

CITY OF BLUE RIDGE, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2020

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
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Greenville, Texas 75401
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CITY OF BLUE RIDGE, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2020

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GENERAL INFORMATION

CITY OF BLUE RIDGE, TEXAS
ROSTER OF CITY OFFICIALS
YEAR ENDED SEPTEMBER 30, 2020

Mayor Rhonda Williams
Mayor Pro-Tem..... Christina Porath
Council Member..... Keith Chitwood
Council Member..... Allen Cunnynggham
Council Member..... Amber Wood
Council Member..... Colby Collinsworth
City Secretary Edie Sims

FINANCIAL SECTION

**RUTHERFORD,
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Blue Ridge, Texas

Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Texas (City), as of and for the year ended September 30, 2020, 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, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Texas as of September 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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's basic financial statements as a whole. The schedules identified in the table of contents as other supplementary information are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The other supplementary information schedules are the responsibility of management and were derived from and related 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. 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



May 28, 2021
Greenville, Texas

RUTHERFORD,
TAYLOR &
COMPANY, P.C.
Certified Public Accountants

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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*

Honorable Mayor and Members of the City Council
City of Blue Ridge, Texas

Members of the Council:

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Texas (City) as of and for the year ended September 30, 2020, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 28, 2021. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose as described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the City Council and other grantors, and is not intended to be and should not be used by anyone other than these specified parties.



May 28, 2021
Greenville, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

CITY OF BLUE RIDGE, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED SEPTEMBER 30, 2020

This section of the City of Blue Ridge, Texas annual financial report presents our discussion and analysis of the City's financial performance during the year ended September 30, 2020. Please read it in conjunction with the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

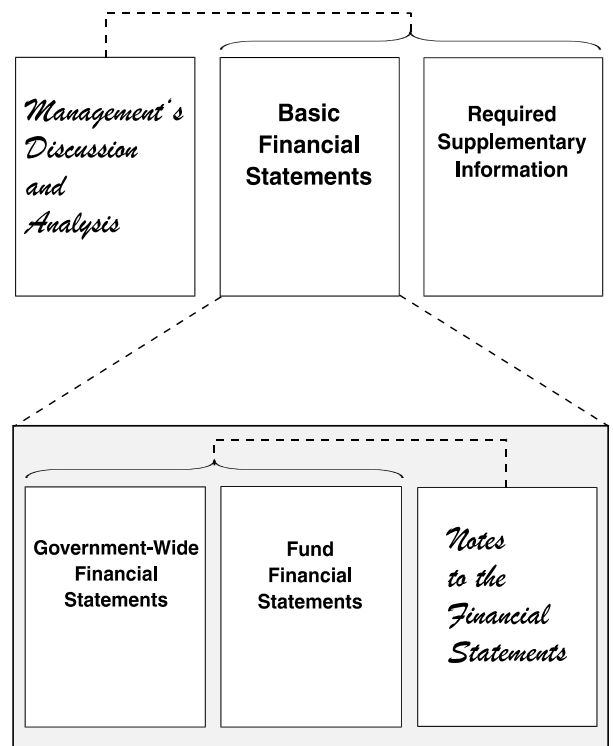
- The City's total combined net position was \$ 2,256,674 at September 30, 2020.
- During the year, the City's governmental activities expenses were \$ 30,951 more than the \$ 558,286 generated in taxes and other revenues. Revenues of the business-type activities were \$ 688 more than the expenses incurred.
- The General Fund reported a fund balance this year of \$ 18,670.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as utility services.
- Fiduciary fund statements, if any, provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the City's Annual Financial Report



The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Summary ↔ **Detail**

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

Figure A-2 summarizes the major features of the City's basic financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the city that are not proprietary or fiduciary	Activities the city operates similar to private businesses: self insurance	Instances in which the city is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base and population.

The government-wide financial statements of the City include the governmental activities. Most of the City's basic services are included here, such as Police and fire protection, public works, community development and general administration. Property taxes, fees, fines, and intergovernmental support - including grants - finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- Governmental funds—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

- Proprietary funds—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. We use internal service funds to report activities that provide supplies and services for the City's other programs and activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$ 2,256,674 at September 30, 2020.

	Net Position					
	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Assets						
Cash and Investments	\$ 9,339	\$ 123,607	\$ 38,067	\$ 104,765	\$ 47,406	\$ 228,372
Receivables and other assets	112,592	92,919	100,185	104,632	212,777	197,551
Restricted cash	-	-	76,811	69,463	76,811	69,463
Capital assets, net of accumulated depreciation	<u>580,754</u>	<u>560,357</u>	<u>3,289,429</u>	<u>3,246,077</u>	<u>3,870,183</u>	<u>3,806,434</u>
Total Assets	<u>\$ 702,685</u>	<u>\$ 776,883</u>	<u>\$ 3,504,492</u>	<u>\$ 3,524,937</u>	<u>\$ 4,207,177</u>	<u>\$ 4,301,820</u>
Total Deferred Net Outflows of Resources	<u>\$ 2,863</u>	<u>\$ 6,126</u>	<u>\$ 3,190</u>	<u>\$ 6,819</u>	<u>\$ 6,053</u>	<u>\$ 12,945</u>
Liabilities						
Current liabilities	\$ 69,825	\$ 84,375	\$ 120,148	\$ 119,146	\$ 189,973	\$ 203,521
Noncurrent liabilities	<u>594,218</u>	<u>630,150</u>	<u>1,142,260</u>	<u>1,172,444</u>	<u>1,736,478</u>	<u>1,802,594</u>
Total Liabilities	<u>\$ 664,043</u>	<u>\$ 714,525</u>	<u>\$ 1,262,408</u>	<u>\$ 1,291,590</u>	<u>\$ 1,926,451</u>	<u>\$ 2,006,115</u>
Total Deferred Net Inflows of Resources	<u>\$ 14,246</u>	<u>\$ 10,274</u>	<u>\$ 15,859</u>	<u>\$ 11,439</u>	<u>\$ 30,105</u>	<u>\$ 21,713</u>
Net Position						
Net Investment in capital assets	\$ (568)	\$ (62,536)	\$ 2,156,190	\$ 2,081,801	\$ 2,155,622	\$ 2,019,265
Restricted	-	-	76,811	69,463	76,811	69,463
Unrestricted	<u>27,827</u>	<u>120,746</u>	<u>(3,586)</u>	<u>77,463</u>	<u>24,241</u>	<u>198,209</u>
Total Net Position	<u>\$ 27,259</u>	<u>\$ 58,210</u>	<u>\$ 2,229,415</u>	<u>\$ 2,228,727</u>	<u>\$ 2,256,674</u>	<u>\$ 2,286,937</u>

Of the City's net assets, \$ 2,155,622 (96%) reflects its investment in capital assets (land, buildings, equipment and infrastructure), net of any related debt used to acquire the assets that is outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in 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.

Total assets decreased \$ 94,643 during the year. Cash and Investments decreased 79% due to the completion of the road and utility system improvements. Total liabilities decreased 4% from the 2019 totals.

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

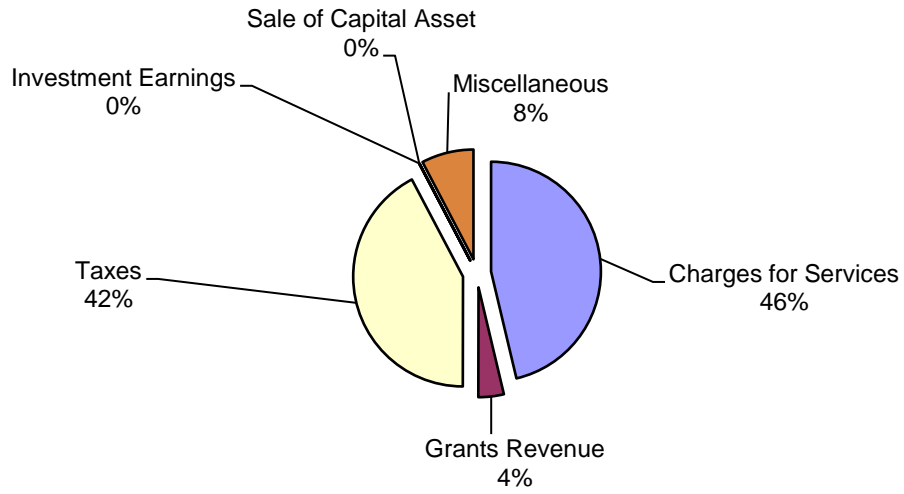
CHANGE IN NET ASSETS

The following table presents the changes in net position for the government-wide financial statements for the year ended September 30, 2020.

