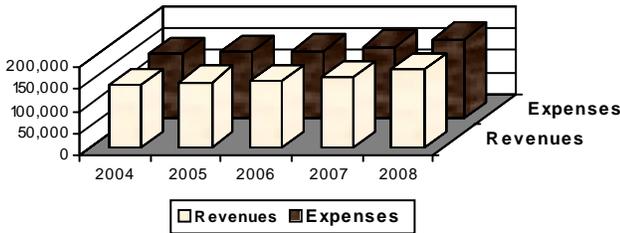


Financial Overview

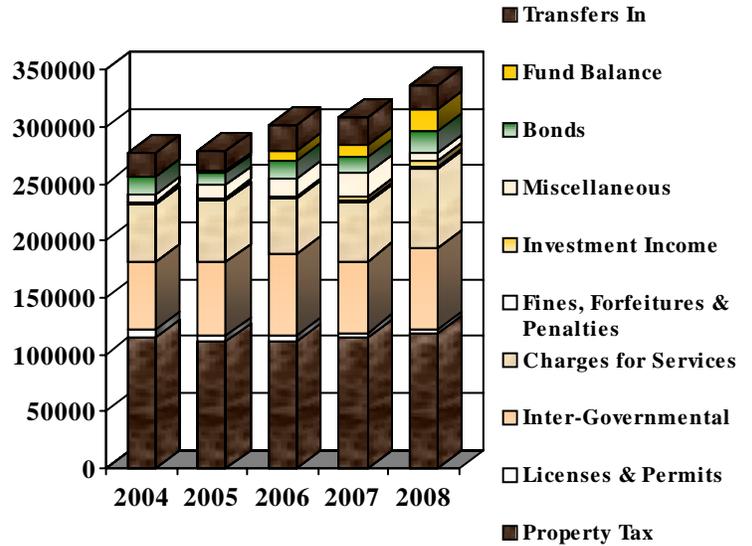
Revenue and Expenditure History

Total City revenues and operating transfers in for the fiscal year ended June 30, 2004 was \$277,152,810. Total projected City revenue for the fiscal year ended June 30, 2008 is \$336,596,918, an increase of \$59,444,108 or 21.4% over this five year period. During this period the Undesignated General Fund Budget increased from \$144,557,000 in FY04 to \$166,442,000 in FY08. The chart below shows the Undesignated General Fund revenues and expenditures during this time period. To the right are five year comparisons of total revenues and expenditures.

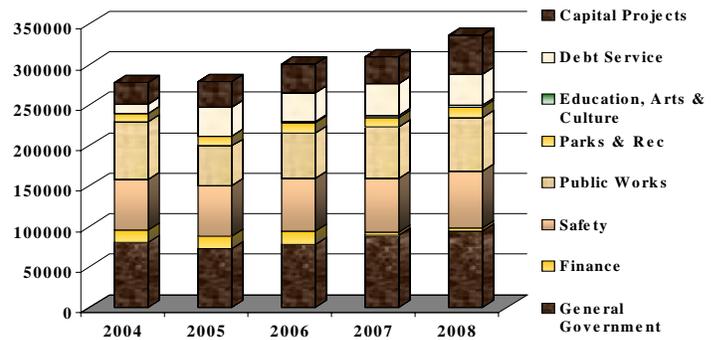
Undesignated General Fund



Budgeted Revenues (in 1,000)



Budgeted Expenditures (in 1,000)



**BUDGETED REVENUES & APPROPRIATIONS
BY FUND TYPE
FY2008**

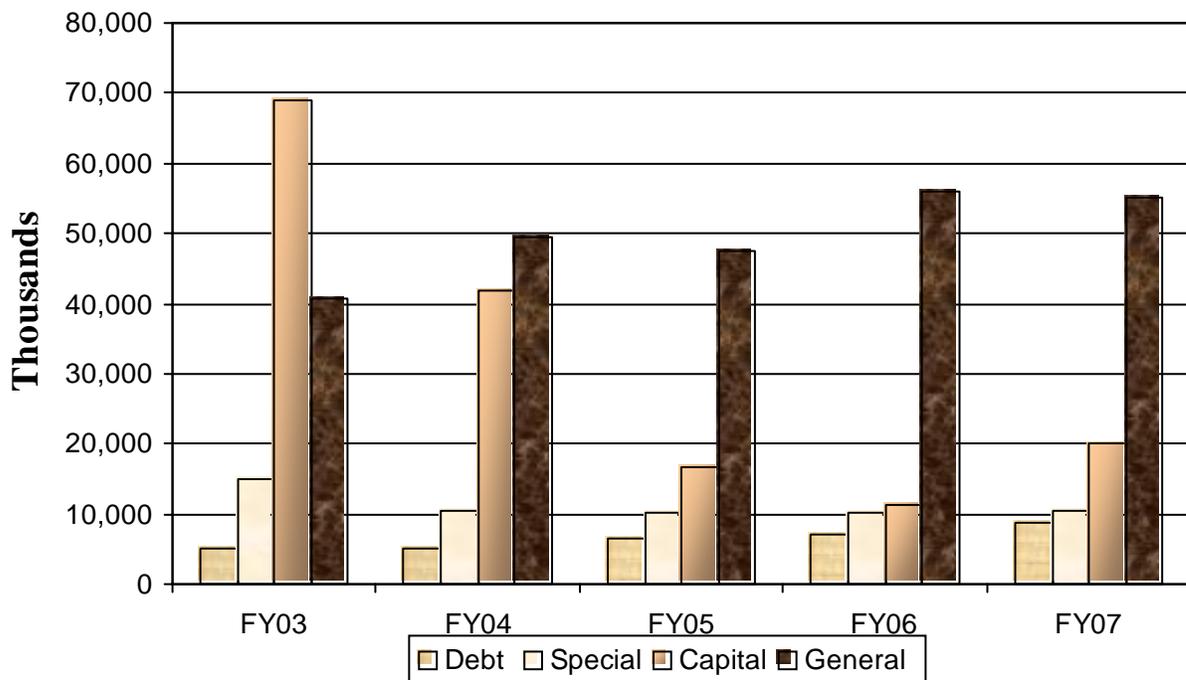
Revenues	Governmental Fund Types				Proprietary Fund Types	Internal Service Funds	Budget Total Revenue FY2008	Budget Total Revenue FY2007
	Undesignated General	Special Revenue	Debt Service	Capital Projects				
Taxes	103,895,410	14,685,000					118,580,410	115,487,170
Licenses & Permits	3,264,700						3,264,700	3,601,200
Intergovernmental	45,518,838	19,318,876	1,917,920	4,615,242	145,000		71,515,876	62,959,998
Charges for services	2,070,000	1,799,257			49,390,130	16,249,996	69,509,383	51,181,331
Fines, forfeitures and penalties	1,410,000						1,410,000	1,432,500
Interest earnings	3,080,000	100,000			2,119,870		5,299,870	3,946,141
Miscellaneous	3,890,930	2,242,170	200,000	851,972	60,000		7,245,072	20,261,038
Bonds	-			19,550,000			19,550,000	14,446,994
Fund Balance	-	592,152	567,100	15,598,840	1,500,000		18,258,092	18,512,433
Transfers In	3,312,122	1,333,477	12,613,964	4,020,000	683,952		21,963,515	25,071,497
Total Revenues	166,442,000	40,070,932	15,298,984	44,636,054	53,898,952	16,249,996	336,596,918	316,900,302
Appropriations								
General Government	23,197,786	27,394,680					65,458,316	58,285,886
Finance & Administration	3,920,893					14,865,850	3,920,893	3,893,094
Safety Department	69,768,841	319,650					70,088,491	66,281,012
Public Works Department	29,891,071	4,785,000			31,297,627		65,973,698	62,599,505
Parks & Recreation(Arts&Culture)	11,395,870	1,749,257					13,145,127	12,430,948
Personnel	6,833,709						6,833,709	6,138,675
Neighborhood Services	2,016,781						2,016,781	1,841,372
Executive Branch	1,787,131						1,787,131	1,981,098
Education, Arts & Culture	2,367,446						2,367,446	2,204,617
Debt Service		3,216,150	15,298,984		19,945,389		38,460,523	38,959,527
Capital Projects		1,706,195		44,636,054	1,155,936	1,384,146	48,882,331	41,038,722
Transfers Out	15,262,472	900,000			1,500,000		17,662,472	21,245,846
Total Appropriations	166,442,000	40,070,932	15,298,984	44,636,054	53,898,952	16,249,996	336,596,918	316,900,302

Fund Balance/Net Asset Summary

During the past five years the City of Chattanooga has seen a total net decrease in its Governmental Fund Balances of \$34.9 million. This is primarily due to reductions in the fund balance for the Capital Funds and Special Revenue Funds. Fund Balances for the General, Debt Service, Fiduciary, Enterprise, and Internal Service Funds have increased during this period.

Changes in Fund Balance Governmental Funds

Includes Designated Funds



Governmental Fund Balances					
	FY03	FY04	FY05	FY06	FY07
Debt Service Fund	\$ 4,988,142	\$ 5,222,704	\$ 6,471,929	\$ 7,139,208	\$ 8,871,564
Special Revenue Funds	\$ 14,882,558	\$ 10,460,135	\$ 10,123,928	\$ 10,130,789	\$ 10,497,924
Capital Funds	\$ 69,000,220	\$ 41,780,985	\$ 16,559,134	\$ 11,332,676	\$ 20,161,800
General Fund	\$ 40,677,979	\$ 49,359,361	\$ 47,450,200	\$ 56,042,709	\$ 55,130,347
Totals	\$ 129,548,899	\$ 106,823,185	\$ 80,605,191	\$ 84,645,382	\$ 94,661,635

Fund Balance/Net Asset Summary

The General Fund Balance was \$47,450,200 in 2005. This has grown steadily to a current unaudited balance of \$55,130,347 for FY07. This has been accomplished through sound fiscal management, increasing tax revenues and investment income.

The Special Revenues Fund Balance increased from a balance of \$10,123,928 in 2005 to a 2008 projected beginning balance of \$10,497,924. Fund balance has remained relatively constant since fiscal year 2004. When Hamilton County residents voted for the half-cent sales tax, no City portion is collected and remitted to the County School System. The remaining funds are dedicated to economic development supported capital and the payment of lease payments for the retirement of the Lease Rental Revenue Bonds.

Debt Service Fund Balance was \$6,471,929 in FY05 and \$8,871,564 in FY07. During FY07, debt service fund balance increased due to budgeting for the anticipated new debt to cover the FY06 and FY07 Capital Budgets. This bond transaction was delayed until December 2006, thus requiring only one interest payment during FY07. Also in early 2007 the city refunded \$17.7M of the outstanding General Obligation Series 2001.

The Capital Fund Balance has fluctuated most during the past few years. This is primarily due to the City's 21st Century Waterfront capital plan, which was substantially completed in FY07. Since FY05, the balance has increased 24.5% from \$16,559,134 to a projected \$20,161,800 in FY07. This is primarily due to proceeds from the sale of bonds.

The growth of the Net Assets within the Enterprise Funds (excluding the Electric Power Board) has been most dramatic. Net Assets of \$245,445,654 in 2005 have increased to a 2007 unaudited balance of \$261,920,455. For more than ten years, the City was subject to federal mandates relative to water quality and landfill operations which necessitated the imposition of a water quality fee and increased landfill rates to fund such mandates. In FY06 there was no change in rate, but prior to that, there were increases in sewer rates from FY03 to FY05 ranging from 2.54% to 7.29%. In FY07 an increase of 15.5% was applied, and in FY08 a 6% increase will be phased in at 3% in October and 3% in April, 2008.

The Internal Service Fund Balance was \$35,076 in 2005. At the beginning of 2008, this Fund Balance is projected to be \$7,343,652. This change reflects the capital recovery portion of the Fleet Leasing Program, with the capital requirements for vehicle replacement factored into the current lease rate. This fund is not intended to generate profits.

The chart on the previous page plots the year-to-year changes in Fund Balances for the governmental fund types in the City of Chattanooga. The subsequent Fund Balance schedules are inclusive of all reported funds found in and outside of the budget ordinance, while the departmental sections present only funds which are accounted for in the budget ordinance.

City of Chattanooga, Tennessee

General Fund

Includes Designated General Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on Budgetary Basis
 Years Ended June 30, 2005 - 2008

	FY 04/05	FY05/06	Unaudited FY06/07	Budget FY07/08
FUND BALANCE at beginning of year	<u>49,359,361</u>	<u>47,450,200</u>	<u>56,042,709</u>	<u>55,130,347</u>
Revenues				
Taxes	101,295,560	99,517,097 (3)	102,315,279	103,895,410 (5)
Licenses and permits	4,092,969 (2)	4,272,090	4,754,390	3,702,700
Intergovernmental Revenues	52,354,359	56,359,719	59,519,869	60,008,514 (5)
Charges for Services	3,774,828	3,936,967	4,478,508	4,240,540
Fines, forfeitures and penalties	1,410,642	1,472,403	1,424,431	1,410,000
Interest Income	1,191,283	2,892,000	4,531,197	3,024,530
Sale of Property	31,670	1,335,432	578,639	80,000
Prior Year Surplus	0	0	0	0
Miscellaneous Revenues	<u>4,687,331</u>	<u>4,388,380</u>	<u>4,420,393</u>	<u>4,256,275</u>
Total Revenues	<u>\$168,838,642</u>	<u>\$174,174,088</u>	<u>\$182,022,706</u>	<u>\$180,617,969</u>
Expenditures				
General Government	34,951,436	32,587,703	39,110,283 (4)	45,480,454
Finance & Administration	8,463,320	8,371,662	3,587,822 (4)	4,180,982
Safety	62,075,048	62,846,035	69,072,377	71,724,878
Public Works	26,937,744	28,025,831	29,092,374	30,756,933
Parks & Recreation	12,707,873	11,342,871	12,620,316	13,259,091
Education, Arts, & Culture	<u>0</u>	<u>1,663,345</u>	<u>2,115,102</u>	<u>2,374,837</u>
Total Expenditures	<u>\$145,135,421</u>	<u>\$144,837,447</u>	<u>\$155,598,274</u>	<u>\$167,777,175</u>
Excess (deficiency) of revenues over expenditures	23,703,221	29,336,641	26,424,432	12,840,794
Other Financing Sources (Uses)				
Operating transfers in	0	3,141,564 (3)	3,203,679	5,476,332
Operating transfers out	(22,327,382)	(20,470,396)	(26,875,174)	(14,578,520) (5)
Operating transfers to component units	<u>(3,285,000)</u>	<u>(3,415,300)</u>	<u>(3,665,300)</u>	<u>(3,738,606)</u>
Total other financing sources (uses)	<u>(25,612,382)</u>	<u>(20,744,132)</u>	<u>(27,336,795)</u>	<u>(12,840,794)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(1,909,161)</u>	<u>8,592,509</u>	<u>(912,363)</u>	<u>0</u>
FUND BALANCE at end of year	<u>\$47,450,200</u>	<u>\$56,042,709</u>	<u>\$55,130,347</u>	<u>\$55,130,347</u>

Note 1: Fund balance includes designated (largest of which is Economic Development) and undesignated general fund activity.

Note 2: Gross Receipt collections reclassified from Licenses and Permits to Taxes beginning in FY05.

Note 3: EPB payments in lieu of taxes reclassified from Taxes to Transfers In beginning in FY06.

Note 4: Purchasing and Information Services divisions of Finance & Administration moved to General Government for FY07.

Note 5: Excluded from this amount are amendments for capital appropriations fo \$12,058,840 from General Fund balance and \$1,090,663 from Economic Development Fund balance.

City of Chattanooga, Tennessee

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 2005 - 2008

	FY 04/05	FY05/06	Unaudited FY06/07	Budget FY07/08
FUND BALANCE at beginning of year	<u>10,460,135</u>	<u>10,123,928</u>	<u>10,168,369</u>	<u>10,497,924</u>
Revenues				
Taxes	2,583,318	3,640,518	3,747,137	3,750,000
Intergovernmental Revenues	20,789,349	21,954,892	25,322,559	21,996,536
Charges for Services	141,512	355,738	281,571	50,000
Interest Income	125,507	333,606	256,980	168,000
Sale of Property	0	17,330	23,599	0
Prior Year Surplus	0	0	0	592,152
Miscellaneous Revenues	3,413,783	2,166,322	1,840,385	2,587,170
Total Revenues	<u>\$27,053,469</u>	<u>\$28,468,406</u>	<u>\$31,472,231</u>	<u>\$29,143,858</u>
Expenditures				
General Government	22,475,236	22,010,047	24,810,316	24,110,345
Finance and Administration	63,799	16,149	0	105,000
Safety	162,295	216,829	246,685	319,650
Public Works	4,685,412	4,772,020	4,527,265	4,785,000
General Services	0	0	0	0
Capital Outlay/Fixed Assets	281,867	1,139,174	622,515	428,850
Total Expenditures	<u>\$27,668,609</u>	<u>\$28,154,219</u>	<u>\$30,206,781</u>	<u>\$29,748,845</u>
Excess (deficiency) of revenues over expenditures	(615,140)	314,187	1,265,450	(604,987)
Other Financing Sources (Uses)				
Operating transfers in	3,823,537	3,822,108	3,821,137	3,821,137
Operating transfers out	(3,544,604)	(4,091,854)	(4,757,032)	(3,216,150)
Total other financing sources (uses)	<u>278,933</u>	<u>(269,746)</u>	<u>(935,895)</u>	<u>604,987</u>
Net change in Fund Balance	<u>(336,207)</u>	<u>44,441</u>	<u>329,555</u>	<u>0</u>
FUND BALANCE at end of year	<u>\$10,123,928</u>	<u>\$10,168,369</u>	<u>\$10,497,924</u>	<u>\$10,497,924</u>

City of Chattanooga, Tennessee

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Years Ended June 30, 2005 - 2008

	FY04/05	FY05/06	Unaudited FY06/07	Budget FY07/08
FUND BALANCE at beginning of year	<u>5,222,704</u>	<u>6,471,929</u>	<u>7,139,208</u>	<u>8,871,564</u>
Revenues				
Intergovernmental funds	1,705,851	1,371,442	1,360,442	1,917,920
Other	<u>221,916</u>	<u>281,137</u>	<u>230,059</u>	<u>200,000</u>
Total Revenues	<u>1,927,767</u>	<u>1,652,579</u>	<u>1,590,501</u>	<u>2,117,920</u>
Expenditures				
Principal retirement	5,777,360	7,735,136	8,453,319	8,383,644
Interest	6,118,239	6,329,621	6,744,095	6,845,340
Fiscal agent fees	<u>53,198</u>	<u>72,917</u>	<u>89,916</u>	<u>70,000</u>
Total Expenditures	<u>11,948,797</u>	<u>14,137,674</u>	<u>15,287,330</u>	<u>15,298,984</u>
Excess (deficiency) of revenues over expenditures	<u>(10,021,030)</u>	<u>(12,485,095)</u>	<u>(13,696,829)</u>	<u>(13,181,064)</u>
Other Financing Sources (Uses)				
Operating transfers in	11,270,255	13,152,374	15,429,185	12,613,964
Total other financing sources (uses)	<u>11,270,255</u>	<u>13,152,374</u>	<u>15,429,185</u>	<u>12,613,964</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>1,249,225</u>	<u>667,279</u>	<u>1,732,356</u>	<u>(567,100)</u>
FUND BALANCE at end of year	<u><u>\$6,471,929</u></u>	<u><u>\$7,139,208</u></u>	<u><u>\$8,871,564</u></u>	<u><u>\$8,304,464</u></u>

City of Chattanooga, Tennessee

Capital Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Years Ended June 30, 2005 - 2008

	FY 04/05	FY05/06	Unaudited FY06/07	Budget FY07/08
FUND BALANCE at beginning of year	<u>41,780,985</u>	<u>16,559,134</u>	<u>11,482,676</u>	<u>20,161,801</u>
Revenues				
Intergovernmental Revenues	9,971,567	3,431,378	1,565,984	4,665,242
Charges for services	32,606	0	0	0
Interest Income	661,256	494,693	705,325	0
Donations	0	0	0	25,000
Sale of Property	25,650	953,964	772,513	0
Miscellaneous Revenues	3,774,082	188,345	457,600	340,000
Total Revenues	<u>\$14,465,161</u>	<u>\$5,068,380</u>	<u>\$3,501,422</u>	<u>\$5,030,242</u>
Expenditures				
General Government	6,141,012	1,635,685	4,810,960	9,658,386
Finance & Administration	669,592	2,586,561	10,559,470	2,750,000
Safety	3,473,463	4,099,733	1,554,407	1,100,242
Public Works	12,665,890	10,445,303	11,050,777	13,812,000
Parks & Recreation	3,972,346	2,087,186	2,181,215	14,188,000
Education, Arts, & Culture	0	80,193	168,126	400,000
General Services	40,240	0	63,267	155,000
Capital outlay/fixed assets	30,546,325	6,220,798	801,082	0
Total Expenditures	<u>\$57,508,868</u>	<u>\$27,155,459</u>	<u>\$31,189,304</u>	<u>\$42,063,628</u>
Excess (deficiency) of revenues over expenditures	<u>(43,043,707)</u>	<u>(22,087,079)</u>	<u>(27,687,882)</u>	<u>(37,033,386)</u>
Other Financing Sources (Uses)				
Operating transfers in	12,695,410	8,836,312	15,420,488	20,055,812
Operating transfers out	(2,480,853)	(2,082,495)	(9,271,613)	(2,572,426)
Bond/Note Proceeds	31,565,630	10,106,804	45,124,480	19,550,000
Refund Bond Escrow Agent	(23,958,331)	0	(14,906,348)	0
Total other financing sources (uses)	<u>17,821,856</u>	<u>16,860,621</u>	<u>36,367,007</u>	<u>37,033,386</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(25,221,851)</u>	<u>(5,226,458)</u>	<u>8,679,125</u>	<u>0</u>
FUND BALANCE at end of year	<u>\$16,559,134</u>	<u>\$11,332,676</u>	<u>\$20,161,801</u>	<u>\$20,161,801</u>

City of Chattanooga, Tennessee

Fiduciary Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Years Ended June 30, 2005 - 2008

	FY 04/05	FY05/06	Unaudited FY06/07	Budget FY07/08
ADDITIONS				
Interest Income	210,159	204,967	380,004	380,000
Miscellaneous			11,043	0
Total Revenues	<u>210,159</u>	<u>204,967</u>	<u>391,047</u>	<u>380,000</u>
DEDUCTIONS				
Finance & Administration	25	427	200	200
General Government	74,518	115,342	86,583	87,000
Total Expenditures	<u>74,543</u>	<u>115,769</u>	<u>86,783</u>	<u>87,200</u>
Excess (deficiency) of Revenues over (under) Expenditures	135,616	89,198	304,264	292,800
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of Revenues and Other Financing Sources Over (under) Expenditures and Other Financing Uses	135,616	89,198	304,264	292,800
FUND BALANCE at Beginning of Year	<u>3,064,000</u>	<u>3,199,616</u>	<u>3,288,814</u>	<u>3,593,078</u>
FUND BALANCE at End of Year	<u><u>\$3,199,616</u></u>	<u><u>\$3,288,814</u></u>	<u><u>\$3,593,078</u></u>	<u><u>\$3,885,878</u></u>

Fiduciary funds reflect the three medal funds: Chattanooga High School, Ochs-Oakes Fire and Police, and Ochs-Oakes High School. Library Endowment Fund added to Fiduciary Funds beginning in the fiscal year ending June 30, 2005
OPEB Trust Fund added in FY07

City of Chattanooga, Tennessee

Enterprise Fund

Combining Statement of Revenues, Expenses and
Changes in Net Assets
Years Ended June 30, 2005 - 2008

	<u>FY 04/05</u>	<u>FY05/06</u>	<u>Unaudited FY06/07</u>	<u>Budget FY07/08</u>
REVENUES				
Customer Charges	48,717,309	48,303,602	51,096,286	48,942,777
Other	83,652	76,532	65,094	60,000
Total Revenues	<u>48,800,961</u>	<u>48,380,134</u>	<u>51,161,380</u>	<u>49,002,777</u>
OPERATING EXPENSES				
Sewer Plant Operation	18,648,491	20,481,793	21,034,136	23,735,915
Solid Waste Operation	1,870,879	2,352,548	2,858,717	3,143,673
Storm Water Operation	2,963,730	2,764,346	3,276,112	3,777,990
Depreciation and Amortization	11,579,171	11,735,945	11,396,221	13,440,917
Closure/Postclosure Costs	517,996	563,734	318,383	0
Other/Housing	1,096,766	918,286	835,587	1,795,985
Total Operating Expenses	<u>36,677,033</u>	<u>38,816,652</u>	<u>39,719,156</u>	<u>45,894,480</u>
OPERATING INCOME (LOSS)	<u>12,123,928</u>	<u>9,563,482</u>	<u>11,442,224</u>	<u>3,108,297</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	837,076	1,542,706	2,535,647	2,119,870
Interest Expense	(7,681,014)	(7,284,657)	(6,844,635)	(6,504,472)
Intergovernmental	83,652	616,396	513,081	592,353
Other Income (expense)	184,682	817,415	60,475	1,500,000
Total Nonoperating Rev. (Exp.)	<u>(6,575,604)</u>	<u>(4,308,140)</u>	<u>(3,735,432)</u>	<u>(2,292,249)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS TRANSFERS AND SPECIAL ITEM	<u>5,548,324</u>	<u>5,255,342</u>	<u>7,706,792</u>	<u>816,048</u>
Capital Contributions	170,247	2,000	0	0
Operating Transfers In	686,898	683,952	11,913,836	683,952
Operating Transfers Out	(123,261)	0	(10,073,085)	(1,500,000)
NET INCOME (LOSS) BEFORE EXTRAORDINARY LOSS	<u>6,282,208</u>	<u>5,941,294</u>	<u>9,547,543</u>	<u>0</u>
NET INCOME (LOSS)	<u>6,282,208</u>	<u>5,941,294</u>	<u>9,547,543</u>	<u>0</u>
TOTAL NET ASSETS - Beginning	<u>239,163,446</u>	<u>245,445,654</u>	<u>251,386,948</u>	<u>260,934,491</u>
TOTAL NET ASSETS - Ending	<u>\$245,445,654</u>	<u>\$251,386,948</u>	<u>\$260,934,491</u>	<u>\$260,934,491</u>

City of Chattanooga, Tennessee

Internal Service Funds

Schedule of Revenues, Expenditures, and Changes in Net Assets
Years Ended June 30, 2005 - 2008

	FY 04/05	FY05/06	Unaudited FY06/07	Budget FY07/08
Net Assets, beginning of year	<u>1,697,334</u>	<u>35,076</u>	<u>1,977,405</u>	<u>7,343,652</u>
Revenues				
Billings to Departments	9,227,286	10,719,408	11,777,034	11,286,551
Other	<u>534,206</u>	<u>797,420</u>	<u>981,267</u>	<u>891,019</u>
Total Revenues	<u>\$9,761,492</u>	<u>\$11,516,828</u>	<u>\$12,758,301</u>	<u>\$12,177,570</u>
Expenditures				
Repairs & Maintenance - Amnicola	3,195,234	3,244,306	3,265,651	3,271,754
Repairs & Maintenance - 12th St	3,315,426	3,166,138	2,959,097	3,261,260
Operations - Amnicola	698,210	999,210	969,207	936,337
Operations - 12th St	1,543,571	2,099,578	2,049,652	2,046,246
Fleet Leasing Capital Recovery	0	4,336	327,856	1,384,147
Fleet Leasing Operations	0	0	51,590	477,827
Judgments & Costs	2,414,202	(225,170)	1,828,254	569,000
Water System	301	0	592	0
Claims & Tort Liabilities	219,973	265,934	114,443	231,000
Special Counsel	<u>36,833</u>	<u>20,168</u>	<u>156,008</u>	<u>0</u>
Total Expenditures	<u>\$11,423,750</u>	<u>\$9,574,499</u>	<u>\$11,722,351</u>	<u>\$12,177,570</u>
Excess (deficiency) of revenues over expenditures	<u>(1,662,258)</u>	<u>1,942,329</u>	<u>1,035,950</u>	<u>0</u>
Other Financing Sources (Uses)				
Operating Transfers In	<u>0</u>	<u>0</u>	<u>4,330,297</u>	<u>4,072,426</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>4,330,297</u>	<u>4,072,426</u>
Net Assets, ending of year	<u>\$35,076</u>	<u>\$1,977,405</u>	<u>\$7,343,652</u>	<u>\$11,416,078</u>



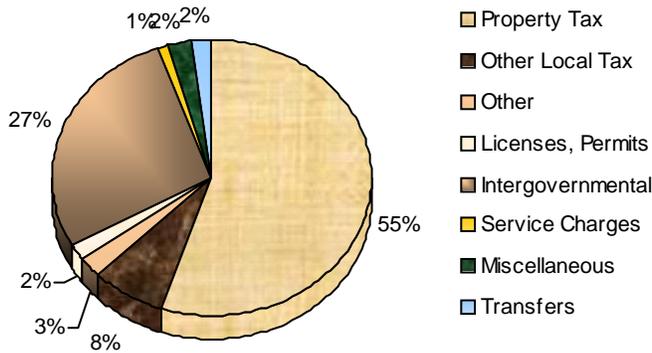
Undesignated General Fund

Fund Structure

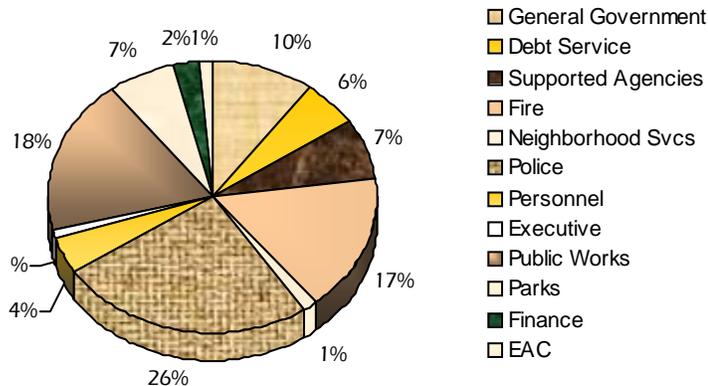
The Undesignated General Fund accounts for all financial resources applicable to the general operations of city government which are not accounted for in another fund. This fund is the only unrestricted fund of a government unit. The basis of budgeting is modified accrual. In FY 2008, the budgeted revenue and expenses are \$186,094,301. Included are designated general government operations totaling \$19,652,301, the largest of which is the Economic Development Fund with a budget of \$10,935,000. Undesignated general fund operations budget is \$166,442,000. The following charts relate to the undesignated general fund operations.

The major revenues of the general fund include: property taxes; other local taxes; licenses and permits; fines, forfeitures, and penalties; investment income; revenue from other agencies; and services charges. Departments of the General Fund include:

Revenues 2008
\$166,442,000



Appropriations 2008
\$166,442,000



Fund Revenue Summary
 Fiscal Years ending June 30, 2005 thru 2008
 (expressed in \$1,000)

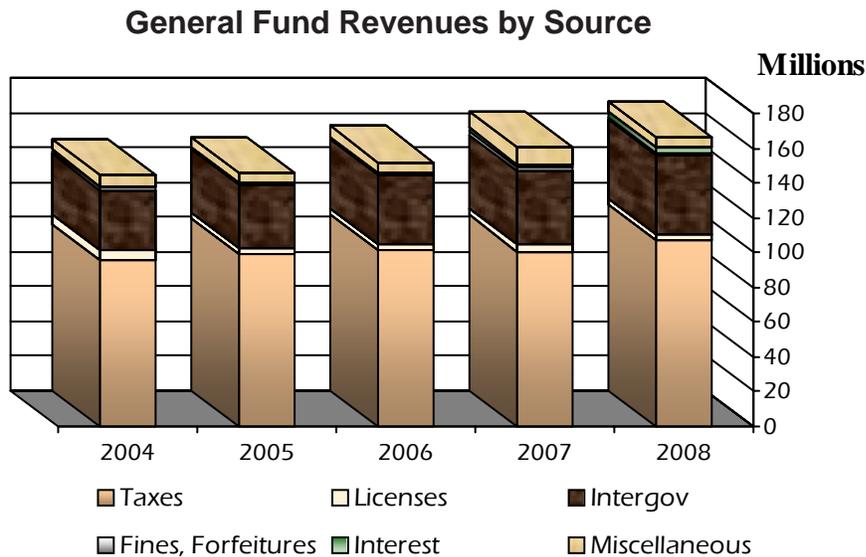
Fund Type	Actual FY04/05	Actual FY05/06	Budget FY06/07	Budget FY07/08	Budget 08 Increase (Decrease)	% Change FY 07/08
Undesignated General Fund:						
Property Taxes	89,685	87,851	88,994	91,376	2,382	2.68%
Other Local Taxes	11,611	11,666	11,848	12,519	671	5.66%
Licenses, Permits, Etc.	3,661	3,813	3,601	3,265	(336)	-9.33%
Fines, Forfeitures & Penalties	1,411	1,472	1,433	1,410	(23)	-1.61%
Investment Income	1,133	3,750	2,225	3,080	855	38.43%
Revenue from Other Agencies	38,178	42,076	42,958	45,519	2,561	5.96%
Service Charges	1,905	1,983	1,981	2,070	89	4.49%
Miscellaneous Revenues	4,203	3,983	3,927	3,891	(36)	-0.92%
Transfers In	-	3,142	3,259	3,312	53	N/A
Prior Year Surplus	-	-	330	-	(330)	N/A
<i>Total General Fund (1)</i>	<u>151,787</u>	<u>159,736</u>	<u>160,556</u>	<u>166,442</u>	<u>5,886</u>	<u>3.67%</u>

(1) Excluded are amendments appropriating amounts from fund balance to Capital Fund of \$7,900,000 and \$12,058,840 for FY07 and FY08, respectively.

Revenues

The proposed Budget for FY 2008 shows an increase in Estimated Revenues of \$5,886,000 or 3.7% when compared to FY 07. This increase in Estimated Revenues for FY 2008 can be largely attributed to increased tax revenues and investment income. County-Wide sales tax is estimated to increase \$1,277,000, Gross Receipts is expected to increase by \$134,648, and the State Sales Tax is expected to increase \$336,838 or 3.0% for the City in FY 2008. Property Tax is anticipated to continue a strong, healthy growth of 2.7%.

The chart shows the General Fund Revenues by Source for the fiscal years 2004 thru 2008.



Property Taxes

FY 2008 Estimate : **\$91,376,360**
% of General Fund: **56.01%**
Growth From FY 07: **2,382,562**
% Change: **2.7%**

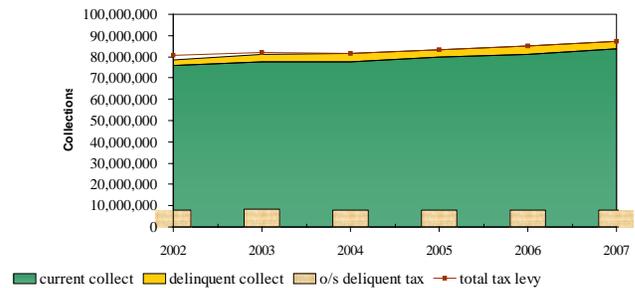
Current Real Property Taxes remain the primary source of funds for the City of Chattanooga, with the FY 2008 estimate of \$85,100,000 representing 52.17% of the total undesignated General Fund Budget. All property tax estimates inclusive of delinquencies and in lieu of tax payments total \$91,376,360 or 56.01% of the total undesignated General Fund budget. The current tax rate is \$2.202 per \$100.00 of the assessed valuation. This is considerably less than the 1995 rate of \$2.98, and is the lowest tax rate in nearly 50 years. Revenues generated in 1996 with a \$2.98 tax rate amounted to \$65,915,783 while the estimate for FY 2008 is \$85,100,000, an increase of \$19,184,217, or 29.1%. Assessments for 1995 were \$2,198,869,948. This figure has risen to \$3,968,157,371 in 2007, an increase of \$1,769,287,423 or 80.46% in the last 12 years. Based on the City's economic climate, this trend is expected to continue.

Commercial and industrial property is assessed at 40%, while residential property and farms are assessed at 25% of the appraised value. Personal property is assessed at 30% of the appraised value. The Public Utilities assessments are made by the State of Tennessee for all counties and cities in the state.

