

CITY OF BLUE RIDGE, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2022

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ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2022**

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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 City Administrator.

Following is a list of officials:

MAYOR

Rhonda Haight

COUNCIL MEMBERS

Angie Arp

Bill Bivins

Christy Kay

Jack Taylor

William Whaley

CITY ADMINISTRATOR

Eric Soroka

OFFICE PERSONNEL

Finance Director- Lisa Hoyle, CPA

CITY ATTORNEY

Charles S. Conerly

Smith Conerly LLP

INDEPENDENT AUDITOR

Welch, Walker and Associates, CPA's

City of Blue Ridge, Georgia
Statement of Net Position
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Assets				
Current Assets				
Cash	\$ 2,699,840	\$ 1,435,451	\$ 4,135,291	\$ -
Pooled operating cash	3,438,327	1,984,043	5,422,370	455,308
Investments	185,350	-	185,350	-
Restricted assets				
Cash and cash equivalents	-	465,628	465,628	-
Receivables				
Accounts	68,882	528,932	597,814	-
Property taxes	450,500	-	450,500	-
Franchise taxes	25,180	-	25,180	-
Other taxes	130,354	-	130,354	-
Fines	53,402	-	53,402	-
Intergovernmental	279,988	-	279,988	-
Leases	296,814	-	296,814	-
Inventory	16,149	92,889	109,038	-
Prepaid items	24,647	76,811	101,458	-
Total Current Assets	7,669,433	4,583,754	12,253,187	455,308
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	-	352,966	352,966	-
Right-to-use leased assets (net)	4,578	4,578	9,156	-
Capital assets				
Nondepreciable	648,648	2,331,945	2,980,593	-
Depreciable, net	4,712,720	21,715,946	26,428,666	23,245
Total Noncurrent Assets	5,365,946	24,405,435	29,771,381	23,245
Total Assets	13,035,379	28,989,189	42,024,568	478,553
Deferred Outflows of Resources				
Pension related	215,370	156,658	372,028	-
Liabilities				
Current Liabilities				
Accounts payable	308,942	329,384	638,326	-
Contracts payable	58,490	10,083	68,573	-
Accrued expenses	-	30,646	30,646	-
Accrued payroll liabilities	48,842	21,824	70,666	-
Accrued interest payable	2,677	144,403	147,080	-
Other	12,347	-	12,347	-
Compensated absences payable	6,527	10,074	16,602	-
Leases payable	1,301	1,301	2,602	-
Notes payable	40,766	175,070	215,836	-
Revenue obligation bonds payable	-	183,642	183,642	-
Payable from restricted assets				
Unearned revenue	417,075	-	417,075	-
Customer deposits	-	465,628	465,628	-
Total Current Liabilities	896,967	1,372,055	2,269,023	-
Long-Term Liabilities (net of current portion)				
Compensated absences payable	15,231	23,507	38,737	-
Net pension liability	293,694	213,630	507,324	-
Leases payable	3,289	3,289	6,578	-
Notes payable	91,311	2,206,651	2,297,962	-
Revenue bonds payable	-	12,060,262	12,060,262	-
General obligation bonds payable	-	1,496	1,496	-
Total Long-Term Liabilities	403,525	14,508,835	14,912,359	-
Total Liabilities	1,300,492	15,880,890	17,181,382	-
Deferred Inflows of Resources				
Unavailable revenues	970,096	-	970,096	-
Pension related	142,877	103,927	246,804	-
Total Deferred Inflows of Resources	1,112,973	103,927	1,216,900	-
Net Position				
Net investment in capital assets	5,229,279	9,420,758	14,650,037	-
Restricted for				
Debt service	-	352,966	352,966	-
Capital projects	1,540,063	-	1,540,063	-
Program purposes				
Public safety	2,986	-	2,986	-
Housing and economic development	142,448	-	142,448	-
Unrestricted	3,922,508	3,387,306	7,309,814	478,553
Total Net Position	\$ 10,837,284	\$ 13,161,030	\$ 23,998,314	\$ 478,553

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Activities
For the Year Ended December 31, 2022

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	\$ 713,510	\$ 162,783	\$ -	\$ -	\$ (550,727)	\$ -	\$ (550,727)	\$ -
Judicial	156,797	153,990	-	-	(2,807)	-	(2,807)	-
Public safety	1,171,732	940	18,812	-	(1,151,980)	-	(1,151,980)	-
Public works	748,493	279	9,101	716,172	(22,941)	-	(22,941)	-
Culture and recreation	390,526	327,390	-	86,377	23,241	-	23,241	-
Housing and development	672,344	248,332	-	15,000	(409,012)	-	(409,012)	-
Interest	6,123	-	-	-	(6,123)	-	(6,123)	-
Total Governmental Activities	3,859,525	893,714	27,913	817,549	(2,120,349)	-	(2,120,349)	-
Business-Type Activities								
Water system	3,009,324	3,027,284	-	154,068	-	172,028	172,028	-
Sewer system	1,136,694	1,336,022	-	90,500	-	289,828	289,828	-
Total Business-Type Activities	4,146,018	4,363,306	-	244,568	-	461,856	461,856	-
Total - Primary Government	\$ 8,005,543	\$ 5,257,020	\$ 27,913	\$ 1,062,117	(2,120,349)	461,856	(1,658,493)	-
Component Unit								
Downtown Development Authority	\$ 8,550	\$ -	\$ -	\$ -	-	-	-	(8,550)
Total- Component Units	\$ 8,550	\$ -	\$ -	\$ -	-	-	-	(8,550)
General Revenues								
Property taxes levied for general government purposes					782,806	-	782,806	-
Sales taxes					1,414,460	-	1,414,460	-
Franchise taxes					149,730	-	149,730	-
Insurance premium taxes					101,937	-	101,937	-
Business and occupation taxes					142,231	-	142,231	-
Real estate and intangible taxes					40,606	-	40,606	-
Other taxes					1,388,557	-	1,388,557	-
Unrestricted intergovernmental					-	-	-	98,253
Investment earnings					34,246	10,999	45,245	-
Interest and fiscal charges					4,321	-	4,321	-
Insurance recovery					27,168	-	27,168	-
Miscellaneous					6,061	6,380	12,441	-
Total General Revenues					4,092,123	17,379	4,109,502	98,253
Change in Net Position					1,971,774	479,235	2,451,009	89,703
Net Position Beginning of Year					8,865,510	12,681,795	21,547,305	388,850
Net Position End of Year					\$ 10,837,284	\$ 13,161,030	\$ 23,998,314	\$ 478,553

