THE CITY OF BOSTON, GEORGIA

Annual Financial Report

For the year ended
December 31, 2017

CITY OF BOSTON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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INTRODUCTORY SECTION

CITY OF BOSTON, GEORGIA
List of Elected and Appointed Officials
December 31, 2017

Elected Officials

Mayor	Danny Groover
Mayor Pro-Tem	Dustin Anderson
Council Member	Lawanda Jackson
Council Member	Eloise Wells
Council Member	Twink Monahan
Council Member	Robbie West

Appointed Officials

Attorney	Vann Parrott
Clerk	Cindy Carson Richards
Police Chief	Jimmy Peeples

FINANCIAL SECTION

William R. Burke, CPA, MAcc
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Boston, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Boston, Georgia, as of and for the year ended December 31, 2017, 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, the discretely presented component unit, each major fund, the remaining fund information, and the statement of revenues, expenditures and changes in fund balance – budget and actual for the major General Fund found on page 17 of the City of Boston, Georgia, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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MEMBERS:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS / GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-10 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Boston, Georgia's basic financial statements. The introductory section on pages 1-2 and the individual fund and non-major fund financial statements found on pages 36-58 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund and combining non-major fund financial statements are the responsibility of management and were derived from and relate 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 schedules listed above are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported dated June 21, 2018, on our consideration of the City of Boston, Georgia's internal control over financial reporting and on our test 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 or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Boston, Georgia's internal control over financial reporting and compliance.

Burke, Worsham & Harrell, LLC

Burke, Worsham & Harrell, LLC

Donalsonville, Georgia
June 21, 2018

Management's Discussion and Analysis

As management of the City of Boston, Georgia, we offer readers of the City of Boston's financial statements this narrative overview and analysis of the financial activities of the City of Boston for the fiscal year ended December 31, 2017.

Financial Highlights

- The net position of the City of Boston was $4,846,979 at the close of the most recent fiscal year, an increase of $51,098 from the prior year. Of the net position, $268,616 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported ending fund balance of $600,432, a decrease of $20,014 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $199,777, a decrease of $17,155 from the prior year.
- In the City's business-type activities, operating revenues decreased by $24,253 and operating expenses increased by $3,955 from the prior year, for a total operating income decrease from the prior year of $28,208.
- The resources available for appropriation were $42,176 more than budgeted for the General Fund and actual expenditures were $59,331 more than budgeted. See Note III B., page 26 for details of expenditures over appropriations

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Boston'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 report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the City of Boston's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City of Boston's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City'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 flows 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 of Boston 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 general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the City include the Water Fund.

The government-wide financial statements can be found on pages 12 and 13 of this report.

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, government 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 the 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City has five governmental funds: the General Fund; one major capital project fund, SPLOST 3; two non-major capital project funds, SPLOST 2 and LMIG Grant Fund; and a non-major special revenue fund, Hotel/Motel Fund.

The City adopts an annual appropriated budget for its General Fund and the Hotel/Motel Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. A program length budget has been adopted for each capital project fund. A schedule has been provided for SPLOST 2 and SPLOST 3.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are 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 Water/Sewer Fund.

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 Water/Sewer Fund. The Water/Sewer Fund is a major fund.

The basic proprietary fund financial statements can be found on pages 18 through 20 of this report.

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 21 through 35 of this report.

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, net position was $4,846,979 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (86 percent, compared to 86 percent in 2016) reflects its investment in capital assets (e.g., land, buildings, machinery, and infrastructure), less 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 Boston's Net Position

	Governmental activities		Business-type activities		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	$ 678,749	$ 657,334	$ 47,500	$ 52,891	$ 726,249	$ 710,225
Capital assets	805,124	857,699	3,736,821	3,682,615	4,541,945	4,540,314
Total assets	1,483,873	1,515,033	3,784,321	3,735,506	5,268,194	5,250,539
Long-term liabilities outstanding	29,591	13,270	335,313	337,263	364,904	350,533
Other liabilities	21,952	5,401	85,457	47,626	107,409	53,027
Total liabilities	51,543	18,671	420,770	384,889	472,313	403,560
Net position:						
Net investments in capital assets	766,274	841,111	3,351,639	3,345,352	4,117,913	4,186,463
Restricted for:						
Construction and capital outlay	389,864	389,598	-	-	389,864	389,598
Economic development	4,895	2,302	-	-	4,895	2,302
Bond debt	-	-	467	-	467	-
Unassigned	271,297	263,351	11,445	5,265	282,742	268,616
Total net position	$ 1,432,330	$ 1,496,362	$ 3,363,551	$ 3,350,617	$ 4,795,881	$ 4,846,979

The City's net position that is *restricted* totals $391,900. All *unassigned net position* of $268,616 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for the governmental funds and business-type activities.

Governmental activities. Governmental activities increased the City's net position by $64,032. Key elements of this increase are as follows:

City of Boston's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Charges for services	$ 157,997	$ 186,461	$ 202,999	$ 178,746	$ 360,996	$ 365,207
Operating grants and contributions	-	19,309	-	-	-	19,309
Capital grants and contributions	191,050	160,024	255,988	18,000	447,038	178,024
General revenues:						
Property taxes	288,334	295,586	-	-	288,334	295,586
Other taxes	232,790	238,922	-	-	232,790	238,922
Other	14,460	-	5	3	14,465	3
Total revenues	884,631	900,302	458,992	196,749	1,343,623	1,097,051
Expenses:						
General government	146,260	146,308	-	-	146,260	146,308
Public safety	222,504	263,560	-	-	222,504	263,560
Public works	312,075	332,107	-	-	312,075	332,107
Culture and recreation	28,286	23,114	-	-	28,286	23,114
Economic development	7,187	12,300	-	-	7,187	12,300
Interest on long-term debt	1,540	2,202	-	-	1,540	2,202
Water/Sewer fund	-	-	264,061	266,362	264,061	266,362
Total expenses	717,852	779,591	264,061	266,362	981,913	1,045,953
Increase(decrease) in net position before transfers	166,779	120,711	194,931	(69,613)	361,710	51,098
Transfers	(51,859)	(56,679)	51,859	56,679	-	-
Increase(decrease) in net position	114,920	64,032	246,790	(12,934)	361,710	51,098
Net position - beginning	1,317,410	1,432,330	3,116,761	3,363,551	4,434,171	4,795,881
Net position - ending	$ 1,432,330	$ 1,496,362	$ 3,363,551	$ 3,350,617	$ 4,795,881	$ 4,846,979

Business-Type Activities. Business-type activities decreased the City's net position by $12,934, a decrease from the prior year in the amount of $259,724.

Financial Analysis of the City's Funds

As noted earlier, 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 *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the one of the governmental funds of the City. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $600,432. Of this fund balance, $199,777 is available for spending at the City's discretion.

General Fund Budgetary Highlight. The 2017 budget was not amended and the total revenues budgeted did not increase.

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 Water and Sewer Fund at the end of the year amounted to $5,265. Other factors covering the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to $4,540,314 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads and highways. The total decrease in the City's investment in capital assets for the current fiscal year was $1,631.

City of Boston's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2016	2017	2016	2017	2016	2017
Land	$ 50,209	$ 50,209	$ -	$ -	$ 50,209	$ 50,209
Buildings	6,621	6,243	3,924	3,084	10,545	9,327
Improvements	151,803	150,030	-	-	151,803	150,030
Machinery and equipment	114,468	106,683	20,024	17,629	134,492	124,312
Infrastructure	482,023	544,534	3,712,873	3,640,652	4,194,896	4,185,186
Construction in progress	-	-	-	21,250	-	21,250
Total	$ 805,124	$ 857,699	$ 3,736,821	$ 3,682,615	$ 4,541,945	$ 4,540,314

Additional information on the City's capital assets can be found in Note IV. C. on pages 27 through 28 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total bonds payable outstanding of $130,000 in the proprietary funds as well as two notes to GEFA in the amount of $207,263. The General Fund had outstanding

debt of $16,588 for the purchase of two John Deere mowers. Additional information on the City's long-term debt can be found in Note IV. G. on pages 29 through 31 of this report.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information should be addressed to the City Clerk, P.O. Box 370, Boston, GA 31626.