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 of February of the following year. Effective August 1, 2003 taxes not paid by the due date shall bear interest at twelve percent (12%) per annum, and a penalty of six percent (6%) per annum, plus other penalties as provided by law, which shall be paid by the taxpayer except for taxpayers receiving tax relief under T.C.A. Sections 67-5-702 through 67-5-705. If a tax bill continues to be unpaid through June of such following year, it is turned over to a Delinquent Tax Attorney to be filed in the Clerk and Master's office of Chancery Court on July 1 of such year for collection. An additional fee of 10% is charged representing a 5% attorney's collection fee and a 5% City General Fund fee. Property is subject to a tax sale once taxes are delinquent for three years.

Below is a graphical outlook of Property Tax Levies and Collections for the last five years. Not included in the totals are payment in lieu of taxes (PILOT) received from the EPB and certain other entities within the City.

Property Tax Levies & Collections



Pursuant to Tennessee Code Annotated 5-52-301 to 7-52-310, known as the Municipal Electric System Tax Equivalent Law of 1987, the minimum levy for the EPB is \$2,296,692, according to a new formula specified in the 1987 Law based on a revenue floor of \$5,635,434. This revenue floor was exceeded in fiscal year 1994, resulting in a calculation which generated less PILOT collection for the City. The estimate to be received from Electric Power Board for FY 2008 is \$3,014,031 or 2.69% over FY07. The Telecommunication in lieu of tax due from the EPB is \$298,091, a 7.9% decrease from FY07. The EPB PILOT was reclassified in FY06 to a transfer in to properly reflect EPB's status as a city owned entity.

Tax rates per \$100 of assessed valuation during this period were as follows:

Fiscal Year	Tax Rate	Notes
93/1994	2.62	
94/1995	2.98	City Tax Increase
95/1996	2.98	
96/1997	2.70	Property Reappraisal
97/1998	2.31	City Tax Decrease
98/1999	2.31	
99/2000	2.31	
00/2001	2.31	
01/2002	2.516	City Tax Increase
02/2003	2.516	
03/2004	2.516	
04/2005	2.516	
05/2006	2.202	Property Reappraisal
06/2007	2.202	
07/2008	2.202	

The 1995 increase in tax rates from \$2.62 to \$2.98 was the first tax increase imposed by the City since 1987 and was imposed primarily to provide funds for capital purposes. In FY02, a reappraisal year, the new certified tax rate was \$2.036. A property tax increase of \$0.48 was approved increasing the rate to \$2.516. After the reappraisal in FY06, the tax rate was decreased to \$2.202. A one penny increase produces additional income of \$421,287. Current City policy for budgeting is to estimate collections at 95% of the property tax levy.

Payments In Lieu of Taxes. Through a series of tax incentives and agreements the City receives sizeable in lieu of tax payments each year. Companies paying in lieu of taxes include Tennessee Valley Authority, Regis Corporation, American Plastics Inc, Signal Mountain Cement, Kenco Group and Custom Baking Co. The collection of in lieu of taxes accounts for \$2,314,450, or 1.39% of the operating budget in FY08.

Other Local Taxes:

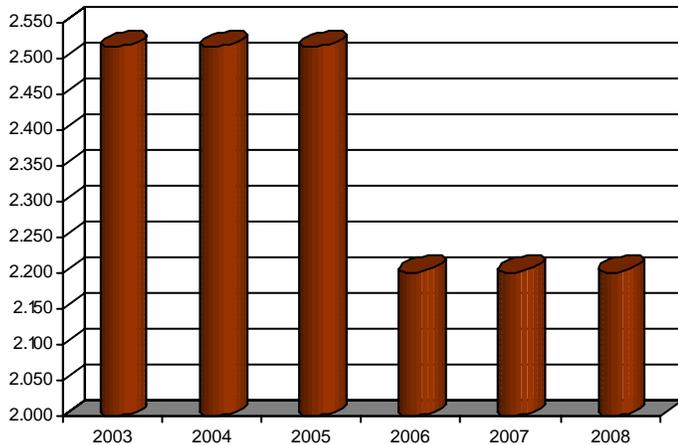
FY 2008 Estimate :	\$12,519,050
% of General Fund:	7.67%
Growth From FY 07:	670,678
% Change:	5.7%

Gross Receipts Taxes

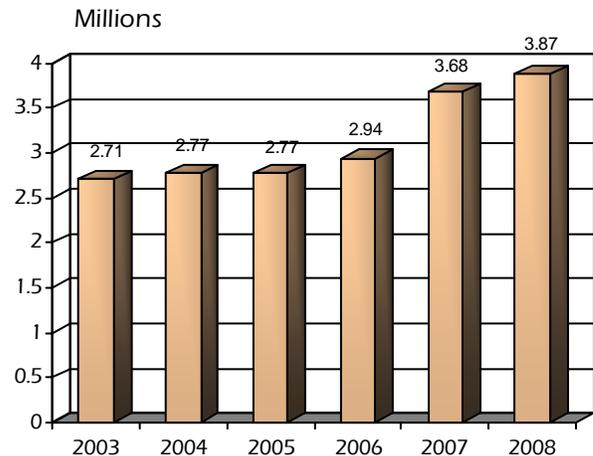
FY 2008 Estimate:	\$3,872,000
% of General Fund:	2.37%
Growth From FY 07:	134,648
% Change:	3.6%

Even though Gross Receipts Taxes are a steady source in the General Fund, they represent only 2% of total collections each year. The trend over the past six years shows the annual growth of this collection has varied considerably, as shown in the chart. The economic impact on retail sales in FY02 required a downward adjustment in the FY03 estimate, which resulted in relatively stagnant growth through FY05. In FY 07, collections were on the rise, a trend expected to continue in FY08.

Property Tax Rates
(per \$100 of Assessed Valuation)



Gross Receipt Taxes



Licenses & Permits:

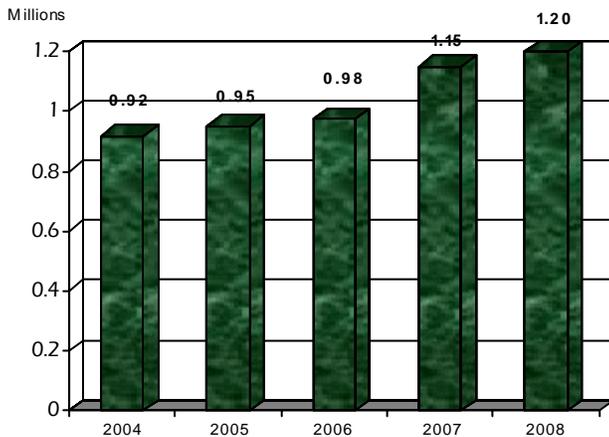
FY 2008 Estimate :	\$3,264,700
% of General Fund:	2.00%
Decrease From FY 07:	(336,500)
% Change:	- 9.3%

Building Permits

FY 2008 Estimate :	\$1,200,000
% of General Fund:	0.74%
Growth from FY 07:	50,000
% Change:	4.3%

Building Permits are the single greatest revenue generator in the category of Licenses & Permits. As shown in the chart below, revenue budgets for Building Permits have increased over 30% since 2004, reflecting the strength of the housing market over that period of time.

Building Permits



One major decrease in FY08 compared to prior years is the City has contracted with the Chattanooga Area Regional Transit Authority to manage and maintain the parking meters located in the city. With the agreement the city will lose about \$450,000 in operating revenue while also decreasing operating costs such as meter parts and vehicle cost. The employees previously assigned parking meter tasks will be reassigned to other duties within the Public Works department.

Revenue from Other Agencies:

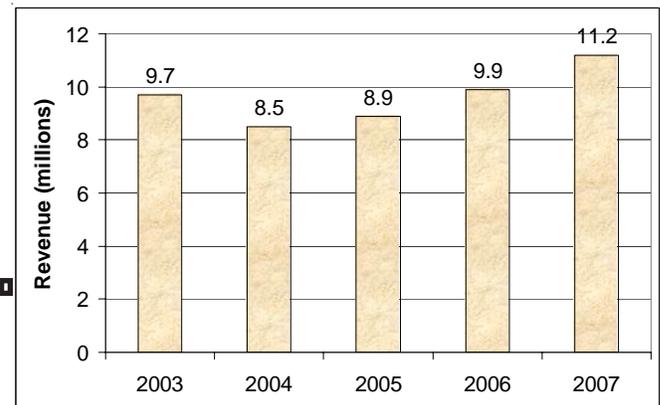
FY 2008 Estimate :	\$45,518,838
% of General Fund:	27.35%
Growth From FY 07:	2,560,608
% Change:	6.0%

City Allocation State Sales Tax

FY 2008 Estimate:	\$11,500,000
% of General Fund :	6.91%
Growth From FY 07:	336,838
% Change:	3.0%

The State of Tennessee imposes a 7% tax on sales. Under TCA 67-6-103(3)(A), 5.5% to 5.75% is returned to all municipalities. This distribution is based on a population figure from the latest certified census. The City of Chattanooga has a certified population of 155,554 and its per capita allocation from state sales tax for Fiscal Year 2008 is \$73.04. Allocations decreased in FY04 due to a 9% cut to local governments to balance the state budget. This cut was returned to local governments: 50% in each of fiscal years 2006 and 2007. The State Sales Tax is expected to increase by 3.0% or \$336.838 in FY 2008. This suggests that the economy should remain strong and that fewer consumers are traveling across state lines to purchase goods and services.

State Sales Tax



Revenues from Other Agencies

County-Wide Sales Taxes

FY 2008 Estimate :	\$27,432,000
% of General Fund:	16.48%
Growth From FY 07:	1,227,000
% Change:	4.9%

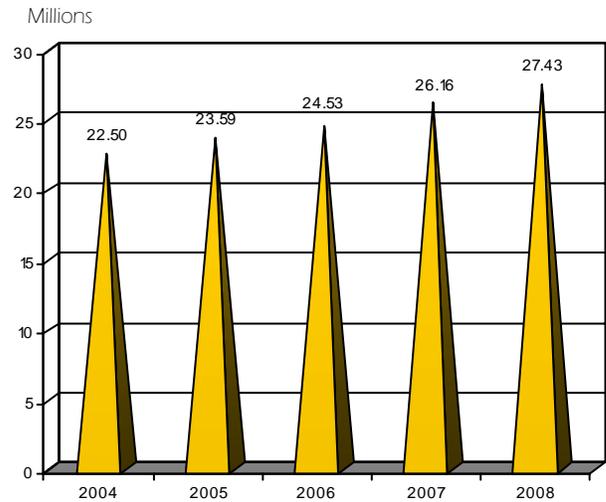
The County Wide Sales Tax, or Local Option Sales Tax, is another principal source of revenue for the City. In accordance with the 1993 Local Option Revenue Act Title 67, Chapter 6, Part 7 of the Tennessee Code Annotated, as amended, the City and County have adopted a Local Option Sales Tax. The citizens of Hamilton County have adopted, by referendum a county-wide sales tax of 2.25%.

The revenues from the county-wide sales tax are distributed pursuant to the provisions of the Act and other provisions of the Tennessee Code Annotated. Fifty percent of the revenues raised through a county wide sales tax are directed to education based upon the average daily attendance of each school system therein. The Economic Development Fund accounts for 1/2 cent of the sales tax collected.

Since FY04 growth in County-Wide sales tax revenues has increased by more than 28%. This is a reflection of the economic growth that has taken place in Hamilton County in the last few years.

The County-wide sales tax represents 16.48% of the total General Fund revenues for FY 2008.

County-Wide Sales Tax



Undesignated General Fund Expenditure Summary

Fiscal Years ending June 30, 2005 thru 2008

(expressed in \$1,000)

Fund Type	Actual FY04/05	Actual FY05/06	Budget FY06/07	Budget FY07/08	Budget08 Increase (Decrease)	% Change FY07/08
General Fund						
General Government (1)	32,677	34,778	37,517	37,705	188	0.50%
Department of Finance & Administration	8,063	8,067	3,788	3,921	133	3.51%
Department of Police	36,461	37,831	40,009	42,236	2,227	5.57%
Department of Fire	24,633	24,201	26,074	27,604	1,530	5.87%
Department of Public Works	27,608	28,687	30,220	30,575	355	1.17%
Department of Parks & Recreation	10,924	9,834	10,783	11,396	613	5.68%
Department of Personnel	5,553	6,114	6,139	6,834	695	11.32%
Department of Neighborhood Services	2,637	1,415	1,841	2,017	176	9.56%
Executive Branch	1,359	1,204	1,981	1,787	(194)	-9.79%
Department of Education, Arts, & Culture	0	1,661	2,205	2,367	162	N/A
<i>Total General Fund (1)</i>	<u>149,915</u>	<u>153,792</u>	<u>160,557</u>	<u>166,442</u>	<u>5,885</u>	<u>3.67%</u>

(1) Amount excludes amendments for capital appropriations of \$7,900,000 and \$12,058,840 for FY07 and FY08, respectively.

Expenses

General Government

FY 2008 Appropriation: \$37,7042,641
% of General Fund: 22.65%
Decline From FY 07: 7,796,266
% Change: -17.13%

General Government is the area where all appropriations to other funds, joint-funded and outside agencies are accounted for. These appropriations can vary from year to year based on outside agency requests or decisions reached during the joint budget hearings with the County Commission. Major appropriations in the General Government area year-to-year are:

CARTA Subsidy

FY 2008 Appropriation: \$3,738,606
% of General Fund: 2.25%
Growth From FY 07: 73,306
% Change: 2.00%

The City finances part of the Chattanooga Area Regional Transportation Authority's operating cost. The CARTA appropriation of \$3,738,606 enables CARTA to provide additional services to those citizens using bus service as their only means of transportation to work, school, shopping and other activities.

Chattanooga-Hamilton County Bicentennial Library

FY 2008 Appropriation: \$2,487,660
% of General Fund: 1.49%
Growth From FY 07: 0
% Change: 0.00%

The City, along with the County, funds the cost of the public library system.

Chattanooga Neighborhood Enterprises

FY 2008 Appropriation: \$1,000,000
% of General Fund: 0.60%
Decline From FY 07: 500,000
% Change: -33.33%

This is an ongoing appropriation for efforts to upgrade housing in Chattanooga.

Debt Service Fund

FY 2008 Appropriation: \$9,392,174
% of General Fund: 5.64%
Decline From FY 07: 2,174,877
% Change: -18.80%

Funds are provided for appropriation to the Debt Service Fund for payment of current interest and principal on the City's outstanding General Fund debt.

Renewal & Replacement

FY 2008 Appropriation: \$2,700,000
% of General Fund: 1.62%
Growth From FY 07: 682,103
% Change: 33.80%

Funds are provided here to be distributed to various departments for use in replacing equipment and to provide contributed capital for the fleet leasing program.

Tennessee Riverpark

FY 2008 Appropriation: \$1,229,321
% of General Fund: 0.74%
Growth From FY 07: 37,995
% Change: 3.19%

These funds are submitted to Hamilton County to cover the City's one half share of the operating costs of the Tennessee Riverpark.

Department of Finance & Administration

FY 2008 Appropriation :	\$3,920,893
% of General Fund:	2.36%
Growth From FY 07:	132,799
% Change:	3.51%

This department oversees all aspects of the City's financial program. The major expenses for this department are personnel costs, and the primary factor behind the growth in FY08 is the increased cost of salaries and benefits.

Department of Police

FY 2008 Appropriation :	\$42,236,116
% of General Fund:	25.38%
Growth From FY 07:	2,227,381
% Change:	5.57%

The majority of the increase in expenditures is attributed to increase in salary and benefits.

Department of Fire

FY 2008 Appropriation:	\$27,604,390
% of General Fund:	16.58%
Growth From FY 07:	1,530,698
% Change:	5.87%

The FY08 growth is attributed to increase in salary and benefits.

Department of Public Works

FY 2008 Appropriation:	\$30,575,023
% of General Fund:	18.37%
Growth from FY 07:	354,626
% Change:	1.17%

The Department of Public Works General Fund increased appropriations represent personnel pay increases and increased motor vehicle maintenance.

Department of Parks & Recreation

FY 2008 Appropriation :	\$11,395,870
% of General Fund:	6.85%
Growth From FY 07:	613,172
% Change:	5.69%

In FY06, part of Parks & Recreation was reorganized into the new Department of Education, Arts & Culture. The overall increase in the budget from FY08 reflects an increase in salary and benefits.

Department of Personnel

FY 2008 Appropriation:	\$6,833,709
% of General Fund :	4.11%
Growth From FY 07:	695,034
% Change:	11.3%

The increase in expenditures in FY08 is primarily attributable to increases in salaries and Employee's Insurance program.

Department of Neighborhood Services

FY 2008 Appropriation :	\$2,016,781
% of General Fund:	1.21%
Growth From FY 07:	175,409
% Change:	9.53%

Since its establishment in FY98, many changes have occurred that significantly increased the functions and visibility of this department. During the previous administration, Better Housing functions were transferred from Public Works, leading to the creation of the Department of Neighborhood Services. In FY06, Animal Services was removed and more neighborhood related divisions moved from the Executive Branch like Grants Administration, Human Rights, and Community Development. This year, in an effort to better service the Chattanooga area, the department has combined the divisions of Codes & Community Services with Neighborhood Relations to create a new division of Codes, Community Services, & Neighborhood Relations. The FY08 increase is due to salary and benefits adjustments.

Executive Branch

FY 2008 Appropriation:	\$1,787,131
% of General Fund:	1.07%
Decline From FY 07:	193,967
% Change:	-9.79%

The Executive Branch consists of functions under direct control of the Mayor. This branch includes the Mayor's Office, Multicultural Affairs, and new initiatives of the Mayor Great Ideas Competition and the Office of Faith Based Initiatives. The FY08 reduction is due to the decrease in operations cost for the Office of Multicultural Affairs and a decrease in lobbying costs.

Education, Arts, & Culture

FY 2008 Appropriation:	\$2,367,446
% of General Fund:	1.42%
Growth From FY 07	162,829
% Change:	7.39%

The FY08 growth is attributed to increase in salaries and benefits.

Undesignated General Fund Revenues

Fiscal Years 2005-2008

Revenue Source	Actual FY 04/05	Actual FY 05/06	Budget FY06/07	Budget FY07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Property Taxes:							
Current Property Taxes	80,035,765	80,951,652	82,678,000	85,100,000	2,422,000	2.9%	52.17%
Interest & Penalty - Current Year	131,963	112,033	130,000	100,000	(30,000)	-23.1%	0.06%
Interest & Penalty - Prior Year	482,438	661,378	450,000	550,000	100,000	22.2%	0.34%
Prior Year Property Taxes	3,421,104	3,678,691	3,400,000	3,200,000	(200,000)	-5.9%	1.96%
City Fee- Collection of Delinquent Taxes	172,724	176,303	188,000	160,000	(28,000)	-14.9%	0.10%
Corporate Excise Tax-State	182,611	370,000	250,000	250,000	0	0.0%	0.15%
Payments In Lieu of Taxes (1)	5,257,964	5,042,741	1,897,798	2,016,360	118,562	6.2%	1.24%
Total Property Tax	\$89,684,569	\$90,992,798	\$88,993,798	\$91,376,360	2,382,562	2.7%	56.01%
Other Local Taxes:							
Franchise Taxes-Chatt Gas	252,955	293,570	254,000	250,000	(4,000)	-1.6%	0.15%
Franchise Taxes-Century Tel	0	32,480	43,810	23,982	(19,828)	-45.3%	0.01%
Franchise Taxes - CCTV	1,411,908	1,429,828	1,435,000	1,714,568	279,568	19.5%	1.05%
Liquor Taxes	1,606,265	1,658,004	1,711,454	1,797,500	86,046	5.0%	1.10%
Beer Taxes	4,638,904	4,735,848	4,661,756	4,855,000	193,244	4.1%	2.98%
Gross Receipts Tax	3,695,781	3,510,891	3,737,352	3,872,000	134,648	3.6%	2.37%
Local Litigation Taxes	5,176	5,241	5,000	6,000	1,000	20.0%	0.00%
Total Other Local Taxes	\$11,610,989	\$11,665,862	\$11,848,372	\$12,519,050	670,678	5.7%	7.67%
Licenses & Permits:							
Motor Vehicle License	394,810	372,780	330,000	350,000	20,000	6.1%	0.21%
Parking Meters	449,486	471,623	450,000	0	(450,000)	-100.0%	0.00%
Business License excluding Liquor	144,000	147,025	130,000	145,000	15,000	11.5%	0.09%
Building Permits	1,143,668	1,204,762	1,150,000	1,200,000	50,000	4.3%	0.74%
Other Licenses, Permits, Fees	1,528,981	1,616,632	1,541,200	1,569,700	28,500	1.8%	0.96%
Total Licenses & Permits	\$3,660,945	\$3,812,822	\$3,601,200	\$3,264,700	(336,500)	-9.3%	2.00%
Fines, Forfeitures, & Penalties:							
City Court Fines	605,193	577,814	585,000	530,000	(55,000)	-9.4%	0.32%
Criminal Court Fines	220,799	215,974	220,000	220,000	0	0.0%	0.13%
Parking Ticket Fines	563,703	663,997	620,000	650,000	30,000	4.8%	0.40%
Other Fines Forfeitures, & Penalties	20,949	14,618	7,500	10,000	2,500	33.3%	0.01%
Total Fines, Forfeitures, & Penalties	\$1,410,643	\$1,472,403	\$1,432,500	\$1,410,000	(22,500)	-1.6%	0.86%
Investment Income:							
Interest on Investments	1,101,516	2,414,180	2,200,000	3,000,000	800,000	36.4%	1.84%
Sale of Property	31,670	1,335,432	25,000	80,000	55,000	220.0%	0.05%
Total Investment Income	\$1,133,186	\$3,749,612	\$2,225,000	\$3,080,000	855,000	38.4%	1.89%

(1) EPB Payments In Lieu Of Taxes reclassified to Transfers In in FY06.

Continued on Next Page

Undesignated General Fund Revenues

Fiscal Years 2005-2008

Revenue Source	Actual FY 04/05	Actual FY 05/06	Budget FY06/07	Budget FY07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Revenue From Other Agencies:							
County wide Sales Tax - General Fund	23,585,866	25,063,557	26,155,000	27,432,000	1,277,000	4.9%	16.48%
State Beer Tax	76,270	77,352	82,000	85,000	3,000	3.7%	0.05%
Hall Income Tax	2,149,036	3,071,346	2,200,000	2,700,000	500,000	22.7%	1.62%
State Sales Tax	9,398,986	10,379,781	11,163,162	11,500,000	336,838	3.0%	6.91%
State Mixed Drink Tax	1,347,872	1,540,706	1,507,361	1,765,800	258,439	17.1%	1.06%
State Gas Inspection Fees	350,173	207,355	350,000	350,000	0	0.0%	0.21%
State Maintenance of Streets	141,982	346,188	105,000	200,000	95,000	90.5%	0.12%
State Alcohol Beverage Tax	72,530	80,418	75,000	85,000	10,000	13.3%	0.05%
State DOT - TVRM	34,493	0	0	0	0	N/A	0.00%
State - Special Training Funds	347,032	350,698	392,700	379,500	(13,200)	-3.4%	0.23%
State - Telecom Sales Tax	25,974	26,861	27,150	26,366	(784)	-2.9%	0.02%
State- Tax Mitigation	0	53,394	0	0	0	N/A	0.00%
Ham. County-Ross Landing Plaza	476,079	715,339	730,663	846,378	115,715	15.8%	0.51%
Ham. County-Radio & Electronics	147,541	160,538	170,194	148,794	(21,400)	-12.6%	0.09%
DOJ-Bulletproof Vest Program	24,371	0	0	0	0	N/A	0.00%
Ham. County - SWAT Reimbursement	0	2,500	0	0	0	N/A	0.00%
Total Revenue from Other Agencies	\$38,178,205	\$42,076,033	\$42,958,230	\$45,518,838	2,560,608	6.0%	27.35%
Service Charges:							
City Court Cost	267,819	254,812	246,500	255,500	9,000	3.7%	0.15%
Clerk's Fee	899,002	901,079	912,000	912,000	0	0.0%	0.55%
State Court Cost	3,473	2,534	2,600	3,000	400	15.4%	0.00%
Public Works - Services Charge	226,607	252,008	212,500	288,000	75,500	35.5%	0.17%
PR - Services Charge	320,809	374,231	383,000	414,000	31,000	8.1%	0.25%
Police - Service Charge	144,315	127,461	159,000	124,000	(35,000)	-22.0%	0.07%
Other Charges for Services	43,045	70,541	65,700	73,500	7,800	11.9%	0.04%
Total Service Charges	\$1,905,070	\$1,982,666	\$1,981,300	\$2,070,000	88,700	4.5%	1.24%
Miscellaneous Revenues:							
Indirect Cost	2,685,866	2,485,866	2,485,866	2,485,866	0	0.0%	1.49%
Land & Bldg. Rents	71,681	87,149	65,000	87,000	22,000	33.8%	0.05%
Dock Rental	13,685	12,782	15,000	16,000	1,000	6.7%	0.01%
Mem. Aud.- Rents, Conc., OT, BO	336,451	325,288	325,000	342,000	17,000	5.2%	0.21%
Tivoli - Rents, Conc., OT, BO	186,346	240,424	197,000	240,500	43,500	22.1%	0.14%
Coolidge Park Revenue	129,617	94,776	125,000	95,000	(30,000)	-24.0%	0.06%
Other General Government Misc.	779,439	737,097	713,734	624,564	(89,170)	-12.5%	0.38%
Total Miscellaneous Revenues	\$4,203,085	\$3,983,382	\$3,926,600	\$3,890,930	(35,670)	-0.9%	2.34%
Transfers In	0	0	3,259,000	3,312,122	53,122	1.6%	1.99%
Revenue from Prior Year Surplus	0	0	330,000	0	(330,000)	-100.0%	0.00%
Grand Totals	\$151,786,692	\$159,735,578	\$160,556,000	\$166,442,000	\$5,886,000	3.7%	100.00%

Undesignated General Fund Expenditures

Fiscal Years 2005-2008

Expenditure	Actual	Actual	Budget	Budget	BUDGET '08	%	%
	FY 04/05	FY 05/06	FY06/07	FY07/08	INC/(DEC)	CHANGE	OF TOTAL
General Government							
Agencies:							
Air Pollution	270,820	270,820	270,820	270,820	0	0.00%	0.16%
Allied Arts	250,000	250,000	155,000	255,000	100,000	64.52%	0.15%
African American Museum	70,000	70,000	70,000	70,000	0	0.00%	0.04%
Chattanooga Regional History	24,000	24,000	24,000	24,000	0	0.00%	0.01%
Assoc of Visual Artists	15,000	15,000	0	0	0	N/A	0.00%
CARCOG & SETDD	31,111	31,111	31,111	31,111	0	0.00%	0.02%
CARTA	3,285,000	3,415,300	3,665,300	3,738,606	73,306	2.00%	2.25%
Carter Street Corporation	0	0	150,000	200,000	50,000	33.33%	0.12%
Carter Street Lease	1,419,097	1,415,389	0	0	0	N/A	0.00%
Chattanooga Urban League	50,000	50,000	50,000	50,000	0	0.00%	0.03%
C-HC Bicentennial Public Library	2,487,660	2,487,660	2,487,660	2,487,660	0	0.00%	1.49%
Chattanooga Comm Resource Cntr	0	775,951	0	0	0	N/A	0.00%
Chattanooga Neighborhood Enterprises	2,000,000	1,500,000	1,500,000	1,000,000	(500,000)	-33.33%	0.60%
Children's Advocacy Center	30,000	30,000	30,000	30,000	0	0.00%	0.02%
Choose Chattanooga	0	0	0	25,000	25,000	N/A	0.02%
Community Foundation Scholarships	160,000	160,000	160,000	160,000	0	0.00%	0.10%
Community Impact Fund	450,000	0	250,000	300,000	50,000	20.00%	0.18%
Downtown Partnership	140,000	140,000	100,000	100,000	0	0.00%	0.06%
Enterprise South Nature Park	0	0	104,282	168,034	63,752	61.13%	0.10%
Finley Stadium	25,000	25,000	25,000	0	(25,000)	-100.00%	0.00%
GO Fest	0	0	25,000	25,000	0	0.00%	0.02%
Hertiage Hall Board	42,123	55,825	57,019	57,019	0	0.00%	0.03%
Homeless Health Center	17,500	17,500	17,500	17,500	0	0.00%	0.01%
Community Research Council	10,000	0	0	0	0	N/A	0.00%
Railroad Authority	0	20,000	20,000	20,000	0	0.00%	0.01%
Regional Planning Agency	988,817	942,817	942,817	942,817	0	0.00%	0.57%
Scenic Cities	30,294	22,888	22,888	22,888	0	0.00%	0.01%
Stop the Madness	0	0	100,000	100,000	0	0.00%	0.06%
Storm Water Fee	72,720	80,528	73,000	73,000	0	0.00%	0.04%
Tennessee Riverpark	855,741	1,037,336	1,191,326	1,229,321	37,995	3.19%	0.74%
Tenn Valley Railroad Museum	34,493	28,904	0	0	0	N/A	0.00%
Waterfront Management Agreement	0	0	40,000	0	(40,000)	-100.00%	0.00%
West Side Development Corp	75,000	0	0	0	0	N/A	0.00%
Front Porch Alliance	0	0	0	32,000	32,000	N/A	0.02%
WTCL - TV 45	60,000	60,000	60,000	60,000	0	0.00%	0.04%
General Government:							
Audits, Dues & Surveys	176,853	138,349	206,757	206,757	0	0.00%	0.12%
Capital Improvements	3,500,000	3,500,000	7,982,285	0	(7,982,285)	-100.00%	0.00%
ChattanoogaInvests	169,363	0	0	0	0	N/A	0.00%
City Attorney/Operations	936,018	980,859	1,056,484	1,108,441	51,957	4.92%	0.67%
City Attorney Liability Insurance Fund	1,050,000	1,650,000	900,000	800,000	(100,000)	-11.11%	0.48%
City Code Revision	9,600	0	0	0	0	N/A	0.00%
City Council	627,105	619,012	693,898	708,603	14,705	2.12%	0.43%
City Court Judicial #1	275,289	298,490	348,721	357,441	8,720	2.50%	0.21%
City Court Judicial #2	281,224	298,247	339,097	333,057	(6,040)	-1.78%	0.20%
Contingency Fund	39,766	560,261	500,000	2,298,118	1,798,118	359.62%	1.38%
Debt Service Fund	8,772,293	9,801,307	11,567,051	9,392,174	(2,174,877)	-18.80%	5.64%
Election Expense	207,121	26,062	0	0	0	N/A	0.00%
Human Services	1,333,477	1,333,477	1,333,477	1,333,477	0	0.00%	0.80%
Internal Audit	0	321,272	423,835	491,256	67,421	15.91%	0.30%
Intergovernmental Relations	287,390	341,809	327,000	327,000	0	0.00%	0.20%
Pensions, FICA & UIC	61,686	48,325	50,000	50,000	0	0.00%	0.03%
T.A.P. (tuition & books)	15,985	14,336	20,000	20,000	0	0.00%	0.01%
Downtown Design Center	202,743	0	0	0	0	N/A	0.00%
Renewal & Replacement	1,463,442	1,440,314	2,017,897	2,700,000	682,103	33.80%	1.62%
Enterprise Center	0	100,000	100,000	100,000	0	0.00%	0.06%
General Services Administration	0	0	392,778	417,955	25,177	6.41%	0.25%
Information Services	0	0	2,666,635	2,755,025	88,390	3.31%	1.66%
Telecommunications	0	0	328,023	332,059	4,036	1.23%	0.20%
Purchasing	0	0	849,421	752,948	(96,473)	-11.36%	0.45%
Building Maintenance	0	0	624,939	700,752	75,813	12.13%	0.42%
Radio & Electronics	0	0	442,578	454,623	12,045	2.72%	0.27%
Real Estate	0	0	125,558	31,500	(94,058)	-74.91%	0.02%
Property Maintenance	0	0	104,400	43,300	(61,100)	-58.52%	0.03%
Farmer's Market	0	0	0	4,100	4,100	N/A	0.00%
311 Call Center	373,059	379,857	475,350	496,279	20,929	4.40%	0.30%
total	\$32,676,790	\$34,778,006	\$45,498,907	\$37,704,641	(\$7,794,266)	-17.13%	22.65%

Undesignated General Fund Expenditures

Fiscal Years 2005-2008

Expenditure	Actual FY 04/05	Actual FY 05/06	Budget FY06/07	Budget FY07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Department of Finance & Administration:							
Finance Office	1,692,769	1,721,504	1,997,681	2,114,542	116,861	5.85%	1.27%
Information Services	2,707,131	2,473,495	0	0	0	N/A	0.00%
City Treasurer	507,318	582,718	740,631	697,618	(43,013)	-5.81%	0.42%
Telecommunications	307,981	329,169	0	0	0	N/A	0.00%
City Court Clerk's Office	931,534	953,621	1,049,782	1,108,733	58,951	5.62%	0.67%
Purchasing	818,023	874,367	0	0	0	N/A	0.00%
Building Maintenance	585,179	546,146	0	0	0	N/A	0.00%
Radio & Electronics	372,747	429,976	0	0	0	N/A	0.00%
Property Maintenance	43,942	40,085	0	0	0	N/A	0.00%
Real Estate	96,783	115,752	0	0	0	N/A	0.00%
total	\$8,063,407	\$8,066,833	\$3,788,094	\$3,920,893	\$132,799	3.51%	2.36%
Department of Police:							
total	\$36,461,093	\$37,831,066	\$40,008,735	\$42,236,116	\$2,227,381	5.57%	25.38%
Department of Fire:							
Fire Operations	23,868,962	23,920,021	25,780,192	27,303,390	1,523,198	5.91%	16.40%
Utilities	763,981	280,916	293,500	301,000	7,500	2.56%	0.18%
total	\$24,632,943	\$24,200,937	\$26,073,692	\$27,604,390	\$1,530,698	5.87%	16.58%
Department of Public Works:							
Administration	1,024,510	969,255	981,465	923,648	(57,817)	-5.89%	0.55%
City Engineer	1,863,900	1,742,760	1,931,329	2,031,890	100,561	5.21%	1.22%
City Wide Services	3,807,043	3,802,054	4,118,299	889,321	(3,228,978)	-78.41%	0.53%
Sewer Construction & Maintenance	2,093,301	2,109,613	2,152,005	5,363,087	3,211,082	149.21%	3.22%
Land Development Office	1,899,850	2,695,478	2,688,389	2,744,609	56,220	2.09%	1.65%
Utilities	141,889	159,540	191,586	155,500	(36,086)	-18.84%	0.09%
Pump Stations	138,595	55,193	112,240	112,500	260	0.23%	0.07%
Traffic Management	2,220,776	2,297,433	2,498,517	2,587,357	88,840	3.56%	1.55%
Street Lighting	2,597,269	2,722,957	2,778,375	2,806,241	27,866	1.00%	1.69%
Subsidies to Other Funds	5,565,707	5,530,367	5,712,694	5,306,762	(405,932)	-7.11%	3.19%
Municipal Forestry	497,776	446,725	530,517	557,527	27,010	5.09%	0.33%
Waste Pickup - Brush	2,619,143	2,476,508	2,921,193	3,001,422	80,229	2.75%	1.80%
Waste Pickup - Garbage	3,137,819	3,678,676	3,603,788	4,095,159	491,371	13.63%	2.46%
total	\$27,607,578	\$28,686,559	\$30,220,397	\$30,575,023	\$354,626	1.17%	18.37%
Department of Parks & Recreation:							
Administration	1,088,557	942,579	1,183,998	1,132,079	(51,919)	-4.39%	0.68%
Recreation	4,296,043	4,309,066	4,547,119	4,679,834	132,715	2.92%	2.81%
Parks	4,354,692	4,582,341	5,051,581	5,583,957	532,376	10.54%	3.35%
Civic Facilities	1,184,562	0	0	0	0	N/A	0.00%
total	\$10,923,854	\$9,833,986	\$10,782,698	\$11,395,870	\$613,172	5.69%	6.85%
Department of Personnel:							
Administration	926,164	1,210,463	1,027,917	1,257,150	229,233	22.30%	0.76%
Physicals	107,129	108,590	10,000	10,000	0	0.00%	0.01%
Employee's Insurance Office	267,662	343,797	419,188	495,915	76,727	18.30%	0.30%
Employee's Insurance Program	3,820,405	4,114,148	4,494,044	4,992,044	498,000	11.08%	3.00%
Wellness Initiative	356,941	261,640	108,926	0	(108,926)	-100.00%	0.00%
Job Injury Administration	74,880	74,980	78,600	78,600	0	0.0%	0.05%
total	\$5,553,181	\$6,113,618	\$6,138,675	\$6,833,709	\$695,034	11.3%	4.11%
Department of Neighborhood Services:							
Administration	362,786	328,316	460,021	519,694	59,673	12.97%	0.31%
Animal Services	1,008,861	0	0	0	0	N/A	0.00%
Codes & Community Services	802,502	728,192	1,175,169	1,332,229	157,060	13.36%	0.80%
Grants Administration	0	104,431	119,382	78,058	(41,324)	-34.61%	0.05%
Human Rights	0	32,659	0	0	0	N/A	0.00%
Neighborhood Relations	362,754	220,924	0	0	0	N/A	0.00%
Neighborhood Grants	100,000	0	86,800	86,800	0	0.00%	0.05%
total	\$2,636,903	\$1,414,522	\$1,841,372	\$2,016,781	\$175,409	9.53%	1.21%

Undesignated General Fund Expenditures

Fiscal Years 2005-2008

Expenditure	Actual FY 04/05	Actual FY 05/06	Budget FY06/07	Budget FY07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Executive Branch:							
Mayor's Office	792,765	956,316	887,417	938,761	51,344	5.79%	0.56%
Office of Performance Review	121,244	0	0	0	0	N/A	0.00%
Human Rights	18,180	0	0	0	0	N/A	0.00%
Office of Capital Planning	137,812	0	0	0	0	N/A	0.00%
Great Ideas Competition	0	0	60,000	60,000	0	0.00%	0.04%
Community Development	141,930	0	0	0	0	N/A	0.00%
Grants Administration	146,747	0	0	0	0	N/A	0.00%
Multicultural Affairs	0	70,069	750,676	459,296	(291,380)	-38.82%	0.28%
Office of Faith Based Initiatives	0	68,371	283,005	329,074	46,069	16.28%	0.20%
Asset Management	0	109,079	0	0	0	N/A	0.00%
total	\$1,358,678	\$1,203,835	\$1,981,098	\$1,787,131	(\$193,967)	-9.79%	1.07%
Department of Education, Arts, & Culture:							
Administration	0	226,999	327,461	407,878	80,417	24.56%	0.25%
Civic Facilities	0	1,348,821	1,695,465	1,584,854	(110,611)	-6.52%	0.95%
Arts & Culture	0	85,101	181,691	374,714	193,023	106.24%	0.23%
total	\$0	\$1,660,921	\$2,204,617	\$2,367,446	\$162,829	7.39%	1.42%
Expenditure Total	\$149,914,427	\$153,790,283	\$168,538,285	\$166,442,000	(\$2,096,285)	-1.24%	100.00%



Special Revenue Funds

Fund Structure

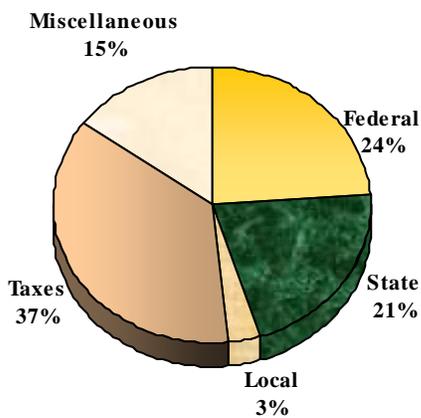
Special Revenue Funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government. The basis of budgeting for these funds is modified accrual. Included funds are State Street Aid, Human Services, Economic Development, Narcotics, Community Development, Hotel/Motel Occupancy Tax Fund, and Municipal Golf Course Fund. For fiscal year ended June 30, 2007 the budgeted revenue and expenses were as follows:

Fund	FY07 Budgeted Revenue & Expenses	(unaudited) FY07 Actual Revenues	(unaudited) FY07 Actual Expenses
State Street Aid Fund	\$4,781,733	\$4,482,700	\$4,526,306
Human Services Fund	\$12,486,866	\$13,681,671	\$13,941,247
Economic Development Fund(1)	\$10,895,000	\$10,873,236	\$11,373,002
Narcotics Fund	\$270,250	\$557,196	\$286,229
Community Development Fund	\$4,672,152	\$6,240,759	\$6,588,961
Hotel/Motel Tax	\$ 3,750,000	\$ 4,029,478	\$4,206,423
Municipal Golf Course Fund	\$ 1,648,250	\$ 1,792,526	\$ 1,766,479

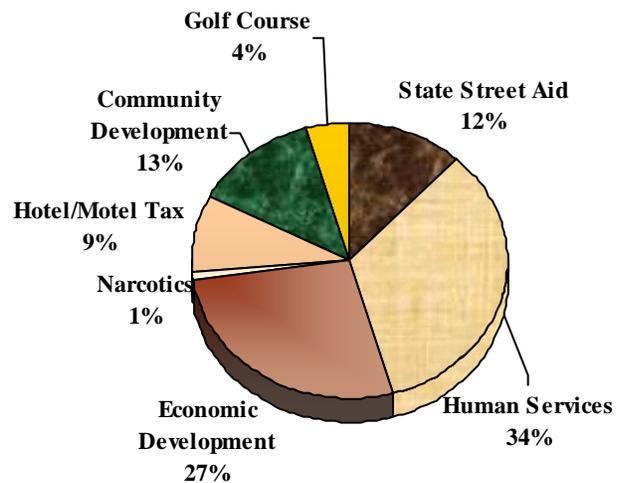
(1) While presented here, the Economic Development Fund is reported as a designated portion of General Fund.

