

These successes and many more are the result of strong leadership among all the various civic leaders and elected officials. This includes the “Chattanooga Can Do” campaign, being conducted from 2007 - 2011. Some other industrial development announcements include Alstom Power (steam turbine manufacturer), Westinghouse Electric Co, Sanofi-Aventis, Dixie Industries expansion, Schaaf Industrie AG (turbine tower maker) and many more. The Chamber goals through 2011 include the following benchmarks (with progress as of July 2010 in parentheses):

- Increase regional employment by 15,573 (12,953 jobs have been created)
- Increase private investment by \$500 million (\$1.583 billion has been announced)
- Create \$526.8 million in new payroll income (\$545.7 million has been achieved)
- Increase disposable income by \$421.5 million (\$436.6 million has been achieved)
- Increase net personal consumption by \$390.1 million (\$404.1 million has been achieved)

A new Chamber plan, “Chattanooga Can Do: Building Tomorrow Today” is slated to take place from 2011 – 2015. This new plan has as its primary goal the creation of 15,000 jobs.

Quality education is also the centerpiece of a successful community. Chattanooga State Technical Community College has established training partnerships with local manufacturers to provide industry-specific training to companies such as VW and Gestamp. This approach to educational and training support to industry and will serve to attract additional new manufacturing and technical jobs to the area. The University of Tennessee at Chattanooga’s MBA program continues to gain national exposure, appearing on the list of Princeton Review’s Best Business School guidebook for the fourth year in a row. Transportation is another key to a vibrant economy. The Chattanooga area is served by three interstate highways, seven U.S. highways, two railways, airlines, bus service, and the Tennessee River system. Direct flights are available to eight major cities. Chattanooga is home to three major air cargo facilities, three public use port terminals, and four major industrial parks. Passenger traffic at the Chattanooga Metropolitan Airport for 2009 was up three percent from 2008, and continues to improve throughout 2010. Additional news for the airport includes the announcement of a proposed \$10 million aviation terminal and hangar.

The Tennessee River which flows through the heart of the city has provided the backdrop for the waterfront development projects and is an invaluable source of



