

CITY OF BLUE RIDGE, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022

ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022

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GENERAL INFORMATION

ROSTER OF CITY OFFICIALS
YEAR ENDED SEPTEMBER 30, 2022

Mayor Rhonda Williams
Mayor Pro-Tem..... Christina Porath
Council Member..... Keith Chitwood
Council Member..... Mayela Perales
Council Member..... Tammy Crosswhite
Council Member..... Colby Collinworth
City Secretary Edie Sims

FINANCIAL SECTION

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, the business type activities, the discretely presented component units and the aggregate remaining fund information of the City of Blue Ridge, Texas (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component units and the aggregate remaining fund information of the City of Blue Ridge, Texas as of September 30, 2022, 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 October 31, 2023, 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.

Jox, Byrd + Company, P.C.

October 31, 2023
Dallas, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

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, 2022. Please read it in conjunction with the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

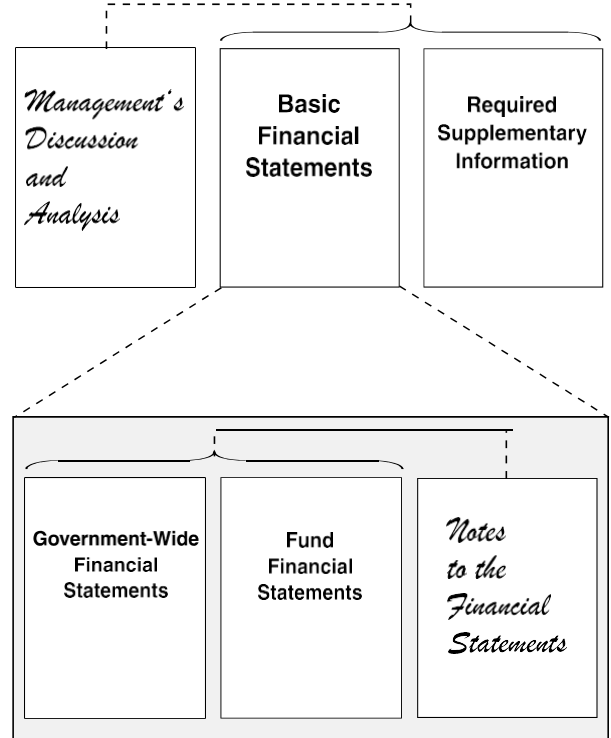
- The City's total combined net position was \$ 3,198,687 at September 30, 2022.
- During the year, the City's governmental activities expenses were \$ 4,166 less than the \$ 981,319 generated in taxes and other revenues. Revenues of the business-type activities were \$ 66,891 more than the expenses incurred.
- The General Fund reported a fund balance this year of \$ 110,341.

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.

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

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

<i>Type of Statements</i>	Government-wide	Governmental Funds	Fund Statements	
			Proprietary Funds	Fiduciary Funds
<i>Scope</i>	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
<i>Required financial statements</i>	•Statement of net assets	•Balance sheet	•Statement of net assets	•Statement of fiduciary net assets
	•Statement of activities	•Statement of revenues, expenditures & changes in fund balances	•Statement of revenues, expenses and changes in fund net assets •Statement of cash flows	•Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	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
<i>Type of asset/liability information</i>	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
<i>Type of inflow/outflow information</i>	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 position and how they have changed. Net position—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.

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

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.
- 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.

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$ 3,198,687 at September 30, 2022.

Net Position

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total Primary</u> <u>Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash and Investments	\$ (5,928)	\$ 12,631	\$ 123,992	\$ 339,205	\$ 118,064	\$ 351,836
Receivable and other assets	259,498	145,611	275,820	383,954	535,318	529,565
Restricted cash	-	-	267,676	120,917	267,676	120,917
Capital Assets, net of accumulated depreciation	537,170	536,740	3,861,504	3,711,487	4,398,674	4,248,227
Total Assets	<u>790,740</u>	<u>694,982</u>	<u>4,528,992</u>	<u>4,555,563</u>	<u>5,319,732</u>	<u>5,250,545</u>
Total deferred outflows of resources	<u>11,775</u>	<u>4,917</u>	<u>7,944</u>	<u>5,547</u>	<u>19,719</u>	<u>10,464</u>
Current liabilities	94,906	13,860	519,653	389,255	614,559	403,115
Noncurrent liabilities	516,656	559,109	979,490	1,068,892	1,496,146	1,628,001
Total liabilities	<u>611,562</u>	<u>572,969</u>	<u>1,499,143</u>	<u>1,458,147</u>	<u>2,110,705</u>	<u>2,031,116</u>
Total deferred inflows of resources	<u>14,125</u>	<u>(3,510)</u>	<u>15,934</u>	<u>23,588</u>	<u>30,059</u>	<u>20,078</u>
Net position:						
Net investment in capital assets	36,588	(4,566)	2,836,462	2,649,205	2,873,050	2,644,639
Debt Retirement/Bond Covenants	4,008	-	27,931	39,390	31,939	39,390
Unrestricted	136,232	135,006	157,466	390,780	293,698	525,786
Total net position	<u>\$ 176,828</u>	<u>\$ 130,440</u>	<u>\$ 3,021,859</u>	<u>\$ 3,079,375</u>	<u>\$ 3,198,687</u>	<u>\$ 3,209,815</u>

Of the City's net assets, \$ 2,873,050 (86%) 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 increased \$ 69,187 during the year. Cash and Investments decreased 66% due to expenditures for the Ridgeway Drive Street and Utility Improvement project. Total liabilities increased 3% from the 2021 totals.

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

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, 2022.