Fiscal Year 2007/2008

Revenue by Source
\$40,070,932



Appropriation by Fund
\$40,070,932



Fund Revenue Summary

Fiscal Year Ending June 30, 2005-2008

(expressed in \$1,000)

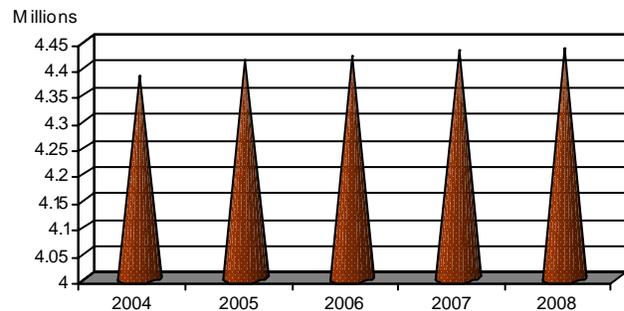
Fund Type:	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	Budget 08 Increase (Decrease)	% CHANGE FY 07/08
Special Revenue Fund						
State Street Aid	4,768	4,724	4,782	4,785	3	0.1%
Human Services	13,372	13,725	12,487	13,435	948	7.6%
Economic Development Fund	10,486	11,109	10,895	10,935	40	0.4%
Narcotics	235	846	270	320	50	18.5%
Hotel/Motel Tax Fund	2,583	3,640	3,750	3,750	0	0.0%
Community Development Fund	5,588	4,486	4,672	5,097	425	9.1%
Municipal Golf Course	1,543	1,591	1,648	1,749	101	6.1%
Total Special Revenue Fund	38,575	40,121	38,504	40,071	1,567	4.1%

Revenues

State Street Aid

This fund was established to receive and account for the State's distribution of the gasoline tax. Funds received in this fund are restricted to road related projects. To qualify for a portion of this distribution, the City must meet State guidelines which require that a municipality appropriate an amount equal to at least the average appropriations for road work for the previous five years. Collections in this fund have remained fairly constant over the past few years.

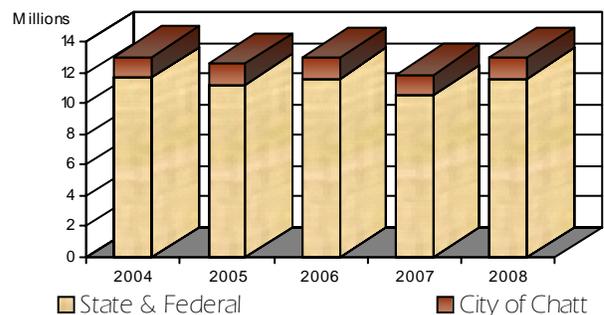
State Gas Tax Collections



Human Services Fund

Human Services receives Federal, State, and City appropriations. This fund for FY08 is estimated to increase by 7% from FY07. The State accounts for most of this increase in addition to a small decrease by Federal.

Human Services Collections



During the year estimates for Federal and State could increase. The chart below shows how revenue for this fund has varied during a five year period.

Municipal Golf Course Fund

Revenues comes mainly from green fees and golf cart rentals. Overall estimated revenues are expected to increase by 6% from FY07 budget.

Narcotics Fund

Revenues come mainly from confiscated funds which include forfeited cash and proceeds from the sale of items seized. Funds are also received from Federal and State.

Economic Development Fund

In August 1997, the citizens of Chattanooga approved a half-cent tax on retail sales in the city. Revenues from this tax were shared on a 50/50 basis for education and economic development. In a county-wide election in February 2004, the residents of Hamilton County voted to increase the county-wide local option tax rate from 1.75% to 2.25% thereby repealing the city-only 1/2% tax. The additional taxes generated by the 1/2% increase in the county-wide tax will be distributed to the county, city and education in accordance with TCA 67-6-712 which requires that 50% is used for education and the remainder on a situs basis. The City continues to receive comparable amounts for economic development from the county-wide tax as it has in prior years. The education component is distributed directly to the Hamilton County Department of Education as demonstrated by the 50% reduction in the FY2005 budget below.

Community Development

Annual funding is allocated by the U.S. Department of Housing and Urban Development which accounts for the fluctuation in the revenues received each year.

The total FY08 increase for this fund is \$424,789 compared to FY07. This increase in the fund is due to the changes in grant funding during the City's fiscal year. As with most federal funds, these sources are allocated to the City based on the Federal Government's budget year which is different from the City's fiscal reporting year.

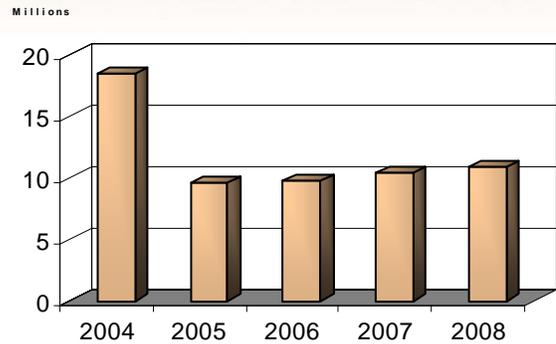
Hotel-Motel Occupancy Privilege Tax Fund

Recently enacted legislation grants the City of Chattanooga the authority to levy a privilege tax on the occupancy of hotel/motel rooms by transients. Pursuant to T.C.A 67-4-1401, et seq. and City Ordinance No 11303, the City has levied such a tax that will be phased in over a 30-month period and began on October 1, 2002 at the following rates:

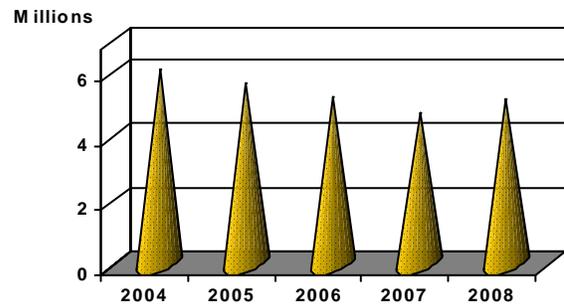
October 1, 2002 thru September 30, 2003	2%
October 1, 2003 thru April 30, 2005	3%
May 1, 2005 and thereafter	4%

The FY07 revenue totaled \$3,747,124. The FY08 estimate is \$3,750,000.

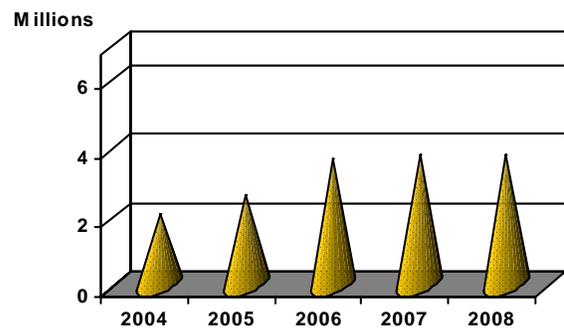
Economic Development Collections



Community Development Collections



Hotel-Motel Tax Collections



Fund Expenditure Summary
Fiscal Year Ending June 30, 2005-2008
(expressed in \$1,000)

Fund Type:	Actual	Actual	Budget	Budget	Budget 08	%
	FY 04/05	FY 05/06	FY 06/07	FY 07/08	Increase (Decrease)	CHANGE FY 07/08
Special Revenue Fund						
State Street Aid	4,096	4,772	4,782	4,785	3	0.1%
Human Services	13,583	13,725	12,487	13,435	948	7.6%
Economic Development Fund	17,402	9,799	10,895	10,935	40	0.4%
Narcotics	172	171	270	320	50	18.5%
Hotel/Motel Tax Fund	2,058	3,023	3,750	3,750	0	0.0%
Community Development Fund	9,109	5,004	4,672	5,097	425	9.1%
Municipal Golf Course	1,701	1,664	1,648	1,749	101	6.1%
Total Special Revenue Fund	48,121	38,158	38,504	40,071	1,567	4.1%

Expenses

State Street Aid

State gasoline tax distribution is collected into this fund and used for major street work in the Chattanooga area, under State guidelines. The primary use of these funds are personnel, vehicle and construction costs.

therefore due to the spending rate of specific qualified programs the expenses will vary from year to year.

Human Services

Human Services' expenditures have been flat in the last three years. The primary reason for the increase in FY08 is the LIHEAP (Low Income Heating Emergency Assistance Program) program funded by the State.

Federal guidelines are followed by the City in expending Community Development and Home Investment Funds. These are subject to federal audit at any time, and are also included in the City's annual audit.

Economic Development Fund

During FY2008, \$9,057,655 will be spent on debt service for the Southside Development. Since Hamilton County residents voted for the half-a-cent sales tax in February 2004, 100% of the school portion is retained by the County. The remaining funds are dedicated to economic development. Note: Additional one million will be devoted to capital outlay from the fund balance.

Hotel-Motel Occupancy Privilege Tax Fund

This tax is used to fund improvements in the downtown and riverfront area to encourage tourism and enhance quality of life. This tax was dedicated to the 21st Century Waterfront Plan which involved redevelopment of the city waterfront. The Waterfront Plan, with an estimated cost of \$120 million, was funded jointly by the public and the private sectors. Current funds will be used to pay debt service on the Hotel-Motel Tax Bonds and fund any additional waterfront related capital project.

Community Development

This fund receives federal grants directly from HUD as well as grants administered through the State of Tennessee. Each year the expenses from one block grant year to the next spans multiple fiscal years because the City's fiscal year is different than the Federal government's fiscal year. The federal funding is on a draw down basis as expended by the entity;

Municipal Golf Course Fund

Funds are used to cover the operational cost of the City's two golf courses. The primary cost are personnel and purchase services. Increased estimated revenues have allowed expenses to be increased from FY07.

Narcotics Fund

Funds are primarily used for drug enforcement activity which includes purchase of surveillance equipment, drug identifications kits, maintenance on narcotics officer's vehicles and pay to informants. Funds can also be used for local drug treatment and education programs.

Special Fund Revenues

Fiscal Years 2005 - 2008

Revenue Source	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
State Street Aid (Fund 2104)							
State of Tennessee	4,410,939	4,366,625	4,431,733	4,435,000	3,267	0.1%	11.1%
Fund Balance	320,000	300,000	300,000	300,000	0	0.0%	0.7%
Interest Earnings	37,437	57,315	50,000	50,000	0	0.0%	0.1%
Total State Street Aid	\$4,768,376	\$4,723,940	\$4,781,733	\$4,785,000	\$3,267	0.1%	11.9%
Human Services (Fund 2102)							
Federal - State Grants	11,273,879	11,729,508	10,565,165	11,648,535	1,083,370	10.3%	29.1%
City of Chattanooga	1,333,477	1,333,477	1,333,477	1,333,477	0	0.0%	3.3%
Day Care Fees	141,511	143,621	82,920	50,000	(32,920)	-39.7%	0.1%
Miscellaneous	73,613	90,341	28,000	60,920	32,920	117.6%	0.2%
Interest Income	36,054	155,841	50,000	50,000	0	0.0%	0.1%
Fund Balance	513,015	272,709	427,304	292,152	(135,152)	-31.6%	0.7%
Total Human Services	\$13,371,549	\$13,725,497	\$12,486,866	\$13,435,084	\$948,218	7.6%	33.5%
Economic Development (Fund 1119)							
Local Option Sales Tax	9,615,776	10,153,916	10,400,000	10,935,000	535,000	5.1%	27.3%
Intergovernmental	793,910	497,075	495,000	0	(495,000)	-100.0%	0.0%
Interest Income	76,419	458,029	0	0	0	N/A	0.0%
Total Economic Development	\$10,486,105	\$11,109,020	\$10,895,000	\$10,935,000	\$40,000	0.4%	27.3%
Narcotics (Fund 2103)							
Federal	16,318	94,892	0	41,300	41,300	N/A	0.1%
State	0	13,880	0	8,100	8,100	N/A	0.0%
Confiscated Narcotics Funds	142,765	600,448	170,250	170,250	0	0.0%	0.4%
Other	76,113	136,979	100,000	100,000	0	0.0%	0.2%
Total Narcotics	\$ 235,196	\$846,199	\$ 270,250	\$ 319,650	\$ 49,400	18.3%	0.8%
Hotel/Motel Tax (Fund 2106)							
21st Century Waterfront	2,583,318	3,640,108	3,750,000	3,750,000	0	0.0%	9.4%
Interest Income	0	0	0	0	0	N/A	0.0%
Total Hotel/Motel Tax	\$2,583,318	\$3,640,108	\$3,750,000	\$3,750,000	\$0	0.0%	9.4%
Community Development (Fund 2105) (includes HOME program)							
Federal	2,752,971	3,486,029	1,487,941	1,911,000	423,059	28.4%	4.8%
Miscellaneous/Program	2,835,516	999,800	3,184,211	3,185,941	1,730	0.1%	8.0%
Total Community Development	\$5,588,487	\$4,485,829	\$4,672,152	\$5,096,941	\$424,789	9.1%	12.7%
Total Municipal Golf Course(1108)	\$1,542,996	\$1,590,647	\$1,648,250	\$1,749,257	\$101,007	6.1%	4.4%
Grand Total	\$38,576,027	\$40,121,240	\$38,504,251	\$40,070,932	\$1,566,681	4.1%	100.0%

Special Fund Expenditures

Fiscal Years 2005 - 2008

Expenditures	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET 08 INC/(DEC)	% CHANGE FY07/08	% OF TOTAL
State Street Aid (Fund 2104)							
Street Maintenance	4,095,691	4,772,020	4,781,733	4,785,000	3,267	0.1%	11.94%
Total State Street Aid	\$4,095,691	\$4,772,020	\$4,781,733	\$4,785,000	3,267	0.1%	11.94%
Human Services (Fund 2102)							
Administration	878,545	1,489,813	1,359,796	1,359,796	0	0.0%	3.39%
Indirect Cost Offset	0	(451,477)	(463,291)	(468,156)	(4,865)	1.1%	-1.17%
Headstart	7,787,841	8,101,851	7,825,309	7,784,522	(40,787)	-0.5%	19.43%
Daycare	826,346	846,308	843,448	843,448	0	0.0%	2.10%
Weatherization	435,285	366,290	340,840	378,750	37,910	11.1%	0.95%
Foster Grandparents	477,163	493,002	504,780	462,384	(42,396)	-8.4%	1.15%
LIHEAP	1,097,071	1,464,389	1,058,770	2,101,908	1,043,138	98.5%	5.25%
Community Service Block Grant	709,198	708,544	729,411	774,129	44,718	6.1%	1.93%
Neighborhood Family Services	91,309	0	89,500	0	(89,500)	-100.0%	0.00%
Occupancy	122,373	70	0	0	0	N/A	0.00%
Title II Commodities	103,985	123,667	40,435	40,435	0	0.0%	0.10%
Emergency Food & Shelter	32,949	32,267	37,000	37,000	0	0.0%	0.09%
CDBG Homeless Utility Depoist A	0	2,400	0	0	0	N/A	0.00%
Human Services Programs	237,745	456,206	28,000	28,000	0	0.0%	0.07%
Food Programs	690,553				0	N/A	0.00%
Chambliss Home	20,000	20,000	20,000	20,000	0	0.0%	0.05%
City General Relief -	72,957	72,167	72,868	72,868	0	0.0%	0.18%
Total Human Services	\$13,583,320	\$13,725,497	\$12,486,866	\$13,435,084	948,218	7.6%	33.53%
Economic Development (Fund 1119 & P419)							
Hamilton County Schools	8,459,059	0	0	0	0	N/A	0.00%
Other	815,941	6,637,500	625,000	600,000	(25,000)	-4.0%	1.50%
Debt Service	5,646,181	497,075	9,104,725	9,057,655	(47,070)	-0.5%	22.60%
Capital Outlay/Projects	2,480,903	2,664,000	1,165,275	1,277,345	112,070	9.6%	3.19%
Total Economic Development	\$17,402,084	\$9,798,575	\$10,895,000	\$10,935,000	40,000	0.4%	27.29%
Narcotics (Fund 2103)							
Operations	172,212	171,122	270,250	319,650	49,400	18.3%	0.80%
Total Narcotics	\$172,212	\$171,122	\$270,250	\$319,650	\$49,400	18.3%	0.80%
Hotel/Motel Tax (Fund 2106)							
21st Century Waterfront	1,988,139	1,868,200	461,503	0	(461,503)	-100.0%	0.00%
Other Waterfront Capital Fund	0	0	0	428,850	428,850	N/A	1.07%
Hamilton County	30,000	30,000	30,000	30,000	0	0.0%	0.07%
Debt Service	0	1,052,741	3,183,497	3,216,150	32,653	1.0%	8.03%
Hotel/Motel Collection Fee	40,021	71,889	75,000	75,000	0	0.0%	0.19%
Total Hotel/Motel Tax	\$2,058,160	\$3,022,830	\$3,750,000	\$3,750,000	0	0.0%	9.36%
Community Development (Fund 2105) <i>(includes HOME program)</i>							
Community Development Projects	8,679,158	4,589,961	4,096,487	4,513,676	417,189	10.2%	11.26%
Administration	430,147	413,945	575,665	583,265	7,600	1.3%	1.46%
Total Community Development	\$9,109,305	\$5,003,906	\$4,672,152	\$5,096,941	424,789	9.1%	12.72%
Total Municipal Golf Course(1108)	\$1,701,183	\$1,663,687	\$1,648,250	\$1,749,257	101,007	6.1%	4.37%
Grand Totals	\$48,121,955	\$38,157,637	\$38,504,251	\$40,070,932	1,566,681	4.1%	100.00%

Enterprise Funds

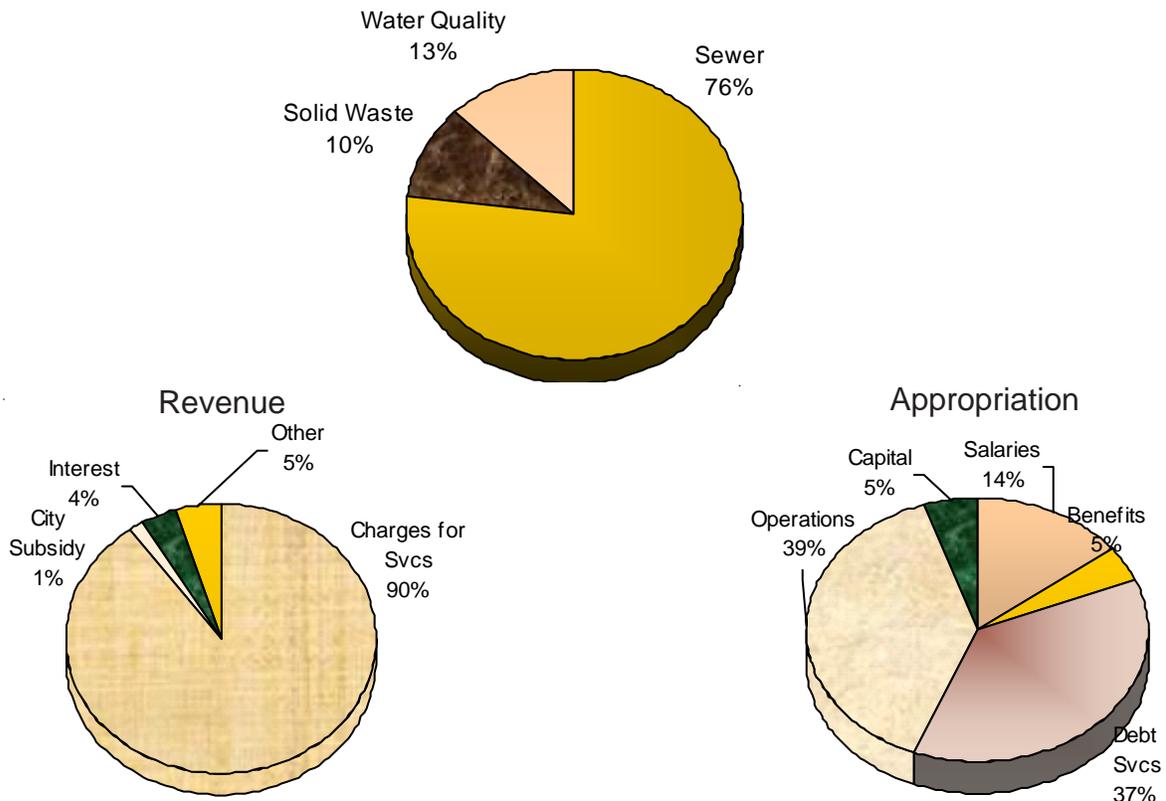
Fund Structure

Enterprise Funds are established for operations that the City chooses to account for as though they were private enterprises. An Enterprise Fund might be established because an operation is expected to cover its costs (including depreciation expense) through user charges or because the City believes it is necessary to account for income and capital maintenance. The budgetary basis of accounting for these funds is the accrual method where measurement focus is their economic resources, much like that of a private-sector business. Revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows. The CAFR shows the status of the funds finances on the basis of GAAP. The City of Chattanooga has three (3) budgeted Enterprise Funds: Interceptor Sewer Fund, Water Quality Management Fund and Solid Waste and Sanitation Fund. As of June 30, 2007 the budgeted revenue and expenses were as follows:

FUND	FY 07 Budgeted Revenue & Expenditures	FY 07 Actual Revenues	FY 07 Actual Expenses
Interceptor Sewer Fund	38,837,437	36,302,263	36,046,380
Solid Waste & Sanitation Fund	5,950,165	6,160,171	5,848,224
Water Quality Management Fund	7,252,869	5,392,218	6,890,581

Fiscal Year 2007/2008

Appropriation by Fund \$53,898,952



Fund Revenue Summary
Fiscal Year Ending June 30, 2008
(expressed in \$1,000)

Fund Type:	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	Budget '08 Increase (Decrease)	% CHANGE FY 07/08
Enterprise Funds						
Interceptor Sewer System	36,309	37,550	38,837	41,533	2,696	6.9%
1 Solid Waste & Sanitation	6,333	5,799	5,950	5,598	(352)	-5.9%
2 Water Quality Fund	7,628	8,514	5,687	6,767	1,080	19.0%
Total Enterprise Funds	50,271	51,864	50,475	53,899	3,424	6.8%

1. Solid Waste & Sanitation Fund revenue was amended in the FY08 Capital Ordinance \$1,865,000 appropriation from Solid Waste Fund Undesignated Fund balance (Not Included).
2. Water Quality Fund revenue was amended in the FY08 Capital Ordinance \$175,000 appropriation from Water Quality Fund Undesignated Fund balance (Not Included).

Revenues

Interceptor Sewer Fund

Sewer Service Charges. Revenues to operate, maintain, and finance the system are derived primarily from sewer service charges collected from residential, commercial, and industrial customers using the System. Sewer service charges for the City are collected either through the Tennessee-American Water Company or the Hixson Utility District. The sewer service rates are based upon the quantity of water used and are expressed as cents per thousand gallons.

Regional users such as Walker County, Georgia, and the City of Collegedale and the Town of Lookout Mountain, Tennessee are billed on the basis of metered water consumption. This method of billing does not allow for the recovery of costs incurred to treat flows beyond the amount of water purchased such as inflow and infiltration into the System. However, the wheelage and treatment rate is approximately two times the total metered flow rate, therefore, some inflow and infiltration is paid for. The City of Chattanooga has installed flow metering stations on the discharge line connecting regional users so that they may be billed on the basis of total measured wastewater flows, under the EPA approved user charge system. Contract negotiations with each respective government are underway and must be completed before this method of billing can begin.

The sewer service charges for the regional users -- Rossville, Northwest Georgia, Dade County, Ringgold, Collegedale, Lookout Mountain, TN, Lookout Mountain, GA, Hamilton County, East Ridge, Soddy Daisy, Red Bank and Walker County -- are

based on a regional service charge rate schedule (wheelage and treatment). The regional service charge rate schedule currently in effect provides rate schedules for billing the regional users on either a metered water consumption basis (billable flow method) or a total measured wastewater flow basis (total flow method). This allows the City to begin billing the regional users on a total flow method immediately upon completion of successful contract negotiations for total flow method billing. Other System revenues come from an industrial user sewer surcharge, truck discharge operation permit fees, septic tank discharge fees, holding tank discharge fees, service line connection fees and garbage grinder usage fees.

The City operates the System on a self-supporting basis from sewer service charges and fees. The July 1, 2007 proposed rate schedule, is as follows:

Enumeration Of Charges - Quantity of Water Used

Sewer service charges are based upon the quantity of water registered by water meters. The dollar amount is derived by applying the total charge in dollars per one thousand gallons for the following quantities of water:

User Class	FY08-1 Total Charges (\$/1,000 gal)	FY08-2 Total Charges (\$/1,000 gal)
First 100,000	\$ 4.69	\$ 4.83
Next 650,000	3.48	3.58
Next 1,250,000	2.82	2.90
Next 30,000,000	2.16	2.25
Over 32,000,000	2.05	2.15

Regional Service Charge Rate (Wheelage and Treatment)

The regional sewer service user charge (wheelage and treatment) shall be collected from regional users of the system including Rossville, Northwest Georgia, Dade County, Ringgold, Collegedale, Lookout Mountain, TN, Lookout Mountain, GA, Hamilton County, East Ridge, Soddy Daisy, Red Bank and Walker Count and shall be determined either under the "billable flow" method based upon quantity of water used as shown by applicable water company meter readings or the "total flow" method based upon flow meter measured flow accordingly to the applicable contract with the regional user.

Billable Flow

The amount due from the regional user shall be the dollar amount derived by applying the total charge shown in the table below per one thousand (1,000) gallons of water sold.

User Class	Regional Operation & Maintenance Charge (\$/1,000 gal)	Regional Debt Charge (\$/1,000 gal)	Regional Total Charge Wheelage & Treatment (\$/1,000 gal)
Wheelage & Treatment	\$ 1.3138	\$ 0.6813	\$ 1.9951

If regional customers are billed directly through the water company, the rate shall be two dollars and four cents (\$2.04) per one thousand (1,000) gallons.

Total Flow

The amount due from the regional user shall be the dollar amount derived by applying the total charge shown in the table below applied to the quantity of wastewater measured by a flow meter installed and maintained at or near the point of connection between the system of the regional user and the Chattanooga System. In the event of any malfunction of said meters, flow shall be estimated, interpolated and/or projected in the most equitable manner possible. Such estimates along with available readings for periods where there was no malfunction shall be the basis for billing.

User Class	Regional Operation & Maintenance Charge (\$/1,000 gal)	Regional Debt Charge (\$/1,000 gal)	Regional Total Charge Wheelage & Treatment (\$/1,000 gal)
Wheelage & Treatment	\$ 0.7190	\$ 0.3579	\$1.0769

Monthly Minimum Sewer Service Charges

Minimum sewer service charges based upon water meter connection size are as follows:

Meter Size	FY08-1 Charge per Month	FY08-2 Charge per Month
5/8"	\$ 9.70	\$ 9.98
3/4"	34.60	35.60
1"	60.45	62.21
1 1/2"	135.29	139.23
2"	239.54	246.52
3"	561.51	577.86
4"	1,037.68	1,067.90
6"	2,471.59	2,543.57
8"	4,371.79	4,499.12

Industrial User Sewer Surcharge

An industrial user surcharge is levied upon industrial users which discharge wastewater in concentrations in excess of "normal wastewater" at the following rates:

- \$0.094 per pound of 5-day biochemical oxygen demand (BOD₅) for concentrations in excess of 300 milligrams per liter, and,
- \$0.067 per pound of total suspended solids for concentrations in excess of 400 milligrams per liter.

The City has also established the following fees and charges:

- A Sewer Service Line Connection Fee of \$800;
- A Truck Discharge Operation Permit Fee of \$100 per truck per year;
- A Septic Tank Discharge Fee of \$53.00 per 1,000 gallons of waste;
- Holding Tank Waste Fee of \$4.69 per 1,000 gallons of waste; the fee for FY07/08-2 of \$4.83 and
- Garbage Grinders Fee of \$146.00 per month per unit.

In 1985, the City, in conjunction with the consulting engineers and the financial advisors, developed a five year financial analysis which examined the System's capital improvement program at different yearly funding commitments of the City. As a result of this analysis, the City established its annual funding commitment of the System at \$10,000,000 per year. Simultaneously, the City committed itself to enacting annual rate increases of at least 6.14% for each of the five consecutive years starting in July 1985 in order to support the \$10,000,000 per year funding program. The 6.14% rate increase

schedule through fiscal year ending June 30, 1990 was formulated by the consulting engineers pursuant to the five year financial analysis. Enactment of the rate increases requires adoption of the city ordinance by the City Council each year. The five year program and the related future rate increases were announced publicly in the City proceedings in 1985 and they received widespread community support.

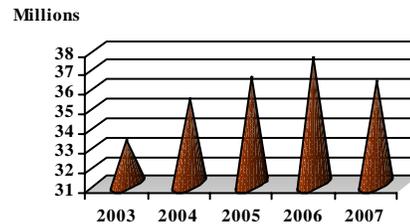
The City has followed through with its commitment to raise rates to support the program since 1985. As of April 1990, the City had adopted five consecutive annual sewer rate increases of 6.14%. The first 6.14% rate increase took place July 1985, followed by four more 6.14% rate increases in July 1986, July 1987, July 1988, and July 1989, respectively. Annually, the consulting engineers review the financial operations of the System and its revenue requirements for the upcoming fiscal year to determine the size of the rate increase needed for the next fiscal year, and this year it was decided that a rate increase of roughly 15.5% was necessary.

Since the City successfully accomplished its goal of enacting 6.14% sewer rate increases for the five consecutive fiscal years, the City planned to enact future annual rate increases at a lower level than 5%. The City has increased sewer rates for nine consecutive years in support of its program. However, in fiscal year 94/95 through 98/99 the rate increase was 0% due to improved efficiency of the system and implementation of management policies. In FY00, after close analysis of the financial state and operations of the system, the City enacted a 10% rate decrease. There was no rate increase for FY01 and FY02. In FY03, the City Council approved rate increases for the next three years of 7.29%, 7.07%, and 2.54% respectively. As evidenced by its program since 1985, the City remains committed to keeping the System self-supported from sewer revenues including adoption of any necessary sewer rate increases to ensure that it remains self supporting. Following is a history of rate increases since 1988:

FY 87/88 6.14%	FY 94/95 0.00%	FY 01/02 0.00%
FY 88/89 6.14%	FY 95/96 0.00%	FY 02/03 7.29%
FY 89/90 6.14%	FY 96/97 0.00%	FY 03/04 7.07%
FY 90/91 5.24%	FY 97/98 0.00%	FY 04/05 2.54%
FY 91/92 3.32%	FY 98/99 0.00%	FY 05/06 0.00%
FY 92/93 5.79%	FY 99/00 (10.00%)	FY 06/07 15.48%
FY 93/94 3.00%	FY 00/01 0.00%	FY 07/08 6.00%

Below is the sewer systems historical trend of collections. Revenue increases can be attributed to the completion of several construction projects bringing more taps on line and an increase of \$365,000 in Industrial surcharges.

