

CITY OF BLUE RIDGE, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2020

**CITY OF BLUE RIDGE, GEORGIA
FINANCIAL REPORT
For the Year Ended December 31, 2020**

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PRINCIPAL OFFICERS

The City operates under the direction of the Mayor and Council with the daily operations carried out by the Mayor. Following is a list of officials:

MAYOR
Donna Whitener

COUNCIL MEMBERS:

Robbie Cornelius
Nathan Fitts
Mike Panter
Rhonda Height
Harold Herndon

OFFICE PERSONNEL:

Finance Director- Alicia Stewart, CPA

CITY ATTORNEY

James A. Balli
Taylor, English, Duma, LLP

INDEPENDENT AUDITOR
Welch, Walker and Associates, CPA's



CERTIFIED PUBLIC ACCOUNTANTS

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JASPER, GA 30143
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SUITE 208
EAST ELLIJAY, GA 30540
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Blue Ridge, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Blue Ridge, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Georgia, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 39-40 be presented to supplement the basic

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blue Ridge, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of projects constructed with special local option sales tax proceeds is presented for purposes of additional analysis as required by OCGA 48-8-121 and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021, on our consideration of the City of Blue Ridge, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City of Blue Ridge, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Blue Ridge, Georgia's internal control over financial reporting and compliance.

Welch, Walker & Associates, P.C., CPAs

East Ellijay, Georgia
September 24, 2021

CITY OF BLUE RIDGE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended December 31, 2020

Within this section of the City of Blue Ridge, Georgia (City) basic financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government unless otherwise noted. Component units, related organizations, and joint ventures reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of position presenting information that includes all the City's assets and liabilities, with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, public works, culture and recreation, and housing and development. Business-type activities include water and sewer system utilities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the difference between these two perspectives.

A budgetary comparison statement is included in the basic financial statements for the General Fund. This statement demonstrates compliance with the City's adopted and final revised budgets.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. The City utilizes only enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water utilities.

Proprietary fund statements and statements for discretely presented component units (reporting that is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. The City had no internal service funds or discretely presented component units.

The City as a Whole

Condensed Statement of Net Position

The table below presents the City's condensed Statement of Net Position as of December 31, 2019 and 2020.

	Governmental Activities			Business-type Activities		
	2019	2020	Change	2019	2020	Change
Assets						
Current assets	\$ 3,256,224	\$ 4,166,116	\$ 909,892	\$ 3,828,151	\$ 4,375,585	\$ 547,434
Other assets	-	-	-	693,631	810,214	116,583
Capital assets	4,522,944	4,947,595	424,651	22,882,756	22,375,755	(507,001)
Total assets	7,779,168	9,113,711	1,334,543	27,404,538	27,561,554	157,016
Deferred outflows of resources	189,943	292,428	102,485	129,541	212,658	83,117
Liabilities						
Current liabilities	119,684	240,785	121,101	780,431	823,692	43,261
Long-term liabilities	490,789	629,668	138,879	14,196,147	14,217,086	20,939
Total liabilities	610,473	870,453	259,980	14,976,578	15,040,778	64,200
Deferred inflows of resources	781,365	821,745	40,380	10,409	22,081	11,672
Net Position						
Net investment in capital assets	4,404,752	4,822,990	418,238	8,704,083	8,267,785	(436,298)
Restricted	673,134	802,150	129,016	693,631	810,214	116,583
Unrestricted	1,499,387	2,088,801	589,414	3,149,378	3,633,354	483,976
Total net position	\$ 6,577,273	\$ 7,713,941	\$ 1,136,668	\$ 12,547,092	\$ 12,711,353	\$ 164,261

The largest component of the City's net position is its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and other), less any related debt outstanding that was needed to acquire or construct the assets. Approximately 63% of the governmental activities' net position is invested in capital assets at December 31, 2020. This is a 4% decrease from the prior year due to the current year increase in unrestricted net position. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not available for future spending. For business-type activities, the City has invested 65% of its net position in capital assets for 2020, a decrease of 4%, the result of more

depreciation than additions. Capital assets in the business-type activities provide utility services and generate revenues for the water and sewer fund.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Restricted net position of governmental funds remained 10% of total net position and is the result of accumulated SPLOST funds and funds restricted for public safety and economic development activity. Restricted net position for business-type activities is for the purpose of debt service and increased as additional funds were added to the bank accounts for future debt service according to debt covenants. The remaining portion of net position is unrestricted, which can be used to finance government operations. Unrestricted net position increased 4% for governmental activities as the result of an increase in cash balances. There is a 4% increase for business-type activities also a result of the City’s increased cash assets.

Condensed Statement of Activities

The following table presents the City's condensed Statement of Activities for the years ended December 31, 2019 and 2020.

	Governmental Activities			Business-type Activities		
	2019	2020	Change	2019	2020	Change
Revenues:						
Program						
Charges for services	\$ 422,610	\$ 340,436	\$ (82,174)	\$ 3,606,811	\$ 3,705,874	\$ 99,063
Operating grants & contributions	8,613	124,685	116,072	-	-	-
Capital grants & contributions	523,955	912,322	388,367	344,267	227,005	(117,262)
General						
Property taxes	638,427	716,578	78,151	-	-	-
Sales taxes	856,189	1,056,261	200,072	-	-	-
Other revenues and taxes	<u>952,097</u>	<u>1,054,336</u>	<u>102,239</u>	<u>81,665</u>	<u>58,066</u>	<u>(23,599)</u>
Total revenues	<u>3,401,891</u>	<u>4,204,618</u>	<u>802,727</u>	<u>4,032,743</u>	<u>3,990,945</u>	<u>(41,798)</u>
Expenses:						
General government	501,575	544,606	43,031	-	-	-
Judicial	146,292	125,573	(20,719)	-	-	-
Public safety	995,247	1,079,552	84,305	-	-	-
Public works	621,914	773,434	151,520	-	-	-
Culture and recreation	325,765	242,146	(83,619)	-	-	-
Economic development	324,607	296,141	(28,466)	-	-	-
Interest	8,666	6,498	(2,168)	-	-	-
Water system	-	-	-	2,788,403	2,760,344	(28,059)
Sewerage system	-	-	-	<u>1,063,257</u>	<u>1,066,340</u>	<u>3,083</u>
Total expenses	<u>2,924,066</u>	<u>3,067,950</u>	<u>143,884</u>	<u>3,851,660</u>	<u>3,826,684</u>	<u>(24,976)</u>
Change in net position	477,825	1,136,668	658,843	181,083	164,261	(16,822)
Beginning net position, as restated	<u>6,099,448</u>	<u>6,577,273</u>	<u>477,825</u>	<u>12,366,009</u>	<u>12,547,092</u>	<u>181,083</u>
Ending net position	<u>\$ 6,577,273</u>	<u>\$ 7,713,941</u>	<u>\$ 1,136,668</u>	<u>\$ 12,547,092</u>	<u>\$ 12,711,353</u>	<u>\$ 164,261</u>

Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the year ending December 31, 2020, the net position of governmental funds increased 17% from the prior year. The net position of business-type activities increased 1%.

Approximately 17% of the City's revenues came from property taxes, 25% from sales taxes and 25% from other revenues and taxes during 2020. Other revenues include alcohol and liquor taxes, franchise taxes, insurance premium taxes and business and occupation taxes. All these sources account for 67% of governmental activity revenues as the City is heavily reliant on

property, sales and other taxes to support governmental operations. Charges for services provided 8% of total revenues but saw a decrease of 4% from the prior year due to a decrease in sign and zoning permits and vendor permits. Capital grants and contributions provided 22% of the City's governmental activities revenue in 2020, a 7% increase from the prior year as a result of increased SPLOST collections and Streetscape grant funds.

Overall expenses for governmental activities saw a moderate 5% increase with conservative spending in all departments. Public safety remains the largest percentage of total expense at 35%. General government expenses were 18% of total expense, a decrease of 1% from the prior year. Judicial expense decreased 1% to 4% while culture and recreation decreased 3% to 8% of overall expense. Housing and economic development decreased to 10%, an decrease of 1% from the prior year.

There was a 3% increase in charges for services, along with a 34% decrease in capital grants and contributions for business-type activities. This was the result of a decrease in GEFA principal forgiveness. Business-type expense decreased less than 1% as expenses were consistent with the prior year.

Financial Analysis of the City's Funds

The focus of the City's governmental funds is to provide information on near-term inflows and outflows and the balance of resources available for spending. Such information is useful in assessing the City's financing requirements, such as unassigned fund balance which can serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the year, the City's governmental funds reported a combined ending fund balance of \$2,820,475 with \$1,025,409 reported as unassigned fund balance, \$65,254 as nonspendable for prepaid items and inventory, \$802,150 restricted for specific purposes, \$400,000 committed and \$527,662 assigned. The amount restricted for capital projects and program purposes increased \$118,892 from last year as assets were held for future projects. Other restricted fund balances consisted of restricted hotel/motel funds for advertising of \$15,370 and confiscated asset funds of \$4,464 for public safety. Unassigned fund balance in the General fund increased \$570,588 as a result of the net change in fund balance and the increase in operating cash. Fund balance of \$613,000 was committed or assigned for working capital and contingencies as it is the City's policy to strive to maintain three months operating expenditures as reserve. The remaining amount of \$314,662 is assigned in the hotel/motel special revenue fund for tourism or economic development purposes to be determined by the Council.

Governmental Funds

The general fund balance increased \$581,639 while total revenues increased only \$372,037 or 14%. Sales tax increased \$200,072 or 23% and property taxes increased \$159,269 or 26%. General fund expenditures decreased \$49,913 or 2%. Police expenditures increased approximately 4% due to wage increases while culture and recreation decreased over \$83,000 or 28% due to a decrease in electricity and building and grounds maintenance since the pool was not opened.