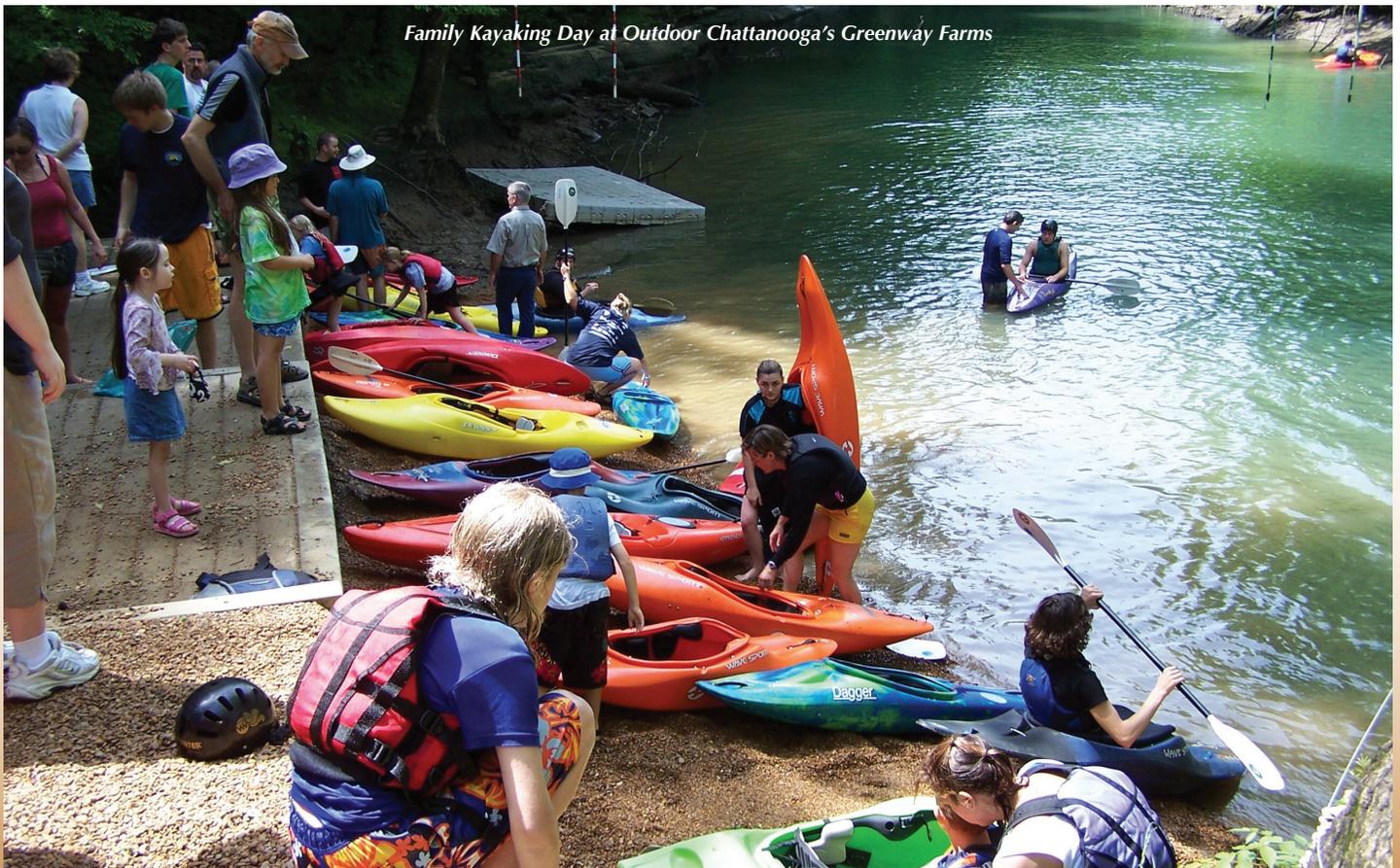
clean water for consumption, recreation, transportation, and industrial use. The opening of the 21st Century Waterfront in April 2005 marked the culmination of a vision first conceived by Chattanoogaans in the early 1980's. Through the work of the publicly commissioned Moccasin Bend Task Force, Chattanoogaans created a shared dream for riverfront redevelopment over twenty years and across 22 miles. With the opening of the \$120 million development on the waterfront, the connection was completed twenty years to the month from the publication of the Tennessee Riverpark Master Plan and included major expansions to the Tennessee Aquarium, the Creative Discovery Museum and the Hunter Museum, as well as many new attractions, public green spaces, and urban wetlands. The public-private investment in the waterfront came on the heels of a \$129 million investment in Chattanooga's Southside area which was completed in 2003.

These investments continue to pay dividends. Chattanooga's tourism experienced growth over the previous year despite the opposite trend in many major tourist areas around the country. Tourism brings in excess of \$750 million to the area annually. We continue to gain and retain recognition for the

diversity in local attractions. Americanstyle Magazine recognized Chattanooga as one of the top destinations for the second year in a row. Outside Magazine selected the city as one of the best places to live in the country.

The Enterprise Center serves as an umbrella organization overseeing a number of federally funded entities, many of which have a technology focus. From fuel cell development to heavy duty vehicle wind drag studies to electric and Maglev high speed ground transportation alternatives, each of the independently run entities overseen by The Enterprise Center have come together to form a Council of Managers, encompassing the heads of each agency. As a result, The Center has poised itself as a virtual stage where ideas are presented and acted upon for the sake of efficient technology and to ensure the economic future of the area.

Downtown is unquestionably important, but there is more to "the greater city" than downtown. Mayor Littlefield recognizes that nothing is more essential to a healthy city than healthy neighborhoods. Beautiful, clean, safe neighborhoods continue to be a primary focus of this administration. Recreation also continues to be an important aspect of our community. The Parks and Recreation Department completed a \$10.5 million



softball complex, 83 acres in size, in the eastern portion of the city in 2009. In July 2010, the complex hosted its first Amateur Softball Association tournament, with an estimated \$1 million economic impact.

