

CITY OF LAFOLLETTE, TENNESSEE

Management's Discussion and Analysis

The management of the City of LaFollette, Tennessee ("the City"), has provided this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$72,708,005.
- The City's total net position increased by \$3,633,844 from the results of its operations.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,259,710 a decrease of \$(139,866) in comparison with the prior year. Approximately 90% of this total amount or \$3,838,331 is reported as unrestricted fund balances.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$3,838,292, or approximately 51% of total general fund expenditures.
- The City's total debt decreased by \$(3,710,762) during the current fiscal year as repayments exceeded new borrowings.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This discussion and analysis will focus on the reporting entity because of the component unit's significant relationship with the primary government. The report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's financial information, in a manner similar to a private-sector business. Activities are considered either as those of the Primary Government (the government as legally defined) or those of the Component Unit (a legally separate entity for which the primary government is financially accountable).

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow effects in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include administration and finance, codes administration, police and fire protection, animal and infectious disease control, streets and highways and general public works, fleet maintenance, sanitation, and recreation center and library operations. The business-type activities of the City include the electric department, water department, and emergency communications district. The government-wide financial statements can be found on pages 15 through 17.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data for the other seven governmental funds is combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining and individual fund schedules* on pages 68 through 73. The basic governmental fund financial statements can be found on pages 18 and 20.

Proprietary Funds. Enterprise funds are a type of proprietary fund used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water and wastewater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and wastewater operations, all of which are considered to be major enterprise funds of the City. The basic proprietary fund financial statements can be found on pages 30 through 34.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 62.

Other Required Information. In addition to the basic financial statements and accompanying notes, this report also presents several schedules related to the pension plans and post-retirement healthcare plans on pages 63 through 67 which is required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$72,708,005 at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its net investment in capital assets (e.g., infrastructure, land, buildings, transmission and distribution facilities, machinery, and equipment), less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of LaFollette's Net Position
As of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Component Unit Emergency Communications District		Total Reporting Unit	
	2016	2015	2016	2015	2016	2015	2016	2015
	Current Assets	\$ 5,953,565	\$ 5,964,991	\$ 11,370,597	\$ 10,747,597	\$ 632,470	\$ 585,999	\$ 17,956,632
Capital Assets, Net of Accumulated Depreciation	10,786,105	10,059,539	101,340,341	98,818,281	106,354	200,592	112,232,800	109,078,412
Restricted Cash and Investments	1,589,070	1,360,531	137,925	1,156,744	0	0	1,726,995	2,517,275
Investments	0	0	1,000,201	3,502,126	0	0	1,000,201	3,502,126
Deferred Outflows	674,262	258,465	338,494	430,191	0	0	1,012,756	688,656
Total Assets and Deferred Outflows	<u>19,003,002</u>	<u>17,643,526</u>	<u>114,187,558</u>	<u>114,654,939</u>	<u>738,824</u>	<u>786,591</u>	<u>133,929,384</u>	<u>133,085,056</u>
Current Liabilities	731,285	757,203	11,612,776	10,921,034	816	901	12,344,877	11,679,138
Long-Term Liabilities	2,001,255	2,039,135	43,311,247	47,074,601	0	0	45,312,502	49,113,736
Total Liabilities	<u>2,732,540</u>	<u>2,796,338</u>	<u>54,924,023</u>	<u>57,995,635</u>	<u>816</u>	<u>901</u>	<u>57,657,379</u>	<u>60,792,874</u>
Deferred Inflows of Resources								
Deferred Property Taxes	1,646,986	1,559,911	0	0	0	0	1,646,986	1,559,911
Escrow for Hospital Facilities Lease	1,209,545	905,479	0	0	0	0	1,209,545	905,479
Deferred Pension Inflows	707,469	752,631	0	0	0	0	707,469	752,631
Total Deferred Inflows of Resources	<u>3,564,000</u>	<u>3,218,021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,564,000</u>	<u>3,218,021</u>
Net Position:								
Net Investment in Capital Assets	9,860,105	8,870,539	59,755,352	57,393,092	106,354	200,592	69,721,811	66,464,223
Restricted	379,525	489,139	0	0	0	0	379,525	489,139
Unrestricted (Deficit)	2,466,832	2,269,489	(491,817)	(733,788)	631,654	585,098	2,606,669	2,120,799
Total Net Position	<u>\$ 12,706,462</u>	<u>\$ 11,629,167</u>	<u>\$ 59,263,535</u>	<u>\$ 56,659,304</u>	<u>\$ 738,008</u>	<u>\$ 785,690</u>	<u>\$ 72,708,005</u>	<u>\$ 69,074,161</u>