BASIC FINANCIAL STATEMENTS

CITY OF BOSTON, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 477,351	$ -	$ 477,351	$ 2,566
Receivables (net of allowance for uncollectibles)	135,906	23,118	159,024	-
Intergovernmental receivable	35,236	-	35,236	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	76	29,773	29,849	-
Prepaid items	8,755	-	8,755	-
Due from proprietary funds	10	-	10	-
Capital assets (net of accumulated depreciation):				
Land	50,209	-	50,209	-
Buildings	6,243	3,084	9,327	-
Improvements	150,030	-	150,030	-
Construction in progress	-	21,250	21,250	-
Machinery and equipment	106,683	17,629	124,312	-
Infrastructure	544,534	3,640,652	4,185,186	-
Total assets	**1,515,033**	**3,735,506**	**5,250,539**	**2,566**
LIABILITIES				
Accounts payable and other current liabilities	2,007	150	2,157	-
Accrued interest payable	-	875	875	-
Due to other funds	-	10	10	-
Bank overdraft	-	16,828	16,828	-
Liabilities payable from restricted assets	76	29,763	29,839	-
Noncurrent liabilities:				
Due within one year	3,318	50,069	53,387	-
Due in more than one year	13,270	287,194	300,464	-
Total liabilities	**18,671**	**384,889**	**403,560**	**-**
NET POSITION				
Net investment in capital assets	841,111	3,345,352	4,186,463	-
Restricted for:				
Construction and capital outlay	389,598	-	389,598	-
Economic development	2,302	-	2,302	-
Unrestricted	263,351	5,265	268,616	2,566
Total net position	**$ 1,496,362**	**$ 3,350,617**	**$ 4,846,979**	**$ 2,566**

The notes to the financial statements are an integral part of this statement.

CITY OF BOSTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary government:								
Governmental activities:								
General government	$ 146,308	$ 17,334	$ -	$ 160,024	$ 31,050	$ -	$ 31,050	
Public safety	263,560	36,431	-	-	(227,129)	-	(227,129)	
Public works	332,107	115,791	19,309	-	(197,007)	-	(197,007)	
Culture and recreation	23,114	16,905	-	-	(6,209)	-	(6,209)	
Economic development	12,300	-	-	-	(12,300)	-	(12,300)	
Interest on long-term debt	2,202	-	-	-	(2,202)	-	(2,202)	
Total governmental activities	**779,591**	**186,461**	**19,309**	**160,024**	**(413,797)**	**-**	**(413,797)**	
Business-type activities:								
Water & Sewer	266,362	178,746	-	18,000	-	(69,616)	(69,616)	
Total business-type activities	**266,362**	**178,746**	**-**	**18,000**	**-**	**(69,616)**	**(69,616)**	
Total primary government	**$ 1,045,953**	**$ 365,207**	**$ 19,309**	**$ 178,024**	**$ (413,797)**	**$ (69,616)**	**$ (483,413)**	
Component Units:								
Downtown Development Authority	-	-	-	-				-
Total component Units	**$ -**	**$ -**	**$ -**	**$ -**				**-**
General revenues:								
Property taxes					295,586	-	295,586	-
Sales and use taxes					128,432	-	128,432	-
Business taxes					110,490	-	110,490	-
Unrestricted investment earnings					-	3	3	-
Transfers					(56,679)	56,679	-	-
Total general revenues and transfers					**477,829**	**56,682**	**534,511**	**-**
Change in net position					**64,032**	**(12,934)**	**51,098**	**-**
Net position - beginning					1,432,330	3,363,551	4,795,881	2,566
Net position - ending					**$ 1,496,362**	**$ 3,350,617**	**$ 4,846,979**	**$ 2,566**

The notes to the financial statements are an integral part of this statement.

CITY OF BOSTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Major Funds		Nonmajor Funds	
	General	Capital Project - SPLOST 3	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 103,585	$ 367,526	$ 6,240	$ 477,351
Receivables (net of allowance for uncollectibles)	133,316	-	2,590	135,906
Intergovernmental receivable	19,484	15,752	-	35,236
Restricted assets:				-
Cash and cash equivalents	76	-	-	76
Prepaid items	8,755	-	-	8,755
Due from other funds	10	-	-	10
Total assets	**265,226**	**383,278**	**8,830**	**657,334**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	584	-	208	792
Accrued liabilities	1,215	-	-	1,215
Liabilities payable from restricted assets	76	-	-	76
Total liabilities	1,875	-	208	2,083
Deferred inflows of resources:				
Unavailable revenues	54,819	-	-	54,819
Total liabilities and deferred inflows of resources	**56,694**	**-**	**208**	**56,902**
Fund balances:				
Nonspendable	8,755	**-**	**-**	8,755
Restricted for:				
Construction and capital outlay	-	383,278	6,320	389,598
Economic development	-	-	2,302	2,302
Unassigned	199,777	-	-	199,777
Total fund balances	**208,532**	**383,278**	**8,622**	**600,432**
Total liabilities and fund balances	**$ 265,226**	**$ 383,278**	**$ 8,830**	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	857,699
Other assets are not available to pay for current-period expenditures, and, therefore are deferred in the funds.	54,819
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(16,588)
Net position of governmental activities	**$ 1,496,362**

The notes to the financial statements are an integral part of this statement.

CITY OF BOSTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Major Funds		Nonmajor Funds	
	General	Capital Project - SPLOST 3	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	$ 286,744	$ -	$ -	$ 286,744
Sales	128,432	-	-	128,432
Business	100,783	-	9,707	110,490
Licenses and permits	17,064	-	-	17,064
Intergovernmental	-	160,023	-	160,023
Charges for services	132,966	-	-	132,966
Fines	36,431	-	-	36,431
Investment earnings	-	-	1	1
State grants	-	-	19,309	19,309
Total revenues	**702,420**	**160,023**	**29,017**	**891,460**
EXPENDITURES				
Current:				
General government	143,482	-	-	143,482
Public safety	242,586	-	-	242,586
Public works	282,518	-	-	282,518
Culture and recreation	23,114	-	-	23,114
Economic development	-	-	12,300	12,300
Capital outlay:				
Public safety	-	17,779	-	17,779
Public works	16,588	72,655	19,309	108,552
Debt service:				
Principal	9,259	29,591	-	38,850
Interest	1,932	270	-	2,202
Total expenditures	**719,479**	**120,295**	**31,609**	**871,383**
Excess (deficiency) of revenues over (under) expenditures	**(17,059)**	**39,728**	**(2,592)**	**20,077**
OTHER FINANCING SOURCES AND (USES)				
Capital leasing	16,588	-	-	16,588
Transfers in (out)	(16,684)	(39,995)	-	(56,679)
Total other financing sources (uses)	**(96)**	**(39,995)**	**-**	**(40,091)**
Net change in fund balances	**(17,155)**	**(267)**	**(2,592)**	**(20,014)**
Fund balances - beginning	225,687	383,545	11,214	620,446
Fund balances - ending	**$ 208,532**	**$ 383,278**	**$ 8,622**	**$ 600,432**

The notes to the financial statements
are an integral part of this statement.

CITY OF BOSTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Amounts reported for governmental activities in the Statement of Activities (page 13) are different because:		
Net change in fund balances-total governmental funds (page 15)		$ (20,014)
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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation expense	(73,756)	
Capital outlays	136,855	
		63,099
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trades and donations) to increase net position		
Assets sold	(17,540)	
Accumulated depreciation	7,016	(10,524)
The issuance of long-term debt (e.g., leases, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Capital lease financing	(16,588)	
Debt retirement	38,850	22,262
Net change in revenues reported in the Statement of Activities that are earned but unavailable and are not reported in the governmental funds		
Change in deferred inflows		8,842
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
Change in accrued interest		367
Change in net position of governmental activities (page 13)		**$ 64,032**

The notes to the financial statements are an integral part of this statement.

