

CITY OF BLUE RIDGE, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
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CITY OF BLUE RIDGE, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Texas (City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Texas as of September 30, 2021, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 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.



February 6, 2023
Greenville, Texas

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

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

Members of the Council:

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Texas (City) as of and for the year ended September 30, 2021, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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



February 6, 2023
Greenville, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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

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, 2021. Please read it in conjunction with the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

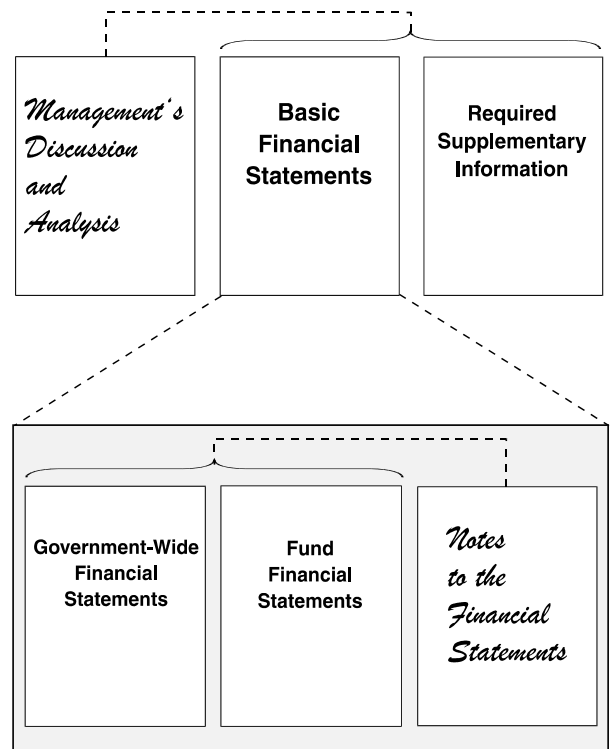
- The City's total combined net position was \$ 3,209,815 at September 30, 2021.
- During the year, the City's governmental activities expenses were \$ 103,181 less than the \$ 599,842 generated in taxes and other revenues. Revenues of the business-type activities were \$ 849,960 less than the expenses incurred generally because of the receipt of grant proceeds totaling \$ 718,818.
- The General Fund reported a fund balance this year of \$ 109,362.

OVERVIEW OF THE FINANCIAL STATEMENTS

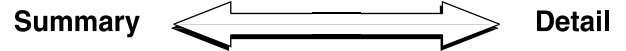
This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- 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, 2021

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>	Fund Statements			
	Government-wide	Governmental Funds	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>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
<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 assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health or position.

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

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

Fund Financial Statements

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

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

The City has the following kinds of funds:

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$ 3,209,815 at September 30, 2021.

	Net Position					
	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Assets						
Cash and Investments	\$ 12,631	\$ 9,339	\$ 339,205	\$ 38,067	\$ 351,836	\$ 47,406
Receivables and other assets	145,611	112,592	383,954	100,185	529,565	212,777
Restricted cash	-	-	120,917	76,811	120,917	76,811
Capital assets, net of accumulated depreciation	536,740	580,754	3,711,487	3,289,429	4,248,227	3,870,183
Total Assets	\$ 694,982	\$ 702,685	\$ 4,555,563	\$ 3,504,492	\$ 5,250,545	\$ 4,207,177
Total Deferred Net Outflows of Resources	\$ 4,917	\$ 2,863	\$ 5,547	\$ 3,190	\$ 10,464	\$ 6,053
Liabilities						
Current liabilities	\$ 13,860	\$ 69,825	\$ 349,421	\$ 120,148	\$ 363,281	\$ 189,973
Noncurrent liabilities	559,109	594,218	1,068,892	1,142,260	1,628,001	1,736,478
Total Liabilities	\$ 572,969	\$ 664,043	\$ 1,418,313	\$ 1,262,408	\$ 1,991,282	\$ 1,926,451
Total Deferred Net Inflows of Resources	\$ (3,510)	\$ 14,246	\$ 23,588	\$ 15,859	\$ 20,078	\$ 30,105
Net Position						
Net Investment in capital assets	\$ (4,566)	\$ (568)	\$ 2,649,205	\$ 2,156,190	\$ 2,644,639	\$ 2,155,622
Committed	-	-	-	-	-	-
Debt Retirement/Bond Covenants	-	-	39,390	76,811	39,390	76,811
Unrestricted	135,006	27,827	390,780	(3,586)	525,786	24,241
Total Net Position	\$ 130,440	\$ 27,259	\$ 3,079,375	\$ 2,229,415	\$ 3,209,815	\$ 2,256,674

Of the City's net position, \$ 2,644,639 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 \$ 1,043,368 during the year. Cash and Investments increased \$ 304,430 Total liabilities increased \$104,665 over 2020 totals.

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

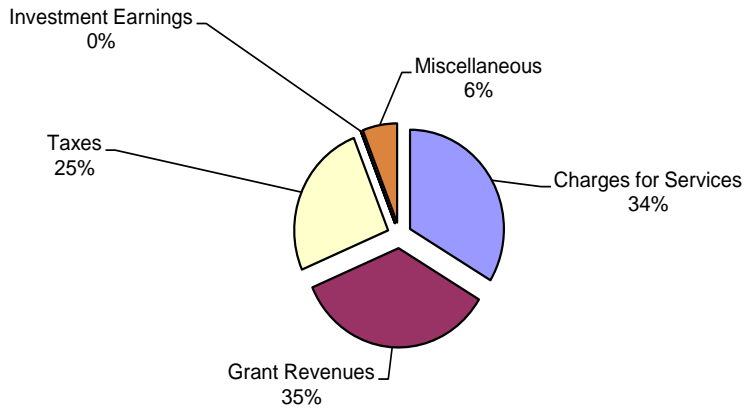
CHANGE IN NET ASSETS

The following table presents the changes in net assets for the government-wide financial statements for the year ended September 30, 2021.