Intergovernmental revenue for the SPLOST fund increased by approximately \$388,002 or 74% from the Streetscape grant from GDOT and economic growth. Fund balance in the SPLOST fund increased \$118,892 as funds are being accumulated for future projects. The revenue for nonmajor governmental funds increased 15% as hotel/motel revenues increased due to economic growth in the area. Expenditures were consistent with the prior year while fund balance for nonmajor governmental funds increased \$107,444.

Proprietary Fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Therefore, the analysis is presented above.

General Fund Budgetary Highlights

The City adopted a 2020 budget of \$2,903,950 for revenues and expenditures. The City did two budget amendments in the general fund during the year making the amended budget \$2,678,950. The budget amendment included a \$90,000 decrease for auto tag taxes additions to reserve. Other adjustments include a decrease in fine revenues of \$92,000, liquor pouring taxes of \$20,000 and pool revenues of \$26,000, offset by decreases in fine payments to other agencies, pool expenditures and contingencies. Proceeds from capital lease was also decreased by \$37,500 along with capital outlay for the purchase of a

police vehicle that was delayed. Other changes include an increase in sales tax revenue of \$32,500 to provide for an increase in materials and supplies in the street department.

The actual operating revenues of the General Fund were more than budgeted amounts by \$495,775 due largely to sales tax revenue, which was budgeted conservatively based on prior year history. Other taxes were higher than expected by \$138,3271 since more was collected for beverage and liquor pouring taxes. Intergovernmental revenue was also over budget by more than \$81,000 as a result Georgia Cares Act funding. The actual operating expenditures of the General Fund were less than budgeted amounts by \$123,881. General government expenditures were less than budgeted amounts by \$64,372 since wages were less than budgeted. The economic development function was under budget by \$32,147 because contract services and other various accounts were less than budgeted.

Capital Asset and Long-term Debt Activity

At December 31, 2020, the City reported \$4,947,595 in capital assets for governmental activities and \$22,375,755 in capital assets for the business-type activities. The governmental activities capital asset additions included purchase of a police vehicle, a salt spreader for the street department, street paving and work on retaining walls in the downtown area. Capital additions for the business-type activities included infrastructure expense, a vehicle and an antenna for the radio read meter project. Construction in progress additions involved engineering for relocation of waterlines on Hwy. 5 and engineering for improvements at the wastewater treatment plant. Refer to Note 4 to the financial statements for additional information on capital assets.

At December 31, 2020, the City reported long-term liabilities of \$677,439 for governmental activities and \$14,511,243 for business-type activities. The debt for governmental activities includes capital leases for vehicles and equipment and a mobile restroom, half of a note payable for a skid steer, compensated absences and a net pension liability. The debt for business-type activities includes bonds for water and sewer plant upgrades and improvements, notes payable for meter replacements and Trackside pump station, half of a note payable for a skid steer, capital leases for vehicles and equipment, compensated absences and a net pension liability. Refer to Note 5 to the financial statements for additional information on long-term debt.

Conditions Affecting the City

The City has multiple projects in the water fund such as an ongoing project to replace the sewer line to the Trackside pump station and upcoming projects for wastewater treatment plant improvements and water line replacement on Highway 5 as part of the GDOT project to widen the road. These projects will add infrastructure assets and debt to future financial statements. The City also refinanced water and sewer bonds at the beginning of 2021, decreasing annual debt service approximately \$100,000 per year.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information contact Alicia Stewart, Finance Director at City of Blue Ridge, 480 West First Street, Blue Ridge Georgia, or (706)632-2091.

City of Blue Ridge, Georgia
Statement of Net Position
December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,221,975	\$ 1,740,077	\$ 2,962,052	\$ -
Pooled operating cash	1,724,677	1,659,355	3,384,032	-
Investments	184,903	-	184,903	-
Restricted assets				
Cash and cash equivalents	-	353,326	353,326	-
Receivables				
Accounts	143,585	497,399	640,984	-
Property taxes	472,977	-	472,977	-
Franchise taxes	15,589	-	15,589	-
Other taxes	80,044	-	80,044	-
Fines	103,726	-	103,726	-
Intergovernmental	150,875	-	150,875	82,935
Forfeited property held for resale	2,511	-	2,511	-
Inventory	34,018	100,159	134,177	-
Prepaid items	31,236	25,269	56,505	-
Total Current Assets	4,166,116	4,375,585	8,541,701	82,935
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	-	810,214	810,214	-
Capital assets				
Nondepreciable	277,815	366,402	644,217	-
Depreciable, net	4,669,780	22,009,353	26,679,133	29,244
Total Noncurrent Assets	4,947,595	23,185,969	28,133,564	29,244
Total Assets	9,113,711	27,561,554	36,675,265	112,179
Deferred Outflows of Resources				
Pension related	292,428	212,658	505,086	-
Liabilities				
Current Liabilities				
Accounts payable	70,682	132,182	202,864	-
Accrued payroll liabilities	27,738	12,873	40,611	-
Intergovernmental payable	82,935	-	82,935	-
Accrued interest payable	2,866	31,156	34,022	-
Other	8,793	-	8,793	-
Compensated absences payable	10,881	8,286	19,167	-
Capital leases payable	34,947	19,070	54,017	-
Notes payable	1,943	31,381	33,324	-
Revenue obligation bonds payable	-	235,418	235,418	-
Payable from restricted assets				
Customer deposits	-	353,326	353,326	-
Total Current Liabilities	240,785	823,692	1,064,477	-
Long-Term Liabilities (net of current portion)				
Compensated absences payable	25,390	19,333	44,723	-
Net pension liability	516,563	375,652	892,215	-
Capital leases payable	87,715	15,333	103,048	-
Notes payable	-	1,023,223	1,023,223	-
Revenue bonds payable	-	12,782,049	12,782,049	-
General obligation bonds payable	-	1,496	1,496	-
Total Long-Term Liabilities	629,668	14,217,086	14,846,754	-
Total Liabilities	870,453	15,040,778	15,911,231	-
Deferred Inflows of Resources				
Unavailable revenues	791,382	-	791,382	-
Pension related	30,363	22,081	52,444	-
Total Deferred Inflows of Resources	821,745	22,081	843,826	-
Net Position				
Net investment in capital assets	4,822,990	8,267,785	13,090,775	-
Restricted for				
Debt service	-	810,214	810,214	-
Capital projects	782,316	-	782,316	-
Program purposes				
Public safety	4,464	-	4,464	-
Housing and economic development	15,370	-	15,370	-
Unrestricted	2,088,801	3,633,354	5,722,155	112,179
Total Net Position	\$ 7,713,941	\$ 12,711,353	\$ 20,425,294	\$ 112,179

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Activities
For the Year Ended December 31, 2020

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Downtown Development Authority
		Charges for Services, Sales and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 544,606	\$ 122,218	\$ 21,156	\$ -	\$ (401,232)	\$ -	\$ (401,232)	\$ -
Judicial	125,573	123,522	-	-	(2,051)	-	(2,051)	-
Public safety	1,079,552	910	5,200	-	(1,073,442)	-	(1,073,442)	-
Public works	773,434	597	98,329	912,322	237,814	-	237,814	-
Culture and recreation	242,146	6,320	-	-	(235,826)	-	(235,826)	-
Housing and development	296,141	86,869	-	-	(209,272)	-	(209,272)	-
Interest	6,498	-	-	-	(6,498)	-	(6,498)	-
Total Governmental Activities	3,067,950	340,436	124,685	912,322	(1,690,507)	-	(1,690,507)	-
Business-Type Activities								
Water system	2,760,344	2,479,101	-	162,681	-	(118,562)	(118,562)	-
Sewer system	1,066,340	1,226,773	-	64,324	-	224,757	224,757	-
Total Business-Type Activities	3,826,684	3,705,874	-	227,005	-	106,195	106,195	-
Total - Primary Government	\$ 6,894,634	\$ 4,046,310	\$ 124,685	\$ 1,139,327	(1,690,507)	106,195	(1,584,312)	-
Component Unit								
Downtown Development Authority	\$ 750	\$ 88,088	\$ -	\$ -	-	-	-	87,338
General Revenues								
Property taxes levied for general government purposes					716,578	-	716,578	-
Sales taxes					1,056,261	-	1,056,261	-
Franchise taxes					118,389	-	118,389	-
Insurance premium taxes					108,902	-	108,902	-
Business and occupation taxes					59,036	-	59,036	-
Real estate and intangible taxes					24,829	-	24,829	-
Other taxes					727,944	-	727,944	-
Unrestricted intergovernmental					6,145	-	6,145	24,841
Investment earnings					4,512	3,386	7,898	-
Miscellaneous					4,579	54,680	59,259	-
Total General Revenues					2,827,175	58,066	2,885,241	24,841
Change in Net Position					1,136,668	164,261	1,300,929	112,179
Net Position Beginning of Year					6,577,273	12,547,092	19,124,365	-
Net Position End of Year					\$ 7,713,941	\$ 12,711,353	\$ 20,425,294	\$ 112,179

