

Policies & Procedures

Budget Procedures

The Charter of the City of Chattanooga designates the City Council as being the party responsible for the preparation and passage of the annual budget. This is found in Title 6, Finance & Taxation, Chapter III, Section. 6.80 and states:

Section. 6.80 Annual budget not to exceed estimated revenue except in cases of extraordinary emergencies. It shall be the duty of the City Council elected under this act to prepare and pass an annual budget each year. The budget for the ordinary and extraordinary expenses of said city for any one year shall not exceed the estimated amount of revenue to be collected for said year; and in no event shall there be appropriated by the Council any sum or sums in excess of the estimated revenues of said city, for the fiscal year in which said appropriation is made. Provided, however, said members of the Council may, in extraordinary emergencies such as floods, epidemics, or destructive fires, make appropriations in excess of the estimated revenue when the public health, safety, and welfare demand same.

The Management & Budget Analysis Section, a subsection of the Department of Finance, is the catalyst for the budget process for the City Council.

A brief description of the form of government the City of Chattanooga utilizes will be useful in more fully understanding the budget process. The City of Chattanooga operates under a Council/Mayor form of government, having changed from the Mayor/Commission form in 1990. The current organizational plan places legislative responsibility for municipal government in the City Council and gives administrative or executive authority to the Mayor. The Council levies taxes, enacts ordinances, adopts the annual budgets as well as performs other legislative functions. The Mayor, who is elected by the citizens of Chattanooga in an at-large vote, carries out the programs and policies approved by the City Council. In addition to advising the Council on policy and legislative matters, the Mayor also recommends the annual budgets and work programs.

The operating budget of the City is the single most

important decision making document passed by the Council each year. This budget document passed each year must effectively accomplish several criteria as well as meet certain governmental budgeting standards. The Government Finance Officers Association has established four (4) criteria that governmental budgets should meet:

A governmental budget should:

- (1) Be a policy document*
- (2) Be an operating guide*
- (3) Be a financial plan, and*
- (4) Be a communications device*

To insure these criteria are met, the Management & Budget Analysis Section of the City Finance Department prepares a budget calendar and budget policies to facilitate the decision-making process by providing overall direction to City departments. The budget calendar and the budget policies form the nucleus of the budget-making process for the City of Chattanooga. Following these two tools City Departments and Agencies develop their budget requests as well as their performance data to reflect the goals and objectives for the upcoming fiscal year.

The first budget procedure to be put into place is planning of the budget calendar and the budget policies by the City Finance Officer. In early February, the Budget Section, working under the direction of the Finance Officer, compiles draft copies of the proposed budget calendar as well as the proposed budget policies. When the Finance Officer is satisfied the proposals meet the needs of the Departments/Agencies, they are presented to the Mayor for review. The Mayor can at this time add to or delete from either document. When his review is finished the Mayor then presents the finished products to the City Council for review and approval. The City Council can then change either document. This provides the guidelines needed by the Departments/Agencies to begin budget preparation for the upcoming fiscal year. After the City Council has adopted the budget calendar and the budget policies, the Mayor meets with his Department Administrators and Department Budget Personnel to distribute them. While the budget calendar and budget policies are being discussed, the Management & Budget Analysis Section is preparing the budget forms and supplementary data for distribution to the various Departments and Agencies.

A budget request form is prepared for each activity within each department of city government. This budget request form, along with the supplementary data, provides the detailed expenditures of the prior fiscal year and the detailed expenditures for the current fiscal year-to-date. Each department/Agency is responsible for projecting its expenditures through the end of the fiscal year. Each increase requested in appropriations by a department or agency must be accompanied by a detailed justification. Once the departments receive these budget request forms, they are given a set time to return them to the City Finance Office, per the budget calendar. Detailed estimates are prepared of all anticipated revenues to the City from all sources. The Management & Budget Analysis Section prepares these revenue estimates working in conjunction with the various departments and outside agencies or governmental units who contribute funds to the City. The Revenue Budget Form contains data on the prior fiscal year, current year-to-date, a projection through the end of the fiscal year, and the amount estimated to be collected in the next fiscal year. These estimates are monitored throughout the budget-making process and changed as required, using updated data. When the Revenue Budget Form is completed, it is discussed in detail with the Mayor by the Finance Officer.

The departments and agencies are given a deadline to turn in their budget requests to the City Finance Office. During this time, their budgets are finalized by their budget personnel working closely with the Management & Budget Analyst assigned to their department. The goals and objectives of each activity are formalized, and the financial means to accomplish them are incorporated into their budgets. When presented to the City Finance Office, a department's budget consists of Budget Forms for each activity within the department, overlaid with a departmental summary form. The department's overall goals and objectives are stated here on the summary forms.

Once all Budget Forms for all departments and agencies are collected by the City Finance Office, the Management & Budget Analysts begin a review process. Budget documentation turned in by the departments should include a statement of proposed departmental goals and objectives, performance measures, an estimate on the status of performance at the end of the current year as well as traditional account line item expenditure requests and justification for maintaining current and expanded expenditure requests. The Budget Section reviews each budget request to insure compliance with the budget policies.

Then, budget sessions are held with department Administrators and budget personnel to discuss various

issues and gain a thorough understanding of the budget requests. After meetings with the departments, the Budget Section is ready to balance the budget request to the estimated revenues. When this is accomplished, the balanced budget is presented to the Mayor for review. At this point the Mayor can add or delete items to the budget. When the Mayor is satisfied that the budget presented represents the goals and objectives of the City and the financial means of reaching those goals and objectives, he will present the balanced budget to the City Council at a Budget and Finance Committee meeting.

The City Council begins a budget review of its own once it receives the balanced budget proposal. This is done through the Budget Committee, where numerous work sessions are held to examine all aspects of the proposal. Department Administrators are called in to explain differences in their current year budget and the proposed budget. Changes are made by the Council at their discretion. Finally, when the budget is agreed upon, a Budget Ordinance is written up by the Budget Section for passage by the City Council at a regularly scheduled meeting. In this Budget Ordinance, the City Council sets the Tax Rate for the next year to support the budget being submitted. The City Council holds public hearings on the budget proposal during the time the budget is first presented and when it is finally passed. The Budget Ordinance, like all City Ordinances, must pass three readings of the Council to become law.

The City of Chattanooga's budget process has evolved into a comprehensive system. The process is being constantly upgraded to provide the best tool possible for the departments and agencies to work with and to produce a budget document that is easy to read and follow and at the same time complex enough to allow for the many changes confronted by the City each year.

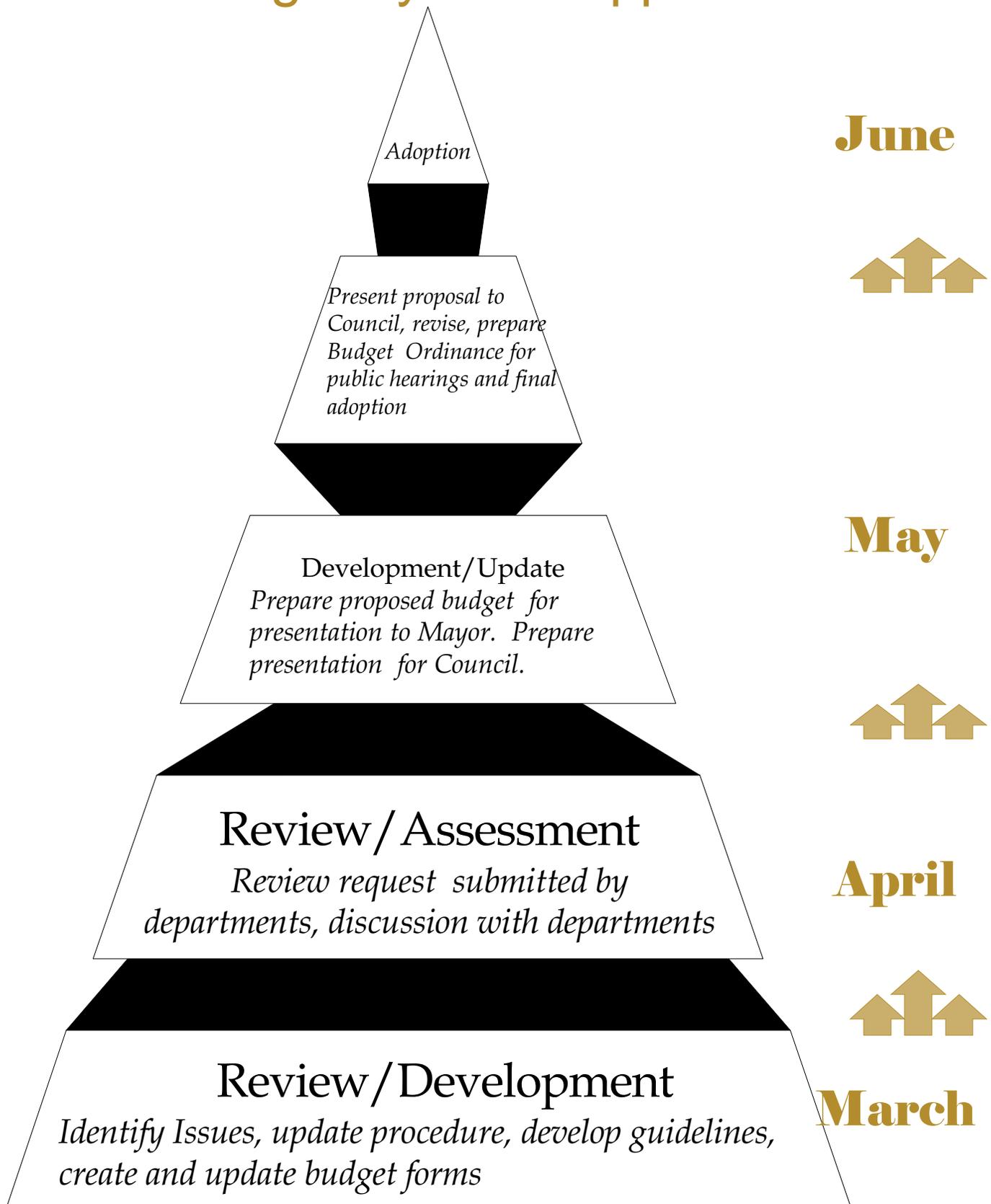
During May and June, the City Council hears budget requests from agencies and departments at its regularly scheduled meetings. Prior to July 1, the City adopts an interim budget appropriating funds for the usual and ordinary expenses of the City government in an amount not to exceed one-twelfth of the preceding fiscal year operating budget for each month that the interim budget is in effect. Subsequently, the budget is legally enacted through passage of an ordinance with an operative date of July 1. Upon adoption of the annual budget ordinance by the Council, it becomes the formal budget for City operations. After the budget ordinance is adopted, the council can increase the budget only if actual receipts exceed the estimated, or from accumulated surplus in the amount of an unexpended appropriation from the