Interceptor Sewer Collections 2003 thru 2007



Solid Waste and Sanitation Fund

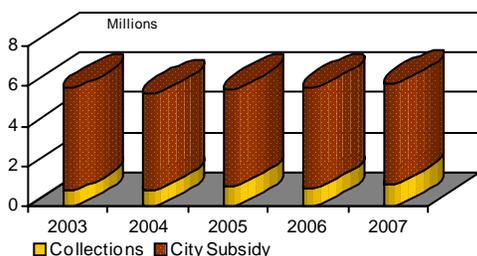
This fund accounts for the costs associated with the disposal of solid waste and recyclable materials. Prior to FY2002, the fund accounted for both collection and disposal of these materials. Due to reorganization, the collection portion of garbage and brush and trash were transferred to Public Works General Fund. Section 68-31-874 (a) of the Tennessee Code Annotated sets forth the accounting requirements for financial activities related to the management of solid waste. Effective July 1, 1992, each municipality which collected solid waste and/or operated a landfill was required to account for them separately in individual funds. Effective July 1, 1993, it became a requirement to account for the operation of a landfill as an enterprise fund.

Landfill Tipping Fees. Revenues to operate, maintain and finance the Solid Waste Disposal System are derived primarily from tipping fees charged at the disposal sites. Municipalities may impose such a fee upon each ton of waste or its volume equivalent received at such a disposal facility. During FY 98/99, the disposal operation was relocated to a new site in Birchwood as the available space at the old facility had been used up. The new location is farther away from the center of the city, which has led some disposal companies to reroute their disposal traffic to other regional disposal facilities more conveniently located. The new sanitary landfill also stopped accepting construction waste. The construction debris site is operated by a private company. These changes have led to a reduction in the projected revenue for the fund.

Solid Waste Disposal Fee. Since the revenue from the landfill tipping fees does not totally fund the expenditures of the fund, it is necessary for the General Fund to support the Solid Waste & Disposal Fund through a General Fund Waste Disposal Fee. This FY08 fee of \$4,622,810 accounts for 82.6% of the total budget. The FY08 fee decrease of \$405,932 or 8.1% is due to an decrease in debt service requirements.

The chart below shows the historical trend of collections and subsidy. The primary sources of revenues for this fund are landfill tipping fees and a City of Chattanooga waste disposal fee.

Solid Waste Revenue

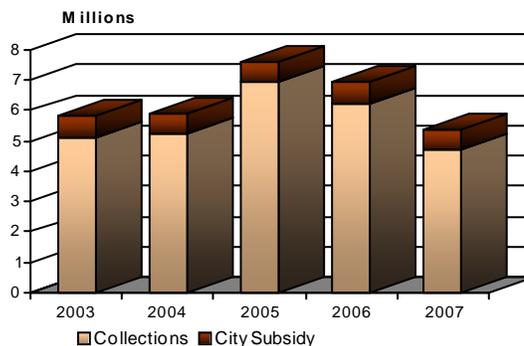


expenses appurtenant, incident or necessary thereto for the construction, extension, enlargement or acquisition of necessary storm water facilities or flood control improvement, including replacement thereof, and for the operation and maintenance thereof, there is imposed a storm water user's fee upon the owner of property served directly or indirectly by the City's storm water system.

The revenue for this fund is derived from water quality fees, \$4,708,218 (70.1%), and a City of Chattanooga General Fund subsidy of \$683,952 (9.8%).

Below is a chart showing the historical trend of fees collected.

Water Quality Collections



Water Quality Management Fund

The Water Quality Management Fund was established in 1993 to comply with a Federal mandate for the City to control storm water runoff. The City is required to impose controls to reduce the discharge of pollutants in storm water to the maximum extent practicable using management practices, control techniques and system design and engineering methods for the control of such pollutants. This fund accounts for the construction and operation of the storm water system of the City.

For the purpose of operating the water quality program of the City and the payment of the cost and

Fund Expenditure Summary
Fiscal Year Ending June 30, 2008
(expressed in \$1,000)

Fund Type:	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET "08 Increase (Decrease)	% CHANGE FY 07/08
Enterprise Funds						
Interceptor Sewer System	42,640	45,731	38,837	41,533	2,696	6.9%
1 Solid Waste & Sanitation	5,892	4,178	5,950	5,598	(352)	-5.9%
2 Water Quality Fund	7,591	6,508	5,687	6,767	1,080	19.0%
Total Enterprise Funds	56,122	56,418	50,475	53,899	3,424	6.8%

1. Solid Waste & Sanitation appropriation was amended in the FY08 Capital Ordinance \$1,865,000 appropriation to Capital Improvements.(Not Included)
2. Water Quality Management appropriation was amended in the FY08 Capital Ordinance \$1,865,000 appropriation to Capital Improvements.(Not Included)

Expenses

Interceptor Sewer Fund

Expenses for the Interceptor Sewer System reflect major cost areas: personnel costs; chemical costs for liquid and solid handling; maintenance costs; electricity costs and depreciation. Major capital expenses needed for the Moccasin Bend Wastewater Treatment Plant, such as vehicle replacement, pump replacement and major system repairs occur here. In FY 07/08, the operations and maintenance budget increased \$2,695,674, or 6.9%, due to increases related to the CMOM program, the addition of eight positions, and increases in the cost of liquid chemicals and plant maintenance. The largest single change in the ISS budget for FY07/08 is the \$813,518 appropriation for various capital projects.

The debt service portion of the proposed budget for FY 07/08 increased \$317,594 from FY 06/07. This change is due to the varying interest and principal payments on bonded debt and/or capital outlay notes required from one fiscal year to the next.

Solid Waste and Sanitation Fund

Expenses in the Solidwaste & Sanitation Fund include:

- Recycle Center
- Waste Disposal - Landfill
- Compost Waste Center
- Debt Service
- Capital Projects

Major expenditures of this fund are personnel costs and vehicle related costs. The Solid Waste Fund

budget for FY 07/08 decreased \$351,710 This is due to decrease in debt service requirements.

In February 1995, the City issued \$13,291,500 General Obligation Bonds for Solid Waste facilities improvements and equipment purchases. This issue provided financing for the capital improvements necessary for the landfill.

In March 1998 and March 2001, the City issued general obligation bonds totaling \$17.9 million and \$6.7 million respectively, to fund capital improvements at the Summit landfill and the new landfill located in Birchwood.

Water Quality Management Fund

As this is an Enterprise Fund, its major revenue is derived from the Water Quality Fee. Expenses in the Water Quality Management Fund include:

- Personnel
- Operations
- Capital Projects
- Debt Service

In FY 07/08, proposed in the Capital Budget, Water Quality will again appropriate from fund balance in the amount of \$1.5M. The City has maintained the same level of General Fund support for water quality maintenance and repairs as prior to the implementation of the water quality fee.

Enterprise Fund Revenues

Fiscal Years 2005 - 2008

Revenue Source	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Interceptor Sewer System (Fund 5100):							
Sewer Service Charges	28,418,333	28,907,409	30,396,279	31,984,894	1,588,615	5.2%	59.34%
Industrial Surcharges	3,220,096	3,370,750	2,600,000	2,750,000	150,000	5.8%	5.10%
Septic Tank Charges	157,784	188,837	130,000	212,800	82,800	63.7%	0.39%
Wheelage & Treatment							
<i>Lookout Mountain, TN</i>	202,385	191,556	196,691	185,186	(11,505)	-5.8%	0.34%
<i>Dade County, GA</i>	1,856	3,080	3,916	7,014	3,098	79.1%	0.01%
<i>Walker County, GA</i>	259,568	297,917	325,930	338,223	12,293	3.8%	0.63%
<i>Collegedale, TN</i>	215,716	206,184	210,062	243,119	33,057	15.7%	0.45%
<i>Soddy-Daisy, TN</i>	109,041	115,198	122,104	137,089	14,985	12.3%	0.25%
<i>East Ridge, TN</i>	1,139,012	1,057,015	1,080,825	1,047,955	(32,870)	-3.0%	1.94%
<i>Windstone</i>	22,188	23,334	25,598	27,138	1,540	6.0%	0.05%
<i>Hamilton County, TN</i>	600,912	454,949	458,976	560,423	101,447	22.1%	1.04%
<i>Northwest Georgia</i>	549,670	571,482	598,175	597,362	(813)	-0.1%	1.11%
<i>Lookout Mountain, GA</i>	50,446	54,067	57,602	59,079	1,477	2.6%	0.11%
<i>Ringgold, GA</i>	45,731	65,563	73,845	244,951	171,106	231.7%	0.45%
<i>Rossville, GA</i>	321,637	333,825	349,142	340,242	(8,900)	-2.5%	0.63%
<i>Red Bank, TN</i>	97,266	397,455	422,915	486,979	64,064	15.1%	0.90%
Refund to Regional Users	(177,173)	0	0	0	0	N/A	0.00%
Debt Service Northwest Georgia	372,335	410,074	447,377	447,353	(24)	0.0%	0.83%
Industrial User Permits	40,500	44,000	41,000	41,000	0	0.0%	0.08%
Industrial Violation Fines	11,817	2,400	0	0	0	N/A	0.00%
Garbage Grinder Fees	23,936	21,566	22,000	47,304	25,304	115.0%	0.09%
Capital Contributions	0	2,000	0	0	0	N/A	0.00%
Miscellaneous Revenue	23,976	(286,133)	0	0	0	N/A	0.00%
Sale of Property	1,067	0	0	0	0	N/A	0.00%
Fund Balance for Capital	0	0	0	0	0	N/A	0.00%
Interest Earnings	600,780	1,117,703	1,275,000	1,775,000	500,000	39.2%	3.29%
Total Interceptor Sewer	\$36,308,879	\$37,550,231	\$38,837,437	\$41,533,111	\$2,695,674	6.9%	77.06%
Solid Waste & Sanitation(Fund 5200):							
Landfill Tipping Fees	997,285	591,858	404,201	482,275	78,074	19.3%	0.89%
Landfill Permit Fees	2,445	2,254	2,500	3,500	1,000	40.0%	0.01%
City of Chattanooga Tipping Fees	4,881,755	4,846,415	5,028,742	4,622,810	(405,932)	-8.1%	8.58%
State Sub Recyclable Material	0	0	60,000	60,000	0	0.0%	0.11%
S/W Surcharge - State	85,000	70,548	85,000	85,000	0	0.0%	0.16%
Interest	163,016	288,110	346,141	344,870	(1,271)	-0.4%	0.64%
Public Works Capital	202,627	0	0	0	0	N/A	0.00%
Misc Revenues	1,193	0	23,581	0	(23,581)	-100.0%	0.00%
Total Solid Waste & Sanitation	\$6,333,321	\$5,799,185	\$5,950,165	\$5,598,455	(\$351,710)	-5.9%	10.39%
Water Quality Management (Fund 5300):							
Water Quality Fee	5,397,099	5,503,635	4,918,358	4,473,434	(444,924)	-9.0%	8.30%
Public Works Capital	1,448,981	0	0	0	0	N/A	0.00%
Fund Balance for Capital	0	2,100,000	0	1,500,000	1,500,000	N/A	2.78%
Misc Revenue	98,388	226,863	85,000	110,000	25,000	29.4%	0.20%
General Fund Subsidy	683,952	683,952	683,952	683,952	0	0.0%	1.27%
Total Water Quality	\$7,628,420	\$8,514,450	\$5,687,310	\$6,767,386	\$1,080,076	19.0%	12.56%
Grand Totals:	\$50,270,619	\$51,863,866	\$50,474,912	\$53,898,952	\$3,424,040	6.8%	100.00%

Enterprise Fund Expenditures

Fiscal Years 2005 - 2008

Expenditures	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	Budget '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Interceptor Sewer System (Fund 5100):							
Operations & Maintenance:							
Administration	2,083,657	2,098,208	2,240,322	2,314,848	74,526	3.3%	4.29%
Safety & Training	108,836	109,475	106,226	126,757	20,531	19.3%	0.24%
Laboratory	485,433	523,942	555,329	586,812	31,483	5.7%	1.09%
Pretreatment/Monitoring	300,718	315,203	363,542	390,121	26,579	7.3%	0.72%
Engineering	181,656	234,779	264,899	351,390	86,491	32.7%	0.65%
Plant Maintenance	1,269,090	1,214,995	1,437,139	1,497,421	60,282	4.2%	2.78%
Sewer Maintenance	1,343,994	1,384,151	1,834,714	2,629,326	794,612	43.3%	4.88%
Moccasin Bend - Liquid Handling	5,346,364	6,623,753	6,738,577	7,284,176	545,599	8.1%	13.51%
Moccasin Bend - Solid Handling	2,481,526	3,778,427	4,036,920	3,371,527	(665,393)	-16.5%	6.26%
Inflow & Infiltration	780,310	782,133	1,145,487	1,363,374	217,887	19.0%	2.53%
Combined Sewer Overflow	243,268	184,508	393,805	408,375	14,570	3.7%	0.76%
Landfill Handling	1,877,966	1,369,450	1,408,890	1,450,000	41,110	2.9%	2.69%
	<u>16,502,818</u>	<u>18,619,024</u>	<u>20,525,850</u>	<u>21,774,127</u>	<u>1,248,277</u>	<u>6.1%</u>	
Pumping Stations							
Mountain Creek	12,423	18,083	6,900	26,580	19,680	285.2%	0.05%
Citico	281,188	216,692	242,045	263,875	21,830	9.0%	0.49%
Friar Branch	150,654	97,914	119,520	139,420	19,900	16.6%	0.26%
Hixson 1,2,3,&4	69,449	76,255	78,842	89,172	10,330	13.1%	0.17%
19th Street	30,463	40,840	44,178	52,903	8,725	19.7%	0.10%
Orchard Knob	56,697	31,410	52,950	53,250	300	0.6%	0.10%
South Chickamauga Creek	281,779	286,754	302,675	381,100	78,425	25.9%	0.71%
Tiftonia 1&2	96,185	36,662	50,820	47,875	(2,945)	-5.8%	0.09%
23rd Street	103,610	78,628	115,740	117,340	1,600	1.4%	0.22%
Latta Street	8,993	5,796	17,775	18,000	225	1.3%	0.03%
Residential Pump Stations	21,979	17,691	18,750	24,250	5,500	29.3%	0.04%
Murray Hills	9,526	9,789	16,275	16,530	255	1.6%	0.03%
Big Ridge 1 - 5	40,607	49,955	73,063	69,388	(3,675)	-5.0%	0.13%
Highland Park	13,122	10,635	13,625	14,225	600	4.4%	0.03%
Dupont Parkway	19,657	16,390	25,385	31,385	6,000	23.6%	0.06%
VAAP	11,012	1,502	5,465	4,965	(500)	-9.1%	0.01%
Northwest Georgia	42,684	62,432	52,620	53,320	700	1.3%	0.10%
Brainerd	11,630	34,403	14,090	12,270	(1,820)	-12.9%	0.02%
East Brainerd	40,951	32,858	33,835	37,185	3,350	9.9%	0.07%
North Chattanooga	35,717	28,064	20,895	19,170	(1,725)	-8.3%	0.04%
South Chattanooga	16,233	4,057	6,095	5,700	(395)	-6.5%	0.01%
Ooltewah-Collegedale	123,859	87,577	74,375	89,700	15,325	20.6%	0.17%
Enterprise South	455	238	5,335	3,435	(1,900)	-35.6%	0.01%
River Park	0	0	4,250	4,250	0	0.0%	0.01%
Ringgold Pump Station	0	0	0	21,500	21,500	N/A	0.04%
Odor Control Pump Stations	159,367	201,754	250,000	365,000	115,000	46.0%	0.68%
	<u>1,638,240</u>	<u>1,446,379</u>	<u>1,645,503</u>	<u>1,961,788</u>	<u>316,285</u>	<u>19.2%</u>	
Depreciation	9,699,724	9,904,556	0	0	0	N/A	0.00%
Capital Improvements Program	166,483	389,816	342,418	1,155,936	813,518	237.6%	2.14%
Debt Service & Reserve							
Principal	9,373,701	10,445,134	11,196,580	11,513,265	316,685	2.8%	21.36%
Interest	5,258,654	4,926,308	4,806,086	4,487,946	(318,140)	-6.6%	8.33%
Service Charges	0	0	0	0	0	N/A	0.00%
Trfrs to ISS Const Trust	0	0	0	0	0	N/A	0.00%
Reserve Coverage	0	0	321,000	640,049	319,049	99.4%	1.19%
	<u>14,632,355</u>	<u>15,371,442</u>	<u>16,323,666</u>	<u>16,641,260</u>	<u>317,594</u>	<u>1.9%</u>	
Reserve for Contingencies	0	0	0	0	0	N/A	0.00%
Total Interceptor Sewer	\$42,639,620	\$45,731,217	\$38,837,437	\$41,533,111	\$2,695,674	6.9%	77.06%
Solid Waste & Sanitation(Fund 5200):							
Recycle	465,276	494,444	594,435	598,572	4,137	0.7%	1.11%
Capital Improvements	2,605	0	0	0	0	N/A	0.00%
Sanitary Landfill (Summitt)	236,630	181,232	346,141	344,870	(1,271)	-0.4%	0.64%
Waste Disposal - City Landfill	873,046	1,055,485	894,127	963,483	69,356	7.8%	1.79%
Compost Waste Recycle	395,733	613,908	482,810	576,123	93,313	19.3%	1.07%
Household Hazardous Waste	116,111	100,139	125,000	125,000	0	0.0%	0.23%
Solid Waste Reserve	0	0	244,644	535,625	290,981	118.9%	0.99%
Depreciation and Bad Debt	575,284	552,589	0	0	0	N/A	0.00%
Debt Service	3,226,911	1,180,457	3,263,008	2,454,782	(808,226)	-24.8%	4.55%
Total Solid Waste & Sanitation	\$5,891,596	\$4,178,254	\$5,950,165	\$5,598,455	(\$351,710)	-5.9%	10.39%
Storm Water (Fund 5300):							
Stormwater Management	1,566,518	1,464,414	1,969,864	2,265,832	295,968	15.0%	4.20%
Stormwater Operations	1,240,766	1,249,573	1,383,310	1,465,885	82,575	6.0%	2.72%
Renewal & Replacement	65,093	108,359	69,643	46,273	(23,370)	-33.6%	0.09%
Capital Improvement	1,500,000	2,100,000	0	1,500,000	1,500,000	N/A	2.78%
Depreciation and Bad Debt	912,084	802,790	0	0	0	N/A	0.00%
Debt Service	2,306,676	783,050	2,264,493	1,489,396	(775,097)	-34.2%	2.76%
Total Stormwater	\$7,591,137	\$6,508,186	\$5,687,310	\$6,767,386	\$1,080,076	19.0%	12.56%
Grand Totals:	\$56,122,353	\$56,417,657	\$50,474,912	\$53,898,952	\$3,424,040	6.8%	100.00%

Internal Service Funds

Fund Structure

Internal Service Funds are used to provide goods or services to other governmental operating units such as departments, bureaus, and agencies. The cost associated with providing these goods or services are usually recovered from those governmental units that receive benefits. The budgetary basis of accounting for these funds is the accrual method with economic resources measurement focus, much like that of a private-sector business. Revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows. Funds are reported on GAAP basis in CAFR.

Municipal Fleet Services Fund accounts for revenues and expenditures associated with the operation of the City's garage, gasoline, and fleet

leasing services. The cost for these services are paid by the departments and agencies of City government and charges to external agencies.

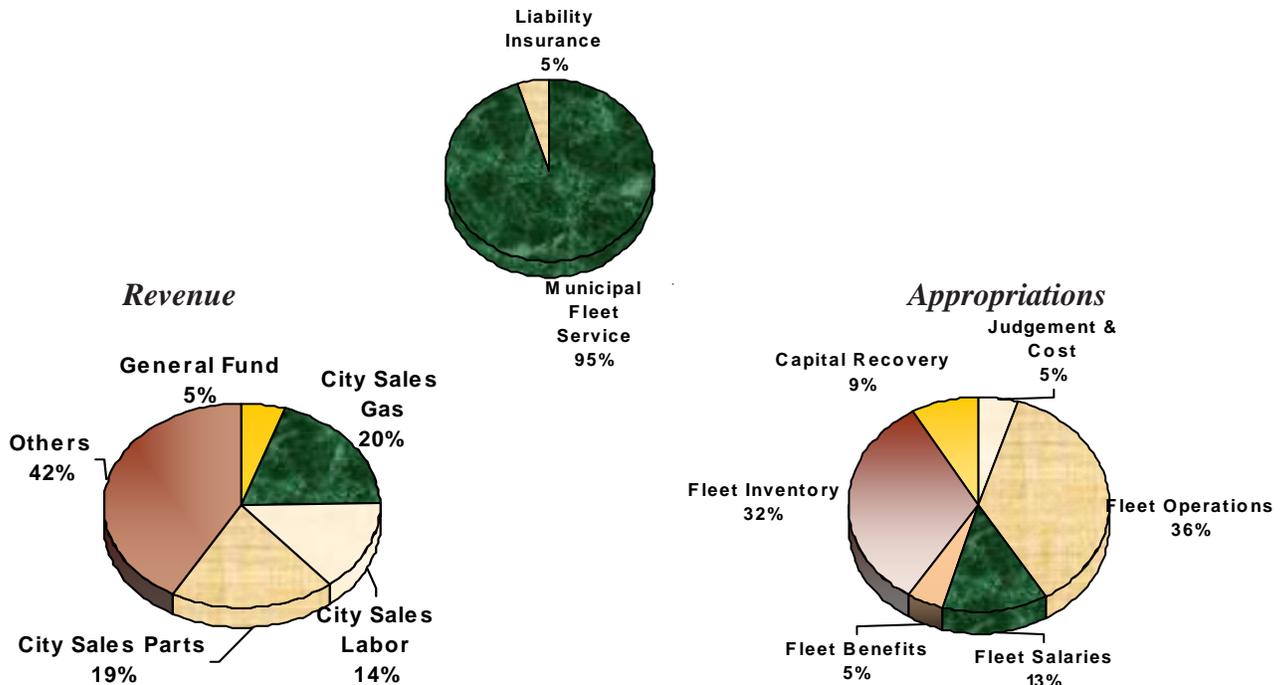
Liability Insurance fund accounts for the City self-insurance programs for claims and losses due to liabilities arising under the laws of State and Federal governments. The costs for these programs are funded through premiums paid by the departments and agencies of City government.

Fund	FY07 Budgeted Revenue & Expenses	FY07 Actual Revenues	FY07 Actual Expenses
Municipal Fleet Service Fund(1)	\$15,095,150	\$14,864,008	\$14,796,563
Liability Insurance Fund	\$900,000	\$2,173,000	\$2,099,298

(1) Amounts include capital contributions and purchases

Fiscal Year 2007/2008

Budgeted Amount by Fund
\$16,249,996



Fund Revenue Summary
Fiscal Years 2005 - 2008
(expressed in \$1,000)

Fund Type:	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET '08 Increase (Decrease)	% CHANGE FY 07/08
Internal Service Fund						
Municipal Fleet Services	8,711	9,867	15,095	15,450	355	2.4%
Liability Insurance Fund	1,050	1,650	900	800	(100)	-11.1%
Total Internal Service Fund	9,761	11,517	15,995	16,250	255	1.6%

Revenues

Municipal Fleet Services Fund

Service Stations and Garages. Revenues to operate, maintain, and finance the Fleet Service areas are derived primarily from sales of fuel, parts, labor, and leased vehicles to City Departments and other municipalities and agencies.

The garages collections and rates have increased for FY08. Users will now pay a \$65.00 per hour charge for garage services for vehicles that are not part of the lease program. For budgeting or planning purposes during FY08, a 25% premium is applied to parts billed to departments. Gasoline and diesel fuel will be billed to departments with an approximate 10% premium applied to cost.

Continuing in FY08 is the Fleet Leasing Program, in which new vehicles will be purchased, owned and maintained by Fleet Services and leased back to the various departments and agencies at a fixed rate. Started in FY07 and designed to replace the entire fleet over a period of six years, the program is expected to both provide the capital for vehicle replacement going forward and reduce maintenance costs with the progressive replacement of the oldest vehicles in the city fleet with new vehicles.

Liability Insurance Fund

Revenues to operate this fund are primarily transfers from the General Fund. Revenue and expenditures have fluctuated over the past four years. The premium requirement from General Fund fluctuates from fiscal year to fiscal year depending on the outstanding liabilities and potential outcomes based on the opinion and advice of the City Attorney.

Fund Expenditure Summary
Fiscal Years 2005 - 2008
(expressed in \$1,000)

Fund Type:	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET '08 Increase (Decrease)	% CHANGE FY 07/08
Internal Service Fund						
Municipal Fleet Services	8,752	9,514	13,870	15,450	1,580	11.4%
Liability Insurance Fund	2,671	61	900	800	(100)	-11.1%
Total Internal Service Fund	11,423	9,575	14,770	16,250	1,480	10.0%

Expenses

Municipal Fleet Services Fund

Expenditures for these funds are primarily for personnel, inventory supplies, and vehicle purchases.

The number of positions within the Division of Fleet Services decreased from 77 to 61 from FY 02 to FY 07. As equipment replacements are made with more up to date equipment, it was decided the positions would not be filled. However, the cost for salaries has not decreased at the same rate during this time period due to yearly 3% cost of living adjustments. Also, numerous positions have been upgraded to accommodate additional demands.

Liability Insurance Fund

Expenditures fluctuate over the years depending on advice of Counsel as a result of claims made against the City.

Internal Service Fund Revenues

Fiscal Years 2005 - 2008

Revenue Source	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Municipal Service Station (Fund 6100):							
Amnicola Service Station:							
Fleet Fuel- City Sales	787,337	1,019,198	1,052,448	1,060,000	7,552	0.7%	6.52%
Fleet Fuel- Outside Sales	3,952	6,048	4,564	9,000	4,436	97.2%	0.06%
Total Amnicola Station	791,289	1,025,245	1,057,012	1,069,000	11,988	1.1%	6.58%
12th & Park Service Station:							
Fleet Fuel- City Sales	1,596,914	2,116,265	2,178,144	2,175,000	(3,144)	-0.1%	13.38%
Fleet Fuel- Outside Sales	103,608	143,581	133,992	115,000	(18,992)	-14.2%	0.71%
Total 12th & Park Station	1,700,522	2,259,846	2,312,136	2,290,000	(22,136)	-1.0%	14.09%
Total Municipal Service Station	\$2,491,811	\$3,285,091	\$3,369,148	\$3,359,000	(10,148)	-0.3%	20.67%
Municipal Garage (Fund 6101)							
Amnicola Garage:							
Sale of Surplus Equip/Scrap	58	7,895	-	19,860	19,860	N/A	0.12%
Misc Revenue	(230)	6,466	9,322	-	(9,322)	-100.0%	0.00%
Fleet - Sale of Parts	1,233,661	1,382,458	1,200,590	1,500,000	299,410	24.9%	9.23%
Outside Sale of Parts	228,697	346,895	246,192	225,000	(21,192)	-8.6%	1.38%
Sales - Labor	1,017,320	1,312,212	1,101,359	1,250,000	148,641	13.5%	7.69%
Outside Sales - Labor	197,068	261,757	212,256	240,000	27,744	13.1%	1.48%
Fleet adjusted City sales	303,920	-	-	-	-	N/A	0.00%
Total Amnicola Garage	2,980,494	3,317,683	2,769,719	3,234,860	465,141	16.8%	19.91%
12th & Park Garage:							
Sale of Surplus Equip/Scrap	-	-	-	-	-	N/A	0.00%
Misc Revenue	-	-	-	-	-	N/A	0.00%
Fleet - Sale of Parts	1,801,715	1,723,991	1,635,744	1,600,000	(35,744)	-2.2%	9.85%
Outside Sale of Parts	527	2,119	212	-	(212)	-100.0%	0.00%
Sales - Labor	1,158,339	1,501,223	1,215,736	1,100,000	(115,736)	-9.5%	6.77%
Outside Sales - Labor	526	2,109	544	-	(544)	-100.0%	0.00%
Fleet adjusted City sales	278,080	-	-	-	-	N/A	0.00%
Total 12th & Park Garage	3,239,187	3,229,442	2,852,236	2,700,000	(152,236)	-5.3%	16.62%
Total Municipal Garage	\$6,219,681	\$6,547,125	\$5,621,955	\$5,934,860	312,905	5.6%	36.52%
Fleet Leasing Capital (Fund 6102)							
Damage Settlements	-	-	-	72,225	72,225	N/A	0.44%
Sale of Surplus Equip/Scrap	-	20,553	474,222	209,934	(264,288)	-55.7%	1.29%
Fleet Leased Vehicles	-	5,624	-	-	-	N/A	0.00%
Vehicle Replacement Reserve	-	8,436	751,320	975,251	223,931	29.8%	6.00%
Fleet Mileage Surcharge	-	-	-	126,737	126,737	N/A	0.78%
Transfers In-General Fund	-	-	812,897	1,500,000	687,103	84.5%	9.23%
Transfers In-Gen. Govt. Cap. Fund 4103	-	-	3,500,000	2,572,426	(927,574)	-26.5%	15.83%
Total Fleet Leasing Capital Program	\$0	\$34,612	\$5,538,439	\$5,456,573	(81,866)	-1.5%	33.58%
Fleet Leasing Operations (Fund 6103)							
Fleet Leased Vehicles	-	-	565,608	623,521	57,913	10.2%	3.84%
Fleet Mileage Surcharge	-	-	-	76,042	76,042	N/A	0.47%
Total Fleet Leasing Operations Program	\$0	\$0	\$565,608	\$699,563	\$133,955	23.7%	4.31%
Total Fleet Services	\$8,711,492	\$9,866,829	\$15,095,150	\$15,449,996	\$354,846	2.4%	95.08%
Liability Insurance Fund (6200)							
General Fund Transfer -1100	1,050,000	1,650,000	900,000	800,000	(100,000)	-11.1%	4.92%
Total Liability Insurance	\$ 1,050,000	\$ 1,650,000	\$ 900,000	\$ 800,000	\$ (100,000)	-11.1%	4.92%
Grand Total:	\$9,761,492	\$11,516,829	\$15,995,150	\$16,249,996	\$254,846	1.6%	100.00%

Internal Service Fund Expenditures

Fiscal Years 2005 - 2008

Expenditures	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Municipal Service Station (Fund 6100):							
<i>Amnicola Service Station</i>							
Salaries & Wages	-	63,941	32,138	46,086	13,948	43.4%	0.28%
Fringes	-	14,020	7,249	13,856	6,607	91.1%	0.09%
Purchased Services	6,547	136	3,000	5,500	2,500	83.3%	0.03%
Materials & Supplies	139	-	870	870	-	0.0%	0.01%
Vehicle Operating Expenses	11,586	2,496	-	-	-	N/A	0.00%
Inventory Supplies	659,506	900,370	850,000	850,000	-	0.0%	5.23%
Gov'tl Charges, Taxes, Fees, Misc.	20,431	18,247	22,031	20,025	(2,006)	-9.1%	0.12%
Total Amnicola Station	698,210	999,210	915,288	936,337	21,049	2.3%	5.76%
<i>12th & Park Service Station</i>							
Salaries & Wages	72,661	67,476	66,301	61,712	(4,589)	-6.9%	0.38%
Fringes	12,169	21,038	21,704	18,264	(3,440)	-15.8%	0.11%
Purchased Services	22,950	5,117	7,100	7,000	(100)	-1.4%	0.04%
Materials & Supplies	-	-	1,870	1,870	-	0.0%	0.01%
Travel	-	-	-	-	-	N/A	0.00%
Vehicle Operating Expenses	9,764	10,190	27,000	20,000	(7,000)	-25.9%	0.12%
Insurance, Claims, Damages	54	80	-	-	-	N/A	0.00%
Inventory Supplies	1,420,963	1,991,721	1,846,904	1,925,000	78,096	4.2%	11.85%
Capital Outlay	-	2,455	1,400	10,000	8,600	614.3%	0.06%
Gov'tl Charges, Taxes, Fees, Misc.	5,010	1,500	2,400	2,400	-	0.0%	0.01%
Total 12th & Park Station	1,543,571	2,099,578	1,974,679	2,046,246	71,567	3.6%	12.59%
Total Municipal Service Station	\$ 2,241,781	\$ 3,098,788	\$ 2,889,967	\$ 2,982,583	\$ 92,616	3.2%	18.35%
Municipal Garage (Fund 6101)							
<i>Amnicola Garage - Repair & Maint.</i>							
Salaries & Wages	1,058,168	955,206	1,028,325	1,036,585	8,260	0.8%	6.38%
Fringes	282,716	288,346	328,519	364,643	36,124	11.0%	2.24%
Purchased Services	125,120	127,514	202,170	184,560	(17,610)	-8.7%	1.14%
Materials & Supplies	45,808	21,604	27,900	28,450	550	2.0%	0.18%
Travel	1,427	227	2,900	3,100	200	6.9%	0.02%
Vehicle Operating Expenses	81,071	88,147	22,900	23,100	200	0.9%	0.14%
Insurance, Claims, Damages	6,810	8,197	8,000	8,500	500	6.3%	0.05%
Inventory Supplies	1,177,002	1,383,603	942,000	1,254,000	312,000	33.1%	7.72%
Capital Outlay	4,665	14,919	15,000	16,800	1,800	12.0%	0.10%
Gov'tl Charges, Taxes, Fees, Misc.	412,447	356,541	406,271	352,016	(54,255)	-13.4%	2.17%
	3,195,234	3,244,306	2,983,985	3,271,754	287,769	9.6%	20.13%
<i>12th & Park Garage - Repair & Maint.</i>							
Salaries & Wages	1,040,086	950,528	1,050,855	1,013,332	(37,523)	-3.6%	6.24%
Fringes	287,383	269,260	351,993	351,326	(667)	-0.2%	2.16%
Purchased Services	68,695	84,665	99,450	139,800	40,350	40.6%	0.86%
Materials & Supplies	50,088	25,799	29,700	32,250	2,550	8.6%	0.20%
Travel	-	1,749	3,000	3,000	-	0.0%	0.02%
Vehicle Operating Expenses	94,077	40,367	29,250	35,500	6,250	21.4%	0.22%
Insurance, Claims, Damages	86,049	97,181	86,000	111,000	25,000	29.1%	0.68%
Inventory Supplies	1,359,806	1,373,091	1,121,000	1,225,000	104,000	9.3%	7.54%
Capital Outlay	3,944	770	29,445	27,500	(1,945)	-6.6%	0.17%
Gov'tl Charges, Taxes, Fees, Misc.	325,299	322,729	316,458	322,552	6,094	1.9%	1.98%
	3,315,427	3,166,138	3,117,151	3,261,260	144,109	4.6%	20.07%
Total Municipal Garage	\$ 6,510,661	\$ 6,410,444	\$ 6,101,136	\$ 6,533,014	\$ 431,878	7.1%	40.20%
Fleet Leasing Capital (Fund 6102)							
Capital Outlay	-	-	4,312,897	5,456,572	1,143,675	26.5%	0.00%
Gov'tl Charges, Taxes, Fees, Misc.	-	4,336	-	-	-	N/A	0.00%
Total Fleet Leasing Capital Program	\$ -	\$ 4,336	\$ 4,312,897	\$ 5,456,572	\$ 1,143,675	26.5%	33.58%
Fleet Leasing Operations (Fund 6103)							
Vehicle Operating Expenses	-	-	565,608	477,827	(87,781)	-15.5%	0.00%
Total Fleet Leasing Operations Program	\$ -	\$ -	\$ 565,608	\$ 477,827	\$ (87,781)	-15.5%	2.94%
Total Fleet Services	\$ 8,752,442	\$ 9,513,568	\$ 13,869,608	\$ 15,449,996	\$ 1,580,388	11.4%	95.08%
Liability Insurance Fund (6200)							
Special Council & Claims	2,671,309	60,932	900,000	800,000	(100,000)	-11.1%	4.92%
Total Liability Insurance	\$ 2,671,309	\$ 60,932	\$ 900,000	\$ 800,000	\$ (100,000)	-11.1%	4.92%
Grand Totals	\$ 11,423,751	\$ 9,574,500	\$ 14,769,608	\$ 16,249,996	\$ 1,480,388	10.0%	100.00%





General Government

www.chattanooga.gov

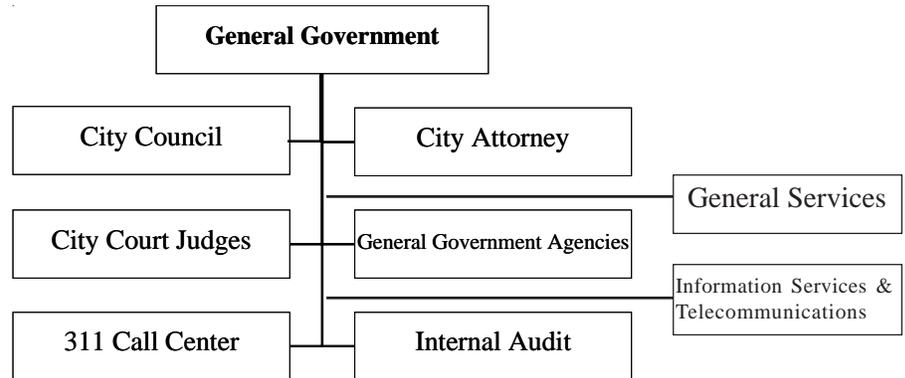
Mission:

To administer the executive, legislative, legal and judicial affairs for the City of Chattanooga.