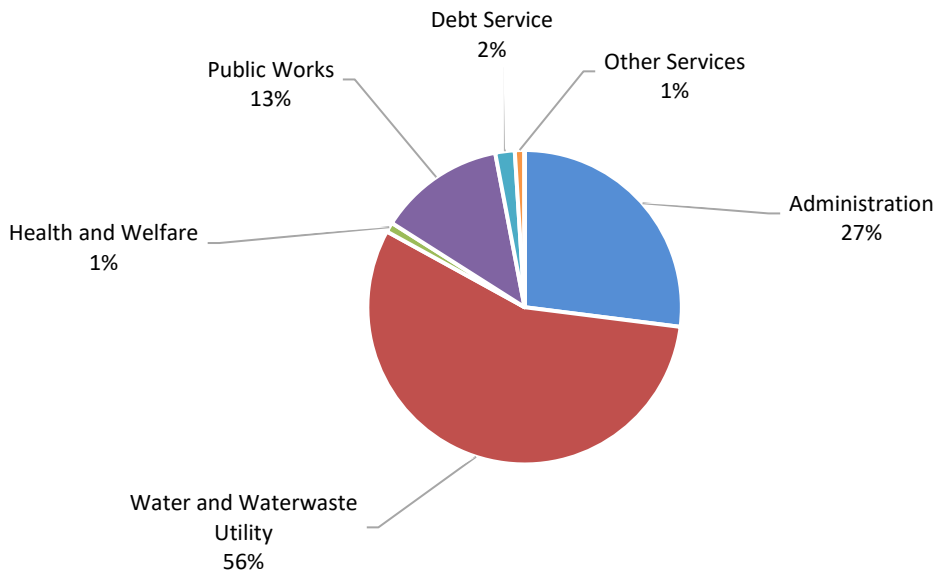
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 11,837	\$ 15,185	\$ 524,023	\$ 497,564	\$ 535,860	\$ 512,749
Grants Revenue	-	-	43,381	-	43,381	-
General Revenues						
Taxes	489,131	428,483	-	-	489,131	428,483
Investment Earnings	126	1,555	190	190	316	1,745
Sale of Capital Asset	-	-	100	-	100	-
Miscellaneous	57,192	1,899	31,742	47,632	88,934	49,531
Total Revenues	\$ 558,286	\$ 447,122	\$ 599,436	\$ 545,386	\$ 1,157,722	\$ 992,508
Expenses						
Governmental Activities						
Administration	\$ 324,434	\$ 334,366	\$ -	\$ -	\$ 324,434	\$ 334,366
Public Works	156,016	71,995	-	-	156,016	71,995
Debt Service	17,784	22,574	-	-	17,784	22,574
Parks and Recreation	1,539	1,653	-	-	1,539	1,653
Fire Protection	8,847	21,421	-	-	8,847	21,421
Health and Welfare	9,217	7,475	-	-	9,217	7,475
Municipal Court	4,000	1,200	-	-	4,000	1,200
Mayor and City Council	500	192	-	-	500	192
Business-type Activities						
Water and Wastewater Utility	-	-	665,648	532,070	665,648	532,070
Total Expenses	\$ 522,337	\$ 460,876	\$ 665,648	\$ 532,070	\$ 1,187,985	\$ 992,946
Excess (Deficiency) before Transfers	\$ 35,949	\$ (13,754)	\$ (66,212)	\$ 13,316	\$ (30,263)	\$ (438)
Transfers In/(Out)	(66,900)	(336,699)	66,900	336,699	-	-
Increase (Decrease) in Net Position	\$ (30,951)	\$ (350,453)	\$ 688	\$ 350,015	\$ (30,263)	\$ (438)
Net Position - October 1 (Beginning)	58,210	408,663	2,228,727	1,878,712	2,286,937	2,287,375
Net Position - September 30 (Ending)	\$ 27,259	\$ 58,210	\$ 2,229,415	\$ 2,228,727	\$ 2,256,674	\$ 2,286,937

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

Government-wide Revenues



Government-wide Expenses



CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

GOVERNMENTAL ACTIVITIES

The City's total governmental activities revenues were \$ 558,286. 88% of the City's revenue comes from taxes and franchise fees. Taxes include property taxes, sales taxes and utility franchise fees. 2% of revenue is generated through charges for services, which includes rental, licenses and permits. The remaining 10% is comprised of other miscellaneous sources including grants.

The total cost of all governmental activities programs and services was \$ 522,337. General Administration comprised 62% of the City's expenses. Public Works, which includes street maintenance and related activities represents 30% of the expenses. Debt Service activities (3%) represent the remaining large expenses to the City.

BUSINESS –TYPE ACTIVITIES

Business-type activities include the water and wastewater utility. The overall operation of the utilities was similar to prior years.

The water and wastewater utility's expenses exceeded its revenues by \$ 66,212. The utility provides water and wastewater services to the residents of the City.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$ 18,986. One Hundred percent (100%) of the total ending fund balance of \$ 18,986 constituted unassigned fund balance, which is considered available for appropriation.

The City's governmental fund total expenditures and other uses exceeded revenues and other resources in the current period by \$ 93,832. The expenses for the fund decreased \$ 107,696 compared to expenses in the prior period. The decrease in expenses is due partially to the decrease in activity of the Street Improvement fund in the current year.

Proprietary Funds – The proprietary funds - enterprise funds - are used to account for activities that are supported by charges for services rendered and are operated like a business. In the enterprise fund, the operating expenses exceeded the operating revenues by \$ 91,787.

The fund expensed \$ 49,838 for debt interest. After recording transactions, the enterprise fund net position increased \$ 688 over last year.

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

General Fund Budgetary Highlights

General Fund revenues earned were \$ 95,148 less than the final amended budget.

General Fund expenditures were less than final budgeted amounts. The difference was due to less than anticipated expenditures for administration, public works, and debt retirement.

Capital Assets

Capital Assets – The City's investment in capital assets for its governmental and business-type activities at September 30, 2020 amounted to \$ 3,870,183 (net of accumulated depreciation). This investment in capital assets included land, buildings and improvements, vehicles, equipment and infrastructure. Additional information on the City's capital assets can be found in the notes to the basic financial statements following this analysis.

Capital Assets						
	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Nondepreciable Assets						
Land	\$ 20,000	\$ 20,000	\$ 31,079	\$ 31,079	\$ 51,079	\$ 51,079
Depreciable Assets						
Buildings and Improvements	209,662	211,962	-	-	209,662	211,962
Equipment	90,330	86,580	49,540	55,969	139,870	142,549
Vehicles	40,963	6,759	50,041	50,041	91,004	56,800
Infrastructure/Distribution	1,107,790	1,084,534	4,611,030	4,451,604	5,718,820	5,536,138
Total Capital Assets	\$ 1,468,745	\$ 1,409,835	\$ 4,741,690	\$ 4,588,693	\$ 6,210,435	\$ 5,998,528
Less Accumulated Depreciation	887,991	849,478	1,452,261	1,342,616	2,340,252	2,192,094
Net Capital Assets	<u>\$ 580,754</u>	<u>\$ 560,357</u>	<u>\$ 3,289,429</u>	<u>\$ 3,246,077</u>	<u>\$ 3,870,183</u>	<u>\$ 3,806,434</u>

CITY OF BLUE RIDGE, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED SEPTEMBER 30, 2020

Long-Term Obligations

The City's long-term obligations included bonds and other financing products totaling \$ 1,720,134 at September 30, 2020. Additional information on the City's long-term obligations can be found in the notes to the basic financial statements following this analysis.