previous year. Budget control is maintained by recording encumbrances as purchase orders are written. Financial reports, which compare actual performance with the budget, are prepared monthly and presented to the Mayor. Open encumbrances are reported as reservations of fund balance at June 30. All unencumbered and unexpended appropriations lapse at year-end.

The City Finance Officer is authorized to transfer budgeted amounts within divisions within the General Fund, but the authorization does not apply to funds other than the General Fund.

Formal budgets are adopted for the General Fund, Debt Service Fund, all enterprise funds and for a majority of the Special Revenue Funds, including the State Street Aid Fund. These formal budgets are adopted on a departmental basis. Line item amounts from the budget preparation phase are booked on the appropriation ledger.

The Budget Pyramid Approach Model



S M T W T F S

January 2004

1 2 3
4 5 6 7 8 9 10
11 12 13 14 15 16 17
18 19 20 21 22 23 24
25 26 27 28 29 30 31

February 2004

1 2 3 4 5 6 7
8 9 10 11 12 13 14
15 16 17 18 19 20 21
22 23 24 25 26 27 28
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March 2004

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April 2004

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May 2004

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23 24 25 26 27 28 29
30 31

June 2004

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13 14 15 16 17 18 19
20 21 22 23 24 25 26
27 28 29 30

January

5-29 Preliminary prep work for budget documents
30 Target cut off for CY actuals on budget forms

February

2-5 Budget staff prepares on-line presentation for Depts
5 Meeting with Department Administrators
6 Budget forms available on-line to all Depts
13 Salary projections distribution to Depts

March

12 Deadline for Budget 2005 submissions along with goals and accomplishments
10-31 Budget review and discussions with departments
In-house budget sessions to balance budget 2005
Revenue projection target date

April

1-16 In-house budget sessions to balance budget 2005
30 Proposed balance budget to Mayor

May

3-14 Discussion with the Mayor
12 City/County Joint Budget Hearing
25 Presentation of Budget to Council with PowerPoint

June

1&8 Council Finance Committee review/questions
29 Council approval 1st reading

July

6 Council approval 2nd and 3rd reading
19-23 Budget Roll to upload new budget
21 Budget staff start work on CABR 2005

August

Budget staff work on CABR 2005
10 Committee to discuss Capital Budget 2005
17 Present Capital Budget to City Council for 1st reading
24 Capital Budget to City Council for 2nd and 3rd reading

September

Budget staff work on CABR 2005

October

6 Deadline date for CABR submission to GFOA

S M T W T F S

July 2004

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August 2004

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29 30 31

September 2004

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October 2004

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November 2004

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7 8 9 10 11 12 13
14 15 16 17 18 19 20
21 22 23 24 25 26 27
28 29 30

December 2004

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12 13 14 15 16 17 18
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26 27 28 29 30 31

Budget Policies

Providing basic public services and facilities necessary to meet the current and future needs of its citizens are the City's highest priorities. Current basic public services are those services that would not be provided without public action, and future basic public services could not be provided without the proper planning necessary to provide them. Within this framework, the City prepares its Operating Budget each year.

The overall goal of the City's financial plan is to establish and maintain effective top quality management of the City's financial resources. By effectively managing these financial resources through sound budget policies and the monitoring of the results of these policies throughout the fiscal year, the City builds a framework for subsequent years. Because the City involves each Department/Division so heavily in the budget process, the policies serve as an excellent training guide, even for the budget novice. And because the City involves each Department/Division Administrator so heavily in the budget process, the finished product, i.e. the Budget Ordinance, serves as an excellent management tool for use in day to day decision making in the operation of a department. The Budget Ordinance also provides the basis of financial control to ensure compliance and prevent any overspending. Monthly reports comparing budgeted amounts to actual amounts are furnished to each department for review. These reports are also used to search for funding sources, or unexpended appropriations, needed if a departmental mission is adjusted in midyear.

The City's budget policies are written up each year by the Budget Section of the City Finance Administrator's Office. These proposed policies are reviewed by the Finance Officer and Deputy Officer to insure they contain all information known at that time to provide the desired results of the current year budget process. Working together, the Finance Officer, Deputy Finance Officer, Budget Officer and the budget staff insure that the budget policies to be presented for consideration by the Mayor and City Council do contain the means to provide the basic public services. Basic public services can be defined as those services that are

- *essential to the health and safety of the City's citizens,*
- *necessary in order to avoid irreparable damage to City resources, and*
- *a service that the absence of which would make the City's quality of life generally unacceptable to its citizens.*

After the budget policies have met the satisfaction of the Finance Officer and his staff, the Finance Officer presents them to the Mayor. They undergo further review, additions, deletions, and changes by the Mayor based upon his personal knowledge of the direction the City needs to be taking in conjunction with the Administrator's initiative. After the Mayor has reviewed the budget policies, he then presents them to the City Council for review and adoption. Here the City Council can add, delete, or change any portion of the policies they deem necessary. Once the Council is in agreement, the policies are formally adopted in a City Council budget meeting. Once adopted, the budget policies are set in place to serve as the guide for the fiscal year.

The following section outlines the budget policies adopted by the City Council for use in preparation of the City's FY 04/05 Operating Budget:

Budget Requests for FY 05 will be submitted on line item (Account) basis. All departments should present two budget requests, one with a 0% growth and one with a 5% decrease in total operating costs. The adopted FY2004 budget is the baseline. Flexibility is allowed in how this is achieved through a combination of salary and operating costs. Generally, any growth in funding must be fully justified and will be at the expense of some other line item, barring a specific revenue generated to cover the additional expense.

Budget Requests will be divided into two parts: The Maintain Requests, and the Additional Requests. Requests for additional funding must be accompanied by narrative justification.

Maintain Requests will be based upon the projected 03/04 expenditures less any one time nonrecurring expenditures.

- a. Request for one time, unavoidable costs that are anticipated for FY 04/05 will be included in the Additional Requests with justification.
- b. Requests for recurring unavoidable increases, including such items as street lighting, other utilities, pension costs, FICA, etc., will be included in the Maintain Budget Requests.

Personnel Issues:

- a. Maintain Requests for Salaries & Wages will include all positions authorized at the current Pay Plan Amount. The department is

- encouraged to maintain frozen or unfilled positions from FY04 as part of the 0% growth and 5% reduction budget requests. The Finance Office will provide projections.
- b. Maintain Requests will not include any requests for funding of additional personnel.
 - c. Do not include funds for pay raises or pending reclassifications. Salary increases are provided for by Projections, which will be entered by the Management & Budget Analysts after a decision is made concerning salary and wage changes.
 - d. Budget Requests for overtime must be from a zero base, consistent with overtime ordinances, and not justified by prior year experience only.
 - e. If you plan to hire temporary workers, your budget estimate should include payroll taxes. Any hiring of contract employees must stand up to IRS scrutiny. Personnel has developed guidelines to assist in determining whether a person would be an employee or contract employee.
 - f. Temporary staffing should be budgeted under "Salaries & Wages".
 - g. There will be no additions to the total number of positions. New positions and position reclassifications must be matched with comparable reductions or consolidation of existing positions so as to result in no increase in total personnel cost.
 - h. No increase in positions or position reclassifications will be considered in the 2004-2005 budget without a corresponding reduction/reclassification in existing positions resulting in the same or reduced cost to the city.

Renewal & Replacement:

Budget Requests will include capital operating requirements, to be funded from the amount appropriated for Renewal & Replacement of Equipment. Generally, a capital operating requirement has a useful life of less than 15 years and involves a cost less than \$25,000.00. Items with a longer useful life and greater cost will be included in the Capital Budget. We anticipate that the FY 04/05 budget will include funding for Renewal & Replacement in the amount of \$1,500,000.