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	SPLOST	Hotel Motel Tax	Nonmajor Governmental Funds	Total
Assets					
Cash	\$ 617,794	\$ 1,661,931	\$ -	\$ 420,115	\$ 2,699,840
Pooled operating cash	2,543,308	-	895,019	-	3,438,327
Investments	185,350	-	-	-	185,350
Receivables (net)					
Accounts	43,480	25,402	-	-	68,882
Property taxes	450,500	-	-	-	450,500
Franchise taxes	25,180	-	-	-	25,180
Other taxes	64,432	-	65,922	-	130,354
Fines	53,402	-	-	-	53,402
Intergovernmental					
Federal	22,149	-	-	-	22,149
State	126,442	-	-	-	126,442
County	-	126,109	-	-	126,109
Authorities	5,288	-	-	-	5,288
Lease	296,814	-	-	-	296,814
Interfund	212,108	-	-	-	212,108
Inventory	16,149	-	-	-	16,149
Prepaid items	24,574	-	73	-	24,647
Total Assets	\$ 4,686,970	\$ 1,813,442	\$ 961,014	\$ 420,115	\$ 7,881,541
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 125,571	\$ 44,366	\$ 139,005	\$ -	\$ 308,942
Contracts payable	58,490	-	-	-	58,490
Accrued payroll liabilities	48,842	-	-	-	48,842
Unearned revenue	-	-	-	417,075	417,075
Other	12,347	-	-	-	12,347
Interfund payable	-	212,054	-	54	212,108
Total Liabilities	245,250	256,420	139,005	417,129	1,057,804
Deferred Inflows of Resources					
Unavailable revenue	1,165,897	25,402	-	-	1,191,299
Deferred inflows relating to leases	292,208	-	-	-	292,208
Total Deferred Inflows of Resources	1,458,105	25,402	-	-	1,483,507
Fund Balances					
Nonspendable					
Prepaid items	24,574	-	-	-	24,574
Inventory	16,149	-	-	-	16,149
Restricted					
Capital projects	-	1,531,620	-	-	1,531,620
Program purposes					
Public safety	-	-	-	2,986	2,986
Economic development	-	-	142,448	-	142,448
Committed					
Working capital/contingencies	400,000	-	-	-	400,000
Assigned					
Working capital/contingencies	185,350	-	-	-	185,350
Economic development	-	-	679,561	-	679,561
Unassigned, reported in					
General fund	2,357,542	-	-	-	2,357,542
Total Fund Balances	2,983,615	1,531,620	822,009	2,986	5,340,230
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,686,970	\$ 1,813,442	\$ 961,014	\$ 420,115	\$ 7,881,541

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, 2022

Total Governmental Fund Balances	\$	5,340,230
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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	\$ 9,071,352	
Less accumulated depreciation	<u>(3,709,984)</u>	5,361,368

Right-of-use leased assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Cost of right-of-use leased assets	\$ 5,886	
Less accumulated amortization	<u>(1,308)</u>	4,578

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

Property taxes	91,339	
Licenses	8,475	
Intergovernmental	52,839	
Fines	68,550	
Leases	292,208	
Deferred outflows of resources- pension related	<u>215,370</u>	728,781

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	(4,590)	
Notes payable	(132,077)	
Compensated absences	(21,758)	
Accrued interest	(2,677)	
Net pension obligation	(293,694)	
Deferred inflow of resources- pension related	<u>(142,877)</u>	<u>(597,673)</u>

Net Position Of Governmental Activities	\$	<u><u>10,837,284</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, 2022

	General Fund	SPLOST	Hotel Motel Tax	Nonmajor Governmental Funds	Total
Revenues					
Property taxes	\$ 795,842	\$ -	\$ -	\$ -	\$ 795,842
Sales taxes	1,414,460	-	-	-	1,414,460
Other taxes	1,019,617	-	801,457	-	1,821,074
Licenses and permits	166,843	-	-	-	166,843
Intergovernmental	178,009	707,157	-	8,612	893,778
Charges for services	223,443	-	-	-	223,443
Fines and forfeitures	194,338	-	-	-	194,338
Contributions	-	-	15,000	-	15,000
Lease revenue	56,951	-	-	-	56,951
Investment earnings	34,192	9,015	-	54	43,261
Interest and fiscal charges	4,321	-	-	-	4,321
Restitution	-	8,443	-	-	8,443
Miscellaneous	6,322	-	-	-	6,322
Total Revenues	4,094,338	724,615	816,457	8,666	5,644,076
Expenditures					
Current					
General government	678,439	-	-	-	678,439
Judicial	161,687	-	-	-	161,687
Public safety					
Police	1,263,044	-	-	-	1,263,044
Fire	24,139	-	-	-	24,139
Public works	589,746	8,182	-	-	597,928
Culture and recreation	379,572	-	-	-	379,572
Housing and economic development	156,198	-	547,825	-	704,023
Capital Outlay					
General government	-	23,115	-	-	23,115
Public works	-	300,573	-	-	300,573
Debt Service					
Principal retirement	56,403	-	-	-	56,403
Interest and fiscal charges	7,223	-	-	-	7,223
Total Expenditures	3,316,451	331,870	547,825	-	4,196,146
Excess (Deficiency) of Revenues Over (Under) Expenditures	777,887	392,745	268,632	8,666	1,447,930
Other Financing Sources (Uses)					
Lease inception	5,886	-	-	-	5,886
Insurance recovery	27,168	-	-	-	27,168
Transfers in	8,666	-	-	-	8,666
Transfers out	-	-	-	(8,666)	(8,666)
Total Other Financing Sources	41,720	-	-	(8,666)	33,054
Net Change in Fund Balances	819,607	392,745	268,632	-	1,480,984
Fund Balances Beginning of Year	2,164,008	1,138,875	553,377	2,986	3,859,246
Fund Balances End of Year	\$ 2,983,615	\$ 1,531,620	\$ 822,009	\$ 2,986	\$ 5,340,230