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 2,352	\$ 24,501	\$ 601,228	\$ 668,646	\$ 603,580	\$ 693,147
Grant Revenues	15,000	-	298,560	718,818	313,560	718,818
General Revenues:						
Taxes	562,196	525,613	-	-	562,196	525,613
Investment earnings	68	50	218	212	286	262
Miscellaneous	401,355	49,678	216,613	72,930	617,968	122,608
Total Revenues	<u>980,971</u>	<u>599,842</u>	<u>1,116,619</u>	<u>1,460,606</u>	<u>2,097,590</u>	<u>2,060,448</u>
Expenses:						
Governmental Activities						
Administration	865,938	381,209	-	-	865,938	381,209
Public works	18,727	63,703	-	-	18,727	63,703
Debt Service	18,513	18,990	-	-	18,513	18,990
Parks and recreation	2,099	9,901	-	-	2,099	9,901
Fire Protection	15,666	8,305	-	-	15,666	8,305
Health and Welfare	11,235	9,960	-	-	11,235	9,960
Municipal Court	1,800	4,000	-	-	1,800	4,000
Mayor and City Council	605	593	-	-	-	593
Business-type activities						
Water and Wastewater Utility	-	-	1,049,978	610,646	1,049,978	610,646
Total expenses	<u>934,583</u>	<u>496,661</u>	<u>1,049,978</u>	<u>610,646</u>	<u>933,978</u>	<u>496,661</u>
Increase (decrease in net position)	46,388	103,181	66,641	849,960	113,029	953,141
Other revenues and financing sources (uses)						
Transfers	-	-	250	-	250	-
Total other financing sources (uses)	<u>46,388</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
Increase (decrease) in net position	<u>46,388</u>	<u>103,181</u>	<u>66,891</u>	<u>849,960</u>	<u>113,279</u>	<u>953,141</u>
Net position - October 1	<u>130,440</u>	<u>27,259</u>	<u>2,954,968</u>	<u>2,229,415</u>	<u>3,085,408</u>	<u>2,256,674</u>
Net position - September 30	<u>\$ 176,828</u>	<u>\$ 130,440</u>	<u>\$ 3,021,859</u>	<u>\$ 3,079,375</u>	<u>\$ 3,198,687</u>	<u>\$ 3,209,815</u>

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

GOVERNMENTAL ACTIVITIES

The City's total governmental activities revenues were \$ 980,971. 57% of the City's revenue comes from taxes and franchise fees. Taxes include property taxes, sales taxes and utility franchise fees. Less than 1% of revenue is generated through charges for services, which includes rental, licenses and permits. The remaining 42% is comprised of other miscellaneous sources including grants.

The total cost of all governmental activities programs and services was \$ 934,583. General Administration comprised 92% of the City's expenses. Public Works, which includes street maintenance and related activities represents 2% of the expenses. Debt Service activities (2%) 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 revenues exceeded its expenses by \$ 66,891. 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 \$ 114,389. Ninety six percent (96%) of the total ending fund balance or \$ 110,341 constituted unassigned fund balance, which is considered available for appropriation. The remaining fund balance, \$4,008 was restricted for debt service.

The City's governmental fund total expenditures and other uses exceeded revenues and other resources in the current period by \$ 4,166. The expenses for the fund increased \$ 469,798 compared to expenses in the prior period. The increase in expenses is due primarily to the costs to recover from tornado damage 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 revenues exceeded the operating expenses by \$ 66,891.

The fund expensed \$ 74,418 for debt interest and fees. After recording transactions, the enterprise fund net position increased \$ 66,891 over last year.

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022

General Fund Budgetary Highlights

General Fund revenues earned were \$ 211,181 more than the final amended budget.

General Fund expenditures were more than final budgeted amounts. The difference was primarily due to additional expenditures of funds to upgrade streets.

Capital Assets

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities at September 30, 2022 amounted to \$ 4,398,673 (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 Primary Government	
	2022	2021	2022	2021	2022	2021
Non- depreciable Asset						
Land	\$ 35,000	\$ 20,000	\$ 31,079	\$ 31,079	\$ 66,079	\$ 51,079
Construction in progress	-	-	-	489,521	-	489,521
Depreciable Assets						
Buildings & Improvements	209,662	209,662	-	-	209,662	209,662
Equipment	120,780	90,330	98,245	63,360	219,025	153,690
Vehicles	40,963	40,963	49,540	49,540	90,503	90,503
Infrastructure/Distribution	1,107,790	1,107,790	5,407,150	4,657,302	6,514,940	5,765,092
Total Capital Assets	1,514,195	1,468,745	5,586,014	5,290,802	7,100,209	6,759,547
Less Accumulated depreciation	977,025	932,005	1,724,511	1,579,315	2,701,536	2,511,320
Net Capital Assets	<u>\$ 537,170</u>	<u>\$ 536,740</u>	<u>\$ 3,861,503</u>	<u>\$ 3,711,487</u>	<u>\$ 4,398,673</u>	<u>\$ 4,248,227</u>

CITY OF BLUE RIDGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021

Long-Term Obligations

The City's long-term obligations included bonds and other financing products totaling \$ 1,534,821 at September 30, 2022. 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 Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Bonds	\$ 500,000	\$ 535,000	\$ 1,000,000	\$ 1,059,000	\$ 1,500,000	\$ 1,594,000
Other debt payable	<u>9,780</u>	<u>15,504</u>	<u>25,041</u>	<u>38,955</u>	<u>34,821</u>	<u>54,459</u>
	<u>\$ 509,780</u>	<u>\$ 550,504</u>	<u>\$ 1,025,041</u>	<u>\$ 1,097,955</u>	<u>\$ 1,534,821</u>	<u>\$ 1,648,459</u>

