legislation the city has introduced at the State General Assembly has been adopted.

In addition, we have focused on making the former Butcher Block, bordered by MLK Boulevard, 10th, Market, and Broad Streets, ready for development. Working with the state, the site has been put into productive use and the new headquarters of the Electric Power Board will open there in 2005.

An additionally important enhancement that has occurred in city government during this term is the establishment of a new position in the Parks and Recreation department to ensure that citizens with disabilities have access to recreational opportunities. This initiative goes hand in hand with other efforts to ensure we offer people of all abilities a great quality of life.

The accomplishments we have made in our community would not have been possible without the bold vision and cooperative spirit of our citizens. It has been a distinct privilege to be your Mayor and to have had the honor to play a role in this remarkable time in our city's history.

Sincerely,



Bob Corker
Mayor



CITY OF CHATTANOOGA

CHATTANOOGA CITY COUNCIL



W. JACK BENSON, SR.
DISTRICT 4
CHAIRPERSON

SALLY L. ROBINSON
DISTRICT 2
VICE CHAIRPERSON

JOHN M. LIVELY
DISTRICT 1



DAN B. PAGE
DISTRICT 3

JOHN P. FRANKLIN, JR.
DISTRICT 5

RONALD C. LITTLEFIELD
DISTRICT 6



JOHN R. TAYLOR, SR.
DISTRICT 7

LEAMON PIERCE
DISTRICT 8

YUSUF A. HAKEEM
DISTRICT 9





City of Chattanooga

DEPARTMENT OF FINANCE AND ADMINISTRATION
CITY HALL ANNEX

Chattanooga, Tennessee 37402

OFFICE: (423) 757-5230 • FAX: (423) 757-0525

Bob Corker
Mayor

David R. Eichenthal
City Finance Officer

Daisy W. Madison, CPA
Deputy City Finance Officer

NOVEMBER 11, 2004

To the Honorable Mayor Bob Corker, Members of the City Council and the Citizens of Chattanooga, Tennessee:

In compliance with state and local statutes, I am submitting the Comprehensive Annual Financial Report (CAFR) of the City of Chattanooga for the fiscal year ended June 30, 2004. These ordinances and statutes require that the City of Chattanooga issue annually a report on its financial position and activities, and that an independent firm of certified public accountants audit this report.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management of the City of Chattanooga has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Chattanooga's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this report is complete and reliable in all material respects.

The City of Chattanooga's financial statements have been audited by Hazlett, Lewis & Bieter, PLLC, a firm

of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Chattanooga's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first item in the financial section of this report.

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



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

Governmental Structure, Economic Conditions And Major Initiatives

PROFILE OF THE GOVERNMENT

Founded as a ferry landing and warehouse site in 1815, the City of Chattanooga was incorporated under State of Tennessee Private Acts of 1839. The City is the county seat of Hamilton County and is located near the southeastern corner of the state on the Tennessee-Georgia border. It encompasses an area of 144.16 square miles and a population of 157,532. The City is centrally located in relation to other major population centers of the southeast, being within a 150-mile radius of Knoxville and Nashville, Tennessee; Birmingham, Alabama; and Atlanta, Georgia. Over 11 million people live within a 2 to 2-1/2 hour drive of Chattanooga. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also has the power to extend its corporate limits by annexation in accordance with procedures under an "Urban Growth Plan" agreed to between the city and the county.

The City operates under a Mayor/Council form of government. The Mayor is elected at-large and is not a member of the City Council. The Council is composed of nine members, with each member being elected from one of nine districts within the geographic boundaries of the City. The Mayor and Council are elected for four-

year terms. The Mayor is the City's chief executive officer and oversees the operation of all City departments.

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

The annual budget serves as the foundation for the City's financial planning and control. The City Finance Officer obtains information from all departments and agencies of the City for which appropriations are made and/or revenues are collected and compiles the operating budget for submission to the Mayor. During the months of May and June, the City Council hears budget requests from the departments and agencies at its regularly scheduled meetings. In addition, advertised public hearings are held to allow taxpayers' comments prior to final passage. The budget is legally enacted through passage of an ordinance with an operative date of July 1. The appropriated budget is adopted on a departmental basis; the legal level of budgetary control is the fund level. Transfers of appropriations between funds require the approval of the City Council. The City Finance Officer may make interdepartmental transfers within the General Fund. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. The budget-to-actual comparisons for the remaining governmental funds with appropriated annual budgets are presented in the governmental fund subsection of this report.