	Long-Term Obligations					
	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Bonds	\$ 570,000	\$ 605,000	\$ 1,082,000	\$ 1,104,000	\$ 1,652,000	\$ 1,709,000
Other Debt Payable	17,075	19,085	51,239	60,276	68,314	79,361
Total	\$ 587,075	\$ 624,085	\$ 1,133,239	\$ 1,164,276	\$ 1,720,314	\$ 1,788,361

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient, effective, and economic uses of the City's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the City Council and administration set the direction of the City, allocate its resources and establish its priorities.

The City annually reviews all of its fees as part of the budget adoption process. Fees for general government, as well as user charges for the utilities are evaluated and, if needed, adjusted to meet the needs of the operations of the systems. The budget is adopted and a tax rate is approved to meet the demands of the budget. For 2021, rates set for fees and taxes are similar to the current year.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances, and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Edie Sims, City Secretary.

BASIC FINANCIAL STATEMENTS

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		4A/4B Corporations
ASSETS				
Cash and Investments	\$ 9,339	\$ 38,067	\$ 47,406	\$ 286,029
Accounts Receivable, Net	-	42,200	42,200	-
Property Taxes Receivable, Net	7,682	-	7,682	-
Sales Tax Receivable	24,286	-	24,286	-
Franchise Tax Receivable	11,049	-	11,049	-
Due from Other Funds	41,726	26,982	68,708	23,839
Due from Other Governments	-	-	-	24,286
Restricted Cash	-	76,811	76,811	-
Capital Assets, Net:				
Nondepreciable	20,000	31,079	51,079	52,588
Depreciable	560,754	3,258,350	3,819,104	206,324
Net Pension Assets	27,849	31,003	58,852	-
Total Assets	\$ 702,685	\$ 3,504,492	\$ 4,207,177	\$ 593,066
DEFERRED RESOURCES OUTFLOW				
Deferred Resources Outflow s - Pension	\$ 1,636	\$ 1,823	\$ 3,459	\$ -
Deferred Resources Outflow s - OPEB	1,227	1,367	2,594	-
Total Deferred Resource Outflow s	\$ 2,863	\$ 3,190	\$ 6,053	\$ -
LIABILITIES				
Accounts Payable	\$ 6,804	\$ 13,244	\$ 20,048	\$ 6,924
Accrued Wages and Related Payables	9,472	-	9,472	-
Accrued Interest Payable	2,411	7,044	9,455	-
Due to Other Governments	23,839	1,975	25,814	-
Due to Other Funds	27,299	41,410	68,709	-
Customer Deposits	-	56,475	56,475	600
Non-Current Liabilities:				
Due w ithin one year	40,534	35,801	76,335	15,729
Due in more than one year	540,788	1,097,438	1,638,226	119,220
Compensated Absences	5,753	1,068	6,821	-
OPEB Liability	7,143	7,953	15,096	-
Total Liabilities	\$ 664,043	\$ 1,262,408	\$ 1,926,451	\$ 142,473
DEFERRED RESOURCES INFLOWS				
Deferred Resources Inflow s - Pension	\$ 12,298	\$ 13,690	\$ 25,988	\$ -
Deferred Resources Inflow s - OPEB	1,948	2,169	4,117	-
Total Deferred Resources Inflow s	\$ 14,246	\$ 15,859	\$ 30,105	\$ -
NET POSITION				
Net Investment in Capital Assets	\$ (568)	\$ 2,156,190	\$ 2,155,622	\$ 123,963
Restricted:				
Library	-	-	-	5,946
Economic Development	-	-	-	105,826
Community Development	-	-	-	214,858
Debt Retirement / Bond Covenants	-	76,811	76,811	-
Unrestricted	27,827	(3,586)	24,241	-
Total Net Position	\$ 27,259	\$ 2,229,415	\$ 2,256,674	\$ 450,593

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit 4A/4B Corporations
		Primary Government			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
Administration	\$ 324,434	\$ 11,837	\$ -	\$ -	\$ (312,597)	\$ -	\$ (312,597)	
Public Works	156,016	-	-	-	(156,016)	-	(156,016)	
Debt Service	17,784	-	-	-	(17,784)	-	(17,784)	
Parks and Recreation	1,539	-	-	-	(1,539)	-	(1,539)	
Fire Protection	8,847	-	-	-	(8,847)	-	(8,847)	
Health and Welfare	9,217	-	-	-	(9,217)	-	(9,217)	
Municipal Court	4,000	-	-	-	(4,000)	-	(4,000)	
Mayor and City Council	500	-	-	-	(500)	-	(500)	
Total Governmental Activities	\$ 522,337	\$ 11,837	\$ -	\$ -	\$ (510,500)	\$ -	\$ (510,500)	
Business-type Activities:								
Water and Wastewater	\$ 665,648	\$ 524,023	\$ -	\$ 43,381	\$ -	\$ (98,244)	\$ (98,244)	
Total Business-type Activities	\$ 665,648	\$ 524,023	\$ -	\$ 43,381	\$ -	\$ (98,244)	\$ (98,244)	
Total Primary Government	\$ 1,187,985	\$ 535,860	\$ -	\$ 43,381	\$ (510,500)	\$ (98,244)	\$ (608,744)	
Component Units:								
Economic Development Corporation	\$ 44,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (44,194)
Community Development Corporation	88,461	-	-	-	-	-	-	(88,461)
Total Component Units	\$ 132,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (132,655)
General Revenues:								
Property Taxes					\$ 314,187	\$ -	\$ 314,187	\$ -
Sales Taxes / Franchise Fees					174,944	-	174,944	134,015
Investment Earnings					126	190	316	154
Miscellaneous Revenue					57,192	31,742	88,934	25,550
Sale of Capital Asset					-	100	100	-
Transfers In/(Out)					(66,900)	66,900	-	-
Total General Revenues and Transfers					\$ 479,549	\$ 98,932	\$ 578,481	\$ 159,719
Change in Net Position					\$ (30,951)	\$ 688	\$ (30,263)	\$ 27,064
Net Position - October 1 (Beginning)					58,210	2,228,727	-	423,529
Net Position - September 30 (Ending)					\$ 27,259	\$ 2,229,415	\$ 2,256,674	\$ 450,593

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ 9,339	\$ -	\$ 9,339
Receivables:			
Property Taxes	7,875	660	8,535
Less: Allowance for Uncollectible	(787)	(66)	(853)
Sales Taxes	24,286	-	24,286
Franchise Fees	11,049	-	11,049
Due from Other Funds	41,410	316	41,726
Total Assets	<u>\$ 93,172</u>	<u>\$ 910</u>	<u>\$ 94,082</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 6,804	\$ -	\$ 6,804
Accrued Wages and Related Payables	9,472	-	9,472
Due to Other Funds	27,299	-	27,299
Due to Other Governments	23,839	-	23,839
Total Liabilities	<u>\$ 67,414</u>	<u>\$ -</u>	<u>\$ 67,414</u>
DEFERRED RESOURCE INFLOWS			
Deferred Property Taxes	\$ 7,088	\$ 594	\$ 7,682
Total Deferred Resource Inflows	<u>\$ 7,088</u>	<u>\$ 594</u>	<u>\$ 7,682</u>
FUND BALANCE			
Unassigned	\$ 18,670	\$ 316	\$ 18,986
Total Fund Balance	<u>\$ 18,670</u>	<u>\$ 316</u>	<u>\$ 18,986</u>
Total Liabilities and Fund Balance	<u>\$ 93,172</u>	<u>\$ 910</u>	<u>\$ 94,082</u>