Description:

The General Government budget provides for legal and legislative functions of government that pertain to the general day to day operations of the City of Chattanooga, as well as appropriations for most agencies and nonprofit organizations or other special funds to which the City contributes funding. The City Council Office and City Court Judges represent the elected officials of the City and their respective operations. The City Attorney's Office represents the City in all legal matters, litigating on behalf of the City, as well as providing legal advice to the governing body and other departments where appropriate. The audit department enhances government efficiency and accountability by conducting performance and financial reviews of City departments and City-funded agencies. 311 Call Center simplifies citizen access to government by providing a single point of contact for all City services. In addition, 311 provides City departments with data needed to identify service needs, trends, and outcomes.

Other functions in the General Government include funding for memberships in organizations such as the Tennessee Municipal League. Funds are also provided for promotion of the city through various means as determined by the Mayor or the City Council. Administrative expenses for the annual audit, various general studies and surveys which the City deems necessary are administered through this department. Due to reorganization, General Services and Information Systems are now under General Government. These areas include purchasing, building maintenance, real property management, fleet services, radio/electronics, information service and telecommunications.



Goals and Objectives

Develop prudent and applicable laws to further economic development, enhance educational opportunities and to respond to citizens requests as deemed prudent and necessary.

- ❶ 100% consideration of all citizens requests and concerns which pertain to legislative matters.
- ❷ Council minutes to be made available to any concerned party within 2 workdays after completion of a Council meeting.
- ❸ Adopt a budget to operate within budget guidelines and parameters set forth within the budget ordinance.

Enforce all laws pertaining to City ordinances and to support the city in legal disputes in which the city is involved.

- ❶ Hear 100% of cases reported to be in violation of any city ordinance and applicable traffic violations.
- ❷ Reduce the number of legal claims against the City.

Make recommendations that will enhance the efficiency and effectiveness of service delivery, reduce costs where appropriate, and ensure compliance with applicable standards and guidelines

- ❶ Identify high risk areas for audit.
- ❷ Plan and conduct audits in an independent and objective manner.
- ❸ Ensure staff are sufficiently trained to perform duties at a professional level.

Deliver a quality customer experience to 311 customers

- ❶ Answer 85 percent of calls within two minutes or less and 95 percent of emails within 24 business hours.
- ❷ Meet or exceed target service levels of 135 calls per day per customer service representative.
- ❸ Maintain satisfaction ratings of "good" or "excellent" for 90 percent of 311 contacts.

To provide timely, efficient and quality telecommunications and information services, as well as fleet, real estate and facilities management and support services for all City departments and agencies.

- ❶ Increase efficiency of service delivery.
- ❷ Achieve 100% on-time job performance.
- ❸ Strive for an excellent quality response to every support service request.

Performance Measures

	Actual FY06	Goal FY07	Actual FY07	Goal FY08
311 service requests created	66,710	75,000	76,405	80,000
311 service requests closed	99%	100%	99%	100%
Customer satisfaction rating	*N/A	90%	82%	90%
Total City Fleet	1,663	1,600	1,711	1,680
Total City Fleet Repairs and Maintenance	\$6,934,331	\$8,137,830	\$5,796,267	\$5,900,000
Days from Council Meeting to minutes	2	2	2	2
Paid in full prior to judgement	49.4%	50.0%	44.1%	50.0%
Percent with final judgement	83.2%	80.0%	68.5%	80.0%

*N/A=Not Available, N/P= Not Provided

Department Summary

	Actual FY04/05	Actual FY05/06	Budget FY 06/07	Budget FY 07/08
City Council Office	627,105	619,012	693,898	708,603
Office of City Court Judges	556,513	596,737	687,818	690,498
Office of City Attorney	936,018	980,859	1,056,484	1,108,441
Supported Agencies	14,155,133	12,809,685	12,983,200	12,850,253
Debt Service	8,772,293	9,801,307	11,567,051	9,392,174
311 Call Center	373,059	379,857	475,350	496,279
Internal Audit	-	321,272	423,835	491,256
Information Services	-	-	2,994,658	3,087,084
General Services	-	-	2,539,674	2,405,178
Other General Government Activities	7,256,670	9,269,277	4,094,654	6,474,875
Total Expenditures	32,676,791	34,778,006	37,516,622	37,704,641
Per Capita	\$ 210.43	\$ 224.59	\$ 242.41	\$ 242.96
Positions Authorized	34	37	174	177

Resources

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	1,548,780	1,968,877	6,309,964	6,659,073
Overtime	-	-	-	-
Operating	31,128,011	32,809,129	31,206,658	31,045,568
Revenue	-	-	-	-

Note: After publication of this document, updated population figures were released by the Census Bureau changing Chattanooga's population estimates by 8.4% from 155,190 to 168,293. See November 7, 2007 press release - "Mayor's Census Challenge Results in 8.4% Increase in Population Estimate" on www.chattanooga.gov for more information.

Supported Agencies

Supported agencies are a portion of General Government and are primarily in two different categories. The first category is appropriations to special funds that are either jointly supported with Hamilton County and / or some other agency which are accounted for in another fund on the City's books. These include CARTA, Library, Regional Planning Agency and the Air Pollution Control Bureau. The second category is appropriations to other organizations which the City Government determines meet the definition of serving a public purpose that are not accounted for on the City books. These include agencies such as Urban League, Allied Arts, and Chattanooga Neighborhood Enterprise (CNE). The following descriptions give a short explanation of each general government agency. Some of the appropriations are for closed-ended programs, but most are for ongoing programs or agencies which the City Government supports on a continual basis. In addition, the Liability Insurance Fund accounts for liability claims and losses. Amounts are provided for Fiscal Year 2007/2008.

Air Pollution Control Bureau

The overall mission is to achieve and maintain levels of air quality which will protect human health and safety and prevent injury to plant and animal life and property. The Chattanooga Area has progressed from being listed as one of the nation's most polluted cities in the late 1960's to being held out as a model of improvement. The City currently meets all federal air quality standards.

The bureau provides a program of air pollution prevention, abatement, and control to foster the health, comfort and convenience of all citizens of Hamilton County.

City's Contribution.....\$270,820

Allied Arts of Greater Chattanooga

The overall mission is to provide a united voice for all cultural organizations and activities, further the significance of their roles in the life of the community, provide financial assistance and such other measures necessary to strengthen the area's cultural resources, and work with other agencies in the public and private sectors to make quality of life a priority issue for the community.

Through its annual fund drive, Allied Arts provides essential operating funds to eight cultural institutions:

- The Hunter Museum of Art*
- Chattanooga Symphony & Opera Assoc.*
- Chattanooga Boys Choir*
- Houston Museum of Decorative Arts*
- Arts & Education Council*
- Chattanooga Regional History Museum*
- Association for Visual Artists*
- Choral Arts Society*
- Chattanooga Girls Choir*

City's Contribution.....\$255,000

Bessie Smith Hall, Inc.

The mission of the Bessie Smith Hall (BSH) is to celebrate the performance of blues, jazz, its antecedents and derivatives, by embracing the style and charisma of Bessie Smith in a setting reminiscent of her career surroundings, with emphasis on the multicultural and educational aspects of her contributions. Over the past three years, the BSH organization has focused its efforts on developing and implementing a successful assembly of programs and services designed to provide instruction, interpretation, exposure to and advocacy of African-American music traditions and practices. The activities sponsored by the organization have attracted some of the largest culturally diverse audiences and participants of any other organization or venture. The annual Bessie Smith Strut is part of a community-wide festival which takes place each year and includes participants from all walks of life.

City's Contribution.....\$70,000

Chattanooga Area Regional Transportation Authority (CARTA)

The overall mission is the provision of public transit services. The Authority operates the regional bus service, the Lookout Mountain Incline Railway, and the free Downtown Electric Shuttle. Specialized transportation services are offered for the disabled in Hamilton County. CARTA is the sole provider in the Chattanooga-Hamilton County area of public transportation.

City's Contribution.....\$3,738,606

Chattanooga African-American Museum/ Building Maintenance

The museum's mission is to develop, coordinate, and provide a facility to house research materials and

artifacts of the African-American culture, as well as documenting the contributions of African-Americans to the development of Chattanooga and this nation.

The programs promote ethnic pride, self-esteem, cultural enrichment, cross-cultural awareness, improved human relations within the community and sensitivity to the African-American experience. The museum helps one to understand the culture and heritage of African-Americans. In addition, the museum is responsible for the overall management and maintenance of the Heritage Center in which the Center houses the Bessie Smith Hall and the African-American Museum.

City's Contribution.....\$57,019

Chattanooga Area Urban League

The overall mission is the elimination of discriminatory behavior by empowering African-Americans and other minorities through educational and vocational training which will increase economic power. The tools of social work, economic law and business are utilized to secure equal opportunities throughout all sectors of society. The essence of this program is to assist the Hamilton County and City of Chattanooga governments in improving minority representation on construction sites which are funded with public funds. It will also provide technical assistance and make available to contractors a pool of applicants for employment consideration. This will create avenues for employment opportunities and also ensure that the county is in compliance with local, state, and federal regulations governing minority representation in the construction industry and have an impact on affirmative action goals throughout the local governments.

City's Contribution.....\$50,000

Chattanooga Downtown Partnership

The mission of the organization is development in the downtown area of Chattanooga. The Partnership directory of available office and retail space provides a comprehensive inventory for investors and new growth. Representatives attend regional and national leasing and retail recruiting expositions. Seasonal promotions are conducted throughout the year. The Partnership Windows Program fills vacant storefronts with banners and exhibits installed by businesses and civic organizations. Through efforts of the organization, Chattanooga is one of thirty U.S. cities

selected to establish a benchmark of leading indicators to be used to measure downtown progress for the International Downtown Association.

City's Contribution.....\$100,000

Chattanooga - Hamilton County Bicentennial Library

The library serves the community by making materials and services available to all residents. To meet patrons' educational, professional, and personal needs, the library provides current information, promotes learning, and preserves the community's history.

The library provides access to information through books, periodicals, newspapers, pamphlets, government documents, phonograph records, audiocassettes, videocassettes, films, internet, and brochures. Through state, regional, national and international networks, the library can provide access to resources. The library encourages the love of reading in children and adults and provides information for both leisure and professional use.

City's Contribution.....\$2,487,660

Chattanooga Neighborhood Enterprise

The mission of the organization is to rid the Chattanooga area of all substandard housing. The City government joined in this effort in 1989.

City's Contribution.....\$1,000,000

Chattanooga Regional History Museum

The overall mission is to collect, preserve, research, interpret and display the written, spoken, pictorial and artifactual record of the Chattanooga and Tri-State region from the earliest times to the present. This is accomplished by operating a museum and providing appropriate publications, exhibits and educational programs for all segments of the community in the context of the museum's permanent theme, "*Chattanooga Country: Its Land, Rivers and People*".

The museum has a working board and staff, and a proven track record of helping to improve the quality of life for current and future Hamilton County residents. Education is the primary purpose, which the education department fulfills with a full schedule of school tours, adult programs and outreach programs. The "Traveling Trunks" outreach program includes hands-on activities that bring to life specific historical periods in our area.

City's Contribution.....\$24,000

Chattanooga Area Regional Council of Governments / Southeast Tennessee Development District

The mission is to provide area-wide planning and coordination on a regional basis and to assist local governments in project and program development within the thirteen counties of Southeast Tennessee and the bi-state metropolitan Chattanooga region.

This agency's program represents local governments in their relationships to State and Federal programs and seeks to maximize the amount of external funding that can be brought to bear on the area's development needs. Examples of funding secured in past years include funding for CARTA, the regional sewage treatment facility, industrial parks, water and sewer projects and a number of social service agencies for the elderly.

City's Contribution.....\$31,111

Children's Advocacy Center

Mission is to provide a safe environment where a child's voice is heard and respected. This includes the coordination and facilities for the state-mandated team responsible for the investigation, intervention and treatment for the child and family, and prosecution of the abuser. Extended assessments, crisis counseling, therapeutic groups and support groups for children and their families are also provided.

City's Contribution.....\$30,000

Community Foundation Scholarships

This is a partnership of public and private funds to provide for scholarships to qualified and deserving students who would not otherwise be able to further their education beyond the public school system. The Foundation is committed to raising, on a two-to-one basis, funds from the community to match the City's contribution. Scholarships are awarded annually to students who meet the established criteria.

City's Contribution.....\$160,000

Homeless Healthcare Center

The Chattanooga - Hamilton County Homeless Healthcare Center provides outreach, primary care, substance abuse, and mental health services to Chattanooga's homeless population. Clients are provided assistance with locating housing, applying for entitlement programs and with obtaining jobs.

City's Contribution.....\$17,500

Chattanooga/Hamilton County Regional Planning Agency

The mission of the CHCRPA and its staff is to develop a comprehensive vision and guide for the region which ensures that our land resources support, enhance, and sustain our community and its quality of life. This vision should include both short and long-range goals and strategies which public and private community leaders can utilize to implement these objectives.

The planning program facilitates government and various public and private decision-making by providing research, data, plans, studies and suggested strategies related to community land use, transportation, and social issues.

City's Contribution.....\$942,817

Scenic Cities Beautiful

The organization's focus is to study, investigate, develop, and carry out programs for improving the cleanliness and beauty of the community through organized cleanups and beautification efforts. The organization also works with groups to implement proper waste handling practices, and to support and promote community wide recycling.

Scenic Cities serves as the coordinating body for county-wide cleanups and beautification programs, and provides support, information and materials to those involved in promoting a cleaner community. It also provides speakers and environmental exhibits for community affairs, garden clubs, civic groups, neighborhood organizations.

City's Contribution.....\$22,888

Tennessee Riverpark

This is a jointly funded activity in partnership with the Hamilton County Government. The local leaders have committed to a redevelopment of the riverfront area which includes a park connecting the downtown area with the Chickamauga Dam. This park is overseen by the County government, with the City contributing half of the cost of operations.

City's Contribution.....\$1,229,321

WTCI TV 45

The overall mission is to provide informational, educational, and quality cultural television programs to the people of the Greater Chattanooga and

Hamilton County community on Channel 45. The station provides information on the Chattanooga and Hamilton County governments, getting the public involved by way of television.

City's Contribution.....\$60,000

Liability Insurance Fund

The Liability Insurance fund accounts for the City self insurance program for liability claims and losses due to liabilities arising under the laws of State and Federal governments. Cost incurred in this account may include judgement and cost, special counsel fees, and cost for any special legal cases of the City. The cost for these programs are funded through premiums paid by the departments and agencies of City government.

City's Contribution.....\$800,000

The Enterprise Center

The Enterprise Center is a public benefit corporation that is organized exclusively for charitable purposes including relief of the poor and distressed, lessening the burdens of government, promoting social welfare, and combating community deterioration. In furtherance of such purposes, the corporation will operate to further the economic development of the City of Chattanooga and its surrounding region.

City's Contribution\$100,000

Carter Street Corporation

Carter Street Corporation manages the Downtown Convention & Trade Center. The convention and trade center provides rental space for conventions, trade shows, meetings, banquets, etc., which will bring outside dollars into the community, as well as providing a place for local organizations to hold events.

City's Contribution.....\$200,000

Community Impact of Chattanooga, Inc.

Community Impact is a non-profit organization created to support the City of Chattanooga in its efforts to revitalize distressed urban neighborhoods. Its mission is "to create an improving quality of life for participating neighborhoods through support of neighborhood associations and partnerships with key organizations."

City Contribution.....\$300,000

Railroad Authority

The Railroad Authority is governed by a board which includes City and County Mayors and the Executive Director of the Chamber of Commerce, providing for continuation of rail service in the region as it is needed and feasible.

City Contribution.....\$20,000

Enterprise South Nature Park

This is the passive park area of the Enterprise South Industrial Park. It is jointly funded between Hamilton County and the City. The park is managed by the County with the City contributing half of the cost of operations.

City Contribution.....\$168,034

Stop the Madness

The mission of the organization is to educate the youth of the community about violence and drug awareness; to provide academic activities, summer job training, mentoring and field trips to museums and historical sites for the youth of the community. Stop the Madness touches the lives of the young that would typically fall through the cracks. Alternatives are provided to gang activities and violent behavior. Also provided are tools necessary to become better students, which will lead to becoming productive adults.

City Contribution.....\$100,000

Front Porch Alliance

The Front Porch Alliance seeks to mobilize groups such as churches and faith-based organizations to have a greater impact in the low and moderate-income neighborhoods where they were located

City Contribution.....\$32,000

Choose Chattanooga

Choose Chattanooga is a marketing effort designed to increase area population growth as a necessary ingredient to accelerating economic development and organically increasing the local tax base. Funding will be used to promote Hamilton County to retirees and others who might potentially locate in the Chattanooga area.

City Contribution.....\$25,000

Resources				
	Actual FY04/05	Actual FY05/06	Budget FY06/07	Budget FY07/08
Air Pollution Control Bureau	270,820	270,820	270,820	270,820
Allied Arts of Greater Chattanooga	250,000	250,000	155,000	255,000
Bessie Smith Hall, Inc.	70,000	70,000	70,000	70,000
CARTA	3,285,000	3,415,300	3,665,300	3,738,606
Chattanooga African-Museum				
Building Maintenance	42,123	55,825	57,019	57,019
Chattanooga Area Urban League	50,000	50,000	50,000	50,000
Chattanooga Downtown Partnership	140,000	140,000	100,000	100,000
Chattanooga - Hamilton County				
Bicentennial Library	2,487,660	2,487,660	2,487,660	2,487,660
Chattanooga Neighborhood Enterprises	2,000,000	1,500,000	1,500,000	1,000,000
Chattanooga Regional History Museum	24,000	24,000	24,000	24,000
Chatt. Area Regional Council of Gov.				
Southeast Tennessee Dev. District	31,111	31,111	31,111	31,111
Children's Advocacy Center	30,000	30,000	30,000	30,000
Community Foundation Scholarships	160,000	160,000	160,000	160,000
Homeless Healthcare Center	17,500	17,500	17,500	17,500
Chattanooga/ Hamilton County				
Regional Planning Agency	988,817	942,817	942,817	942,817
Scenic Cities Beautiful	30,294	22,888	22,888	22,888
Tennessee Riverpark	855,741	1,037,336	1,191,326	1,229,321
WTCI TV 45	60,000	60,000	60,000	60,000
Liability Insurance Fund	1,050,000	1,650,000	900,000	800,000
Railroad Authority	N/A	20,000	20,000	20,000
Enterprise Center	N/A	100,000	100,000	100,000
Carter Street Corp	N/A	N/A	150,000	200,000
Community Impact of Chattanooga	450,000	N/A	250,000	300,000
Enterprise South Nature Park	N/A	N/A	104,282	168,034
Stop the Madness	N/A	N/A	100,000	100,000
Front Porch Alliance	N/A	N/A	N/A	32,000
Choose Chattanooga	N/A	N/A	N/A	25,000
TOTAL	12,293,066	12,335,257	12,459,723	12,291,776





Economic Development

Ron Littlefield, Mayor

www.chattanooga.gov

Description:

In August 1997, the citizens of Chattanooga approved a half-cent tax on retail sales in the city. Revenues from this tax were shared on a 50/50 basis for education and economic development. In a county-wide election in February 2004, the residents of Hamilton county voted to increase the county-wide local option tax rate from 1.75% to 2.25% thereby repealing the city-only 1/2% tax. The additional taxes generated by the 1/2% increase in the county-wide tax are distributed to the county, city and education in accordance with TCA 67-6-712 which requires that 50% is used for education and the remainder on situs basis. The City should continue to receive a comparable amount for economic development from the county-wide tax as it has in prior years. With the passage of the county-wide tax increase the education component is distributed directly to the Hamilton County Department of Education.

Department Summary

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Capital fund	5,550,000	2,664,000	1,165,275	1,277,345
African American Chamber	150,000	150,000	150,000	150,000
Chamber for Economic Devel	400,000	400,000	400,000	450,000
Chattanooga Opportunity Fund	0	472,213	0	0
Business Development Initiative	75,000	75,000	75,000	0
Tourist Development Debt Service	793,910	497,075	495,000	0
Net Debt Service	5,857,699	5,540,287	8,609,725	9,057,655
Total Expenditures	\$ 12,826,609	\$ 9,798,575	\$ 10,895,000	\$ 10,935,000
City Only Sales Tax	\$ 9,615,776	\$ 10,153,916	\$ 10,400,000	\$ 10,935,000
TDZ State Sales Tax	602,883	427,823	425,000	0
TDZ County Sales tax	191,027	69,252	70,000	0
Interest Income	76,419	458,029	0	0
Total Revenues	\$ 10,486,105	\$ 11,109,020	\$ 10,895,000	\$ 10,935,000
Per Capita	\$ 82.60	\$ 63.28	\$ 70.40	\$ 70.46

Revenue and Expenditures were amended by FY08 Capital Budget by appropriation of \$1,090,663 Fund Balance for Capital Improvements.

Note: After publication of this document, updated population figures were released by the Census Bureau changing Chattanooga's population estimates by 8.4% from 155,190 to 168,293. See November 7, 2007 press release - "Mayor's Census Challenge Results in 8.4% Increase in Population Estimate" on www.chattanooga.gov for more information.





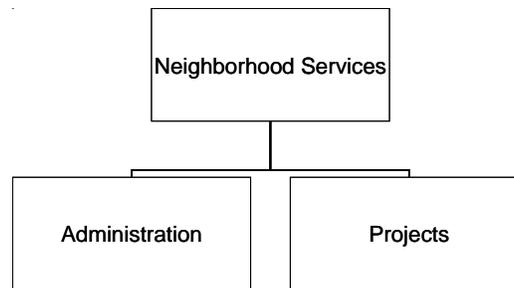
Community Development

Beverly P. Johnson, Administrator

www.chattanooga.gov/communitydev

Mission:

To improve housing and employment opportunities for all low-to-moderate income Chattanooga residents and to provide the support needed to stabilize and revitalize low income communities.



Description:

Community Development, using grants from the U. S. Department of Housing and Urban Development, is dedicated to the revitalization of low-to-moderate income neighborhoods and the economic improvement of its residents. The department funds affordable housing initiatives, employment and business assistance, public facility and infrastructure improvements, and social services to assist the community as a whole.

Goals & Objectives:

To increase availability and access to affordable, quality housing in the City's low-to-moderate income communities.

- ① Increase neighborhood understanding of fair housing regulations to make sure good quality housing is accessible for lower income residents.
- ② Increase the stock of available, quality housing by the creation of new homes and rental units or providing financing to enable residents to build a new home.
- ③ Help homeowners preserve existing housing and restore structures that have become uninhabitable.
- ④ Encourage home ownership as a means of further stabilizing the community.

To drive the revitalization of Community Development Block Grant (CDBG) eligible neighborhoods.

- ① Strengthen the foundation of neighborhoods through infrastructure repairs and streetscape improvements.
- ② Create or renew public facilities to be used as community centers in targeted neighborhoods.

To increase employment in lower income areas.

- ① Use available resources and training to make sure that lower income residents have needed skills to get and retain good jobs.
- ② Bolster the existing business base and encourage the creation of new enterprises through access to capital funds.

Performance Measures

	Actual FY06	Goal FY07	Actual FY07	Goal FY08
Increase the stock of safe, affordable rental units	233	90	129	90
Rehabilitate substandard housing # of units	177	100	188	100
Assist first time LMI(low/moderate income) purchase with mortgages	101	120	88	120
# of Participants in Homebuyer Education Programs	226	200	179	200

*N/A=Not Available

Community Development

Beverly P. Johnson, Administrator

www.chattanooga.gov/communitydev

Department Summary

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Administration - Gen Fund	\$ 141,930		\$ -	\$ -
Administration	398,147	413,945	575,665	583,265
Community Dev Projects	4,680,028	4,589,961	4,096,487	4,513,676
Total Expenditures	\$ 5,220,105	\$ 5,003,906	\$ 4,672,152	\$ 5,096,941
Per Capita	\$ 33.62	\$ 32.31	\$ 30.19	\$ 32.84
Positions Authorized	10	7	7	7

Resources

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	\$ 427,769	\$ 314,022	\$ 327,000	\$ 355,000
Overtime	0	0	0	0
Operating	4,792,336	4,689,884	4,345,152	4,741,941
Revenue	5,588,487	4,485,829	4,672,152	5,096,941

***Note:** After publication of this document, updated population figures were released by the Census Bureau changing Chattanooga's population estimates by 8.4% from 155,190 to 168,293. See November 7, 2007 press release - "Mayor's Census Challenge Results in 8.4% Increase in Population Estimate" on www.chattanooga.gov for more information.*



Department of Finance & Administration

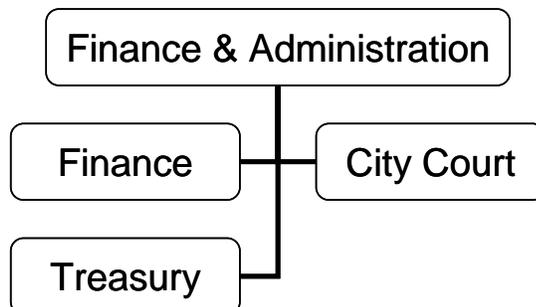
Daisy W. Madison, Administrator
 Vickie Haley, Deputy Finance Officer
www.chattanooga.gov/finance

Mission:

To ensure the overall fiscal health of the City of Chattanooga and provide high quality support services to City departments and agencies.

Description:

The Finance and Administration Department provides financial and management information, control, and guidance to the Mayor, Department Administrators and the City Council. The department is responsible for all budget and finance related functions of the City including accounting, and treasury operations. The department also provides support to other departments and agencies in the areas of City Court operations.



Goals & Objectives:

Using prudent economic forecasts, develop, monitor and help implement a balanced budget that secures the efficient and appropriate delivery of City Services.

- ① Propose and maintain a balanced budget that accounts for recurring revenue and cost.
- ② Develop an accurate and prudent economic revenue forecast.
- ③ Provide for the efficient and effective use of budgeted funds to eliminate wasteful spending, and maximizing the service and program results from each tax dollar spent.

To provide for the fair and efficient collection of and appropriate use and accounting of city revenues in a manner consistent with Federal, State and Local laws.

- ① Maximize revenue collection.
- ② Increase collection efficiency.
- ③ Maintain best use and investment of assets.
- ④ Ensure 100% GAAP compliance.
- ⑤ Compliance with law.

Performance Measures	Actual	Goal	Actual	Goal
	FY06	FY07	FY07	FY08
Cash Management Yield on investment portfolio	4.5%	3.8%	5.2%	5.0%
% of Current Levy Collected	95.5%	96.0%	96.0%	97.0%
Annual Debt Service Requirement as % of General Fund	7.4%	5.0%	5.6%	5.0%
Bond Rating by Standard & Poor's	AA	AA	AA	AA
Bond Rating by Fitch Ratings Ltd.	AA	AA	AA	AA

Department of Finance & Administration

Daisy W. Madison, Administrator

Vickie Haley, Deputy Finance Officer

www.chattanooga.gov/finance

Department Summary

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Finance	\$ 1,692,769	\$ 1,721,504	\$ 1,997,681	\$ 2,114,542
Treasurer	507,318	582,718	740,631	697,618
City Court Clerk	931,534	953,621	1,049,782	1,108,733
Information Services	3,015,112	2,802,664	0	0
Purchasing	818,023	874,367	0	0
Building Maintenance	585,179	546,146	0	0
Radio & Electronics	372,747	429,976	0	0
Real Estate	140,725	155,837	0	0
Fleet Services	8,752,441	9,513,568	0	0
Total Expenditures	\$ 16,815,848	\$ 17,580,401	\$ 3,788,094	\$ 3,920,893
Per Capita	\$ 108.29	\$ 113.53	\$ 24.48	\$ 25.27
Positions Authorized	200	199	66	66

Resources

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	\$ 6,044,996	\$ 6,158,200	\$ 3,171,901	\$ 3,239,823
Overtime	58,450	16,592	7,700	5,200
Operating	1,959,961	1,892,042	608,493	675,870
Revenue	8,711,493	9,866,828	-	-

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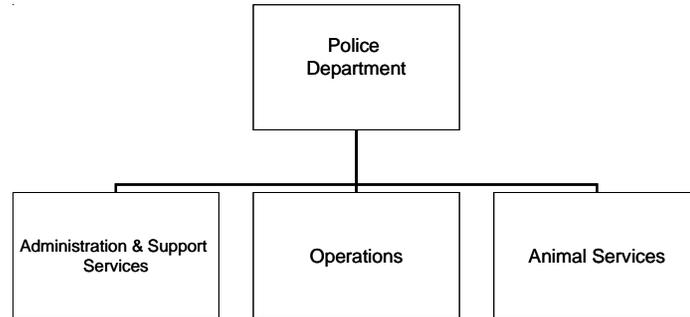
Department of Police

Freeman Cooper, Chief of Police
 Mark Rawlston, Deputy Police Chief

www.chattanooga.gov/police/

Mission:

To work cooperatively with the public and within the framework of the constitutions of the United States and the State of Tennessee to enforce the laws, preserve the peace, maintain order, and provide for a safe community.



Description:

The department is separated into three major divisions: Police Administration & Support Services, Operations, and Animal Services.

The department's responsibilities include effective and efficient police protection through investigation of criminal offenses, enforcement of state laws and City ordinances, response to citizen requests for services, and maintenance of support

Goals & Objectives:

Reduce Index Offenses Crime

- ❶ Reduce all Crime 3% in 2006 (Calendar Year)
- ❷ Reduce all Property Crime 5% in 2006 (Calendar Year)
- ❸ Meet or surpass national Uniform Crime Report crime reduction trends each year.

Prevent Crime and Make Citizens Safe

- ❶ Increase traffic safety
- ❷ Reduce "broken window" crimes & violations
- ❸ Maximize the visibility and effectiveness of police officers.

Promote the Attractiveness and Long-Term Economic Growth of the Area

- ❶ Create a safe, orderly and appealing destination for visitors
- ❷ Build a community environment that is conducive to the maintenance of peace and order and attractive to businesses

Rigorously Comply with all Local, State, and Federal Laws in the Pursuit of a Safe, Lawful Community

- ❶ Minimize sustained incidences of police misconduct
- ❷ Increase police awareness and respect for citizens rights to effect fewer litigation claims and more legally defensible police actions
- ❸ Provide sufficient assistance, time, resources, and training for officers to insure successful prosecution of charges.

Performance Measures	Actual 2005	Goal 2006
Reduction in Crimes Committed	-3.3%	-3%
Reduction in Moving Violations	2.4%	-5%
Reduction in Parking Violations	1.6%	-3%
Traffic fatalities	26	20
Weapons seized	405	600
Citizen Complaints	95	100

City Code. They also license animals; provide animal safety and educational programs; and emergency and rescue services for animals.

Department of Police

Freeman Cooper, Chief of Police

Mark Rawlston, Deputy Police Chief

www.chattanooga.gov/police/

Department Summary

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Police Administration	\$ 3,291,194	\$ 2,093,417	\$ 2,352,157	\$ 1,993,701
Operations	21,456,383	27,111,824	27,534,606	30,005,797
Animal Services	1,057,431	966,199	999,926	1,114,572
Support Services	10,556,561	7,659,626	9,122,046	9,122,046
Total	\$ 36,361,569	\$ 37,831,066	\$ 40,008,735	\$ 42,236,116
Per Capita	\$ 234.15	\$ 244.30	\$ 258.52	\$ 272.16
Positions Authorized	669	678	685	685

Resources

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	\$ 29,893,786	\$ 1,208,192	\$ 1,254,792	\$ 1,010,831
Overtime	1,270,841	15,081	31,711	30,000
Operating	5,763,497	494,551	661,892	594,549
Revenue	471,610	471,610	385,300	385,300

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Department of Fire

Wendell Rowe, Fire Chief
 Randall Parker, Deputy Fire Chief

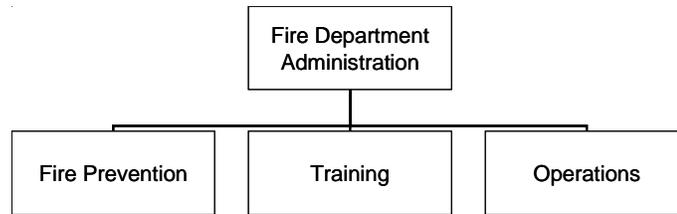
www.chattanooga.gov/fire

Mission:

To protect life, property and community resources through prevention, preparation, response and mitigation.

Description:

The department has four core divisions: Fire Administration, Operations, Fire Prevention, and Training. Operations includes 17 fire stations and more than 350 firefighters who respond to fire, automobile accidents, first response medical emergencies, hazardous materials incidents and other emergencies. The Fire Prevention Bureau includes code enforcement, fire investigation, and fire safety education. The Training Division provides instruction to all fire fighters on the latest tactics and technology in the fire service, and also trains new recruits in fire academies.



Goals & Objectives:

Reduce fire fatalities and injuries for civilians and firefighters.

- ① Meet or surpass National Fire Prevention Association (NFPA) reduction numbers for fatalities, injuries and total fires.
- ② Pursue an aggressive fire prevention education program to reach throughout the community.

Reduce property loss resulting from fire.

Maintain or improve the City's Insurance Services Office (ISO) public protection classification in order to reduce insurance costs to residents and businesses.

Provide a timely first response to medical emergencies, and offer well-trained emergency personnel to administer appropriate treatment.

Provide a Homeland Security regional response

- ① Establish a regional response team that is capable and ready to respond to any chemical, biological, radiological, nuclear or explosive (CBRNE) incident, as well as hazardous spills or structural collapse emergencies.

Performance Measures	Actual FY06	Goal FY07	Actual FY07	Goal FY08
Average response time (Department)	5:35	5:00	5:05	5:00
Inspections	2,492	3,116	3,774	3,116
Civilian Deaths	6	-	1	-
Civilian injuries	7	-	1	-
Firefighter Injuries	47	-	50	-
Property Damage (\$million)	\$6.6	\$ 5.45	\$8.4	\$ 5.45
Fire Calls	1,076	-	1,171	-
Non-Fire Calls	10,214	-	9,287	-

*Response time in minutes and seconds (mm:ss)

Department of Fire

Wendell Rowe, Fire Chief

Randall Parker, Deputy Fire Chief

www.chattanooga.gov/fire/fire

Department Summary				
	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Fire Operations	\$ 23,868,962	\$ 23,920,021	\$ 25,780,192	\$ 27,303,390
Fire Utilities	763,981	280,916	293,500	301,000
Total Expenditures	\$ 24,632,943	\$ 24,200,937	\$ 26,073,692	\$ 27,604,390
Per Capita	\$ 158.63	\$ 156.27	\$ 168.48	\$ 177.87
Positions Authorized	418	418	417	417

Resources				
	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	\$ 21,279,985	\$ 21,660,147	\$ 23,362,605	\$ 24,921,062
Overtime	21,652	15,696	20,000	10,000
Operating	2,567,325	2,525,094	2,397,587	2,673,328
Revenue	747	745	750	750

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Department of Public Works

Steve Leach, Administrator

Lee Norris, Deputy Administrator

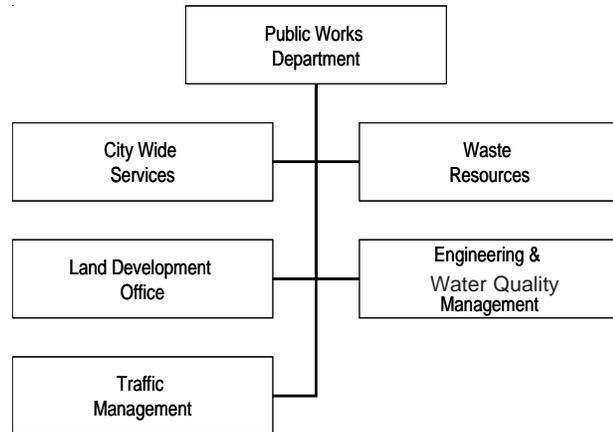
www.chattanooga.gov/pubworks/

Mission:

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.

Description:

Public Works is responsible for the City's infrastructure: its design, construction and maintenance; the interceptor sewer system; the City's storm water system; the collection and disposal of garbage and brush, recycling and household hazardous waste; building inspections and code enforcement; and traffic management, signs and markings.



Goals & Objectives:

To preserve and enhance the city's physical environment, provide clean streets and clean water, and enforce zoning regulations as a foundation for a healthy and pleasing community.