CITY OF BOSTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
	Budget	Final	Actual Amounts	(Negative)
REVENUES				
Taxes:				
General property	$ 277,992	$ 277,992	$ 286,744	$ 8,752
Sales	141,500	141,500	128,432	(13,068)
Business	90,500	90,500	100,783	10,283
Licenses and permits	10,900	10,900	17,064	6,164
Charges for services	130,440	130,440	132,966	2,526
Fines	25,000	25,000	36,431	11,431
Miscellaneous	500	500	-	(500)
Total revenues	**676,832**	**676,832**	**702,420**	**25,588**
EXPENDITURES				
Current:				
General government	143,526	143,526	143,482	44
Public safety	204,427	204,427	242,586	(38,159)
Public works	291,434	291,434	282,518	8,916
Culture and recreation	16,500	16,500	23,114	(6,614)
Debt service	-	-	11,191	(11,191)
Capital outlay:				
Public works	15,000	15,000	16,588	(1,588)
Public safety	5,945	5,945	-	5,945
Total expenditures	**676,832**	**676,832**	**719,479**	**(42,647)**
Excess of expenditures over revenues	**-**	**-**	**(17,059)**	**(17,059)**
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	(16,684)	(16,684)
Capital leasing	-	-	16,588	16,588
Total other financing sources (uses)	**-**	**-**	**(96)**	**(96)**
Net change in fund balance	**-**	**-**	**(17,155)**	**(17,155)**
Fund balances - beginning	225,687	225,687	225,687	-
Fund balances - ending	**$ 225,687**	**$ 225,687**	**$ 208,532**	**$ (17,155)**

The notes to the financial statements
are an integral part of this statement.

CITY OF BOSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2017

	Business-type Activities Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalent	$ -
Accounts receivable (net of allowance for uncollectibles)	23,118
Restricted cash, cash equivalents, and investments:	
Customer deposits	29,763
CDBG fund	10
Total restricted cash, cash equivalents, and investments	**29,773**
Total current assets	**52,891**
Capital assets:	
Buildings	29,465
Machinery and equipment	117,748
Infrastructure	5,630,872
Construction in progress	21,250
Less accumulated depreciation	(2,116,720)
Total capital assets (net of accumulated depreciation)	**3,682,615**
Total noncurrent assets	**3,682,615**
Total assets	**3,735,506**
LIABILITIES	
Current liabilities:	
Accounts payable	150
Accrued interest payable	875
Due to other funds	10
Bank overdraft	16,828
Bonds payable - current	40,000
Notes payable	10,069
Current liabilities payable from restricted assets:	
Customer deposits	29,763
Total current liabilities	**97,695**
Noncurrent liabilities:	
Bonds payable	90,000
Notes payable	197,194
Total noncurrent liabilities	**287,194**
Total liabilities	**384,889**
NET POSITION	
Net investment in capital assets	3,345,352
Restricted for:	
Construction and capital outla	-
Bond debt	-
Unrestricted	5,265
Total net position	**$ 3,350,617**

The notes to the financial statements are an integral part of this statement.

CITY OF BOSTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities Enterprise Fund	
		Water and Sewer Fund
Operating revenues:		
Charges for sale and services:		
Water sales	$	89,445
Sewer sales		87,051
Tap fees		400
Other services		1,850
Total operating revenues		**178,746**
Operating expenses:		
Administration		137,821
Depreciation		115,452
Total operating expenses		**253,273**
Operating income		**(74,527)**
Nonoperating revenues (expenses):		
Intergovernmental		18,000
Investment earnings		3
Interest expense		(13,089)
Total nonoperating revenue (expense)		**4,914**
Income (loss) before transfers		**(69,613)**
Transfers in		56,679
Change in net position		**(12,934)**
Total net position - beginning		**3,363,551**
Total net position - ending	**$**	**3,350,617**

The notes to the financial statements
are an integral part of this statement.

CITY OF BOSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities Enterprise Fund
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 190,602
Payments to suppliers	(102,569)
Payments to employees	(39,391)
Net cash provided by operating activities	**48,642**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITES:	
Contributed capital	39,995
Payments from other funds	16,684
Proceeds from federal grants	18,000
Net cash provided (used) by non-capital financing activities	74,679
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payment for capital assets	(61,245)
Principal payments on notes	(51,169)
Proceeds from new debt	3,250
Interest paid	(13,089)
Net cash provided (used) by capital and related financing activities	(122,253)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	3
Net cash provided by investing activities	3
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,071**
Cash and cash equivalents - beginning of year	**11,874**
Cash and cash equivalents - ending of year	**$ 12,945**
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	**(74,527)**
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	115,452
(Increase) decrease in accounts receivable	3,004
(Increase) decrease in grant receivable	10
Increase (decrease) in customer deposits	8,852
Increase (decrease) in accounts payable	(4,316)
Increase (decrease) in accrued expenses	167
Total adjustments	**123,169**
Net cash provided by operating activities	**$ 48,642**

Note:
Cash and cash equivalents - end of year in the amount of $12,945 reconciled to Statement of Net Position, page 18.

Cash in Banks	$ -
Restricted cash	29,773
Bank overdraft	(16,828)
Cash and cash equivalents- end of year	$ 12,945

The notes to the financial statements
are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Boston is a municipal corporation governed by an elected mayor and a five-member council and provides the following services: public safety, highways and streets, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities (water, sewer, and sanitation).

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Units

The City of Boston, Georgia has one discretely presented component unit, the Boston Downtown Development Authority. The Authority was created December 14, 1981 and has an eight member board, appointed by the City of Boston. The Authority is presented as a governmental fund type. The financial statements can be obtained from Lee Russell, P.O. Box 3370, Boston, Georgia 31626.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

The City does not allocate indirect costs.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financing Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following *major* governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *SPLOST 3 Fund* is a major capital project fund. It is used for revenues collected from Special Purpose Local Option Sales Taxes and the use of these taxes for capital outlay of roads and streets.

The government reports the following *non-major* governmental funds:

The *Hotel/Motel Fund* is a non-major special revenue fund. It accounts for revenues collected from hotel/motel taxes to be used for economic development.

The *SPLOST 2 Fund* is a non-major capital project fund. It is used for revenues collected from Special Purpose Local Option Sales Taxes and the use of these taxes for capital outlay of roads and streets.

The *LMIG Grant Fund* is a non-major capital project fund, is a non-major fund. It is used for the collection of DOT grant funds and the related capital outlay to roads and streets.

The government reports the following *major* proprietary funds:

The *Water and Sewer Fund* operates the water distribution system, the sewer treatment plant, sewage pumping stations and collection systems, and the sanitation collection within the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

1. Deposits

The City of Boston's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City has authorized its governing officials to maintain deposits with financial institutions. There were no legal or contractual violations in regard to these deposits during the year.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of the first day of October each year and are payable by December 20. At December 31, 2017, uncollected property taxes amounted to $62,623. The City estimates that substantially all of the remaining balances will be received in the subsequent period. After December 20, applicable property will be subject to liens, penalty and interest.

3. Inventories and Prepaid Items

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books.

The City records insurance premiums as a prepaid item when purchased.

4. Restricted Assets

The City of Boston's restricted assets are cash. They consist of customer deposits, sinking fund, confiscated funds held for the use of the Police Department and CDBG funds cash.

5. Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with a useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City reports its infrastructure assets based on costs and the assets are capitalized and reported in the government-wide financial statements for assets with a cost greater than $500. In the case of initial capitalization of infrastructure assets, the City had historical cost records of its infrastructure, thereby allowing them to record infrastructure acquired prior to implementing Statement 34.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized on assets.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40 years
Building improvements	20 years
Public domain infrastructure	50 years
System infrastructure	30 years
Machinery and equipment	3 to 20 years
Trucks and tractors	4 to 10 years
Office equipment	5 to 15 years

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the city. All vacation pay is accrued when incurred in the government-wide and proprietary funds financial statements. The City of Boston has no unused vacation pay benefits payable at December 31, 2017.

7. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as an expense during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance

costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Categories and Classifications of Fund Balance

The City implemented GASB 54 during calendar year 2011 [Note IV. H. Fund Balance Determination and Classification]. This statement establishes fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned and Unassigned.