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total fund balance - governmental funds (Exhibit A-3)	\$	18,986
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore not reported in the balance sheet		580,754
Other assets are not available to pay current period expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities		7,682
Deferred Resource Outflow s related to pension expense		1,636
Deferred Resource Outflow s related to OPEB		1,227
Deferred Resource Inflow s related to pension expense		(12,298)
Deferred Resource Inflow s related to OPEB		(1,948)
Net Pension Asset (Liability) is not recorded in the funds		27,849
Noncurrent Liabilities are not due and payable in the current period and therefore not reported in the funds as follow s:		
Notes Payable		(11,322)
Bonds Payable		(570,000)
Interest Payable		(2,411)
Compensated Absences		(5,753)
Net OPEB Liability		(7,143)
		27,259
Total net position - governmental activities (Exhibit A-1)	\$	27,259

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	General	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	\$ 259,170	\$ 54,437	\$ 313,607
Sales Taxes / Franchise Fees	174,944	-	174,944
License and Permits	11,837	-	11,837
Miscellaneous	50,139	7,178	57,317
	<u>50,139</u>	<u>7,178</u>	<u>57,317</u>
Total Revenues	<u>\$ 496,090</u>	<u>\$ 61,615</u>	<u>\$ 557,705</u>
EXPENDITURES			
Current:			
Administration	\$ 319,668	\$ 965	\$ 320,633
Public Works	134,543	46,205	180,748
Debt Service	6,571	54,121	60,692
Fire Protection	8,847	-	8,847
Health and Welfare	9,217	-	9,217
Municipal Court	4,000	-	4,000
Mayor and City Council	500	-	500
	<u>500</u>	<u>-</u>	<u>500</u>
Total Expenditures	<u>\$ 483,346</u>	<u>\$ 101,291</u>	<u>\$ 584,637</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 12,744</u>	<u>\$ (39,676)</u>	<u>\$ (26,932)</u>
OTHER RESOURCES (USES)			
Transfer In (Out)	\$ (18,000)	\$ (48,900)	\$ (66,900)
Debt Proceeds	-	-	-
Net Other Resources (Uses)	<u>\$ (18,000)</u>	<u>\$ (48,900)</u>	<u>\$ (66,900)</u>
Net Change in Fund Balance	\$ (5,256)	\$ (88,576)	\$ (93,832)
Fund Balance - October 1 (Beginning)	<u>23,926</u>	<u>88,892</u>	<u>112,818</u>
Fund Balance - September 30 (Ending)	<u>\$ 18,670</u>	<u>\$ 316</u>	<u>\$ 18,986</u>

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND EQUITY OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2020

Net change in fund equity - total governmental funds (Exhibit A-5)	\$ (93,832)
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital asset cost is allocated over the estimated useful life and reported as depreciation in the statement of activities	(40,813)
Capital outlay cost are not expensed in the current year and are reclassified to capital assets	61,210
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	580
Debt principal payments are not recognized in the SOA.	41,571
Debt Interest payable not recognized in the Funds	1,337
Changes in compensated absences are not recognized in the funds.	(4,561)
Changes in pension liability and related deferred resources inflows and outflows.	3,588
Changes in the OPEB liability and related deferred resources inflows and outflows.	(31)
	<hr/>
Change in net assets of governmental activities (Exhibit A-2)	<u>\$ (30,951)</u>

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Water/ Wastewater Utility	Total
ASSETS		
Current Assets		
Cash and Investments	\$ 38,067	\$ 38,067
Services Receivable	42,200	42,200
Due from Other Funds	26,982	26,982
Total Current Assets	\$ 107,249	\$ 107,249
Restricted Assets		
Cash and Investments	\$ 76,811	\$ 76,811
Total Restricted Assets	\$ 76,811	\$ 76,811
Non-Current Assets		
Non-depreciable Capital Assets	\$ 31,079	\$ 31,079
Depreciable Capital Assets, Net	3,258,350	3,258,350
Net Pension Asset	31,003	31,003
Total Non-Current Assets	\$ 3,320,432	\$ 3,320,432
Total Assets	\$ 3,504,492	\$ 3,504,492
DEFERRED RESOURCES OUTFLOWS		
Deferred Outflow s - Pension	\$ 1,823	\$ 1,823
Deferred Outflow s - OPEB	1,367	1,367
Total Deferred Resource Outflow s	\$ 3,190	\$ 3,190
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 13,244	\$ 13,244
Accrued Wages and Payroll Related Liabilities	-	-
Accrued Interest Payable	7,044	7,044
Debt Payable - Due Within One Year	35,801	35,801
Due to Other Governments	1,975	1,975
Due to Other Funds	41,410	41,410
Compensated Absences	1,068	1,068
Total Current Liabilities	\$ 100,542	\$ 100,542
Current Liabilities (Payable from Restricted Assets)		
Customer Deposits	\$ 56,475	\$ 56,475
Total Current Liabilities (Payable from Restricted Assets)	\$ 56,475	\$ 56,475
Non-Current Liabilities		
Debt Payable - Due Within More than One Year	\$ 1,097,438	\$ 1,097,438
Net OPEB Liability	7,953	7,953
Total Non-Current Liabilities	\$ 1,105,391	\$ 1,105,391
Total Liabilities	\$ 1,262,408	\$ 1,262,408
DEFERRED RESOURCE INFLOWS		
Deferred Inflow s - Pension	\$ 13,690	\$ 13,690
Deferred Inflow s - OPEB	2,169	2,169
Total Deferred Resources Inflow s	\$ 15,859	\$ 15,859
NET POSITION		
Net Investment in Capital Assets	\$ 2,156,190	\$ 2,156,190
Restricted for:		
Debt Retirement/Covenants	76,811	76,811
Unrestricted	(3,586)	(3,586)
Total Net Position	\$ 2,229,415	\$ 2,229,415

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	Water/ Wastewater Utility	Total
OPERATING REVENUES		
Utility Sales	\$ 478,365	\$ 478,365
Reconnects and Other Fees	45,658	45,658
Total Operating Revenues	<u>\$ 524,023</u>	<u>\$ 524,023</u>
OPERATING EXPENSES		
Payroll	\$ 142,914	\$ 142,914
Maintenance and Supplies	84,895	84,895
Operations	104,323	104,323
Utilities	33,466	33,466
Professional Fees	72,762	72,762
Other Expenses	61,376	61,376
Depreciation/Amortization	116,074	116,074
Total Operating Expenses	<u>\$ 615,810</u>	<u>\$ 615,810</u>
Operating Income (Loss)	<u>\$ (91,787)</u>	<u>\$ (91,787)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest and Fee Expense	\$ (49,838)	\$ (49,838)
Investment Earnings	190	190
Grant Revenue	43,380	43,380
Sale of Capital Asset	100	100
Insurance Revenue	25,141	25,141
Miscellaneous Revenue	6,602	6,602
Total Nonoperating Revenues (Expenses)	<u>\$ 25,575</u>	<u>\$ 25,575</u>
Income (Loss) before Contributions and Transfers	<u>\$ (66,212)</u>	<u>\$ (66,212)</u>
OTHER REVENUE, EXPENSES, GAINS, LOSSES & TRANSFERS		
Transfers In	\$ 66,900	\$ 66,900
Total Other Revenue, Expenses, Gains, Losses & Transfers	<u>\$ 66,900</u>	<u>\$ 66,900</u>
Change in Net Position	\$ 688	\$ 688
Net Position - October 1 (Beginning)	<u>2,228,727</u>	<u>2,228,727</u>
Net Position - September 30 (Ending)	<u>\$ 2,229,415</u>	<u>\$ 2,229,415</u>

