CITY OF SPRINGFIELD, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Springfield, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Springfield, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of City of Springfield, Georgia, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on pages 33 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springfield, Georgia's basic financial statements. The schedules of projects paid with special sales tax proceeds and water and sewer information, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of projects paid with special sales tax proceeds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects paid with special sales tax proceeds is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of water and sewer information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017 on our consideration of the City of Springfield, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Springfield, Georgia's internal control over financial reporting and compliance.

Lanier, Westerfield, Cook & Thorton

Statesboro, Georgia
June 26, 2017

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 2,999,170	$ 1,606,591	$ 4,605,761
Restricted cash and cash equivalents	79,437	105,504	184,941
Certificates of deposit	-	198,517	198,517
Receivables:			
Accounts	-	174,634	174,634
Taxes	247,568	-	247,568
Intergovernmental	408,452	-	408,452
Internal balances	(202,710)	202,710	-
Prepaid items	28,682	16,855	45,537
Restricted Assets:			
Cash and cash equivalents	-	543,641	543,641
Capital assets:			
Nondepreciable capital assets	928,353	2,494,141	3,422,494
Depreciable capital assets, net	2,160,942	9,373,660	11,534,602
Total Assets	6,649,894	14,716,253	21,366,147
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pensions	93,803	30,163	123,966
LIABILITIES			
Current Liabilities:			
Accounts payable	55,168	112,971	168,139
Accrued liabilities	21,940	5,739	27,679
Accrued interest payable	-	43,850	43,850
Unearned revenue	-	410,940	410,940
Compensated absences payable	31,447	7,757	39,204
Customer deposits	-	105,504	105,504
Revenue bonds payable	-	275,000	275,000
Long-Term Liabilities:			
Compensated absences payable (net of current portion)	20,964	5,172	26,136
Revenue bonds payable (net of current portion)	-	4,621,758	4,621,758
Net pension liability	211,697	62,746	274,443
Total Liabilities	341,216	5,651,437	5,992,653
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pensions	34,190	9,601	43,791
NET POSITION			
Net investment in capital assets	3,089,295	6,971,043	10,060,338
Restricted for:			
Capital projects	1,028,954	-	1,028,954
Public safety	79,437	-	79,437
Streets	55,057	-	55,057
Debt service	-	543,641	543,641
Unrestricted	2,115,548	1,570,694	3,686,242
Total Net Position	$ 6,368,291	$ 9,085,378	$ 15,453,669

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Program/Function	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activites:							
General government	$ 537,998	$ 50,248	-	-	$ (487,750)		$ (487,750)
Judicial - Municipal court	141,255	-	-	-	(141,255)		(141,255)
Public safety	562,497	391,924	-	-	(170,573)		(170,573)
Public works	237,643	-	-	$ 575,629	337,986		337,986
Community development	136,194	25,641	$ 11,600	-	(98,953)		(98,953)
Culture and Recreation	47,124	-	-	-	(47,124)		(47,124)
Total Govermental Activites	1,662,711	467,813	11,600	575,629	(607,669)		(607,669)
Business-Type Activities:							
Water and Sewer	1,556,888	1,620,586	-	-		$ 63,698	63,698
Sanitation	154,073	160,842	-	-		6,769	6,769
Arts & Events	394,917	263,821	-	-		(131,096)	(131,096)
Total Business-Type Activites	2,105,878	2,045,249	-	-		(60,629)	(60,629)
Total Primary Government	$ 3,768,589	$ 2,513,062	$ 11,600	$ 575,629	(607,669)	(60,629)	(668,298)
		General Revenues					
		Property taxes levied for:					
		General purposes			304,723	-	304,723
		Sales taxes			422,441	-	422,441
		Insurance premium tax			175,321	-	175,321
		Franchise taxes			200,643	-	200,643
		Other taxes			87,519	-	87,519
		Interest earned			1,656	3,402	5,058
		Gain on sale of capital assets			1,620	-	1,620
		Other			21,949	-	21,949
		Special Item - Service delivery agreement contribution from Effingham County			53,670	-	53,670
		Transfers			(175,422)	175,422	-
		Total General Revenues, Special Items, and Transfers			1,094,120	178,824	1,272,944
		Change in Net Position			486,451	118,195	604,646
		Net Position, Beginning of Year			5,881,840	8,967,183	14,849,023
		Net Position, End of Year			$ 6,368,291	$ 9,085,378	$ 15,453,669