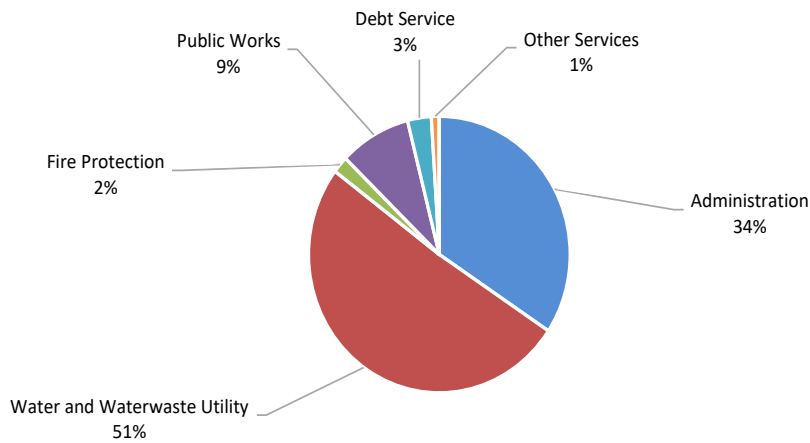
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 24,501	\$ 11,837	\$ 668,646	\$ 524,023	\$ 693,147	\$ 535,860
Grant Revenues	-	-	718,818	43,381	718,818	43,381
General Revenues						
Taxes	525,613	489,131	-	-	525,613	489,131
Investment Earnings	50	126	212	190	262	316
Sale of Capital Assets	-	-	-	100	-	100
Miscellaneous	49,678	57,192	72,930	31,742	122,608	88,934
Total Revenues	\$ 599,842	\$ 558,286	\$ 1,460,606	\$ 599,436	\$ 2,060,448	\$ 1,157,722
Expenses						
Governmental Activities						
Administration	381,209	324,434	-	-	381,209	324,434
Public Works	63,703	156,016	-	-	63,703	156,016
Debt Service	18,990	17,784	-	-	18,990	17,784
Parks and Recreation	9,901	1,539	-	-	9,901	1,539
Fire Protection	8,305	8,847	-	-	8,305	8,847
Health and Welfare	9,960	9,217	-	-	9,960	9,217
Municipal Court	4,000	4,000	-	-	4,000	4,000
Mayor and City Council	593	500	-	-	593	500
Business-type Activities						
Water and Wastewater Utility	-	-	610,646	665,648	610,646	665,648
Total Expenses	\$ 496,661	\$ 460,876	\$ 610,646	\$ 665,648	\$ 1,107,307	\$ 1,187,985
Excess (Deficiency) before Transfers	\$ 103,181	\$ 35,949	\$ 849,960	\$ (66,212)	\$ 953,141	\$ (30,263)
Transfers In/(Out)	-	(66,900)	-	66,900	-	-
Increase (Decrease) in Net Position	\$ 103,181	\$ (30,951)	\$ 849,960	\$ 688	\$ 953,141	\$ (30,263)
Net Position - October 1 (Beginning)	27,259	58,210	2,229,415	2,228,727	2,256,674	2,286,937
Net Position - September 30 (Ending)	\$ 130,440	\$ 27,259	\$ 3,079,375	\$ 2,229,415	\$ 3,209,815	\$ 2,256,674

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

Government-wide Revenues



Government-wide Expenses



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

GOVERNMENTAL ACTIVITIES

The City's total governmental activities revenues were \$ 599,842. 88% of the City's revenue comes from taxes and franchise fees. Taxes include property taxes, sales taxes, and utility franchise fees. 4% of revenue is generated through charges for services, which includes rental, licenses, and permits. The remaining 8% is comprised of other miscellaneous sources including grants.

The total cost of all governmental activities programs and services was \$ 496,661. General Administration comprised 77% of the City's expenses. Public Works, which includes street maintenance and related activities, represents 13% of the expenses. Debt Service activities (3%) along with other city services represent the remaining expenses to the City.

BUSINESS –TYPE ACTIVITIES

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

The water and wastewater utility's expenses exceeded its revenues by \$ 849,960. \$ 718,818 of this total reflects funds received for a wastewater improvement grant. 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 \$ 109,362. One Hundred percent (100%) of the total ending fund balance of \$ 109,362 constituted unassigned fund balance, which is considered available for appropriation.

General Fund expenditures and other uses were less than revenues and other resources in the current period by \$ 90,692. The expenses for the fund decreased \$ 35,154 compared to expenses in the prior period.

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 \$ 124,283.

The fund expensed \$ 66,283 for debt interest and fees. After recording transactions, the enterprise fund net position increased \$ 849,960 over last year. Proceeds from a wastewater grant totaling \$ 718,818 were received for improvements to the City's wastewater collection and treatment system.

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

General Fund Budgetary Highlights

General Fund revenues earned were \$ 83,569 less than the final budget for the City.

General Fund expenditures were less than final budgeted amounts. The difference was due to less than anticipated expenditures during the year. The public works functional category was under budget \$ 87, 611.

Capital Assets

Capital Assets – The City's investment in capital assets for its governmental and business-type activities at September 30, 2021 amounted to \$ 4,248,227 (net of accumulated depreciation). This investment in capital assets included land, buildings and improvements, vehicles, equipment, and infrastructure. Additional information on the City's capital assets can be found in the notes to the basic financial statements following this analysis.

Capital Assets						
	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Nondepreciable Assets						
Land	\$ 20,000	\$ 20,000	\$ 31,079	\$ 31,079	\$ 51,079	\$ 51,079
Construction in Progress	-	-	489,521	-	489,521	-
Depreciable Assets						
Buildings and Improvements	209,662	209,662	-	-	209,662	209,662
Equipment	90,330	90,330	63,360	49,540	153,690	139,870
Vehicles	40,963	40,963	49,540	50,041	90,503	91,004
Infrastructure/Distribution	1,107,790	1,107,790	4,657,302	4,611,030	5,765,092	5,718,820
Total Capital Assets	\$ 1,468,745	\$ 1,468,745	\$ 5,290,802	\$ 4,741,690	\$ 6,759,547	\$ 6,210,435
Less Accumulated Depreciation	932,005	887,991	1,579,315	1,452,261	2,511,320	2,340,252
Net Capital Assets	<u>\$ 536,740</u>	<u>\$ 580,754</u>	<u>\$ 3,711,487</u>	<u>\$ 3,289,429</u>	<u>\$ 4,248,227</u>	<u>\$ 3,870,183</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 \$ 1,648,459 at September 30, 2021. Additional information on the City's long-term obligations can be found in the notes to the basic financial statements following this analysis.