All departments will include in each activity funds for vehicle repairs at the City Garage. Parts will be

billed by the Garage at a 25% markup. Labor cost has been set at \$47.50 per hour. Vehicle maintenance cost expenses should be based on hours experienced during FY 03/04 execution. The price factor to be used for forecasting fuel costs is \$1.40 per gallon for gasoline and \$1.35 per gallon for diesel. This reflects a \$.05 per gallon price decrease for gasoline and a \$.05 per gallon price increase for diesel over FY04 budgeted rates for fuel.

Fringe Benefit costs are to be included in each Activity Request which has Personnel costs. These Fringe Benefit costs are:

General Pension:	4.07%
(this is a planning percentage subject to change)	
Fire & Police Pension:	18.39%
(this is a planning percentage subject to change)	

CIGNA Healthcare premium net of employee contribution (monthly):

Individual	\$233.39
Subscriber + Child	\$389.75
Subscriber + Spouse	\$476.09
Family	\$660.46

Life Insurance Coverage: \$0.305 per \$1,000 coverage/month. Maximum: \$50,000.

Long-Term Disability: \$0.61 per \$100 coverage per month. One-half of premium cost is paid by the General Pension Board. Cost to the City is \$.305 per \$100.

FICA	6.20%
Medicare	1.45%

Union Pensions:	
Operating Engineers	\$1.21/hour
Laborers	\$0.95/hour

Anticipated increase in utility cost during FY05
Electricity: 0% Natural Gas 5% Water: 6%

Budget Execution Guidance

1. Descriptions, Goals & Objectives, and Performance Measures for each activity in FY04 will be available by February 6, 2004. Please update, where necessary, for FY05 as they are included in the City's Comprehensive Annual Budget Report submitted to the

Mayor and City Council as well as the Government Finance Officers Association. Please return updated Descriptions and Goals & Objectives information no later than March 12, 2004. Performance Measures are due back with the budget submission on March 12, 2004.

2. Use of the city's garage services is mandatory for applicable procedures/services unless specific approval of the Mayor is obtained in advance.

3. The budget submission will not be complete or considered if Descriptions, Goals & Objectives are not submitted timely as they will become part of the decision making process for budget approval in FY05.

4. Total Budget request information for FY05 is due back to the Budget Office by Friday, March 12, 2004.

Revenue Policies

The City of Chattanooga's revenue programs are administered by the Management & Budget Section of the Department of Finance & Administration. The Budget Section adheres to long-standing principles which insure stability and financial health. The cornerstone of these principles followed by the City is an air of conservatism. The City never has, nor never will, intentionally overestimate a revenue source merely to fund a project or additional personnel. The revenue policies of the City remain fairly constant from year to year, changing to include new revenue sources and an extension of the tax base when appropriate. These revenue policies give a good insight into the reasoning being considered by the City at budget time. The policies themselves reflect the conservative approach used by the City.

Revenue policies of the City include, but are not limited to the following:

The City will maintain effective collection systems and implement aggressive enforcement strategies to maximize revenues from all sources.

The City will attempt to maintain a diversified revenue base, which will not emphasize any one revenue source.

The City will attempt to maintain a revenue system which will encourage development of alternative revenue sources.

The City will continually monitor the local tax effort, such as Property Tax and Sales Tax, and compare it with other cities of comparable size.

The City will maintain a broad revenue base; that is, a large number of widely diversified revenue sources will be established and maintained in order to distribute the revenue burden equitably and protect the City from short-term fluctuations in any one revenue source.

The City will follow a conservative approach in the projection of revenues so that actual revenues at year end will consistently equal or exceed budgeted amounts.

The City will actively seek Federal and State grants and insure a fair proportion is received.

The City will review all user fees and licenses annually, adjust these fees and licenses when appropriate, and establish new fees and licenses when necessary.

The City will establish all user charges and fees at a level related to the full cost of providing the operating, direct, indirect, and capital services.

The City will limit the designation of General Fund revenues for specified purposes in order to maximize flexibility and utilize revenues more efficiently.

The City will continue to maintain its low Debt Ratio in providing funding through general obligation bond sales.

Cash Management & Investment Policy

1.0 Policy It is the policy of the City of Chattanooga to invest public funds in a manner which will maximize investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds. The City Treasurer is authorized to manage the investments described herein.

2.0 Scope This investment policy applies to all financial resources of the City of Chattanooga, other than funds of The City of Chattanooga General Pension Plan and The City of Chattanooga Fire and Police Pension Plan, managed by a board of trustees or contractual managers; Deferred Compensation Plan funds managed externally; and such funds excluded by law, bond indenture or other Council-approved covenant.

These funds are accounted for by the City's Finance Department Accounting Services Division, as represented in the City of Chattanooga Comprehensive Annual Financial Report and include:

2.1 Funds

- (1) General Funds
- (2) Special Revenue Funds
- (3) Debt Service Funds *(unless prohibited by bond indentures)*
- (4) Capital Project Funds
- (5) Enterprise Funds
- (6) Any new fund created by the City Council, unless specifically exempted.

Funds held by the Hamilton County Finance Department during tax collection period shall be governed by the County's investment policies, and are not subject to the provisions of this policy.

3.0 Prudence The standard of prudence to be used by investment personnel shall be the "Prudent Investor Rule" and will be in the context of managing an overall portfolio: "Investments shall be made with judgment and care-under circumstances then prevailing-which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." Investment officials meeting this standard will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Investment Objectives. The primary objectives, in priority order, of the City of Chattanooga's investment activities shall be as follows:

4.1 Safety. Safety of principal is the foremost objective of the investment program. Investments of the City of Chattanooga shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall

portfolio. To attain this objective, diversion is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity. The City of Chattanooga's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investment. The City of Chattanooga's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and cash flow characteristics of the portfolio.

4.4 Local Institutions. Local institutions shall be given preference when they are, in the judgment of the Treasurer, competitive with other institutions.

5.0 Delegation of Authority. Chattanooga City Charter 6.1 Empowers the Mayor, Finance Officer, and Treasurer with the investment responsibility for the City. There is created within the Department of Finance, a Treasury Division. The Treasurer is responsible for day-to-day investment decisions and activities and the development and maintenance of written procedures for the operation of the investment program, consistent with these policies.

Procedures should include reference to: safekeeping, SPA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Officer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Treasurer shall report to the Mayor and Finance Officer at agreed-upon intervals, on investment activities. The Treasurer will train other investment personnel to assist and provide relief in the day-to-day placement of investments.

6.0 Ethics and Conflicts of Interest.

Any person involved in the investment process shall refrain from personal business activities which could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Investment personnel shall disclose to the Mayor any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment position that could be related to the performance of the City of Chattanooga, particularly with regard to the time of purchases and sales.

Bonding of all staff involved in the investment process shall be required, and such bonding requirements shall apply to those individuals authorized to place orders to purchase or sell investment instruments.

7.0 Authorized Financial Dealers and Institutions.

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Tennessee. These may include "primary dealers" or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by the laws of the State of Tennessee.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following:

- (1) Audited financial statements
- (2) Proof of National Association of Security Dealers certification.
- (3) Trading resolution
- (4) Proof of State of Tennessee registration
- (5) Completed broker/dealer questionnaire
- (6) Certification of having read the City of Chattanooga's investment policy and depository contracts.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the city of Chattanooga invests.

8.0 Authorized and Suitable Investments.

The City of Chattanooga shall limit its investments to those allowed by the Tennessee Code Annotated 6-56-106, which states:

"In order to provide a safe temporary medium for investment of idle funds, municipalities are authorized to invest in the following:

- (1) Bonds, Notes or Treasury Bills of the United States;
- (2) Non-convertible debt securities of the following issues:
 - (A) The Federal Home Loan Bank;
 - (B) The National Mortgage Association;
 - (C) The Federal Farm Credit Bank; and
 - (D) The Student Loan Marketing Association;
- (3) Any other obligations not listed above which are guaranteed as to principal and interest by the United States or any of its agencies;
- (4) Certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations.
- (5) Obligations of the United States or its agencies.
- (6) The Tennessee Local Government Investment Pool
- (7) Repurchase Agreements (provided a Master repurchase agreement has been executed and approved by the state director of local finance, such investments are made in accordance with procedures established by the state funding board;)"

8.1 Securities Not Eligible As Investments For Public Funds In The State Of Tennessee:

- (1) Corporate Bonds
- (2) Corporate Stocks
- (3) Foreign Government Obligations
- (4) Futures Contracts
- (5) Investments in Commodities
- (6) Real Estate
- (7) Limited Partnerships
- (8) Negotiable Certificates of Deposit

8.2 Reverse Repurchase Agreements. The City of Chattanooga will not engage in using Reverse Repurchase Agreements. "Leveraging" is not an acceptable strategy for the City.

8.3 Risk. The City's investing maxim is that public funds should never be put at risk.

9.0 Investment Pool. A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following questions:

- (1) A description of eligible investment securities, and a written statement of investment policy.
- (2) A description of interest calculations and how it is distributed and how gains and losses are treated.
- (3) A description of how the securities are safeguarded (including the settlement processes, and how often are the securities priced and the program audited).
- (4) A description of who may invest in the program, how often, what size deposit and withdrawal.
- (5) A schedule for receiving statements and portfolio listings.
- (6) Are reserves, retained earnings, etc. utilized by the pool/fund?
- (7) A fee schedule, and when and how it is assessed.
- (8) Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 Collateralization. All certificates of deposit and repurchase agreements will be collateralized. The collateral pledge level to be used by each Collateral Pool participant to arrive at their pledge target may be determined on a percentage basis using the following factors:

(1) If the Total Collateral Pool participants hold an aggregate of less than thirty percent (30%) of the total sum of deposits held in the State of Tennessee by financial institutions, the collateral pledging level shall equal two hundred percent (200%).