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 2023, 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
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	4A/4B Corporations
ASSETS				
Cash and Investments	\$ (5,928)	\$ 123,992	\$ 118,064	\$ 454,540
Accounts receivable, Net	-	52,349	52,349	-
Property Taxes Receivable, Net	8,625	-	8,625	-
Sales Tax Receivable	45,713	-	45,713	-
Franchise Tax Receivable	7,297	-	7,297	-
Due from other funds	162,520	-	162,520	-
Due from Other Governments	-	183,608	183,608	32,380
Restricted Cash	-	267,676	267,676	-
Capital Assets, Net:				
Nondepreciable	35,000	31,079	66,079	52,588
Depreciable	502,170	3,830,425	4,332,595	234,263
Net Pension Assets	35,343	39,863	75,206	-
Total assets	<u>790,740</u>	<u>4,528,992</u>	<u>5,319,732</u>	<u>773,771</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Resources Outflows - Pension	7,753	6,130	13,883	-
Deferred Resources Outflows - OPEB	4,022	1,814	5,836	-
Total deferred outflows of resources	<u>11,775</u>	<u>7,944</u>	<u>19,719</u>	<u>-</u>
LIABILITIES				
Accounts payable	40,624	239,557	280,181	2,836
Accrued Wages and Related Payables	51,831	-	51,831	-
Accrued interest payable	-	9,019	9,019	-
Due to other governments	(1,905)	-	(1,905)	8,362
Due to other funds	4,356	158,164	162,520	-
Customer Deposits	-	58,544	58,544	600
Noncurrent liabilities:				
Due within one year:				
Due in more than one year	40,582	45,549	86,131	17,246
Compensated absences	460,000	979,490	1,439,490	87,842
OPEB Liability	9,198	1,068	10,266	-
OPEB Liability	6,876	7,752	14,628	-
Total liabilities	<u>611,562</u>	<u>1,499,143</u>	<u>2,110,705</u>	<u>116,886</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Resources Inflows - Pension	11,226	12,665	23,891	-
Deferred Resources Inflows - OPEB	2,899	3,269	6,168	-
Total deferred inflows of resources	<u>14,125</u>	<u>15,934</u>	<u>30,059</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	36,588	2,836,462	2,873,050	270,394
Restricted for:				
Economic Development	-	-	-	226,154
Community Development	-	-	-	171,393
Debt service	4,008	27,931	31,939	-
Unrestricted	136,232	157,466	293,698	(11,055)
Total net position	<u>\$ 176,828</u>	<u>\$ 3,021,859</u>	<u>\$ 3,198,687</u>	<u>\$ 656,885</u>

The accompanying notes are an integral part of this statement.

City of Blue Ridge
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		4A/4B Corporations	
					Governmental Activities	Business-type Activities		
Governmental activities:								
Administration	\$ 865,938	\$ 2,352	\$ 15,000	\$ -	\$ (848,586)	\$ -	\$ (848,586)	\$ -
Public Works	18,727	-	-	-	(18,727)	-	(18,727)	-
Debt Service	18,513	-	-	-	(18,513)	-	(18,513)	-
Parks and recreation	2,099	-	-	-	(2,099)	-	(2,099)	-
Fire Protection	15,666	-	-	-	(15,666)	-	(15,666)	-
Health and Welfare	11,235	-	-	-	(11,235)	-	(11,235)	-
Municipal Court	1,800	-	-	-	(1,800)	-	(1,800)	-
Mayor and City Council	605	-	-	-	(605)	-	(605)	-
Total governmental activities	<u>934,583</u>	<u>2,352</u>	<u>15,000</u>	<u>-</u>	<u>(917,231)</u>	<u>-</u>	<u>(917,231)</u>	<u>-</u>
Business-type activities:								
Water and Wasterwater	975,560	526,810	298,560	-	\$ (150,190)	\$ -	\$ (150,190)	\$ -
Total business-type activities	<u>975,560</u>	<u>526,810</u>	<u>298,560</u>	<u>-</u>	<u>(150,190)</u>	<u>-</u>	<u>(150,190)</u>	<u>-</u>
Total primary government	<u>\$ 1,910,143</u>	<u>\$ 529,162</u>	<u>\$ 313,560</u>	<u>\$ -</u>	<u>(917,231)</u>	<u>\$ (150,190)</u>	<u>\$ (1,067,421)</u>	<u>-</u>
COMPONENT UNITS:								
Economic Development Corporation	\$ 36,160	\$ -	\$ -	\$ -	-	-	-	\$ (36,160)
Community Development Corporation	103,965	-	-	-	-	-	-	(103,965)
Total component units	<u>\$ 140,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (140,125)</u>
General revenues:								
Property Taxes					\$ 327,270	\$ -	\$ 327,270	\$ -
Sales taxes / Franchise Taxes					234,926	-	234,926	169,293
Investment Income					68	218	286	219
Miscellaneous income					401,355	216,613	617,968	33,352
Transfers						250	250	
Total general revenues and transfers					<u>963,619</u>	<u>217,081</u>	<u>1,180,700</u>	<u>202,864</u>
Change in net position					46,388	66,891	113,279	62,739
Net position - October 1 (Beginning)					<u>130,440</u>	<u>2,954,968</u>	<u>3,085,408</u>	<u>594,146</u>
Net position - September 30 (Ending)					<u>\$ 176,828</u>	<u>\$ 3,021,859</u>	<u>\$ 3,198,687</u>	<u>\$ 656,885</u>

The accompanying notes are an integral part of this statement.

City of Blue Ridge
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ (5,928)	\$ -	\$ (5,928)
Receivables:			
Property taxes	8,901	721	9,622
Less: allowance for Uncollectible	(890)	(107)	(997)
Sales Taxes	45,713	-	45,713
Franchise Fees	7,297	-	7,297
Due from other funds	158,164	4,356	162,520
	<u>213,257</u>	<u>4,970</u>	<u>218,227</u>
Total assets	\$ 213,257	\$ 4,970	\$ 218,227
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 40,624	\$ -	\$ 40,624
Accrued wages and Related Payables	51,831	-	51,831
Due to other funds	4,356	-	4,356
Due to other governments	(1,905)	-	(1,905)
Total liabilities	<u>94,906</u>	<u>-</u>	<u>94,906</u>
Deferred inflows of resources:			
Deferred Property taxes	8,010	962	8,972
Total deferred inflows of resources	<u>8,010</u>	<u>962</u>	<u>8,972</u>
Fund balances:			
Restricted for:			
Debt Service	-	4,008	4,008
Unassigned:	<u>110,341</u>	<u>-</u>	<u>110,341</u>
Total fund balances	<u>110,341</u>	<u>4,008</u>	<u>114,349</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 213,257	\$ 4,970	\$ 218,227

The accompanying notes are an integral part of this statement.