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	SPLOST	Nonmajor Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 524,099	\$ 695,923	\$ 1,953	\$ 1,221,975
Pooled operating cash	1,417,086	-	307,591	1,724,677
Investments	184,903	-	-	184,903
Receivables (net)				
Accounts	4,555	139,030	-	143,585
Property taxes	472,977	-	-	472,977
Franchise taxes	15,589	-	-	15,589
Other taxes	55,452	-	24,592	80,044
Fines	103,726	-	-	103,726
Intergovernmental				
Federal	33,179	-	-	33,179
State	101,714	-	-	101,714
County	9,838	-	-	9,838
Authorities	6,144	-	-	6,144
Forfeited property held for resale	-	-	2,511	2,511
Inventory	34,018	-	-	34,018
Prepaid items	31,236	-	-	31,236
Total Assets	\$ 2,994,516	\$ 834,953	\$ 336,647	\$ 4,166,116
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 53,739	\$ 14,792	\$ 2,151	\$ 70,682
Accrued payroll liabilities	27,738	-	-	27,738
Intergovernmental payable	82,935	-	-	82,935
Other	8,793	-	-	8,793
Total Liabilities	173,205	14,792	2,151	190,148
Deferred Inflows of Resources				
Unavailable revenue	1,117,648	37,845	-	1,155,493
Fund Balances				
Nonspendable				
Prepaid items	31,236	-	-	31,236
Inventory	34,018	-	-	34,018
Restricted				
Capital projects	-	782,316	-	782,316
Program purposes				
Public safety	-	-	4,464	4,464
Economic development	-	-	15,370	15,370
Committed				
Working capital/contingencies	400,000	-	-	400,000
Assigned				
Working capital/contingencies	213,000	-	-	213,000
Economic development	-	-	314,662	314,662
Unassigned, reported in				
General fund	1,025,409	-	-	1,025,409
Total Fund Balances	1,703,663	782,316	334,496	2,820,475
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,994,516	\$ 834,953	\$ 336,647	\$ 4,166,116

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Reconciliation of the Governmental Funds' Balance Sheet
to the Statement of Net Position
December 31, 2020

Total Governmental Fund Balances	\$	2,820,475
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Cost of capital assets	\$ 8,114,172	
Less accumulated depreciation	<u>(3,166,577)</u>	4,947,595

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Property taxes	174,672	
Other taxes	11,572	
Intergovernmental	78,772	
Fines	99,095	
Deferred outflows of resources- pension related	<u>292,428</u>	656,539

Liabilities not due and payable in the current period are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position.

Leases payable	(122,662)	
Notes payable	(1,943)	
Compensated absences	(36,271)	
Accrued interest	(2,866)	
Net pension obligation	(516,563)	
Deferred inflow of resources- pension related	<u>(30,363)</u>	<u>(710,668)</u>

Net Position Of Governmental Activities	\$	<u><u>7,713,941</u></u>
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See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2020

	General Fund	SPLOST	Nonmajor Governmental Funds	Total
Revenues				
Property taxes	\$ 762,571	\$ -	\$ -	\$ 762,571
Sales taxes	1,056,261	-	-	1,056,261
Other taxes	811,271	-	218,963	1,030,234
Licenses and permits	147,851	-	-	147,851
Intergovernmental	84,703	911,084	-	995,787
Charges for services	13,059	-	-	13,059
Fines and forfeitures	155,214	-	-	155,214
Contributions	5,200	-	-	5,200
Investment earnings	4,512	1,238	-	5,750
Restitution	-	3,600	-	3,600
Miscellaneous	60,583	-	-	60,583
Total Revenues	3,101,225	915,922	218,963	4,236,110
Expenditures				
Current				
General government	496,306	-	-	496,306
Judicial	122,726	-	-	122,726
Public safety				
Police	1,028,048	-	-	1,028,048
Fire	22,438	-	-	22,438
Public works	473,024	-	-	473,024
Culture and recreation	216,651	-	-	216,651
Housing and economic development	159,718	-	111,519	271,237
Capital Outlay				
Public works	-	797,030	-	797,030
Debt Service				
Principal retirement	29,070	-	-	29,070
Interest and fiscal charges	7,088	-	-	7,088
Total Expenditures	2,555,069	797,030	111,519	3,463,618
Excess (Deficiency) of Revenues Over (Under) Expenditures	546,156	118,892	107,444	772,492
Other Financing Sources (Uses)				
Capital lease inception	35,483	-	-	35,483
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources	35,483	-	-	35,483
Net Change in Fund Balances	581,639	118,892	107,444	807,975
Fund Balances Beginning of Year	1,122,024	663,424	227,052	2,012,500
Fund Balances End of Year	\$ 1,703,663	\$ 782,316	\$ 334,496	\$ 2,820,475

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2020

Net Changes In Fund Balances - Total Governmental Funds		\$ 807,975
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (286,669)	
Capital outlay	<u>714,722</u>	428,053
Capital leases and notes are reported as other financing at the fund level but are reported as a liability on the government-wide statement of activities.		
		(35,483)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues at the fund financial reporting level.		
Property taxes:		
Deferred at 12/31/19	\$ (220,665)	
Deferred at 12/31/20	<u>174,672</u>	(45,993)
Franchise taxes:		
Deferred at 12/31/19	\$ (756)	
Deferred at 12/31/20	<u>-</u>	(756)
Other taxes:		
Deferred at 12/31/19	\$ (1,950)	
Deferred at 12/31/20	<u>11,572</u>	9,622
Intergovernmental:		
Deferred at 12/31/19	\$ (41,445)	
Deferred at 12/31/20	<u>78,772</u>	37,327
Fines:		
Deferred at 12/31/19	\$ (130,787)	
Deferred at 12/31/20	<u>99,095</u>	(31,692)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities.		
		29,070
Pension expense represents the change in net pension liability from the beginning of the year to the end of the year on the statement of activities, but is measured by the amount actually paid in the governmental funds. This is the amount by which pension contributions paid in the current period exceeded the change in net pension liability and pension related deferrals		
		(39,516)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. The change in the current year expenses are as follows:		
Accrued interest		
Liability @ 12/31/19	\$ 3,456	
Liability @ 12/31/20	<u>(2,866)</u>	590
Compensated absences		
Liability @ 12/31/19	\$ 17,144	
Liability @ 12/31/20	<u>(36,271)</u>	<u>(19,127)</u>
Change In Net Position of Governmental Activities		<u>\$ 1,136,668</u>

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Property taxes	\$ 768,000	\$ 678,000	\$ 762,571	\$ 84,571
Sales taxes	875,000	907,500	1,056,261	148,761
Other taxes	685,000	673,000	811,271	138,271
Licenses and permits	148,500	148,500	147,851	(649)
Intergovernmental	3,000	3,000	84,703	81,703
Charges for services	35,450	9,450	13,059	3,609
Fines and forfeitures	220,000	128,000	155,214	27,214
Contributions	-	-	5,200	5,200
Investment earnings	4,000	4,000	4,512	512
Miscellaneous	54,000	54,000	60,583	6,583
Total Revenues	2,792,950	2,605,450	3,101,225	495,775
Expenditures				
Current				
General government	672,362	560,678	496,306	64,372
Judicial	155,840	122,840	122,726	114
Public safety				
Police	1,062,260	1,028,260	1,028,048	212
Fire	24,000	24,000	22,438	1,562
Public works	447,115	473,115	473,024	91
Culture and recreation	289,327	222,327	216,651	5,676
Economic development	191,865	191,865	159,718	32,147
Debt Service				
Principal retirement	50,495	45,179	29,070	16,109
Interest and fiscal charges	10,686	10,686	7,088	3,598
Total Expenditures	2,903,950	2,678,950	2,555,069	123,881
Excess of Revenues Over Expenditures	(111,000)	(73,500)	546,156	619,656
Other Financing Sources (Uses)				
Capital lease inception	75,000	37,500	35,483	(2,017)
Transfers in	36,000	36,000	-	(36,000)
Total Other Financing Sources (Uses)	111,000	73,500	35,483	(38,017)
Net Change in Fund Balances	\$ -	\$ -	581,639	\$ 581,639
Fund Balances Beginning of Year			1,122,024	
Fund Balances End of Year			\$ 1,703,663	

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Fund Net Position
Proprietary Fund
December 31, 2020

	Water & Sewer Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 1,740,077
Pooled operating cash	1,659,355
Receivables (net)	
Accounts	497,399
Inventory	100,159
Prepaid items	25,269
Restricted assets	
Cash and cash equivalents	353,326
Total Current Assets	<u>4,375,585</u>
Noncurrent Assets	
Restricted assets	
Cash and cash equivalents	810,214
Unamortized bond expense	
Capital assets	
Nondepreciable	366,402
Depreciable, net	22,009,353
Total Noncurrent Assets	<u>23,185,969</u>
Total Assets	<u>27,561,554</u>
Deferred Outflows of Resources	
Pension related	212,658
Total Assets and Deferred Outflows of Resources	<u>27,774,212</u>
Liabilities	
Current Liabilities	
Accounts payable	132,182
Accrued payroll liabilities	12,873
Accrued expenses	
Intergovernmental payable	
Accrued interest	31,156
Accrued contracts payable	
Compensated absences payable	8,286
Capital lease payable	19,070
Notes payable	31,381
Revenue bonds payable	235,418
Payable from Restricted Assets:	
Customer deposits	353,326
Total Current Liabilities	<u>823,692</u>
Long-Term Liabilities	
Compensated absences payable (net of current portion)	19,333
Net pension liability	375,652
Capital lease payable (net of current portion)	15,333
Notes payable (net of current portion)	1,023,223
Revenue bonds payable (net of current portion)	12,782,049
General obligation bonds	1,496
Total Long-Term Liabilities	<u>14,217,086</u>
Total Liabilities	<u>15,040,778</u>
Deferred Inflows of Resources	
Pension related	22,081
Total Liabilities and Deferred Inflows of Resources	<u>15,062,859</u>
Net Position	
Net investment in capital assets	8,267,785
Restricted for debt service	810,214
Unrestricted	3,633,354
Total Net Position	<u>\$ 12,711,353</u>

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Revenues,
Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2020