Factors Affecting Financial Condition

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

THE CITY'S ECONOMIC FUTURE

Employment in the Chattanooga area is diverse. The top employment sectors of trades, transportation, and utilities (23.2%), government (14.7%), manufacturing (14.2%), professional and business services (10.6%), education and health (9.7%), and leisure and hospitality (8.3%) comprise 80.7% of the workforce. Employment in the retail service sector is driven, in part, by the presence of Hamilton Place Mall, Tennessee's largest. The 1.4 million-square-foot mall has brought in many tourists and locals with a mix of new and familiar stores, theme restaurants and movie theaters. Thanks to the mall, the area has become a retail hotbed with more than 15 million visitors a year.

Chattanooga is particularly well positioned to take advantage of future improvements in the national economy. Chattanooga enjoys strategic advantages related to its location, strong transportation system, natural resources and competitive cost of doing business. The local unemployment rate of 3.5% remains significantly below the national average.

Creating economic growth has been at the core of Mayor Bob Corker's agenda for Chattanooga since he took office in April 2001. He has successfully implemented his nine key strategies designed to grow jobs and the economy. As outlined in the Mayor's letter on pages one through four, tremendous progress has been made in each of these areas.

- Aggressive Business Recruitment
- Access to Capital for Local Businesses
- Access to Technology

- Development of Enterprise South
- New Partnerships with the University of Tennessee at Chattanooga
- Enhanced Airline Service
- Improved Education
- Crime Reduction
- Neighborhood Development

The City also succeeded in securing a Renewal Community designation for the downtown and other areas, which has resulted in significant tax credits for eligible businesses that are expanding and adding jobs in Chattanooga.

On May 22, 2002, after tremendous public input and with no identified funding source or architectural plans, Mayor Corker announced that the \$120 million 21st Century Waterfront Plan (www.waterfrontchattanooga.com) would be implemented and completed in 35 months, by May 2005. Upon completion, these improvements will encompass 129 acres. Renewed interest has been generated in the downtown area as a direct result of this project. One developer has already purchased the "Smokestack Lot" and has begun construction of a \$17 million mixed-use development featuring residential, retail and a public parking facility. In all, groundbreaking for or planning of nearly \$100 million dollars in new housing in the downtown area, as well as over \$10 million dollars in office development has begun.

There are many other noteworthy plans for Chattanooga's future. The city will become home to one of the nation's newest national parks with the transfer of land on the Moccasin Bend peninsula to the National Park Service. The mayor's Outdoor Chattanooga program will highlight the region's diverse geography to promote a plan to make outdoor activities a significant portion of community life.

Development of the Southside continues. The creation of the Tourist Development Zone provided a funding mechanism for a more than \$117 million investment in a new conference center, the Development

Resource Center, a Trade Center expansion, and a parking facility. A new headquarters for the Electric Power Board of Chattanooga and a planned new federal court building will further bolster development on the Southside.

BUDGET IN BRIEF - SMALLER AND SMARTER GOVERNMENT

During the last four years, the City's General Fund budget has grown by less than one percent and there are more than 250 fewer positions in City government. Tax increases and layoffs have been avoided by a combination of aggressive efforts in management and growth in economically sensitive taxes, especially the sales tax.

Greater accountability and savings have been achieved through implementation of a vacancy control plan and the *chattanoogaRESULTS* initiative. The Mayor, department heads, the City Finance Officer and other senior City officials regularly meet to review performance and spending.

CASH MANAGEMENT POLICIES AND PRACTICES

Cash temporarily idle during the year is invested in commercial banks and savings and loan certificates of deposit as well as various instruments guaranteed by the United States Government. These instruments have terms ranging from one week to one year. Cash idle for a longer period of time is invested in longer-term government securities. Due to statutes of the State of Tennessee, the City is limited in the investment methods it may utilize. Changes in the fair value of investments are reported as investment income or loss.