(2) If the Total Collateral Pool participants hold an aggregate of thirty percent (30%) or more of the total sum of deposits held in the State of Tennessee by financial institutions, the collateral pledging level shall equal one hundred fifteen percent (115%).

(3) However, the collateral pledging level will be one hundred percent (100%) for any participant whose bank rating is equal to or greater than twenty-five (25) as determined from the most recent quarterly report published by Sheshunoff Information Services, Inc. (bank president's national peer

group weighted rating). The collateral pledge level will be ninety percent (90%) if the participant meets the requirement in Rule 1700-4-1-.04(1)(b).

Each pool participant is required to maintain, at a minimum, pledged collateral with a minimum market value of one hundred thousand dollars (\$100,000).

Custodial Agreement: Collateral will always be held by an independent third party with whom the city has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. All financial institutions doing business with the City are required to sign a Bond and Deposit Agreement with the City and it will be updated annually. The right of collateral substitution is granted.

11.0 Safekeeping and Custody: All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a Delivery-Versus-Payment (DVP) basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

12.0 Diversification

The City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and the Tennessee State Local Government Investment Pool, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

13.0 Maximum Securities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Under current City policy, unless matched to a specific cash flow, the City will not directly invest in securities maturing more than two (2) years from date of purchase. However, the City may collateralize its repurchase agreements using longer dated investments not to exceed five (5) years to maturity.

Reserve funds may be invested in securities exceeding two (2) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

14.0 Internal Control

The Treasurer shall establish an annual process of independent review by an external auditor. The review will provide internal controls by assuring compliance with policies and procedures.

15.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

15.1 Market Yield (Benchmark): The City's investment strategy is passive. Basically, the passive approach to investing involves buying-and holding purchases until maturity. Given this strategy, the basis used by the Treasurer to determine how the portfolio's market average rate of return compares to market yields shall be the six-month U.S. Treasury Bill and the average Federal Funds Rate.

16.0 Reporting. The Treasurer is responsible for preparing a quarterly investment report to the Mayor and Finance Officer which will provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies.

Schedules in the quarterly report should include the following:

- (1) A listing of individual securities held at the end of the reporting period by authorized investment category, and financial institutions
- (2) Average life and final; maturity of all investments listed
- (3) Coupon, discount or earnings rate
- (4) Par value, Amortized Book Value and Market Value
- (5) Percentage of the Portfolio represented by each investment category

17.0 Investment Policy Adoption: The City of Chattanooga's Investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed on an annual basis by the Finance Officer and Treasurer and any modifications made thereto must be approved by the City Council.

Debt Policies

The City will maintain a bond retirement fund reserve which is equivalent to the amount of debt service due on tax-supported General Obligation Bonds in the next fiscal year.

The City will not issue notes to finance operating deficits.

The City will issue bonds for capital improvements and moral obligations.

The City will publish and distribute an official statement for each bond and note issue.

Reserve Policies

The City will maintain a revenue reserve in the General Operating Fund which represents between 18-20% of the fund's expenditures.

Accounting, Auditing, and Financial Reporting Policies

An independent audit will be performed annually.

The City will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board.

The City will maintain a strong internal audit capability.

Capital Budget Policies

The City shall invest a percentage of its general operating funds to finance ongoing infrastructure maintenance, repair and replacement programs, and to implement approved plans that foster economic and neighborhood development each year.

The City will develop a multi-year plan for ongoing capital improvements, update it annually, and make all capital improvements in accordance with the plan. Funding of repair and replacement schedule projects will have funding priority before discretionary capital projects.

Capital improvement projects which violate the principles and concepts of an adopted City plan or which duplicate other public and/ or private services will not be considered.

The City Council will use the following criteria to evaluate the relative merit of each capital project:

Projects which will increase property values in a neighborhood, residential or business district; Projects identified by a priority board or a department as important; Projects which will directly benefit a community development area of the City; Projects which are part of a multi-year funding commitment; Projects which are an element of an approved master plan adopted by City Council; Projects which result in the creation of permanent jobs and/ or generate additional net revenue to the city; Projects specifically included in an approved replacement schedule.

Legal Requirements

In 1982 the Tennessee General Assembly passed what has become known as the “Municipal Budget Law of 1982.” This law was incorporated into the Tennessee Code Annotated under *Section 6-56*. The following excerpts are from Tennessee Code Annotated 1992 Replacement and provide the state requirements for municipal budgets.

6-56-203. Annual Budget Ordinance. The governing body of each municipality shall adopt and operate under an annual budget ordinance. The budget ordinance shall present a financial plan for the ensuing fiscal year, including at least the following information:

(1) Estimates of proposed expenditures for each department, board, office or other agency of the municipality, showing in addition, the expenditures for corresponding items for the last preceding fiscal year, projected expenditures for the current fiscal year and reasons for recommended departures from the current appropriation pattern in such detail as may be prescribed by the governing body. It is the intent of this subdivision that except for moneys expended pursuant to a project ordinance or accounted for in a proprietary type fund or a fiduciary type fund which are excluded from the budget ordinance, all moneys received and expended by a municipality shall be included in a budget ordinance.

Therefore, notwithstanding any other provision of law, no municipality may expend any moneys regardless of their source (including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments), except in accordance with a budget ordinance adopted under this section or through a proprietary type fund or a fiduciary type fund properly excluded from the budget ordinance;

(2) statements of the bonded and other indebtedness of the municipality, including the debt redemption and interest requirements, the debt authorized and unissued, and the condition of the sinking fund;

(3) estimates of anticipated revenues of the municipality from all sources including current and delinquent taxes, nontax revenues and proceeds from the sale of any bonds or long-term notes with a comparative statement of the amounts received by the municipality from each of such source for the last preceding fiscal year, the current fiscal year, and the coming fiscal year in such detail as may be prescribed by the governing body;

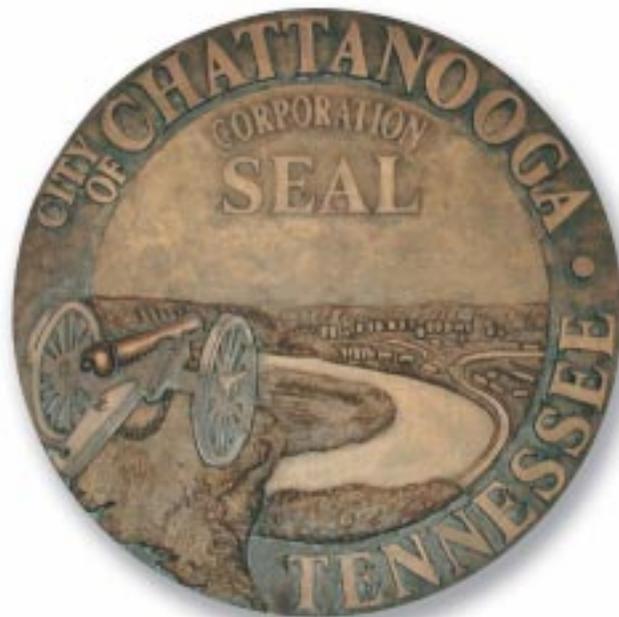
(4) a statement of the estimated fund balance or deficit, as of the end of the current fiscal year;

(5) a statement of pending capital projects and proposed new capital projects, relating to respective amounts proposed to be raised therefore by appropriations in the budget and the respective amounts, if any, proposed to be raised therefor by the issuance of bonds during the fiscal year; and

(6) such other supporting schedules as the governing body deems necessary, or otherwise required by law.

The City Code of the City of Chattanooga also provides requirements for a budget. Following is an excerpt from Chapter III, Chattanooga City Code:

Sect. 6.80. Annual Budget not to exceed estimated revenue except in cases of extraordinary emergencies. It shall be the duty of the City Council elected under this act to prepare and pass an annual budget each year. The budget for the ordinary and extraordinary expenses of said city for any one year shall not exceed the estimated amount of revenue to be collected for said year; and in no event shall there be appropriated by the City Council any sum or sums in excess of the estimated revenues of said City, for the fiscal year in which said appropriation is made. Provided, however, said City Council may, in extraordinary emergencies such as floods, epidemics, or destructive fires, make appropriations in excess of the estimated revenue when the public health, safety, and welfare demand same.



Budget Ordinance

ORDINANCE NO. 11581

AN ORDINANCE, HEREINAFTER ALSO KNOWN AS “THE FISCAL YEAR 2004-2005 BUDGET ORDINANCE”, TO PROVIDE REVENUE FOR THE FISCAL YEAR BEGINNING JULY 1, 2004, AND ENDING JUNE 30, 2005, AND APPROPRIATING SAME TO THE PAYMENT OF EXPENSES OF THE MUNICIPAL GOVERNMENT; FIXING THE RATE OF TAXATION ON ALL TAXABLE PROPERTY IN THE CITY, AND THE TIME TAXES AND PRIVILEGES ARE DUE, HOW THEY SHALL BE PAID, WHEN THEY SHALL BECOME DELINQUENT; PROVIDING FOR INTEREST AND PENALTY ON DELINQUENT TAXES AND PRIVILEGES, AND TO AMEND PART II, CHATTANOOGA CITY CODE, SECTIONS 2-285, 7-1, 7-8, 31-36, 31-41 and 31-43.