	Water & Sewer Fund
Operating Revenues	
Charges for services	
Water revenues	\$ 2,369,063
Sewer revenues	1,195,243
Service charges	20,550
Tap fees	77,274
Connection fees	15,593
Penalties	28,151
Miscellaneous	54,680
	3,760,554
Total Operating Revenues	
Operating Expenses	
Water department	
Personnel services	716,980
Contractual services	295,206
Supplies	593,935
Interfund charges	104,678
Sewer department	
Personnel services	155,489
Contractual services	236,839
Supplies	252,833
Interfund charges	237,708
	2,593,668
Total Operating Expenses	
Operating Income before Depreciation	1,166,886
Depreciation	790,225
	376,661
Operating Income	
Non-Operating Revenues (Expenses)	
Intergovernmental revenue	101,005
Surcharge revenue	126,000
Interest income	3,386
Interest on revenue bonds	(436,586)
Interest on leases and notes payable	(6,205)
	(212,400)
Total Non-Operating Revenues	
Change in Net Position	164,261
Net Position Beginning of Year	12,547,092
Net Position End of Year	\$ 12,711,353

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2020

	Water & Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 3,692,495
Cash payments for personal services	(826,205)
Cash payments for goods and services	(1,328,854)
Cash payments for interfund services used	(342,386)
Other cash receipts	54,680
	1,249,730
Net Cash Provided by (Used in) Operating Activities	1,249,730
Cash Flows from Capital and Related Financing Activities	
Proceeds from surcharge fees	126,000
Principal paid on revenue bonds	(227,567)
Interest paid on revenue bonds	(436,406)
Principal paid on leases and notes	(31,035)
Interest paid on leases and notes	(5,988)
Proceeds from leases and notes	288,904
Payments for capital acquisitions and construction	(293,851)
	(579,943)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(579,943)
Cash Flows from Investing Activities	
Investments earnings	3,386
	3,386
Net Increase (Decrease) in Cash and Cash Equivalents	673,173
Cash and Cash Equivalents Beginning of Year	3,889,799
Cash and Cash Equivalents End of Year	\$ 4,562,972
Reconciliation of total cash and cash equivalents:	
Cash and cash equivalents	\$ 1,740,077
Pooled operating cash	1,659,355
Current restricted assets-cash and cash equivalents	353,326
Noncurrent restricted assets- cash and cash equivalents	810,214
Total cash and cash equivalents	\$ 4,562,972

See accompanying notes to the basic financial statements.

(continued)

City of Blue Ridge, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2020

	<u>Water & Sewer Fund</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities	
Operating Income	\$ 376,661
Adjustments	
Depreciation	790,225
(Increase) Decrease in Assets	
Accounts receivable	(41,846)
Inventories	61,105
Prepaid expenses	(10,103)
Deferred outflows of resources- pension related	(83,117)
Increase (Decrease) in Liabilities	
Accounts payable	(1,043)
Accrued payroll liabilities	5,854
Deposits payable	28,467
Compensated absences	1,953
Net pension liability	109,902
Deferred inflow of resources- pension related	11,672
	11,672
Net Cash Provided by (Used in) Operating Activities	\$ 1,249,730
Noncash Capital and Related Financing Activities	
Georgia Environmental Finance Authority loan forgiveness for Drinking Water State Revolving Loan Funds	\$ 101,005
Capital contributions	\$ -

CITY OF BLUE RIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

1. Summary of Accounting Policies

The City of Blue Ridge, Georgia complies with Generally Accepted Accounting Principles (GAAP). The city's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34 which establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

GASB 34 took effect for entities the size of the City of Blue Ridge during the fiscal year ending December 31, 2004. One of the changes required by GASB 34 is the presentation of current and accumulated depreciation by activity. Another important change is the requirement to present the original adopted budget as well as the final amended budget in the budgetary comparison statements.

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

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

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

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City.

These statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

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.

C. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, fines, interest revenue and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. A sixty (60) day availability period is used for revenue recognition for all governmental fund revenues.

The City reports the following major governmental funds:

General Fund – is the principal fund of the City and is used to account for all activities of the City not otherwise accounted for by a specified fund.

Special Local Option Sales Tax (SPLOST) Fund – to account for the collection and disbursement of the renewal of the 1% Special Local Option Sales Tax (SPLOST) needed to fund road projects and acquisition and construction of capital projects.

The City reports the following major proprietary funds:

Water and Sewer Fund – to provide for the operation, maintenance, and improvement of the City's water and sewer system.

Additionally, the City reports the following fund types:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Hotel/Motel and Confiscated Assets funds are special revenue funds.

Capital Projects Funds account for financial resources to be used for the acquisition of major capital projects which are not financed by the General Fund. The SPLOST fund and nonmajor Multiple Grant fund are capital projects funds.

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Enterprise Funds account for activities that are usually self-sustaining, principally through user charges for services rendered. The Water and Sewer Fund is an enterprise fund.

D. The Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable, and a financial benefit or burden relationship exists. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

Blue Ridge Downtown Development Authority (Development Authority) – Created on December 11, 2018, the Development Authority is governed by a five-member board consisting of four members appointed by the City Council and one member appointed from the elected City Council members. The primary purpose is to support downtown development with planning and funding. The Authority is fiscally dependent on the City for the funding of its obligations and debt. The financial activity for this discretely presented component unit is reported in a separate column on the government-wide financial statements to emphasize that it is legally separate from the City. Financial information related to the Downtown Development Authority may be obtained from the City upon request. Separate financial statements for the Authority are not prepared.

E. Budgets

The budgetary data reflected in the financial statements are established and adopted by the City Council and Mayor at the department level. Any change to the original budget for a department must be approved by the Council.

An annual budget is required to be adopted for the general fund and each special revenue fund according to Georgia law. A project-length budget is required for capital projects funds. Annual budgets were adopted for the General Fund, special revenue funds, capital projects funds, and the Water and Sewer Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies.

F. Receivables

Property taxes reflected in revenue consist of taxes levied the prior calendar year, normally by the end of that calendar year, plus collections of any prior year taxes. Those current and prior year property taxes which are collected within sixty days of the fiscal year end are susceptible to accrual and therefore are accrued and reflected in revenue. All other property taxes receivable is deferred in the governmental fund financial statements. An allowance is made for uncollectible taxes consisting of 100% of delinquent balances for any taxes over seven years and the lesser of the delinquent balance or 2% of the levy for all other years. The allowance for property taxes at December 31, 2020 is \$129,375.

Fines receivable is estimated as 30% of the outstanding balance of non-probation cases and 100% of probation cases. The allowance for fine receivable at December 31, 2020 is \$2,426.

Accounts receivable in the Water and Sewer Fund are stated at gross amounts receivable less an allowance for estimated uncollectible accounts. The allowance is computed as a percentage of the receivable balance at year end based primarily on the age of the indebtedness. The allowance for uncollectible accounts receivable in the Water and Sewer Fund is computed as 5% of the active accounts and 100% of the finalized and inactive accounts. The total allowance for 2020 is \$215,125. The increase in the amount of receivables considered uncollectible is included in the financial statements in net revenue. Unbilled water and sewer charges are accrued as receivables and revenue at December 31, 2020.

G. Inventories

Inventories in the General Fund and the Water and Sewer Fund are stated at cost. The City uses the first-in, first-out (FIFO) method of accounting for inventory.

H. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization threshold for reporting capital assets at \$5,000 and \$25,000 for infrastructure assets. Infrastructure assets acquired prior to the implementation of GASB 34 have not been capitalized. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The City patched and resurfaced several roads during the current year that are considered general maintenance.

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

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives.

	<u>Useful Life</u>
Building and Improvements	10 – 50 years
Equipment	5 – 20 years
Vehicles	5 – 10 years
Infrastructure	50 years
City Park and Improvements	20 - 40 years
Utility Plant and Pipelines	40 - 50 years

I. Employee Benefits

The City’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Accumulated sick leave lapses when employees leave the employ of the government and, upon separation from service, no monetary obligation exists.

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs are reported as debt service expenditures in governmental funds or a non-operating expense in proprietary funds.

K. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is at present considered unnecessary to assure effective budgetary control or to facilitate effective cash planning and control.

L. Prepays

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items at both reporting levels using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

M. Cash and Cash Equivalents

Cash and Cash Equivalents for balance sheet purposes consist of demand deposits and certificates of deposits with original maturities of three months or less.

N. Operating and Non-operating Income

The City defines non-operating income as capital grant revenue, interest, rents and other investment type revenue. All other revenues that are primarily customer related are considered operating revenue. Non-operating expenses include interest. All other expenses are considered operating expenses.

O. Fund Balance Policy and Restricted and Unrestricted Resources

The fund balance of governmental funds can be classified into five different categories which are nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance are resources that are not in spendable form or are legally or contractually required to be maintained intact, such as inventory or prepaid assets. Some constraints on the use of resources are externally enforceable, imposed by law or enabling legislation and are classified as restricted. An example includes hotel/motel tax resources. Portions of fund balance can be committed if constraints are formally imposed by the government’s highest level of decision-making authority by no later than the end of the reporting period. The Mayor and Council are required to formally commit fund balance by resolution. Assigned fund balance is a resource earmarked for particular purposes and can be designated by the Mayor or City Administrator with written authorization. The remaining fund balance not classified in any of the previous categories is labeled unassigned.

The City shall strive to establish a fund balance reserve in all operating funds for working capital. The purpose of working capital is to cover the cost of expenditures caused by unforeseen emergencies, cover shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. This reserve shall accumulate and then be maintained at an amount that represents no less than three (3) months of operating and debt expenditures (approximately 25% of budgeted expenditures.) Non-operating funds do not need a reserve for working capital.

Net position on the government-wide and proprietary fund statements represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and debt, plus any outstanding balances of borrowings not yet expended, but restricted for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulation of other governments. All other net position balances are reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed. When an expenditure is incurred for purposes for which amounts in committed, assigned, or unassigned fund balance could be used, it is the government's policy to first use committed and then assigned fund balance if available. Unassigned fund balance would be used for remaining expenditures from unrestricted fund balance.