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General	SPLOST Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,735,780	$ 1,263,390	$ 2,999,170
Restricted cash and cash equivalents	79,437	-	79,437
Receivables:			
Taxes	247,568	-	247,568
Intergovernmental	347,487	60,965	408,452
Interfund	105,907	-	105,907
Prepaid items	28,682	-	28,682
TOTAL ASSETS	$ 2,544,861	$ 1,324,355	$ 3,869,216
LIABILITIES			
Accounts payable	$ 55,168	-	$ 55,168
Accrued liabilities	21,940	-	21,940
Interfund payable	13,216	$ 295,401	308,617
TOTAL LIABILITIES	90,324	295,401	385,725
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	49,155	-	49,155
Unavailable revenue - sale of fire equipment	300,000	-	300,000
TOTAL DEFERRED INFLOWS OF RESOURCES	349,155	-	349,155
FUND BALANCES			
Nonspendable	28,682	-	28,682
Restricted	134,494	1,028,954	1,163,448
Assigned	284,236	-	284,236
Unassigned	1,657,970	-	1,657,970
TOTAL FUND BALANCES	2,105,382	1,028,954	3,134,336
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,544,861	$ 1,324,355	$ 3,869,216

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of net position are different because:			
Total Governmental Fund Balances			$ 3,134,336
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
	Cost	$ 4,289,446	
	Less accumulated depreciation	(1,200,151)	3,089,295
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:			
	Sale of fire equipment		300,000
	Property taxes		49,155
Deferred outflows and deferred inflows related to pensions is not reported in the governmental funds:			
	Deferred outflows of resources	93,803	
	Deferred inflows of resources	(34,190)	59,613
The City's net pension liability is not reported in the governmental funds but is in the statement of net position.			(211,697)
Compensated absences payable are not due and payable in the current period, and, therefore, are not reported in the funds.			(52,411)
Net Position Of Governmental Activities			$ 6,368,291

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General	SPLOST Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes	$ 1,191,444	-	$ 1,191,444
Intergovernmental	367,194	$ 218,728	585,922
Licenses and permits	58,570	-	58,570
Charges for services	76,902	-	76,902
Fines and forfeitures	315,286	-	315,286
Interest	1,656	1,307	2,963
Other	39,004	-	39,004
Total revenues	2,050,056	220,035	2,270,091
EXPENDITURES			
Current:			
General government	509,168	-	509,168
Judicial	140,815	-	140,815
Public safety	548,839	-	548,839
Public works	520,273	-	520,273
Culture and recreation	80,772	-	80,772
Community development	135,883	-	135,883
Capital outlay			
General government	-	5,285	5,285
Public safety	-	1,733	1,733
Public works	-	119,739	119,739
Total expenditures	1,935,750	126,757	2,062,507
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	114,306	93,278	207,584
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	101,620	-	101,620
Transfers out	(75,016)	(100,406)	(175,422)
Total other financing sources (uses)	26,604	(100,406)	(73,802)
SPECIAL ITEM			
Service delivery agreement contribution from Effingham County	53,670	-	53,670
NET CHANGE IN FUND BALANCES	194,580	(7,128)	187,452
FUND BALANCES, JANUARY 1, 2016	1,910,802	1,036,082	2,946,884
FUND BALANCES, DECEMBER 31, 2016	$ 2,105,382	$ 1,028,954	$ 3,134,336

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of activities are different because:			
Net Change In Fund Balances - Total Governmental Funds			$ 187,452
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.			
	Depreciation expense	$ (123,747)	
	Capital outlay	540,617	416,870
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
	Sale of fire equipment:		
	Unavailable revenue @ 12/31/16	300,000	
	Unavailable revenue @ 12/31/15	(400,000)	(100,000)
	Property taxes:		
	Unavailable revenue @ 12/31/16	49,155	
	Unavailable revenue @ 12/31/15	(49,952)	(797)
Governmental funds do not report the cost of disposed capital assets but the cost is is reported on the statement of activities.			-
The change in the net pension liability and pension related deferred outflows and deferred inflows is reported on the government-wide statement of activities but not in the governmental funds.			(4,570)
Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
	Liability @ 12/31/16	(52,411)	
	Liability @ 12/31/15	39,907	(12,504)
Change In Net Position of Governmental Activities			$ 486,451