9. Net Position

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of assets

Restricted net position- This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted net position- This amount is net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

10. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports one of these items. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The amounts are deferred and recognized as inflows of resources in the period the amounts become available.

11. Comparative Data/Reclassifications

Comparative total data for the prior year has not been presented.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the proprietary fund. The capital project fund has a program length program. The City’s annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipations, generally conservative, are designed to help insure fiscal responsibility and maintain a balanced budget. Sums sufficient to provide for debt service may not be diverted to any other purpose by the Mayor and the Council. The budget is prepared by fund and department. The legal level of budgetary control is the department level. Transfers between departments require approval of governing council.

According to the Charter and Code of the City, the City Manager has the responsibility for developing both the annual budget and capital budget for the City, which is done in conjunction with input and assistance from the City Clerk. These two budgets are developed separately, and then combined into one budget document, with the budgets for capital expenditures being incorporated as line items in the budget for each general government department.

The City of Boston, GA does not use encumbrance accounting.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2017, expenditures exceeded appropriations in the following areas: The over-expenditures were funded by available fund balance.

Public Safety	32,214
Culture and recreation	6,614
Debt service	11,191
Transfer out	16,684
Hotel/Motel Tax Fund	4,300

C. Deficit Fund Equity

There were no negative fund balances at December 31, 2017.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year-end, the City of Boston's carrying amount of deposits was $491,609 and the bank balance was $547,471.

As of December 31, 2017, $250,000 of the City's bank balance was covered by federal depository insurance through the Transaction Liquidity Guarantee Program. $286,150 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name and $0 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. All funds were covered by collateral.

The following ties the carrying amounts to the Statement of Net Position:

Cash & cash equivalents	$ 478,663
Restricted cash	29,849
Bank overdraft	(16,828)
Total combined balance sheet	491,684
Less: Cash on hand	(75)
Total carrying amount	$ 491,609

B. Receivables

Receivables as of year-end for the City's individual funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Project Fund	Non-Major Special Revenue	Water Fund	Total
Receivables:					
Taxes	$ 114,604	$ -	$ 2,590	$ -	$ 117,194
Accounts	18,712	-	-	23,118	41,830
Intergovernmental	19,484	15,752	-	-	35,236
Grant	-	-	-	-	-
Gross receivables	152,800	15,752	2,590	23,118	194,260
Less: allowance for uncollectibles	-	-	-	-	-
Net total receivables	$ 152,800	$ 15,752	$ 2,590	$ 23,118	$ 194,260

Revenues of the Water & Sewer Fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water and sewer sales	$ 1,342
Uncollectibles related to sanitation fees	626
Total uncollectibles of the current fiscal year	$ 1,968

C. Capital Assets

Capital assets for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets,not being depreciated:				
Land	$ 50,209	$ -	$ -	$ 50,209
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	50,209	-	-	50,209
Capital assets, being depreciated:				
Buildings	250,201	-	-	250,201
Improvements	181,479	11,782	-	193,261
Machinery and equipment	431,474	35,160	(17,540)	449,094
Infrastructure	847,940	89,913	-	937,853
Total capital assets being depreciated	1,711,094	136,855	(17,540)	1,830,409
Less accumulated depreciation for:				
Buildings	(243,580)	(378)	-	(243,958)
Improvements	(29,676)	(13,555)	-	(43,231)
Machinery and equipment	(317,006)	(32,421)	7,016	(342,411)
Infrastructure	(365,917)	(27,402)	-	(393,319)
Total accumulated depreciation	(956,179)	(73,756)	7,016	(1,022,919)
Total capital assets, being depreciated, net	754,915	63,099	(10,524)	807,490
Governmental activities capital assets, net	$ 805,124	$ 63,099	$ (10,524)	$ 857,699

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets,not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in progress	-	21,250	-	21,250
Total capital assets, not being depreciated	-	21,250	-	21,250
Capital assets, being depreciated:				
Buildings	29,465	-	-	29,465
Machinery and equipment	117,748	-	-	117,748
Infrastructure	5,590,876	39,996	-	5,630,872
Total capital assets being depreciated	5,738,089	39,996	-	5,778,085
Less accumulated depreciation for:				
Buildings	(25,541)	(840)	-	(26,381)
Machinery and equipment	(97,724)	(2,395)	-	(100,119)
Infrastructure	(1,878,003)	(112,217)	-	(1,990,220)
Total accumulated depreciation	(2,001,268)	(115,452)	-	(2,116,720)
Total capital assets, being depreciated, net	3,736,821	(75,456)	-	3,661,365
Business-type activities capital assets, net	$ 3,736,821	$ (54,206)	$ -	$ 3,682,615

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 2,826
Public safety	21,340
Highways and streets, including depreciation of general infrastructure asets	40,179
Culture and recreation	9,411
Total depreciation expense-governmental activities	$ 73,756
Business-type activities:	
Water/Sewer Fund	$ 115,452
Total depreciation expense-business-type activities	$ 115,452

Any amortization expense on capital leases are included in depreciation expense.

Discretely Presented Component Units

The Boston Downtown Development Authority owns no capital assets at December 31, 2017.

D. Interfund Receivables, Payables and Transfers

Transfers between funds at December 31, 2017 are as follows:

	Transfer In	Transfer Out
General Fund	$ -	$ 16,684
SPLOST 3 Fund	-	39,995
Proprietary Fund	56,679	-
Totals	$ 56,679	$ 56,679

The transfer between the General and Water and Sewer Fund was to reimburse for expenses paid from the incorrect fund. A transfer was made between the SPLOST 3 Fund and the Water and Sewer Fund for assets purchased.

Interfund receivables and payables at December 31, 2017 are as follows:

	Receivables	Payables
General Fund	$ 10	$ -
Proprietary Fund	-	10
Totals	$ 10	$ 10

The Water/Sewer Fund owes the City's General Fund $10 for revenues monies deposited into the CDBG account to keep that account open.

E. Leases

Operating Leases
The City of Boston had no operating leases during the year ended December 31, 2017.

F. Short-Term Debt

Primary Government

The City of Boston had no short-term debt during the year-ended December 31, 2017.

G. Long-Term Debt

Notes Payable – Governmental Activities

The City of Boston entered into an agreement with Commercial Bank on May 21, 2015 to purchase a 2015 Dodge Truck. The principal amount of the note was $22,508 and bears an interest rate of 3.150%. It is payable in 5 yearly installments beginning May 21, 2016 and ending on May 21, 2020. The entire amount of the debt was paid during the year ending December 31, 2017.

The City of Boston entered into an agreement with Commercial Bank on November 17, 2015 to purchase a 2 Dodge Chargers. The principal amount of the note was $27,300 and bears an interest rate of 3.150%. It is payable in 5 yearly installments beginning November 17, 2016 and ending on November 17, 2020. The City paid the remaining balance during the year ending December 31, 2017.

The City entered into a contract with John Deere Financials for the purchase of 2 John Deere 950M Zero Turn Radius mowers in the amount of $16,588 at zero percent interest. The contract is payable in 5 annual installments of $3,317.60 beginning January 27, 2018 and ending January 27, 2022.

Annual debt requirements to maturity, including interest, as are follows:

Year Ending	Principal	Interest	Total
2018	3,318	-	3,318
2019	3,318	-	3,318
2020	3,318	-	3,318
2021	3,318	-	3,318
2022	3,316	-	3,316
	$ 16,588	$ -	$ 16,588

Notes Payable- Proprietary Fund

GEFA Loan

The City of Boston entered into a contract with the Drinking Water Revolving Fund, administered by the Georgia Environmental Finance Authority, Project DWSRF 11-011 dated April 2, 2012 under a loan/grant agreement for the purchase and installation of new water meters. The project was a 70% loan and a 30% grant. The original new meter project was completed as of December 12, 2013. However, on February 25, 2014, the City modified the contract to extend the construction completion date to September 2014 and include the raising of the water tank by 25 feet in this project.