Net investment in capital assets increased \$3,257,588 or approximately 4.9% in 2016 as depreciation expense and increases in related debt exceeded principal repayments and purchases of new assets. A small portion of the City's net position (0.5%) represents resources that are subject to external restrictions on how they may be used. Restricted net position decreased \$(109,614) in the current fiscal year. Unrestricted net position in the governmental activities increased \$197,343 as revenues exceeded expenses in most of the governmental funds. The deficit in unrestricted net position in the business-type activities decreased from \$(733,788) to \$(491,817). The Electric Department and Water Department funds continue to use portions of their operating capital to fund capital assets in order to keep related debt to a minimum.

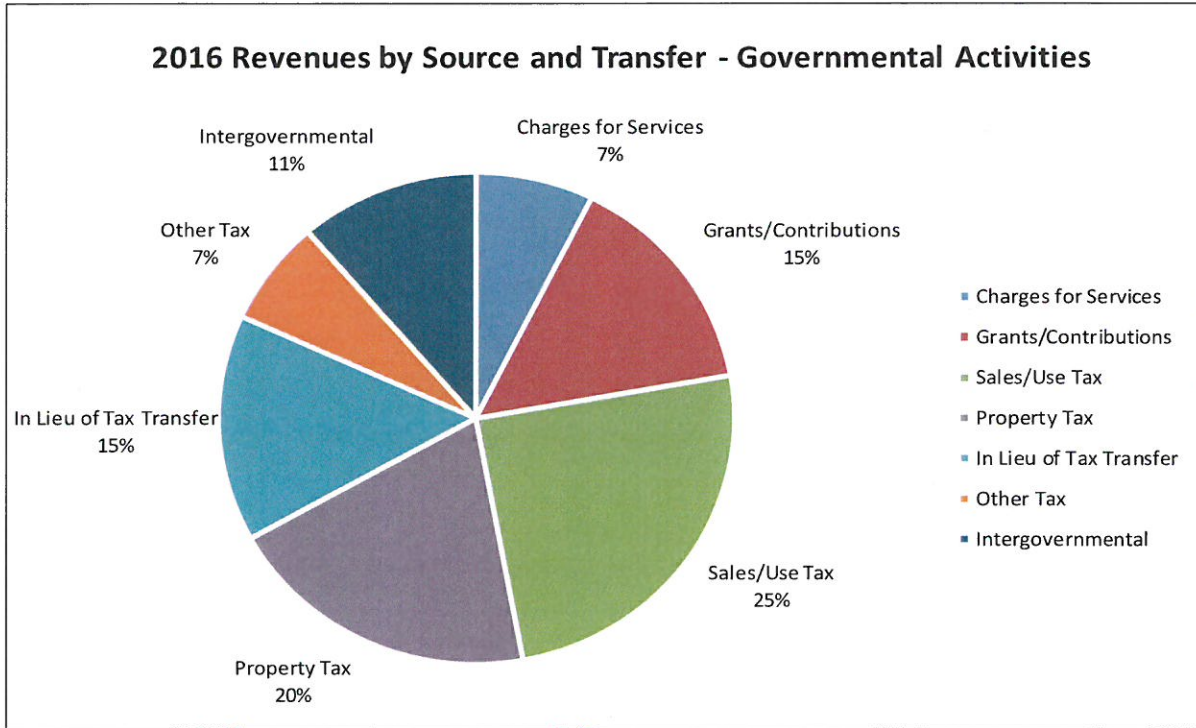
City of LaFollette's Changes in Net Position For the Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Component Unit Emergency Communications District		Total Reporting Unit	
	2016	2015	2016	2015	2016	2015	2016	2015
	Revenues:							
Program Revenues:								
Charges for Services	\$ 582,646	\$ 573,396	\$ 52,279,628	\$ 53,863,664	\$ 279,075	\$ 273,551	\$ 53,141,349	\$ 54,710,611
Operating Grants and Contributions	185,582	216,683	0	0	0	9,000	185,582	225,683
Capital Grants and Contributions	996,028	864,637	36,275	14,504	0	0	1,032,303	879,141
General Revenues:								
Property Taxes	1,573,634	1,568,489	0	0	0	0	1,573,634	1,568,489
Other Taxes	2,521,618	2,149,322	0	0	0	0	2,521,618	2,149,322
Intergovernmental Revenues	895,217	904,546	0	0	0	0	895,217	904,546
Interest	10,426	13,937	28,737	16,099	1,741	1,035	40,904	31,071
Miscellaneous Other Revenues	278,541	295,790	0	0	0	0	278,541	295,790
Total Revenues	<u>7,043,692</u>	<u>6,586,800</u>	<u>52,344,640</u>	<u>53,894,267</u>	<u>280,816</u>	<u>283,586</u>	<u>59,669,148</u>	<u>60,764,653</u>
Program Expenses:								
Administration and Finance	1,245,065	1,202,739	0	0	0	0	1,245,065	1,202,739
Codes Administration	3,326	1,901	0	0	0	0	3,326	1,901
Police Protection	1,829,879	1,807,701	0	0	0	0	1,829,879	1,807,701
Fire Protection	1,313,998	1,204,158	0	0	0	0	1,313,998	1,204,158
Animal and Infectious Disease Control	73,452	69,953	0	0	0	0	73,452	69,953
Streets and Highways and General Public Works	1,240,778	1,113,967	0	0	0	0	1,240,778	1,113,967
Fleet Maintenance	79,149	78,216	0	0	0	0	79,149	78,216
Sanitation	691,897	195,050	0	0	0	0	691,897	195,050
Recreation Center and Library	641,146	608,820	0	0	0	0	641,146	608,820
Interest on Long-Term Debt	30,356	38,210	0	0	0	0	30,356	38,210
Electric Department	0	0	42,973,313	46,337,943	0	0	42,973,313	46,337,943
Water Department	0	0	6,108,945	6,347,329	0	0	6,108,945	6,347,329
Emergency Communications District	0	0	0	0	328,498	275,995	328,498	275,995
Total Program Expenses	<u>7,149,046</u>	<u>6,320,715</u>	<u>49,082,258</u>	<u>52,685,272</u>	<u>328,498</u>	<u>275,995</u>	<u>56,559,802</u>	<u>59,281,982</u>
Transfers:								
In Lieu of Taxes	1,182,649	1,105,149	(1,182,649)	(1,105,149)	0	0	0	0
Capital Contributions	<u>0</u>	<u>0</u>	<u>524,498</u>	<u>552,281</u>	<u>0</u>	<u>31,592</u>	<u>524,498</u>	<u>583,873</u>
Increase (Decrease) in Net Position	1,077,295	1,371,234	2,604,231	656,127	(47,682)	39,183	3,633,844	2,066,544
Net Position - Beginning of Year	11,629,167	10,257,933	56,659,304	56,003,177	785,690	746,507	69,074,161	67,007,617
Net Position - End of Year	<u>\$ 12,706,462</u>	<u>\$ 11,629,167</u>	<u>\$ 59,263,535</u>	<u>\$ 56,659,304</u>	<u>\$ 738,008</u>	<u>\$ 785,690</u>	<u>\$ 72,708,005</u>	<u>\$ 69,074,161</u>