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 318,125	$ 318,125	$ 305,520	$ (12,605)
Sales	443,700	443,700	422,441	(21,259)
Franchise	168,000	168,000	200,643	32,643
Insurance premium	140,000	140,000	175,321	35,321
Alcoholic beverage	71,786	71,786	68,430	(3,356)
Other	14,145	14,145	19,089	4,944
Licenses and permits	54,000	54,000	58,570	4,570
Intergovernmental	325,000	325,000	367,194	42,194
Charges for services	79,091	79,091	76,902	(2,189)
Fines and forfeitures	383,954	383,954	315,286	(68,668)
Interest	1,400	1,400	1,656	256
Other	500	500	39,004	38,504
Total revenues	1,999,701	1,999,701	2,050,056	50,355
EXPENDITURES				
Current:				
General government	487,557	523,119	509,168	13,951
Judicial	145,523	145,523	140,815	4,708
Public safety:				
Police	555,260	552,000	459,255	92,745
Fire	178,771	178,771	89,584	89,187
Public works	576,134	561,692	520,273	41,419
Culture and recreation	44,942	80,942	80,772	170
Community development	110,498	135,185	135,883	(698)
Total expenditures	2,098,685	2,177,232	1,935,750	241,482
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(98,984)	(177,531)	114,306	291,837
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	100,000	100,000	101,620	1,620
Transfers out	(60,016)	(75,016)	(75,016)	-
Total other financing sources (uses)	39,984	24,984	26,604	1,620
SPECIAL ITEM				
Service delivery agreement contribution from Effingham County	59,000	59,000	53,670	(5,330)
NET CHANGE IN FUND BALANCE	-	(93,547)	194,580	288,127
FUND BALANCE, JANUARY 1, 2016	1,910,802	1,910,802	1,910,802	-
FUND BALANCE, DECEMBER 31, 2016	$ 1,910,802	$ 1,817,255	$ 2,105,382	$ 288,127

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

ASSETS	Water and Sewer	Sanitation	Arts and Events	Total
Current Assets				
Cash and cash equivalents	$ 1,600,596	-	$ 5,995	$ 1,606,591
Restricted cash and cash equivalents	105,504	-	-	105,504
Certificates of deposit	198,517	-	-	198,517
Accounts receivable	98,228	$ 76,406	-	174,634
Interfund receivable	223,712	24,371	-	248,083
Prepaid items	2,505	-	14,350	16,855
Total Current Assets	2,229,062	100,777	20,345	2,350,184
Noncurrent Assets				
Restricted Assets - Cash and cash equivalents	543,641	-	-	543,641
Capital Assets	10,871,018	-	996,783	11,867,801
Total Noncurrent Assets	11,414,659	-	996,783	12,411,442
Total Assets	13,643,721	100,777	1,017,128	14,761,626
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	30,163	-	-	30,163
LIABILITIES				
Current Liabilities				
Accounts payable	105,466	-	7,505	112,971
Accrued liabilities	4,268	-	1,471	5,739
Accrued interest payable	43,850	-	-	43,850
Customer deposits	105,504	-	-	105,504
Unearned revenue	396,688	-	14,252	410,940
Compensated absences payable - Current	7,757	-	-	7,757
Revenue bonds payable - Current	275,000	-	-	275,000
Interfund payable	45,282	-	91	45,373
Total Current Liabilities	983,815	-	23,319	1,007,134
Long-term Liabilites				
Compensated absences payable (net of current portion)	5,172	-	-	5,172
Revenue bonds payable (net of current portion)	4,621,758	-	-	4,621,758
Net pension liability	62,746	-	-	62,746
Total Long-term Liabilites	4,689,676	-	-	4,689,676
Total Liabilities	5,673,491	-	23,319	5,696,810
DEFERRED INFLOWS OF RESOURCES				
Resources related to pensions	9,601	-	-	9,601
NET POSITION				
Net investment in capital assets	5,974,260	-	996,783	6,971,043
Restricted for debt service	543,641	-	-	543,641
Unrestricted	1,472,891	100,777	(2,974)	1,570,694
Total Net Position	$ 7,990,792	$ 100,777	$ 993,809	$ 9,085,378

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer	Sanitation	Arts and Events	Total
OPERATING REVENUES				
Water and sewer sales	$ 1,219,830	-	-	$ 1,219,830
Sanitation fees	-	$ 160,842	-	160,842
Impact fees	367,154	-	-	367,154
Late charges	32,695	-	-	32,695
Theater income	-	-	$ 227,718	227,718
Other income	907	-	36,103	37,010
Total operating revenues	1,620,586	160,842	263,821	2,045,249
OPERATING EXPENSES				
Salaries	224,667	-	82,418	307,085
Payroll taxes	17,868	-	6,733	24,601
Employee benefits/Uniforms	57,187	-	-	57,187
Utilities	118,355	-	12,997	131,352
Telephone	8,358	-	4,811	13,169
Contractual services	55,738	154,073	192,687	402,498
Professional services	233,008	-	-	233,008
Training	2,920	-	-	2,920
Travel	3,411	-	971	4,382
Dues and subscriptions	5,150	-	-	5,150
Insurance	4,917	-	-	4,917
Materials and supplies	120,744	-	30,180	150,924
Gasoline, oil, etc.	7,496	-	-	7,496
Repairs and maintenance	136,659	-	5,758	142,417
Depreciation	410,487	-	58,304	468,791
Other	448	-	58	506
Total operating expenses	1,407,413	154,073	394,917	1,956,403
OPERATING INCOME (LOSS)	213,173	6,769	(131,096)	88,846
NONOPERATING REVENUE (EXPENSE)				
Interest income	3,392	-	10	3,402
Interest expense	(149,475)	-	-	(149,475)
Total nonoperating revenue (expense)	(146,083)	-	10	(146,073)
INCOME (LOSS) BEFORE TRANSFERS	67,090	6,769	(131,086)	(57,227)
TRANSFERS IN FROM OTHER FUNDS	100,406	-	75,016	175,422
CHANGE IN NET POSITION	167,496	6,769	(56,070)	118,195
NET POSITION, JANUARY 1, 2016	7,823,296	94,008	1,049,879	8,967,183
NET POSITION, DECEMBER 31, 2016	$ 7,990,792	$ 100,777	$ 993,809	$ 9,085,378