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, 2022

Net Changes In Fund Balances - Total Governmental Funds		\$ 1,480,984
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	\$ (342,466)	
Capital outlay	<u>619,633</u>	277,167
Governmental funds report outlays for right-of-use assets 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 amortization expense. This is the amount by which capitalized right-of-use assets exceeded amortization expense in the current period.		
Amortization expense	\$ (1,308)	
Right-of-use assets outlay	<u>5,886</u>	4,578
Contributions of capital assets are report in the government-wide statement of activities but not reported at the fund financial reporting level.		
		86,377
Lease liabilities are reported as other financing at the fund level but are reported as a liability on the government-wide statement of activities.		
		(5,886)
Repayment of lease liability principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of activities.		
		1,296
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.		
		55,107
The cost of capital assets that are sold are reported in the government-wide statement of activities but not reported at the fund financial reporting level.		
		(41,382)
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 12/31/21	\$ (105,735)	
Deferred at 12/31/22	<u>91,339</u>	(14,396)
Licenses:		
Deferred at 12/31/21	\$ (6,488)	
Deferred at 12/31/22	<u>8,475</u>	1,987
Intergovernmental:		
Deferred at 12/31/21	\$ (218,630)	
Deferred at 12/31/22	<u>52,839</u>	(165,791)
Fines:		
Deferred at 12/31/21	\$ (108,898)	
Deferred at 12/31/22	<u>68,550</u>	(40,348)
Leases:		
Deferred at 12/31/21	\$ -	
Deferred at 12/31/22	<u>292,208</u>	292,208
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		
		22,302
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 at 12/31/21	\$ 3,777	
Liability at 12/31/22	<u>(2,677)</u>	1,100
Compensated absences		
Liability at 12/31/21	\$ 38,229	
Liability at 12/31/22	<u>(21,758)</u>	16,471
Change In Net Position of Governmental Activities		<u>\$ 1,971,774</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, 2022

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Property taxes	\$ 717,750	\$ 755,500	\$ 795,842	\$ 40,342
Sales taxes	1,200,000	1,300,000	1,414,460	114,460
Other taxes	879,000	881,000	1,019,617	138,617
Licenses and permits	128,000	148,000	166,843	18,843
Intergovernmental	3,000	3,000	178,009	175,009
Charges for services	9,750	109,750	223,443	113,693
Fines and forfeitures	150,000	200,000	194,338	(5,662)
Lease revenue	-	-	56,951	56,951
Investment earnings	4,000	4,000	34,192	30,192
Interest and fiscal charges	-	-	4,321	4,321
Miscellaneous	66,000	93,168	6,322	(86,846)
Total Revenues	3,157,500	3,494,418	4,094,338	599,920
Expenditures				
Current				
General government				
Legislative	224,747	182,747	136,098	46,649
Election	10,500	10,500	-	10,500
General administration	410,577	499,577	539,611	(40,034)
Tax administration & licensing	7,300	7,300	2,730	4,570
Judicial	143,420	163,420	161,687	1,733
Public safety				
Police	1,255,521	1,363,342	1,251,954	111,388
Custody of prisoners	7,000	7,000	11,090	(4,090)
Fire	82,000	27,000	24,139	2,861
Public works				
Street	314,185	490,882	469,375	21,507
Shop and maintenance	115,057	115,057	120,371	(5,314)
Culture and recreation	347,909	389,309	379,572	9,737
Economic development				
Planning and zoning	99,098	98,098	106,544	(8,446)
Tourism	57,700	57,700	47,870	9,830
Special facilities	4,850	4,850	1,784	3,066
Debt Service				
Principal retirement	70,505	70,505	56,403	14,102
Interest and fiscal charges	7,131	7,131	7,223	(92)
Total Expenditures	3,157,500	3,494,418	3,316,451	177,967
Excess of Revenues Over Expenditures	-	-	777,887	777,887
Other Financing Sources (Uses)				
Lease inception	-	-	5,886	5,886
Insurance reimbursement	-	-	27,168	27,168
Transfers in	-	-	8,666	8,666
Total Other Financing Sources (Uses)	-	-	41,720	41,720
Net Change in Fund Balances	\$ -	\$ -	819,607	\$ 819,607
Fund Balances Beginning of Year			2,164,008	
Fund Balances End of Year			\$ 2,983,615	

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Hotel/Motel Tax Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
Revenues				
Hotel/motel taxes	\$ 475,000	\$ 718,000	\$ 801,457	\$ 83,457
Contributions	-	-	15,000	15,000
Total Revenues	<u>475,000</u>	<u>718,000</u>	<u>816,457</u>	<u>98,457</u>
Expenditures				
Current				
Housing and economic development	475,000	718,000	547,825	170,175
Excess of Revenues Over Expenditures	-	-	268,632	(268,632)
Other Financing Sources (Uses)				
Transfers out	-	-	-	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	268,632	<u>\$ 268,632</u>
Fund Balances Beginning of Year			<u>553,377</u>	
Fund Balances End of Year			<u>\$ 822,009</u>	

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Fund Net Position
Proprietary Fund
December 31, 2022

	Water & Sewer Fund
Assets	
Current Assets	
Cash	\$ 1,435,451
Pooled operating cash	1,984,043
Receivables (net)	
Accounts	528,932
Inventory	92,889
Prepaid items	76,811
Restricted assets	
Cash and cash equivalents	465,628
Total Current Assets	4,583,754
Noncurrent Assets	
Restricted assets	
Cash and cash equivalents	352,966
Right-to-use leased assets (net)	4,578
Capital assets	
Nondepreciable	2,331,945
Depreciable, net	21,715,946
Total Noncurrent Assets	24,405,435
Total Assets	28,989,189
Deferred Outflows of Resources	
Pension related	156,658
Total Assets and Deferred Outflows of Resources	29,145,847
Liabilities	
Current Liabilities	
Accounts payable	329,384
Contracts payable	10,083
Accrued payroll liabilities	21,824
Accrued expenses	30,646
Accrued interest	144,403
Compensated absences payable	10,074
Lease payable	1,301
Notes payable	175,070
Revenue bonds payable	183,642
Customer deposits	465,628
Total Current Liabilities	1,372,055
Long-Term Liabilities	
Compensated absences payable (net of current portion)	23,507
Net pension liability	213,630
Lease payable (net of current portion)	3,289
Notes payable (net of current portion)	2,206,651
Revenue bonds payable (net of current portion)	12,060,262
General obligation bonds	1,496
Total Long-Term Liabilities	14,508,835
Total Liabilities	15,880,890
Deferred Inflows of Resources	
Pension related	103,927
Total Liabilities and Deferred Inflows of Resources	15,984,817
Net Position	
Net investment in capital assets	9,420,758
Restricted for debt service	352,966
Unrestricted	3,387,306
Total Net Position	\$ 13,161,030