	Long-Term Obligations					
	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Bonds	\$ 535,000	\$ 570,000	\$ 1,059,000	\$ 1,082,000	\$ 1,594,000	\$ 1,652,000
Other Debt Payable	15,504	17,075	38,955	51,239	54,459	68,314
Total	\$ 550,504	\$ 587,075	\$ 1,097,955	\$ 1,133,239	\$ 1,648,459	\$ 1,720,314

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 2022, rates set for fees and taxes are similar to the current year.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	4A/4B Corporations
ASSETS				
Cash and Investments	\$ 12,631	\$ 339,205	\$ 351,836	\$ 395,912
Accounts Receivable, Net	-	169,355	169,355	-
Property Taxes Receivable, Net	8,973	-	8,973	-
Sales Tax Receivable	28,561	-	28,561	-
Franchise Tax Receivable	10,090	-	10,090	-
Due from Other Funds	70,506	-	70,506	-
Due from Other Governments	-	183,608	183,608	30,466
Restricted Cash	-	120,917	120,917	-
Capital Assets, Net:				
Nondepreciable	20,000	520,600	540,600	52,588
Depreciable	516,740	3,190,887	3,707,627	239,888
Net Pension Assets	27,481	30,991	58,472	-
Total Assets	\$ 694,982	\$ 4,555,563	\$ 5,250,545	\$ 718,854
DEFERRED RESOURCES OUTFLOW				
Deferred Resources Outflows - Pension	\$ 2,922	\$ 3,296	\$ 6,218	\$ -
Deferred Resources Outflows - OPEB	1,995	2,251	4,246	-
Total Deferred Resource Outflows	\$ 4,917	\$ 5,547	\$ 10,464	\$ -
LIABILITIES				
Accounts Payable	\$ 5,848	\$ 211,352	\$ 217,200	\$ 2,549
Accrued Wages and Related Payables	3,853	-	3,853	-
Accrued Interest Payable	2,254	7,044	9,298	-
Due to Other Governments	1,905	1,975	3,880	-
Due to Other Funds	-	70,506	70,506	-
Customer Deposits	-	58,544	58,544	600
Non-Current Liabilities:				
Due within one year	40,724	39,834	80,558	-
Due in more than one year	500,582	1,058,121	1,558,703	121,559
Compensated Absences	9,198	1,068	10,266	-
OPEB Liability	8,605	9,703	18,308	-
Total Liabilities	\$ 572,969	\$ 1,458,147	\$ 2,031,116	\$ 124,708
DEFERRED RESOURCES INFLOWS				
Deferred Resources Inflows - Pension	\$ (4,950)	\$ 21,965	\$ 17,015	\$ -
Deferred Resources Inflows - OPEB	1,440	1,623	3,063	-
Total Deferred Resources Inflows	\$ (3,510)	\$ 23,588	\$ 20,078	\$ -
NET POSITION				
Net Investment in Capital Assets	\$ (4,566)	\$ 2,649,205	\$ 2,644,639	\$ 273,237
Restricted:				
Economic Development	-	-	-	132,553
Community Development	-	-	-	188,356
Debt Retirement / Bond Covenants	-	39,390	39,390	-
Unrestricted	135,006	390,780	525,786	-
Total Net Position	\$ 130,440	\$ 3,079,375	\$ 3,209,815	\$ 594,146

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit 4A/4B Corporations
		Primary Government			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
Administration	\$ 381,209	\$ 24,501	\$ -	\$ -	\$ (356,708)	\$ -	\$ (356,708)	
Public Works	63,703	-	-	-	(63,703)	-	(63,703)	
Debt Service	18,990	-	-	-	(18,990)	-	(18,990)	
Parks and Recreation	9,901	-	-	-	(9,901)	-	(9,901)	
Fire Protection	8,305	-	-	-	(8,305)	-	(8,305)	
Health and Welfare	9,960	-	-	-	(9,960)	-	(9,960)	
Municipal Court	4,000	-	-	-	(4,000)	-	(4,000)	
Mayor and City Council	593	-	-	-	(593)	-	(593)	
Total Governmental Activities	\$ 496,661	\$ 24,501	\$ -	\$ -	\$ (472,160)	\$ -	\$ (472,160)	
Business-type Activities:								
Water and Wastewater	\$ 610,646	\$ 668,646	\$ -	\$ 718,818	\$ -	\$ 776,818	\$ 776,818	
Total Business-type Activities	\$ 610,646	\$ 668,646	\$ -	\$ 718,818	\$ -	\$ 776,818	\$ 776,818	
Total Primary Government	\$ 1,107,307	\$ 693,147	\$ -	\$ 718,818	\$ (472,160)	\$ 776,818	\$ 304,658	
Component Units:								
Economic Development Corporation	\$ 35,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (35,935)	
Community Development Corporation	6,878	-	-	-	-	-	(6,878)	
Total Component Units	\$ 42,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (42,813)	
General Revenues:								
Property Taxes					\$ 323,955	\$ -	\$ 323,955	
Sales Taxes / Franchise Fees					201,658	-	201,658	
Investment Earnings					50	212	262	
Miscellaneous Revenue					49,678	72,930	122,608	
Total General Revenues and Transfers					\$ 575,341	\$ 73,142	\$ 648,483	
Change in Net Position					\$ 103,181	\$ 849,960	\$ 953,141	
Net Position - October 1 (Beginning)					27,259	2,229,415	2,256,674	
Net Position - September 30 (Ending)					\$ 130,440	\$ 3,079,375	\$ 3,209,815	