WHEREAS, Pursuant to and in compliance with the provisions of the Charter of the City of Chattanooga, Tennessee, the revenue has been estimated for operating the Municipal Government for the fiscal year 2004-2005 from all sources to be as follows:

PROPERTY TAXES:

Current Taxes on Real & Personal Property	\$ 80,153,888
Taxes on Real & Personal Property - Prior Years	2,605,000
CHA - In Lieu of Taxes	29,994
TVA - In Lieu of Taxes	1,086,352
Electric Power Board - In Lieu of Taxes	2,845,443
Electric Power Board Telecomm – In Lieu of Taxes	210,781
Chattanooga Labeling System – In Lieu of Taxes	9,151
E I Dupont – In Lieu of Taxes	252,664
Metals USA - In Lieu of Taxes	40,839
Burner Systems - In Lieu of Taxes	24,540
Messer Griesheim Ind – In Lieu of Taxes	64,272
T B Wood’s Inc – In Lieu of Taxes	15,529
Regis Corporation - In Lieu of Taxes	48,010
Pavestone Company – In Lieu of Taxes	21,560
JRB Company In Lieu of Taxes	45,689

Chattem, Inc In Lieu of Taxes	21,664
Covenant Transport – In Lieu of Taxes	23,526
Signal Mountain Cement – In Lieu of Taxes	517,697
Kenco Group, Inc - In Lieu of Taxes	82,373
Total Other – In Lieu of Taxes	26,202
Corporate Excise Taxes – State (Intangible Property)	103,500
Interest & Penalty on Current Year Taxes	67,000
Interest & Penalty on Delinquent Taxes	275,000
Delinquent Taxes Collection Fees	188,000

TOTAL PROPERTY TAXES	\$ 88,758,674
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OTHER LOCAL TAXES:

Franchise Taxes – ComCast Cable	\$ 1,400,000
Franchise Taxes – Chattanooga Gas	254,000
Liquor Taxes	1,566,140
Beer Taxes	4,420,922
Local Litigation Taxes - City Court	5,400

TOTAL OTHER LOCAL TAXES	\$ 7,646,462
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LICENSE, PERMITS, ETC.:

Motor Vehicle Licenses	\$ 395,000
Parking Meters	508,077
Business Licenses (excluding Liquor)	120,000
Gross Receipts Tax	2,772,000
Fees for Issuing Business Licenses & Permits	57,000
Interest & Penalty on Business Licenses & Permits	72,000
Wrecker Permits	5,000
Building Permits	950,000
Electrical Permits	175,000
Plumbing Permits	175,000
Street Cut-In Permits	275,000
Temporary Use Permits	1,500
Sign Permits	117,500
Taxi Permits	3,700
Liquor By the Drink Licenses	120,000
Hotel Permits	2,000
Gas Permits	8,000
Liquor By the Drink – Interest & Penalty	2,500
Plumbing Examiner Fees & Licenses	25,000
Electrical Examiner Fees & Licenses	25,000
Gas Examination Fees & Licenses	35,000
Mechanical Code Permits	65,000

Permit Issuance Fees	53,790
Beer Application Fees	85,000
Annual Electrical Contractor License	64,000
Exhibitor's fees	3,500
Mechanical Exam Fee & Licenses	62,000
Subdivision Review/Inspection Fee	5,000
	<hr/>
TOTAL LICENSES, PERMITS, ETC.	\$ 6,182,567

FINES, FORFEITURES, AND PENALTIES:

City Court Fines	\$ 36,500
Criminal Court Fines	184,000
Parking Ticket Fines	427,259
City Fines-Speeding	166,000
City Fines-Other Driving Offenses	185,000
City Fines-Non Driving Offenses	16,000
Delinquent Parking Tickets	46,500
Delinquent Tickets – Court Cost	30,500
	<hr/>
TOTAL FINES, FORFEITURES AND PENALTIES	\$ 1,091,759

REVENUES FROM USE OF MONEY OR PROPERTY:

Interest on Investments	\$ 543,946
Sale of Back Tax Lots	25,000
	<hr/>
TOTAL FROM USE OF MONEY OR PROPERTY	\$ 568,946

REVENUES FROM OTHER AGENCIES:

Local Option Sales Tax-General Fund	\$ 21,885,073
State Beer Taxes	84,420
Hall Income Tax	1,800,000
State Sales Tax	8,928,545
State Mixed Drink Tax	1,216,540
State Gas Inspection Fees	352,000
State Maintenance of Streets	90,000
State Alcoholic Beverage Tax	75,000
Hamilton County - Radio & Electronics	147,541
Hamilton County Ross' Landing/Plaza	489,787
Hamilton County Dept of Education – SROs	751,283
State – Specialized Training Funds	368,470
State – Telecommunication Sales	29,611
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TOTAL FROM OTHER AGENCIES	\$ 36,218,270

SERVICE CHARGES FOR CURRENT SERVICES:

Current City Court Costs	\$	98,600
Court Commissions		8,300
Clerk's Fees		579,119
Current State Court Costs		2,600
Court Administrative Cost		30,000
Service of Process		1,700
Processing of Release Forms		12,500
Charges for Financial Services - Electric Power Board		7,200
Variance Request Fees		8,500
Fire & Ambulance Service Fees		750
Warner/Montague Park Ballfield Fees		7,500
Fitness Center		30,000
Arts & Culture		3,000
Skateboard Park		8,500
Kidz Kamp		55,000
Therapeutic Kamp Fee		5,000
Champion's Club		20,000
Construction Board of Appeals		2,500
Zoning Letter		2,760
Sign Board of Appeals		3,500
Certificates of Occupancy		1,000
Sewer Verification Letter		1,000
Modular Home Site Investigation		570
Plan Checking Fee		150,000
Phased Construction Plans Review		3,500
Cell Tower Site/Location Review		1,500
Memorial Auditorium Credit Card Fees		24,000
Tivoli Credit Card Fees		8,250
Preservation Fees		150,000
Sports Program Fees		10,000
Non-Traditional Program Fees		5,000
OutVenture Fees		10,000
Police Reports: Fees, Accidents, etc.		145,000
Photo/ID Card Fees		14,600
Dead Animal Pick Up Fee		7,500
Credit Card Convenience Fee		13,000
General Pension Administrative Costs		35,000

TOTAL SERVICE CHARGES \$ 1,466,949

MISCELLANEOUS REVENUE:

Land & Building Rents	\$	65,000
Dock Rental		20,000
Payroll Deduction Charges		4,900

Indirect Cost	2,685,866
Plans and Specification Deposits	2,000
Condemnation	41,000
Memorial Auditorium Rents	180,000
Memorial Auditorium Concessions	30,000
Concession Sales	100,000
Tivoli Rents	130,000
Tivoli Concessions	15,000
Swimming Pools	25,000
Park Concessions	10,000
Frost Stadium Income	600
Recreation Center Rental	30,000
Carousel Ridership	85,000
Walker Pavilion Rents	20,000
Engel stadium	1,000
Coolidge Park Table Rents	4,500
Recreation Center Concessions	12,000
City Softball Program Fees	20,000
Other Miscellaneous Revenue	159,809
Auditorium Box Office	65,000
Tivoli Box Office	30,000
Sale of Equipment	84,207
Loss & Damage	150,000
Sale of Scrap	35,000
Miscellaneous Revenue	6,929
Greenway Facilities Rent	10,000
Outside Sales – Radio Shop	73,562
Memorial Auditorium OT Reimbursement	7,000
Tivoli Theatre OT Reimbursement	3,000
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TOTAL MISCELLANEOUS REVENUE	\$ 4,106,373
TOTAL GENERAL FUND REVENUES	\$ 46,040,000
REVENUE FROM FY 2004 SURPLUS	427,000
TOTAL GENERAL FUND ESTIMATED REVENUES	\$ 146,467,000
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and,

WHEREAS, It is necessary to base the appropriations to the various departments of the Municipal Government on the above estimated revenues;

NOW, THEREFORE,

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

SECTION 1. That for the purpose of raising revenue to operate the various departments, agencies, boards, commissions, offices, divisions or branches of the Municipal Government, and to pay the interest on and retire bonds of said City as they mature, there be and is hereby levied upon all taxable property within the City of Chattanooga, Tennessee, a tax for the year 2004 at a rate of \$2.516 upon every \$100.00 in assessed value of such taxable property; and to the extent applicable there is also levied a tax at the same rate upon every \$100.00 of Merchant and other Ad Valorem within the corporate limits of the City of Chattanooga, Tennessee.

SECTION 2. That the assessment made by the Assessor of Property of Hamilton County, Tennessee, and by the Tennessee Regulatory Agency for 2004 on all property located within the Corporate limits of the City of Chattanooga, Tennessee, be and is hereby adopted as the assessments of the City of Chattanooga.

SECTION 3. That the taxes herein levied on all taxable property within the corporate limits of the City of Chattanooga shall be due and payable at the office of the City Treasurer and Tax Collector OCTOBER 1, 2004, and shall become delinquent MARCH 1, 2005, after which date unpaid taxes 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; provided, that except for taxpayers receiving tax relief under T.C.A. Sections 67-5-702 through 67-5-705.