City of Blue Ridge
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2022

Total fund balances - total governmental funds	\$	114,349
Amounts reported for governmental activities in the statement of net position 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		537,170
Other assets are not available to pay current period expenditures and therefore are not deferred in the fund and recognized as revenue in the statement of activities		8,972
Deferred Resource Outflows related to pension expense		7,753
Deferred Resource Outflows related to OPEB		4,022
Deferred Resource Inflows related to pension expense		(11,226)
Deferred Resource Inflows related to OPEB		(2,899)
Net Pension Asset (Liability) is not recorded in the funds		35,343
Noncurrent Liabilities are not due and payable in the current period and therefore are not reported in the funds as follows:		
Notes Payable		(582)
Bonds Payable		(500,000)
Compensated Absences		(9,198)
Net OPEB Liability		(6,876)
Net position of governmental activities-statement of net position	\$	176,828

The accompanying notes are an integral part of this statement.

City of Blue Ridge
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Property Taxes	\$ 265,194	\$ 62,424	\$ 327,618
Sales Taxes/Franchise taxes	234,926	-	234,926
Investment earnings	68	-	68
Licenses and permits	2,352	-	2,352
Grant Income	15,000	-	15,000
Miscellaneous	401,355	-	401,355
Total revenues	<u>918,895</u>	<u>62,424</u>	<u>981,319</u>
Expenditures:			
Current:			
Administration	909,600	-	909,600
Public works	(14,349)	-	(14,349)
Debt Service	-	59,237	59,237
Parks and recreation	200	-	200
Fire Protection	8,825	-	8,825
Health and Welfare	11,235	-	11,235
Municipal Court	1,800	-	1,800
Mayor and City Council	605	-	605
Total expenditures	<u>917,916</u>	<u>59,237</u>	<u>977,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>979</u>	<u>3,187</u>	<u>4,166</u>
Net change in fund balances	979	3,187	4,166
Fund balances - October 1 (Beginning)	<u>109,362</u>	<u>821</u>	<u>110,183</u>
Fund balances - September 30 (Ending)	<u>\$ 110,341</u>	<u>\$ 4,008</u>	<u>\$ 114,349</u>

The accompanying notes are an integral part of this statement.

City of Blue Ridge
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - governmental funds	\$ 4,166
Amounts reported for governmental activities in the statement of activities are different because:	
Capital asset cost is allocated over the estimated useful life and reported as depreciation in the statement of activities	(45,020)
Capital outlay cost are not expensed in the current year and are reclassified to capital assets	61,522
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(348)
Debt principal payments are not recognized in the SOA	40,724
Debt interest payable not recognized in the funds	2,254
Changes in pension liability and related deferred resources inflows and outflows	(19,207)
Changes in the OPEB liability and related deferred resources inflows and outflows	<u>2,297</u>
Change in net position - statement of activities	<u>\$ 46,388</u>

The accompanying notes are an integral part of this statement.

City of Blue Ridge
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

	<u>Water Wastewater Utility</u>
ASSETS	
Current assets:	
Cash and investments	\$ 123,992
Services Receivable	52,349
Due from Other Governments	183,608
Total current assets	<u>359,949</u>
Restricted Assets	
Cash and investments	267,676
Noncurrent assets:	
Non-depreciable Capital Assets	31,079
Depreciable Capital Assets, Net	3,830,425
Net Pension Asset	39,863
Total noncurrent assets	<u>3,901,367</u>
Total Assets	<u>4,528,992</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow - pension	6,130
Deferred outflow - OPEB	1,814
Total Deferred Outflow of Resources	<u>7,944</u>
LIABILITIES	
Current liabilities:	
Accounts payable	239,557
Accrued interest payable and other accrued liabilities	9,019
Debt Payable - Due Within One Year	45,549
Net OPEB Liability	7,752
Due to Other Funds	158,164
Compensated Absences	1,068
Total Current liabilities	<u>461,109</u>
Current Liabilities (Payable from Restricted Assets)	
Customer Deposits	<u>58,544</u>
Total Current Liabilities (Payable from Restricted Assets)	58,544
Noncurrent liabilities:	
Debt Payable - Due within more than one year	979,490
Total noncurrent liabilities	<u>979,490</u>
Total Liabilities	<u>1,499,143</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflow - pensions	12,665
Deferred inflow - OPEB	3,269
Total Deferred Inflow of Resources	<u>15,934</u>
Net Position	
Invested in capital assets, net of related debt	2,836,462
Restricted for:	
Debt Service	27,931
Unrestricted	<u>157,466</u>
Total Net Position	<u>\$ 3,021,859</u>

The accompanying notes are an integral part of this statement.

City of Blue Ridge
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Water Wastewater Utility
OPERATING REVENUES:		
Utility Sales	\$	546,358
Reconnects and other fees		54,870
		601,228
OPERATING EXPENSES:		
Payroll		47,861
Maintenance and supplies		269,515
Operations		348,590
Utilities		37,880
Professional fees		32,290
Other expenses		94,228
Depreciation		145,196
Total operating expenses		975,560
Operating Income (Loss)		(374,332)
NON-OPERATING REVENUES (EXPENSES):		
Interest and fee expense		(74,418)
Investment earnings		218
Miscellaneous revenue		216,613
Grant Proceeds		298,560
Transfers		250
Total non-operating revenues (expenses)		441,223
Income before capital contributions and transfers		66,891
Change in net position		66,891
Fund balances - October 1 (Beginning)		2,954,968
Fund balances - September 30 (Ending)	\$	3,021,859