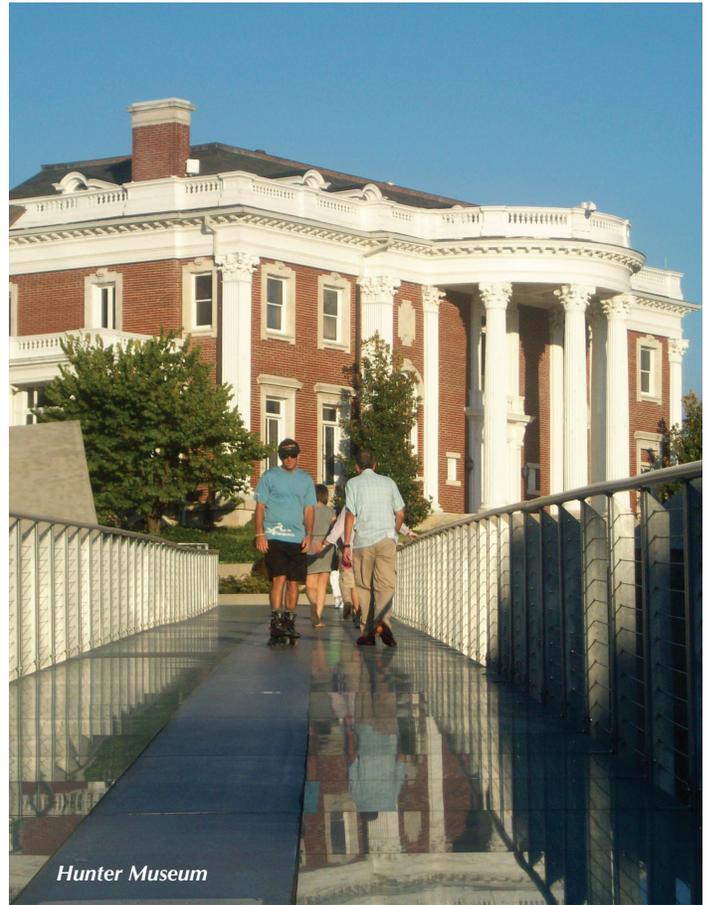
The fiscal health of Chattanooga City Government remains strong. As outlined in the Management's Discussion and Analysis, the City has maintained a healthy financial position through sound fiscal management. The City's bond rating was recently upgraded by Standard and Poor's from AA to AA+. Fitch Ratings affirmed their AA+ rating and gave the City a stable fiscal outlook. Additionally, the City's AA2 rating was affirmed by Moody's .

Long-term financial planning: The City takes a long range approach to capital spending by the adoption of a five year capital plan. The City Council passed its first property tax increase in nine years, setting the stage for continued sustainable economic growth and development and maintenance of a vibrant community. As part of the strategic plan, the City envisions development of a broadband mesh network that will carry the City well into the future. City Council recently enacted a 200% to 400% increase in water quality fees to enhance its efforts to ensure a sustainable community and a clean environment.

The City continues its chattanoogaRESULTS and vacancy control programs that began in February 2002. These programs ensure accountability by providing for regular review and monitoring of departmental performance by the Mayor, the City Finance Officer and other senior City officials. The City's annual performance report to the citizens of Chattanooga gives residents an update on how city services are responding to their needs. It also provides department heads and managers with quantifiable information to assess performance in meeting the City's goal of efficient and effective management of resources in providing quality services to the citizens of Chattanooga.

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

Major initiatives: The City has embarked on two major initiatives. A series of annexations has begun which will set the stage for a stronger base for the municipal government. The annexation largely follows the Master Inter-local Agreement and Growth Boundaries adopted a decade ago as provided for under state law. The second



major initiative is the adoption of increases to the fees to pay for the Water Quality Management Program. This program is in response to EPA mandates. The Mayor established an Office of Sustainability to address long term sustainability and other green initiatives.

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, 2009. This was the eighteenth 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.