On April 6, 2015, the City began making monthly payments of $1,173.58 on the loan. The note bears an interest rate of 2% and has a maturity date of March 1, 2035. Annual debt requirements to maturity, including interest, as are follows:

Year Ending	Principal	Interest	Total
2018	10,069	4,014	14,083
2019	10,272	3,811	14,083
2020	10,479	3,604	14,083
2021	10,691	3,392	14,083
2022	10,907	3,176	14,083
2023-2027	57,925	12,490	70,415
2028-2032	64,012	6,403	70,415
2033-2035	30,958	728	31,686
	$ 205,313	$ 37,618	$ 242,931

The City entered into another contract with the Drinking Water Revolving Fund, administered by the Georgia Environmental Finance Authority, Project DW16006 dated May 11, 2017 for a total of $150,000. This project includes the replacement of fire hydrants, valves, water mains and all related appurtenances. The loan has a maturity date of April 1, 2034, with an interest rate of .75%. At December 31, 2017 the amount owed was $1,950. At the completion of the project the total borrowed will be setup in monthly payments.

Revenue Bonds

The City of Boston has one outstanding water and sewer revenue bond issued in 1981 in the original amount of $755,000 used for the improvements to the water and sewer system in the City. The bond bears an interest rate of 5%, and principal repayments began in 1982. Bond interest for the year ended December 31, 2017, amounted to $8,500. A summary of the annual requirements to amortize the bonds outstanding as of December 31, 2017, is as follows:

Year Ending	Principal	Interest	Total
2018	40,000	6,500	46,500
2019	45,000	4,500	49,500
2020	45,000	2,250	47,250
	$ 130,000	$ 13,250	$ 143,250

The following is a summary of the revenue bonds transactions of the City of Boston for the year ended December 31, 2017:

Date	Principal	Interest	Total
Balance 01/01/17	$ 170,000	$ 708	$ 170,708
Interest for year	-	8,667	8,667
Payments	(40,000)	(8,500)	(48,500)
Balance 12/31/17	$ 130,000	$ 875	$ 130,875

Changes in Long-Term Liabilities

During the year ended December 31, 2017 the following changes occurred in liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 38,850	$ 16,588	$ 38,850	$ 16,588	$ 3,318
Total Liabilities	$ 38,850	$ 16,588	$ 38,850	$ 16,588	$ 3,318
Business-type activities:					
Bonds payable	$ 170,000	$ -	$ 40,000	$ 130,000	$ 40,000
GEFA note payable	215,182	-	9,869	205,313	10,069
GEFA note payable	-	3,250	1,300	1,950	-
Total Liabilities	$ 385,182	$ 3,250	$ 51,169	$ 337,263	$ 50,069

According to the regulations of the bond ordinance, the City is to maintain a sinking fund account with a balance of $42,200. The City is also to maintain a special fund to be designated as the Renewal and Extension Fund with a balance of $30,000 to be used for the cost of making improvements and additions to and replacements of capital assets of the system. The City of Boston has failed to maintain the correct balances in these funds, although all payments have been timely made.

H. Fund Balance Determination and Classification

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” established that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Restricted or committed specific revenue sources should comprise a *substantial portion* of the fund’s resources. If revenues are initially received in another fund, they should not be reported as revenues in the fund receiving them; instead, they should be recognized in the special revenue fund where they will be spent. The proceeds from these special revenue sources should be expected to continue to comprise a substantial portion of inflows.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays. Capital projects’ funds exclude those types of capital related outflows financed by proprietary funds.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The following classifications are used by the City:

General, Special Revenue and Capital Project Funds:

Restricted Fund Balance: the portion of a fund balance that reflects constraints placed on the use of resources other than nonspendable items that are either externally imposed by creditors {debt agreements, grantors, contributors, or laws or regulations of other governments}, or be imposed by law through constitutional provisions or enabling legislation.

Unassigned Fund Balance: the portion of a fund balance that includes amounts that do not fall into one of the above categories. The General Fund is the only fund that should report a positive unassigned balance.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balance, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds. The City does not have a formal minimum fund balance policy.

The composition of Restricted Classification is as follows:

Construction and Capital Outlay: Restricted Fund Balance

	General Fund	Major Governmental SPLOST	Nonmajor Governmental Funds	Total
Construction and Capital Outlay:				
SPLOST 2	$ -	$ -	$ 6,320	$ 6,320
SPLOST 3	-	383,278	-	383,278
	$ -	$ 383,278	$ 6,320	$ 389,598

Special Programs Classification: Restricted Fund Balance

	General Fund	Major Governmental SPLOST	Nonmajor Governmental Funds	Total
Special Programs:				
Hotel/Motel Fund	$ -	$ -	$ 2,302	$ 2,302
	$ -	$ -	$ 2,302	$ 2,302

I. Restricted Assets

The balances of the City's restricted asset accounts are as follows:

	General Fund	Water/Sewer Fund	Total
Customer Deposits	$ -	$ 29,763	$ 29,763
CDBG Account		10	10
Police Department	76	-	76
Sinking Fund	-	-	-
Total resticted assets	$ 76	$ 29,773	$ 29,849

V. OTHER INFORMATION

A. Risk Management

The City of Boston is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all events of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Coverages are as follows:

COVERAGE DESCRIPTION – PROPERTY:	
Buildings and Contents (Blanket)	$ 3,832,810
Mobile Equipment	$ 59,690
Boiler and machinery	$3,832,810
Automobile Physical Damage	All vehicles
COVERAGE DESCRIPTION – CASUALTY:	
General Liability	$1,000,000
Law Enforcement Liability	$1,000,000
Automobile Liability	$1,000,000
Errors and Omissions (Public Officials) Liability	$1,000,000
Employee Benefits Liability	$1,000,000
Pollution Liability	N/A
COVERAGE DESCRIPTION – CRIME:	
Blanket Bond	$ 500,000
Depositors Forgery	$ 500,000
Money and Securities – Loss Inside & Outside the Premises	$ 500,000
DEDUCTIBLE:	
All coverages are subject to a per occurrence deductible of	$ 1,000

COVERAGE EXCEPTIONS:
None

COVERAGES SUBJECT TO A RETROACTIVE DATE: (unless stated otherwise in the Coverage Exceptions)

Public Officials Liability	06/01/87
Employee Benefits Liability	06/01/87
Pollution Liability	N/A

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Boston must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agent's reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay a claim for loss to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Boston retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $1,000 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

During the year ended December 31, 2017, the City paid no claims (up to the $1,000 deductible). The City has not compiled a record of the claims paid up to the $1,000 deductible for the prior years. The City is not aware of any claims which the City is liable for (up to the $1,000) which were outstanding and unpaid at December 31, 2017. No provisions have been made in the financial statements for the year ended December 31, 2017 for any estimate of potential unpaid claims.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Boston became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer (City of Boston) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

B. Related Party Transaction

The City of Boston had no related party transactions.

C. Subsequent Events

There are no significant subsequent events that the City is aware of as of the date of the audit report.

D. Contingent Liabilities

The City is not involved in any pending or threatened litigation deemed to be material and probable.

E. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the eight-county west central Georgia area, is a member of the Southwest Georgia Regional Commission and is required to pay annual dues thereto. Membership in RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of RC. Separate financial statements may be obtained from:

Regional Commission
P.O. Box 346
Camilla, Georgia 31730-0346

F. Related Organizations

The Housing Authority of Thomasville is a legally separate entity and is not accountable, financially or otherwise, to the City of Boston. Additionally, the City has no equity interest in the Authority, nor is it liable for any debts incurred by the Authority. To obtain more information including its separate financial statements, write to:

Mike House, Executive Director
216 South College Street
Thomasville, Georgia 31792

G. Employee Retirement Systems and Pension Plans

The City of Boston's employees are covered under the Social Security Act maintained by the federal government for retirement benefits. They do not participate in any other retirement or pension plans.

H. Community Development Block Grant

The City received a community development block grant on October 7, 2016, for the drainage/streets improvements of the City. The grant project budget is $589,000, and the City is obligated to pay $89,000 in matching funds. During FYE December 31, 2017, grant revenues in the amount of $18,000 were recorded. Total grant expenditures were $18,000.