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, 2022

	<u>Water & Sewer Fund</u>
Operating Revenues	
Charges for services	
Water revenues	\$ 2,807,441
Sewer revenues	1,303,290
Service charges	25,605
Tap fees	163,311
Connection fees	25,955
Penalties	37,704
Miscellaneous	6,380
Total Operating Revenues	<u>4,369,686</u>
Operating Expenses	
Water department	
Personnel services	1,011,478
Contractual services	372,652
Supplies	657,424
Sewer department	
Personnel services	415,199
Contractual services	218,428
Supplies	274,618
Total Operating Expenses	<u>2,949,799</u>
Operating Income before Depreciation	<u>1,419,887</u>
Depreciation	843,103
Amortization	1,308
Operating Income	<u>575,476</u>
Non-Operating Revenues (Expenses)	
Surcharge revenue	244,568
Interest income	10,999
Debt issuance costs	(35,000)
Interest on leases	(30)
Interest on revenue bonds	(277,795)
Interest notes payable	(38,983)
Total Non-Operating Revenues	<u>(96,241)</u>
Change in Net Position	479,235
Net Position Beginning of Year	<u>12,681,795</u>
Net Position End of Year	<u><u>\$ 13,161,030</u></u>

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, 2022

	Water & Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 4,396,843
Cash payments for personal services	(1,448,172)
Cash payments for goods and services	(1,705,282)
Other cash receipts	6,380
	1,249,769
Net Cash Provided by (Used in) Operating Activities	1,249,769
Cash Flows from Capital and Related Financing Activities	
Capital contributions	
Proceeds from surcharge fees	244,568
Principal paid on revenue bonds	(210,000)
Interest paid on revenue bonds	(352,200)
Principal paid on leases	(1,296)
Interest paid on leases	(30)
Principal paid on notes	(187,630)
Interest paid on notes	(39,064)
Payments for financing costs	(35,000)
Payments for capital acquisitions and construction	(1,192,715)
	(1,773,367)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,773,367)
Cash Flows from Investing Activities	
Investments earnings	10,999
	10,999
Net Cash Provided by (Used in) Investing Activities	10,999
Net Increase (Decrease) in Cash	(512,599)
Cash Beginning of Year	4,750,687
Cash End of Year	\$ 4,238,088
Reconciliation of total cash:	
Cash	\$ 1,435,451
Pooled operating cash	1,984,043
Current restricted assets-cash	465,628
Noncurrent restricted assets- cash	352,966
Total cash	\$ 4,238,088

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, 2022

	<u>Water & Sewer Fund</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities	
Operating Income	\$ 575,476
Adjustments	
Depreciation	843,103
Amortization	1,308
(Increase) Decrease in Assets	
Accounts receivable	(34,763)
Inventories	(2,619)
Prepaid expenses	(2,251)
Deferred outflows of resources- pension related	8,884
Increase (Decrease) in Liabilities	
Accounts payable	(161,584)
Contracts payable	(44,917)
Accrued payroll liabilities	3,479
Accrued expenses	29,211
Deposits payable	68,300
Compensated absences	(8,771)
Net pension liability	18,804
Deferred inflow of resources- pension related	(43,891)
Net Cash Provided by (Used in) Operating Activities	\$ 1,249,769
Noncash Capital and Related Financing Activities	
Lease inception	\$ 5,886

CITY OF BLUE RIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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.

Hotel Motel Tax Fund – to account for the collection and disbursement of the 8% lodging tax imposed on lodging facilities within the city limits. The proceeds of which are a combination of restricted monies for the promotion of tourism and construction of tourism products and unrestricted funds for general use.

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 Tax, American Rescue Plan Act, 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 is a capital projects fund.

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. New Accounting Pronouncement

In June 2017, the Government Accounting Standards Board issued Statement No. 87, Leases, with an effective date for fiscal years beginning after June 15, 2021. The objective of the statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Leased assets are amortized over the term of the lease. The initial inclusion of leases upon adoption of the standard is presented as the balances on the first day of the fiscal year of implementation; therefore, no restatement of prior periods is required.

F. 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 all funds in 2022. 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. There were no expenditures by department in the general or special revenue funds that exceeded appropriated funds by more than 10% in 2022.

G. 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, 2022 is \$93,165.

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, 2022 is \$20,196.

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 2022 is \$223,939. 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, 2022.

H. 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.

I. Capital Assets, Right-of-Use Assets, and Related Depreciation and Amortization

Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks and similar items), and right-to-use leased assets 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. There is no minimum threshold established for right-of-use 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.

Amortization of right-to-use assets is calculated on the straight-line basis over the life of the related lease term. Deprecation 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

J. 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 employment of the government and, upon separation from service, no monetary obligation exists.

K. 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.

L. 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.

M. Prepays

Payments made to vendors for services that will benefit periods beyond December 31, 2022, 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.

N. 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. The City held no cash equivalents at December 31, 2022.

O. 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 and bond issuance costs. All other expenses are considered operating expenses.

P. 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. The City was in compliance with this policy at December 31, 2022.

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 regulators 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 resources 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.

Q. 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.

R. 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.

Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

S. 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, 2022 the bank balance of all deposits was \$11,010,192 and the carrying amount was \$11,016,913. 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, 2022, 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 \$11,561,211. 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 not to 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 \$352,966 in the Water and Sewerage System Fund are restricted for debt service related to 2021 bond issue. Restricted cash also includes \$465,628 for customer deposits. Total restricted assets equal \$818,594.

Restricted net position for governmental activities includes \$1,540,063 from the SPLOST fund restricted for capital projects, \$2,986 from the Confiscated Assets fund for public safety and \$142,448 from the Hotel/Motel fund for economic development. Restricted net position for business-type activities includes \$352,966 for debt service.