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer	Sanitation	Arts and Events	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 1,588,715	$ 149,658	$ 274,534	$ 2,012,907
Cash payments for employees	(302,753)	-	(90,057)	(392,810)
Cash payments for goods and services	(685,514)	(149,658)	(256,229)	(1,091,401)
Net cash provided by (used by) operating activities	600,448	-	(71,752)	528,696
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(232,633)	-	-	(232,633)
Transfers in from other funds	100,406	-	75,016	175,422
Principal payments on bonds payable	(256,876)	-	-	(256,876)
Interest payments	(151,275)	-	-	(151,275)
Net cash provided by (used by) capital and related financing activities	(540,378)	-	75,016	(465,362)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in certificates of deposit	(1,224)	-	-	(1,224)
Interest received	3,392	-	10	3,402
Net cash provided by (used by) investing activities	2,168	-	10	2,178
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	62,238	-	3,274	65,512
CASH AND CASH EQUIVALENTS, JANUARY 1, 2016	2,187,503	-	2,721	2,190,224
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2016	$ 2,249,741	$ -	$ 5,995	$ 2,255,736
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES				
Operating income (loss)	$ 213,173	$ 6,769	$ (131,096)	$ 88,846
Adjustments:				
Depreciation	410,487	-	58,304	468,791
(Increase) decrease in operating assets:				
Accounts receivable	(11,729)	(11,184)	-	(22,913)
Interfund receivable	-	16,509	-	16,509
Prepaid items	(539)	-	(11,549)	(12,088)
(Increase) decrease in deferred outflows of resources:				
Resources related to pensions	(13,652)	-	-	(13,652)
Increase (decrease) in operating liabilities:				
Accounts payable	11,892	(12,094)	2,791	2,589
Accrued liabilities	852	-	(906)	(54)
Customer deposits	5,172	-	-	5,172
Compensated absences payable	(5,751)	-	-	(5,751)
Interfund payable	337	-	(9)	328
Unearned revenue	(25,314)	-	10,713	(14,601)
Net pension liability	14,745	-	-	14,745
(Increase) decrease in deferred inflows of resources:				
Resources related to pensions	775	-	-	775
Net cash provided by (used by) operating activities	$ 600,448	$ -	$ (71,752)	$ 528,696

See accompanying notes to the basic financial statements.

The City of Springfield, Georgia (the City) was incorporated under the provisions of Georgia law on August 19, 1912. The City operates under a Council-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets and lanes, sanitation, planning and zoning, water and sewer, and various administrative services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The City has no potential component units that should be considered for inclusion in the reporting entity.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, grants and the City's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental funds are reported in separate columns.

Fund Accounting – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance.

The following are the City's major governmental funds:

> ***General Fund*** – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.
>
> ***SPLOST Capital Projects Fund*** – This fund accounts for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the City

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The City has three enterprise funds. The City accounts for its water and sewer operations in the Water and Sewer fund and solid waste collection and disposal in the Sanitation Fund. The City accounts for the operations of the Mars Theatre through the Arts and Events Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis in accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. The water and sewer enterprise fund reported an allowance for uncollectibles of $50,000 at December 31, 2016.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns on the statement of net position, except for any net residual amounts due

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable since this amount is not available for general appropriation.

