

CITY OF LAFOLLETTE, TENNESSEE

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

Changes in Fund Balances - Governmental Funds \$ (139,866)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets in excess of the City's capitalization policy is capitalized and reported over their useful lives as depreciation expense.

| | |
|---|-----------|
| Current Year Capital Outlay Capitalized | 1,449,001 |
| Current Year Depreciation Expense on Capitalized Assets | (714,433) |
| Current Year Net Book Value of Assets Sold/Abandoned - Reduction in Recorded Gain | (8,000) |

Governmental funds report long-term debt borrowings as revenue and principal payments on long-term debt as expenditures. However, in the statement of activities the payments are reflected as a reduction in the liability for long-term debt. Governmental funds also report interest expense in the period it is paid. However, in the statement of activities interest expense is recorded on the accrual basis of accounting in the period to which the interest relates.

| | |
|--|---------|
| Current Year Principal Payments Shown as Expenditures | 263,000 |
| Current Year Difference in Interest Expense Between Amounts Paid vs. Accrued | 1,088 |

Governmental funds report contributions to the pension plan as expenditures. However, in the statement of activities pension expense is reflected based on the actuarially computed expense amount.

270,952

Governmental funds do not report the change in accrued post-retirement healthcare as an expenditure because the liability has not been paid as of year-end. In the statement of activities, the change in the accrued post-retirement healthcare liability is recorded as income or expense in the current year.

(44,447)

Change in Net Position - Governmental Activities \$ 1,077,295