INDIVIDUAL FUND SCHEDULES

CITY OF BOSTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY SOURCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSTIVIE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Revenues:				
Taxes:				
General property taxes:				
Real property	$ 201,097	$ 201,097	$ 202,884	$ 1,787
Intangible	1,500	1,500	2,050	550
Personal property:				
Motor vehicle	10,522	10,522	20,904	10,382
Mobile home	9,073	9,073	7,873	(1,200)
Franchise	55,800	55,800	53,033	(2,767)
Total general property taxes	**277,992**	**277,992**	**286,744**	**8,752**
General sales and use taxes				
Local option sales and use	123,000	123,000	110,946	(12,054)
Total general sales and use taxes	**123,000**	**123,000**	**110,946**	**(12,054)**
Selective sales and use taxes				
Alcoholic beverage excise	18,500	18,500	17,486	(1,014)
Total selective sales and use taxes	**18,500**	**18,500**	**17,486**	**(1,014)**
Business taxes				
Business and occupational	7,500	7,500	13,387	5,887
Insurance premium tax	83,000	83,000	87,396	4,396
Total business taxes	**90,500**	**90,500**	**100,783**	**10,283**
Total taxes	**509,992**	**509,992**	**515,959**	**5,967**
Licenses and permits:				
Business licenses and permits				
General business licenses	9,000	9,000	11,639	2,639
Total business licenses and permits	9,000	9,000	11,639	2,639
Non-business licenses and permits				
Alcoholic beverages	1,000	1,000	4,750	3,750
Building structures and equipment	900	900	675	(225)
Total non-business licenses and permits	1,900	1,900	5,425	3,525
Total licenses and permits	**10,900**	**10,900**	**17,064**	**6,164**
Charges for services:				
General government:				
Election qualifying fee	240	240	270	30
Rezoning fees	200	200	-	(200)
Culture & recreation:				
Recreation fees	-	-	16,905	16,905
Utilities				
Sanitation fees	130,000	130,000	115,791	(14,209)
Total charges for services	**130,440**	**130,440**	**132,966**	**2,526**

CITY OF BOSTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY SOURCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSTIVIE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Fines and forfeitures:				
Fines	25,000	25,000	36,431	11,431
Total fines and forfeitures	**25,000**	**25,000**	**36,431**	**11,431**
Miscellaneous revenue:				
Cemetery plots	500	500	-	(500)
Total miscellaneous revenue	**500**	**500**	**-**	**(500)**
Other financing sources:				
Transfers in	-	-	(16,684)	(16,684)
Capital leasing	-	-	16,588	16,588
Total other financing sources	**-**	**-**	**(96)**	**(96)**
Total revenues and other financing sources	**$ 676,832**	**$ 676,832**	**$ 702,324**	**$ 25,492**

CITY OF BOSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
General government				
Legislative				
Mayor and council	$ 7,200	$ 7,200	$ 7,052	$ 148
General administration				
Advertising	3,000	3,000	4,088	(1,088)
Bank charges	100	100	9	91
Computer support	5,200	5,200	5,830	(630)
Contract labor	4,400	4,400	4,479	(79)
Dues and subscriptions	2,500	2,500	2,515	(15)
Miscellaneous	1,000	1,000	2,806	(1,806)
Office supplies	3,000	3,000	2,391	609
Postage	1,400	1,400	1,100	300
Salaries	54,409	54,409	54,992	(583)
Retirement	450	450	-	450
Telephone	5,300	5,300	4,998	302
Travel and training	5,000	5,000	4,674	326
Professional fees	15,000	15,000	14,500	500
Reserves	4,651	4,651	-	4,651
Elections				
Fees	1,000	1,000	838	162
Law				
Legal fees	11,000	11,000	12,136	(1,136)
Human resources				
Worker's compensation	703	703	684	19
Social security costs	4,713	4,713	7,059	(2,346)
Employee's insurance	-	-	1,546	(1,546)
Risk management				
Insurance	8,000	8,000	8,498	(498)
General government buildings and plant				
Heat, lights and water	3,000	3,000	2,243	757
Repairs building and equipment	2,500	2,500	1,044	1,456
Total general government	**143,526**	**143,526**	**143,482**	**44**
Public safety				
Police department				
Police administration				
Computer software	2,000	2,000	375	1,625
Contract labor	1,200	1,200	1,150	50
Gas and oil	10,000	10,000	14,666	(4,666)
Materials and supplies	1,600	1,600	1,048	552
Miscellaneous	500	500	2,386	(1,886)
Office supplies	1,500	1,500	5,500	(4,000)
Peace officers retirement	4,260	4,260	6,090	(1,830)
Postage	100	100	57	43
Telephone	3,600	3,600	3,625	(25)
Uniforms	1,000	1,000	1,494	(494)
Salaries	131,544	131,544	151,053	(19,509)
Social security costs	10,063	10,063	11,453	(1,390)
Worker's compensation insurance	8,880	8,880	5,847	3,033
Employee's insurance	-	-	1,546	(1,546)
Other insurance	8,030	8,030	9,486	(1,456)
Dues	3,000	3,000	3,307	(307)
Crime control and investigation				
DUI test charges/confidential informants	650	650	150	500
Jailer services	2,000	2,000	1,659	341
Police training				
Travel and school	3,000	3,000	4,553	(1,553)

CITY OF BOSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Police stations and buildings				
Heat, lights and water	3,500	3,500	1,946	1,554
Repairs building and equipment	8,000	8,000	15,195	(7,195)
Capital outlay	5,945	5,945	-	5,945
Total police department	**210,372**	**210,372**	**242,586**	**(32,214)**
Total public safety	**210,372**	**210,372**	**242,586**	**(32,214)**
Public works				
Street department				
Street administration				
Gas and oil	15,000	15,000	14,524	476
Machine hire	3,600	3,600	1,736	1,864
Miscellaneous	1,000	1,000	1,130	(130)
Operational supplies	3,500	3,500	2,600	900
Education and training	-	-	130	(130)
Insurance	8,050	8,050	9,413	(1,363)
Telephone	1,100	1,100	1,128	(28)
Uniforms	1,000	1,000	1,708	(708)
Salaries	79,735	79,735	74,296	5,439
Retirement	500	500	-	500
Social security costs	6,094	6,094	5,721	373
Employee's insurance	-	-	1,546	(1,546)
Workman's compensation insurance	5,355	5,355	3,142	2,213
Street stations and buildings				
Heat, lights and water	44,000	44,000	40,758	3,242
Repairs and maintenance - other	7,500	7,500	12,148	(4,648)
Right of way maintenance	3,000	3,000	7,400	(4,400)
Capital outlay	15,000	15,000	16,588	(1,588)
Total street department	**194,434**	**194,434**	**193,968**	**466**
Sanitation department				
Sewage collection and disposal				
Tipping fees	112,000	112,000	105,138	6,862
Total sanitation department	**112,000**	**112,000**	**105,138**	**6,862**
Total public works	**306,434**	**306,434**	**299,106**	**7,328**
Culture/Recreation				
Recreation				
Recreation administration				
Operating costs	16,500	16,500	23,114	(6,614)
Total culture/recreation	**16,500**	**16,500**	**23,114**	**(6,614)**
Debt Service				
Debt retirement	-	-	9,259	(9,259)
Interest	-	-	1,932	(1,932)
Total debt service	**-**	**-**	**11,191**	**(11,191)**
Total expenditures	**$ 676,832**	**$ 676,832**	**$ 719,479**	**$ (42,647)**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Hotel/Motel Taxes- This fund is used to account for the monies received in taxes from the local hotels and motels. These taxes are used for economic development.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

SPLOST 2 Fund- This fund is used to account for taxes collected for the capital outlay of roads, streets, water systems and sewer systems.

LMIG Grant Fund- This fund is used for the collection of grant funds to be used for the rehabilitation of streets and highways.