Restricted Assets – Cash and Cash Equivalents

Restricted cash includes amounts set aside to meet the requirements of applicable bond covenants of the water and sewer revenue bonds.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the City fund financial statements. Capital assets utilized by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position and in the proprietary fund's statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges and water and sewer lines. For roads and bridges, the City has only capitalized infrastructure constructed after December 31, 2003. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Estimated Useful Lives	
Asset Class	Governmental Activities	Business-type Activities
Buildings and improvements	30-50 years	7-10 years
Machinery and equipment	5-10 years	5-10 years
Furniture and fixtures	5 years	5 years
Vehicles	5-8 years	5-8 years
Infrastructure	3-10 years	40 years
Water system	-	40 years
Sewer collection system	-	40 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of those funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are amortized over the life of the bonds using the effective interest method and bond issuance costs are expensed in the current period.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is resources related to pensions reported at the government-wide level for governmental and business-type activities and at the fund level for enterprise funds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has an item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City also has deferred inflows of resources related to its pension plan reported at the government-wide level for governmental and business-type activities and at the fund level for its proprietary funds.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, and sanitation, and theater income for the Arts and Events Fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between governmental and business-type activities are eliminated from the total column.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through June 26, 2017, the date that the financial statements were available for issue. No subsequent events requiring disclosure in the financial statements were noted.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
Budgetary Information

The City adopts an annual operating budget for the general fund and the capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

During the year, the City Council approved budget revisions.

All unexpended annual appropriations lapse at year-end.

Excess of Expenditures over Appropriations

For the year ended December 31, 2016, expenditures exceeded appropriations for the following department within the general fund:

Community development	$	698

This over expenditure was funded primarily by under expenditures in other departments.

NOTE 3 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

At December 31, 2016, the carrying amount of the City's deposits (checking and certificates of deposit) was $5,532,860 and the bank balance was $5,526,091. Of the bank balance, $448,517 was covered by federal depository insurance, and $5,077,574 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

NOTE 4 – PROPERTY TAXES
Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed near the end of each year and are payable within sixty days. The Effingham County Tax Commissioner bills and collects the City's property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended December 31, 2016, property taxes were levied on August 9, 2016, and were due November 15, 2016.

NOTE 5 – RECEIVABLES
Receivables at December 31, 2016, consisted of taxes, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Receivable Fund	Payable Fund	Amount
General Fund	SPLOST Capital Projects	$ 71,689
	Arts and Events	91
	Water and Sewer	34,127
Water and Sewer	SPLOST Capital Projects	223,712
Sanitation	Water and Sewer	11,155
	General	13,216
		$ 353,990

Interfund balances at December 31, 2016 represent charges for services or reimbursable expenses. The City expects to repay all interfund balances within one year.

	Transfers To:		
Transfers From:	Arts and Events Fund	Water and Sewer Fund	Total
General Fund	$ 75,016	-	$ 75,016
SPLOST Capital Projects Fund	-	$ 100,406	100,406
Total	$ 75,016	$ 100,406	$ 175,422

Interfund transfers were made from the general fund to the arts and events fund to help fund operations for the Mars Theatre. The SPLOST fund transferred $100,406 to the water and sewer fund for system improvements.

NOTE 7 – FUND BALANCES – GOVERNMENTAL FUNDS

As of December 31, 2016, fund balances are composed of the following:

	General Fund	SPLOST Capital Projects Fund	Total Governmental Funds
Nonspendable:			
Prepaid items	$ 28,682	-	$ 28,682
Restricted:			
Capital projects	-	$ 1,028,954	1,028,954
Police	79,437	-	79,437
Roads	55,057	-	55,057
Assigned:			
Fire	284,236	-	284,236
Unassigned	1,657,970	-	1,657,970
Total fund balances	$ 2,105,382	$ 1,028,954	$ 3,134,336

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 01/01/16	Additions	Deductions	Balance 12/31/16
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 809,314	$ 36,000	-	$ 845,314
Construction in progress	384,823	13,200	$ 314,984	83,039
Total capital assets not being depreciated:	1,194,137	49,200	314,984	928,353
Capital assets being depreciated:				
Buildings	548,564	-	-	548,564
Improvements other than buildings	642,249	-	-	642,249
Machinery and equipment	775,381	21,177	42,881	753,677
Infrastructure	631,379	785,224	-	1,416,603
Total capital assets being depreciated	2,597,573	806,401	42,881	3,361,093
Total capital assets	3,791,710	855,601	357,865	4,289,446
Accumulated depreciation:				
Buildings	192,359	12,994	-	205,353
Improvements other than buildings	191,975	35,812	-	227,787
Machinery and equipment	623,376	42,670	42,881	623,165
Infrastructure	111,575	32,271	-	143,846
Total accumulated depreciation	1,119,285	123,747	42,881	1,200,151
Governmental activities capital assets, net	$ 2,672,425	$ 731,854	$ 314,984	$ 3,089,295

Governmental activities depreciation expense:

General government	$ 17,600
Public safety	39,476
Streets	64,579
Recreation	2,092
Total governmental activities depreciation expense	$ 123,747