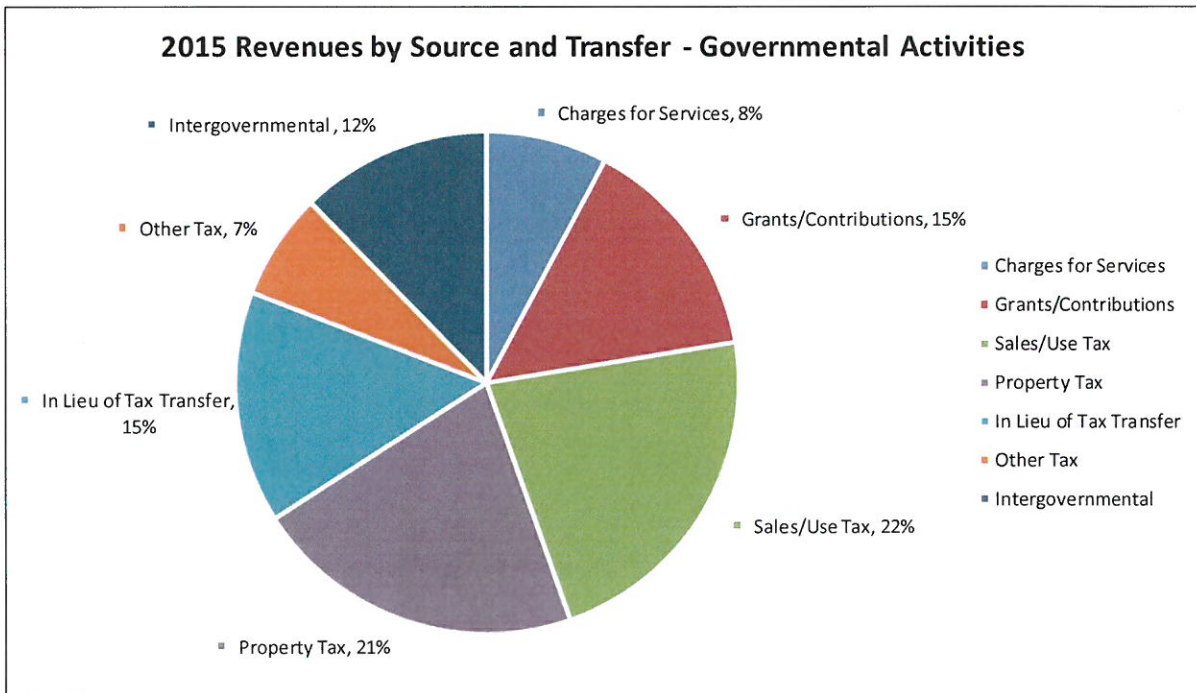
City of LaFollette's Changes in Net Position