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	Water/ Wastewater Utility	Total
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 514,858	\$ 514,858
Cash Payments for Goods and Services	(324,335)	(324,335)
Cash Payments to Employees for Services	(148,087)	(148,087)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 42,436</u>	<u>\$ 42,436</u>
Cash Flows from Noncapital Financing Activities:		
Increase (Decrease) for Customer Deposits	\$ (3,016)	\$ (3,016)
(Increase) Decrease in Restricted Cash	(7,348)	(7,348)
Increase (Decrease) in Compensated Absences	(347)	(347)
Transfer between Funds	66,900	66,900
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>\$ 56,189</u>	<u>\$ 56,189</u>
Cash Flows from Capital and Related Financing Activities:		
Interest Expense Paid	\$ (50,274)	\$ (50,274)
Debt Principal Payments	(31,036)	(31,036)
Purchase of Capital Assets	(159,426)	(159,426)
Insurance Received	25,141	25,141
Grant Revenue	43,380	43,380
Miscellaneous Contributions	6,702	6,702
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>\$ (165,513)</u>	<u>\$ (165,513)</u>
Cash Flows from Investing Activities:		
Interest Received	\$ 190	\$ 190
Net Cash Provided by (Used for) Investing Activities	<u>\$ 190</u>	<u>\$ 190</u>
Net Increase (Decrease) in Cash	\$ (66,698)	\$ (66,698)
Cash and Cash Equivalents - October 1 (Beginning)	104,765	104,765
Cash and Cash Equivalents - September 30 (Ending)	<u>\$ 38,067</u>	<u>\$ 38,067</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ (91,787)	\$ (91,787)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation Expense	116,074	116,074
Changes in Assets and Liabilities:		
(Increase) Decrease in Services Receivable	(9,165)	(9,165)
(Increase) Decrease in Net Pension Assets	(13,214)	(13,214)
(Increase) Decrease in Deferred Outflows - Pension	4,467	4,467
(Increase) Decrease in Deferred Outflows - OPEB	(838)	(838)
(Increase) Decrease in Due From Other Funds	26,826	26,826
Increase (Decrease) in Accounts Payable	4,937	4,937
Increase (Decrease) in Payroll Liabilities	(1,208)	(1,208)
Increase (Decrease) in Due to Other Governments	724	724
Increase (Decrease) in Net OPEB Liability	1,200	1,200
Increase (Decrease) in Deferred Inflows - Pension	4,748	4,748
Increase (Decrease) in Deferred Inflows -OPEB	(328)	(328)
	<u>\$ 42,436</u>	<u>\$ 42,436</u>

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies

Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America (GAAP) that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the City of Blue Ridge, Texas (City), the primary government, and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Unit

Blue Ridge Economic Development Corporation (4A) – The City's residents authorized the creation of the Blue Ridge Economic Development Corporation, a not-for-profit organization. The Blue Ridge Economic Development Corporation was created to finance economic development within the City.

Blue Ridge Community Development Corporation (4B) – The City's residents authorized the creation of the Blue Ridge Community Development Corporation, a not-for-profit organization. The Blue Ridge Community Development Corporation was created to finance community development within the City.

Basic Financial Statements

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the City and its component units as a whole, excluding fiduciary activities. 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. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of inter-fund activity has been removed from the government-wide financial statements. Net inter-fund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies (Continued)

The government-wide Statement of Net Assets reports all financial and capital resources to the City (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) external imposition by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposition by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various function and programs of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* – The City'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 City reports the following major enterprise funds:

The *Water/Wastewater Utility Fund* accounts for the operation of the City's water and wastewater utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in and outside of the City.

In addition, the city reports the following fund types:

Debt Service Fund — This fund is used to account for the accumulation of resources for the payment of long-term debt principal, interest, and fees.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

1. Revenue is recorded when it becomes both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
2. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
3. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain inter-fund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary financial statements.

Proprietary Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and space rentals. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies (Continued)

Cash and Investments

The City pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. government and agency securities are carried at fair value based on market prices. The City's investment in the Texas Local Government Pool (TexPool) are carried at fair value based on the value of each participating dollar as provided by TexPool. Interest income, which includes changes in fair value, on investments is allocated to all funds.

For purposes of the basic financial statements, the City considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired. Cash and cash equivalents include the City's cash and investment pool deposit balances.

Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the Statement of Net Assets – Proprietary Funds, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the City) are defined as assets with an initial, individual cost of more than \$ 1,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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 improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building, Structures, and Improvements	20-50 years
Utility Plant	10-40 years
Equipment Including Vehicles	5-20 years
Infrastructure	15-100 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Pension Plan

Full-time City employees are members of the Texas Municipal Retirement System (System). The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of April 1 by the System's actuary.

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies (Continued)

Fund Balances

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the City’s highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority. The City Council has delegated the authority to assign fund balances to the Mayor.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General	Non-Major Governmental Funds	Totals
Unassigned	\$ 18,670	\$ 316	\$ 18,986
Totals	\$ 18,670	\$ 316	\$ 18,986

Budgetary Principles

The City is required by law to adopt an annual budget on or before the 1st day of its fiscal year. General Fund must have a legally adopted budget. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments. Throughout the fiscal year, the budget was amended to add supplementary appropriations. All amendments to the budget which change the total appropriation amount for any department require City Council approval and all increases in appropriations must be accompanied by an increase in revenue sources of a like amount to maintain a balanced budget. The City Council has the authority to change individual budget line items within a department as long as the total department’s appropriation amount is not changed.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies (Continued)

Budgetary Principles (Continued)

GASB Statement No. 34 requires that budgetary comparison statements for the General Fund and other major special revenue funds with legally adopted budgets be presented in the basic financial statements as required supplementary information. These statements must display original budget, amended budget and actual results (on a budgetary basis).

Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectable within the General Fund is based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the City to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The City levied taxes within the City at \$ 0.464133 to fund general operations and \$ 0.100862 for the retirement of obligation bonds. The tax was levied on property valued for tax purposes in the amount of \$ 53,785,255.

Revenue Recognition for Utility Funds

Revenue is recorded in the period in which services are provided. As such, revenue is recorded as billed to customer on a monthly basis.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual result could differ from those estimates.

B. Cash and Investments

The City's funds are deposited and invested under the terms of a depository agreement. The agreement requires the depository to pledge approved securities in an amount significant to protect the City's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2020, all City cash deposits were covered by FDIC insurance or by pledged collateral held by the City or the depository in the City's name. The City's deposits appear to have been properly secured throughout the fiscal year.

The City's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The City appears to have been in substantial compliance with the requirements of the Act.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

B. Cash and Investments (Continued)

State statutes and local policy authorize the City to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or secured certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At year end, the City was exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

C. Capital Assets

Capital asset activities for the year ended September 30, 2020, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Depreciable Assets:				
Buildings & Improvements	\$ 211,962	\$ -	\$ 2,300	\$ 209,662
Road Infrastructure	1,084,534	23,256	-	1,107,790
Vehicles	6,759	34,204	-	40,963
Equipment	86,580	3,750	-	90,330
Total	<u>\$ 1,389,835</u>	<u>\$ 61,210</u>	<u>\$ 2,300</u>	<u>\$ 1,448,745</u>
Less Accumulated Depreciation				
Buildings & Improvements	\$ 143,294	\$ 6,656	\$ 2,300	\$ 147,650
Road Infrastructure	657,829	22,057	-	679,886
Vehicles	2,704	3,133	-	5,837
Equipment	45,651	8,967	-	54,618
Total	<u>\$ 849,478</u>	<u>\$ 40,813</u>	<u>\$ 2,300</u>	<u>\$ 887,991</u>
Total Governmental Activities Capital Assets, net	<u>\$ 560,357</u>	<u>\$ 20,397</u>	<u>\$ -</u>	<u>\$ 580,754</u>
Business-type Activities				
Nondepreciable Assets:				
Land	\$ 31,079	\$ -	\$ -	\$ 31,079
Total	<u>\$ 31,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,079</u>
Depreciable Assets:				
Water and Sewer Infrastructure	\$ 4,451,604	\$ 159,426	\$ -	\$ 4,611,030
Furniture and Equipment	50,041	-	-	50,041
Vehicles	55,969	-	6,429	49,540
Total	<u>\$ 4,557,614</u>	<u>\$ 159,426</u>	<u>\$ 6,429</u>	<u>\$ 4,710,611</u>
Less Accumulated Depreciation				
Water and Sewer Infrastructure	\$ 1,309,328	\$ 108,069	\$ -	\$ 1,417,397
Furniture and Equipment	24,428	1,766	-	26,194
Vehicles	8,860	6,239	6,429	8,670
Total	<u>\$ 1,342,616</u>	<u>\$ 116,074</u>	<u>\$ 6,429</u>	<u>\$ 1,452,261</u>
Total Business-type Activities Capital Assets, net	<u>\$ 3,246,077</u>	<u>\$ 43,352</u>	<u>\$ -</u>	<u>\$ 3,289,429</u>