CITY OF BOSTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Special Revenue Fund	Capital Project Funds			Total Nonmajor Governmental Funds
ASSETS	Hotel/Motel Fund	SPLOST 2 Fund	LMIG Fund	Total	
Current assets:					
Cash and cash equivalents	$ (80)	$ 6,320	$ -	$ 6,320	$ 6,240
Receivables (net of allowance for uncollectibles)	2,590	-	-	-	2,590
Total current assets	**2,510**	**6,320**	**-**	**6,320**	**8,830**
LIABILITIES					
Current liabilities:					
Accounts payable	208	-	-	-	208
Total current liabilities	**208**	**-**	**-**	**-**	**208**
FUND BALANCES					
Restricted for:					
Construction and capital outlay	-	6,320	-	6,320	6,320
Economic development	2,302	-	-	-	2,302
Unassigned:	-	-	-	-	-
Total fund balances	**$ 2,302**	**$ 6,320**	**$ -**	**$ 6,320**	**$ 8,622**

CITY OF BOSTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Hotel/Motel Fund	SPLOST 2 Fund	LMIG Fund	Total	
REVENUES					
Grants	$ -	$ -	$ 19,309	$ 19,309	$ 19,309
Hotel/Motel tax revenues	9,707	-	-	-	9,707
Investment earnings	-	1	-	1	1
Total revenues	**9,707**	**1**	**19,309**	**19,310**	**29,017**
EXPENDITURES					
Current:					
Economic development	12,300	-	-	-	12,300
Capital outlay:					
Public works	-	-	19,309	19,309	19,309
Water & sewer	-	-	-	-	-
Total expenditures	**12,300**	**-**	**19,309**	**19,309**	**31,609**
Excess (deficiency) of revenues over (under) expenditures	**(2,593)**	**1**	**-**	**1**	**(2,592)**
Net change in fund balances	**(2,593)**	**1**	**-**	**1**	**(2,592)**
Fund balances - beginning	4,895	6,319	-	6,319	11,214
Fund balances - ending	**$ 2,302**	**$ 6,320**	**$ -**	**$ 6,320**	**$ 8,622**

CITY OF BOSTON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES- BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes:				
Hotel/Motel taxes	$ 8,000	$ 8,000	$ 9,707	$ 1,707
Miscellaneous	-	-	-	-
TOTAL REVENUES	**8,000**	**8,000**	**9,707**	**1,707**
EXPENDITURES				
Current:				
Economic development	8,000	8,000	12,300	(4,300)
TOTAL EXPENDITURES	**8,000**	**8,000**	**12,300**	**(4,300)**
EXCESS OF REVENUES OVER EXPENDITURES	**-**	**-**	**(2,593)**	**(2,593)**
NET CHANGE IN FUND BALANCES	**-**	**-**	**(2,593)**	**(2,593)**
FUND BALANCE - BEGINNING OF YEAR	4,895	4,895	4,895	-
FUND BALANCE - END OF YEAR	**$ 4,895**	**$ 4,895**	**$ 2,302**	**$ (2,593)**

CAPITAL PROJECT FUNDS

CITY OF BOSTON, GEORGIA
CAPITAL PROJECT FUND
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
SPLOST 2
FOR THE YEAR ENDED DECEMBER 31, 2017

SPLOST No.	Project Description	Original Estimated Costs	Current Estimated Costs	Expenditures			Percentage of Completion
				Prior Years	Current Year	Total	
2	Roads and Streets	$ 503,250	$ 293,860	$ 306,344	$ -	$ 306,344	104.25%
	Water/Sewer System	-	280,945	359,862	-	359,862	128.09%
	Public Safety Facilities	-	10,861	37,162	-	37,162	342.16%
	Public Safety Equipment	-	71,737	-	-	-	0.00%
	Recreation	-	25,000	25,000	-	25,000	100.00%
				$ 728,368	$ -	$ 728,368	

CITY OF BOSTON, GEORGIA
CAPITAL PROJECT FUND
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
SPLOST 3
FOR THE YEAR ENDED DECEMBER 31, 2017

SPLOST No.	Project Description	Original Estimated Costs	Current Estimated Costs	Expenditures			Percentage of Completion
				Prior Years	Current Year	Total	
3	Roads and Streets	$ 1,015,000	$ 456,750	$ 75,763	$ 72,655	$ 148,418	32.49%
	Water/Sewer System	-	416,150	223,954	39,995	263,949	63.43%
	Public Safety Facilities	-	10,150	39,617	11,782	51,399	506.39%
	Public Safety Equipment	-	101,500	21,102	5,997	27,099	26.70%
	Recreation	-	30,450	49,648	-	49,648	163.05%
				$ 410,084	$ 130,429	$ 540,513	

Reconciliation of current year SPLOST 3 expenditures to the Combining Statement of revenues, Expenditures and Changes in Fund Balance (page 15)

Current year expenditures as shown above	$ 130,429
Debt payments	29,591
Interest	270
	$ 160,290

GRANT SCHEDULES

CITY OF BOSTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 16p-x-136-2-5837
SCHEDULE OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Program funds allocated	$	500,000
Less funds drawn down by recipient through December 31, 2017		(18,000)
Funds still available from CDBG, January 1, 2018		482,000
Total program funds held by recipient available for disposition January 1, 2016		-
Total program funds drawn down by recipient		18,000
Less expenses paid with program funds		(18,000)
Total program funds held by recipient available for disposition December 31, 2017	$	-

CITY OF BOSTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 16p-x-136-2-5837
PROJECT COST SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Activity		Approved Budget	Prior Year Expenditures	Current Expenditures	Accumulated Expenditures To Date	Unexpended Budget
P-03K-01	Street Improvements	$ 26,180	$ -	$ -	$ -	$ 26,180
P-03K-02	Flood & Drainage Facilities	419,920	-	-	-	419,920
C-022-00	Contingencies	23,900	-	-	-	23,900
A-21A-00	Administration	30,000	-	18,000	18,000	12,000
		$ 500,000	**$ -**	**$ 18,000**	**$ 18,000**	**$ 482,000**

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF BOSTON, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
DECEMBER 31, 2017

Governmental Funds Capital Assets:		**12/31/2017**
Land	$	50,209
Buildings		250,201
Improvements		193,261
Machinery and Equipment		449,094
Infrastructure		937,853
Total Governmental Funds Capital Assets	**$**	**1,880,618**
Investments in Governmental Funds Capital Assets by Source:		
General Fund	$	1,880,618
Total Governmental Funds Capital Assets	**$**	**1,880,618**

CITY OF BOSTON, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2017

Function and Activity	Land	Buildings	Improvements	Machinery and Equipment	Infrastructure	Total
General Government:						
Finance and Administration	$ 50,209	$ 137,224	$ 4,606	$ 168,862	$ -	$ 360,901
Total General Government	50,209	137,224	4,606	168,862	-	360,901
Public Safety:						
Police	-	72,051	77,879	144,840	-	294,770
Total Public Safety	-	72,051	77,879	144,840	-	294,770
Highways and Streets:						
Maintenance	-	-	-	84,268		84,268
Street System	-	-	3,320	32,369	937,853	973,542
Total Highways and Streets	-	-	3,320	116,637	937,853	1,057,810
Public Works:						
Sanitation	-	-	-	1,000	-	1,000
Total Public works	-	-	-	1,000	-	1,000
Culture and Recreation:						
Maintenance	-	40,926	107,456	17,755	-	166,137
Total Culture and Recreation	-	40,926	107,456	17,755	-	166,137
Total Governmental Funds Capital Assets	**$ 50,209**	**$ 250,201**	**$ 193,261**	**$ 449,094**	**$ 937,853**	**$ 1,880,618**

CITY OF BOSTON, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2017

Function and Activity	Governmental Funds Capital Assets 1/1/2017	Additions	Deletions	Governmental Funds Capital Assets 12/31/2017
General Government:				
Finance and Administration	$ 360,901		$ -	$ 360,901
Total General Government	360,901	-	-	360,901
Public Safety:				
Police	276,991	17,779		294,770
Total Public Safety	276,991	17,779	-	294,770
Highways and Streets:				
Maintenance	72,645	29,163	17,540	84,268
Street System	883,629	89,913	-	973,542
Total Highways and Streets	956,274	119,076	17,540	1,057,810
Public Works:				
Sanitation	1,000	-	-	1,000
Total Public Works	1,000	-	-	1,000
Culture and Recreation:				
Maintenance	166,137		-	166,137
Total Culture and Recreation	166,137	-	-	166,137
Total Governmental Funds Capital Assets	**$ 1,761,303**	**$ 136,855**	**$ 17,540**	**$ 1,880,618**