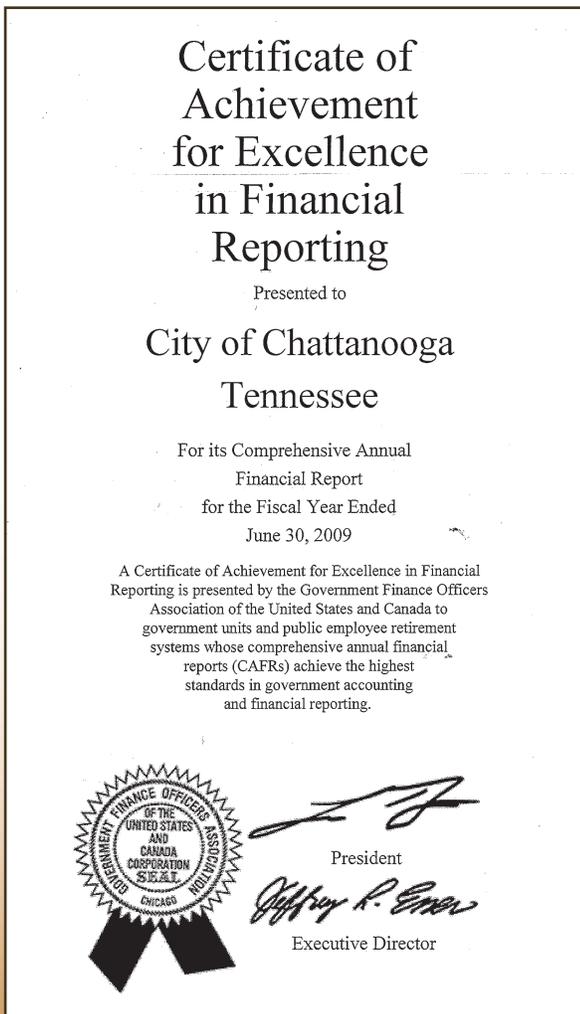
The City also received the GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for each of the fifteen fiscal years for which it applied. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several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

The preparation of this report could not have been accomplished without the professional 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,



Daisy W. Madison
City Finance Officer



City Officials as of June 30, 2010



L. Dan Johnson, Chief of Staff

Ron Littlefield, Mayor

CITY COUNCIL:

Manual Rico, Chairman.....	District 7		
Deborah S. Scott.....	District 1	Russell J. Gilbert, Sr.	District 5
Sally L. Robinson.....	District 2	Carol B. Berz	District 6
Pam J. Ladd, Vice Chairperson	District 3	Andrae McGary	District 8
W. Jack Benson, Sr.	District 4	Peter B. Murphy	District 9

COURTS:

Sherry B. Paty.....	City Court Judge	Russell J. Bean	City Court Judge
Jan M. Turner.....	City Court Clerk (interim)		

DEPARTMENT ADMINISTRATORS AND DIRECTORS:

Legal	Michael McMahan.....	City Attorney
Legislative	Carol O'Neal	Clerk of the Council
Finance and Administration.....	Daisy W. Madison	Administrator
	Vickie C. Haley.....	Deputy Administrator
Education, Arts & Culture	Missy N. Crutchfield	Administrator
Fire.....	Chief Randall L Parker	Administrator
Human Services	Bernadine Turner	Administrator
	Tommie Pruitt.....	Deputy Administrator
Neighborhood Services and	Beverly P. Johnson	Administrator
Community Development	Anthony Sammons.....	Deputy Administrator
Parks and Recreation	Lawrence A. Zehnder.....	Administrator
Personnel	Donna Kelley.....	Administrator
Police.....	Chief Bobby H. Dodd	Administrator
Public Works.....	Steven C. Leach	Administrator
	D. Lee Norris	Deputy Administrator

Brian Smart.....	Manager, Financial Operations
Fredia F. Kitchen	Budget Officer
Gayle P. Keown.....	Treasurer
Mark J. Keil.....	Director, Information Services
Artie L. Prichard	Purchasing Manager
Paul R. Page	Director of General Services
Stanley L. Sewell	Director of Internal Audit
Madeline W. Green.....	Risk Manager
Sandra Gober	Manager, Community Development
Gary B. Hilbert.....	Director, Codes and Inspection
James H. Templeton	Director, City Wide Services
Jerry W. Stewart.....	Director, Waste Resources
William C. Payne	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
Micheal J. Landguth.....	President and CEO, Metropolitan Airport Authority
Barry M. Bennett	Director, Regional Planning Agency
Robert H. Colby	Director, Air Pollution Control Board
(Vacant).....	Director, Scenic Cities Beautiful Commission

Organizational Chart