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

C. Capital Assets (Continued)

Depreciation expenses were charged to functions/programs of the City as follows:

Governmental activities:	
Administration	\$ 3,279
Public Safety	35,995
Parks and Recreation	1,539
Total	\$ 40,813
Business-type activities:	
Water/Wastewater Utility	\$ 116,074

D. Long-Term Obligations

The following is a summary of changes in long-term obligations reported in the government-wide financial statements for the current fiscal year:

	Beginning Balances	Additions Increases	Reductions Decreases	Ending Balances	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 1,192	\$ 4,561	\$ -	\$ 5,753	\$ -
Loans	17,893	-	6,571	11,322	5,534
Bonds	605,000	-	35,000	570,000	35,000
Totals	\$ 624,085	\$ 4,561	\$ 41,571	\$ 587,075	\$ 40,534
	Beginning Balances	Additions Increases	Reductions Decreases	Ending Balances	Due Within One Year
Business-Type Activities:					
Bonds	\$ 1,104,000	\$ -	\$ 22,000	\$ 1,082,000	\$ 23,000
Loans	60,276	-	9,037	51,239	12,801
Totals	\$ 1,164,276	\$ -	\$ 31,037	\$ 1,133,239	\$ 35,801

Bonds

Governmental Activities:

At year end, the City had outstanding the following obligation bonds for acquisition and construction of capital improvements in the City. Tax and revenue bonds have been issued for governmental activities.

Tax and revenue bonds are direct obligations and pledge the revenues of the system to the retirement of the debt. The following bond issues are outstanding at year end:

Description	Interest Rate	Outstanding
City of Blue Ridge, Texas Combination Tax & Revenue Certificates of Obligation, Series 2018	3.37%	\$ 570,000

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

D. Long-Term Obligations (Continued)

Debt Service requirements of the governmental obligation bonds are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 35,000	\$ 18,619	\$ 53,619
2022	35,000	17,440	52,440
2023	40,000	16,176	56,176
2024	40,000	14,828	54,828
2025	40,000	13,480	53,480
2026-2030	225,000	45,748	270,748
2031-2033	155,000	8,004	163,004
Totals	<u>\$ 570,000</u>	<u>\$ 134,295</u>	<u>\$ 704,295</u>

Business-Type Activities:

At year end, the City had outstanding the following obligation bonds for acquisition and construction of capital improvements in the City. Revenue bonds have been issued for proprietary activities.

Revenue bonds are direct obligations and pledge the revenues of the system to the retirement of the debt. The following bond issues are outstanding at year end:

<u>Description</u>	<u>Interest Rate</u>	<u>Outstanding</u>
City of Blue Ridge, Texas Combination Tax & Revenue Certificates of Obligation, Bond Series 2008	4.25%	\$ 988,000
City of Blue Ridge, Texas Water Works & Sewer System Revenue Bonds, Series 1994	5.00%	<u>94,000</u>
Total		<u>\$ 1,082,000</u>

Debt service requirements of the revenue bonds listed above are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 23,000	\$ 45,726	\$ 68,726
2022	25,000	44,696	69,696
2023	25,000	43,621	68,621
2024	26,000	42,524	68,524
2025-2029	149,000	194,329	343,329
2030-2034	187,000	158,431	345,431
2035-2039	195,000	116,654	311,654
2040-2044	230,000	72,464	302,464
2045-2048	222,000	19,381	241,381
Totals	<u>\$ 1,082,000</u>	<u>\$ 737,826</u>	<u>\$ 1,819,826</u>

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

D. Long Term Obligations (Continued)

Compliance with Debt Covenants

There are various limitations and restrictions contained in the City's bond obligations. The City believes they are in compliance with all significant limitations and restrictions.

Loans Payable

Governmental Activities:

In January 2018 the City took out a loan with John Deere Financial to purchase a skid steer with an interest rate of 5% and a maturity date of December 12, 2022. Terms of the agreement require monthly payments of \$ 494. The initial payment was due January 7, 2018. At September 30, 2020 the principal balance was \$ 11,322.

Payee / Purpose	Interest Rate	Outstanding Balance
John Deere Financial	5.00%	\$ 11,322

Debt requirements to maturity of the notes payable are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2021	\$ 5,534	\$ 396	\$ 5,930
2022	5,788	142	5,930
Totals	\$ 11,322	\$ 538	\$ 11,860

Business Type Activities:

In January 2018, the City took out a loan with John Deere Financial to purchase a skid steer with an interest rate of 5% and a maturity date of December 12, 2022. Terms of the agreement require monthly payments of \$ 494. The initial payment was due January 7, 2018. At September 30, 2020 the principal balance was \$ 11,321.

In September 2018, the City took out a loan with Government Capital Corporation to purchase a sewer jet machine with an interest rate of 4.691% and a maturity date of October 15, 2024. Terms of the agreement require an annual payment with the initial payment due October 15, 2018. At September 30, 2020, the principal balance was \$ 39,918.

Payee / Purpose	Interest Rate	Outstanding Balance
Governmental Capital Corporation	4.691%	\$ 39,918
John Deere Financial	5.00%	11,321
Total		\$ 51,239

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

D. Long Term Obligations (Continued)

Debt requirements to maturity of the notes payable are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2021	\$ 12,801	\$ 2,269	\$ 15,070
2022	13,398	1,674	15,072
2023	7,967	1,175	9,142
2024	8,341	801	9,142
2025	8,732	410	9,142
Totals	\$ 51,239	\$ 6,329	\$ 57,568

E. Commitments and Contingencies

Litigation – The City does not appear to be involved in any litigation at year end.

F. Pension Plan

Plan Description

The City participates as one of several plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	1 to 1
Years required for vesting	5
Service retirement eligibility	Minimum age 60 with 5 years of service Any age with 20 years of service
Updated service credits	0%
Annuity increase (to retirees)	0% of CPI Repeating

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

F. Pension Plan (Continued)

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>6</u>
Total participants	<u><u>13</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 2.06% and 1.98% in calendar year 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$ 4,658 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflations	2.50% per year
Overall payroll growth	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table was used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.50% and 3% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

F. Pension Plan (Continued)

Actuarial assumptions used in the December 31, 2019, valuation was based on the results of actuarial experience studies. The experience study in TMRS was for the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in December 31, 2019 actuarial valuation. Healthy post-retirement mortality assumption for annuity purchase rates is based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2019 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term expected Real Rate of Return
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total:	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Pension was projected to be available to make all projected future payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Deferred Inflows and Outflows of Resources

Deferred inflows for pension amounts are (1) contributions made from the measurement date of the plan to the current fiscal year end and will be recognized in the subsequent fiscal year end and (2) the difference between projected and actual investment earnings that are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