NOTE 8 – CAPITAL ASSETS (Continued)

The following table presents the changes in capital assets for the City's enterprise funds:

	Balance 01/01/16	Additions	Deductions	Balance 12/31/16
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 2,456,805	$ 37,336	$ -	$ 2,494,141
Construction in progress	-	-	-	-
Total capital assets not being depreciated	2,456,805	37,336	-	2,494,141
Capital assets being depreciated:				
Buildings	796,811	-	-	796,811
Improvements other than buildings	13,046,864	195,296	-	13,242,160
Machinery and equipment	975,803	-	-	975,803
Total capital assets being depreciated	14,819,478	195,296	-	15,014,774
Total capital assets	17,276,283	232,632	-	17,508,915
Accumulated depreciation:				
Buildings	36,281	19,920	-	56,201
Improvements other than buildings	4,811,515	341,775	-	5,153,290
Machinery and equipment	324,527	107,096	-	431,623
Total accumulated depreciation	5,172,323	468,791	-	5,641,114
Business-type activities capital assets, net	$ 12,103,960	$ (236,159)	$ -	$ 11,867,801

NOTE 9 – WATER AND SEWER REFUNDING REVENUE BONDS

Series 2012

In 2012, the City issued $6,040,000 in City of Springfield Water and Sewer Refunding Revenue Bonds, Series 2012. The bonds were issued to pay in full and refund the notes payable for upgrades to its water and sewer system.

The bonds are secured by a lien on the revenues of the water and sewer system and the City is required to have a Revenue Fund in which all income and revenue of every nature derived from the ownership and operation of the water and sewer system is to be deposited. The City is also required to maintain a Bond Sinking Fund consisting of a Debt Service Account and a Debt Service Reserve Account, as well as a Renewal and Extension Fund that shall be held and used by the City for emergencies, current or future replacements and improvements, and certain other capital expenses. The Renewal and Extension fund may also be used for debt service to the extent that revenues are otherwise unavailable.

After all of the operating expenses of the system are paid from the Revenue Fund, amounts are paid into the Debt Service Account in the Bond Sinking Fund on or before the last business day of each month one-sixth of

NOTE 9 – WATER AND SEWER REFUNDING REVENUE BONDS (Continued)

the interest coming due on each interest payment date thereafter and one-twelfth of the principal coming due on the next succeeding principal payment date.

The refunding revenue bonds have interest rates ranging from 1.45 percent to 3.35 percent. The bonds require principal payments each September 1 and interest is payable semiannually on March 1 and September 1 each year.

As of December 31, 2016, annual debt service requirements for the series 2012 refunding revenue bonds are as follows:

Year ending December 31	Principal	Unamortized Discount	Total	Interest
2017	$ 275,000	$ (11,033)	$ 263,967	$ 131,551
2018	280,000	(7,312)	272,688	127,564
2019	285,000	(4,113)	280,887	122,804
2020	290,000	(1,334)	288,666	117,389
2021	295,000	848	295,848	111,154
2022-2026	1,585,000	21,557	1,606,557	439,070
2027-2031	1,785,000	17,777	1,802,777	187,661
2032	85,000	368	85,368	2,848
	$ 4,880,000	$ 16,758	$ 4,896,758	$ 1,240,041

NOTE 10 – CHANGES IN LONG-TERM DEBT

	Outstanding January 1, 2016	Additions	Reductions	Outstanding December 31, 2016	Amounts Due in One Year
Governmental Activities					
Compensated absences	$ 39,907	$ 37,294	$ 24,790	$ 52,411	$ 31,447
Business-Type Activities					
Revenue bonds payable	$ 5,150,000	-	$ 270,000	$ 4,880,000	$ 275,000
Unamortized discount	3,634	$ 13,124	-	16,758	-
	5,153,634	13,124	270,000	4,896,758	275,000
Compensated absences	18,680	14,366	20,117	12,929	7,757
Total Business-Type Activities	$ 5,172,314	$ 27,490	$ 290,117	$ 4,909,687	$ 282,757

The compensated absences liability will be paid from the General Fund for governmental activities and from the Water and Sewer Fund for business-type activities. Principal and interest payments related to revenue bonds payable for the City's Water and Sewer System are financed from income derived from the operation of the Water and Sewer System.

NOTE 11 – EMPLOYEE RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan, the City of Springfield Retirement Plan (the "Plan"), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Benefits Provided

The Plan provides retirement benefits to eligible employees of the City. All regular employees meeting the eligibility requirements are covered under the plan. Elected or appointed members of the City and municipal legal officers are not eligible to participate in the plan. In order to be eligible for participation, regular employees must work a minimum of twenty hours per week for at least five months per year. Regular employees qualify for immediate participation in the plan and participation is mandatory for all eligible employees.