Governmental Activities. Governmental activities increased the City's net position by \$1,077,295 in 2016. The increase in net position from governmental activities in 2015 was \$1,371,234.

The following graphs show the revenues by source and transfers for the governmental activities (excluding interest income and other miscellaneous revenues):

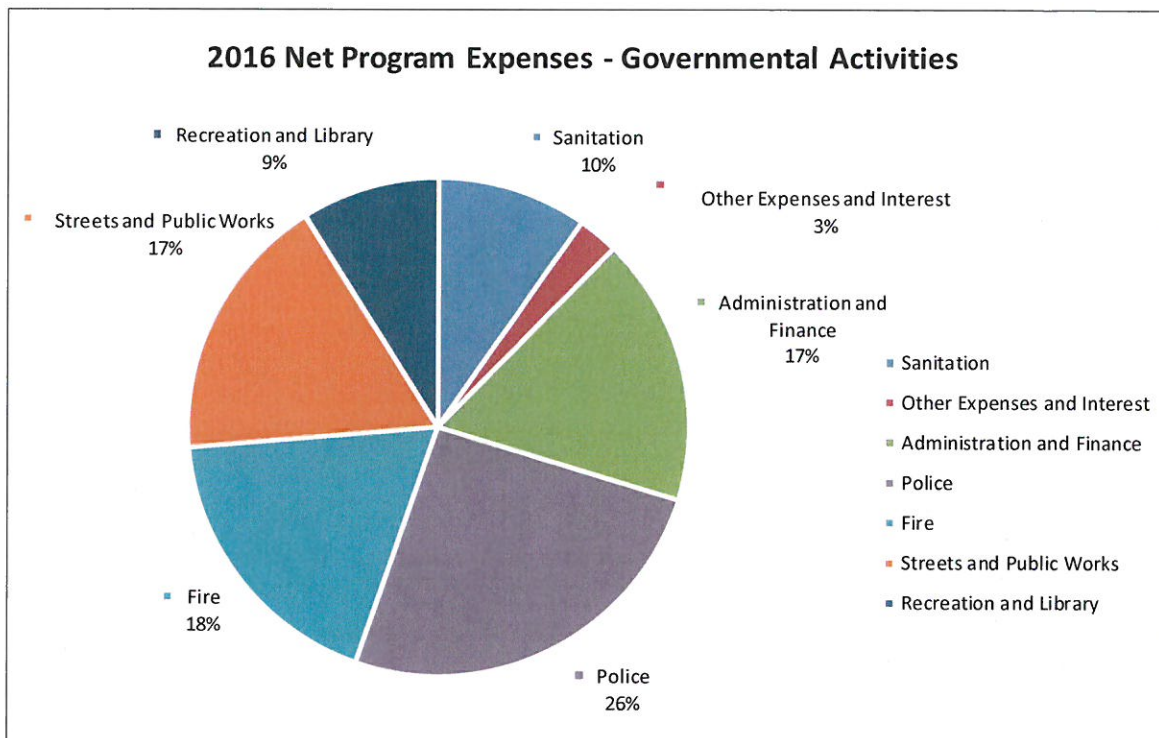


As seen in the chart above, during 2016, local sales and use taxes and property taxes (25% and 20%) represented the largest sources of revenue for the governmental activities, followed by grants and contributions (15%), the in lieu of tax transfer from the Electric Department (15%), intergovernmental (11%) and charges for services (7%).