F. Pension Plan (Continued)

As a component of implementing GASB Statement No. 68, a deferred inflow is recorded in the government-wide Statement of Net Position and fund level financials for the propriety Statement of Net Position for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is amortized over a period of years determined by the Plan actuary. The differences are amortized over the average remaining service life of all participants in the respective pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 135,517	\$ 169,285	\$ (33,768)
Changes for the year:			
Service cost	23,762	-	23,762
Interest	9,704	-	9,704
Change of benefit terms	-	-	-
Difference between expected and actual experience	(10,982)	-	(10,982)
Changes of assumptions	(675)	-	(675)
Contributions - employer	-	4,305	(4,305)
Contributions - employee	-	16,650	(16,650)
Net investment income	-	26,090	(26,090)
Benefit payments, including refunds of employee contributions	(7,277)	(7,277)	-
Administrative expense	-	(148)	148
Other changes	-	(4)	4
Net changes	<u>\$ 14,532</u>	<u>\$ 39,616</u>	<u>\$ (25,084)</u>
Balance at 12/31/2019	<u>\$ 150,049</u>	<u>\$ 208,901</u>	<u>\$ (58,852)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage Blue Ridge lower (5.75%) or 1-percentage Blue Ridge higher (7.75%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ (24,506)	\$ (58,852)	\$ (84,564)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2020, the City recognized pension expense of \$ (2,933). The calculation and amount is provided in the GRS Reporting Package. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

F. Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 19,312
Changes in actuarial assumptions	-	530
Difference between projected and actual investment earnings	-	6,146
Contributions subsequent to the measurement date	3,459	-
Total	\$ 3,459	\$ 25,988

\$ 3,459 reported as deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reductions of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30	Net Deferred (Inflows) Outflows of Resources
2021	\$ (10,356)
2022	(8,607)
2023	(2,485)
2024	4,540
Thereafter	-

G. Post-Employment Benefits Plan

Plan Description

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered as other postemployment benefit (“OPEB”) and is a fixed amount of \$ 7,500.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	1
Active employees	6
Total participants	9

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

G. Post-Employment Benefits Plan (Continued)

Contributions

The member city contributed to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participation member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.00% in both calendar years 2019 and 2020. The contribution rates for the city were 0.25% and 0.19% in calendar year 2019 and 2020, respectively. The City's contributions to the SDBF for the year ended September 30, 2020 were \$ 533 and were equal to the required contributions.

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%
Retiree's share of benefit-related costs	\$ -
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for young members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floors.

Note: The actuarial assumption used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

G. Post-Employment Benefits Plan (Continued)

The discount rate used to measure the Total OPEB Liability was 2.75% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Changes in Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability (a)
Balance at 12/31/2018	\$ 12,818
Changes for the year:	
Service cost	547
Interest	479
Change of benefit terms	-
Difference between expected and actual experience	(525)
Changes of assumptions	2,158
Contributions - employer	-
Contributions - employee	(381)
Net investment income	-
Benefit payments, including refunds of employee contributions	-
Administrative expense	-
Other changes	-
Net changes	\$ 2,278
Balance at 12/31/2019	\$ 15,096

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.75%) or 1 percentage-point higher (3.75%) than the current rate:

Sensitivity of the OPEB Liability to Changes in the Discount Rate			
1% Decrease 1.75%	Current Single Rate Assumption 2.75%	1% Increase 3.75%	
\$ 17,933	\$ 15,096	\$ 13,013	

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$ 383. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 3,612
Changes in actuarial assumptions	2,227	505
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	367	-
Total	\$ 2,594	\$ 4,117

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

G. Post-Employment Benefits Plan (Continued)

The \$ 367 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OEPB Liability during the year ending September 30, 2021. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OEPB expense as follows:

Year Ending September 30	Net Deferred (Inflows) Outflows of Resources
2021	\$ (643)
2022	(643)
2023	(737)
2024	(220)
2025	256
Thereafter	97

H. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to provide coverage of their associated risks. There has been no significant change in insurance coverage from the previous year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Restricted Assets

The City maintains restricted assets in the proprietary fund for the following identified purposes. The customer deposit accounts reflect balances available for refund of customer deposits.

Customer Deposits	<u>\$ 76,811</u>
Total	<u>\$ 76,811</u>

J. Interfund Activity

Interfund Transfers

The following funds had end of year transfers in and out as follows:

Transfer From	Transfer To	Amount	Reason
Capital Projects	Water/Waste water Fund	\$ 48,900	Close Fund
General Fund	Water/Waste water Fund	<u>18,000</u>	Equipment Purchase
	Total	<u>\$ 66,900</u>	

Interfund Receivables and Payables

The following funds had end of year receivables and payables as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water/Wastewater Fund	\$ 41,410
Water/Wastewater Fund	General Fund	26,982
Debt Service Fund	General Fund	317
		<u>\$ 68,709</u>

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

K. Blue Ridge Economic and Community Development Corporation

The City of Blue Ridge Economic Development Corporation (“EDC”) and Community Development Corporation (“CDC”) is financed with the City transferring 1/2 of sales tax receipts each month. This has voter approval and is to be used for direct assistance to prospects and continued development of infrastructure.

a. Deposits and Investments

Statement of net position:
Restricted Cash

\$ 286,029

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental unites by pledging securities in an undivided collateral held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less FDIC insurance at all times. The EDC’s cash was insured at First National Bank, and the EDC is currently in compliance with the Public Investment Act.

b. Capital Assets

Capital asset activity for the period ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Assets:				
Land	\$ 52,588	\$ -	\$ -	\$ 52,588
Total	<u>\$ 52,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,588</u>
Depreciable Assets:				
Buildings and Improvements	\$ 271,892	\$ -	\$ -	\$ 271,892
Total	<u>\$ 271,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,892</u>
Less Accumulated Depreciation				
Building and Improvements	\$ 54,640	\$ 10,928	\$ -	\$ 65,568
Total	<u>\$ 54,640</u>	<u>\$ 10,928</u>	<u>\$ -</u>	<u>\$ 65,568</u>
Total Component Unit				
Capital Assets, net	<u>\$ 269,840</u>	<u>\$ (10,928)</u>	<u>\$ -</u>	<u>\$ 258,912</u>

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

K. Blue Ridge Economic and Community Development Corporation (Continued)

c. Long-term Obligations

The following is a summary of changes in long term obligation reported in the government-wide financial statements for the year ending September 30, 2020.

	Beginning Balance	Increases	Decreases	Ending Balance	Within One Year
Economic Development Corporation:					
Loans Payable	\$ 150,360	\$ -	\$ 15,411	\$ 134,949	\$ 15,729
Total	\$ 150,360	\$ -	\$ 15,411	\$ 134,949	\$ 15,729

Loans

The EDC secured funding for a development project building from American National Bank of Texas in two notes. The first note financed the construction of a commercial building and totaled \$ 200,000. The note requires monthly payments of \$ 1,517.43 for 186 months at 4.83% interest. The notes mature in February 2028.

The second loan with American National Bank of Texas financed improvements to the commercial building and totaled \$ 50,277. The note requires monthly payments of \$ 287.84 for 180 months at 4.15% interest. The note matures in July 2027.

Debt service requirements on the note are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2021	15,729	5,934	\$ 21,663
2022	16,470	5,193	21,663
2023	17,246	4,417	21,663
2024	18,058	3,605	21,663
2025	18,909	2,755	21,664
2026-2028	48,537	2,911	51,448
Totals	\$ 134,949	\$ 24,815	\$ 159,764

d. Litigation

Blue Ridge Development Corporation is not aware of any pending or threatened litigation at fiscal year-end.