The accompanying notes are an integral part of this statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Water Wastewater Utility
Cash Flows from Operating Activities:	
Cash received from customers	\$ 718,234
Cash paid to employees	(45,886)
Cash paid for goods and services	(689,489)
Net cash provided (used) by operating activities	<u>(17,141)</u>
Cash Flows from Non-Capital Financing Activities:	
Miscellaneous Revenues Received	216,613
Transfers between funds	250
Net cash provided (used in) by non-capital financing activities	<u>216,613</u>
Cash Flows from Capital and Related Financing Activities:	
Interest expense paid	(74,418)
Debt principal payments	(1,122,916)
Proceeds of debt	1,050,000
Purchase of capital assets	(419,370)
Grant Proceeds	298,560
Net cash provided (used in) capital and related financing activities	<u>(268,144)</u>
Cash Flows from Investing Activities:	
Interest received	218
Net cash provided by (used in) investing activities	<u>218</u>
Net increase (decrease) in cash and cash equivalents	(68,454)
Cash and cash equivalents, October 1 (Beginning)	460,122
Cash and cash equivalents, September 30 (Ending)	<u>\$ 391,668</u>
Classified as:	
Current	\$ 123,992
Restricted	267,676
	<u>\$ 391,668</u>
Noncash disclosures:	
Premium Amortization	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (loss)	\$ (374,332)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	145,196
Change in Assets and Liabilities:	
(Increase) decrease in assets:	
Services Receivables	117,006
Due to/from	85,683
Increase (decrease) in liabilities:	
Accounts payable	28,205
Accrued expenses	1,975
Pension liability	(18,923)
OPEB liability	(1,951)
Total adjustments	<u>357,191</u>
Net cash provided (used in) by operating activities	<u>\$ (17,141)</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, 2022

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, 2022

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, 2022

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

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies (Continued)

expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

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 (Tex-Pool) are carried at fair value based on the value of each participating dollar as provided by Tex-Pool. 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.

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies (Continued)

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.

Fund Balances

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

Non-spendable fund balance – represents amounts that cannot be spent because they are either not 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	Nonmajor Governmental Funds	Totals
Restricted:			
Debt Service	\$ -	\$ 4,008	\$ 4,008
Unassigned	110,341	-	110,341
Totals	\$ 110,341	\$ 4,008	\$ 114,349

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies (Continued)

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.

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 \$ 0.431081 to fund general operations and \$ 0.10324 for the retirement of obligation bonds. The tax was levied on property valued for tax purposes in the amount of \$ 76,361,466.

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.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

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, 2022, 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.

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.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

B. Cash and Investments (Continued)

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.

C. Capital Assets

Capital asset activities for the year ended September 30, 2022, were as follows:

	Balance 9/30/2021	Transfers	Additions	Decreases	Balance 9/30/2022
Governmental Activities:					
Non depreciable assets					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Construction in progress	-	-	15,000	-	15,000
Total capital assets not being depreciated	20,000	-	15,000	-	35,000
Depreciable Assets:					
Infrastructure	1,107,790	-	-	-	1,107,790
Buildings and Improvements	209,662	-	-	-	209,662
Equipment	90,330	-	30,450	-	120,780
Vehicles	40,963	-	-	-	40,963
Total capital assets being depreciated	1,448,745	-	30,450	-	1,479,195
Less accumulated depreciation for:					
Infrastructure	702,330	-	22,444	-	724,774
Buildings and Improvements	154,877	-	7,104	-	161,981
Equipment	60,768	-	7,280	-	68,048
Vehicles	14,030	-	8,192	-	22,222
Total accumulated depreciation	932,005	-	45,020	-	977,025
Total capital assets being depreciated, net	516,740	-	(14,570)	-	502,170
Governmental activities capital assets, net	\$ 536,740	\$ -	\$ 430	\$ -	\$ 537,170

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

C. Capital Assets (Continued)

	Balance 9/30/2021	Transfers	Additions	Retirements	Balance 9/30/2022
Business-Type Activities					
Non depreciable assets					
Land	\$ 31,079	\$ -	\$ -	\$ -	\$ 31,079
Construction in progress	489,521	-	222,474	(711,995)	-
Total capital assets not being depreciated	<u>520,600</u>	<u>-</u>	<u>222,474</u>	<u>(711,995)</u>	<u>31,079</u>
Depreciable Assets:					
Infrastructure	4,657,302	-	749,848	-	5,407,150
Equipment	63,360	-	34,885	-	98,245
Vehicles	49,540	-	-	-	49,540
Total capital assets being depreciated	<u>4,770,202</u>	<u>-</u>	<u>784,733</u>	<u>-</u>	<u>5,554,935</u>
Less accumulated depreciation for:					
Infrastructure	1,535,726	-	132,843	-	1,668,569
Equipment	29,965	-	7,399	-	37,364
Vehicles	13,624	-	4,954	-	18,578
Total accumulated depreciation	<u>1,579,315</u>	<u>-</u>	<u>145,196</u>	<u>-</u>	<u>1,724,511</u>
Total capital assets being depreciated, net	<u>3,190,887</u>	<u>-</u>	<u>639,537</u>	<u>-</u>	<u>3,830,424</u>
Business-type activities capital assets, net	<u>\$ 3,711,487</u>	<u>\$ -</u>	<u>\$ 862,011</u>	<u>\$ (711,995)</u>	<u>\$ 3,861,503</u>

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

Governmental activities:

Administration	\$ 3,204
Public Works	33,076
Public Safety	6,841
Parks & Recreation	1,899
Total depreciation expense - governmental activities	<u>\$ 45,020</u>

Business-type activities

Water and Wastewater Utility	145,196
Total depreciation expense- business-type activities	<u>\$ 145,196</u>

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

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:

	Balance 9/30/2021	Additions Increases	Reductions Decreases	Balance 9/30/2022	Due Within One Year
Governmental activities:					
Compensated absences	\$ 9,198	\$ -	\$ -	\$ 9,198	\$ -
Loans	6,306	-	(5,724)	582	582
Bonds	535,000	-	(35,000)	500,000	40,000
		-		-	-
Totals - Governmental Type Activities	<u>\$ 550,504</u>	<u>\$ -</u>	<u>\$ (40,724)</u>	<u>\$ 509,780</u>	<u>\$ 40,582</u>