4. Capital Assets

Changes in capital assets by major classes for 2022 are as follows:

	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022
<u>Governmental Activities:</u>				
Nondepreciable capital assets				
Land	\$ 76,065	\$ -	\$ -	\$ 76,065
Construction in progress	132,912	439,671	-	572,583
Total nondepreciable capital assets	<u>208,977</u>	<u>439,671</u>	<u>-</u>	<u>648,648</u>
Depreciable capital assets				
Buildings	1,610,293	32,599	54,051	1,588,841
Machinery and equipment	1,711,522	208,740	13,746	1,906,516
Site improvements	873,762	25,000	32,432	866,330
Infrastructure	4,061,017	-	-	4,061,017
Total depreciable assets	<u>8,256,594</u>	<u>266,339</u>	<u>100,229</u>	<u>8,422,704</u>
Total capital assets	<u>8,465,571</u>	<u>706,010</u>	<u>100,229</u>	<u>9,071,352</u>
Accumulated depreciation				
Buildings	691,778	57,089	30,270	718,597
Machinery and equipment	1,239,100	116,990	13,746	1,342,344
Site improvements	586,750	21,906	14,812	593,844
Infrastructure	908,718	146,481	-	1,055,199
Total accumulated depreciation	<u>3,426,346</u>	<u>342,466</u>	<u>58,828</u>	<u>3,709,984</u>
Governmental activities – capital assets, net excluding lease assets	<u>\$5,039,225</u>	<u>\$ 363,544</u>	<u>\$ 41,401</u>	5,361,368
Lease assets, net (Note 5)				<u>4,578</u>
Total Governmental activities capital assets, net as report in the statement of net position				<u>\$5,365,946</u>

Governmental activities depreciation expense is as follows:

General government	\$ 45,479
Public safety	70,855
Public works	174,361
Culture and recreation	28,009
Economic development	23,762
	<u>\$ 342,466</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.

Business-Type Activities:	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022
Nondepreciable capital assets				
Land	\$ 794,796	\$ -	\$ -	\$ 794,796
Intangible assets	34,896	-	-	34,896
Construction in progress	303,717	1,352,248	153,712	1,502,253
Total nondepreciable capital assets	<u>1,133,409</u>	<u>1,352,248</u>	<u>153,712</u>	<u>2,331,945</u>
Depreciable capital assets				
Infrastructure and pipelines	15,040,127	153,713	-	15,193,840
Buildings and improvements	15,793,748	-	-	15,793,748
Machinery and equipment	956,054	85,215	-	1,041,269
Total depreciable assets	<u>31,789,929</u>	<u>238,928</u>	<u>-</u>	<u>32,028,857</u>
Total capital assets	<u>32,923,338</u>	<u>1,591,176</u>	<u>153,712</u>	<u>34,360,802</u>
Accumulated depreciation				
Infrastructure and pipelines	4,456,817	363,124	-	4,819,941
Buildings and improvements	4,431,826	392,592	-	4,824,418
Machinery and equipment	581,165	87,387	-	668,552
Total accumulated depreciation	<u>9,469,808</u>	<u>843,103</u>	<u>-</u>	<u>10,312,911</u>
Business-Type activities – capital assets, net excluding lease assets	<u>\$23,453,530</u>	<u>\$ 748,073</u>	<u>\$ 153,712</u>	24,047,891
Lease assets, net (Note 5)				<u>4,578</u>
Total Business-Type activities capital assets, net as report in the statement of net position				<u>\$24,052,469</u>

5. Intangible Right to Use Leases

A summary of leased asset activity during the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Governmental Activities</u>				
Leased assets:				
Equipment	\$ -	\$ 5,886	\$ -	\$ 5,886
Total lease assets	<u>-</u>	<u>5,886</u>	<u>-</u>	<u>5,886</u>
Less accumulated amortization:				
Equipment	<u>-</u>	<u>1,308</u>	<u>-</u>	<u>1,308</u>

Total accumulated amortization	-	1,308	-	1,308
Total lease assets, net	\$ -	\$ 4,578	\$ -	\$ 4,578

Amortization expense was charged to functions as follows:

Governmental Activities:

General government	\$ 1,308
Total expense – Governmental Activities	\$ 1,308

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Business-Type Activities</u>				
Leased assets:				
Equipment	\$ -	\$ 5,886	\$ -	\$ 5,886
Total lease assets	-	5,886	-	5,886
Less accumulated amortization:				
Equipment	-	1,308	-	1,308
Total accumulated amortization	-	1,308	-	1,308
Total lease assets, net	\$ -	\$ 4,578	\$ -	\$ 4,578

6. Leases

City as a Lessor

The City, as a lessor, has entered into two lease agreements involving land and building space. The total amount of inflows of resources, including rent revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$61,272. Deferred inflows and rents receivable in relation to these lease agreements total \$292,208 and \$296,814, respectively, as of December 31, 2022.

City as a Lessee

Governmental Activities:

The City, as a lessee, has entered into lease agreements for the use of copy machines for the general government department. The total of the City's leased assets is recorded at a cost of \$5,886, less accumulated amortization of \$1,308.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Lease liabilities	\$ -	\$ 5,886	\$ (1,296)	\$ 4,590	\$ 1,301

The future lease payments under lease agreements are as follows:

	Leases		
	Principal	Interest	Total
2023	\$ 1,301	\$ 25	\$ 1,326
2024	1,309	17	1,326
2025	1,318	8	1,326
2026	662	1	663
Total	\$ 4,590	\$ 51	\$ 4,641

Interest expense related to lease liabilities in the amount of \$30 is shown on the Statement of Revenues, Expenses, and Changes in Fund Net Position, Governmental Funds.

Business-Type Activities

The City, as a lessee, has entered into lease agreements for the use of copy machines for the water and sewer departments. The total of the City's leased assets is recorded at a cost of \$5,886, less accumulated amortization of \$1,308.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Lease liabilities	\$ -	\$ 5,886	\$ (1,296)	\$ 4,590	\$ 1,301

The future lease payments under lease agreements are as follows:

	Leases		
	Principal	Interest	Total
2023	\$ 1,301	\$ 25	\$ 1,326
2024	1,309	17	1,326
2025	1,318	8	1,326
2026	662	1	663
Total	\$ 4,590	\$ 51	\$ 4,641

Interest expense related to lease liabilities in the amount of \$30 is shown on the Statement of Revenues, Expenses, and Changes in Fund Net Position, Proprietary Fund.