RISK MANAGEMENT

The City manages exposure to risk of loss through several methods including contracts with

commercial carriers for property insurance, surety bond coverage of officials and employees, and commercial liability coverage. The City assumes the risk of loss for general liability not covered by commercial carriers. To minimize its losses, the City has implemented various risk control techniques such as safety inspections and safety training classes. As part of the City's risk management program, resources are being accumulated in an Internal Service Fund to meet potential losses relating to general liabilities and tort claims. Reserves are accumulated in the General Fund to meet potential losses for all other exposures. Additional information on the City's risk management activity can be found in the notes to the financial statements.

PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The City provides retirement benefits through three single-employer defined benefit pension plans that cover all employees. One plan covers general City employees; a second plan covers employees of the Electric Power Board; and the third covers firefighters and police officers. Each of these plans is maintained separately and engages an independent actuary to calculate the amount of annual contribution that must be made to each plan to ensure the plans will be able to fully meet their obligations to retired employees on a timely basis. As a result of the City's conservative funding policy, all plans are fully funded.

The City also provides postretirement health care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 834 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Additional information on the City's pension arrangements and postretirement benefits can be found in the notes to the financial statements.



Each year the City focuses on a department of City government describing in detail services provided. This year's focus is the Public Works Department.



FOCUS ON Public Works Department

The Public Works Department mission is to preserve and enhance the quality of the physical environment through prompt, cost effective and courteous delivery of services that protect the health, safety and welfare of citizens, and to maintain and improve the city's infrastructure. This is accomplished through seamless coordination among its five major divisions and two support offices.

CITY-WIDE SERVICES provides logistical planning, resource management and oversight for sewer and street construction and maintenance, emergency response, solid waste, sanitation, brush and trash collection, recycling and street cleaning.

CODES AND INSPECTIONS ensures that area construction meets local, state, and national building codes. Strong partnerships with citizens and contractors have been achieved through excellent customer service, educational programs, and improved processes.

ENGINEERING is dedicated to improving the appearance and development of the downtown area and providing technical assistance for sewer projects. Notable projects include the 4th Street widening, Market Street streetscape, McCallie/Martin Luther King Boulevard two-way conversion, Riverfront Parkway, Enterprise South, and Hope VI developments. **STORMWATER'S** emphasis is on water quality, National Pollutant Discharge Elimination System (NPDES) permit compliance, resolving program deficiencies and enforcement of the Stormwater ordinance. The **TECHNICAL INFORMATION CENTER** launched the Map Maker web page which allows citizens to access data to construct maps from layers such as easements,

collection routes, property information, public safety, transportation, flood data and imagery.

TRAFFIC ADMINISTRATION manages all traffic functions and provides oversight to Traffic Operations. Review of subdivision plats, building permits, roadway designs, traffic studies and correcting traffic operational safety deficiencies are examples of the functions of this office. **TRAFFIC OPERATIONS** utilizes technology, which includes video detection signal equipment, electronic parking meter timers, and state-of-the-art signage to provide safe and smooth traffic flow for pedestrian and vehicular traffic.

WASTE RESOURCES manages the operation of the wastewater system, landfill, and wood recycle center. The wastewater system consists of 1200 miles of sewer, 62 pump stations, 8 combined sewer overflow facilities, and the Moccasin Bend Wastewater Treatment Plant. The Landfill is a Class 1 lined landfill and processes 100,000 tons annually. The Wood Recycle Center processes 40,000 tons of vegetative materials and collects 160,000 pounds of household hazardous waste annually.

The Information Technology office tracks and manages Public Works internal activity. Citizens can access new electronic systems such as building permits 24 hours per day, 7 days per week.

The Office of Capital Planning prioritizes and coordinates all capital projects in the 5-year Capital Improvements Plan, and prepares the annual Capital Budget. The office serves as a liaison to the State of Tennessee on transportation system issues.