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 12,631	\$ -	\$ 12,631
Receivables:			
Property Taxes	8,901	1,069	9,970
Less: Allowance for Uncollectible	(890)	(107)	(997)
Sales Taxes	28,561	-	28,561
Franchise Fees	10,090	-	10,090
Due from Other Funds	70,506	821	71,327
Total Assets	\$ 129,799	\$ 1,783	\$ 131,582
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 5,848	\$ -	\$ 5,848
Accrued Wages and Related Payables	3,853	-	3,853
Due to Other Funds	821	-	821
Due to Other Governments	1,905	-	1,905
Total Liabilities	\$ 12,427	\$ -	\$ 12,427
DEFERRED RESOURCE INFLOWS			
Deferred Property Taxes	\$ 8,010	\$ 962	\$ 8,010
Total Deferred Resource Inflows	\$ 8,010	\$ 962	\$ 8,010
FUND BALANCE			
Restricted For:			
Debt Service	\$ -	\$ 821	\$ 821
Unassigned	109,362	-	109,362
Total Fund Balance	\$ 109,362	\$ 821	\$ 110,183
Total Liabilities and Fund Balance	\$ 129,799	\$ 1,783	\$ 130,620

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balance - governmental funds (Exhibit A-3)	\$	110,183
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore not reported in the balance sheet		536,740
Other assets are not available to pay current period expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities		8,972
Deferred Resource Outflow s related to pension expense		2,922
Deferred Resource Outflow s related to OPEB		1,995
Deferred Resource Inflow s related to pension expense		4,950
Deferred Resource Inflow s related to OPEB		(1,440)
Net Pension Asset (Liability) is not recorded in the funds		27,481
Noncurrent Liabilities are not due and payable in the current period and therefore not reported in the funds as follow s:		
Notes Payable		(6,306)
Bonds Payable		(535,000)
Interest Payable		(2,254)
Compensated Absences		(9,198)
Net OPEB Liability		(8,605)
Total net position - governmental activities (Exhibit A-1)	\$	<u>130,440</u>

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 262,997	\$ 59,668	\$ 322,665
Sales Taxes / Franchise Fees	201,658	-	201,658
Investment Earnings	50	-	50
License and Permits	24,501	-	24,501
Miscellaneous	49,678	-	49,678
Total Revenues	\$ 538,884	\$ 59,668	\$ 598,552
EXPENDITURES			
Current:			
Administration	\$ 383,045	\$ -	\$ 383,045
Public Works	34,589	-	34,589
Debt Service	-	59,163	59,163
Parks and Recreation	7,700	-	7,700
Fire Protection	8,305	-	8,305
Health and Welfare	9,960	-	9,960
Municipal Court	4,000	-	4,000
Mayor and City Council	593	-	593
Total Expenditures	\$ 448,192	\$ 59,163	\$ 507,355
Excess (Deficiency) of Revenues over Expenditures	\$ 90,692	\$ 505	\$ 91,197
Net Change in Fund Balance	\$ 90,692	\$ 505	\$ 91,197
Fund Balance - October 1 (Beginning)	18,670	316	18,986
Fund Balance - September 30 (Ending)	<u>\$ 109,362</u>	<u>\$ 821</u>	<u>\$ 110,183</u>

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND EQUITY OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2021

Net change in fund equity - total governmental funds (Exhibit A-5)	\$	91,197
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital asset cost is allocated over the estimated useful life and reported as depreciation in the statement of activities		(44,014)
Capital outlay cost are not expensed in the current year and are reclassified to capital assets		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		1,290
Debt principal payments are not recognized in the SOA.		40,016
Debt Interest payable not recognized in the Funds		157
Changes in compensated absences are not recognized in the funds.		(3,445)
Changes in pension liability and related deferred resources inflows and outflows.		18,166
Changes in the OPEB liability and related deferred resources inflows and outflows.		(186)

Change in net assets of governmental activities (Exhibit A-2)	\$	103,181

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Water/ Wastewater Utility	Total
ASSETS		
Current Assets		
Cash and Investments	\$ 339,205	\$ 339,205
Services Receivable	169,355	169,355
Due from Other Funds	183,608	183,608
Total Current Assets	\$ 692,168	\$ 692,168
Restricted Assets		
Cash and Investments	\$ 120,917	\$ 120,917
Total Restricted Assets	\$ 120,917	\$ 120,917
Non-Current Assets		
Non-depreciable Capital Assets	\$ 520,600	\$ 520,600
Depreciable Capital Assets, Net	3,190,887	3,190,887
Net Pension Asset	30,991	30,991
Total Non-Current Assets	\$ 3,742,478	\$ 3,742,478
Total Assets	\$ 4,555,563	\$ 4,555,563
DEFERRED RESOURCES OUTFLOWS		
Deferred Outflows - Pension	\$ 3,296	\$ 3,296
Deferred Outflows - OPEB	2,251	2,251
Total Deferred Resource Outflows	\$ 5,547	\$ 5,547
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 211,352	\$ 211,352
Accrued Interest Payable	7,044	7,044
Debt Payable - Due Within One Year	39,834	39,834
Net OPEB Liability	9,703	9,703
Due to Other Governments	1,975	1,975
Due to Other Funds	70,506	70,506
Compensated Absences	1,068	1,068
Total Current Liabilities	\$ 341,482	\$ 341,482
Current Liabilities (Payable from Restricted Assets)		
Customer Deposits	\$ 58,544	\$ 58,544
Total Current Liabilities (Payable from Restricted Assets)	\$ 58,544	\$ 58,544
Non-Current Liabilities		
Debt Payable - Due Within More than One Year	\$ 1,058,121	\$ 1,058,121
Total Non-Current Liabilities	\$ 1,058,121	\$ 1,058,121
Total Liabilities	\$ 1,458,147	\$ 1,458,147
DEFERRED RESOURCE INFLOWS		
Deferred Inflows - Pension	\$ 21,965	\$ 21,965
Deferred Inflows - OPEB	1,623	1,623
Total Deferred Resources Inflows	\$ 23,588	\$ 23,588
NET POSITION		
Net Investment in Capital Assets	\$ 2,649,205	\$ 2,649,205
Restricted for:		
Debt Retirement/Covenants	39,390	39,390
Unrestricted	390,780	390,780
Total Net Position	\$ 3,079,375	\$ 3,079,375