- ❶ *To achieve 100% compliance with applicable Federal and State clean water laws and regulations*
- ❷ *Increase the number of clean communities by striving for 100% maintenance of rights-of-way, and dependable scheduled curbside garbage collection.*
- ❸ *To insure full compliance with zoning laws to preserve and protect communities and their citizens.*

To provide prompt, courteous and cost-effective service delivery for solid waste collection, building inspection, permitting, and response to citizen inquiries and requests.

- ❶ *Strive to consistently provide "on time" response to citizen service requests and inquiries.*
- ❷ *Maintain and increase the percentage of residents satisfied with the city's response to service requests, including those whose requests fall outside the departments's authority.*
- ❸ *Reduce the number of citizen complaints, especially those involving repeated storm water grievances.*

Maintain and improve the infrastructure of the city, including streets, bridges, traffic lights, signals and parking meters; sewers, treatment plant and storm water facilities; and the landfill and recycling center

- ❶ *Maintain and increase the quality of paved streets.*
- ❷ *Maintain treatment plant, landfill and sewers in compliance with federal and state regulations.*
- ❸ *Maintain and improve the condition and flow of the storm water infrastructure to address any existing or anticipated problem areas.*
- ❹ *Ensure that the city has sufficient streets to handle substantive changes in the traffic load.*

Department of Public Works

Steve Leach, Administrator

Lee Norris, Deputy Administrator

www.chattanooga.gov/pubworks/

To protect the health, safety and welfare of the City's residents through the enforcement of building codes, flood protection and mitigation, traffic safety, and by providing for recycling and solid waste disposal, all within compliance of applicable state and federal regulations.

- ❶ *To reduce the threat of personal or property damage or loss due to non-compliant construction.*
- ❷ *To prevent or mitigate property damage or loss due to flooding.*
- ❸ *To reduce the number of traffic accidents, injuries and fatalities in the City.*
- ❹ *To anticipate and provide adequate capacity for disposal of the City's solid waste.*

Performance Measures	Actual FY06	Goal FY07	Actual FY07	Goal FY08
City Wide Service CSRs closed on time	94.9%	95.0%	95.1%	95.0%
Trash Flash CSRs closed on time	97.1%	96.0%	96.6%	96.0%
Engineering CSRs closed on time	92.9%	95.0%	87.5%	95.0%
Missed Garbage CSRs closed on time	97.2%	96.0%	98.8%	96.0%
Traffic Engineering CSRs closed on time	90.6%	95.0%	87.3%	95.0%
Waste Resources CSRs closed on time	98.7%	96.0%	97.2%	96.0%

*CSR Customer Service Request

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
General Fund	\$ 27,607,580	\$ 28,686,559	\$ 30,220,397	\$ 30,575,023
Interceptor Sewer Fund	39,839,490	38,120,537	38,837,437	41,533,111
Solid Waste Fund	4,114,878	5,638,633	5,950,165	5,598,455
WaterQuality Fund	6,198,064	7,211,468	5,687,310	6,267,386
State Street Aid Fund	4,688,518	4,772,020	4,781,733	4,785,000
Total Expenditures	\$ 82,448,530	\$ 84,429,217	\$ 85,477,042	\$ 88,758,975
Per Capita	\$ 530.94	\$ 545.22	\$ 552.31	\$ 571.94
Positions Authorized	625	624	609	618

Resources	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	\$ 23,788,122	\$ 27,679,845	\$ 26,119,761	\$ 27,932,254
Overtime	874,710	318,982	840,721	852,303
Operating	57,785,698	56,430,390	58,516,560	59,974,418
Revenue	44,850,022	47,792,410	55,664,407	58,683,952

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Parks & Recreation

Larry Zehnder, Administrator

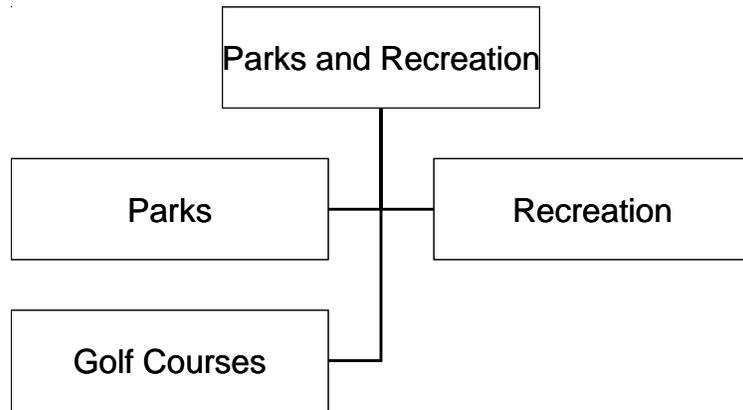
www.chattanooga.gov/cpr

Mission:

To provide public space and programs that promote a healthy active lifestyle that will impact our community's economy and tourism. To offer programs, parks, and facilities equitably to maximize use by the broadest spectrum of Chattanooga residents and visitors, which will help develop and educate our community physically, socially, and morally.

Description:

Parks & Recreation provides a wide variety of educational and recreational activities throughout a network of programs, parks and public facilities. The department includes Recreation Centers, Aquatics, Therapeutic Recreation activities, Sports, the Chattanooga Fitness Center, OutVenture Programs, and the Chattanooga Zoo. The department is responsible for all park and public spaces maintenance including two public golf courses and a tournament quality tennis complex.



Goals & Objectives:

To maximize usage at the City's parks, facilities and recreational programs.

- ❶ Increase the use/attendance of parks.
- ❷ Increase the use/attendance of recreation centers and programs.
- ❸ Increase the use/attendance of the golf courses.
- ❹ Increase the use/attendance of the zoo.

To increase access to the park system for all residents, and to offer facilities and programs that appeal to all segments of our diverse community.

- ❶ To ensure that the park system is accessible to all city residents.
- ❷ To ensure that parks and programs are offered in diverse areas, and to anticipate different priorities or needs in each one.

To work in concert with existing preservation groups.

- ❶ To maintain existing conservation sites within the parks department.
- ❷ To increase land set aside for conservation along creeks and waterways.

Performance Measures	Actual FY06	Goal FY07	Actual FY07	Goal FY08
Park Permit CSRs closed on time	94.3%	90%	92.8%	90%
Park reservation CSRs closed on time	94.8%	90%	84.3%	90%
Park work requests closed on time	78.4%	90%	73.6%	90%
Recreation Center Attendance	388,173	400,000	458,331	460,000

Parks & Recreation

Larry Zehnder, Administrator

www.chattanooga.gov/cpr

Department Summary

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Administration	\$ 1,088,557	\$ 942,579	\$ 1,183,998	\$ 1,132,079
Program Services	4,313,355	4,309,066	4,547,119	4,679,834
Parks & Facilities	3,928,506	4,117,474	4,542,127	5,067,543
Civic Facilities	1,167,250	0	0	0
Chattanooga Zoo	426,185	464,867	509,454	516,414
Municipal Golf	1,752,501	1,663,687	1,648,250	1,749,257
Total Expenditures	\$ 12,676,354	\$ 11,497,673	\$ 12,430,948	\$ 13,145,127
Per Capita	\$ 81.63	\$ 74.25	\$ 80.32	\$ 84.70
Positions Authorized	238	217	229	229

Resources

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	\$ 8,172,639	\$ 7,548,223	\$ 8,611,360	\$ 9,167,048
Overtime	72,638	70,400	77,496	74,145
Operating	4,431,076	3,879,050	3,742,092	3,903,934
Revenue	3,231,153	2,933,789	2,962,913	3,154,635

Note: In FY06 the department was reorganized. Civic facilities was moved to the Department of Education, Arts, and Culture which caused a decrease in Parks & Recreation's budget.

Note: After publication of this document, updated population figures were released by the Census Bureau changing Chattanooga's population estimates by 8.4% from 155,190 to 168,293. See November 7, 2007 press release - "Mayor's Census Challenge Results in 8.4% Increase in Population Estimate" on www.chattanooga.gov for more information.



Department of Human Services

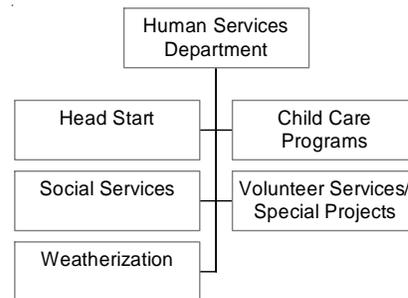
Bernadine Turner, Administrator
 Tommie L. Pruitt, Deputy Administrator
www.chattanooga.gov

Mission:

To improve quality of life by providing a safety net of services for very low income and/or disadvantaged citizens in Hamilton County.

Description:

The Department of Human Services seeks to improve the lives of the lower income or disadvantaged citizens in Hamilton County through a number of programs funded by the federal, state or local governments. These include Social Services, Head Start, Foster Grandparents, and child care. The department also offers emergency assistance to help individuals or families in dire circumstances maintain independent living.



Goals & Objectives:

To promote independent living, offering support and assistance to help the greatest number of residents maintain their autonomy.

- ❶ *Maintain the Foster Grandparents program to enable eligible older adults to help special needs children within their community, while strengthening their bond to the neighborhood.*
- ❷ *Offer emergency assistance including food vouchers, clothing, and rent or utility funds to prevent eviction or service interruption.*
- ❸ *Within the reach of Hamilton County, make certain that no one perishes because they lacked the resources to provide for the most basic human needs.*
- ❹ *Increase the availability of decent and affordable shelter through the Low Income Home Energy Assistance Program (LIHEAP), Weatherization, Mortgage Assistance, Rental Assistance and Reverse Mortgage counseling.*
- ❺ *Reduce foreclosures, evictions and utility cutoffs within the very low income population.*
- ❻ *Offer numerous channels to reduce hunger and improve nutrition.*

Provide early education for low income children through Head Start and Early Head Start.

- ❶ *Seek constant improvement in each child's skill attainment level, tracked in a Child Portfolio, as a gauge of school readiness.*
- ❷ *Increase the numbers of children in Early Head Start.*
- ❸ *Increase childhood immunizations.*

Performance Measures

	Actual FY 05/06	Goal FY 06/07	Actual FY 06/07	Goal FY 07/08
Number of foster grandparents	115	95	113	95
Gas, electric, water shutoffs prevented	2,241	2,250	2,176	2,100
Homeless preventions	1,442	1,200	838	750
Participants in food distribution program	5,944	3,500	5,963	5,000
Dwelling units weatherized	92	72	88	75
Headstart funded enrollment	627	622	622	622
Early Headstart funded enrollment	147	146	146	146
Children immunized	877	880	865	873
Parents in adult ed/GED training	168	250	166	168

Department of Human Services

Bernadine Turner, Administrator
Tommie L. Pruitt, Deputy Administrator

www.chattanooga.gov

Department Summary				
	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Head Start	8,855,410	9,140,187	8,721,814	8,696,162
Day Care	708,589	846,308	843,448	843,448
Weatherization	235,318	366,290	340,840	378,750
Foster Grandparents	474,327	493,002	504,780	462,384
LIEAP	1,198,890	1,464,389	1,058,770	2,101,908
CSBG	774,438	708,544	729,411	774,129
Occupancy Grant	180,875	70	-	-
Human Services Programs	891,700	634,540	214,935	105,435
City General Relief	74,402	72,167	72,868	72,868
Total Expenditures	13,393,949	13,725,497	12,486,866	13,435,084
Per Capita	\$ 86.25	\$ 88.64	\$ 80.68	\$ 86.57
Authorized Positions	307	322	294	284

Resources				
	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	7,364,737	7,517,675	6,867,776	7,518,273
Overtime	80,328	48,450	39,958	51,650
Operating	5,948,884	6,159,372	5,579,132	5,865,161
Revenue	13,371,549	13,452,789	12,486,866	13,435,084
Total Expenditures	13,393,949	13,725,497	12,486,866	13,435,084

Note: After publication of this document, updated population figures were released by the Census Bureau changing Chattanooga's population estimates by 8.4% from 155,190 to 168,293. See November 7, 2007 press release - "Mayor's Census Challenge Results in 8.4% Increase in Population Estimate" on www.chattanooga.gov for more information.

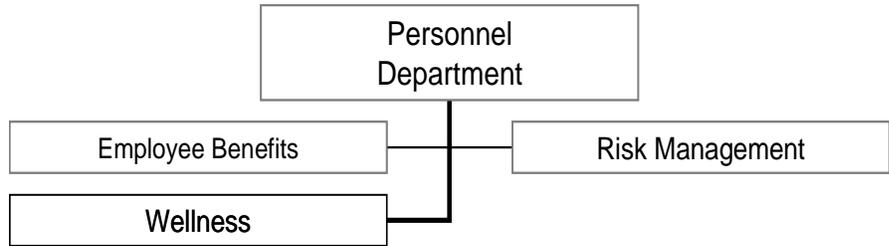


Department of Personnel

Donna Kelley, Administrator
 Susan Dubose, Deputy Administrator
www.chattanooga.gov

Mission:

Recruit and retain a qualified and diverse workforce to serve our citizens in compliance with federal, state, and local laws.



Description:

Personnel works with each department to develop specific standards for the recruitment and hiring of a qualified, diverse workforce, and to help identify those employees who should be considered for promotion. The department also assesses job classifications, compensation and benefits, and offers employee training and skill development. In addition, Personnel maintains a competitive and quality medical program as well as two on-site medical clinics dedicated to employee wellness. The department also offers an Employee Assistance Program for confidential counseling service. All safety issues and on-the-job injuries are addressed through Risk Management.

Goals & Objectives:

Recruit a highly qualified workforce

- ① Determine the percentage of applicants that are qualified/well qualified.
- ② Reduce to zero the number of positions posted for which no qualified candidates apply.
- ③ Determine and reduce the number of declined job offers.

Recruit and retain a diversified workforce that reflects a representation of the local workforce.

- ① Recruit individuals that are representative of local demographics.
- ② Seek diversity across all strata of pay and position.
- ③ Retain a well qualified, diverse workforce.

Retain a well-qualified and experienced workforce.

- ① Reduce turnover of the most successful employees, and make a concerted effort to retain those that have been highly qualified and productive.
- ② Use strategic initiatives to implement a wellness program that promotes and increases the good health of City employees as a means of maintaining a productive and effective workforce at reduced cost.

Ensure compliance with all federal, state, and City regulations and practices in all personnel circumstances.

Performance Measures

	Actual FY 05/06	Goal FY 06/07	Actual FY 06/07	Goal FY 07/08
% Applicants qualified/well qualified	56%	50%	66%	50%
Positions where qualified candidate found	100%	100%	100%	100%
Declined job offers	30	<30	17	<30
Turnover rate	7.7%	<10%	8.1%	<10%
Number of promotions	75	100	88	100
Compliance with law	100%	100%	100%	100%
Applicant Diversity-Overall (+/-3%)	88.40%	85%	88.75%	85%
Applicant Diversity-Minorities (+/-3%)	96.88%	90%	95.31%	90%

Department of Personnel

Donna Kelley, Administrator

Susan Dubose, Deputy Administrator

www.chattanooga.gov

Departmental Summary

	Actual FY04/05	Actual FY 05/06	Budget FY06/07	Budget FY07/08
Administration	\$ 926,164	\$ 1,210,463	\$ 1,027,917	\$ 1,257,150
Physical Exams	107,129	108,590	10,000	10,000
Wellness	356,941	261,640	108,926	-
Employee Insurance Office	267,662	343,797	419,188	495,915
Employee Insurance Program	3,820,405	4,114,148	4,494,044	4,992,044
Job Injury Administration	74,880	74,980	78,600	78,600
Total Expenditures	\$ 5,553,181	\$ 6,113,618	\$ 6,138,675	\$ 6,833,709
Per Capita	\$ 35.76	\$ 39.48	\$ 39.67	\$ 44.03
Positions Authorized	20	19	21	21

Resources

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	\$ 1,018,181	\$ 1,063,243	\$ 1,148,776	\$ 1,174,510
Overtime	-	-	-	-
Operating	4,535,001	5,050,375	4,989,899	5,659,199
Revenue	-	-	-	-

Note: After publication of this document, updated population figures were released by the Census Bureau changing Chattanooga's population estimates by 8.4% from 155,190 to 168,293. See November 7, 2007 press release - "Mayor's Census Challenge Results in 8.4% Increase in Population Estimate" on www.chattanooga.gov for more information.



Mission:

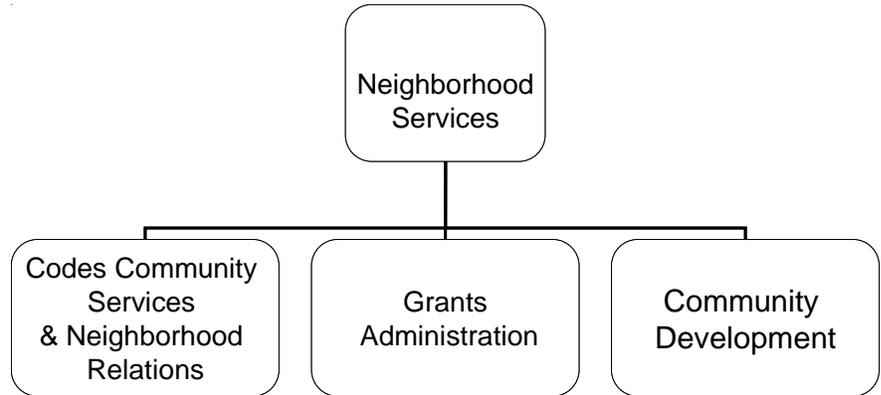
Make all Chattanooga neighborhoods a choice for people to live and invest in through the elimination of blight, code enforcement and individual participation and expended civic engagement.

Description:

The department of Neighborhood Services is comprised of four divisions: Administration; Codes and Community Services & Neighborhood Relations, Community Development, and Grants Administration.

The Codes and Community Services division is the agency which has the responsibility of enforcing the City's minimum housing, anti-litter, overgrowth and inoperable vehicle codes. They also share responsibility for overseeing proper brush and trash and garbage set out regulations along with the spot blight acquisition code.

The Neighborhood Relations division works hand in hand with Chattanooga's neighborhood associations to identify and resolve specific community problems.



Goals and Objectives:

To empower the community to use the tools of code enforcement and citizen participation to guarantee that every neighborhood throughout Chattanooga offers a pleasant and peaceful environment and makes an appealing choice for residents.

Increase the investment in housing in every neighborhood in the City annually.

- ① To provide all neighborhoods the tools to make their community one that offers the real expectation of a sound investment and an appealing home.
- ② To increase housing investment in every neighborhood annually.
- ③ Increase owner-occupied homes in every neighborhood.
- ④ Increase commercial investment in neighborhoods zoned commercial and manufacturing.

Elimination of blight in Chattanooga

- ① Reduce abandoned vacant land
- ② Increase compliance by 5 - 10% annually

Performance Measures	Actual FY06	Goal FY07	Actual FY07	Goal FY08
Abandoned vehicle CSRs dosed on time	98%	95%	93%	95%
Housing CSRs dosed on time	96%	95%	97%	95%
Illegal dumping CSRs dosed on time	94%	95%	83%	95%
Litter CSRs dosed on time	98%	95%	95%	95%
Vacant lot overgrowth CSRs dosed on time	98%	95%	94%	95%
Non-vac overgrowth CSRs dosed on time	97%	95%	97%	95%

Department of Neighborhood Services

Beverly P. Johnson, Administrator

Anthony Sammons, Deputy Administrator

www.chattanooga.gov/neighserv/

Department Summary

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Administration	\$ 362,786	\$ 328,316	\$ 460,021	\$ 519,694
Grants Administration	-	104,431	119,382	78,058
Codes & Community Svc	802,502	728,192	1,175,169	1,332,229
Neighbor Relations & Grants	462,755	462,755	86,800	86,800
Animal Services	1,008,861	0	0	0
Community Development	0	5,003,906	4,672,152	5,096,941
Total	\$ 2,636,904	\$ 6,627,600	\$ 6,513,524	\$ 7,113,722
Per Capita	\$ 16.98	\$ 42.80	\$ 42.09	\$ 45.84
Positions Authorized	37	36	36	36

Resources

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	\$ 1,472,430	\$ 1,502,622	\$ 1,717,768	\$ 1,809,503
Overtime	9,720	2,512	8,500	8,500
Operating	1,154,754	5,122,466	4,787,256	5,295,719
Revenue	-	4,485,829	4,672,152	5,096,941

Note: After publication of this document, updated population figures were released by the Census Bureau changing Chattanooga's population estimates by 8.4% from 155,190 to 168,293. See November 7, 2007 press release - "Mayor's Census Challenge Results in 8.4% Increase in Population Estimate" on www.chattanooga.gov for more information.



Department of Executive Branch

Ron Littlefield, Mayor
L. Dan Johnson, Chief of Staff
www.chattanooga.gov

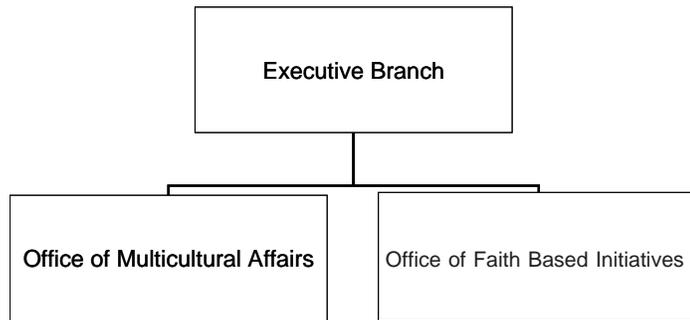
Mission:

To provide executive leadership for City government and enhance the City's capability to meet the needs of citizens by facilitating the effective, efficient and innovative application of information and resources.

Description:

The Executive Branch is comprised of the Mayor's Office, Office of Multicultural Affairs, and Office of Faith Based Initiatives. The Mayor is elected-at-large for a four year term. He serves as the chief executive officer and oversees the operations of all city departments. The Mayor sets administrative procedures and provides direction and leadership in carrying out the wishes of the citizens in matters of government operations.

The Office of Multicultural Affairs (OMA) is responsible for reviewing, implementing, and monitoring public policy that affects the disadvantaged cultural communities in Chattanooga. The Office of Faith Based Initiatives is designed to develop partnerships and resources that would empower efficient models of government with business and faith-based cooperation. The Great Ideas Competition is a scholarship based program initiated by Mayor Littlefield to reward high school juniors and seniors for their innovative ideas.



Goals & Objectives:

Office of Multicultural Affairs

Eliminate discrimination in all its forms.

- ① Track hotline complains of discrimination and report to board.
- ② Work with other agencies (i.e., UD, THRC, EEOC) to ensure City compliance.
- ③ Act as resource to City of Chattanooga Departments to ensure compliance with non-discrimination policies at the Federal, State and Local level.

Create a climate for equity and equal opportunity.

- ① Organize committees and task forces to educate the community.

Promote cross cultural communication

- ① Create collaborative community projects.
- ② Identify and network with culturally diverse organizations and communities.

Open communication between conflicting groups

- ① Conduct research and studies.
- ② Liaison with appropriate advocacy groups to promote diversity principles.

Office of Faith Based Initiatives

Improve social services and their accessibility to all of our citizens

- ① Identify and assist in developing programs to address social issues in our neighborhoods and communities.
- ② Develop or enhance outreach programs that educate and enrich the lives of our youth and senior citizens.

Develop partnerships between government, business and faith-based organizations

- ① Assist social service programs that employ the resources of the faith community.
- ② Provide open communications between government agencies in the area of faith-based concerns.

Prevent and end chronic poverty and homelessness

Department of Executive Branch

Ron Littlefield, Mayor

L. Dan Johnson, Chief of Staff

www.chattanooga.gov

Departmental Summary

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Mayor's Office	792,764	956,316	887,417	938,761
Office of Performance Review	121,244	-	-	-
Office of Capital Planning	137,812	-	-	-
Community & Economic Development	141,930	-	-	-
Grants Administration	146,747	-	-	-
Human Rights & Relations	18,180	-	-	-
Office of Faith Based Initiatives	-	68,371	283,005	329,074
Great Ideas Competition	-	-	60,000	60,000
Office of Multicultural Affairs	-	70,069	750,676	459,296
Office of Asset Management	-	109,079	-	-
Total Expenditures	1,358,677	1,203,835	1,981,098	1,787,131
Per Capita	\$ 8.75	\$ 7.77	\$ 12.80	\$ 11.52
Positions Authorized	23	11	15	16

Resources

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	1,145,273	978,551	1,145,513	1,295,922
Overtime	-	167	-	-
Operating	213,404	225,116	835,585	491,209
Revenue	-	-	-	-

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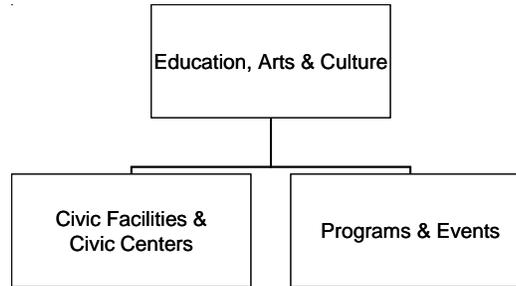


Education, Arts & Culture

Missy Crutchfield, Administrator
David Johnson, Jr., Deputy Administrator

Mission:

To expand, enhance and increase awareness and opportunities related to education, arts and culture; to provide safe, attractive and accessible public venues that invite both active participation and passive enjoyment of entertainment, cultural, and educational programs; and to take a leadership role in coordinating Chattanooga's public, private and non-profit agencies to advance public art, foster the visual and performing arts, and support educational enrichment for all citizens.



Goals & Objectives:

To maximize usage of all City of Chattanooga venues and facilities, and identify new sources of funding.

- ❶ Increase usage days and attendance by 10% in the coming year.
- ❷ Identify opportunities for new education, arts and cultural programs by actively seeking sponsorships, partnerships and grants.
- ❸ Promote film production through the newly created Chattanooga Film Commission.
- ❹ Cultivate new partnerships with all public and private educational institutions and organizations.
- ❺ Strengthen and develop effective community programming through collaboration with the Department of Parks & Recreation.

To expand education, arts and cultural opportunities for underserved segments of the community.

- ❶ Increase and develop networking and programming opportunities between education, arts and cultural groups and area churches.
- ❷ Expand programming that addresses diversity issues, social issues and community concerns.
- ❸ Launch a capital campaign for renovation of the Community Theatre at Memorial Auditorium and establish it as an arts incubator for youth at risk, offering education, arts and cultural programs, workshops, performances and mentoring.
- ❹ Continue to work with area social service agencies to expand access to education, arts and cultural programs for their clients.

To enhance the visibility of the arts in Chattanooga.

- ❶ Maintain the integrity and historic preservation of the City of Chattanooga civic facilities.
- ❷ Collaborate with local education, arts and cultural groups to promote growth of special events and on-going programs at City of Chattanooga public sites.
- ❸ Use City of Chattanooga civic facilities, civic centers, recreation facilities, and outdoor sites for Education, Arts & Culture events and programs.
- ❹ Identify opportunities for partnerships with all print, broadcast and on-line media to create new outlets for education, arts and cultural information.

Description:

Education, Arts and Culture provides a wide variety of activities throughout the city through its civic facilities. The department consists of two major Civic Facilities and three Civic Centers. Civic Facilities manage, maintain and promote the use of the Memorial Auditorium and Tivoli Theatre. These facilities offer a gathering place for all citizens to enjoy the arts, special events, as well as regular programming for the public. They also host a wide variety of programming for school groups and young children. The Civic Centers promote the arts with programs that include art, craft, and music classes at Eastgate Senior Activity Center, Heritage House, and North River Civic Center. In addition to programs and information, publications are released to further enhance the awareness of the arts.

Performance Measures	Actual FY06	Goal FY07	Actual FY07	Goal FY08
Civic Facilities - Attendance	235,000	260,000	278,604	280,000
Civic Facilities - # of Events	451	495	421	495
North River Civic Center - Attendance	14,000	15,000	17,668	18,000

Education, Arts & Culture

Missy Crutchfield, Administrator

David Johnson, Deputy Administrator

Department Summary

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Administration	\$ -	\$ 226,999	\$ 327,461	\$ 407,878
Civic Facilities	0	1,348,770	1,509,831	1,584,854
Arts & Culture	0	85,076	367,325	374,714
Total Expenditures	\$ -	\$ 1,660,845	\$ 2,204,617	\$ 2,367,446
Per Capita	\$ -	\$ 10.73	\$ 14.25	\$ 15.26
Positions Authorized	0	24	26	26

Resources

	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08
Personnel	\$ -	\$ 911,093	\$ 1,246,985	\$ 1,378,415
Overtime	0	45,317	34,225	45,996
Operating	0	704,435	923,407	943,035
Revenue	0	750,030	625,250	752,500

Note: Due to reorganization in FY06, this department was created. The majority of the budget is the transfer of civic facilities from the department of Parks & Recreation.

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Debt Service Fund

The Debt Service Fund was established to account for all principal and interest payments on the City's long-term debt. This fund is accounted for using the modified accrual method of accounting. The long-term debt is composed of City of Chattanooga General Obligation Bonds, Notes Payable, and Capital Leases. A majority of the outstanding debt is general obligation bonds. The debt can be either Direct Indebtedness, in which case an operating transfer is made from the General Fund for the maturity payments, or it can be an Indirect Indebtedness, with the supporting fund transferring funds for the maturities. The following chart shows the history of the City's debt over the past six years and the relationship between Direct and Indirect Indebtedness.

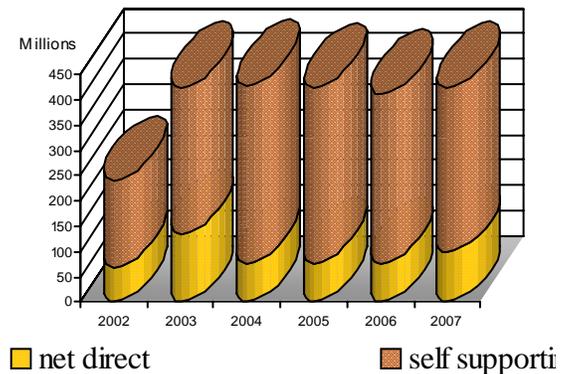
Gross outstanding indebtedness as of June 30, 2007 is \$ 431,701,818. This amount includes a 30-year capital lease of \$113,738,737 with final payment due on October 1, 2030 and 5-year capital lease of \$3,800,000 (balance on June 30, 2007 is \$1,775,158) with final payment due on July 1, 2009. Total authorized unissued debt at June 30, 2007 consist of 2003 TMBF Loan of \$438,095 and 2004 TMBF Loan of \$4,732,483.

The City government is authorized by the City Charter to issue bonds. Title 6, Chapter V, Article I, Section 6.107 of the Charter creates this authority and at the same time creates a debt limit.

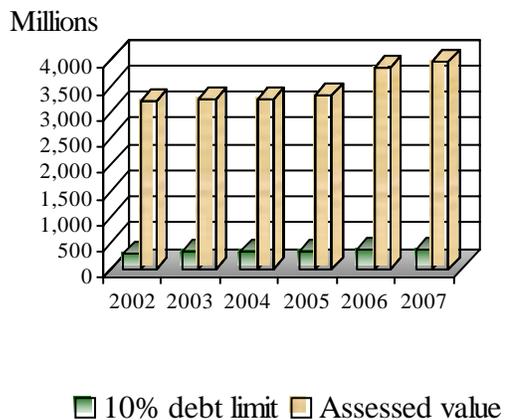
Sec.6.107. General Debt Limit. Hereafter no bonds shall be issued by the City of Chattanooga in such an aggregate amount as will create or increase the total bonded indebtedness of said City more than ten percent (10%) of the assessed valuation for the preceding year of all taxable property in said City.

The chart to your right shows the debt limit for the past six years, based upon the assessed property valuation for the same period of time. After viewing the debt limits imposed by the City Charter when considering the assessed property valuation, the next chart presented compares the Net Direct Indebtedness with the 10% Debt Limit.

**Outstanding Debt
Fiscal Year 2002 thru 2007**

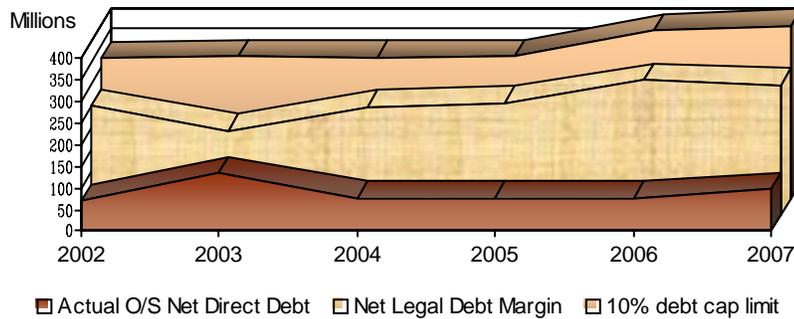


**General Obligation Debt Limit
Fiscal Year 2002 thru 2007**



The Net Direct Indebtedness is the Gross Indebtedness less the Self-Supporting Indebtedness and the Debt Service Fund Balance for each year. As is evidenced by the following chart, the City's Net Legal Debt Margin is very favorable.

**Actual Outstanding Debt vs Debt Limit
Fiscal Year 2002 thru 2007**



In October 2000, the City entered into a 30-year noncancelable capital lease agreement with the Chattanooga Downtown Redevelopment Corporation (CDRC), formerly the Southside Redevelopment Corporation, for the purpose of financing the cost of designing, acquiring, constructing and equipping four (4) facilities in the Tourist Development Zone comprising of more than 631,210 sq. ft. at a cost of over \$120M. The lease provides for semi-annual payments in amounts sufficient to meet the annual debt service requirements on \$129M in revenue bonds issued by the Industrial Development Board (IDB) of the City of Chattanooga on behalf of the CDRC, a non-profit corporation. IDB bonds are secured by payments to be made by the CDRC. The lease payments are funded by the city's share from the 1/2% increase in the county-wide sales tax passed by the county-wide referendum (see page 151 for more details), income from The Chattanooga, state incremental sales tax generated in the Tourist Development Zone and interest income from a debt service fund in excess of \$9M included as part of the bond issue. The City's obligation under the capital lease is estimated at \$113,738,737 at June 30, 2007. The debt service reserve fund held by the fiscal agent at June 30, 2007 amounts to \$9,826,139. The fiscal agent is required by the agreement to apply any interest on the debt service reserve fund toward the lease payments. The debt service reserve fund will be used to retire debt near the end of the lease. Beginning in FY2003, this long-term lease agreement is reported as an obligation from the City resulting in a high increase in the gross outstanding debt.

In order to take advantage of declining interest rates in 2002, the City issued \$58,130,000 General Obligation Refunding Bonds and \$38,290,000 Series A Refunding Bonds. These bonds refunded certain outstanding issues in FY02. That same year, the City also issued \$54,990,000 Hotel-Motel Tax Revenue Pledge Bonds for the 21st Century Waterfront Plan which is for the improvement in the downtown and riverfront area to encourage tourism and enhance the quality of life in Chattanooga.

In FY03, the City issued \$12,190,000 General Obligation Bonds and \$13,175,000 Sewer Refunding Bonds. The City also entered into a loan agreement with the State of TN Department of Environment and Conservation for an amount up to \$37,321,000 from the State Revolving Loan Fund. This loan is for sewer projects related to upgrades & expansion of the Moccasin Bend Waste Water Treatment Plant. Loan funds are drawn as needed. The loan has an interest rate of 2.98% with repayment over 20 years.

In FY04, the City entered into an agreement with the Tennessee Municipal Bond Fund for a variable rate loan not to exceed \$6,000,000. This debt is to partially fund certain projects in the FY02 Capital Budget. The City also increased the State Revolving Loan Fund debt by \$3.4M increasing the total loan amount from \$37,321,000

up to \$40,721,000. Pursuant to a loan agreement with Fannie Mae American Communities Fund, the City is authorized to incur indebtedness up to \$5,000,000 to finance the cost of infrastructure relative to the Alton Park Hope VI grant as part of the City's match. The source of funds for repaying the loan shall be program income generated by Chattanooga Neighborhood Enterprise (CNE) from the use of funds obtained through Community Development Block Grant (CDBG) activities. In the event program income is insufficient to pay the loan, the City pledges to pay the same from available appropriations or reserves. The loan is structured on a ten-year amortization schedule with the possibility of an earlier lump-sum payment. Funds will be drawn as needed and as of June 30, 2007 the City had drawn down \$2,752,555. A five year Capital Lease Agreement for \$3.8M was entered into by the city for the 800 MHz Communication System. Lease payments will be funded by the Hamilton County Emergency Communication District (911) subject to availability of funds, pursuant to an interlocal agreement between the City, Hamilton County and 911.