SECTION 4. That the Provisions of Chapter 387, Public Acts of 1971, as amended by Chapter 850, Public Acts of 1972, and as further amended by the Public Acts of 1973, and as further amended, relative to the authorization of local taxes upon the privilege of engaging in certain types of business activities be and are hereby adopted by reference, and there is hereby levied a Business Tax on all businesses taxable by municipalities under Chapter 387, Public Acts of 1971, as amended, at the maximum rates specified therein. The City Treasurer is authorized and directed to collect such taxes as are authorized by said Act to

be collected by the City of Chattanooga, a municipality, together with such interest and penalties as may become due thereon, at the maximum rate provided by law. In addition to said taxes, the City Treasurer is hereby authorized and directed to collect a fee of Five and 00/100 Dollars (\$5.00) upon the issuance of any privilege license under said Business Tax Act and also upon receipt of each payment of the Gross Receipts tax authorized by said Act, except that this fee may not be charged persons paying the annual minimum tax under the provisions of Chapter 58, Title 67, of the Tennessee Code Annotated, if paid on the same date as the respective and related return is filed.

SECTION 5. That the budgets of the various departments, agencies, boards, commissions, offices, divisions, or branches of Municipal Government for the fiscal year beginning July 1, 2004, are fixed as hereafter set out; and the amount so fixed for each is hereby appropriated out of the estimated revenue for said year for the use of that department, agency, board, commission, office, division, branch of government, to-wit:

GENERAL FUND APPROPRIATIONS

Department of Finance & Administration	\$ 8,664,793
Department of Police	36,161,001
Department of Fire	25,538,430
Department of Public Works	26,672,947
Department of Parks, Recreation, Arts & Culture	10,660,008
Department of Personnel	6,392,679
Department of Neighborhood Services	2,611,041
General Government & Supported Agencies	28,492,111
Executive Department	1,273,990

TOTAL	\$146,467,000
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DEPARTMENT OF FINANCE & ADMINISTRATION

Finance Office	\$ 1,870,024
Information Services	2,671,652
City Treasurer	518,868
Telephone System	208,300
City Court Clerk – Operations	910,744
City Court Clerk’s Office – Space Cost	135,000

Telecommunications Operations	131,551
Building Maintenance	725,768
Electronics Division	405,019
Purchasing	782,860
Real Estate – Administration	161,869
Real Estate – Property Maintenance	143,138
TOTAL	<u>\$ 8,664,793</u>

DEPARTMENT OF POLICE

Chief of Police	\$ 1,606,110
Uniform Services	385,318
Sector 1	5,301,610
Sector 2	3,552,834
Sector 3	3,603,451
Community Services	392,426
Special Operations	1,182,997
Park Security	100,429
Investigative Services	5,568,111
School Resource Officers	911,692
Administrative & Support Services	245,419
Training Division	3,863,657
Technical Services	2,112,581
Operations Support Services	3,903,826
Administrative Services	1,043,380
Fleet / Facilities Management	2,387,160
TOTAL	<u>\$ 36,161,001</u>

DEPARTMENT OF FIRE

Fire Operations	\$ 24,768,230
Utilities	343,200
Fire Hydrants	427,000
TOTAL	<u>\$ 25,538,430</u>

DEPARTMENT OF PUBLIC WORKS

Administration	\$ 961,899
City Engineer	1,903,901
Municipal Forestry	512,487
Street Cleaning	1,882,315
Emergency	741,769

City Wide Services	959,962
Sewer Construction & Maintenance	1,966,870
Inspection Division	1,885,942
Board of Gas Fitters	3,200
Board of Plumbing Examiners	2,250
Board of Electrical Examiners	18,920
Board of Variances	10,000
Board of Mechanical Examiners	1,500
Utilities	137,547
Brainerd Levee 1,2,3	36,800
Orchard Knob Storm Stations	29,430
Minor Pump Stations	18,174
Traffic Administration	656,764
Traffic Control	1,673,125
Street Lighting	2,563,500
Solid Waste & Sanitation Fund Subsidy	4,881,755
Storm Water Subsidy	683,952
Waste Pickup Garbage	2,544,076
Waste Pickup Brush	2,596,809
TOTAL	\$ 26,672,947

DEPARTMENT OF PARKS, RECREATION, ARTS & CULTURE

Administration	\$ 618,053
Public Information	86,646
Senior Citizen A.O.	58,916
Greater Chattanooga Sports Committee. A.O.	75,000
Inner City Ministry. A.O.	18,500
Downtown Partnership A.O.	75,000
Recreation Facility Management	3,265,959
Fitness Center	301,791
Urban & Community Recreation	51,251
OutVenture	108,355
Sports	31,537
Champion's Club	216,986
Aquatics	171,503
Parks & Athletic Fields	777,916
Tennessee Riverpark – Downtown	871,748
Buildings & Structures	831,689
Carousel Operations	103,115
Parks & Facilities	508,037
Landscape	410,986
City Wide Security	86,631
Athletic Facilities	327,840
Memorial Auditorium	360,510

Civic Facilities Concessions	43,933
Tivoli Theatre	240,131
Civic Facilities Administration	508,987
Arts & Culture	65,505
Chattanooga Zoo	443,483

TOTAL	\$ 10,660,008
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DEPARTMENT OF PERSONNEL

Administration	\$ 951,186
Wellness Initiative	312,986
Physicals	116,000
Employee Benefit	365,407
Employee Insurance	4,568,500
Job Injuries	78,600

TOTAL	\$ 6,392,679
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DEPARTMENT OF NEIGHBORHOOD SERVICES

Administration	\$ 309,859
Codes & Community Services	769,266
Neighborhood Relations	353,737
Neighborhood Mini Grants	100,000
Animal Services	1,078,179

TOTAL	\$ 2,611,041
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DEPARTMENT OF EXECUTIVE BRANCH

Mayor's Office	\$ 829,904
Office of Performance Review	102,703
General Fund – Community Development	167,374
Grants Administration	139,191
Human Rights	34,818

TOTAL	\$ 1,273,990
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SECTION 5(a). GENERAL GOVERNMENT & SUPPORTED AGENCIES. The initials “A.O.” as they appear in this Section, or elsewhere in the Ordinance, shall mean “Appropriation Only” which is hereby defined to mean that the amount as is shown being appropriated is only the appropriation of the City toward the total budget of such department, agency, board, commission, office or division or branch of

government and is not to be construed to mean that such amount is its total budget or appropriation. The initials “A.S.F.” as they appear in this Section, or elsewhere in this Ordinance, shall mean “Appropriation to Special Fund” which is hereby defined to mean that the amount as is shown being appropriated is to a Special Fund that will not revert to the General Fund at the end of the fiscal year.

GENERAL GOVERNMENT & SUPPORTED AGENCIES:

City Council	\$ 676,599
Air Pollution Control Bureau A.S.F.	270,820
Allied Arts Council A.O.	250,000
Association of Visual Artists A.O.	15,000
Chattanooga Regional History Museum	24,000
Audits, Dues, & Surveys	206,757
CARCOG & Economic Development District A.O.	31,111
CARTA Subsidy A.O.	3,285,000
Carter Street Corporation Lease Agreement A.O.	1,419,100
C-HC Bicentennial Public Library A.S.F.	2,487,660
ChattanoogaInvests	250,000
Chatt. African-American Museum/Bessie Smith A.O.	70,000
Chatt. African-American Museum Bldg. Maint A.S.F.	42,123
Chattanooga Neighborhood Enterprises A.O.	2,000,000
Chattanooga Area Urban League A.O.	50,000
Chattanooga Storm Water Fees A.S.F.	70,000
Children’s Advocacy Center A.O.	30,000
311 Call Center	355,526
City Code Revision	85,000
City Court (Judicial) #1	309,710
City Court (Judicial) #2	290,563
Community Foundation Scholarships	160,000
Community Impact of Chattanooga	450,000
Community Research Council, Inc.	10,000
Debt Service Fund A.S.F.	8,772,293
Downtown Design Center	227,204
Downtown Partnership A.O.	140,000
Election Expense	180,000
Homeless Health Care Center A.O.	17,500
Human Services A.S.F.	1,333,477
Intergovernmental Relations	228,850
City Attorney’s Office	
Administration	1,006,236
Liability Insurance Fund A.S.F.	250,000
Renewal & Replacement	1,500,000
Pensions, FICA, & UIC	25,000

Regional Planning Agency A.S.F.	988,817
Scenic Cities Beautiful A.S.F.	30,294
Tuition Assistance Program	20,000
Tennessee RiverPark A.O.	798,471
Westside Development Corporation A.O.	75,000
WTCI-TV-Channel 45 A.O.	60,000
TOTAL	<u>\$ 28,492,111</u>

SECTION 6. That there be and is hereby established a budget for each of the following special funds for Fiscal Year 2004-2005:

Fund Number	Fund Title	Amount
1108	<u>MUNICIPAL GOLF COURSE FUND</u>	
Estimated Revenue:		
Pro Shop		\$ 140,677
Green Fees		794,083
Memberships		63,911
Cart Rentals		505,397
Food		64,558
Beverage		115,068
Property Rental		<u>4,100</u>
		\$ 1,687,794
		=====
Appropriations:		
Brainerd		\$ 839,794
Brown Acres		<u>848,000</u>
		\$ 1,687,794
		=====
1119	<u>ECONOMIC DEVELOPMENT/EDUCATION FUND</u>	
Estimated Revenue:		
City – Only Sales Tax		\$ 8,909,500
TDZ – State Sales Tax		500,000
TDZ – County Sales Tax		189,000
		<u>\$ 9,598,500</u>
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Appropriations:

Chattanooga Economic Development Capital Fund	\$ 2,000,000
Chattanooga African-American Chamber of Commerce	150,000
Chattanooga Chamber for Economic Development	400,000
Business Development Initiative	75,000
Net Debt Service	6,284,500
Tourist Development –Debt Service	689,000
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	\$ 9,598,500
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2104

STATE STREET AID FUND

Estimated Revenue:

State of Tennessee	\$ 4,369,350
Investment Income	20,000
Fund Balance	300,000
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	\$ 4,689,350
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Appropriations:

Appropriation	\$ 4,689,350
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	\$ 4,689,350
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2105

COMMUNITY DEVELOPMENT FUND

Estimated Revenue:

Community Development Block Grant - New Grants	\$ 2,265,000
CDBG – Program Income	1,100,000
Emergency Shelter Grant	82,413
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	\$ 3,447,413
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Appropriations:

Chattanooga Homeless Coalition	\$ 34,000
Chattanooga Neighborhood Enterprise	1,615,000

Community Development Administration	539,500
City of Chattanooga Neighborhood Services	175,000
City of Chattanooga Contingency	91,500
City of Chattanooga Debt Service	600,000
Emergency Housing Assistance-Human Services	15,000
Frederick Street Park	10,000
Girls, Inc.	70,000
Inner-Cities Ministries	10,000
Northside Neighborhood House	20,000
Rental Rehabilitation Project	50,000
Tri-State Resources & Advocacy Corp., Inc.	85,000
Westside Community Development Corp.	50,000
ESG – Chattanooga Room in the Inn	20,534
ESG – Partnership of Families, Children & Adults	61,879
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	\$ 3,447,413
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2105 ECONOMIC & COMMUNITY DEVELOPMENT - HOME PROGRAM

Estimated Revenue:

Federal Grant (HOME)	\$ 1,244,452
Program Income	700,000
American Dream Down Payment Initiative-FY03 Grants	64,053
American Dream Down Payment Initiative-FY04 Grants	75,585
	<hr/>
	\$ 2,084,090
	=====

Appropriations:

HOME – CCHDO	\$ 350,000
HOME – CNE	1,000,000
28th Legislative District CDC	100,000
Development Corporation of Orchard Knob	100,000
Chattanooga Housing Authority	64,053
Chattanooga Neighborhood Enterprise	75,585
Supportive Housing Project	394,452
	<hr/>
	\$ 2,084,090
	=====

Contributions & Misc. Revenue	26,500
Interest on Investments	13,000
Day Care Fees	73,110
Fund Balance	<u>164,079</u>
	\$ 13,574,677
	=====

Appropriations:

Administration	\$ 833,331
Chambliss Home (per year for five years)	20,000
Headstart	7,900,373
Day Care	930,935
Weatherization	443,728
Foster Grandparents	485,562
LIHEAP	1,073,403
CSBG	790,884
Title II Commodities	35,435
Emergency Food and Shelter	29,107
Summer Food Program	834,731
Human Services Program	26,500
Neighborhood Family Services	97,820
City General Relief	<u>72,868</u>
	\$ 13,574,677
	=====

5100

INTERCEPTOR SEWER SYSTEM

Estimated Revenues:

Sewer Service Charges	\$ 27,619,088
Industrial Surcharges	2,600,000
Septic Tank Charges	64,923
Wheelage and Treatment:	
Lookout Mountain, TN	\$ 217,062
Walker County, GA	280,636
Collegedale, TN	242,211
Soddy-Daisy, TN	112,559
East Ridge, TN	1,212,172
Windstone	18,757
Hamilton County, TN	323,441
Northwest Georgia	433,392
Lookout Mountain, GA	49,064
Rossville, GA	333,491
Ringold, GA	32,614
Red Bank, TN	329,051

Total Wheelage and Treatment	3,584,450
Debt Service Northwest Georgia	441,838
Industrial User Permits	43,000
Garbage Grinder Fees	<u>24,415</u>
Operating Revenue:	\$ 34,377,714
Interest Earnings	<u>450,000</u>
Total Estimated Revenues	\$ 34,827,714 =====
Appropriations:	
Operations & Maintenance:	
Administration	\$ 1,912,354
Safety & Training	107,090
Laboratory	474,808
Pretreatment/Monitoring	292,720
Engineering	218,460
Plant Maintenance	1,423,866
Sewer Maintenance	1,130,318
Moccasin Bend - Liquid Handling	5,138,886
Moccasin Bend - Solid Handling	2,578,292
Inflow & Infiltration	752,050
Combined Sewer Overflow	457,530
Landfill Handling	1,854,250
Total Operations & Maintenance	<u>\$ 16,340,624</u>
Pumping Stations:	
Mountain Creek	\$ 16,865
Citico	204,756
Friar Branch	126,826
Hixson 1,2,3,	75,862
19th Street	53,593
Orchard Knob	71,239
South Chickamauga Creek	277,822
Tiftonia, 1, 2, & 3	43,843
23rd Street	116,428
Latta Street	16,871
Residential Pump Stations	13,850
Murray Hills	15,430
Big Ridge 1-5	83,274
Highland Park	14,646
Dupont Parkway	22,220
VAAP	4,402

Northwest Georgia	28,400	
Brainerd	12,456	
East Brainerd	35,705	
North Chattanooga	16,764	
South Chattanooga	4,538	
Ooltewah-Ringgold	55,750	
Odor Control Pump Stations	425,000	
Enterprise South Pump Station	9,700	
Riverpark Pump Stations	<u>4,250</u>	
Total Pumping Stations		\$ <u>1,750,490</u>
Total Operations, Maintenance & Pump Stations		\$ <u>18,091,114</u>
Capital Improvement		\$ <u>310,235</u>
Debt Service		
Principal	\$ 10,664,661	
Interest	<u>5,761,704</u>	
Total Debt Service		\$ 16,426,365
Total Appropriations:		\$ 34,827,714
		=====

5200	<u>SOLID WASTE & SANITATION FUND</u>	
Estimated Revenue:		
Landfill Tipping Fees		\$ 245,000
Permits		1,000
State of Tennessee Household Hazardous Waste Grant		85,000
State of Tennessee Recycle Rebate		60,000
General Fund Subsidy		4,881,755
Sale of Scrap Metal		40,000
Investment Income		310,790
		<u>\$ 5,623,545</u>
		=====
Appropriations:		
Recycle		\$ 486,422
Waste Disposal – Chattanooga Landfill		310,790
Sanitary Landfill		851,763
Wood Recycle		401,098
Solid Waste Reserve		246,344
Debt Service		3,182,128
Household Hazardous Waste		145,000
		<u>\$ 5,623,545</u>
		=====

5300

STORM WATER FUND

Estimated Revenue:

Storm Water Fee	\$ 4,851,168
Land Disturbing Fee	40,000
General Fund Subsidy	683,952
	<hr/>
	\$ 5,575,120
	=====

Appropriations:

Storm Water Administration	\$ 1,985,824
Storm Water City Wide Services	1,180,841
Renewal & Replacement	127,400
Debt Service	2,281,055
	<hr/>
	\$ 5,575,120
	=====

SECTION 6(b). That there be and is hereby authorized the appropriation of all collections and fund balances to the respective funds, other than the General Fund, to be expended for the general public purposes as indicated.

SECTION 6 (c). The City, or its designee, shall have the authority to impose and collect reasonable fees related to the administration of the Chattanooga Renewal Community Initiative including, but not limited to, a fee for applications for the Commercial Revitalization Deduction program as established under the Community Renewal Tax Relief Act of 2000 and the Tennessee Department of Economic and Community Development Qualified Allocation Plan.

SECTION 7(a). That all persons in the General Pay Plan, and the Fire and Police Pay Plans within the “City of Chattanooga Classification System” and covered by the “Pay Plans” on the effective date of this Ordinance shall receive, if approved by their supervisor, a step increase as incorporated in the “Pay Plans” attached hereto and made a part by reference thereof, except that employees hired subsequent to February 29, 2004 shall not be eligible for a step increase during the fiscal year ending June 30, 2005. The above pay provisions may be waived only by the authority of the Mayor on a case-by-case basis. This raise shall be retroactive to July 1, 2004, for those persons employed by the City on July 1, 2004, and still employed by the City. This retroactive raise shall also be available and paid to each person who has

retired from City employment during the period of July 1, 2004, through the effective date of this Ordinance. The basis of computing such retroactive pay shall be the period July 1, 2004 through their final employment date. Persons who have left City employment for any reason other than retirement prior to the effective date of this Ordinance shall not be eligible for retroactive pay. However, a Department head can certify that an employee is not qualified for a pay increase. Also, all persons within the “City of Chattanooga Classification System” but not covered by the “Pay Plans” shall receive a three percent (3%) increase in pay effective July 1, 2004. Permanent part-time employees are eligible to receive a three percent (3%) increase at the discretion of the department administrator. Any employee serving under the provisions of the General Pay Schedule and Fire & Police Pay Schedule of the City of Chattanooga and at the top step of the pay grade shall receive a one time, lump sum payment equal to three percent (3%) of current salary, subject to all deductions and payroll taxes.