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
IN FUND NET ASSETS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	Water/ Wastewater Utility	Total
OPERATING REVENUES		
Utility Sales	\$ 623,431	\$ 623,431
Reconnects and Other Fees	45,215	45,215
Total Operating Revenues	\$ 668,646	\$ 668,646
OPERATING EXPENSES		
Payroll	\$ 129,246	\$ 129,246
Maintenance and Supplies	98,936	98,936
Operations	110,389	110,389
Utilities	31,348	31,348
Professional Fees	22,831	22,831
Other Expenses	24,559	24,559
Depreciation/Amortization	127,054	127,054
Total Operating Expenses	\$ 544,363	\$ 544,363
Operating Income (Loss)	\$ 124,283	\$ 124,283
NONOPERATING REVENUES (EXPENSES)		
Interest and Fee Expense	\$ (66,283)	\$ (66,283)
Investment Earnings	212	212
Miscellaneous Revenue	72,930	72,930
Grant Proceeds	718,818	718,818
Total Nonoperating Revenues (Expenses)	\$ 725,677	\$ 725,677
Change in Net Position	\$ 849,960	\$ 849,960
Net Assets - October 1 (Beginning)	2,229,415	2,229,415
Net Assets - September 30 (Ending)	\$ 3,079,375	\$ 3,079,375

The accompanying notes are an integral part of this statement.

CITY OF BLUE RIDGE, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	Water/ Wasterwater Utility	Total
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 583,691	\$ 583,691
Cash Payments for Goods and Services	(252,554)	(252,554)
Cash Payments to Employees for Services	(129,246)	(129,246)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 201,891</u>	<u>\$ 201,891</u>
Cash Flows from Noncapital Financing Activities:		
Increase (Decrease) for Customer Deposits	\$ 2,069	\$ 2,069
Miscellaneous Revenues Received	72,930	72,930
Change in Restricted Cash	(44,103)	(44,103)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>\$ 30,896</u>	<u>\$ 30,896</u>
Cash Flows from Capital and Related Financing Activities:		
Interest Expense Paid	\$ (66,283)	\$ (66,283)
Debt Principal Payments	(35,285)	(35,285)
Purchase of Capital Assets	(549,112)	(549,112)
Grant Proceeds	718,818	718,818
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>\$ 68,138</u>	<u>\$ 68,138</u>
Cash Flows from Investing Activities:		
Interest Received	\$ 213	\$ 213
Net Cash Provided by (Used for) Investing Activities	<u>\$ 213</u>	<u>\$ 213</u>
Net Increase (Decrease) in Cash	\$ 301,138	\$ 301,138
Cash and Cash Equivalents - October 1 (Beginning)	<u>38,067</u>	<u>38,067</u>
Cash and Cash Equivalents - September 30 (Ending)	<u><u>\$ 339,205</u></u>	<u><u>\$ 339,205</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ 124,283	\$ 124,283
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation Expense	127,054	127,054
Deferred Inflow and Outflow Changes	5,369	5,369
Changes in Assets and Liabilities:		
(Increase) Decrease in Services Receivable	(127,155)	(127,155)
Increase (Decrease) in Due to Other Governments	(183,608)	(183,608)
Increase (Decrease) in Due to Other Funds	26,982	26,982
(Increase) Decrease in Net Pension Asset	12	12
Increase (Decrease) in Net OPEB Liability	1,750	1,750
Increase (Decrease) in Deferred Inflows - Pension	29,096	29,096
Increase (Decrease) in Deferred Inflows -OPEB	198,108	198,108
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 201,891</u></u>	<u><u>\$ 201,891</u></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, 2021

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 – 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 – 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.

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.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Significant Accounting Policies (Continued)

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 *Debt Service Fund* – The City levies property taxes collected for the retirement of general obligation bonds. All funds collected are restricted for debt retirement including principal, interest and fees on taxpayer authorized debt.

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.

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.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Cash and Investments

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

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

Restricted Assets

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

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

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

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

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

Pension Plan

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

Fund Balances

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

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

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

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

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

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Significant Accounting Policies (Continued)

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	\$ -	\$ 821	\$ 821
Unassigned	109,362	-	109,362
Totals	\$ 109,362	\$ 821	\$ 110,183

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 \$ 0.45501 to fund general operations and \$ 0.10324 for debt retirement. The tax was levied on property valued for tax purposes in the amount of \$ 57,519,378.

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.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

B. Cash and Investments

The City's funds are deposited and invested under the terms of a depository agreement. The agreement requires the depository to pledge approved securities in an amount significant to protect the City's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2021, 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, 2021

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, 2021, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Depreciable Assets:				
Infrastructure	\$ 1,107,790	\$ -	\$ -	\$ 1,107,790
Buildings & Improvements	209,662	-	-	209,662
Equipment	90,330	-	-	90,330
Vehicles	40,963	-	-	40,963
Total	<u>\$ 1,448,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,448,745</u>
Less Accumulated Depreciation				
Infrastructure	\$ 679,886	\$ 22,444	\$ -	\$ 702,330
Buildings & Improvements	147,650	7,227	-	154,877
Equipment	54,618	6,150	-	60,768
Vehicles	5,837	8,193	-	14,030
Total	<u>\$ 887,991</u>	<u>\$ 44,014</u>	<u>\$ -</u>	<u>\$ 932,005</u>
Total Governmental Activities Capital Assets, net	<u>\$ 580,754</u>	<u>\$ (44,014)</u>	<u>\$ -</u>	<u>\$ 536,740</u>
Business-type Activities				
Nondepreciable Assets:				
Land	\$ 31,079	\$ -	\$ -	\$ 31,079
Construction in Progress	-	489,521	-	489,521
Total	<u>\$ 31,079</u>	<u>\$ 489,521</u>	<u>\$ -</u>	<u>\$ 520,600</u>
Depreciable Assets:				
Infrastructure	\$ 4,611,030	\$ 46,272	\$ -	\$ 4,657,302
Equipment	50,041	13,319	-	63,360
Vehicles	49,540	-	-	49,540
Total	<u>\$ 4,710,611</u>	<u>\$ 59,591</u>	<u>\$ -</u>	<u>\$ 4,770,202</u>
Less Accumulated Depreciation				
Infrastructure	\$ 1,417,397	\$ 118,329	\$ -	\$ 1,535,726
Equipment	26,194	3,771	-	29,965
Vehicles	8,670	4,954	-	13,624
Total	<u>\$ 1,452,261</u>	<u>\$ 127,054</u>	<u>\$ -</u>	<u>\$ 1,579,315</u>
Total Business-type Activities Capital Assets, net	<u>\$ 3,289,429</u>	<u>\$ 422,058</u>	<u>\$ -</u>	<u>\$ 3,711,487</u>