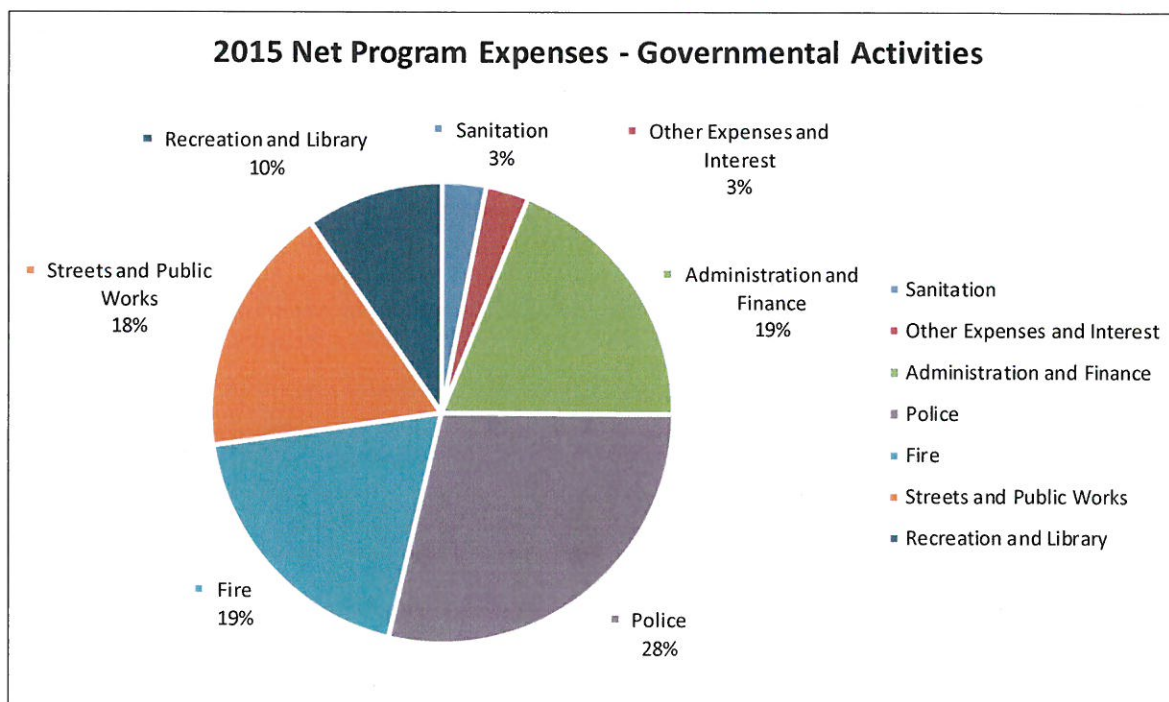


As seen in the chart above, during 2015, local sales and use taxes and property taxes (22% and 21%) represented the largest sources of revenue for the governmental activities, followed by grants and contributions (15%), the in lieu of tax transfer from the Electric Department (15%), intergovernmental (12%), and charges for services (8%), and miscellaneous other revenues (4%), and other tax (7%). The chart above excludes interest income and other miscellaneous revenues.

The following graphs show the net program expenses for the governmental activities:



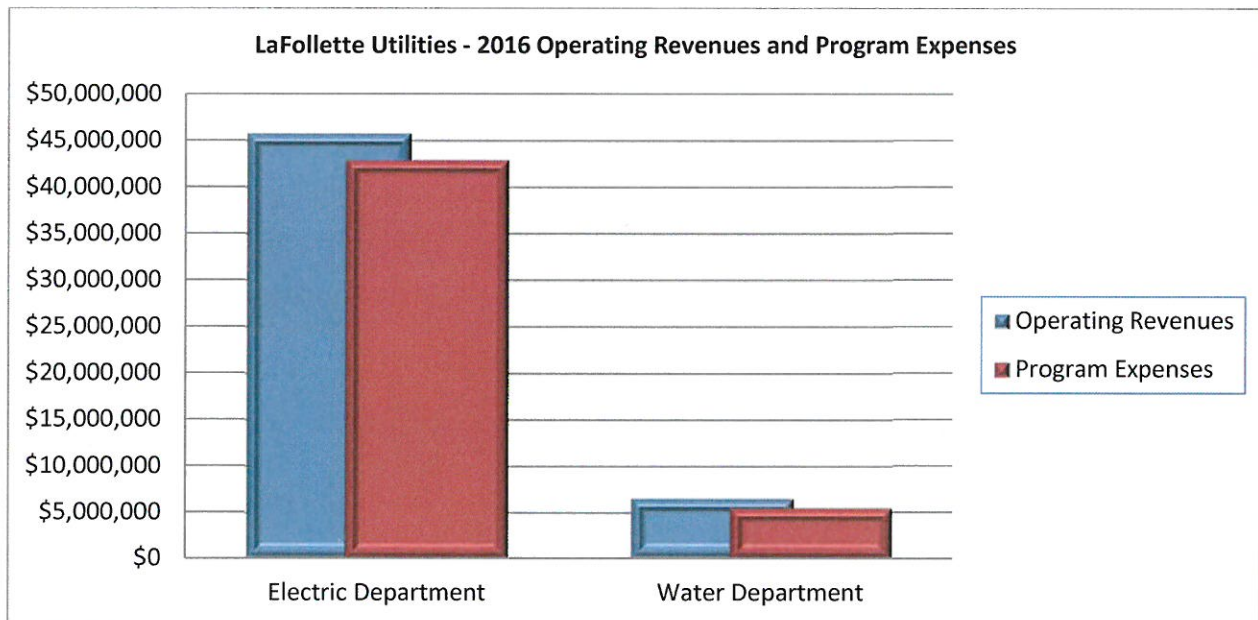
As seen in the chart above, in 2016 police protection net program expenses comprise 26%, followed by administration and finance (17%), (fire protection (18%) streets and general public works (1%), recreation and library (9%), sanitation at 10% and other at 3%.



As seen in the chart above, in 2015 police protection net program expenses comprise 28%, followed by administration and finance (19%), fire protection (19%), streets and general public works (18%), recreation and library (10%), sanitation at 3% and other at 3%.

Business-Type Activities. Business-type activities increased the City's net position by \$2,604,231 in the current year.

LaFollette Utilities, consisting of the Electric Department and the Water Department, provides electric, water, and wastewater services to customers in Campbell, Claiborne, and Union Counties. Operating revenues, consisting primarily of user charges for services rendered, exceeded program expenses for both departments, as shown in the following graph:



Program revenues for the City's component unit which provides E-911 services fell short of program expenses by \$(47,682) in 2016 and exceeded them by \$39,183 during the years ended June 30, 2016 and 2015, respectively.

Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of useable resources. This information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2016, the City's governmental funds reported combined ending fund balances of \$4,259,710, a decrease of \$(139,866) in comparison with the prior year. Approximately 90% of this total amount or \$3,838,331 constitutes unrestricted fund balances, which are available for use at the government's discretion and in accordance with appropriated budgeted amounts. The remainder of fund balance is either non-spendable totaling \$20,033 consisting of gasoline inventory, or restricted totaling \$401,346 to indicate that it is not available for use because it has already been restricted to the funding of activities in certain special revenue funds.

The general fund is the chief operating fund of the City. At June 30, 2016, unrestricted fund balance of the general fund was \$3,838,292. As a measure of the general fund's liquidity, it may be useful to compare unrestricted fund balance to total fund revenues. The Government Finance Officers Association recommends that general-purpose governments maintain unrestricted fund balances in the general fund of no less than 5% to 15% of regular general fund operating revenues. Unrestricted fund balance represents approximately 61% of total general fund revenues.