	Balance 9/30/2021	Issued	Decrease	Balance 9/30/2022	Due Within One Year
Business-type activities:					
Bonds	\$ 1,059,000	\$ 1,050,000	\$ (1,109,000)	\$ 1,000,000	\$ 20,000
Loans	38,955	-	(13,914)	25,041	25,549
Business-type activities					
Totals - Business Type Activities	<u>\$ 1,097,955</u>	<u>\$ 1,050,000</u>	<u>\$ (13,914)</u>	<u>\$ 1,025,041</u>	<u>\$ 45,549</u>

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:

<u>Description</u>	<u>Interest Rate</u>	<u>Outstanding</u>
City of Blue Ridge, Texas Combination Tax & Revenue Certificates of Obligation, Series 2018	3.37%	\$ 500,000

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

D. Long-Term Obligations (Continued)

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

Year Ending September 30:	Principal	Interest
2023	40,000	16,176
2024	40,000	14,828
2025	40,000	13,480
2026	40,000	12,132
2027	45,000	10,700
2028 - 2032	240,000	29,993
2033 - 2034	55,000	927
	-	-
	\$ 500,000	\$ 98,236

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:

Description	Interest Rate	Outstanding
City of Blue Ridge, Texas General Obligation Refunding Bond Series 2021	1.77% %	\$ <u>1,000,000</u>
Total		\$ <u>1,000,000</u>

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

D. Long-Term Obligations (Continued)

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

Year Ending September 30:	Principal	Interest
2023	50,000	18,143
2024	50,000	17,258
2025	50,000	16,373
2026	55,000	15,443
2027	55,000	14,470
2028 - 2032	290,000	57,348
2033 - 2037	285,000	30,843
2038 - 2042	215,000	7,921
2043 - 2047	-	-
2048 - 2052	-	-
Totals	\$ 1,050,000	\$ 177,799

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, 2022 the principal balance was \$ -0- .

Payee / Purpose	Interest Rate	Outstanding Balance
John Deere Financial	5.00%	\$ - 0 -

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

D. Long-Term Obligations (Continued)

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, 2022 the principal balance was \$ - 0 - .

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, 2022, the principal balance was \$ 25,041.

<u>Payee / Purpose</u>	<u>Interest Rate</u>	<u>Outstanding Balance</u>
Governmental Capital Corporation	4.691%	\$ 25,041
John Deere Financial	5.00%	- 0 -
Total		\$ 25,041

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

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2023	7,967	1,175
2024	8,341	801
2025	8,733	410
Totals	\$ 25,041	\$ 2,386

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

E. Commitments and Contingencies

Litigation – The City is party to a lawsuit related to claims of wastewater discharges. The City will vigorously defend its position and no liability can be anticipated.

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.tmr.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, 2022

F. Pension Plan (Continued)

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

	Plan Year	
	2021	2020
Retirees or beneficiaries currently receiving benefits	1	1
Inactive employees entitled to but not yet receiving benefits	4	5
Active employees	6	6
	<u>11</u>	<u>12</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 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 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, 2020, 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, 2020 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%

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

F. Pension Plan (Continued)

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 2020 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.

Actuarial assumptions used in the December 31, 2020, 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 2020 and first used in December 31, 2020 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 2020 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public & Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
Total	<u>100.00%</u>	

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

F. Pension Plan (Continued)

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.

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 proprietary 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.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

F. Pension Plan (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2020	\$ 174,406	\$ 232,878	\$ (58,472)
Changes for the year:			
Service cost	27,314	-	27,314
Interest (on the Total Pension liability)	12,448	-	12,448
Change in benefit terms	-	-	-
Difference between expected and actual experience	(1,337)	-	(1,337)
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(7,297)	(7,297)	-
Contribution - employer	-	5,477	(5,477)
Contribution - employee	-	19,490	(19,490)
Net investment income	-	30,331	(30,331)
Administrative expense	-	(140)	140
Other	-	1	(1)
	-	-	-
Net changes	<u>31,128</u>	<u>47,862</u>	<u>(16,734)</u>
Balance as of December 31, 2021	<u>\$ 205,534</u>	<u>\$ 280,740</u>	<u>\$ (75,206)</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:

	1% Decrease in Discount Rate 5.75%	Current Single Rate Assumption 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	<u>\$ (29,712)</u>	<u>\$ (75,206)</u>	<u>\$ (110,303)</u>

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

F. Pension Plan (Continued)

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.tmrs.com.

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

For the year ended September 30, 2022, the City recognized pension expense (income) of \$ (6,786). The calculation and amount is provided in the GRS Reporting Package. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 6,961	\$ -
Differences between expected and actual economic experience	1,520	5,057
Changes in actuarial assumptions		240
Differences between projected and actual investment earnings	3,080	18,589
 Total	 <u>\$ 11,561</u>	 <u>\$ 23,886</u>

\$ 6,961 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Year Ended December 31,</u>	<u>Amount</u>
2022	\$ (5,356)
2023	(7,411)
2024	(3,387)
2025	(3,132)
2026	-
Thereafter	-
Total	<u>\$ (19,286)</u>

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Membership *

Number of

- Inactive employees or beneficiaries currently receiving benefits	1
- Inactive employees entitled to but not yet receiving benefits	1
- Active employees	6
	6
- Total	8
	8

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

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 2020 and 2021. The contribution rates for the city were 0.36% and 0.28% in calendar year 2021 and 2022, respectively. The City's contributions to the SDBF for the year ended September 30, 2022 were \$ 780 and were equal to the required contributions.

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2020 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	2020 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

G. Post-Employment Benefits Plan (Continued)

Mortality rates - disabled retirees

2020 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, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

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, 2020.