SUPPLEMENTAL INFORMATION

CITY OF BOSTON, GEORGIA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
CURRENT YEAR AND PRIOR YEARS

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Economic Development	Interest on Long-term Debt	Water and Sewer	Total
2005	$ 132,813	$ 211,578	$ 236,895	$ 13,067	$ -	$ -	$ 254,164	$ 848,517
2006	147,000	224,546	252,808	12,169	-	-	217,364	853,887
2007	151,433	213,195	243,416	14,092	-	2,086	249,337	873,559
2008	159,838	233,276	238,611	10,884	-	2,583	271,073	916,265
2009	146,921	253,989	252,411	7,606	-	3,634	228,355	892,916
2010	136,324	245,337	268,178	11,955	3,675	4,232	246,235	915,936
2011	137,264	228,136	315,174	16,549	8,848	2,575	277,517	986,063
2012	125,970	224,217	297,470	16,039	5,430	1,702	231,590	902,418
2013	134,028	230,093	300,786	19,517	11,819	199	237,085	933,527
2014	150,995	213,443	310,580	19,724	11,614	506	272,533	979,395
2015	155,788	227,061	336,366	28,015	1,477	-	267,907	1,016,614
2016	146,260	222,504	312,075	28,286	7,187	1,540	264,061	981,913
2017	146,308	263,560	332,107	23,114	12,300	2,202	266,362	1,045,953

CITY OF BOSTON, GEORGIA
GOVERNMENT-WIDE REVENUES
CURRENT YEAR AND PRIOR YEARS

	Program Revenues				General Revenues			
Fiscal Year	Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	Water and Sewer	Taxes	Unrestricted Investment Income	Miscellaneous	Total
2005	$ 303,227	$ -	$ 150,987	$ 168,039	$ 414,340	$ 864	$ 1,200	$ 1,038,657
2006	348,716	-	34,656	202,416	449,342	488	2,526	1,038,144
2007	360,688	10,000	575,734	214,945	541,633	5,189	5,189	1,713,378
2008	336,951	-	128,916	187,360	592,031	1,479	3,961	1,250,698
2009	318,106	-	171,968	186,392	647,691	982	1,958	1,327,097
2010	347,348	14,985	127,814	192,410	535,233	63	7,668	1,225,521
2011	316,561	3,750	566,117	169,275	501,487	42	3,015	1,560,247
2012	191,040	-	239,379	188,177	520,564	-	5,472	1,144,632
2013	193,355	-	177,576	190,752	483,208	-	21,840	1,066,731
2014	168,411	33,702	266,347	193,847	492,119	-	3,116	1,157,542
2015	168,354	15,006	186,136	192,826	507,816	-	4,021	1,074,159
2016	157,997	-	191,050	202,999	521,124	-	14,460	1,087,630
2017	186,461	19,309	161,337	196,746	534,507	-	-	1,098,360

CITY OF BOSTON, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008

	Fiscal Year Ended 12/31/2017	Fiscal Year Ended 12/31/2016	Fiscal Year Ended 12/31/2015	Fiscal Year Ended 12/31/2014	Fiscal Year Ended 12/31/2013	Fiscal Year Ended 12/31/2012	Fiscal Year Ended 12/31/2011	Fiscal Year Ended 12/31/2010	Fiscal Year Ended 12/31/2009	Fiscal Year Ended 12/31/2008
General Fund										
Revenues:										
Property taxes	$ 286,744	$ 314,678	$ 301,268	$ 284,652	$ 272,347	$ 318,636	$ 273,235	$ 273,962	$ 279,068	$ 264,739
Sales tax	128,432	133,529	136,521	134,589	130,716	134,326	136,357	137,167	107,668	110,947
Other taxes	100,783	91,657	85,500	80,411	77,788	71,098	70,797	84,825	111,435	111,860
Licenses and permits	17,064	9,556	14,417	10,773	13,077	10,826	8,788	9,920	16,244	17,750
Charges for services	132,966	138,131	143,110	125,664	135,558	131,194	101,423	123,669	100,584	108,632
Fines and forfeitures	36,431	10,310	10,827	31,974	44,720	49,019	37,225	21,699	14,888	23,210
Interest	-	-	-	-	-	-	-	-	-	370
Miscellaneous and Intergovernmental	16,588	41,760	22,653	30,237	44,555	3,314	2,252	17,950	49,458	15,211
Total revenues	$ 719,008	$ 739,621	$ 714,296	$ 698,300	$ 718,761	$ 718,413	$ 630,077	$ 669,192	$ 679,345	$ 652,719
Expenditures:										
General government	$ 143,482	$ 143,989	$ 154,790	$ 150,854	$ 134,028	$ 125,970	$ 137,170	$ 135,977	$ 146,494	$ 158,225
Public safety	242,586	205,723	215,402	200,893	226,760	215,616	214,374	227,281	278,398	225,888
Public works	282,518	276,325	305,141	281,784	265,933	260,749	279,641	231,253	225,430	208,418
Culture/Recreation	23,114	18,657	19,689	13,253	16,800	15,456	12,358	11,045	7,833	9,717
Capital outlay	16,588	44,534	32,238	31,125	-	-	5,369	30,200	-	-
Transfer out	16,684	12,028	17,813	-	-	-	-	-	-	-
Debt service	11,191	10,498	-	4,792	5,154	5,604	4,233	4,952	-	883
Total expenditures	$ 736,163	$ 711,754	$ 745,073	$ 682,701	$ 648,675	$ 623,395	$ 653,145	$ 640,708	$ 658,155	$ 603,131

COMPLIANCE SECTION

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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 Mayor and City Council
City of Boston, 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, the discretely presented component unit, each major fund, and the remaining fund information of the City of Boston, Georgia, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Boston, Georgia's basic financial statements and have issued our report thereon dated June 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Boston, 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 the City of Boston, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Boston, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below to be a material weakness.

Item 2017-1

Finding: Inadequate separation of duties in the Governmental Funds and the Proprietary Fund.

Cause: The City does not have enough staff to segregate the various functions.

Effect: This could result in the misappropriation of assets.

Planned Corrective Action: The Mayor and Council take an active role in reviewing the monthly financials and other monthly check and balances.

Response by Responsible Officials: The Mayor and Council are aware of this finding, but it is not economically feasible to correct.

Response by Auditor: We did not audit the entity's response and, accordingly, do not express an opinion on it.

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MEMBERS:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS / GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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. We consider the deficiency described below to be a significant deficiency.

Item 2017-2

Finding: Expenditures exceeded the budget in four departments of the General Fund and the Hotel/Motel Tax Fund.

Cause: The City did not amend the 2017 budget.

Effect: Expenditures for the year exceeded the appropriations in five departments.

Planned Corrective Action: The Mayor and Council will review and amend the budget closer to year-end and will consider each department better and try to anticipate audit journal entries.

Response by Responsible Officials: The Mayor and Council are aware of this finding and will strive to anticipate audit entries when amending next year's budget.

Response by Auditor: We did not audit the entity's response and, accordingly, do not express an opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Boston, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are below.

Item 2017-3

Finding: The City of Boston is in violation of the sinking fund and the renewal and extension fund requirements per the revenue bond issued in 1981.

Cause: The City does not have the funds available to establish these separate funds.

Effect: The bond requirements are not met.

Planned Corrective Action: The Mayor and Council will continue to see that the annual payments are made timely and if funds become available, they will fund the two bond requirements.

Response by Responsible Officials: The Mayor and Council are aware of this issue and will comply with the bond requirements when possible. Annual payments will continue to be made timely.

Response by Auditor: We did not audit the entity's response and, accordingly, do not express an opinion on it.

We noted certain other matters that we reported to management of the City of Boston, Georgia in a separate letter dated June 21, 2018.

City of Boston, Georgia's Response to Findings

The City of Boston, Georgia's response to the findings identified in our audit is described above with each finding. The City of Boston, 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.

Burke, Worsham & Harrell, LLC

Burke, Worsham & Harrell, LLC

Donalsonville, Georgia
June 21, 2018