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2021

C. Capital Assets (Continued)

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

Governmental activities:	
Administration	\$ 3,279
Public Works	31,995
Public Safety	6,841
Parks and Recreation	1,899
Total	\$ 44,014
Business-type activities:	
Water/Wastewater Utility	\$ 127,054

D. Long-Term Obligations

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

	Beginning Balances	Additions Increases	Reductions Decreases	Ending Balances	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 5,753	\$ 3,445	\$ -	\$ 9,198	\$ -
Loans	11,322	-	5,016	6,306	5,724
Bonds	570,000	-	35,000	535,000	35,000
Totals	\$ 587,075	\$ 3,445	\$ 40,016	\$ 550,504	\$ 40,724
	Beginning Balances	Additions Increases	Reductions Decreases	Ending Balances	Due Within One Year
Business-Type Activities:					
Bonds	\$ 1,082,000	\$ -	\$ 23,000	\$ 1,059,000	\$ 25,000
Loans	51,239	-	12,284	38,955	14,834
Totals	\$ 1,133,239	\$ -	\$ 35,284	\$ 1,097,955	\$ 39,834

Bonds

Governmental Activities:

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

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

Description	Interest Rate	Outstanding
City of Blue Ridge, Texas Combination Tax & Revenue Certificates of Obligation, Series 2018	3.37%	\$ 535,000

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

D. Long-Term Obligations (Continued)

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

Year Ending September 30	Principal	Interest	Total Requirements
2022	\$ 35,000	\$ 17,440	\$ 52,440
2023	40,000	16,176	56,176
2024	40,000	14,828	54,828
2025	40,000	13,480	53,480
2026	40,000	12,132	52,132
2027-2031	235,000	37,997	272,997
2032-2034	105,000	3,623	108,623
Totals	<u>\$ 535,000</u>	<u>\$ 115,676</u>	<u>\$ 650,676</u>

Business-Type Activities:

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

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

Description	Interest Rate	Outstanding
City of Blue Ridge, Texas Combination Tax & Revenue Certificates of Obligation, Bond Series 2008	4.25%	\$ 969,000
City of Blue Ridge, Texas Water Works & Sewer System Revenue Bonds, Series 1994	5.00%	90,000
Total		<u>\$ 1,059,000</u>

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

Year Ending September 30	Principal	Interest	Total Requirements
2022	\$ 25,000	\$ 44,696	\$ 69,696
2023	25,000	43,621	68,621
2024	26,000	42,524	68,524
2025	27,000	41,386	68,386
2026	29,000	40,181	69,181
2027-2031	163,000	180,915	343,915
2032-2036	196,000	141,779	337,779
2037-2041	202,000	99,961	301,961
2042-2046	250,000	52,064	302,064
2047-2049	116,000	4,973	120,973
Totals	<u>\$ 1,059,000</u>	<u>\$ 692,100</u>	<u>\$ 1,751,100</u>

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2021

D. Long Term Obligations (Continued)

Compliance with Debt Covenants

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

Notes 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, 2021 the principal balance was \$ 6,306.

Payee / Purpose	Interest Rate	Outstanding Balance
John Deere Financial	5.00%	\$ 6,306

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

Year Ending September 30	Principal	Interest	Total Requirements
2022	\$ 5,724	\$ 206	\$ 5,930
2024	582	11	593
Totals	\$ 6,306	\$ 217	\$ 6,523

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, 2021 the principal balance was \$ 6,306.

In September 2018, the City took out a loan with Government Capital Corporation to purchase a sewer jet 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, 2021 the principal balance was \$ 32,648.

Payee / Purpose	Interest Rate	Outstanding Balance
Governmental Capital Corporation - Equipment	4.691%	\$ 32,648
John Deere Financial - Equipment	5.00%	6,306
Total		\$ 38,954

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2021

D. Long Term Obligations (Continued)

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

Year Ending September 30	Principal	Interest	Total Requirements
2022	\$ 14,834	\$ 1,738	\$ 16,572
2023	8,549	1,186	9,735
2024	8,341	801	9,142
2025	7,230	410	7,640
Totals	<u>\$ 38,954</u>	<u>\$ 4,135</u>	<u>\$ 43,089</u>

E. Commitments and Contingencies

The effects of the coronavirus-19 (COVID-19) pandemic continues to affect the City's operations including funding for city services and operating programs and cost. Continued funding allowances including additional federal funding will cease in future periods. The operational costs associated with these additional revenues will be evaluated along with the need for these services. The cost of the additional federal funded programs may exceed the available resources and require the City to either eliminate or curtail their existence.