Changes in Total OPEB Liability

	2021
Total OPEB Liability - beginning of year	\$ 18,308
Changes for the year	
Service Cost	1,281
Interest on Total OPEB Liability	371
Changes of benefit terms	-
Differences between expected and actual experience	(5,069)
Changes in assumptions or other inputs	544
Benefit payments **	(807)
Net Changes	(3,680)
Total OPEB Liability - end of year	\$ 14,628

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

G. Post-Employment Benefits Plan (Continued)

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 OEPB 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%) that the current rate:

	1 % Decrease 0.84%	Current Discount Rate 1.84%	1% Increase 2.84%
Total OPEB Liability	\$ 18,979	\$ 14,628	\$ 11,657

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$ 383. At September 30, 2022, 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 experience	\$ 3,143	\$ 5,957
Changes in assumptions and other inputs	278	211
Contributions made subsequent to measurement date	-	-
Total	\$ 3,421	\$ 6,168

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

G. Post-Employment Benefits Plan (Continued)

The \$ 278 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, 2023. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OEPB expense as follows:

	Net deferred outflows (inflows) of resources
2022	\$ (1,111)
2023	(594)
2024	(118)
2025	(277)
2026	(672)
Thereafter	(253)
Total	\$ (3,025)

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.

H. 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	\$ 90,651
Sewer Grant	(6,972)
Encumbered Revenue	24,301
USDA Reserve	149,094
Reserve Revenue	10,602
	\$ 267,676

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2022

I. Interfund Activity

Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	Water/Wasterwaer	\$ <u>250</u>

Interfund Receivables and Payables

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

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General	\$ 158,164	General	\$ 4,356
Debt Service	4,356	Debt Service	
Water/Wastewater	<u> </u>	Water/Wastewater	<u>158,164</u>
	<u>\$ 162,520</u>		<u>\$ 162,520</u>

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

J. 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 \$ - 0 -

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, 2022 was as follows:

	Balance 9/30/2021	Transfers	Additions	Decreases	Balance 9/30/2022
Non-depreciable Assets:					
Land	\$ 52,588	\$ -	\$ -	\$ -	\$ 52,588
Total	52,588				52,588
Capital assets being depreciated:					
Buildings & Improvements	\$ 271,892	\$ -	\$ -	\$ -	\$ 271,892
Equipment	45,246	-	7,700	-	52,946
Total capital assets being depreciated	317,138	-	7,700	-	324,838
Less accumulated depreciation for:					
Buildings & Improvements	\$ 76,496	\$ -	\$ 11,063	\$ -	\$ 87,559
Equipment	754	-	2,262	-	3,016
Total accumulated depreciation	\$ 77,250	\$ -	\$ 13,325	\$ -	\$ 90,575
Total capital assets being depreciated, net	\$ 239,888	\$ -	\$ (5,625)	\$ -	\$ 234,263
4 A component unit capital assets, net	\$ 292,476	\$ -	\$ (5,625)	\$ -	\$ 286,851

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

J. 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, 2022.

	Beginning Balances	Issued	Decreased	Ending Balance	Due Within One Year
Economic Development					
Loans Payable	\$ <u>121,559</u>	\$ <u>-</u>	\$ <u>(16,471)</u>	\$ <u>105,088</u>	\$ <u>17,246</u>

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 note matures 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 30-Sep	Principal	Interest	Total Requirements
2023	17,246	4,417	21,663
2024	18,058	3,605	21,663
2025	18,910	2,755	21,665
2026	19,800	1,863	21,663
2027	21,482	931	22,413
2028 - 2032	9,592	118	9,710
	\$ 105,088	\$ 13,689	\$ 118,777

d) Litigation

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

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

K. Subsequent Events

Management has evaluated all events or transactions that occurred after September 30, 2022 up through October 31, 2023, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Blue Ridge
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 324,694	324,694	\$ 265,194	\$ (59,500)
Sales Taxes/Franchise Fees	346,000	346,000	234,926	(111,074)
Investment Earnings	-	-	68	68
Licenses and Permits	28,000	28,000	2,352	(25,648)
Grant Income	-	-	15,000	15,000
Miscellaneous	9,020	9,020	401,355	392,335
Total revenues	<u>707,714</u>	<u>707,714</u>	<u>918,895</u>	<u>211,181</u>
Expenditures:				
Current:				
Administration	474,936	474,936	909,600	(434,664)
Public Works	127,553	127,553	(14,349)	141,902
Parks And Recreation	1,500	1,500	200	1,300
Mayor and City Council	5,500	5,500	605	4,895
Municipal Court	7,200	7,200	1,800	5,400
Fire Protection	23,745	23,745	8,825	14,920
Health and Welfare	8,910	8,910	11,235	(2,325)
Debt Service	58,370	58,370	-	58,370
Total expenditures	<u>707,714</u>	<u>707,714</u>	<u>917,916</u>	<u>(210,202)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>979</u>	<u>979</u>
Net change in fund balances	-	-	979	979
Fund balances/Equity, beginning of the year	109,362	109,362	109,362	-
Fund balances/Equity, End of the year	<u>\$ 109,362</u>	<u>\$ 109,362</u>	<u>\$ 110,341</u>	<u>\$ 979</u>