P. Investments

The City generally limits their investments to certificates of deposit through local financial institutions. However, upon approval by Mayor and Council, any investment authorized by Georgia code would be acceptable.

Q. Unearned Revenue and Deferred Outflows/Inflows of Resources

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as unearned revenue (i.e., they are measurable but not available) rather than as revenue.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources, if applicable. This element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes, fines and other receivables not collected within sixty days of year-end have been recorded as deferred revenue at the fund reporting level. Imposed nonexchange tax revenue received in advance is also classified as a deferred inflow at the fund and government-wide reporting levels.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the City of Blue Ridge, (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Cash on Deposit and Investment Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be recovered. State statutes require all deposits to be collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia or bonds of public or development authorities, counties, or municipalities of the State of Georgia. It is the City's policy that any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. Obligations. Deposits exceeding FDIC limits secured thru the local government investment pool, "Georgia Fund 1," created by O.C.G.A. 36-83-8 or a collateral pool are acceptable securities. The amount of the total bank balance is classified into three categories of credit risk: (1) FDIC insured or collateralized with securities held by the City or its agent in its name; (2) collateralized with securities held by the pledging institution's trust department in the City's name; (3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the City's name.

At December 31, 2020 the bank balance of all deposits was \$7,773,405 and the carrying amount was \$7,694,527. All deposits were covered by FDIC insurance with deposits exceeding FDIC limits secured thru the Georgia Secure Deposit Program according to Georgia law. Administered by the Georgia Bankers Association Services, Inc. (GBASI) and coordinated by the Office of State Treasurer, the Program came into existence during 2016. Through monthly reporting, GBASI ensures the banks participating in the pool meet Georgia state law regarding collateral levels of 110%. As of December 31, 2020, the amount covered by depository insurance was \$500,000 and the amount with securities held by United Community Bank or by its trust department or agent, but not in the City's name was \$7,273,405. The collateral to deposit ratio is 110%.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. It is currently the City's policy to not invest in instruments with a variable interest rate.

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the City's policy to invest in non-negotiable certificates of deposit and money market accounts that are covered by FDIC insurance or pledged collateral.

3. Restricted Assets and Restricted Net Position

Assets totaling \$810,214 in the Water and Sewerage System Fund are restricted for debt service related to Rural Development bonds. Restricted cash also includes \$353,326 for customer deposits. Total restricted assets equal \$1,163,540.

Restricted net position for governmental activities includes \$782,316 from the SPLOST fund restricted for capital projects, \$4,464 from the Confiscated Assets fund for public safety and \$15,370 from the Hotel/Motel fund for economic development. Restricted net position for business-type activities includes \$810,214 for debt service.

4. Capital Assets – Governmental Activities

Changes in capital assets by major classes for 2020 are as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2020</u>
Nondepreciable capital assets				
Land	\$ 76,065	\$ -	\$ -	\$ 76,065
Construction in progress	<u>300,907</u>	<u>92,934</u>	<u>192,091</u>	<u>201,750</u>
Total nondepreciable capital assets	<u>376,972</u>	<u>92,934</u>	<u>192,091</u>	<u>277,815</u>
Depreciable capital assets				
Buildings	1,610,293	-	-	1,610,293
Machinery and equipment	1,442,178	56,475	8,008	1,490,645
Site improvements	762,890	2,450	-	765,340
Infrastructure	<u>3,215,125</u>	<u>754,954</u>	<u>-</u>	<u>3,970,079</u>
Total depreciable assets	<u>7,030,486</u>	<u>813,879</u>	<u>8,008</u>	<u>7,836,357</u>
Total capital assets	<u>7,407,458</u>	<u>906,813</u>	<u>200,099</u>	<u>8,114,172</u>
Accumulated depreciation				
Buildings	589,664	51,057	-	640,721
Machinery and equipment	1,132,944	71,578	4,606	1,199,916
City park & improvements	543,176	20,528	-	563,704
Infrastructure	<u>618,730</u>	<u>143,506</u>	<u>-</u>	<u>762,236</u>
Total accumulated depreciation	<u>2,884,514</u>	<u>286,669</u>	<u>4,606</u>	<u>3,166,577</u>
	<u>\$ 4,522,944</u>	<u>\$ 620,144</u>	<u>\$ 195,493</u>	<u>\$ 4,947,595</u>

Governmental activities depreciation expense is as follows:

General government	\$ 41,261
Public safety	36,626
Public works	160,915
Culture and recreation	24,448
Economic development	<u>23,419</u>
	<u>\$ 286,669</u>

Governmental machinery and equipment includes an antique fire truck and calliope donated to the City of Blue Ridge in 2016 for use in parades and public events downtown. These items are reported at their acquisition value of \$24,000 and \$16,000, respectively. This is an estimate of a price that would be paid to acquire similar assets in an orderly market transaction at the acquisition date, according to the price paid by the donor when the assets were acquired in November 2015 (level 1 inputs). These assets will be maintained in perpetuity and are not being depreciated.

<u>Business-type Activities:</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2020</u>
Nondepreciable capital assets				
Land	\$ 77,875	\$ -	\$ -	\$ 77,875
Intangible assets	34,896	-	-	34,896
Construction in progress	<u>152,196</u>	<u>101,435</u>	<u>-</u>	<u>253,631</u>
Total nondepreciable capital assets	<u>264,967</u>	<u>101,435</u>	<u>-</u>	<u>366,402</u>
Depreciable capital assets				
Infrastructure and pipelines	14,473,971	135,101	-	14,609,072
Buildings and improvements	15,265,748	-	-	15,265,748
Machinery and equipment	<u>822,328</u>	<u>46,688</u>	<u>-</u>	<u>869,016</u>
Total depreciable assets	<u>30,562,047</u>	<u>181,789</u>	<u>-</u>	<u>30,743,836</u>
 Total capital assets	 <u>30,827,014</u>	 <u>283,224</u>	 <u>-</u>	 <u>31,110,238</u>
Accumulated depreciation				
Infrastructure and pipelines	3,750,793	351,659	-	4,102,452
Buildings and improvements	3,681,842	374,992	-	4,056,834
Machinery and equipment	<u>511,623</u>	<u>63,574</u>	<u>-</u>	<u>575,197</u>
Total accumulated depreciation	<u>7,944,258</u>	<u>790,225</u>	<u>-</u>	<u>8,734,483</u>
	 <u>\$ 22,882,756</u>	 <u>\$ (507,001)</u>	 <u>\$ -</u>	 <u>\$ 22,375,755</u>

5. Long-term Debt

The City has obtained capital leases for governmental activities. The expense resulting from depreciation of assets recorded under capital leases is included with depreciation expense shown above. Capital leases are as follows:

A lease payable to Georgia Municipal Association in the amount of \$30,592 for the purchase of a police car and the related equipment matures December 2022 and carries an interest rate of 3.76%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,219	\$ 487	\$ 5,706
2022	<u>5,458</u>	<u>249</u>	<u>5,707</u>
Total	<u>\$ 10,677</u>	<u>\$ 736</u>	<u>\$ 11,413</u>

The asset aquired through this capital lease is as follows:

Machinery and equipment	\$ 28,231
Accumulated depreciation	<u>(17,409)</u>
Book value	<u>\$ 10,822</u>

A lease payable to Georgia Municipal Association in the amount of \$49,500 for the purchase of a portable restroom trailer matures July 2022 and carries an interest rate of 3.84%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 9,897	\$ 789	\$ 10,686
2022	<u>10,284</u>	<u>402</u>	<u>10,686</u>
Total	<u>\$ 20,181</u>	<u>\$ 1,191</u>	<u>\$ 21,372</u>

The asset acquired through this capital lease is as follows:

Machinery and equipment	\$ 49,500
Accumulated depreciation	<u>(14,850)</u>
Book value	<u>\$ 34,650</u>

A lease payable to Georgia Municipal Association in the amount of \$84,623 for the purchase of police cars and the related equipment and a vehicle for the park department matures January 2024 and carries an interest rate of 4.51%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 13,165	\$ 2,540	\$ 15,705
2022	13,759	1,946	15,705
2023	14,379	1,326	15,705
2024	<u>15,018</u>	<u>687</u>	<u>15,705</u>
Total	<u>\$ 56,321</u>	<u>\$ 6,499</u>	<u>\$ 62,820</u>

The asset acquired through this capital lease is as follows:

Machinery and equipment	\$ 95,871
Accumulated depreciation	<u>(38,690)</u>
Book value	<u>\$ 57,181</u>

A lease payable to Georgia Municipal Association in the amount of \$35,483 for the purchase of a police car and the related equipment matures September 2025 and carries an interest rate of 3.21%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 6,666	\$ 1,126	\$ 7,792
2022	6,867	925	7,792
2023	7,087	705	7,792
2024	7,315	477	7,792
2025	<u>7,548</u>	<u>242</u>	<u>7,790</u>
Total	<u>\$ 35,483</u>	<u>\$ 3,475</u>	<u>\$ 38,958</u>

The asset acquired through this capital lease is as follows:

Machinery and equipment	\$ 37,758
Accumulated depreciation	<u>(2,517)</u>
Book value	<u>\$ 35,241</u>

A note payable from governmental activities and business-type activities to the United States Department of Agriculture in the amount of \$19,100 for the purchase of a skid steer matures October 2021 and carries an interest rate of 2.375%.