In 2004 the CDRC entered into a swaption contract to provide an upfront payment of \$3,088,000 based on a notional amount of \$59,655,000. As a synthetic refunding of its 2000 bonds, this payment represents the risk-adjusted, present-value savings of a refunding in October 2010 without issuing refunding bonds currently. The counterparty has the option to exercise the agreement on October 1, 2010. The fixed rate swap (5.45%) was set at a rate that, when added to an assumption for remarketing and liquidity costs, will approximate the coupons of the "refunded" bonds. The swap's variable payment would be based on the Bond Market Association Municipal Swap Index. At June 30, 2007, the swap had a negative fair value of \$4,699,920.

In FY05, the City issued \$51,375,000 General Obligation Refunding Bonds Series 2005A. These bonds refunded portions of outstanding issues of 2001 General Obligation, 2002 Hotel-Motel Tax, 1998 Sewer, Storm Water and Solid Waste General Obligation and 2001 Storm Water and Solid Waste General Obligation bonds. In December 2004, the City received approval to enter into an agreement with the Public Building Authority of Clarksville, Tennessee (PBACC) from the Tennessee Municipal Bond Fund Series 2004 for an amount not to exceed \$25,000,000 including originating cost of the loan used to fund the Fiscal Year 2004 and 2005 Capital Projects. As of June 30, 2007, \$18,185,517 had been issued out of the total \$24,838,671 estimated projects cost.

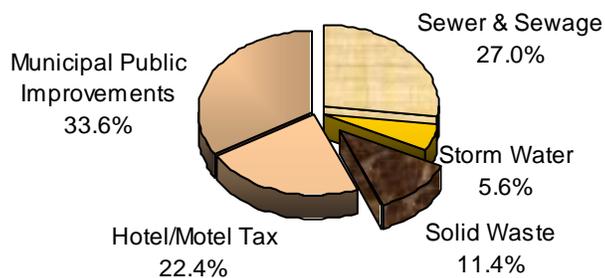
In FY07, the City issued \$26,400,000 General Obligation Bonds, Series 2006A. These bonds were issued to support the FY06 & FY07 capital improvement budgets of which \$5.7M for SolidWaste or landfill improvements and \$20.4M general government capital improvement including \$2M as a portion of the costs of a public building housing an animal shelter to be owned by the City and operated by the Animal Care Trust, a Tennessee not-for profit institution operating under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The City also issued \$56,110,000 Lease Rental Revenue Refunding Bonds, Series 2007. The proceeds of the Series 2007 Bonds are to be used to (i) advance refund \$55,340,000 in aggregate principal amount outstanding of certain of the Prior Bonds (Series 2000), and (ii) pay the costs of issuing the Series 2007 Bonds. The proceeds of the Series 2007A Bonds (\$17,750,000) were issued to provide the funds to advance refund certain outstanding maturities of the General Obligation Bonds, Series 2001 totaling \$17,715,000.

The \$431,701,818 Gross Outstanding Indebtedness of the City of Chattanooga as of June 30, 2007 reflects the financing decisions being made by the City to meet its long-term goals.

As this chart point out, the City is concentrating on Sewers and Municipal Public Improvements Bonds to satisfy the needs generated by these goals. All of the Sewer portion of the debt and 66.4% of the debt for Municipal Public Improvements is self supported debt.

General Obligation Bonds by Purpose

Fiscal Year 2007



The City is in an excellent position to issue additional debt if required for future projects. The operating transfer from the General Fund to pay the non-supported portion of the debt has remained fairly constant for the past five years, as reflected in the following chart.

In FY 2004, the General Fund appropriated \$7,636,840. This increase from FY03 reflected the new \$12.2 million G.O. Bonds issued that same year.

In FY 2005, the General Fund appropriated \$8,772,293. This increase from FY04 covered additional debt from FY04 that will be paid in FY05.

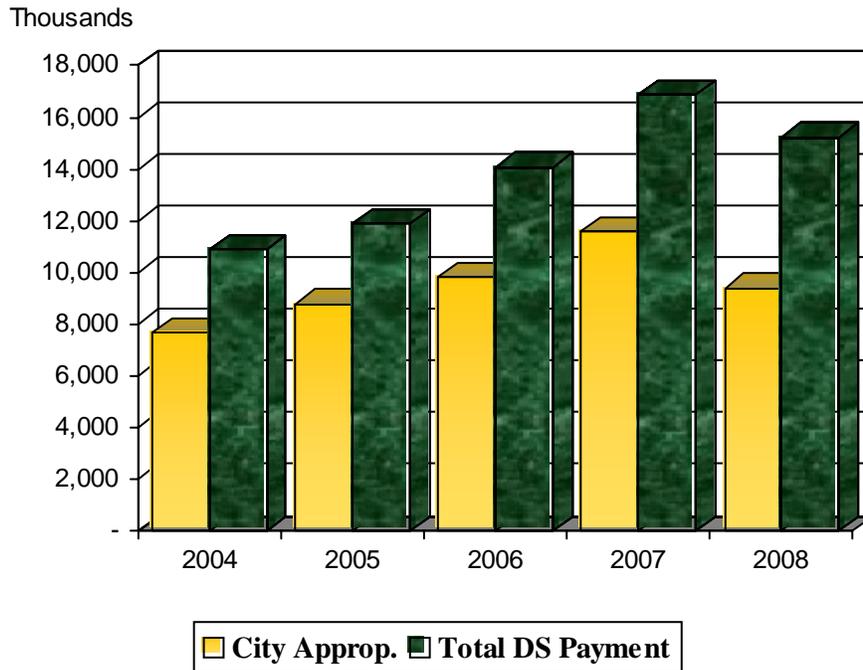
In FY 2006, the General Fund appropriated \$9,801,307. This increase from FY05 covered additional funds withdrawn from authorized bonds and loans in FY05 and paid in FY06.

In FY 2007, the General Fund appropriated \$11,567,051. This increase from FY06 reflects an anticipated debt issue of \$30M to cover FY06 and FY07 capital project expenditures.

In FY 2008, the General Fund will appropriate \$9,392,174. This decrease from FY07 is due to the effect of 2007A Refunding, debt retirements and the planned use of \$567,100 from the Debt Service fund balance.

General Fund Debt Service Appropriation

Fiscal Years 2004 thru 2008



Overlapping Debt

In addition to the City, the County has the power to issue debt and to levy taxes or cause taxes to be levied on taxable property in the City. As of June 30, 2007, the County had gross outstanding general obligation bonded debt of \$107,730,000 and net indebtedness of \$106,115,034. The percentage of County net indebtedness applicable to the City is 61.18% or \$89,393,466. Also included in this section on Debt Service are schedules on Debt Ratios as of June 30, 2007, Historical Debt Ratios, and an analysis of General Obligation Debt as of June 30, 2007.

Outstanding General Obligation Debt

General Obligation Bonds by Purpose		
Municipal Public Improvement ⁽¹⁾	177,464,301	
Sewer and Sewage Facilities	<u>65,515,699</u>	
Total Bonded Indebtedness		242,980,000
Other Long-Term Indebtedness		
Chatt. Downtown Redev. Capital Lease	113,738,737	
Fannie Mae American Communities Fund (Hope VI)	2,752,555	
800 MHz Equipment Capital Lease	1,775,158	
General Obligation Capital Outlay Notes	<u>70,455,368</u>	
Total Long-Term Indebtedness		<u>188,721,818</u>
Gross Direct Indebtedness		431,701,818
Less: Self-Supporting Indebtedness		
Sewer and Sewage Facilities Bonds ⁽²⁾	65,515,699	
State Revolving Loan-CSO (ISS portion) ⁽³⁾	38,423,130	
State of GA Revolving Loan (ISS portion) ⁽⁴⁾	5,032,521	
Cap Lease City of Collegedale (ISS)	193,543	
Chatt. Downtown Redev. Capital Lease ⁽⁵⁾	113,738,737	
State Revolving Loan-CSO (StormWater portion) ⁽³⁾	996,463	
Tennessee Municipal Bond Notes (SoWa) ⁽⁶⁾	970,000	
Municipal Public Improvement Bonds(StWa&SoWa) ⁽⁶⁾	41,365,585	
800 MHz Equipment Capital Lease	1,775,158	
Hotel/Motel Tax Revenue Pledge	54,434,830	
Fannie Mae Loan (CDBG)	2,752,555	
Total Self Supporting Indebtedness		325,198,221
Debt Service Fund ⁽⁷⁾		<u>8,871,564</u>
Net Direct Indebtedness		97,632,033
Plus: Estimated Net Overlapping Indebtedness		<u>89,393,466</u>
Net Direct and Net Overlapping Indebtedness		<u>187,025,499</u>

- Note:**
- (1) \$170,000 is payable from the hotel-motel tax collected by Hamilton County for such purpose,
 - (2) Sewer and Sewage Facilities Bonds have the pledge of unlimited ad valorem taxes on all taxable property in the City for their repayment. However, such bonds have been paid by the City from revenues derived from the operation of the City's Interceptor Sewer System.
 - (3) This amount represents 100 percent of the outstanding balance on a State revolving loan, which will be paid by the City from revenues derived from the operations of the City's Interceptor Sewer System and from the operations of the Storm Water fund.
 - (4) The City of Chattanooga is the lead agent on the State of Georgia Revolving Loan; however, the debt is to be repaid by participating North Georgia municipalities.
 - (5) Funding will be paid by revenues from incremental State sales tax, profits from the Chattanooga center, and the city's Share of the 1/2% increase in the county-wide sales tax passed by county-wide referendum held in February 2004. This increase replaced the 1/2% city-only sales tax effective July 1, 2004.
 - (6) \$41,365,585 represents the outstanding balance of 1998 through 2007 Municipal Public Improvement Bonds of which \$13,656,575 is related to Storm Water and \$27,709,013 is related to Solid Waste, which will be paid by the city from the revenue derived from the operations of these funds. \$430,000 & \$540,000 from the 2003 and 2004 Tennessee Municipal Bond Fund, respectively.
 - (7) This represents unaudited Fund Balance at June 30, 2007.

Debt Ratios

The following table sets forth certain ratios relating to the City's general obligation indebtedness as of June 30, 2007.

	<u>Amount of Indebtedness</u>	<u>Per Capita</u> ¹	<u>Percentage of Assessed Valuation</u> ²	<u>Percentage of Full Valuation</u> ³
Gross Direct Indebtedness ⁴	\$ 431,701,818	\$ 2,782	10.88%	3.51%
Net Direct Indebtedness ⁴	97,632,033	635	2.48%	0.80%
Gross Direct and Net Overlapping Indebtedness ⁵	512,223,720	3,301	12.91%	4.16%
Net Direct and Net Overlapping Indebtedness ⁵	187,025,499	1,211	4.74%	1.53%
Per Capita Assessed Valuation ¹	\$25,570 *			
Per Capita Full Valuation ¹	\$79,328 *			

*Based on 2007 population estimate.

- Notes:
- (1) The City's population in 2007 was estimated at 155,190
 - (2) The City's preliminary assessed valuation of taxable property as of June 30, 2007 was \$3,968,157,371.
 - (3) The City's estimated full valuation of taxable property as of June 30, 2007 was \$12,310,849,619.
 - (4) See "Historical Debt Ratios" under this section.
 - (5) The County's net overlapping indebtedness is \$146,104,704. The City's share is \$89,393,466. (61.1845%).

<u>Ratio</u>	<u>Value</u>
General Fund Balance Requirement	15%
Average Life of Total Debt	≤ 10 Years
Percentage of Principal Paid within 10 Years	≥ 50%
Per Capita Debt/Per Capita Income	≤ 4%
Per Capita Debt/Per capita Assessed Value	≤ 4%
Debt Service/General fund Operation Expense	≤ 10%

As of June 30, 2007, the City had the following other outstanding long-term indebtedness.

	Outstanding Amount	Issue Dated Date	Maturity
State of Tennessee Revolving Loan	1,992,930	03/01/1993	02/28/2013
State of Tennessee Revolving Loan 2003	37,426,666	02/03/2003	10/20/2024
Tennessee Municipal League Bond Pool (1997)	3,364,023	02/01/1997	05/25/2012
State of Georgia Revolving Loan (1)	5,032,521	07/01/2000	10/01/2019
Fire Hall Land Note (2)	28,266	04/01/1999	04/01/2014
Capital Lease City of Collegedale (3)	193,543	10/01/2000	08/01/2014
Chatt. Downtown Redev. Corp. Capital Lease (4)	113,738,737	07/01/2002	10/01/2030
800 MHz Equipment Capital Lease	1,775,158	10/01/2003	07/01/2009
Fannie Mae Notes	2,752,555	03/15/2004	01/01/2015
Tennessee Municipal League Bond Pool (2003)	4,231,905	09/07/2003	05/25/2018
Tennessee Municipal League Bond Pool (2004)	18,185,517	05/20/2005	04/20/2025
Total	<u>\$188,721,821</u>		

- Notes:
- (1) *Loan agreement with the State of Georgia.*
 - (2) *Land purchased for \$45,000 to build a Fire Super Station. Term of Loan - 15 years at 9.5%.*
 - (3) *To lease and purchase an interceptor gravity sewer line, force main, pump station, easements and fee for property associated with purchase*
 - (4) *Construction and purchase of the Conference Center (Chattanooga), Trade Center expansion, Development Resource Center, Parking Garage and associated infrastructure improvements.*

Future Capital Financing

Each year the City develops and formally adopts a long range, five year capital improvement program (CIP). Annually, as part of the CIP process, the City departments are asked to review and prioritize their capital needs for the next five years. The capital projects for the first fiscal year of the five year CIP form the basis of the capital budget for that fiscal year. When the capital budget projects are finalized for the fiscal year, those projects are formally adopted by the City Council. The capital budget is funded each year from a variety of sources including debt proceeds, City appropriations, and Federal and State aid. Since departmental needs often change over time, the CIP is considered preliminary and subject to change until a capital budget is formally adopted by the City Council for a given fiscal year.

Capital Improvement Program					
Fiscal Years 2008 thru 2012					
Department	2008	2009	2010	2011	2012
Public Works (1)	\$13,812,000	\$11,046,500	\$22,477,500	\$18,130,000	\$18,300,000
Police	500,000	688,060	543,060	557,000	264,000
Fire	600,242	815,000	1,225,000	2,268,400	500,000
Parks & Recreation	14,188,000	834,625	1,557,625	2,335,375	1,600,375
Education, Arts & Culture	400,000	245,000	650,000	2,200,000	200,000
Neighborhood Services	-	-	-	-	-
General Services	-	-	-	-	-
General Government	15,659,350	5,000,000	2,500,000	1,785,000	450,000
Finance	-	-	-	-	-
Total	<u>\$45,159,592</u>	<u>\$18,629,185</u>	<u>\$28,953,185</u>	<u>\$27,275,775</u>	<u>\$21,314,375</u>

City of Chattanooga, Tennessee
 General Obligation Self Supporting Bonded Debt Service Requirements
 As of June 30, 2007
 Sewer & Sewage Facilities Bonds
 Municipal Public Improvement Bonds (StormWater and SolidWaste)
 and State Revolving Loan (CSO)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total P & I Requirements</u>
2008	13,162,176.46	6,163,393.53	19,325,569.99
2009	15,159,367.09	5,669,675.76	20,829,042.85
2010	13,311,918.16	5,036,813.03	18,348,731.19
2011	12,613,140.31	4,455,994.93	17,069,135.24
2012	10,758,712.54	3,922,381.07	14,681,093.61
2013	10,999,333.31	3,428,819.36	14,428,152.67
2014	10,041,273.09	2,967,257.50	13,008,530.59
2015	10,289,696.84	2,520,080.83	12,809,777.67
2016	8,638,145.89	2,097,885.74	10,736,031.63
2017	9,026,768.90	1,701,764.55	10,728,533.45
2018	9,430,502.15	1,288,546.05	10,719,048.20
2019	8,224,435.74	897,500.17	9,121,935.91
2020	3,302,398.59	660,210.07	3,962,608.66
2021	3,166,805.18	564,739.04	3,731,544.22
2022	3,264,591.18	455,985.63	3,720,576.81
2023	3,364,584.18	347,580.03	3,712,164.21
2024	3,476,820.18	232,555.35	3,709,375.53
2025	3,089,550.18	115,381.02	3,204,931.20
2026	893,360.18	45,976.61	939,336.79
2027	283,360.18	5,667.20	289,027.38
2028	0.00	0.00	0.00
2029	0.00	0.00	0.00
2030	0.00	0.00	0.00
2031	0.00	0.00	0.00
2032	0.00	0.00	0.00
Total	<u>\$ 152,496,940.33</u>	<u>\$ 42,578,207.45</u>	<u>\$ 195,075,147.78</u>

Does not include CDRC (Southside) Capital Lease of \$113,738,737 which is supported by local-option sales tax. Total authorized unissued debt at June 30, 2007 consist of 2003 TMBF Loan of \$438,095 and 2004 TMBF Loan of \$4,732,483

City of Chattanooga, Tennessee
 General Obligation Debt Service Requirements
 As of June 30, 2007

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	10,656,683.90	14,446,479.68	25,103,163.58
2009	12,235,627.15	14,026,364.60	26,261,991.75
2010	12,670,669.11	13,436,185.38	26,106,854.49
2011	12,372,181.87	12,856,682.80	25,228,864.67
2012	11,524,413.77	12,293,836.07	23,818,249.84
2013	10,963,234.72	11,733,710.55	22,696,945.27
2014	10,967,043.17	11,204,823.94	22,171,867.11
2015	11,546,056.02	10,666,550.77	22,212,606.79
2016	11,934,264.82	10,086,237.48	22,020,502.30
2017	11,628,640.82	9,500,768.38	21,129,409.20
2018	11,854,109.82	8,908,765.68	20,762,875.50
2019	10,928,950.82	8,299,079.25	19,228,030.07
2020	11,363,401.82	7,725,761.54	19,089,163.36
2021	12,062,430.82	7,171,563.36	19,233,994.18
2022	11,209,646.82	6,511,573.56	17,721,220.38
2023	11,857,062.82	5,889,772.17	17,746,834.99
2024	12,542,181.82	5,223,090.58	17,765,272.40
2025	13,260,122.82	4,530,518.48	17,790,641.30
2026	14,030,425.82	3,797,262.39	17,827,688.21
2027	11,944,266.82	3,020,536.80	14,964,803.62
2028	11,606,391.00	2,356,134.00	13,962,525.00
2029	12,360,579.00	1,661,389.00	14,021,968.00
2030	13,171,492.00	911,572.00	14,083,064.00
2031	4,515,000.00	112,875.00	4,627,875.00
Total	\$ 279,204,877.55	\$ 186,371,533.47	\$ 465,576,411.02

Does not include CDRC (Southside) Capital Lease of \$113,738,737 which is supported by local-option sales tax. Total authorized unissued debt at June 30, 2007 consist of 2003 TMBF Loan of \$438,095 and 2004 TMBF Loan of \$4,732,483.

City of Chattanooga, TN
 Analysis of General Obligation Debt
 June 30, 2007

	Outstanding June 30, 2006	Interest Pd FY 2007	Issued FY 2007	Retired FY 2007	Refunded FY 2007	Outstanding 06/30/07	Maturing FY 2008	Interest Payable FY 2008
GOVERNMENTAL ACTIVITIES								
Serial Bonds:								
1998 Public Improvement Refunding	7,209,200	383,463	0	208,800	0	7,000,400	220,000	372
2001 Municipal Public Improvement	17,816,200	890,880	0	1,055,000	14,506,200	2,255,000	1,100,000	112
2002 Municipal Public Refunding	8,748,900	376,485	0	1,868,900	0	6,880,000	640,000	317
2002 Series A Refunding	3,938,308	139,230	0	641,010	0	3,297,298	632,337	113
2002 Hotel-Motel Tax Pledge	49,705,000	2,202,488	0	720,000	0	48,985,000	795,000	2,179
2003 Series A General Obligation	10,570,000	380,676	0	790,000	0	9,780,000	830,000	360
2005A Municipal Public Improvement Refunding	17,222,801	763,336	0	24,409	0	17,198,392	410	763
2005A Hotel-Motel Tax Pledge Refunding	5,469,987	240,853	0	20,157	0	5,449,830	850	240
2006A Municipal Public Improvement	0	310,258	20,732,796	0	0	20,732,796	1,036,640	825
2007A Municipal Public Refunding	0	0	14,520,000	0	0	14,520,000	0	602
Total Serial Bonds	120,680,396	5,687,669	35,252,796	5,328,276	14,506,200	136,098,716	5,255,237	5,889

Notes Payable:

Hamilton Count Parking Garage	60,781	1,975	0	60,781	0	0	0	134
1997 TML Bond Fund	3,935,023	152,055	0	571,000	0	3,364,023	603,000	2
1999 Fire Hall Land Note	31,073	2,832	0	2,807	0	28,266	3,086	188
2003 Fannie Mae	2,473,620	160,064	778,935	500,000	0	2,752,555	500,000	147
2003 TML Bond Fund	1,683,698	100,947	2,468,207	350,000	0	3,801,905	327,760	682
2004 TML Bond Fund	13,045,464	603,422	5,655,053	1,055,000	0	17,045,517	1,057,482	0
2005 Republic Parking Equipment Loan	126,923	1,451	0	126,923	0	0	0	1,155
Total Notes Payable	21,356,582	1,022,746	8,902,195	2,666,511	0	27,592,266	2,491,328	7,401

Capital leases payable:

Southside Capital Lease	115,925,472	7,517,990	0	2,186,735	0	113,738,737	2,326,799	7,376
800 MHz Equipment Capital Lease	2,350,237	33,680	0	575,079	0	1,775,158	583,320	25
Total Capital Leases Payable	118,275,709	7,551,670	0	2,761,814	0	115,513,895	2,910,119	7,401
Total governmental activities	260,312,687	14,262,085	44,154,991	10,756,601	14,506,200	279,204,877	10,656,684	14,446

	Outstanding June 30, 2006	Interest Pd FY 2007	Issued FY 2007	Retired FY 2007	Refunded FY 2007	Outstanding 06/30/07	Maturing FY 2008	Interests Payabl FY 200
BUSINESS TYPE ACTIVITIES:								
Interceptor Sewer System:								
Serial Bonds:								
1998 Sewer & Sewage Facilities	1,375,000	34,398	0	1,375,000	0	0	0	0
1998 Sewer & Sewage Facilities Refunding	13,286,100	679,754	0	816,200	0	12,469,900	860,000	6
2002 Municipal Public Refunding	19,329,152	878,399	0	855,191	0	18,473,961	885,191	8
2002 Series A Refunding	21,036,692	743,707	0	3,423,990	0	17,612,702	3,377,663	6
2003 B Sewer & Sewage Facilities Refunding	6,865,000	211,375	0	2,375,000	0	4,490,000	2,320,000	1
2005A Municipal Public Improvement Refunding	12,469,158	594,095	0	22	0	12,469,136	1,454,220	5
Total serial bonds	74,361,102	3,141,728	0	8,845,403	0	65,515,699	8,897,074	28
Notes payable:								
CSO State Revolving Loan	1,150,184	42,991	0	153,719	0	996,465	159,948	1
State of Georgia Revolving Loan	5,336,989	215,368	0	304,468	0	5,032,521	316,830	1
2003 State Revolving Loan	35,815,503	1,104,559	3,141,076	1,529,913	0	37,426,666	1,614,684	1,0
Total notes payable	42,302,676	1,362,918	3,141,076	1,988,100	0	43,455,652	2,091,462	1,3
Capital leases payable:								
2001 Capital Lease City of Collegedale	214,562	12,634	0	21,019	0	193,543	22,245	
Total capital leases payable	214,562	12,634	0	21,019	0	193,543	22,245	
Total Interceptor Sewer System	116,878,340	4,517,280	3,141,076	10,854,522	0	109,164,894	11,010,781	4,1
Solid Waste & Sanitation Fund:								
Serial Bonds:								
1998 Municipal Public Improvement	760,000	18,941	0	760,000	0	0	0	0
1998 Municipal Public Improvement Refunding	3,686,100	202,736	0	0	0	3,686,100	0	2
2001 Municipal Public Improvement	3,032,600	151,598	0	180,000	2,472,600	380,000	185,000	
2002 Municipal Public Improvement-Refunding	6,774,887	314,363	0	1,074,073	0	5,700,814	5,614	2
2005A Municipal Public Improvement Refunding	9,799,062	457,129	0	4,169	0	9,794,893	800,804	4
2006A Municipal Public Improvement	0	84,807	5,667,204	0	0	5,667,204	283,360	2
2007A Municipal Public Improvement Refunding	0	0	2,480,000	0	0	2,480,000	0	1
Total serial bonds	24,052,649	1,229,573	8,147,204	2,018,242	2,472,600	27,709,011	1,274,778	1,2
Notes payable:								
2003 TML Bond Fund	0	0	430,000	0	0	430,000	33,240	
2004 TML Bond Fund	0	0	540,000	0	0	540,000	25,518	
Total Notes Payable	0	0	970,000	0	0	970,000	58,758	
Total Solid Waste & Sanitation Fund	24,052,649	1,229,573	9,117,204	2,018,242	2,472,600	28,679,011	1,333,536	1,3

City of Chattanooga, TN
 Analysis of General Obligation Debt
 June 30, 2007

	Outstanding June 30, 2006	Interest Pd FY 2007	Issued FY 2007	Retired FY 2007	Refunded FY 2007	Outstanding 06/30/07	Maturing FY 2008	Intere Payab FY 20
Stormwater fund								
Serial Bonds:								
1998 Municipal Public Improvement	565,000	14,162	0	565,000	0	0	0	0
1998 Municipal Public Improvement Refunding	2,528,600	139,073	0	0	0	2,528,600	0	1
2001 Municipal Public Improvement	901,200	45,023	0	50,000	736,200	115,000	55,000	2
2002 Municipal Public Improvement-Refunding	4,997,062	233,278	0	736,836	0	4,260,226	4,195	2
2005A Municipal Public Improvement Refunding	6,003,992	283,168	0	1,243	0	6,002,749	598,716	2
2007A Municipal Public Improvement Refunding	0	0	750,000	0	0	750,000	-	2
Total serial bonds	14,995,854	714,704	750,000	1,353,079	736,200	13,656,575	657,911	€
Notes payable:								
State Revolving Loan	1,150,183	42,992	0	153,718	0	996,465	159,948	
	1,150,183	42,992	0	153,718	0	996,465	159,948	
Total Stormwater Fund	16,146,037	757,696	750,000	1,506,797	736,200	14,653,040	817,859	2
TOTAL GENERAL OBLIGATION DEBT	417,389,715	20,766,633	57,163,271	25,136,162	17,715,000	431,701,822	23,818,860	20.6
PRIMARY GOVERNMENT REVENUE BONDS AND OTHER DEBTS								
Electric Power Board								
Revenue Bonds:								
2000 Electric System Revenue Bonds	32,000,000	309,667	0	1,600,000	22,400,000	8,000,000	1,600,000	3
2006A Electric System Refunding Revenue Bonds	0	481,438	23,430,000	0	0	23,430,000	0	5
2006B Electric System Revenue Bonds	0	867,656	40,000,000	0	0	40,000,000	0	1.7
Total Primary Government Revenue Bonds	32,000,000	1,658,761	63,430,000	1,600,000	22,400,000	71,430,000	1,600,000	3.0
Notes And Loans:								
Feb 05 Equipment Note	607,293	23,599	0	156,049	0	451,244	163,055	
May 05 Equipment Note	444,809	18,230	0	108,584	0	336,225	113,696	
Jun 05 Equipment Note	379,880	15,774	0	92,652	0	287,228	97,073	
Oct 05 Equipment Note	430,889	17,614	0	105,157	0	325,732	110,097	
Dec 05 Equipment Note	754,038	33,207	0	183,155	0	570,883	192,430	
Total Electric Power Board	2,616,909	108,424	0	645,597	0	1,971,312	676,352	
Total Primary Government	34,616,909	1,767,185	63,430,000	2,245,597	22,400,000	73,401,312	2,276,352	3.0

City of Chattanooga, TN
 Analysis of General Obligation Debt
 June 30, 2007

	Outstanding June 30, 2006	Interest Pd FY 2007	Issued FY 2007	Retired FY 2007	Refunded FY 2007	Outstanding 06/30/07	Maturing FY 2008	Intere Payab FY 20
Stormwater fund								
COMPONENT UNITS								
Revenue Bonds:								
Metropolitan Airport Authority:								
2002 Airport Revenue Series A Refunding	12,625,000	669,125	0	0	0	12,625,000	0	669,
2002 Airport Revenue Series B	1,310,000	39,440	0	630,000	0	680,000	675,000	
Total Metropolitan Airport Authority	13,935,000	708,565	0	630,000	0	13,305,000	675,000	669,
Chatt Downtown Redevelopment Corporation:								
2000 Chatt Lease Rental Revenue Bonds	129,200,000	7,134,725	0	2,570,000	55,340,000	71,290,000	2,700,000	3,900,
2007 Chatt Lease Rental Rev Ref Bonds	0	0	56,110,000	0	0	56,110,000	0	2,580,
Total Chatt. Downtown Redev. Corp.	129,200,000	7,134,725	56,110,000	2,570,000	55,340,000	127,400,000	2,700,000	6,480,
Total Component Units	143,135,000	7,843,290	56,110,000	3,200,000	55,340,000	140,705,000	3,375,000	7,150,

History of General Obligation Debt

The following table sets forth all outstanding general obligation bond and note indebtedness of the city at the end of the fiscal years 1999/00 through 2006/07, less applicable exclusions, adjusted to reflect the City's applicable share of County debt.

	2000	2001	2002	2003	2004	2005	2006	2007
General Obligation Bonds by Purpose								
Public Buildings Improvement	\$ 530,000	\$ 265,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer and Sewage Facilities	124,002,403	115,758,219	107,942,691	100,678,646	92,029,992	83,022,016	74,361,102	65,515,699
Municipal Public Improvement	81,887,597	125,716,782	120,057,309	181,276,354	174,535,008	167,682,984	159,728,898	177,464,301
Total Bonded Indebtedness	\$ 206,420,000	\$ 241,740,001	\$ 228,000,000	\$ 281,955,000	\$ 266,565,000	\$ 250,705,000	\$ 234,090,000	\$ 242,980,000
Other Long-Term Indebtedness								
General Obligation Capital Outlay Notes	8,804,735	8,434,926	9,866,532	24,399,322	41,145,146	39,608,208	46,145,255	47,232,935
Tennessee Municipal Bond Fund	8,296,833	7,819,523	6,550,098	5,339,097	6,619,343	19,424,258	18,664,185	25,781,445
Capital Leases	-	448,399	288,204	116,196,668	119,978,775	119,077,117	118,490,272	115,707,439
Gross Direct Indebtedness	\$ 223,521,568	\$ 258,442,849	\$ 244,704,834	\$ 427,890,087	\$ 434,308,264	\$ 428,814,583	\$ 417,389,713	\$ 431,701,819
Less: Self-Supporting Indebtedness	179,866,955	179,059,226	169,016,890	289,509,352	353,562,825	346,612,744	333,128,264	325,198,221
Debt Service Fund	2,671,606	3,971,606	5,497,083	4,988,142	5,222,704	6,471,929	7,139,208	8,871,564
Net Direct Indebtedness	\$ 40,983,007	\$ 75,412,017	\$ 70,190,861	\$ 133,392,593	\$ 75,522,735	\$ 75,729,910	\$ 77,122,241	\$ 97,632,034
Plus: Estimated Net Overlapping Indebtedness	88,150,799	103,117,962	109,591,857	96,147,876	107,821,749	97,486,316	87,645,429	89,393,466
Net Direct and Overlapping Indebtedness	\$ 129,133,806	\$ 178,529,979	\$ 179,782,718	\$ 229,540,469	\$ 183,344,484	\$ 173,216,226	\$ 164,767,669	\$ 187,025,500

Notes:

- (1) As of June 30, 2007 Capital Outlay Notes consist of \$39,419,593 State of Tennessee Revolving Loan for combined sewer overflow facilities; \$5,032,521 State of Georgia Revolving Loan for the Northwest Georgia Sewer Expansion; \$2,752,555 Fannie Mae American Communities Fund for Alton Park Hope VI; and \$28,266 Fire Hall Loan.
- (2) Capital leases as of June 30, 2007 includes the \$193,543 City of Collegedale for Sewer Easement, \$113,738,737 CDRC (Southside) Capital Lease and \$1,775,158 for the 800MHz Communication Equipment.
- (3) In FY03, the \$54,990,000 2002 Hotel/Motel Tax bonds were initially treated as general government supported. In FY04 and forward they are treated as self-supporting debt since there is a dedicated revenue stream to retire the debt.

CITY OF CHATTANOOGA
HISTORICAL DEBT RATIOS
June 30, 2007 (unaudited)

Year ended June 30	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Estimated population(1)	148,800	147,500	145,700	155,554	155,992	155,582	155,289	154,853	154,762	155,190
Appraised property valuation	\$ 7,710,994,825	\$ 7,944,005,472	\$ 7,984,906,874	\$ 8,281,644,305	\$ 9,769,654,070	\$ 9,944,568,067	\$ 10,057,472,717	\$ 10,323,946,674	\$ 11,955,447,979	\$ 12,310,849,619
Assessed property valuation	2,530,009,871	2,604,109,845	2,617,535,875	2,729,199,377	3,201,743,737	3,260,023,356	3,237,183,936	3,319,249,168	3,860,452,959	3,968,157,371
Gross indebtedness (2)	245,731,165	237,505,962	223,521,569	258,442,849	244,704,834	427,890,087	434,306,264	428,814,582	417,388,712	431,701,818
Less: Self-supporting indebtedness(3)	194,393,764	190,087,672	179,866,956	178,059,226	169,036,886	344,499,352	353,562,825	346,612,744	333,128,264	325,198,221
Debt Service Fund	7,126,274	2,586,687	2,671,606	4,163,307	5,497,083	4,988,142	5,222,704	6,471,929	7,138,208	8,871,564
Net direct indebtedness	44,211,127	44,851,603	40,983,007	76,220,316	70,170,865	78,402,593	75,522,735	75,729,909	77,122,240	97,632,033
Plus: Estimated net overlapping indebtedness	99,208,181	98,505,368	88,150,782	103,117,962	109,591,857	96,147,876	107,821,749	97,466,316	87,645,429	89,393,466

Net direct and overlapping indebtedness \$ 143,419,308 \$ 143,356,971 \$ 129,133,789 \$ 179,338,278 \$ 179,762,722 \$ 174,550,469 \$ 183,344,485 \$ 173,216,225 \$ 164,767,668 \$ 187,025,499

Gross debt per capita \$ 1,651.42 \$ 1,610.21 \$ 1,534.12 \$ 1,661.43 \$ 1,568.70 \$ 2,750.25 \$ 2,796.77 \$ 2,769.17 \$ 2,696.98 \$ 2,781.76

Net direct debt per capita 297.12 304.08 281.28 489.99 449.84 503.93 486.34 489.04 498.33 629.11

Net direct and overlapping debt per capita 963.84 971.91 886.30 1,152.90 1,152.38 1,121.92 1,180.67 1,118.58 1,064.65 1,205.14

Gross debt to appraised valuation 3.19% 2.99% 2.80% 3.12% 2.50% 4.30% 4.32% 4.15% 3.49% 3.51%

Net direct debt to appraised valuation 0.57% 0.56% 0.51% 0.92% 0.72% 0.79% 0.75% 0.73% 0.65% 0.79%

Net direct debt and overlapping debt to appraised valuation 1.86% 1.80% 1.62% 2.17% 1.84% 1.76% 1.82% 1.68% 1.38% 1.52%

Gross debt to assessed valuation 9.71% 9.12% 8.54% 9.47% 7.64% 13.13% 13.42% 12.92% 10.81% 10.88%

Net direct debt to assessed valuation 1.75% 1.72% 1.57% 2.79% 2.19% 2.40% 2.33% 2.28% 2.00% 2.46%

Net direct and overlapping debt to assessed valuation 5.67% 5.51% 4.93% 6.57% 5.61% 5.35% 5.66% 5.22% 4.27% 4.71%

(1) Population figures for all years are estimates.

(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, CDRC capital lease, Fannie Mae American Communities fund, 800 MHz Equipment Capital Lease.