F. 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.

G. Pension Plan

Plan Description

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

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

Benefits Provided

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

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

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

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

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2021

G. Pension Plan (Continued)

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	5
Active employees	6
Total participants	12

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 1.79% and 2.01% in calendar year 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$ 4,572 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	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2020; valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated 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 2014 valuation.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

G. Pension Plan (Continued)

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term expected Real Rate of Return
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total:	100.0%	

Discount Rate

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

Deferred Inflows and Outflows of Resources

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

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

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2021

G. 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 12/31/2019	\$ 150,049	\$ 208,901	\$ (58,852)
Changes for the year:			
Service cost	25,281		25,281
Interest	10,499		10,499
Change of benefit terms	-		-
Difference between expected and actual experience	2,878		2,878
Changes of assumptions	-		-
Contributions - employer		4,572	(4,572)
Contributions - employee		17,984	(17,984)
Net investment income		15,829	(15,829)
Benefit payments, including refunds of employee contributions	(14,301)	(14,301)	-
Administrative expense	-	(103)	103
Other changes	-	(4)	4
Net changes	\$ 24,357	\$ 23,977	\$ 380
Balance at 12/31/2020	\$ 174,406	\$ 232,878	\$ (58,472)

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ (17,955)	\$ (58,472)	\$ (89,218)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$ (6,221). The calculation and amount is provided in the GRS Reporting Package. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2021

G. Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,199	\$ 10,783
Changes in actuarial assumptions	-	385
Difference between projected and actual investment earnings	-	5,847
Contributions subsequent to the measurement date	4,019	-
Total	\$ 6,218	\$ 17,015

\$ 4,019 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30	Net Deferred (Inflows) Outflows of Resources
2022	\$ (8,274)
2023	(2,152)
2024	(4,207)
2025	(183)

H. 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.

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

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

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

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 0.19% and 0.36% in calendar year 2020 and 2021, respectively. The City's contributions to the SDBF for the year ended September 30, 2021 were \$ 821, 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	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.71%
Retiree's share of benefit-realized costs	\$ -0-

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2020; valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013, valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

G. Post-Employment Benefits Plan (Continued)

The discount rate used to measure the Total OPEB Liability was 2.00% 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

	Increase (Decrease)
	Total OPEB Liability (a)
Balance at 12/31/2019	\$ 15,096
Changes for the year:	
Service cost	976
Interest	425
Change of benefit terms	-
Difference between expected and actual experience	(112)
Changes of assumptions	2,180
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(257)
Administrative expense	-
Other changes	-
Net changes	\$ 3,212
Balance at 12/31/2020	\$ 18,308

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 2.00%, 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 (1.00%) or 1 percentage-point higher (3.00%) than the current rate:

Sensitivity of the OPEB Liability to Changes in the Discount Rate		
1% Decrease 2.71%	Current Single Rate Assumption 3.71%	1% Increase 4.71%
\$ 22,271	\$ 18,308	\$ 15,550

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$ 1,096. At September 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 2,705
Changes in actuarial assumptions	3,546	358
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	700	-
Total	\$ 4,246	\$ 3,063

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2021

H. Post-Employment Benefits Plan (Continued)

The \$ 700 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB Liability during the year ending September 30, 2021. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30</u>	<u>Net Deferred (Inflows) Outflows of Resources</u>
2022	\$ (305)
2023	(399)
2024	118
2025	594
2026	435
Thereafter	40

I. Risk Management

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

J. 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	\$ 81,528
Sewer Grant	4,682
Encumbered Revenue	24,179
USDA Reserve	1
Reserve Revenue	<u>10,527</u>
Total	\$ <u>120,917</u>

K. Interfund Activity

Interfund Receivables and Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water/Wastewater Fund	\$ 70,506

L. 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-

CITY OF BLUE RIDGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

M. Blue Ridge Economic and Community Development Corporation

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 units 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, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Assets:				
Land	\$ 52,588	\$ -	\$ -	\$ 52,588
Total	<u>\$ 52,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,588</u>
Depreciable Assets:				
Buildings and Improvements	\$ 271,892	\$ -	\$ -	\$ 271,892
Equipment	-	45,246	-	45,246
Total	<u>\$ 271,892</u>	<u>\$ 45,246</u>	<u>\$ -</u>	<u>\$ 317,138</u>
Less Accumulated Depreciation				
Building and Improvements	\$ 65,568	\$ 10,928	\$ -	\$ 76,496
Equipment	-	754	-	754
Total	<u>\$ 65,568</u>	<u>\$ 11,682</u>	<u>\$ -</u>	<u>\$ 77,250</u>
Total Component Unit Capital Assets, net	<u>\$ 258,912</u>	<u>\$ 33,564</u>	<u>\$ -</u>	<u>\$ 292,476</u>

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, 2021.

	Beginning Balance	Increases	Decreases	Ending Balance	Within One Year
Economic Development Corporation: Loans Payable	\$ 134,949	\$ -	\$ 13,390	\$ 121,559	\$ 16,470
Total	<u>\$ 134,949</u>	<u>\$ -</u>	<u>\$ 13,390</u>	<u>\$ 121,559</u>	<u>\$ 16,470</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 notes mature in February 2028.

The second loan with American National Bank of Texas financed improvements to the commercial building and totaled \$ 50,277. The note requires monthly payments of \$ 381.80 for 180 months at 4.15% interest. The note matures in July 2027

CITY OF BLUE RIDGE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2021

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

Debt service requirements on the note are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2022	16,470	5,193	\$ 21,663
2023	17,246	4,417	21,663
2024	18,058	3,605	21,663
2025	18,909	2,755	21,664
2026	19,800	1,863	21,663
2027-2029	31,076	1,048	32,124
Totals	\$ 121,559	\$ 18,881	\$ 140,440

d. Pension Plan

Employees of EDC and CDC are included in the Texas Municipal Retirement System (TMRS) that the City of Blue Ridge provides to its employees.

e. Health Care Coverage

EDC and CDC Employees are covered by the health insurance plan that the City of Blue Ridge provides its employees.