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	<u>\$ 1,943</u>	<u>\$ 47</u>	<u>\$ 1,990</u>	<u>\$ 1,944</u>	<u>\$ 47</u>	<u>\$ 1,991</u>

The City has obtained the following bonds payable for business-type activities:

Bonds payable at December 31, 2020 are comprised of Water and Sewerage revenue bonds issued November 5, 1997 for \$1,150,250. Monthly payments totaling \$62,136 per year through July 1, 2037, including interest at 4.5% are payable to Rural Development for the construction of the sewer plant. Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 29,870	\$ 32,266	\$ 62,136
2022	31,242	30,894	62,136
2023	32,677	29,459	62,136
2024	34,179	27,957	62,136
2025	35,749	26,387	62,136
2026-2030	204,940	105,740	310,680
2031-2035	256,543	54,137	310,680
2036-2037	<u>105,171</u>	<u>4,445</u>	<u>109,616</u>
	<u>\$ 730,371</u>	<u>\$ 311,285</u>	<u>\$ 1,041,656</u>

During 2014 the City issued Water and Sewerage Revenue Bonds, Series 2014A and 2014B in the amount of \$9,000,000 and \$3,926,000 respectively. Proceeds from this issue prepaid GEFA loans in the amount of \$3,089,921 with interest rates ranging from 3.81% to 4.1%. Proceeds also paid off an interim bond in the amount of \$527,265 with an interest rate of 3.75%. The cash flows required for the debt that was refunded totaled \$3,620,661. The issue is a private placement issue and bears interest at a rate of 3.25%. An interest only payment of \$420,095 was due August 7, 2017. Monthly payments of \$50,153 began September 7, 2017, with the interest rate of 3.25%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 205,548	\$ 396,288	\$ 601,836
2022	212,329	389,507	601,836
2023	219,333	382,503	601,836
2024	226,569	375,267	601,836
2025	234,043	367,793	601,836
2025-2029	1,291,247	1,717,933	3,009,180
2030-2034	1,518,751	1,490,429	3,009,180
2035-2039	1,786,340	1,222,840	3,009,180
2040-2044	2,101,075	908,105	3,009,180
2045-2049	2,471,263	537,917	3,009,180
2050-2054	<u>2,020,598</u>	<u>121,891</u>	<u>2,142,489</u>
	<u>\$12,287,096</u>	<u>\$7,910,473</u>	<u>\$20,197,569</u>

Capital leases for business-type activities are as follows:

A lease payable to Georgia Municipal Association in the amount of \$34,912 for the purchase of a vehicle for the water department matures March 2021 and carries an interest rate of 3.65%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,406	\$ 194	\$ 4,600

The asset acquired through this capital lease is as follows:

Machinery and equipment	\$ 34,912
Accumulated depreciation	<u>(32,003)</u>
Book value	<u>\$ 2,909</u>

A lease payable to Georgia Municipal Association in the amount of \$85,950 for the purchase of an excavator and dump truck for the water department matures December 2022 and carries an interest rate of 3.76%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 14,664	\$ 1,370	\$ 16,034
2022	<u>15,333</u>	<u>701</u>	<u>16,034</u>
Total	<u>\$ 29,997</u>	<u>\$ 2,071</u>	<u>\$ 32,068</u>

The asset acquired through this capital lease is as follows:

Machinery and equipment	\$ 85,950
Accumulated depreciation	<u>(34,793)</u>
Book value	<u>\$ 51,157</u>

The City has obtained the following notes payable for business-type activities:

A note payable to the United States Department of Agriculture in the amount of \$40,500 for the purchase of a backhoe matures December 2028 and carries an interest rate of 3.875%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,661	\$ 1,301	\$ 4,962
2022	3,803	1,159	4,962
2023	3,950	1,012	4,962
2024	4,103	859	4,962
2025	4,262	700	4,962
2026-2028	<u>13,801</u>	<u>1,083</u>	<u>14,884</u>
	<u>\$ 33,580</u>	<u>\$ 6,114</u>	<u>\$ 39,694</u>

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance meter equipment for the purpose of water loss and leak detection (Phase II) was completed during fiscal year 2017 in the amount of \$210,109 with 40% principal forgiveness. It bears an interest rate of 1.09% and matures in January 2038.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,823	\$ 1,194	\$ 7,017
2022	5,887	1,131	7,018
2023	5,952	1,066	7,018
2024	6,017	1,001	7,018
2025	6,083	935	7,018
2026-2030	31,428	3,661	35,089
2031-2035	33,187	1,902	35,089
2036-2038	<u>17,866</u>	<u>261</u>	<u>18,127</u>
	<u>\$ 112,243</u>	<u>\$ 11,151</u>	<u>\$ 123,394</u>

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance meter equipment for the purpose of water loss and leak detection (Phase III) was completed during fiscal year 2019 in the amount of \$248,625 with 20% principal forgiveness. It bears an interest rate of 0.89% and matures in March 2039.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 8,747	\$ 1,546	\$ 10,293
2022	8,825	1,468	10,293
2023	8,904	1,389	10,293
2024	8,984	1,309	10,293
2025	9,064	1,229	10,293
2026-2030	46,551	4,915	51,466
2031-2035	48,668	2,798	51,466
2036-2040	37,950	2,506	40,456
	<u>\$ 177,693</u>	<u>\$ 17,160</u>	<u>\$ 194,853</u>

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance meter equipment for the purpose of water loss and leak detection (Phase IV) was completed during fiscal year 2020 in the amount of \$383,562 with 28% principal forgiveness. It bears an interest rate of 1.25% and matures in January 2041.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 11,206	\$ 3,395	\$ 14,601
2022	12,372	3,241	15,613
2023	12,527	3,086	15,613
2024	12,685	2,928	15,613
2025	12,844	2,769	15,613
2026-2030	66,686	11,381	78,067
2031-2035	70,985	7,082	78,067
2036-2040	75,560	2,506	78,066
2041	1,299	1	1,300
	<u>\$ 276,164</u>	<u>\$ 36,389</u>	<u>\$ 312,553</u>

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance the rehabilitation of a lift station and replacement of sewer main along with pumps and related appurtenances at Trackside Lane was undertaken during 2019. The project was completed during fiscal year 2021. The City can draw up to \$900,000 with 25% principal forgiveness. The maturity will be set 20 years from the amortization commencement date. Construction draws through December 31, 2020, totaled \$603,973 with principal forgiveness of \$150,993. The obligation at year end totaled \$452,980.

General obligation bonds of \$1,496 have not been presented for redemption. These bonds are payable when requested.

Changes in long-term Debt:

	Beginning Balance			Ending Balance	
	12/31/19	Additions	Reductions	12/31/20	Due Within One Year
Governmental activities					
Capital leases payable	\$ 114,293	\$ 35,483	\$ 27,114	\$ 122,662	\$ 34,947
Notes payable	3,899	-	1,956	1,943	1,943
Compensated absences	17,144	36,271	17,144	36,271	10,881
Net pension liability	389,663	126,900	-	516,563	-
	<u>\$ 524,999</u>	<u>\$ 198,654</u>	<u>\$ 46,214</u>	<u>\$ 677,439</u>	<u>\$ 47,771</u>
Business-type activities					
Revenue bonds	\$13,245,034	\$ -	\$ 227,567	\$ 13,017,467	\$ 235,418
Capital lease payable	52,646	-	18,243	34,403	19,070
Notes payable	879,497	288,904	113,797	1,054,604	31,381
General obligation bond	1,496	-	-	1,496	-
Compensated absences	25,666	27,619	25,666	27,619	8,286
Net pension liability	265,750	109,902	-	375,652	-
	<u>\$14,470,089</u>	<u>\$ 426,425</u>	<u>\$ 385,273</u>	<u>\$ 14,511,241</u>	<u>\$ 294,155</u>

Compensated absences are typically liquidated by the general fund. Total interest expense included in the Statement of Activities for 2020 was \$442,791.

6. Budget Controls

Budgetary controls are established by the Mayor and Council through the adoption of annual budgets, with the legal level of control being department level. During fiscal year 2020 no expenditures materially exceeded budgeted appropriated amounts as shown in the budgetary comparison statement.

7. Property Taxes

The City of Blue Ridge’s property tax calendar for the 2019 levy applicable to fiscal year 2020 was as follows:

Lien date	January 1, 2019
Levy date	November 21, 2019
Due date	January 21, 2020
Delinquent date	January 22, 2020

Effective July 1, 2016, interest is added monthly at an annual rate equal to the Federal Prime Rate plus 3% after the delinquent date. A penalty of 5% is assessed 120 days after the delinquent date, with an additional 5% assessed after each successive 120 days to a maximum of 20% of the principal amount due. FIFA’s can be filed for uncollected taxes. The total 2019 levy was \$670,649.

8. Pension Plan

Plan Description

The City has established a non-contributory defined benefit pension plan (The City of Blue Ridge Retirement Plan), covering all full-time employees who regularly work more than 20 hours per week. The City’s pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 1.5% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City established the plan effective June 1, 1998 and has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. Members may retire at 65 years of age with 5 years of service or 55 years of age with 25 years of service. Early retirement is possible at age 55 with 10 years of service. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan membership. As of July 1, 2020, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not receiving benefits	2
Active plan members	<u>37</u>
	<u>52</u>

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City contributes an amount equal to the recommended contribution each year. For the year ended December 31, 2020, the City’s contribution rate was 8.33% of annual covered payroll. City contributions to the Plan were \$130,539 for the year ended December 31, 2020.

Net Pension Liability of the City

Effective January 1, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the City’s accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2020.

Actuarial assumptions. The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% - 8.50%, including inflation of 2.25%
Investment rate of return	7.375%, net of pension plan investment expense, including inflation

Mortality rates for healthy retirees and beneficiaries were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table rates multiplied by 1.25.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

Cost of living adjustments were assumed to be 0%.

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

The mortality tables for all participants, healthy retirees and beneficiaries, disabled and active were changed from previous tables.

Future mortality improvement, which was previously not explicitly projected, is based on based on projecting generationally.

Prior retirement assumption was based on the Plan's normal retirement eligibility. The new assumption relates to when a given participant is eligible for normal retirement and retirement rates do not apply is a participant is not eligible for either early or normal retirement.