Public Works Administration has managed the Dry Cleaner Environmental Response Program (DCERP) remediation grant for environmental clean up of the "Butcher Block" and coordinated clean up efforts with construction of Electric Power Board Corporate offices. Administration also managed application and administration of an EPA environmental assessment grant for the Civic Forum site.

Awards And Acknowledgements

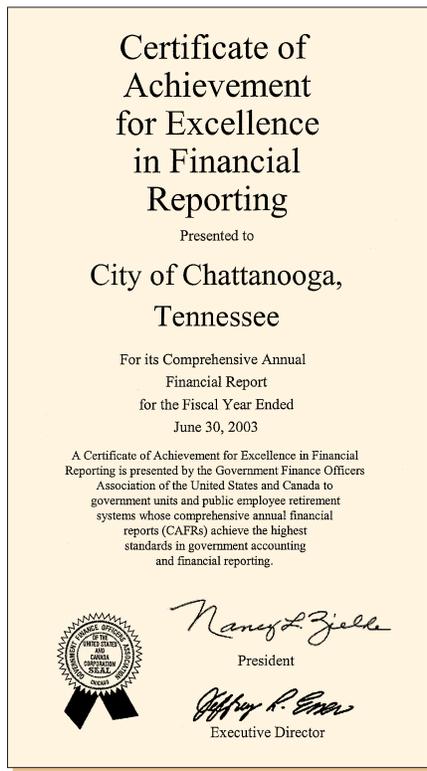
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chattanooga, Tennessee for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the twelfth consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

The City also received the GFOA Award for Distinguished Budget Presentation for its annual

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

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



Respectfully submitted,

David Eichenthal
City Finance Officer

City Officials as of June 30, 2004

BOB CORKER, MAYOR

Michael E. Compton, Chief of Staff

CITY COUNCIL:

W. Jack Benson, Sr., Chairperson	District 4
Sally L. Robinson, Vice Chairperson	District 2
John M. Lively	District 1
Dan B. Page	District 3
John P. Franklin, Jr.	District 5
Ronald C. Littlefield	District 6
John R. Taylor, Sr.	District 7
Leamon Pierce	District 8
Yusuf A. Hakeem	District 9

COURTS:

(Vacant)	City Court Judge
Russell J. Bean	City Court Judge
Edward C. Hammonds	City Court Clerk

DEPARTMENT ADMINISTRATORS AND DIRECTORS:

Legal	Randall Nelson	City Attorney
Legislative	Carol O'Neal	Clerk of the Council
Personnel	Donna Kelley	Administrator
Neighborhood Services	Kenardo K. Curry	Administrator
Human Services	Bernadine Turner	Administrator
	Tommie Pruitt	Deputy Administrator
Parks, Recreation, Arts & Culture	Jerry Mitchell	Administrator
	Janice Hester	Deputy Administrator
Public Works	William C. McDonald, Jr.	Administrator
	Beverly P. Johnson	Deputy Administrator
Police	Chief Steven M. Parks	Administrator
Fire	Chief Jim M. Coppinger	Administrator
Finance & Administration	David R. Eichenthal	Administrator
	Daisy W. Madison	Deputy Administrator
Office Of Performance Review	David R. Eichenthal	Director

Brian Smart	Manager, Financial Operations
Fredia F. Kitchen	Budget Officer
Daisy W. Madison	Treasurer
Mark J. Keil	Director, Information Services
Gene D. Settles	Purchasing Agent
Rayburn Traughber	Administrator of Community Services
(Vacant)	Director of Asset Management
Jeffrey E. Claxton	Risk Manager
Henry W. Yankowski	Director, Codes and Inspection
D. Lee Norris	Director, City Wide Services
Jerry W. Stewart	Director, Waste Resources
Phillip Lynn	City Engineer
John Van Winkle	City Traffic Engineer
Harold E. DePriest	President and CEO, Electric Power Board
David F. Clapp	Director, Chattanooga - Hamilton County Bicentennial Library
(Vacant)	President, Metropolitan Airport Authority
Barry M. Bennett	Director, Regional Planning Agency
Robert H. Colby	Director, Air Pollution Control
(Vacant)	Director, Scenic Cities Beautiful Commission





CITY OF CHATTANOOGA

Organizational Chart