L. Subsequent Events

Management has evaluated all events or transactions that occurred after September 30, 2020 up through May 28, 2021, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLUE RIDGE, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
REVENUES				
Property Taxes	\$ 309,688	\$ 309,688	\$ 259,170	\$ (50,518)
Sales Taxes / Franchise Fees	242,000	242,000	174,944	(67,056)
License & Permits	39,350	39,350	11,837	(27,513)
Miscellaneous	200	200	50,139	49,939
Total Revenues	\$ 591,238	\$ 591,238	\$ 496,090	\$ (95,148)
EXPENDITURES				
Current:				
Administration	\$ 423,126	\$ 413,126	\$ 319,668	\$ 93,458
Public Works	129,250	159,005	134,543	24,462
Mayor and City Council	9,500	2,575	500	2,075
Municipal Court	7,400	7,400	4,000	3,400
Fire Protection	-	14,750	8,847	5,903
Health and Welfare	26,000	26,000	9,217	16,783
Debt Service	115,835	69,557	6,571	62,986
Total Expenditures	\$ 711,111	\$ 692,413	\$ 483,346	\$ 209,067
Excess (Deficiency) of Revenues over Expenditure	\$ (119,873)	\$ (101,175)	\$ 12,744	\$ 113,919
OTHER RESOURCES (USES)				
Transfers In (Out)	\$ -	\$ -	\$ (18,000)	\$ (18,000)
Net Other Resources (Uses)	\$ -	\$ -	\$ (18,000)	\$ (18,000)
Net Change in Fund Balance	\$ (119,873)	\$ (101,175)	\$ (5,256)	\$ 95,919
Fund Balance - October 1 (Beginning)	23,926	23,926	23,926	-
Fund Balance - September 30 (Ending)	\$ (95,947)	\$ (77,249)	\$ 18,670	\$ 95,919

CITY OF BLUE RIDGE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR END SEPTEMBER 30, 2020

Exhibit B-2

	2019*	2018*	2017*	2016*	2015*	2014*
Total Pension Liability						
Service cost	\$ 23,762	\$ 21,087	\$ 17,884	\$ 16,687	\$ 13,411	\$ 14,821
Interest (on the total pension liability)	9,704	8,320	7,754	7,380	6,593	5,879
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(10,982)	(5,448)	(15,875)	(5,889)	2,001	(3,729)
Change of assumptions	(675)	-	-	-	4,749	-
Benefit payments, including refunds of employee contributions	(7,277)	(2,328)	(3,628)	(22,844)	(3,628)	(8,523)
Net change in Total Pension Liability	\$ 14,532	\$ 21,631	\$ 6,135	\$ (4,666)	\$ 23,126	\$ 8,448
Total Pension Liability - Beginning	135,517	113,886	107,751	112,417	89,291	80,843
Total Pension Liability - Ending (a)	<u>\$ 150,049</u>	<u>\$ 135,517</u>	<u>\$ 113,886</u>	<u>\$ 107,751</u>	<u>\$ 112,417</u>	<u>\$ 89,291</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 4,305	\$ 3,295	\$ 2,355	\$ 504	\$ 22	\$ (12)
Contributions - Employee	16,650	14,880	13,505	13,022	11,434	12,076
Net investment income	26,090	(4,718)	17,797	8,727	179	6,369
Benefit payments, including refunds of employee contributions	(7,277)	(2,328)	(3,628)	(22,844)	(3,628)	(8,523)
Administrative expense	(148)	(92)	(92)	(98)	(109)	(66)
Other	(4)	(5)	(5)	(5)	(5)	(5)
Net Change in Plan Fiduciary Net Position	\$ 39,616	\$ 11,032	\$ 29,932	\$ (694)	\$ 7,893	\$ 9,839
Plan Fiduciary Net Position - Beginning	169,285	158,253	128,321	129,015	121,122	111,283
Plan Fiduciary Net Position - Ending (b)	<u>\$ 208,901</u>	<u>\$ 169,285</u>	<u>\$ 158,253</u>	<u>\$ 128,321</u>	<u>\$ 129,015</u>	<u>\$ 121,122</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (58,852)</u>	<u>\$ (33,768)</u>	<u>\$ (44,367)</u>	<u>\$ (20,570)</u>	<u>\$ (16,598)</u>	<u>\$ (31,831)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	139.22%	124.92%	138.96%	119.09%	114.78%	135.65%
Covered Employee Payroll	\$ 237,862	\$ 212,572	\$ 192,923	\$ 186,029	\$ 163,344	\$ 172,516
Net Pension Liability as a Percentage of Covered Employee Payroll	-24.74%	-15.89%	-23.00%	-11.06%	-10.16%	-18.45%

* Pension measurement period ended December 31.

CITY OF BLUE RIDGE, TEXAS
 SCHEDULE OF PENSION CONTRIBUTIONS
 YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 4,658	\$ 4,029	\$ 3,376	\$ 2,127	\$ 15,411	\$ 16,276
Contributions in relation to actuarially determined contribution	<u>(4,658)</u>	<u>(4,029)</u>	<u>(3,376)</u>	<u>(2,127)</u>	<u>(15,411)</u>	<u>(16,276)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 259,479	\$ 231,086	\$ 204,985	\$ 189,749	\$ 163,344	\$ 172,516
Contributions as a percentage of covered employee payroll	1.80%	1.74%	1.65%	1.12%	9.43%	9.43%

CITY OF BLUE RIDGE, TEXAS
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2020

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10-yr smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-Retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-Retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	There were no benefit changes during the year.

CITY OF BLUE RIDGE, TEXAS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2020

Exhibit B-5

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>
Total OPEB Liability			
Service cost	\$ 547	\$ 553	\$ 444
Interest (on the total OPEB liability)	479	591	608
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(525)	(5,007)	-
Change of assumptions	2,158	(799)	908
Benefit payments, including refunds of employee contributions	<u>(381)</u>	<u>(213)</u>	<u>(270)</u>
Net change in Total OPEB Liability	\$ 2,278	\$ (4,875)	\$ 1,690
Total OPEB Liability - Beginning	<u>12,818</u>	<u>17,693</u>	<u>16,003</u>
Total OPEB Liability - Ending	<u>\$ 15,096</u>	<u>\$ 12,818</u>	<u>\$ 17,693</u>
Covered Employee Payroll	\$ 237,862	\$ 212,572	\$ 192,923
Net OPEB Liability as a Percentage of Covered Employee Payroll	6.35%	6.03%	9.17%

* OPEB measurement period December 31

CITY OF BLUE RIDGE, TEXAS
 NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
 YEAR ENDED SEPTEMBER 30, 2020

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, Closed
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Discount Rate*	2.75%
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scaled UMP.
Mortality rates – Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BLUE RIDGE, TEXAS
BALANCE SHEET - COMPONENT UNIT
BLUE RIDGE ECONOMIC AND COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2020

	EDC & CDC
ASSETS	
Cash and Investments	\$ 286,029
Due from other Funds	23,839
Due from Other Governments	24,286
Capital Assets, Net:	
Nondepreciable	52,588
Depreciable	206,324
	593,066
Total Assets	\$ 593,066
LIABILITIES	
Accounts Payable	\$ 6,924
Security Deposits	600
Non-Current Liabilities:	
Due w ithin one year	15,729
Due in more than one year	119,220
	142,473
Total Liabilities	\$ 142,473
NET POSITION	
Net Investment in Capital Assets	\$ 123,963
Restricted for:	
Economic Development	105,826
Community Development	214,858
Library	5,946
	450,593
Total Net Position	\$ 450,593

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - COMPONENT UNIT
BLUE RIDGE ECONOMIC AND COMMUNITY DEVELOPMENT CORPORATION
YEAR ENDED SEPTEMBER 30, 2020

	EDC & CDC
REVENUES	
Sales Tax	\$ 134,015
Rental Income	25,550
Total Revenues	\$ 159,565
EXPENSES	
Current:	
Community Development	\$ 88,461
Economic Development	44,194
Total Expenses	\$ 132,655
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	\$ 154
Total Non-Operating Revenues (Expenses)	\$ 154
Net Change in Fund Balance	\$ 27,064
Fund Balance - October 1 (Beginning)	423,529
Fund Balance - September 30 (Ending)	\$ 450,593