f. Litigation

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

L. Subsequent Events

Management has evaluated all events or transactions that occurred after September 30, 2021 up through February 6, 2023, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLUE RIDGE, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
REVENUES				
Property Taxes	\$ 321,551	\$ 321,551	\$ 262,997	\$ (58,554)
Sales Taxes / Franchise Fees	290,000	290,000	201,658	(88,342)
Investment Earnings	52	52	50	(2)
License & Permits	10,800	10,800	24,501	13,701
Miscellaneous	50	50	49,678	49,628
Total Revenues	\$ 622,453	\$ 622,453	\$ 538,884	\$ (83,569)
EXPENDITURES				
Current:				
Administration	\$ 326,634	\$ 326,634	\$ 383,045	\$ (56,411)
Public Works	122,200	122,200	34,589	87,611
Parks and Recreation	67,448	67,448	7,700	59,748
Mayor and City Council	5,500	5,500	593	4,907
Municipal Court	5,000	5,000	4,000	1,000
Fire Protection	25,000	25,000	8,305	16,695
Health and Welfare	11,000	11,000	9,960	1,040
Debt Service	59,619	59,619	-	59,619
Total Expenditures	\$ 622,401	\$ 622,401	\$ 448,192	\$ 174,209
Excess (Deficiency) of Revenues over Expenditure	\$ 52	\$ 52	\$ 90,692	\$ 90,640
Net Change in Fund Balance	\$ 52	\$ 52	\$ 90,692	\$ 90,640
Fund Balance - October 1 (Beginning)	18,670	18,670	18,670	-
Fund Balance - September 30 (Ending)	\$ 18,722	\$ 18,722	\$ 109,362	\$ 90,640

CITY OF BLUE RIDGE, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2021

	2020*	2019*	2018*	2017*	2016*	2015*	2014*
Total Pension Liability							
Service cost	\$ 25,281	\$ 23,762	\$ 21,087	\$ 17,884	\$ 16,687	\$ 13,411	\$ 14,821
Interest (on the total pension liability)	10,499	9,704	8,320	7,754	7,380	6,593	5,879
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	2,878	(10,982)	(5,448)	(15,875)	(5,889)	2,001	(3,729)
Change of assumptions	-	(675)	-	-	-	4,749	-
Benefit payments, including refunds of employee contributions	(14,301)	(7,277)	(2,328)	(3,628)	(22,844)	(3,628)	(8,523)
Net change in Total Pension Liability	\$ 24,357	\$ 14,532	\$ 21,631	\$ 6,135	\$ (4,666)	\$ 23,126	\$ 8,448
Total Pension Liability - Beginning	<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 (a)	<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	\$ 4,572	\$ 4,305	\$ 3,295	\$ 2,355	\$ 504	\$ 22	\$ (12)
Contributions - Employee	17,984	16,650	14,880	13,505	13,022	11,434	12,076
Net investment income	15,829	26,090	(4,718)	17,797	8,727	179	6,369
Benefit payments, including refunds of employee contributions	(14,301)	(7,277)	(2,328)	(3,628)	(22,844)	(3,628)	(8,523)
Administrative expense	(103)	(148)	(92)	(92)	(98)	(109)	(66)
Other	(4)	(4)	(5)	(5)	(5)	(5)	(5)
Net Change in Plan Fiduciary Net Position	\$ 23,977	\$ 39,616	\$ 11,032	\$ 29,932	\$ (694)	\$ 7,893	\$ 9,839
Plan Fiduciary Net Position - Beginning	<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 (b)	<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 (Asset) - Ending (a) - (b)	<u>\$ (58,472)</u>	<u>\$ (58,852)</u>	<u>\$ (33,768)</u>	<u>\$ (44,367)</u>	<u>\$ (20,570)</u>	<u>\$ (16,598)</u>	<u>\$ (31,831)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	133.53%	139.22%	124.92%	138.96%	119.09%	114.78%	135.65%
Covered Employee Payroll	\$ 256,921	\$ 237,862	\$ 212,572	\$ 192,923	\$ 186,029	\$ 163,344	\$ 172,516
Net Pension Liability as a Percentage of Covered Employee Payroll	-22.76%	-24.74%	-15.89%	-23.00%	-11.06%	-10.16%	-18.45%

* Pension measurement period ended December 31.

CITY OF BLUE RIDE, TEXAS
 SCHEDULE OF PENSION CONTRIBUTIONS
 YEAR ENDED SEPTEMBER 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarilly determined contribution	\$ 5,159	\$ 4,658	\$ 4,029	\$ 3,376	\$ 2,127	\$ 15,411	\$ 16,276
Contributions in relation to actuarially determined contribution	<u>(5,159)</u>	<u>(4,658)</u>	<u>(4,029)</u>	<u>(3,376)</u>	<u>(2,127)</u>	<u>(15,411)</u>	<u>-16,276</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 268,723	\$ 259,479	\$ 231,086	\$ 204,985	\$ 189,749	\$ 163,344	\$ 172,516
Contributions as a percentage of covered employee payroll	1.92%	1.80%	1.74%	1.65%	1.12%	9.43%	9.43%

CITY OF BLUE RIDGE, TEXAS
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2021

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age Normal
Amortization Method	Level percentage of payroll, Closed
Remaining Amortization Period	14 years
Asset Valuation Method	10-yr smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(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:	There were no benefit changes during the year.

CITY OF BLUE RIDGE, TEXAS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2021

Exhibit B-5

	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>
Total OPEB Liability				
Service cost	\$ 976	\$ 547	\$ 553	\$ 444
Interest (on the total OPEB liability)	425	479	591	608
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(112)	(525)	(5,007)	-
Change of assumptions	2,180	2,158	(799)	908
Benefit payments, including refunds of employee contributions	<u>(257)</u>	<u>(381)</u>	<u>(213)</u>	<u>(270)</u>
Net change in Total OPEB Liability	\$ 3,212	\$ 2,278	\$ (4,875)	\$ 1,690
Total OPEB Liability - Beginning	<u>15,096</u>	<u>12,818</u>	<u>17,693</u>	<u>16,003</u>
Total OPEB Liability - Ending (a)	<u>\$ 18,308</u>	<u>\$ 15,096</u>	<u>\$ 12,818</u>	<u>\$ 17,693</u>
Covered Employee Payroll	\$ 256,921	\$ 237,862	\$ 212,572	\$ 192,923
Net OPEB Liability as a Percentage of Covered Employee Payroll	7.13%	6.35%	6.03%	9.17%

* OPEB measurement period December 31

CITY OF BLUE RIDGE, TEXAS
 NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
 YEAR ENDED SEPTEMBER 30, 2021

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	N/A
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	N/A
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	2.00%
Retirement Age	N/A
Mortality	Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3%, minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.
Other Information:	There were no benefit changes during the year.