7. Long-term Debt

After implementation of GASB 87 "Leases," the City has reclassified agreements that transfer ownership of the underlying asset by the end of the contract and do not contain termination options as financed purchases.

Governmental Activities

Financed purchases for governmental activities are as follows:

Financed purchase agreement with 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%. Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2023	\$ 14,379	\$ 1,326	\$ 15,705
2024	15,018	687	15,705
Total	\$ 29,397	\$ 2,013	\$ 31,410

Financed purchase agreement with 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%. Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2023	\$ 7,087	\$ 705	\$ 7,792
2024	7,315	477	7,792
2025	7,548	242	7,790
Total	\$ 21,950	\$ 1,424	\$ 23,374

Financed purchase agreement with Georgia Municipal Association in the amount of \$121,180 for the purchase of an excavator and bucket truck matures August 2026 and carries an interest rate of 2.99%. Annual debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 19,300	\$ 2,411	\$ 21,711
2024	19,877	1,834	21,711
2025	20,470	1,241	21,711
2026	21,083	628	21,711
Total	<u>\$ 80,730</u>	<u>\$ 6,114</u>	<u>\$ 86,844</u>

Business Type Activities

Financed purchases for business-type activities are as follows:

Financed purchase agreement with Georgia Municipal Association in the amount of \$1,200,000 for the purchase of a building for the water department matures December 2031 and carries an interest rate of 1.86%. Annual debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 112,347	\$ 20,268	\$ 132,615
2024	114,436	18,179	132,615
2025	116,565	16,050	132,615
2026	118,732	13,883	132,615
2027	120,941	11,674	132,615
2028-2031	506,684	23,776	530,460
Total	<u>\$ 1,089,705</u>	<u>\$ 103,830</u>	<u>\$ 1,193,535</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>
2023	\$ 3,950	\$ 1,012	\$ 4,962
2024	4,103	859	4,962
2025	4,262	700	4,962
2026	4,427	535	4,962
2027	4,599	363	4,962
2028	4,775	187	4,962
Total	<u>\$ 26,116</u>	<u>\$ 3,656</u>	<u>\$ 29,772</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>
2023	\$ 5,952	\$ 1,066	\$ 7,018
2024	6,017	1,001	7,018
2025	6,083	935	7,018
2026	6,149	869	7,018
2027	6,217	801	7,018
2028-2032	32,120	2,969	35,089
2033-2037	33,918	1,171	35,089
2038	4,080	14	4,094
Total	<u>\$ 100,536</u>	<u>\$ 8,826</u>	<u>\$ 109,362</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>
2023	\$ 8,904	\$ 1,389	\$ 10,293
2024	8,984	1,309	10,293
2025	9,064	1,229	10,293
2026	9,145	1,148	10,293
2027	9,227	1,066	10,293
2028-2032	47,386	4,079	51,465
2033-2037	49,542	1,923	51,465
2038-2039	17,868	147	18,015
Total	<u>\$ 160,120</u>	<u>\$ 12,290</u>	<u>\$ 172,410</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>
2023	\$ 12,527	\$ 3,086	\$ 15,613
2024	12,685	2,928	15,613
2025	12,844	2,769	15,613
2026	13,006	2,607	15,613
2027	13,169	2,444	15,613
2028-2032	68,373	9,693	78,066
2033-2037	72,781	5,285	78,066
2038-2041	47,200	940	48,140
Total	<u>\$ 252,585</u>	<u>\$ 29,752</u>	<u>\$ 282,337</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 completed during 2021 in the amount of \$900,000 with 25% principal forgiveness of \$225,000 granted. It bears an interest rate of 0.89% and matures in January 2041.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 31,390	\$ 5,465	\$ 36,855
2024	31,670	5,185	36,855
2025	31,954	4,901	36,855
2026	32,239	4,616	36,855
2027	32,527	4,328	36,855
2028-2032	167,048	17,228	184,276
2033-2037	174,647	9,629	184,276
2038-2041	126,957	2,034	128,991
Total	<u>\$ 628,432</u>	<u>\$ 53,386</u>	<u>\$ 681,818</u>

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance the construction of water infrastructure was obtained in 2021. The project was not complete at the end of the year; therefore, there is a balance not yet in repayment of \$124,227. The total projected cost of the project is \$5,000,000, at interest rate of 2.34%.

Bonds Payable

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

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

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. Annual debt service requirements to maturity, without consideration of the related bond premium, are as follows:

	Principal	Interest	Total
2023	\$ 220,000	\$ 343,800	\$ 563,800
2024	225,000	335,000	560,000
2025	235,000	326,000	561,000
2026	245,000	316,600	561,600
2027	255,000	306,800	561,800
2028-2032	1,435,000	1,372,800	2,807,800
2033-2037	1,755,000	1,061,200	2,816,200
2038-2042	1,805,000	712,100	2,517,100
2043-2047	2,020,000	479,688	2,499,688
2048-2052	2,250,000	258,237	2,508,237
2053-2054	955,000	32,175	987,175
Total	<u>\$11,400,000</u>	<u>\$ 5,544,400</u>	<u>\$16,944,400</u>

The revenue bonds are payable solely from and secured by a pledge of the net revenues of the utility system. Net revenue is defined as gross revenue from fees, charges, and earnings minus current expenses to operate and maintain the system other than depreciation, amortization, and debt service payments.

The following reconciles long-term bond obligations to the net amounts presented on the Statement of Fund Net Position:

Issue Date	Revenue Bonds Outstanding December 31, 2021	Reductions	Premium on Bond Issuance, Net	Revenue Bonds Outstanding, Net, December 31, 2022	Amounts Due in One Year, Net	Noncurrent Revenue Bonds, Net
2021	\$ 11,610,000	\$ 210,000	\$ 843,904	\$ 12,243,904	\$ 183,642	\$ 12,060,262
G.O.	1,496	-	-	1,496	-	1,496
	<u>\$ 11,611,496</u>	<u>\$ 210,000</u>	<u>\$ 843,904</u>	<u>\$ 12,245,400</u>	<u>\$ 183,642</u>	<u>\$ 12,061,758</u>

The premium associated with the issuance of bonds is shown net of the amortized amount that offsets interest expense. The premium, net of the amortized interest expense, is included with the debt liability on the Statement of Fund Net Position in accordance with GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraph 187. The unamortized premium at December 31, 2022 was \$843,904.