Plan participants are eligible to receive early retirement benefits at the age of fifty-five with the completion of ten years of total credited service. Normal retirement benefits may be received at the age of sixty-five with five years of total credited service.

Normal retirement benefits are calculated based on a flat percentage of 1.25 percent of final average earnings multiplied by years of total credited service as an eligible regular employee. The number of years of total credited service which may be used to calculate the benefit is not limited. Monthly benefits are paid at $1/12^{th}$ of the calculated amount. The same formula is used for all participants who are regular employees. Final average earnings are the annual average of earnings paid to a participant by the City for the five consecutive years of credited service preceding the participant's most recent termination in which the participant's earnings were the highest.

Final average earnings for participants electing to receive early retirement benefits are reduced by a percentage ranging from 50 percent to 93 percent depending on the number of years benefits are received prior to normal retirement age.

Disability retirement benefits shall be computed in the same manner as the normal retirement benefit, based upon the participant's accrued benefit as of his disability retirement date. The minimum disability benefit will be no less than 20% of the participant's average monthly earnings for the twelve calendar month period immediately preceding his termination of employment as a result of a disability.

NOTE 11 – EMPLOYEE RETIREMENT PLAN (Continued)

In-service death benefits are payable to the participant's pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant, had he elected a 100% joint and survivor benefit under the plan. In order to be eligible for this benefit, a participant must be eligible for early or normal retirement.

Employees Covered by Benefit Terms
At July 1, 2016, the most recent actuarial valuation, there were 36 participants as follows:

Active participants	18
Retirees and beneficiaries	9
Vested former employees	9
	36

Contributions
The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $37,649. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

Net Pension Liability
The City's net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions
The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	Range of 3.75 to 8.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

NOTE 11 – EMPLOYEE RETIREMENT PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Real estate	10%	4.55%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a)-(b)
Balance, March 31, 2015	$ 1,126,334	$ 902,705	$ 223,629
Changes for the year:			
Service cost	24,505	-	24,505
Interest	84,779	-	84,779
Contributions from the employer	-	45,737	(45,737)
Net investment income	-	2,380	(2,380)
Difference between expected and actual experience	(17,268)	-	(17,268)
Benefit payments, including refunds of employee contributions	(64,819)	(64,819)	-
Administrative expenses	-	(6,915)	6,915
Net Changes	27,197	(23,617)	50,814
Balance, March 31, 2016	$ 1,153,531	$ 879,088	$ 274,443

NOTE 11 – EMPLOYEE RETIREMENT PLAN (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	Discount Rate - 1% (6.75%)	Current Discount Rate (7.75%)	Discount Rate + 1% (8.75%)
City's net pension liability	$ 422,492	$ 274,443	$ 152,374

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the City recognized pension expense of $56,975. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions after measurement date	$ 37,683	-
Differences in expected and actual experience	33,027	$ (12,951)
Effects of changes in assumptions	-	(21,057)
Net differences between projected and actual net investment income	53,256	(9,783)
	$ 123,966	$ (43,791)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	
2017	$ 47,409
2018	9,726
2019	9,726
2020	13,314
	$ 80,175

NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2016 there was no pending litigation that would have a material effect on the financial statements.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters. The City carries commercial insurance to cover these risks.

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the City in defense and settlement of claims. GIRMA's basis for establishing the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2016. No provisions have been made in the financial statements for the year ended December 31, 2016 for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (the Fund). As a participant in the Fund, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

NOTE 14 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Coastal Georgia area, is a member of the Coastal Regional Commission of Georgia (RC) and is required to pay annual dues thereto. During the year ended December 31, 2016, the City paid $3,708 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33 which provides for the organizational structure of the RC in Georgia. The RC Regional Council membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Coastal Regional Commission of Georgia
1181 Coastal Drive SW
Darien, Georgia 31305

CITY OF SPRINGFIELD, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SPRINGFIELD RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 (1)	2015 (1)
Total pension liability		
Service cost	$ 24,505	$ 19,268
Interest	84,779	80,341
Differences between expected and actual experience	(17,268)	55,044
Changes of assumptions	-	(35,093)
Benefit payments, including refunds of employee contributions	(64,819)	(59,758)
Net change in total pension liability	27,197	59,802
Total pension liability-beginning	1,126,334	1,066,532
Total pension liability-ending (a)	$ 1,153,531	$ 1,126,334
Plan fiduciary net position		
Contributions-employer	$ 45,737	$ 42,481
Net investment income	2,380	80,911
Benefit payments, including refunds of employee contributions	(64,819)	(59,758)
Administrative expense	(6,915)	(6,339)
Net change in plan fiduciary net position	(23,617)	57,295
Plan fiduciary net position-beginning	902,705	845,410
Plan fiduciary net position-ending (b)	$ 879,088	$ 902,705
Net pension liability-ending (a)-(b)	$ 274,443	$ 223,629
Plan fiduciary net position as a percentage of the total pension liability	76.21%	80.15%
Covered-employee payroll	$ 686,655	$ 873,130
Net pension liability as a percentage of covered-employee payroll	39.97%	25.61%

(1) Only fiscal year 2016 and 2015 was available. The City will continue to present information for years available until a full 10-year trend is compiled.

