

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**

**CITY OF LAFOLLETTE, TENNESSEE**  
**SCHEDULE OF CHANGES IN THE GOVERNMENTAL FUNDS NET PENSION LIABILITY**  
**AND RELATED RATIOS**

**Last Two Fiscal Years Ending June 30,**

	<u>2014</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 189,730	\$ 213,215
Interest	850,331	878,279
Changes of Benefit Terms	0	0
Differences between Actual and Expected Experience	(26,344)	(164,633)
Changes of Assumptions	0	0
Benefits Payment, Including Refunds of Employee Contributions	<u>(699,454)</u>	<u>(629,674)</u>
<b>Net Change in Total Pension Liability</b>	314,263	297,187
<b>Total Pension Liability - Beginning</b>	<u>11,497,739</u>	<u>11,812,002</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 11,812,002</u>	<u>\$ 12,109,189</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 242,516	\$ 257,236
Contributions - Employee	121,017	131,646
Net Investment Income	1,667,229	352,257
Benefit Payments, Including Refunds of Employee Contributions	<u>(699,454)</u>	<u>(629,674)</u>
Administrative Expense	<u>(3,360)</u>	<u>(4,284)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	1,327,948	107,181
<b>Plan Fiduciary Net Position - Beginning</b>	<u>10,231,859</u>	<u>11,559,807</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 11,559,807</u>	<u>\$ 11,666,988</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 252,195</u>	<u>\$ 442,201</u>
<b>Plan Fiduciary Net Position as a Percentage of the     Total Pension Liability</b>	98%	96%
<b>Covered-Employee Payroll</b>	\$ 2,420,330	\$ 2,631,594
<b>Net Pension Liability as a Percentage of     Covered-Employee Payroll</b>	10%	17%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF LAFOLLETTE, TENNESSEE**  
**SCHEDULE OF GOVERNMENTAL FUNDS PENSION CONTRIBUTIONS**  
**BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**

**Last Three Fiscal Year Ending June 30,**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Actuarially Determined Contribution	\$ 242,516	\$ 257,236	\$ 269,832
Contributions in Relation to the Actuarially Determined Contribution	242,516	257,236	269,832
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
 Covered-Employee Payroll	 \$ 2,420,330	 \$ 2,631,594	 \$ 2,849,207
Contributions as a Percentage of Covered-Employee Payroll	10%	10%	9%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Notes:**

Valuation Date: Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2015 actuarial valuation.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method:	Frozen initial liability
Amortization Method:	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period:	10 years
Asset Valuation:	10-year smoothed within a 20% corridor to market value
Inflation:	3%
Salary Increases:	Graded salary ranges from 8.97% to 3.71% based on age, including inflation,
Investment Rate of Return:	7.5%, net of investment expense, including inflation
Retirement Age:	Pattern of retirement determined by experience study
Mortality:	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments:	2.5%

CITY OF LAFOLLETTE, TENNESSEE

SCHEDULE OF FUNDING PROGRESS – GOVERNMENTAL FUNDS POST-RETIREMENT PLAN

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/16	\$0	\$1,090,922	\$1,090,922	0%	\$2,849,207	38%
07/01/15	\$0	\$851,200	\$851,200	0%	\$2,645,563	32%
07/01/14	\$0	\$801,612	\$801,612	0%	\$2,574,823	31%

See Independent Auditor's Report.

**CITY OF LAFOLLETTE, TENNESSEE**  
**BOARD OF PUBLIC UTILITIES - ELECTRIC AND WATER DEPARTMENTS**  
**SCHEDULE OF REQUIRED PENSION CONTRIBUTIONS**

A schedule of the Electric Department's required contributions for the NRECA pension plan for each of the ten most recent fiscal years is as follows:

Fiscal Year Ended June 30,	Required Contributions Made	Repayment of Contractual Liability	Total
2007	\$ 334,726	\$ 81,685	\$ 416,411
2008	369,658	81,685	451,343
2009	422,822	81,685	504,507
2010	537,043	81,685	618,728
2011	785,176	81,685	866,861
2012	747,444	81,685	829,129
2013	743,716	81,685	825,401
2014	793,156	81,685	874,841
2015	779,285	81,685	860,970
2016	789,138	81,685	870,823

The increasing trend in required contributions shown above is due to both increases in covered payroll and increases in contribution rates from the NRECA.

A schedule of the Water Department's required contributions for the NRECA pension plan for each of the ten most recent fiscal years is as follows:

Fiscal Year Ended June 30,	Required Contributions Made	Repayment of Contractual Liability	Total
2007	\$ 143,454	\$ 35,008	\$ 178,462
2008	158,425	35,008	193,433
2009	181,209	35,008	216,217
2010	230,161	35,008	265,169
2011	336,504	35,008	371,512
2012	285,325	35,008	320,333
2013	318,735	35,008	353,743
2014	339,924	35,008	374,932
2015	401,450	35,008	436,458
2016	406,526	35,008	441,534

The increasing trend in required contributions shown above is due to both increases in covered payroll and increases in contribution rates from the NRECA.

**CITY OF LAFOLLETTE, TENNESSEE**  
**BOARD OF PUBLIC UTILITIES - ELECTRIC AND WATER DEPARTMENTS**  
**SCHEDULE OF FUNDING PROGRESS - POST-RETIREMENT PLAN**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/14	\$0	\$648,450	\$648,450	0.00%	\$6,250,374	10.4%
07/01/12	\$0	\$465,847	\$465,847	0.00%	\$5,723,471	8.1%
07/01/10	\$0	\$838,084	\$838,084	0.00%	\$5,069,083	16.5%