The fund balance of the City's general fund decreased by \$(18,309) during the current fiscal year.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Electric Department and Water Department Funds at the end of the year amounted to a deficit of \$(491,817). The Electric Department and Water Department continue to minimize their borrowings and use net position to fund capital assets. The total increase in net position for the Electric fund was \$1,654,428 and the total increase for the Water fund was \$949,803. Other factors concerning these funds have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled a net increase in appropriations of \$385,044 and can be briefly summarized as follows:

- Appropriated an additional \$140,558 for administration and finance to fund additional Insurance costs, professional fees, and additional personnel costs.
- Appropriated an additional \$60,001 for police protection for capital outlay not anticipated in original budgeting.
- Appropriated an additional \$70,764 for fire protection capital outlay and repairs and maintenance not anticipated in original budgeting.
- Appropriated an additional \$89,857 for streets and highways and general public works to fund additional capital outlay not anticipated at the beginning of the year.
- Appropriated an additional \$21,778 for recreation center and library to fund additional operating supplies and utilities costs.
- Appropriated an additional \$2,086 for miscellaneous other expenses.

Differences between the final amended budget and actual revenues totaled a net favorable variance of \$44,908 and can be briefly summarized as follows:

- Property taxes received were more than budget by \$69,033 due to more property tax collected.
- Sales taxes received were more than budget by \$407,203 due to increased consumer spending.
- Wholesale beer taxes received were more than budget by \$12,971 due to increased wholesale beer sales by distributors.
- Grant revenue and contributions were less than budget by \$508,049 due to the sidewalk project and East Beech Bridge project reimbursements by State of Tennessee were delayed and not paid until next fiscal year.
- Intergovernmental revenues were more than budget by \$109,007 due to additional state sales tax collected, state income tax collected, state beer tax collected, and corporate excise tax collected.
- Charges for services received were less than budget by \$6,750 due primarily to refuse collection revenue being less than budgeted.
- Other revenues were less than budget by a net of \$47,156 due primarily to less miscellaneous collections by the state and remitted to the City.

Differences between the final amended budget and actual expenditures totaled a net favorable variance of \$1,396,568 and can be briefly summarized as follows:

- Administration and finance expenditures were less than budget by \$608,065 due to appropriated expenditures budgeted but not spent.
- Police protection expenditures were less than budget by \$320,710 due to salaries and benefits and additional expenses budgeted but not spent.
- Fire protection expenditures were less than budget by \$126,940 due to salaries and benefits and additional expenses budgeted but not spent.
- Streets and highways and general public works expenditures were less than budget by \$279,478 due to the East Beech Street bridge project expenditures less than budget and other appropriated expenditures budgeted but not spent.
- Recreation center and library expenditures were less than budgeted by \$23,174 due to appropriated expenditures budgeted but not spent.
- Other expenditures were less than budget by \$38,201 due primarily to appropriated expenditures for engineering, animal control, fleet maintenance, sanitation, and infectious disease control not being spent in the current budget period.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental, business-type activities and component unit as of current year end amounts to \$112,232,800 (net of accumulated depreciation). This investment in capital assets includes infrastructure, land and land rights, structures and improvements, poles, towers, transmission and distribution mains, street lighting systems, distribution reservoirs and standpipes, service installations, buildings, improvements, equipment, furniture, fixtures, and vehicles. The total increase in the City's net capital assets for the current fiscal year was approximately 2.9% (a 7% increase for governmental activities, a -2.3% decrease for business-type activities, and a -.1% decrease for the component unit).

Major capital asset events for governmental activities during the current fiscal year include the following:

- Construction-in-progress related to the East Beech Street Bridge, a sidewalk project, and a recreation project all totaling \$1,069,145.
- Various equipment purchases totaling \$38,510 and vehicle purchases totaling \$300,712.

Capital assets, net of depreciation, as of June 30, 2016 and 2015 is as follows:

	Governmental Activities		Business-Type Activities		Component Unit		Total Reporting Unit	
	2016	2015	2016	2015	2016	2015	2016	2015
Land and Land Rights	\$ 577,099	\$ 569,005	\$ 1,091,307	\$ 1,040,459	\$ 4,000	\$ 4,000	\$ 1,672,406	\$ 1,613,464
Land Improvements	951,566	697,527	0	0	0	0	951,566	697,527
Governmental Buildings and Improvements	3,501,945	3,469,405	0	0	0	0	3,501,945	3,469,405
Equipment, Furniture, and Fixtures	4,716,740	4,461,013	34,863,937	34,067,275	649,903	1,076,875	40,230,580	39,605,163
Infrastructure	14,687,282	13,263,989	0	0	0	0	14,687,282	13,263,989
Structures and Improvements	0	0	19,911,833	19,868,243	0	0	19,911,833	19,868,243
Poles, Towers and Transmission Assets	0	0	79,368,872	76,250,835	0	0	79,368,872	76,250,835
Street Lighting Systems	0	0	3,913,677	3,778,152	0	0	3,913,677	3,778,152
Distribution Reservoirs and Standpipes	0	0	2,317,140	2,317,140	0	0	2,317,140	2,317,140
Transmission and Distribution Mains	0	0	29,051,599	28,451,525	0	0	29,051,599	28,451,525
Service Installations	0	0	6,694,947	6,550,268	0	0	6,694,947	6,550,268
Construction in Progress	0	608,187	3,364,719	1,270,106	0	0	3,364,719	1,878,293
Accumulated Depreciation	<u>(13,648,527)</u>	<u>(13,009,587)</u>	<u>(79,237,690)</u>	<u>(74,775,722)</u>	<u>(547,549)</u>	<u>(880,283)</u>	<u>(93,433,766)</u>	<u>(88,665,592)</u>
	<u>\$ 10,786,105</u>	<u>\$ 10,059,539</u>	<u>\$ 101,340,341</u>	<u>\$ 98,818,281</u>	<u>\$ 106,354</u>	<u>\$ 200,592</u>	<u>\$ 112,232,800</u>	<u>\$ 109,078,412</u>

Additional information on the City's capital assets can be found in Note 6 on pages 45 through 47.

Long-Term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$43,562,297. Of this amount, \$41,816,726 is owed on general obligation bonds and notes. The remainder of the City's debt (\$1,745,571) represents revenue and tax bonds and notes. The City's long-term debt as of June 30, 2016 and 2015 is as follows:

	Governmental Activities		Business-Type Activities		Total Reporting Unit	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds and Notes	\$ 926,000	\$ 1,189,000	\$ 40,890,726	\$ 44,308,080	\$ 41,816,726	\$ 45,497,080
Revenue and Tax Bonds and Notes	0	0	1,745,571	1,775,979	1,745,571	1,775,979
Total	<u>\$ 926,000</u>	<u>\$ 1,189,000</u>	<u>\$ 42,636,297</u>	<u>\$ 46,084,059</u>	<u>\$ 43,562,297</u>	<u>\$ 47,273,059</u>

The City's total debt decreased by \$(3,710,762) during the current fiscal year as repayments exceeded new borrowings.

Additional information on the City's long-term debt can be found in Note 8 on pages 47 through 51.

Next Year's Budgets

The general fund revenue estimates for next year are projected basically at a growth rate of 2%. Using this revenue estimate as a guide, the general fund budget was prepared by funding the necessary operating needs of the various departments. The following items will affect the City's financial statements next year:

- The City anticipates purchasing 4 new Police SUV's and related equipment for approximately \$160,000.
- The City anticipates purchasing 2 Fire vehicles (a first responder vehicle and a Fire SUV) for approximately \$55,000.
- The City anticipates purchasing a new brush truck for the Public Works department for approximately \$150,000.
- The City anticipates purchasing a new server and workstations for the Administration and Finance departments for approximately \$41,000.

The Electric Department

The Electric Department isn't expected to add a significant number of new electric customers over the course of the next fiscal year. Capital improvement plans are being developed for projects to be completed over the next 5 fiscal years.

The Water Department

The Water Department is not expected to add a significant number of new water and wastewater customers over the course of the next fiscal year.

The Water Department implemented a new leak adjustment policy that will transfer the cost of residential water leaks to an insurance company. This program began on December 1, 2015. This is called the LUB ServLine program. All residential water customers were enrolled in the program, but have an opportunity to opt out, which some chose to do. Customers that decide to opt out of the program are responsible for the full cost of all their water leaks.

The Electric Department and Water Department also issue separate audited financial statements. Additional information regarding these proprietary funds can be obtained by contacting the General Manager at 302 North Tennessee Avenue, LaFollette, Tennessee 37766. The Emergency Communication District also issues separate audited financial statements and additional information can be obtained by sending a request to the City of LaFollette, Office of the City Administrator, 207 South Tennessee Avenue, LaFollette, Tennessee 37766.

No other facts, decisions, or conditions are currently known which would have a significant impact on the City's financial position or results of operations during fiscal year 2017.

Requests for Additional Information

This financial report is designed to provide a general overview of the City's financial information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of LaFollette, Office of the City Administrator, 207 South Tennessee Avenue, LaFollette, Tennessee, 37766.