City of Blue Ridge
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
 LAST EIGHT FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total Pension Liability								
Service cost	\$ 27,314	\$ 25,281	\$ 23,762	\$ 21,087	\$ 17,884	\$ 16,687	13,411	14,821
Interest (on the Total Pension Liability)	12,448	10,499	9,704	8,320	7,754	7,380	6,593	5,879
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(1,337)	2,878	(10,982)	(5,448)	(15,875)	(5,889)	2,001	(3,729)
Change of assumptions	-	-	(675)	-	-	-	4,749	-
Benefits payments, including refunds of employee contributions	(7,297)	(14,301)	(7,277)	(2,328)	(3,628)	(22,844)	(3,628)	(8,523)
Net Change in Total Pension Liability	<u>31,128</u>	<u>24,357</u>	<u>14,532</u>	<u>21,631</u>	<u>6,135</u>	<u>(4,666)</u>	<u>23,126</u>	<u>8,448</u>
Total Pension Liability - Beginning	<u>174,406</u>	<u>150,049</u>	<u>135,517</u>	<u>113,886</u>	<u>107,751</u>	<u>112,417</u>	<u>89,291</u>	<u>80,843</u>
Total Pension Liability - Ending	<u>\$ 205,534</u>	<u>\$ 174,406</u>	<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	\$ 5,477	\$ 4,572	\$ 4,305	\$ 3,295	\$ 2,355	\$ 504	22	(12)
Contributions - employee	19,490	17,984	16,650	14,880	13,505	13,022	11,434	12,076
Net investment income	30,331	15,829	26,090	(4,718)	17,797	8,727	179	6,369
Benefit payments, including refunds of employee contributions	(7,297)	(14,301)	(7,277)	(2,328)	(3,628)	(22,844)	(3,628)	(8,523)
Administrative expense	(140)	(103)	(148)	(92)	(92)	(98)	(109)	(66)
Other	1	(4)	(4)	(5)	(5)	(5)	(5)	(5)
Net Change in Plan Fiduciary Net Position	<u>47,862</u>	<u>23,977</u>	<u>39,616</u>	<u>11,032</u>	<u>29,932</u>	<u>(694)</u>	<u>7,893</u>	<u>9,839</u>
Plan Fiduciary Net Position - Beginning	<u>232,879</u>	<u>208,901</u>	<u>169,285</u>	<u>158,253</u>	<u>128,321</u>	<u>129,015</u>	<u>121,122</u>	<u>111,283</u>
Plan Fiduciary Net Position - Ending	<u>\$ 280,741</u>	<u>\$ 232,878</u>	<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 - Ending	\$ (75,207)	\$ (58,472)	\$ (58,852)	\$ (33,768)	\$ (44,367)	\$ (20,570)	(16,598)	(31,831)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	136.59%	133.53%	139.22%	124.92%	138.96%	119.09%	114.76%	135.65%
Covered Employee Payroll	\$ 278,430	\$ 256,921	\$ 237,862	\$ 212,572	\$ 192,923	\$ 186,029	163,344	172,516
Net Pension Liability as a Percentage of Total Pension Liability	-27.01%	-22.76%	-24.74%	-15.89%	-23.00%	-11.06%	-10.16%	-18.45%

City of Blue Ridge
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
LAST EIGHT FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

Plan Year	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 5,477	\$ 4,572	\$ 4,305	\$ 3,295	\$ 2,355	\$ 505	\$ 22	\$ (12)
Contributions in relation to the actuarially determined contribution	5,477	4,572	4,305	3,295	2,355	505	22	(12)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ \$278,430	\$ \$256,921	\$ \$237,862	\$ \$212,572	\$ \$192,923	\$ \$186,029	\$ \$163,344	\$ \$172,516
Contributions as a percentage of covered payroll	1.97%	1.78%	1.81%	1.55%	1.22%	0.27%	0.01%	-0.01%

Notes to Schedule of Contributions

Valuation Date:

Notes

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	14 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experienced-based table of 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(1) 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

Notes

There were no benefit changes during the year.

Note: Years will continue to be added until there are 10 years of comparison

City of Blue Ridge
REQUIRED SUPPLEMENTARY INFORMATION OPEB
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CHANGES IN OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

Measurement Year	2021	2020	2019	2018	2017
Total OPEB Liability - beginning of year	\$ 18,308	\$ 15,096	\$ 12,818	\$ 17,693	\$ 16,003
Changes for the year					
Service Cost	1,281	976	547	553	444
Interest on Total OPEB Liability	371	425	479	591	608
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(5,069)	(112)	(525)	(5,007)	-
Changes in assumptions or other inputs	544	2,180	2,158	(799)	908
Benefit payments **	(807)	(257)	(381)	(213)	(270)
Net Changes	<u>(3,680)</u>	<u>3,212</u>	<u>2,278</u>	<u>(4,875)</u>	<u>1,690</u>
Total OPEB Liability - end of year	<u>\$ 14,628</u>	<u>\$ 18,308</u>	<u>\$ 15,096</u>	<u>\$ 12,818</u>	<u>\$ 17,693</u>
Covered Payroll	\$ 278,430	\$ 256,921	\$ 237,862	\$ 212,572	\$ 192,923
Total OPEB Liability as a percentage of covered payroll	5.25%	7.13%	6.35%	6.03%	9.17%

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB Statement 75 (i.e., no assets are accumulated for OPEB to pay retirement benefits) and as such the SC+DBF is considered an unfunded OPEB plan.

Changes in assumptions and other inputs reflect the effect of changes in the discount rate each period. The following are the discount rates used each period.

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%

** Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

OTHER SUPPLEMENTARY INFORMATION

City of Blue Ridge
BALANCE SHEET - COMPONENT UNIT
BLUE RIDGE ECONOMIC AND COMMUNITY DEVELOPMENT CORPORATIONS
SEPTEMBER 30, 2022

		<u>EDC & CDC</u>
ASSETS		
Cash and investments	\$	454,540
Due from other governments		32,380
Capital Assets, Net:		
Nondepreciable		52,588
Depreciable		<u>234,263</u>
Total assets	\$	<u><u>773,771</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$	2,836
Due to Other Governments		8,362
Customer Deposits		600
Noncurrent liabilities:		
Due within one year:		17,246
Due in more than one year		<u>87,842</u>
Total liabilities		<u>116,886</u>
Net Position		
Net investment in capital assets		270,394
Restricted for:		
Economic Development		226,154
Community Development		171,393
Unrestricted		<u>(11,055)</u>
Total net position	\$	<u><u>656,885</u></u>

City of Blue Ridge
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
BLUE RIDGE ECONOMIC AND COMMUNITY DEVELOPMENT CORPORATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	EDC & CDC
Revenues:	
Sales Taxes	\$ 169,293
Rental Income	33,352
Total revenues	202,645
Expenses	
Current:	
Community Development	103,965
Economic Development	36,160
Total expenses	140,125
NON-OPERATING REVENUES (EXPENSES)	62,520
Investment income	219
Total Non-Operating Revenues (Expenses)	219
Net Change in Net Position	62,739
Net Position - October 1 (Beginning)	594,146
Net Position - September (Ending)	\$ 656,885