Notes to Schedule:

Changes of assumptions

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for Employees, for the Fiscal Year ending in 2015, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences expected and actuarial experience.

Amounts reported for the Fiscal Year ending in 2015 and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on or after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation adjustment assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit changes

Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This Change has no impact on service credited under the Plan and has no impact on benefits.

CITY OF SPRINGFIELD, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SPRINGFIELD RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Actuarially determined contribution	*	$ 44,234
Contributions in relation to the actuarially determined contribution	*	44,234
Contribution deficiency (excess)	*	-
Covered-employee payroll	*	$ 873,130
Contributions as a percentage of covered-employee payroll	*	5.07%

*2016 information will be determined after fiscal year end and will be included in the 2017 valuation report

Notes to Schedule:

Valuation Date	The actuarially determined contribution rate was determined as of July 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	See changes of assumptions in the Notes to Schedule of Changes in the Net Pension Liability.
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

CITY OF SPRINGFIELD, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Roads, streets and bridges	$ 727,500	$ 726,000	$ 269,110	$ 119,739	$ 388,849	54%
Public buildings	48,500	83,894	78,609	5,285	83,894	100%
Public safety projects	121,250	250,076	248,343	1,733	250,076	100%
Recreation projects	121,250	121,250	-	-	-	0%
Water and sewer projects	1,406,500	1,406,500	1,218,768	100,406	1,319,174	94%
Totals	$ 2,425,000	$ 2,587,720	$ 1,814,830	$ 227,163	$ 2,041,993	79%

Historical Demand Data

Water and Sewer Demand

The following table shows historical data of water and sewer demand for the last five years:

	Daily Water Production		Daily Sewage Treated	
Fiscal Year	Peak MGD	Average MGD	Peak MGD	Average MGD
2012	0.833	0.396	0.460	0.348
2013	0.432	0.378	0.744	0.531
2014	0.754	0.392	0.530	0.357
2015	0.594	0.385	0.770	0.382
2016	0.842	0.469	0.561	0.385

Historical Customer Data

Number of Customers of the System

The following table shows historical numbers of customers of the System for the last ten fiscal years:

Fiscal Year	Water Customers	Sewer Customers
2007	1,167	1,033
2008	1,227	1,098
2009	1,250	1,115
2010	1,235	1,094
2011	1,260	1,116
2012	1,280	1,122
2013	1,528	1,356
2014	1,645	1,454
2015	1,714	1,677
2016	1,877	1,820

Rates, Fees, and Charges

Current Water and Sewer Rate Schedule

Water and Sewer Residential Customers Inside City Limits:

Usage	Water Rates
First 2,000 gallons	$10.00
2,000-5,000 gallons	$2 per thousand
5,000-20,000 gallons	$2.50 per thousand
Over 20,000 gallons	$2.75 per thousand

Usage	Sewer Rates
First 2,000 gallons	$10.00
Over 2,000 gallons	$2 per thousand

Impact Fees:

Water	$1,750
Sewer	$4,206

Meter Fees:

Size	Inside City Rate
3/4"	$487
1"	$395
2"	$1,395
4"	$3,960
6"	$5,890

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Springfield, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Springfield, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise City of Springfield, Georgia's basic financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Springfield, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Springfield, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Springfield, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify the deficiency in internal control, described below, that we consider to be a significant deficiency.

2016-1 Customer Accounts Receivable and Customer Deposits

At December 31, 2016, the detail for customer accounts receivable and customer deposits for utility billing did not agree to the related general ledger account balances. The accounts receivable detail and customer deposits detail should be reconciled to the general ledger on a monthly basis.

City Response: We agree that the customer accounts receivable detail and customer deposits detail should be reconciled to the general ledger each month. The Finance Director will be responsible for performing this task each month.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Springfield, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Springfield, Georgia's Response to Findings

City of Springfield, Georgia's response to the finding identified in our audit is described above. City of Springfield, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lanier, Westerfield, Cook & Proctor

Statesboro, Georgia
June 26, 2017