Debt Service Fund Revenues

Fiscal Years 2005-2008

Revenue Source	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Debt Service (Fund 3100):							
General Fund	8,772,293	9,801,307	11,567,051	9,392,174	(2,174,877)	(18.80)	61.39
Trfrs-Cap Imp Bond Fd	0	0	0	0	0	0.00	0.00
Trfrs-Safety Cap Project Fd	3,316	3,085	5,639	5,639	0	0.00	0.04
Hamilton County	782,163	762,683	751,683	660,981	(90,702)	(12.07)	4.32
Miscellaneous Revenue	0	81,137	0	0	0	0.00	0.00
911 Communication	200,000	808,759	808,759	808,760	1	0.00	5.29
City Hotel/Motel Tax	2,477,538	2,752,135	3,183,497	3,216,151	32,654	1.03	21.02
CDBG (Fannie Mae Loan)	17,109	595,847	617,731	648,179	30,448	4.93	4.24
Homeland Security Grant	923,688	0	0	0	0	0.00	0.00
Use of Fund Balance		0		567,100	567,100	0.00	3.71
Total Debt Service Fund	\$13,176,107	\$14,804,953	\$16,934,360	\$15,298,984	(1,635,376)	(9.66)	100.00
Grand Total	\$13,176,107	\$14,804,953	\$16,934,360	\$15,298,984	(1,635,376)	(9.66)	100.00

Debt Service Fund Expenditures

Fiscal Years 2005-2008

Expenditures	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Budget FY 07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Debt Service (Fund 3100):							
Principal	5,777,360	7,735,136	9,442,942	8,383,644	(1,059,298)	(11.2)	54.80
Interest	6,118,239	6,329,621	7,421,418	6,845,340	(576,078)	(7.8)	44.74
Service Charges	53,198	72,917	70,000	70,000	0	0.0	0.46
Bond Sale Expenses	0	0	0	0	0	0.0	0.00
Total Debt Service Fund	\$11,948,797	\$14,137,674	\$16,934,360	\$15,298,984	(1,635,376)	(9.7)	100.00
Grand Total	\$11,948,797	\$14,137,674	\$16,934,360	\$15,298,984	(1,635,376)	(9.7)	100.00
Per Capita	76.95	91.30	109.42	98.58			

Capital Project Funds

Fund Structure

The Capital Projects Funds are used for the acquisition and construction of major capital facilities. The basis of budgeting is modified accrual. Included funds are Safety, Public Works, Parks & Recreation, General Government, Finance & Administration, Neighborhood Services and Education, Arts & Culture.

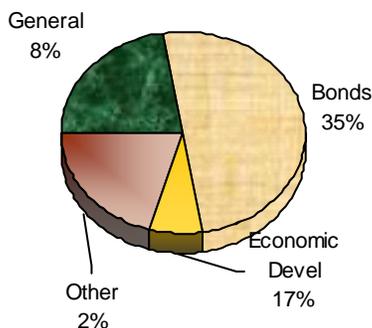
FY 2007 Approved Capital Budget was as follows:

General Government	\$ 7,139,735
Parks & Recreation	4,312,862
Education, Arts & Culture	500,000
Public Works	8,572,173
Police	310,000
Fire	1,692,500
Public Works Solid Waste	6,924,647
Public Works Storm Water	<u>1,565,559</u>
	\$ 31,017,476

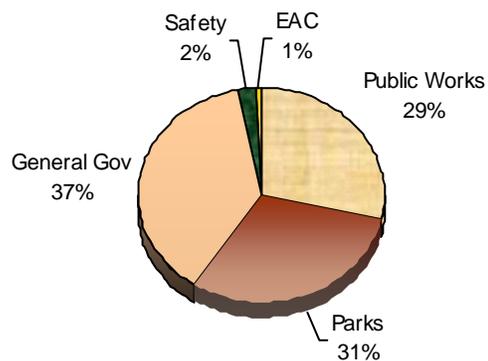
The FY08 Proposed Capital budget request is as follows:

<u>Budget FY2008</u>	
Proposed Revenue FY08	
Bonds	\$ 19,550,000
General Fund	12,058,840
Economic Development	2,845,000
State of Tennessee	930,000
Hotel, Motel tax	625,000
Storm Water Fund Balance	1,675,000
Solid Waste Fund Balance	1,865,000
Other	<u>5,087,214</u>
	\$ 44,636,054
Budget Request FY08	
General Government	\$ 15,135,812
Parks & Recreation	14,188,000
Public Works	10,272,000
Police (Safety)	500,000
Fire (Safety)	600,242
Education, Arts & Culture (Other)	400,000
Public Works Storm Water	1,675,000
Public Works Solid Waste	<u>1,865,000</u>
	\$ 44,636,054

Fiscal Year 2007/2008 \$44,636,054



Revenues



Appropriations

Capital Fund Revenues

Fiscal Years 2005 - 2008

Revenue Source	Actual	Actual	Budget	Budget	BUDGET '08	%	%
	FY 04/05	FY 05/06	FY 06/07	FY 07/08	INC/(DEC)	CHANGE FY 07/08	OF TOTAL
General Fund	3,500,000	0	6,761,735	0	(6,761,735)	-100.0%	0.00%
Fund Balance	0	3,500,000	1,220,550	12,058,840	10,838,290	888.0%	17.54%
State/Federal Grants	5,264,700	3,431,378	1,414,110	1,730,000	315,890	22.3%	100.00%
Economic Development Fund	2,000,000	2,664,000	3,433,192	2,845,000	(588,192)	-17.1%	0.00%
General Obligation Bonds	11,274,010	1,438,791	14,517,097	19,550,000	5,032,903	34.7%	0.00%
GO Bonds for 21st Waterfront	1,500,000	0	0	0	0	N/A	100.00%
Hotel/Motel Tax Collections	3,043,796	0	650,000	625,000	(25,000)	-3.8%	0.00%
Interest Income	0	333,791	0	0	0	N/A	0.00%
Other	1,767,538	3,514,619	3,154,120	7,827,214	4,673,094	148.2%	100.00%
	\$28,350,044	\$14,882,579	\$31,150,804	\$44,636,054	13,485,250	43.3%	100.00%
Grand Total	\$28,350,044	\$14,882,579	\$31,150,804	\$44,636,054	13,485,250	43.3%	100.00%
Annual Budget	\$28,350,044	\$29,979,847	\$31,150,804	\$44,636,054			

Revenues

The City funds its capital program through a variety of sources including current operations and reserves.

The FY2005 Capital Budget totalled \$28,350,044. Funding for the FY 2005 Capital Budget was provided by funds from Foundations and other sources in the amount of \$6,311,334, State of Tennessee and Federal grants of \$5,264,700, General Fund \$3,500,000, Economic Development Fund \$2,000,000 and bond issuance of \$11,274,010.

Funding for the FY 2006 Capital Budget was provided by the General Fund appropriation for Capital Improvements in the amount of \$3,500,000, Economic Development Fund \$2,664,000, General Obligation Bond Fund Loan \$14,615,267, State of Tennessee and Federal grants of \$7,777,920, Interceptor Sewer Fund Balance of \$6,153,000, Storm Water Fund Balance of \$2,100,000 and funds from Foundations and other sources in the amount of \$1,130,313.

Funding for the FY 2007 Capital Budget was provided by the General Fund appropriation for Capital Improvements in the amount of \$6,761,735, General Fund Fund Balance of 1,220,550, Economic Development Fund \$3,433,192, General Obligation Bond Fund \$14,517,097, State of Tennessee and Federal grants of \$1,414,110, Storm Water Fund Balance of \$1,565,559 and funds from Foundations and other sources in the amount of \$2,238,561.

Funding for the FY 2008 proposed Capital Budget is provided by the General Fund Fund Balance of 12,058,840, Economic Development Fund \$2,845,000, General Obligation Bond Fund \$19,550,000, State of Tennessee and Federal grants of \$1,730,000, Storm Water Fund Balance of \$1,675,000, Solid Waste Fund balance \$1,865,000 and funds from Foundations and other sources in the amount of \$4,287,214.

Capital Fund Expenditures

Fiscal Years 2005 - 2008

Expenditures	Actual FY 04/05	Actual FY 05/06	Budget FY 06/07	Proposed Budget FY 07/08	BUDGET '08 INC/(DEC)	% CHANGE FY 07/08	% OF TOTAL
Capital Projects:							
Police (Fund P411)	2,275,630	2,198,052	310,000	500,000	190,000	61.3%	1.12%
Fire (Fund P411)	1,197,832	1,904,765	1,692,500	600,242	(1,092,258)	-64.5%	1.34%
Public Works (Fund P416)	12,665,890	10,445,303	17,062,379	13,812,000	(3,250,379)	-19.0%	30.94%
Parks & Recreation (Fund P415)	3,972,346	2,087,186	4,312,862	14,188,000	9,875,138	229.0%	31.79%
General Government (Fund P413)	6,810,604	4,222,247	7,273,063	15,135,812	7,862,749	108.1%	33.91%
General Services (Fund P414)	40,240	0	0	0	0	N/A	0.00%
Education, Arts & Culture	0	80,193	500,000	400,000	(100,000)	-20.0%	0.90%
Total Capital Projects	\$26,962,542	\$20,937,746	\$31,150,804	\$44,636,054	\$13,485,250	43.3%	100.00%
 Grand Total	 \$26,962,542	 \$20,937,746	 \$31,150,804	 \$44,636,054	 13,485,250	 43.3%	 100.00%
Annual Budget	\$28,350,044	\$29,979,847	\$31,150,804	\$44,636,054			

Expenses

The appropriations to the Capital Improvements Budget are analyzed on a year to year basis. As priorities shift, the Capital Improvements Budget will vary to reflect this. Presented here is a brief overview of each department's appropriation.

PUBLIC WORKS

FY 2008 Proposed Budget	\$13,812,000
% of Total Capital Budget	30.9%
Decrease From FY 2007	\$ 3,250,379
% Decrease	19.1%

POLICE

FY 2008 Proposed Budget	\$ 500,000
% of Total Capital Budget	1.1%
Increase From FY 2007	\$ 190,000
% Increase	61.3%

The Police Department capital appropriation will be used for the digital radios and in car laptops.

The FY 2008 Public Works capital appropriation reflects the City's continuous street paving/street rehab program, streetscape work, various traffic signal projects and replacement of city-wide services equipment accounts, city-wide bridge rehabilitation, storm water projects and City landfill improvements.

FIRE

FY 2008 Proposed Budget	\$ 600,242
% of Total Capital Budget	1.3%
Decrease From FY 2007	\$1,092,258
% Decrease	64.5%

The FY 2008 appropriation for the Fire Department includes new fire apparatus, homeland technical rescue equipment and upgrades of current buildings.

PARKS & RECREATION

FY 2008 Proposed Budget	\$14,188,000
% of Total Capital Budget	31.8%
Increase From FY 2007	\$ 9,875,138
% Increase	229.0%

The FY 2007 Parks & Recreation Department appropriation includes City wide parks rehabilitation, equipment replacement, Recreation Center expansions/upgrades and Zoo improvements.

GENERAL GOVERNMENT

FY 2008 Proposed Budget	\$15,135,812
% of Total Capital Budget	33.9%
Increase From FY 2007	\$ 7,862,749
% Increase	108.1%

The FY 2008 General Government budget includes funding for Chattanooga Area Regional Transit Authority, city wide vehicle replacement, Information Services software upgrades and improvements for the new Enterprise Industrial Park Nature Park.

EDUCATION, ARTS & CULTURE

FY 2008 Proposed Budget	\$ 400,000
% of Total Capital Budget	0.9%
Decrease From FY 2007	\$ 100,000
% Decrease	20.0%

FY 2008 Capital budget is for civic facilities improvements.

Capital Project Detail

General Government

Capital Budget <i>Five Year Plan</i>						
Project Name	Estimated Project Cost by Fiscal Year					
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12
CARTA	375,000	400,000	400,000	400,000	400,000	400,000
City Hall Renovation	400,000	-	-	-	-	-
Information Services	2,640,000	3,533,386	50,000	50,000.00	50,000	50,000
General Services	3,500,000	2,572,426	2,300,000	1,300,000	1,335,000	-
Fleet Services	24,735	155,000	-	-	-	-
Public Art	100,000	-	-	-	-	-
Enterprise Industrial Park	100,000	8,475,000	2,250,000	750,000	-	-
Total General Government	7,139,735	15,135,812	5,000,000	2,500,000	1,785,000	450,000

	Prior Years Appropriations	2007/2008 Budget	Total Project
1. CARTA			
Funding source: Economic Development Fund		\$ 400,000	
Prior Years	\$ 4,985,850		\$ 5,385,850
This appropriation is to help fund the Chattanooga Area Regional Transportation Authority's capital need for new buses, bus shelters, office, radio and fare collection equipment, support vehicles and Incline repair			
Impact on operating budget: None because these are one time funded projects for supported agencies.			
2. City Hall Renovation			
Funding Source: Prior Years	\$ 11,150,000	\$ 0	\$ 11,150,000
This appropriation funds the total renovation of City Hall which was built in 1908.			
Impact on operating budget: The renovation should result in savings in electrical usage, heating/cooling cost, building insurance and potential health cost for employees insurance.			
3. Information Services			
Funding Source: General Fund		\$ 3,533,386	
Prior Years	\$ 1,980,000		\$ 5,513,386
This appropriation funds the upgrade of computer equipment and purchase of new software.			
Impact on operating budget: None.			
4. Surveillance Equipment			
Funding Source: Economic Development Fund	\$ 660,000	\$ 0	\$ 660,000
This appropriation funds the purchase of a surveillance system for the City's riverfront parks.			
Impact on operating budget: None			

Capital Project Detail

	Prior Years Appropriations	2007/2008 Budget	Total Project
5. General Services			
Funding Source: General Fund		\$2,185,454	
Reallocation of Capital Projects		386,972	
Prior Years	\$ 3,500,000		\$ 6,072,426
<p>This appropriation funds the City's vehicle lease program to buy vehicles for all the departments in the city except the fire department.</p> <p>Impact on operating budget: The vehicle replacement program results in lower operating, maintenance, and fuel costs along with a safer fleet operations. Cost savings expected to exceed \$30,000 annually.</p>			
6. Fleet Services			
Funding Source: General Fund		\$ 75,000	
State of Tennessee		80,000	
Prior Years	\$ 121,735		\$ 276,735
<p>This appropriation funds the upgrading of fuel dispensing stations to increase security, obtain accurate fleet information without possibility of operator input errors, and increase accuracy of fleet numbers and departmental accountability.</p> <p>Impact on operating budget: None</p>			
7. Public Art			
Funding Source: Prior Years	\$ 200,000	\$ 0	\$ 200,000
<p>This appropriation funds a program of display of art in public buildings.</p> <p>Impact on operating budget: None.</p>			
8. Enterprise South Industrial Park			
Funding Source: Bonds		\$3,475,000	
Economic Development Funds		750,000	
Hamilton County		2,750,000	
State of Tennessee		1,500,000	
Prior Years	\$ 24,038,000		\$32,513,000
<p>This appropriation funds additional infrastructure improvements for the new Enterprise South Industrial Park formerly the Volunteer Army Ammunition Plant.</p> <p>Impact on operating budget: None.</p>			

Capital Project Detail

Police

Capital Budget Five Year Plan						
Project Name	Estimated Project Cost by Fiscal Year					
	FY 2006/2007	FY 2007/2008	FY 2008/2009	FY2009/2010	FY 2010/2011	FY2011/2012
TBI A.F.I.S. System upgrade	250,000	-	-	-	-	-
Motorola Portable Radios	-	252,000	252,000	252,000	252,000	252,000
In-Car Laptops	-	248,000	246,060	246,060	-	-
Renewal & Replacement	-	-	190,000	45,000	305,000	12,000
Bullet Recovery Tank	60,000	-	-	-	-	-
Total Police	310,000	500,000	688,060	543,060	557,000	264,000

	Prior Years Appropriations	2007/2008 Budget	Total Project
1. T.B.I A.F.I.S. System Upgrade Funding source: Prior Year This appropriation funds (A.F.I.S.) Automated Fingerprint Identification System. Impact on operating budget: None	\$ 250,000	\$ 0	\$ 250,000
2. Bullet Recovery Tank Funding Source: Prior Year This appropriation funds the purchase of a bullet recovery tank required to operate the new Nibin Ballistic Lab. Impact on operating budget: None	\$ 60,000	\$ 0	\$ 60,000
3. Portable Digital Radios Funding Source: Narcotics Fund This project funds the Systematic replacement of all of the old analog radios with new digital radios. All communication towers are being converted from the old analog system to the new digital system. Impact on operating budget: None	\$ 0	\$ 252,000	\$ 252,000
4. In Car Laptops Funding Source: Narcotics Fund This project funds the Systematic replacement of out of date laptops used by the officers to prepare and submit reports for review. Impact on operating budget: None	\$ 0	\$ 248,000	\$ 248,000

Capital Project Detail

Fire

Capital Budget Five Year Plan						
Project Name	Estimated Project Cost by Fiscal Year					
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12
Fire Apparatus	500,000	430,000	500,000	500,000	500,000	500,000
Firehall Roof and Driveway repair	55,000	40,000	40,000	-	-	-
Fire Station Replacement	850,000	-	250,000	600,000	-	-
Technical Rescue Equipment	237,500	105,242	-	-	-	-
Fire Station Generators	-	25,000	25,000	-	-	-
Future Projects	-	-	-	125,000	1,768,400	-
Oil Skimmer	50,000	-	-	-	-	-
Total Fire	1,692,500	600,242	815,000	1,225,000	2,268,400	500,000

	Prior Years Appropriations	2007/2008 Budget	Total Project
1. Fire Apparatus Funding Source: Reallocation of Capital Projects Prior Years This appropriation will fund the purchase of new fire apparatus to upgrade the front line fire service fleet to maintain current level of service. These vehicles include Line Fire Apparatus, Elevating Platform, Hazardous Materials Vehicle, Technical Rescue Vehicle, Tankers and Brush Trucks. Impact on operating budget: The equipment replacement program results in lower operating and maintenance costs and safer fleet operations.	\$ 6,635,000	\$ 430,000	\$7,065,000
2. Fire Station Roof and Driveway Repair Funding Source: Reallocation of Capital Projects Prior Years This appropriation allows for the replacement of one roof or repair/replace concrete areas at a Fire Department Building each year. Impact on operating budget: None	\$ 355,500	\$ 40,000	\$ 395,500
3. Fire Station Replacement Proposed Funding Source: Prior Years This appropriation allows for the ongoing replacement of outdated, high maintenance Fire Stations which are unable to accommodate modern fire apparatus. Impact on operating budget: Lower utility and maintenance cost	\$ 850,000	\$ 0	\$ 1,600,000

Capital Project Detail

<p>4. Technical Rescue Equipment Funding Source: Homeland Security Grant Prior Years</p> <p>Tennessee Homeland Security is affording the department the opportunity to equip and train in technical areas. The funding will provide for water rescue, structural and trench collapse and confined space training and equipment.</p> <p>Impact on operating budget: None</p>	<p>\$ 1,437,500</p>	<p>\$ 105,242</p>	<p>\$1,542,742</p>
<p>5. Oil Skimmer Funding Source: Prior Years</p> <p>This appropriation funds the purchase of a oil skimmer for Spill Containment for chemical, fuel, liquid storage, secondary containment and clean up.</p> <p>Impact on operating budget: None</p>	<p>\$ 50,000</p>	<p>\$ 0</p>	<p>\$ 50,000</p>
<p>6. Fire Station Generators Funding Source: General Fund</p> <p>This project fund two station generators a year until all Fire Stations have a generator for back-up power. This project will allow each station to remain operational in case of a natural or man-made disaster. This project will also allow Fire Stations to be used as Safe Havens for the public during disasters</p> <p>Impact on operating budget: None</p>	<p>\$ 0</p>	<p>\$ 25,000</p>	<p>\$ 25,000</p>

Capital Project Detail

Public Works

Capital Budget Five Year Plan						
Project Name	Estimated Project Cost by Fiscal Year					
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12
Paving of Streets	1,750,000	1,600,000	1,500,000	1,000,000	2,000,000	2,000,000
City Wide Services Equipment	300,000	1,000,000	500,000	420,000	400,000	300,000
Bridge Rehab	750,000	550,000	350,000	350,000	350,000	350,000
Downtown Streetscape Program	1,215,000	500,000	300,000	300,000	-	-
Traffic Engineering Projects	275,000	277,000	304,000	150,000	225,000	225,000
Curbs, Gutters, and Sidewalks	500,000	1,000,000	500,000	500,000	500,000	500,000
Street Rehabilitation	1,872,173	4,255,000	3,360,000	14,275,000	11,680,000	13,400,000
MPO - Major Construction	1,325,000	100,000	-	1,250,000	1,250,000	-
Water System Interconnect Study	75,000	-	-	-	-	-
Intersection Improvements	370,000	650,000	-	-	-	-
Pedestrian Lighting	40,000	-	75,000	75,000	75,000	75,000
Sewer Construction Parcel 8	-	340,000	-	-	-	-
Water Quality Capital Projects	1,565,559	1,675,000	1,000,000	1,000,000	1,000,000	1,000,000
Solid Waste Capital Projects	6,924,647	1,865,000	3,007,500	3,007,500	500,000	300,000
Guard Rails	100,000	-	150,000	150,000	150,000	150,000
Total Public Works	17,062,379	13,812,000	11,046,500	22,477,500	18,130,000	18,300,000

	Prior Years Appropriations	2007/2008 Budget	Total Project
1. Paving of streets			
Funding sources: Bonds		\$1,600,000	
Prior Years	\$17,964,450		\$19,564,450
This appropriation funds the resurfacing of streets City wide. It also provides for replacement of pavement markings and traffic signal loop detector wiring damaged due to pavement milling and resurfacing.			
Impact on operating budget: This program will reduce the cost of annual street maintenance.			
2. City Wide Services Equipment Replacement			
Funding sources: General Fund		\$1,000,000	
Prior Years	\$ 7,714,777		\$ 8,714,777
This appropriation allows for the ongoing replacement of older Public Works equipment.			
Impact on operating budget: The vehicle replacement program results in lower operating and maintenance costs and safer fleet operations.			

Capital Project Detail

	Prior Years Appropriations	2007/2008 Budget	Total Project
3. Bridge Rehabilitation			
Funding sources: Bonds		\$ 550,000	
Prior Years	\$ 3,042,167		\$ 3,592,000
<p>This appropriation funds the City's portion of state and federal funding for rehabilitating bridges with structural and utilization deficiencies.</p> <p>Impact on operating budget: None</p>			
4. Streetscape			
Funding sources: Economic Development Fund		\$ 500,000	
Prior Years	\$ 9,030,021		\$ 9,530,021
<p>This appropriation provides for upgrading of sidewalks, street and pedestrian lighting, landscaping and installation of crosswalk pavers.</p> <p>Impact on operating budget: None</p>			
5. Traffic Engineering Projects			
Funding sources: General Fund		\$ 277,000	
Prior Years	\$ 6,743,749		\$ 7,020,749
<p>This appropriation provides for modernization of existing and installation of future traffic signals and parking meters.</p> <p>Impact on operating budget: The replacement program results in lower maintenance costs.</p>			
6. Curbs, Gutters and Sidewalks			
Funding sources: Bonds		\$ 1,000,000	
Prior Years	\$ 4,257,347		\$ 5,257,347
<p>This appropriation provides for the continuing program of construction and repair of curbs, gutters, and sidewalks within the City.</p> <p>Impact on operating budget: None</p>			
7. Street Improvements			
Funding sources: Bonds		\$3,280,000	
General Fund		225,000	
Hotel/Motel Tax		625,000	
State of Tennessee		100,000	
Donation		25,000	
Prior Years	\$30,249,712		\$34,504,712
<p>This appropriation will fund a program of major street rehabilitation within the City.</p> <p>Impact on operating budget: This program of major street improvements results in lower street maintenance costs.</p>			
8. MPO Match Major Street Construction			
Funding sources: Economic Development Fund		\$ 20,000	
State of Tennessee		80,000	
Prior Years	\$ 5,753,593		\$ 5,853,593
<p>This appropriation funds the City's portion of State of Tennessee projects within the City limits.</p> <p>Impact on operating budget: None</p>			

Capital Project Detail

	Prior Years Appropriations	2007/2008 Budget	Total Project
9. Water System Interconnect Study			
Funding sources: Economic Development Fund			
Prior Years	\$ 75,000	\$ 0	\$ 75,000
This appropriation funds Evaluation of water system capacities and feasibility of interconnections to prevent disruption of water to citizens in the event of major service disruption to one water utility			
Impact on operating budget: None			
10. Intersection Improvements			
Funding sources: Economic Development Fund			
Prior Years	\$ 1,260,000	\$ 650,000	\$ 1,910,000
This appropriation funds an ongoing program to repair deteriorated intersections and rework intersections to create a better, more efficient traffic flow.			
Impact on operating budget: None			
11. Pedestrian Lighting			
Funding sources: Economic Development Fund			
Prior Years	\$ 283,904	\$ 0	\$ 283,904
This appropriation funds the replacement and repair of Pedestrian Light Fixtures.			
Impact on operating budget: None			
12. Storm Water Projects City Wide			
Funding sources: Storm Water Fund			
Prior Years	\$ 5,515,559	\$ 1,675,000	\$ 7,190,559
This appropriation funds a drainage system inventory and City wide storm water projects.			
Impact on operating budget: None			
13. Solid Waste Capital Projects			
Funding sources: Solid Waste Fund Balance			
Prior Years	\$ 6,924,647	\$ 1,865,000	\$ 8,789,647
This appropriation funds the purchase of equipment, expansion and rehabilitation of the Solid Waste System.			
Impact on operating budget: None			
14. Guard Rails			
Funding sources: Prior Years	\$ 100,000	\$ 0	\$ 100,000
This appropriation funds the repair and replacement of guard rails within the City.			
Impact on operating budget: None			
15. Sewer Construction Parcel 8			
Funding sources: Sale of Property	\$ 0	\$ 340,000	\$ 340,000
This appropriation funds sewer construction on parcel 8.			
Impact on operating budget: None			

Capital Project Detail

Parks & Recreation

Capital Budget <i>Five Year Plan</i>						
Project Name	Estimated Project Cost by Fiscal Year					
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12
Parks Rehab	3,389,620	13,295,000	179,250	229,250	285,000	75,000
Greenways	75,000	100,000	25,000	25,000	25,000	25,000
Outdoor Chattanooga Building Remodeling	500,000					
Zoo Improvements	250,000	125,000	125,000	125,000	125,000	-
Recreation Center Rehab	48,242	318,000	345,125	868,125	1,740,125	1,340,125
HVAC Repair	50,000	-	60,250	60,250	60,250	60,250
Parks Equipment Replacement	-	150,000	-	150,000	-	-
Public Art		200,000	100,000	100,000	100,000	100,000
Total Parks & Recreation	4,312,862	14,188,000	834,625	1,557,625	2,335,375	1,600,375

	Prior Years Appropriations	2007/2008 Budget	Total Project
1. City Parks Rehabilitation			
Funding Source: Bonds		\$13,100,000	
General Fund		45,000	
Economic Development Fund		100,000	
Community Development Block Grant		50,000	
Prior Years	\$ 9,201,448		\$22,496,448
This appropriation will fund rehabilitation and upgrading of City Parks: equipment replacement; fencing; park planning and expansion. Two projects account for the major increase for fiscal year 2008:			
Warner Park improvements	\$ 2,300,000		
Creation of "Summit of Softball" Sports Complex	\$10,500,000		
Impact on operating budget:	None		
2. Greenways			
Funding Source: General Fund		\$ 100,000	
Prior Years	\$ 862,367		\$ 962,367
The purpose of this project is to upgrade and expand the Greenway system in Chattanooga.			
Impact on operating budget:	None		
3. Outdoor Chattanooga Building Remodeling			
Funding Source: Prior Years	\$ 500,000	\$ 0	\$ 500,000
This appropriation funds the remodeling and upgrading ADA requirements of the J.A. Patten Building including installation of an elevator.			
Impact on operating budget:	None		

Capital Project Detail

4. Zoo Improvements

Funding Source: Economic Development Fund \$ 125,000
Prior Years \$ 1,125,000 \$1,250,000

This appropriation will fund upgrade and renovation of the City Zoo.

Impact on operating budget: None

5. Recreation Centers Rehabilitation

Funding Source: General Fund \$ 318,000
Prior Years \$ 1,578,242 \$1,896,242

This appropriation will fund upgrade and renovation of City of Chattanooga parks and recreation centers

Impact on operating budget: None

6. HVAC Repair

Funding Source: Prior Years \$ 300,000 \$ 0 \$ 300,000

This appropriation will fund HVAC replacement for aging units at various facilities

Impact on operating budget: None

7. Park Maintenance Equipment

Funding Source: General Fund \$ 150,000
Prior Years \$ 0 \$ 150,000

This appropriation will fund systematic replacement for aging maintenance equipment.

Impact on operating budget: None

8. Public Art

Funding Source: General Fund \$ 200,000
Prior Years \$ 0 \$ 200,000

This appropriation will fund city wide public art exhibits.

Impact on operating budget: None

Capital Project Detail

Education, Arts & Culture

Capital Budget Five Year Plan						
Project Name	Estimated Project Cost by Fiscal Year					
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12
Memorial Auditorium & TIVOLI	500,000	400,000	245,000	650,000	2,200,000	200,000
Total Neighborhood Services	\$500,000	\$400,000	\$245,000	\$650,000	\$2,200,000	\$200,000

	Prior Years Appropriations	2007/2008 Budget	Total Project
1. Memorial Auditorium & TIVOLI			
Funding Source: Economic Development Fund		\$ 200,000	
Bonds		200,000	
Prior Years	\$ 500,000		\$ 900,000
This appropriation will fund the renovation of the City's Civic facilities.			
Impact on operating budget: None.			

Capital Project Detail

ORDINANCE NO. 12024

AN ORDINANCE APPROPRIATING, AUTHORIZING OR ALLOCATING FUNDS TO THE CAPITAL IMPROVEMENTS BUDGET FOR THE FISCAL YEAR 2007-2008 TO AMEND THE FISCAL YEAR 2007-2008 BUDGET ORDINANCE NO. 11994 AND TO AMEND THE FISCAL YEAR 2006 CAPITAL BUDGET ORDINANCE NO. 11762.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

SECTION 1. That there be and is hereby appropriated, authorized, or allocated the hereinafter set funds from the sources specified for the public purposes indicated of the Capital Improvements Budget program for the Fiscal Year 2007-2008:

FROM	General Obligation Bonds	\$18,400,000	
	Bond Interest (2001 General Obligation Bonds)	1,150,000	
	General Fund Undesignated Fund Balance	12,058,840	
	Economic Development Fund	2,845,000	
	Homeland Security Grant (Technical Rescue)	105,242	
	Hamilton County	2,750,000	
	State of Tennessee	1,760,000	
	Federal (CDBG)	50,000	
	Hotel Motel Tax	625,000	
	Narcotics Fund	500,000	
	Donation (Barry Hunt)	25,000	
	Appropriation of General Government Fund Balance (P413)	100,000	
	Appropriation of Police Department Fund Balance (P411)	386,972	
	CDRC (Sale of Parcel 8)	340,000	
TO:	General Government & Supported Agencies		\$ 15,135,812
	Department of Police		500,000
	Department of Fire		600,242
	Department of Public Works		10,272,000
	Department of Parks & Recreation		14,188,000
	Department of Education, Arts & Culture		<u>400,000</u>
	TOTALS	\$ 41,096,054	\$ 41,096,054

Capital Project Detail

PROPRIETARY FUND CAPITAL

FROM	Water Quality Unreserved Fund Balance (5300)	\$ 1,675,000	
	Solid Waste Fund Unreserved Fund Balance (5200)	1,865,000	
TO	Public Works Water Quality Capital Fund (P560)		\$ 1,675,000
	Public Works Solid Waste Capital Fund (P550)	_____	<u>1,865,000</u>
TOTAL PROPRIETARY FUND CAPITAL		<u>\$ 3,540,000</u>	<u>\$ 3,540,000</u>
TOTAL CAPITAL BUDGET		<u>\$ 44,636,054</u>	<u>\$ 44,636,054</u>

SECTION 2. That Ordinance No. 11994, the BUDGET ORDINANCE, be and is hereby amended as provided hereinafter.

SECTION 3. That the General Fund Estimated Revenue of said Ordinance be and is hereby amended as hereinafter set out:

	<u>Delete</u>	<u>Substitute in Lieu Thereof</u>
REVENUE FROM FUND BALANCE	\$ _____ 0	\$ 12,058,840
AMENDED GENERAL FUND ESTIMATED REVENUE	<u>\$ 166,442,000</u>	<u>\$ 178,500,840</u>

SECTION 4. That Section 5 of said Ordinance be and is hereby amended as hereinafter set out:

GENERAL FUND APPROPRIATIONS:

General Government & Supported Agencies	\$ 37,704,641	\$ 49,763,481
AMENDED TOTAL APPROPRIATION	<u>\$ 166,442,000</u>	<u>\$ 178,500,840</u>

GENERAL GOVERNMENT & SUPPORTED AGENCIES

Capital Improvements	\$ _____ 0	\$ 12,058,840
AMENDED GEN. GOVT. & SUPPORTED AGENCIES	<u>\$ 37,704,641</u>	<u>\$ 49,763,481</u>
AMENDED TOTAL APPROPRIATION	<u>\$ 166,442,000</u>	<u>\$ 178,500,840</u>

Capital Project Detail

SECTION 5. That Section 6 of said Ordinance be and is hereby amended as hereinafter set out:

	<u>Delete</u>	<u>Substitute in Lieu Thereof</u>
1119 <u>ECONOMIC DEVELOPMENT EDUCATION FUND:</u>		
ESTIMATED REVENUE		
Economic Development Unreserved Fund Balance	\$ _____ -	\$ <u>1,090,663</u>
Amended Total Revenue	\$ <u>10,935,000</u>	\$ <u>12,025,663</u>
APPROPRIATIONS		
Economic Development Capital Projects	\$ 1,277,345	\$ 1,754,337
Appropriation to Capital from Fund Balance	-	1,090,663
Lease Payments	<u>9,657,655</u>	<u>9,180,663</u>
Amended Total Appropriation	\$ <u>10,935,000</u>	\$ <u>12,025,663</u>
2106 <u>HOTEL MOTEL TAX FUND:</u>		
ESTIMATED REVENUE		
Hotel/Motel Unreserved Fund Balance	\$ _____ -	\$ <u>196,150</u>
Amended Total Revenue	\$ <u>3,750,000</u>	\$ <u>3,946,15</u>
APPROPRIATIONS		
Appropriation to Capital from Fund Balance	\$ _____ -	\$ <u>196,150</u>
Amended Total Appropriation	\$ <u>3,750,000</u>	\$ <u>3,946,150</u>
5200 <u>SOLID WASTE FUND:</u>		
ESTIMATED REVENUE		
Fund Balance	\$ _____ 0	\$ <u>1,865,000</u>
Amended Total Revenue	\$ <u>6,767,386</u>	\$ <u>8,632,386</u>
APPROPRIATIONS		
Appropriation to Capital from Fund Balance	\$ _____ 0	\$ <u>1,865,000</u>
Amended Total Appropriation	\$ <u>6,767,386</u>	\$ <u>8,632,386</u>

Capital Project Detail

5300 WATER QUALITY MANAGEMENT FUND:

ESTIMATED REVENUE

Fund Balance	\$ <u>1,500,000</u>	\$ <u>1,675,000</u>
Amended Total Revenue	\$ <u>6,767,386</u>	\$ <u>6,942,386</u>

APPROPRIATIONS

Appropriation to Capital from Fund Balance	\$ <u>1,500,000</u>	\$ <u>1,675,000</u>
Amended Total Appropriation	\$ <u>6,767,386</u>	\$ <u>6,942,386</u>

SECTION 6. That the Fiscal Year 2006 Capital Budget Ordinance No. 11762 as amended, be and the same is amended as provided hereinafter.

SECTION 7. That Section 1 of said Ordinance be amended as hereinafter set out:

	Delete	Substitute In Lieu thereof
FROM		
Homeland Security Grant (Technical Rescue Equipment)	\$ 721,920	\$ 457,685
TO		
Department of Fire	<u>954,900</u>	<u>690,665</u>
Amended General Government Capital	\$29,979,847 =====	\$29,715,612 =====

BE IT FURTHER ORDAINED, That this Ordinance shall take effect two weeks from and after its passage as provided by law.

PASSED on Third and Final Reading

October 2, 2007.

Dan B. Page/S/
CHAIRPERSON

APPROVED: X DISAPPROVED:

DATE: October 8, 2007

Ron Littlefield/S/
MAYOR

DM/RR/AD

Capital Project Detail