Changes in long-term debt:

	Beginning Balance 12/31/2021	Additions	Reductions	Ending Balance 12/31/2022	Due Within One Year
<u>Governmental activities</u>					
Financed purchases	\$ 187,185	\$ -	\$ 55,108	\$ 132,077	\$ 40,766
Lease payable	-	5,886	1,296	4,590	1,301
Compensated absences	38,229	21,758	38,229	21,758	6,527
Net pension liability	267,891	25,803	-	293,694	-
	<u>\$ 493,305</u>	<u>\$ 53,447</u>	<u>\$ 94,633</u>	<u>\$ 452,119</u>	<u>\$ 48,594</u>
<u>Business-type activities</u>					
Revenue bonds, with premium	\$ 12,479,814	\$ -	\$ 235,910	\$12,243,904	\$ 183,642
Financed purchases	1,215,334	-	125,631	1,089,703	112,347
Lease payable	-	5,886	1,296	4,590	1,301
Notes payable	1,354,017	-	61,999	1,292,018	62,723
General obligation bond	1,496	-	-	1,496	-
Compensated absences	42,352	33,581	42,352	33,581	10,074

Net pension liability	194,816	18,814	-	213,630	-
	<u>\$ 15,287,829</u>	<u>\$ 58,281</u>	<u>\$ 467,188</u>	<u>\$14,878,922</u>	<u>\$ 370,087</u>

Compensated absences are typically liquidated by the general fund. Total interest expense for all activities included in the Statement of Activities for 2022 was \$318,685.

8. Interfund Balances

The following interfund balances are shown at December 31, 2022. All balances are expected to be repaid during the subsequent calendar year.

Interfund Payable	Interfund Receivable	Amount	Purpose
SPLOST Fund	General Fund	\$ 212,054	Reimbursement of pooled cash expenditures
ARPA Fund	General Fund	54	Transfer of interest earned to General Fund
		<u>\$ 212,108</u>	

Interfund transfer from a nonmajor fund to General Fund in the amount of \$8,666 was for the purpose of transferring grant monies utilized in the General Fund.

9. Property Taxes

The City of Blue Ridge’s property tax calendar for the 2021 levy applicable to fiscal year 2022 was as follows:

Lien date	January 1, 2021
Levy date	November 21, 2021
Due date	January 21, 2022
Delinquent date	January 22, 2022

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. FIFAs can be filed for uncollected taxes. The total 2021 levy was \$720,447.

10. 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, 2022, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not receiving benefits	5
Active plan members	43
	<u>64</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, 2022, the City's contribution rate was 7.38% of annual covered payroll.

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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2022.

Actuarial assumptions. The total pension liability in the July 1, 2022 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, 2022 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 2022 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 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 if 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 changed 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, 2022 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	45%	6.55%
International equity	20%	7.30%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
Global fixed income	5%	0.50%
Cash	0%	
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, 2022, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at March 31, 2021	\$ 2,710,211	\$ 2,247,494	\$ 462,717
Changes for the year			
Service cost	55,785	-	55,785
Interest	198,882	-	198,882
Differences between expected and actual experience	40,357	-	40,357
Contributions – employer	-	119,500	(119,500)
Contributions – employee	-	-	-
Net investment income	-	137,480	(137,480)
Benefit payments, including refunds of employee contributions	(138,588)	(138,588)	-
Administrative expense	-	(6,563)	6,563
Other	-	-	-
Net changes	156,436	111,829	44,607
Balances at March 31, 2022	\$ 2,866,647	\$ 2,359,323	\$ 507,324

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 7.375% 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 (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
City's net pension liability	\$ 900,257	\$ 507,324	\$ 181,961

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, 2022 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, 2022, the City recognized pension expense of \$107,530. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 243,555	\$ (4,326)
Changes in assumptions	7,762	(22,592)
Net difference between projected and actual earnings on pension plan investments	-	(219,886)
City contribution subsequent to the measurement date	120,711	-
Total	<u>\$ 372,028</u>	<u>\$ (246,804)</u>

City contributions subsequent to the measurement date of \$120,711 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, 2022. 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:		
2023	\$	24,705
2024		(3,195)
2025		(62,005)
2026		38,282
2027		6,726
Total	<u>\$</u>	<u>4,513</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.

11. 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.

12. 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 protect 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.

13. 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, 2022 the City paid \$1,244 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.

14. 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.

15. Hotel/Motel Tax

The City of Blue Ridge levied an 8% Hotel/Motel tax in accordance with OCGA 48-13-51 in 2022. Amounts levied in excess of 2.5% are expended for promoting tourism and for tourism product development in accordance with OCGA 48-13-51 (b).

Hotel Tax Collections	\$801,457
Hotel Tax Expenditures	\$532,826
Percentage Expended	66%

16. Subsequent Events

The City has evaluated subsequent events through June 28, 2023 and July 25, 2023, the dates on which the financial statements were available to be issued. There were no items noted that required modification to the financial statements nor disclosure in the notes to the financial statements.

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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
<i>Total pension liability</i>								
Service cost	\$ 55,785	\$ 49,454	\$ 58,484	\$ 38,531	\$ 36,825	\$ 34,210	\$ 30,964	\$ 27,195
Interest	198,882	178,044	171,236	152,931	141,255	136,385	117,879	111,985
Difference between expected and actual experience	40,357	161,811	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	(138,588)	(87,606)	(79,471)	(79,472)	(78,184)	(76,751)	(66,665)	(48,927)
Net change in total pension liability	156,436	301,703	144,105	224,113	178,547	63,562	243,832	84,924
Total pension liability- beginning	2,710,211	2,408,508	2,264,403	2,040,290	1,861,743	1,798,181	1,554,349	1,469,425
Total pension liability- ending (a)	<u>\$ 2,866,647</u>	<u>\$ 2,710,211</u>	<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	\$ 119,500	\$ 129,290	\$ 108,656	\$ 89,705	\$ 83,602	\$ 68,650	\$ 66,370	\$ 77,207
Contributions- employee	-	-	-	-	-	-	-	-
Net investment income	137,480	694,700	(116,313)	56,177	171,339	154,326	3,791	107,628
Benefit payments- including refund of employee contributions	(138,588)	(87,606)	(79,471)	(79,472)	(78,184)	(76,751)	(66,665)	(48,927)
Administrative expense	(6,563)	(5,183)	(5,569)	(5,204)	(5,150)	(5,288)	(3,364)	(3,028)
Other	-	-	-	-	-	-	-	-
Net change in fiduciary net position	111,829	731,201	(92,697)	61,206	171,607	140,937	132	132,880
Plan fiduciary net position- beginning	2,247,494	1,516,293	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>\$ 2,359,323</u>	<u>\$ 2,247,494</u>	<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>\$ 507,324</u>	<u>\$ 462,717</u>	<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	82.30%	82.93%	62.96%	71.06%	75.86%	73.92%	68.69%	79.46%
Covered employee payroll	\$ 1,888,361	\$ 1,622,054	\$ 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	26.87%	28.53%	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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ - *	\$ 125,543	\$ 130,539	\$ 101,361	\$ 85,820	\$ 82,863	\$ 63,913	\$ 67,189
Contributions in relation to the actuarially determined contribution	- *	126,743 **	130,539	101,361	85,820	82,863	63,913	67,189
Contribution deficiency (excess)	\$ - *	\$ (1,200)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ - *	\$ 1,622,054 ***	\$ 1,546,353	\$ 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%	7.81%	8.44%	6.55%	7.29%	7.01%	5.43%	6.38%