The turnover rate was changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.

The disability rates were change to 50% of the rates in the prior age-based rates.

The inflation assumption was decreased from 2.75% to 2.25%.

The salary increase assumption was changed from service-based salary scale starting at 8.25% and an ultimate rate of 3.25% to a service-based scale starting at 8.50 and an ultimate rate of 3%.

The investment return assumption was decreased from 7.50% to 7.375%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Cash	—%	
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 3/31/19	\$ 2,264,403	\$ 1,608,990	\$ 655,413
Changes for the year:			
Service cost	58,484	-	58,484
Interest	171,236	-	171,236
Differences between expected and actual experience	33,393	-	33,393
Assumption Changes	-	-	-
Contributions—employer	-	108,656	(108,656)
Contributions—employee	-	-	-
Net investment income	-	(116,313)	116,313
Benefit payments, including refunds of employee contributions	(79,471)	(79,471)	-
Administrative expense	-	(5,569)	5,569
Other changes	(39,537)	-	(39,537)
Net changes	<u>144,105</u>	<u>(92,697)</u>	<u>236,802</u>
Balances at 3/31/20	<u>\$ 2,408,508</u>	<u>\$ 1,516,293</u>	<u>\$ 892,215</u>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease <u>6.375%</u>	Current Discount Rate <u>7.375%</u>	1% Increase <u>8.375%</u>
City's net pension liability	\$ 1,234,113	\$ 892,215	\$ 610,082

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared

to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2020 and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2020, the City recognized pension expense of \$208,513. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$	202,993	\$	(12,978)
Changes in assumptions		15,524		(39,466)
Net difference between projected and actual earnings on pension plan investments		188,664		-
City contribution subsequent to the measurement date		<u>97,905</u>		<u>-</u>
Total	\$	<u>505,086</u>	\$	<u>(52,444)</u>

City contributions subsequent to the measurement date of \$97,904 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:

2020	\$	76,426
2021		88,249
2022		101,850
2023		73,950
2024		15,140
2025 and Thereafter		<u>(878)</u>
Total	\$	<u>354,737</u>

Deferred Compensation Plan

The City also has a 457(b) plan of deferred compensation that is funded 100% by the employees. The plan calls for volunteer contributions up to the levels allowed by the IRS. The cost of the plan will be borne by the participating employees. The funds are invested and administered by VALIC and the employee directs such investments. The plan is portable and eligible for rollover. There are no current employees active in the City’s prior 457(b) plan of deferred compensation administered by Nationwide Retirement. There have been no employee contributions to the plan since April 2011 and the plan is only making distributions to participants.

9. Commitments and Contingencies

In the opinion of the City Attorney, there are no suits pending on unasserted claims that would result in material liabilities of the City. The City has various agreements and contracts entered into in the normal course of business. Such agreements do not give rise to assets or liabilities considered material.

10. Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Worker’s Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools’ agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage being required to pay and claim of loss. The City

is also to allow investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protest the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against member in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

11. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the Northwest Georgia area, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. During its year ended December 31, 2019 the City paid \$1,461 in such dues. Membership in the NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the NWGRC. Membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of NWGRC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, 1 Jackson Hill Drive, Rome Georgia 30162.

12. Related Organizations

The Housing Authority of the City of Blue Ridge, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Blue Ridge, Georgia. The City of Blue Ridge is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Blue Ridge, Georgia is a related organization.

13. Hotel/Motel Tax

The City of Blue Ridge levied a 5% Hotel/Motel tax in accordance with OCGA 48-13-51 from January to October 2020. Amounts levied in excess of 3% (40% of the taxes levied) are expended for the purpose of promoting tourism in accordance with OCGA 48-13-50 (a)(3). The City of Blue Ridge levied an 8% Hotel/Motel tax in accordance with OCGA 48-13-51 from November to December 2020. Amounts levied in excess of 3% are expended for promoting tourism and for tourism product development in accordance with OCGA 48-13-51 (b).

Hotel Tax Collections	\$218,963
Hotel Tax Expenditures	\$ 89,439
Percentage Expended	41%

14. Subsequent Events

The City has evaluated subsequent events through September 24, 2021, the date which the financial statements were available to be issued and found the following items that required disclosure. There were no items noted that required modification to the financial statements.

The City completed a bond refunding of the 1997 and 2014 Water and Sewerage Revenue Bonds in January 2021 in the amount of \$11,690,000. The 2021 Refunded Bonds were issued as a public placement and bear interest rates from 2.25% - 4.00% with annual payments beginning in August 2021.

15. Separate Water and Sewer Information Required by Regulatory Agency

The water and sewer fund provides municipal water and sewer services for the area serviced by the City. Separate reporting for the water and sewer system as required by loan covenants with USDA is reported as follows.

Schedule of Fund Net Position

December 31, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer Fund</u>
Assets and Deferred Outflows of Resources			
Current assets	\$ 3,450,250	\$ 925,335	\$ 4,375,585
Noncurrent restricted assets	748,078	62,136	810,214
Capital assets	19,364,314	3,011,441	22,375,755
Deferred outflows of resources	<u>180,759</u>	<u>31,899</u>	<u>212,658</u>
Total Assets and Deferred Outflows of Resources	<u>23,743,401</u>	<u>4,030,811</u>	<u>27,774,212</u>
Liabilities and Deferred Inflows of Resources			
Current liabilities	747,590	76,102	823,692
Long-term liabilities	13,009,792	1,207,294	14,217,086
Deferred inflows of resources	<u>19,210</u>	<u>2,871</u>	<u>22,081</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,776,592</u>	<u>1,286,267</u>	<u>15,062,859</u>
Net Position			
Net investment in capital assets	6,439,695	1,828,090	8,267,785
Restricted for debt service	748,078	62,136	810,214
Unrestricted	<u>2,779,036</u>	<u>854,318</u>	<u>3,633,354</u>
Total Net Position	<u>\$ 9,966,809</u>	<u>\$ 2,744,544</u>	<u>\$ 12,711,353</u>

Schedule of Revenues, Expenses and Changes in Fund Net Position

For the year ended December 31, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer Fund</u>
Operating Revenues			
Charges for services	\$ 2,479,101	\$ 1,226,773	\$ 3,705,874
Miscellaneous	54,680	-	54,680
Total Operating Revenues	<u>2,533,781</u>	<u>1,226,773</u>	<u>3,760,554</u>
Operating Expenses	1,710,799	882,869	2,593,668
Depreciation	<u>642,415</u>	<u>147,810</u>	<u>790,225</u>
Operating Income	<u>180,567</u>	<u>196,094</u>	<u>376,661</u>
Nonoperating Revenues (Expenses)	<u>(241,063)</u>	<u>28,663</u>	<u>(212,400)</u>
Change in Net Position	(60,496)	224,757	164,261
Net Position Beginning of Year	<u>10,027,305</u>	<u>2,519,787</u>	<u>12,547,092</u>
Net Position End of Year	<u>\$ 9,966,809</u>	<u>\$ 2,744,544</u>	<u>\$ 12,711,353</u>

Schedule of Cash Flows
For the year ended December 31, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer Fund</u>
Net cash provided by operating activities	\$ 960,810	\$ 288,920	\$ 1,249,730
Net cash provided (used) by capital and related financing activities	(533,211)	(46,732)	(579,943)
Net cash provided by investing activities	<u>3,386</u>	<u>-</u>	<u>3,386</u>
Net Increase (Decrease) in Cash and Cash Equivalents	430,985	242,188	673,173
Cash and Cash Equivalents Beginning of Year	<u>3,299,410</u>	<u>590,389</u>	<u>3,889,799</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 3,730,395</u></u>	<u><u>\$ 832,577</u></u>	<u><u>\$ 4,562,972</u></u>

CITY OF BLUE RIDGE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

City of Blue Ridge, Georgia
Required Supplementary Information
Georgia Municipal Association Defined Benefit Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
For the year ended December 31, 2020

	2020	2019	2018	2017	2016	2015
<i>Total pension liability</i>						
Service cost	\$ 58,484	\$ 38,531	\$ 36,825	\$ 34,210	\$ 30,964	\$ 27,195
Interest	171,236	152,931	141,255	136,385	117,879	111,985
Difference between expected and actual experience	33,393	112,123	51,481	(30,282)	161,654	16,983
Changes of assumptions	(39,537)	-	27,170	-	-	(22,312)
Changes of benefit terms	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(79,471)	(79,472)	(78,184)	(76,751)	(66,665)	(48,927)
Net change in total pension liability	144,105	224,113	178,547	63,562	243,832	84,924
Total pension liability- beginning	2,264,403	2,040,290	1,861,743	1,798,181	1,554,349	1,469,425
Total pension liability- ending (a)	<u>\$ 2,408,508</u>	<u>\$ 2,264,403</u>	<u>\$ 2,040,290</u>	<u>\$ 1,861,743</u>	<u>\$ 1,798,181</u>	<u>\$ 1,554,349</u>
<i>Plan fiduciary net position</i>						
Contributions- employer	\$ 108,656	\$ 89,705	\$ 83,602	\$ 68,650	\$ 66,370	\$ 77,207
Contributions- employee	-	-	-	-	-	-
Net investment income	(116,313)	56,177	171,339	154,326	3,791	107,628
Benefit payments- including refund of employee contributions	(79,471)	(79,472)	(78,184)	(76,751)	(66,665)	(48,927)
Administrative expense	(5,569)	(5,204)	(5,150)	(5,288)	(3,364)	(3,028)
Other	-	-	-	-	-	-
Net change in fiduciary net position	(92,697)	61,206	171,607	140,937	132	132,880
Plan fiduciary net position- beginning	1,608,990	1,547,784	1,376,177	1,235,240	1,235,108	1,102,228
Plan fiduciary net position- ending (b)	<u>\$ 1,516,293</u>	<u>\$ 1,608,990</u>	<u>\$ 1,547,784</u>	<u>\$ 1,376,177</u>	<u>\$ 1,235,240</u>	<u>\$ 1,235,108</u>
Net pension liability- ending (a-b)	<u>\$ 892,215</u>	<u>\$ 655,413</u>	<u>\$ 492,506</u>	<u>\$ 485,566</u>	<u>\$ 562,941</u>	<u>\$ 319,241</u>
Plans fiduciary net position as a percentage of the total pension liability	62.96%	71.06%	75.86%	73.92%	68.69%	79.46%
Covered employee payroll	\$ 1,546,353	\$ 1,546,482	\$ 1,177,166	\$ 1,182,712	\$ 1,178,056	\$ 1,053,339
Net pension liability as a percentage of covered employee payroll	57.70%	42.38%	41.84%	41.06%	47.79%	30.31%

Notes to the Schedule:

Historical information prior to implementation of GASB 67/68 is not required, but this schedule will present 10 years of information once accumulated.