SECTION 7(a)(1). In addition to the minimum rate of pay established in the Classification Plan, a rate of pay less than Step One (1) of the designated pay grade may be assigned to the newly employed or promoted incumbent for a specified period of time. This step shall be identified as “probation step”. Provided, however, that no full time City employee shall be paid less than the prevailing poverty rate, except for those employees whose pay is governed by federal formula.

SECTION 7(a)(2). Any person employed on a temporary basis in positions authorized within the Classification Plan shall be paid at a rate not more than Step One (1) of the position’s pay grade. As provided in the Chattanooga City Code, Part II, temporary employment shall not exceed a period of six (6) months on any occasion.

SECTION 7(a)(3). In addition to positions provided for hereinafter, known as positions within the “City of Chattanooga Classification Plan”, which includes only permanent full time positions, the City recognizes and authorizes the following types of designation of positions as exempt from the Classification Plan: Permanent Part-Time, Temporary Part-Time, Permanent Daily, Permanent Full-Time Elected Officials, and Temporary Full-Time.

SECTION 7(b). That except as otherwise provided, the positions specified hereinafter are hereby authorized at the pay grades or maximum amounts and upon the terms hereinafter specified.

SECTION 7(b)(1). In order to achieve the efficiencies in personnel assignments, the Mayor is hereby authorized to realign, reclassify or otherwise change positions within the total number of funded positions provided for.

SECTION 8. That all salaries and wages and other expenditures shall be paid only upon the authorization of the official who has the responsibility of expending the appropriation against which the salaries or wages or other expenditures are charged, pursuant to Private Acts of 1953, Chapter 105, Section 2 (4). That all funds appropriated in this Ordinance for payment of salaries and/or wages shall be spent for salaries and wages only unless proper authorization is given to do otherwise.

SECTION 9. That the City Finance Officer is authorized to pay the payroll and/or costs of personal services, whether on the payroll, voucher or otherwise, of the Air Pollution Control Bureau, Chattanooga-Hamilton County Bicentennial Library, Chattanooga-Hamilton County Regional Planning Agency, Special Counsels and personnel of the Office of the City Attorney, Human Services Department, Scenic Cities Beautiful, Golf Courses, and any other department, agency, board, commission, office, division, or branch of Municipal Government heretofore or hereafter established, notwithstanding that same is not specified hereinbefore, as certified to him by the respective administrative official.

SECTION 9(a). That the City Finance Officer is authorized to pay a uniform and equipment maintenance allowance of five hundred dollars (\$500.00) for all sworn police officers and firefighters as of July 1, 2004, except for those new employees who have received from the city a new uniform since July 1, 2003. Further, the City Finance Officer is authorized to pay a supplemental tool allowance of one hundred fifty dollars (\$150.00) for certain employees as set forth in Resolution No. 18381, dated December 5, 1989, as amended; and is authorized to pay a supplemental uniform allowance of two hundred fifty dollars (\$250.00) for City Court Officers. It shall be the duty of employees receiving these supplements to use the funds for the specified purpose and retain receipts to that effect.

SECTION 9(b). That the City Finance Officer is authorized to match the total salaries of all participants in the Fire and Police Pension Fund with a contribution from the General Fund not to exceed eighteen and thirty nine one hundredth percent (18.39%).

SECTION 9(c). That the City Finance Officer is authorized to contribute to the General Pension Plan an amount equal to four and seven one hundredth percent (4.07%) of all participants' salaries as specified in the most recent actuarial study.

SECTION 9(d). That the City Finance Officer is authorized to pay the following Union Pension Plans the specified amounts per participation agreements:

Central Pension Fund	\$1.18 Per Hour
LIUNA (Laborers) Pension Fund	\$0.92 Per Hour

SECTION 10. That the City Finance Officer is authorized to reimburse officials and employees for use of personal vehicles on official business at the current rate per mile recognized and established by the Internal Revenue Service.

SECTION 11. That for employees currently receiving a monthly allowance of four hundred dollars (\$400.00) per person in-lieu of a take-home government vehicle shall continue to receive same for as long as such employee holds his or her current position. Additional employees may receive this allowance only with approval of the Mayor and passage of an ordinance by the City Council.

SECTION 12. That for employees called to active duty during a National Emergency such as, but not limited to, the War on Terrorism or an Iraq Conflict, shall be paid the difference that their City pay exceeds their total military base pay, up to \$850.00 per month, from the time called to active duty until relieved from active duty status or until June 30, 2005, whichever occurs first. Payments beyond the current fiscal year shall be subject to future appropriations by City Council. The City Finance Officer be and is authorized to appropriate the necessary money from other available funds. The difference in pay shall be calculated without regard to any payment of combat pay. Further, with the concurrence of the General Pension Fund and the Fire and Police Pension Fund, or any union fund participation agreement, the City shall pay such contributions necessary, both the employee's and the employer's share, based on their pension-eligible salary at the time of call-up (not counting over-time pay) to ensure the continued enrollment and pension-eligibility of employees while called-up for this National Emergency for the same period as referenced

above. In this manner, the affected employees shall not be penalized nor incur financial hardship as relates to their pension eligibility. If the City's medical insurance provider will extend medical coverage to families affected by the call-up of reservists in response to the current National Emergency beyond the customary six (6) month period, the City shall pay the employers share of the premium for any employee called-up to active duty. The employee's share of the coverage shall remain the responsibility of the employee and may be paid in the most convenient method by the employee. During the time of active duty, the employee may request the City to make such payments on his/her behalf and reconcile the amounts paid upon his/her return to City employment.

SECTION 13. That pursuant to the Charter, it shall be unlawful for any department, agency, or branch of the Government to expend any money other than the purpose for which it was appropriated, nor shall the expenditures for a purpose exceed the appropriation for said purpose.

SECTION 14 (a). If at any time the actual receipt of revenues is projected to be less than the estimated revenues, it shall be the duty of the Mayor to forthwith initiate an ordinance amending this budget ordinance so as to appropriately reduce or otherwise change the various appropriations made herein which, in the judgment of the City Council, should be made.

SECTION 14 (b). If at any time the City receives an allocation of additional revenue from the State of Tennessee during the fiscal year as a result of the restoration of all or part of reduction in State-shared revenue, the Mayor shall be authorized to expend such funds on projects provided for in the City's Three Year Capital Plan

SECTION 15. That Chattanooga City Code, Part II, Chapter 2, Section 285 be and the same is hereby amended by deleting from Section 2-285 (Preservation Fee) the amounts "\$.25, \$.50 and \$.75" wherever the same appears and substituting in lieu thereof the figures "\$.50, \$1.00 and \$1.50" as relates to ticket cost.

SECTION 16. That Chattanooga City Code, Part II, Chapter 7, Section 7-1 and 7-8, be and the same is hereby amended so as to delete any and all references therein to Police Department or Chief of Police and substitute in lieu thereof Department of Neighborhood Services and the Administrator of the Department of Neighborhood Services.

SECTION 17. That Chattanooga City Code, Part II, Chapter 31, Article II, Section 31-36 (c) as relates to sewer service charges and fees be and the same is hereby deleted and the following substituted in lieu thereof:

- (c) 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.

	Regional Operation & Maintenance Charge <u>(\$/1,000 gallons)</u>	Regional Debt Charge <u>(\$/1,000 gallons)</u>	Regional Total Charge (Wheelage and Treatment) <u>\$/1,000 gallons)</u>
Wheelage and Treatment	\$ 0.9342	\$ 0.5503	\$ 1.4848

If regional customers are billed directly through the water company, the rate to be charged shall be one dollar and forty-nine cents (\$1.49) per one thousand (1,000) gallons.

SECTION 18. That Chattanooga City Code, Part II, Chapter 31, Article II, Section 31- 36

(d), be and the same hereby deleted and the following substituted in lieu thereof:

- (d) 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 water 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.

	Regional Operation & Maintenance Charge <u>(\$/1,000 gallons)</u>	Regional Debt Charge <u>(\$/1,000 gallons)</u>	Regional Total Charge (Wheelage and Treatment) <u>(\$/1,000 gallons)</u>
Wheelage and Treatment	\$ 0.5431	\$ 0.3199	\$ 0.8630

SECTION 19. That Chattanooga City Code, Part II, Chapter 31, Article II, Section 31- 41 (c), be and the same is hereby deleted and the following substituted in lieu thereof:

(c) Rates. Based upon the current cost of treating wastewater containing constituents with concentrations in excess of “normal wastewater,” numerical rates are hereby established for Bc and Sc as follows:

Bc = \$0.094 per pound of BOD for concentrations in excess of three hundred (300) milligrams per liter.

Sc = \$0.067 per pound of total suspended solids for concentrations in excess of four hundred (400) milligrams per liter.

SECTION 20. That this Ordinance shall be operative, as distinguished from its effective date, on and after July 1, 2004.

SECTION 21. That if any section, sentence, word or figures contained in this Ordinance should be declared invalid by a final decree of a Court of competent jurisdiction, such holding shall not affect the remaining sentences, sections, words or figures contained in this Ordinance, but the same shall remain in full force and effect.

SECTION 22. That this Ordinance shall take effect two (2) weeks from and after its passage as provided by law.

PASSED on Third and Final Reading

July 6 , 2004.

W. Jack Benson/S/

CHAIRPERSON

APPROVED: X DISAPPROVED: _____

DATE: _____ July 9 , 2004

Bob Corker/S/

MAYOR

Reviewed By: _____ David Eichenthal/S/

RLN/DRE/pm