*2022 information will be determined after fiscal year end and will be included in the 2023 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.

***2021 covered payroll is based on data collected as of March 31, 2021 for the 2021 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, 2022, 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, 2023.

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 10 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	7.375%
Projected salary increase	2.25% plus service based merit increases
Cost of living adjustments	0.00%
Retirement age	The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
Mortality	Mortality rates were based on the sex-distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rates multiplied by 1.25

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 sex distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct Pri-2012 headcount weighted Employee Mortality Table.

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

Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct rates under the 2019 OASDI Trustees Report used for the intermediate alternative. Previously future mortality improvements were not explicitly projected.

The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older.

The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.

The turnover rates were 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 changed to 50% of the rates in the prior age-based table.

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

The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.

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

CITY OF BLUE RIDGE, GEORGIA
SUPPLEMENTARY INFORMATION

City of Blue Ridge, Georgia
Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Confiscated Assets	ARPA	
Assets			
Cash	\$ 2,986	\$ 417,129	\$ 420,115
Total Assets	\$ 2,986	\$ 417,129	\$ 420,115
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Interfund payable	\$ -	\$ 54	\$ 54
Unearned revenue	-	417,075	417,075
Total Liabilities	-	417,129	417,129
Fund Balances			
Restricted			
Program purposes			
Public safety	2,986	-	2,986
Total Fund Balances	2,986	-	2,986
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,986	\$ 417,129	\$ 420,115

City of Blue Ridge, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2022

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Confiscated Assets	ARPA	
Revenues			
Intergovernmental	\$ -	\$ 8,612	\$ 8,612
Contributions	-	-	-
Investment earnings	-	54	54
Total Revenues	-	8,666	8,666
Expenditures			
Current			
Public safety	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	8,666	8,666
Other Financing Sources (Uses)			
Transfers out	-	(8,666)	(8,666)
Total Other Financing Sources (Uses)	-	(8,666)	(8,666)
Net Change in Fund Balances	-	-	-
Fund Balances Beginning of Year	2,986	-	2,986
Fund Balances (Deficits) End of Year	\$ 2,986	\$ -	\$ 2,986

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, 2022

	<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>2,986</u>	
Fund Balances End of Year			<u>\$ 2,986</u>	

City of Blue Ridge, Georgia
American Rescue Plan Act Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
Revenues				
Intergovernmental	\$ 273,000	\$ 273,000	\$ 8,612	\$ (264,388)
Investment earnings	-	-	54	-
Total Revenues	<u>273,000</u>	<u>273,000</u>	<u>8,666</u>	<u>(264,388)</u>
Expenditures				
Current	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	273,000	273,000	8,666	(264,388)
Other Financing Sources (Uses)				
Transfers out	(300,000)	(300,000)	(8,666)	291,334
Use of fund balance	27,000	27,000	-	(27,000)
Total Other Financing Sources (Uses)	<u>(273,000)</u>	<u>(273,000)</u>	<u>(8,666)</u>	<u>264,334</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ (54)</u>
Fund Balances Beginning of Year			-	
Fund Balances End of Year			<u>\$ -</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
Revenues				
Intergovernmental	\$ 638,820	\$ 714,570	\$ 707,157	\$ (7,413)
Investment earnings	1,000	1,000	9,015	8,015
Restitution	-	-	8,443	8,443
Total Revenues	<u>639,820</u>	<u>715,570</u>	<u>724,615</u>	<u>9,045</u>
Expenditures				
Public works	219,820	219,820	8,182	211,638
Capital Outlay				
General government	-	23,250	23,115	135
Public works	-	300,000	300,573	(573)
Total Expenditures	<u>219,820</u>	<u>543,070</u>	<u>331,870</u>	<u>211,200</u>
Excess of Revenues Over Expenditures	420,000	172,500	392,745	(202,155)
Other Financing Sources (Uses)				
Use of fund balance	-	247,500	-	247,500
Transfers out	(420,000)	(420,000)	-	-
Total Other Financing Sources (Uses)	<u>(420,000)</u>	<u>(172,500)</u>	<u>-</u>	<u>247,500</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	392,745	<u>\$ 45,345</u>
Fund Balances Beginning of Year			<u>1,138,875</u>	
Fund Balances End of Year			<u>\$ 1,531,620</u>	

City of Blue Ridge, Georgia
Schedule for Projects Constructed with
Special Purpose Local Option Sales Tax
For the year ended December 31, 2022

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	\$ 1,519,982	\$ 308,755	\$ 1,828,737	124%
Water or Sewer, capital outlay purposes	420,000	420,000	-	-	-	0%
Building Improvements and infrastructure, capital outlay purposes	210,000	210,000	-	23,115	23,115	11%
	<u>\$ 2,100,000</u>	<u>\$ 2,100,000</u>	<u>\$ 1,519,982</u>	<u>\$ 331,870</u>	<u>\$ 1,851,852</u>	

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

Note B: Current year expenditures include \$8,443 of restitution. This inflow of resources is included in expenditures in the SPLOST statements on page 7.

CITY OF BLUE RIDGE, GEORGIA
INTERNAL CONTROL AND COMPLIANCE SECTION