City of Blue Ridge, Georgia
Required Supplementary Information
Georgia Municipal Association Defined Benefit Plan
Schedule of Contributions
For the year ended December 31, 2020

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ - *	\$ 101,361	\$ 85,820	\$ 82,863	\$ 63,913	\$ 67,189
Contributions in relation to the actuarially determined contribution	-	101,361 **	85,820	82,863	63,913	67,189
Contribution deficiency (excess)	\$ - *	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ - *	\$ 1,546,482 ***	\$ 1,177,166	\$ 1,182,712	\$ 1,178,056	\$ 1,053,339
Contributions as a percentage of covered employee payroll	0.00% *	6.55%	7.29%	7.01%	5.43%	6.38%

*2020 information will be determined after fiscal year end and will be included in the 2021 valuation report.

**Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

***2019 covered payroll is based on data collected as of March 31, 2019 for the 2019 actuarial valuation.

Notes to the Schedule:

Historical information prior to implementation of GASB 67/68 is not required, but this schedule will present 10 years of information once accumulated.

Valuation date The actuarial determined contribution rate was determined as of July 1, 2019, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending December 31, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 11 years
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial assumptions:	
Net investment rate of return	7.50%
Projected salary increase	2.75% plus service based merit increases
Cost of living adjustments	0.00%
Retirement age	Where normal retirement is only available on or after age 65 retirement age is assumed to be 60% at ages 65 to 69 and 100% at age 70.
Mortality	Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

The mortality tables for all participants, healthy retirees and beneficiaries, disabled and active were changed from previous tables.

Future mortality improvement, which was previously not explicitly projected, is based on based on projecting generationally.

Prior retirement assumption was based on the Plan's normal retirement eligibility. The new assumption relates to when a given participant is eligible for normal retirement and retirement rates do not apply is a participant is not eligible for either early or normal retirement.

The turnover rate was changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.

The disability rates were change to 50% of the rates in the prior age-based rates.

The inflation assumption was decreased from 3.25% to 2.75%.

The salary increase assumption was changed from service-based salary scale starting at 8.25% and an ultimate rate of 3.25% to a service-based scale starting at 8.50 and an ultimate rate of 3%.

The investment return assumption was decreased from 7.75% to 7.50%.

CITY OF BLUE RIDGE, GEORGIA
SUPPLEMENTARY INFORMATION

City of Blue Ridge, Georgia
Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	Special Revenue Funds		Total Nonmajor
	Hotel/Motel	Confiscated Assets	Governmental
			Funds
Assets			
Cash and cash equivalents	\$ -	\$ 1,953	\$ 1,953
Pooled operating cash	307,591	-	307,591
Receivables (net)			
Other taxes	24,592	-	24,592
Forfeited property held for resale	-	2,511	2,511
Total Assets	\$ 332,183	\$ 4,464	\$ 336,647
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 2,151	\$ -	\$ 2,151
Fund Balances			
Restricted			
Program purposes			
Economic development	15,370	-	15,370
Public safety	-	4,464	4,464
Assigned			
Economic development	314,662	-	314,662
Total Fund Balances	330,032	4,464	334,496
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 332,183	\$ 4,464	\$ 336,647

City of Blue Ridge, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2020

	Special Revenue Funds		Total Nonmajor
	Hotel/Motel	Confiscated Assets	Governmental
			Funds
Revenues			
Hotel/motel taxes	\$ 218,963	\$ -	\$ 218,963
Expenditures			
Current			
Housing and economic development	111,519	-	111,519
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	107,444	-	107,444
Other Financing Sources (Uses)			
Transfers out	-	-	-
Net Change in Fund Balances	107,444	-	107,444
Fund Balances Beginning of Year	222,588	4,464	227,052
Fund Balances (Deficits) End of Year	\$ 330,032	\$ 4,464	\$ 334,496

City of Blue Ridge, Georgia
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
Revenues				
Hotel/motel taxes	\$ 180,000	\$ 160,000	\$ 218,963	\$ 58,963
Expenditures				
Current				
Housing and economic development	108,000	124,000	111,519	12,481
Excess of Revenues Over Expenditures	72,000	36,000	107,444	(71,444)
Other Financing Sources (Uses)				
(Additions to) Use of fund balance	(72,000)	(36,000)	-	36,000
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	107,444	<u>\$ 107,444</u>
Fund Balances Beginning of Year			<u>222,588</u>	
Fund Balances End of Year			<u>\$ 330,032</u>	

City of Blue Ridge, Georgia
Confiscated Assets Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
Revenues				
Confiscations	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Expenditures				
Current				
Public safety	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances Beginning of Year			<u>4,464</u>	
Fund Balances End of Year			<u>\$ 4,464</u>	

City of Blue Ridge, Georgia
SPLOST Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
Revenues				
Intergovernmental	\$ 788,820	\$ 798,820	\$ 911,084	\$ 112,264
Investment earnings	500	500	1,238	738
Restitution	-	-	3,600	3,600
Total Revenues	<u>789,320</u>	<u>799,320</u>	<u>915,922</u>	<u>116,602</u>
Expenditures				
Capital Outlay				
Public works	<u>789,320</u>	<u>799,320</u>	<u>797,030</u>	<u>2,290</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	118,892	<u>\$ (118,892)</u>
Fund Balances Beginning of Year			<u>663,424</u>	
Fund Balances End of Year			<u>\$ 782,316</u>	

City of Blue Ridge, Georgia
Schedule for Projects Constructed with
Special Purpose Local Option Sales Tax
For the year ended December 31, 2020

Project	Referendum Authorized Amount	Original Estimated Cost	Prior Years' Expenditures	Current Year Expenditures	Cumulative Total	Estimated Percentage of Completion
2017 SPLOST						
Maintenance, repair, and construction of roads, streets, bridges and sidewalks	\$ 1,470,000	\$ 1,470,000	\$ 402,720	\$ 797,030	\$ 1,199,750	82%
Water or Sewer, capital outlay purposes	420,000	420,000	-	-	-	0%
Building Improvements and infrastructure, capital outlay purposes	210,000	210,000	-	-	-	0%
	<u>\$ 2,100,000</u>	<u>\$ 2,100,000</u>	<u>\$ 402,720</u>	<u>\$ 797,030</u>	<u>\$ 1,199,750</u>	

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting.

Note B: Current year expenditures include \$65,512 of Georgia Department of Transportation Local Maintenance and Improvement Grant funds, \$316,949 of Transportation Enhancement Federal grant funds from the Georgia Department of Transportation, and \$3,600 of restitution. This inflow of resources of \$386,061 is included in expenditures in the SPLOST statements on page 12.

CITY OF BLUE RIDGE, GEORGIA
INTERNAL CONTROL AND COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS

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JASPER, GA 30143
PH (706) 253-3700 FAX (706) 253-5973

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

To the City Council
City of Blue Ridge, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Blue Ridge, Georgia's basic financial statements and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

City of Blue Ridge, Georgia's Response to Findings

City of Blue Ridge, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Blue Ridge, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Welch, Walker & Associates, P.C., CPAs

East Ellijay, Georgia
September 24, 2021

CITY OF BLUE RIDGE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Section I - Financial Statement Findings

2015-01 Lack of Segregation of Duties

Criteria: Segregation of employees' duties is a common practice in an effective internal control structure. Policies should be in place requiring segregation of duties involving cash receipts, cash disbursements, payroll, general ledger preparation and reconciliation, and bank reconciliation.

Condition/Context: During the course of the audit, we noted many critical duties are combined and given to the available employees. Presently, there are a few employees whose duties overlap as it relates to cash receipt collection, opening of mail, preparation of deposits, preparation and signature of cash disbursements, bank reconciliations, performance of payroll responsibilities, as well as maintaining the cash receipt and disbursement journals.

Cause: The City has enough employees to properly segregate duties, and measures can be taken to further segregate duties to mitigate any risk of collusion or misappropriate actions on any employee's part. Restructuring of job descriptions and employee responsibilities in the financial offices of the City has caused duties of employees to overlap.

Effect: Without segregation of duties within these functions, there is increased potential that someone could intentionally or unintentionally misappropriate assets of the City.

Recommendation: To the extent possible, duties should be segregated to maintain the best control system possible. We feel segregation of duties could be achieved with current personnel by redefining job descriptions and responsibilities. In the situation where it is not feasible for the City to redefine or allocate job responsibilities, continued Mayor and Council involvement in the City's finances is encouraged to strengthen internal controls. When these suggestions are implemented, the City's system of internal control will be enhanced, so that the risk of employee misappropriation of assets is reduced.

Response: The City agrees with this finding and will work toward segregating duties to the extent possible. Until that goal is accomplished, the risk will be mitigated by Mayor and Council oversight as it pertains to the daily operations of the City.