

Village of Ravenna
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

December 31, 2021



Village of Ravenna

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INDEPENDENT AUDITOR'S REPORT

To the Honorable President and
Members of the Village Council
Village of Ravenna
Ravenna, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Ravenna, Michigan, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village of Ravenna, Michigan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Ravenna, Michigan, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Ravenna, Michigan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Ravenna, Michigan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable President and
Members of the Village Council
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Ravenna, Michigan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Ravenna, Michigan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Honorable President and
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in net pension liability and related ratios and pension system schedule of contributions on pages 4 through 11 and 42 through 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated May 31, 2022, on our consideration of the Village of Ravenna, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Ravenna, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Ravenna, Michigan's internal control over financial reporting and compliance.



Muskegon, Michigan
May 31, 2022

As management of the Village of Ravenna, we present to the readers of the Village's financial statements this overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2021. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the Village had total assets/deferred outflows of resources of \$6,910,082 and total liabilities/deferred inflows of resources of \$2,723,116 leaving a net position of \$4,186,966.
- Of the \$4,186,966 in total net position, the Village may use \$1,177,289 (unrestricted net position) to meet the ongoing obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Village's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the Village's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net position changed during the fiscal year. All changes in net position are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business type activities). The governmental activities of the Village include general government, public safety, public works and culture and recreation activities. The business-type activities of the Village include water distribution and sewer services.

The government-wide financial statements include not only the Village of Ravenna (the primary government) but also the legally separate discretely presented component units. The boards of these organizations are appointed by the Village and given the interrelation of them with the Village; there is some potential liability for the Village due to the Village's potential pledge of its full faith and credit for future debt obligations. The financial information of these component units are reported in a separate column from the financial information of the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories—governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Village maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Major Streets Fund, and Local Streets Fund which are considered to be major funds.

Proprietary Funds. The Village has two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water distribution and sewer operations.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds financial statements provide separate information for Water and Sewer funds, both of which are major funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary information as it relates to the actual expenditures for the General Fund, Major Streets Fund, and Local Streets Fund.

Government-Wide Financial Analysis

The first table presented on the next page is a summary of the government-wide statement of net position for the Village. As stated earlier, the net position may be used as an indicator of a government's financial health. As of December 31, 2021, the Village's net position from governmental activities totaled \$2,781,772 (66%) and \$1,405,194 (34%) from business-type activities, creating a total government-wide net position of \$4,186,966.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., infrastructure, buildings, land, vehicles, equipment, etc.). These assets are used to provide services to the Village's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for governmental-type activities is \$485,940. This represents the amount of discretionary resources that can be used for general governmental operations.

As of December 31, 2021, the business-type activities show a total of \$1,405,194 in net position, of which \$691,349 is unrestricted. The Sewer Fund and Water Fund unrestricted net position is \$524,485 and \$166,864, respectively.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,054,765	\$ 883,451	\$ 778,351	\$ 752,277	\$ 1,833,116	\$ 1,635,728
Capital assets	1,843,375	1,725,889	3,150,973	3,263,996	4,994,348	4,989,885
Total assets	2,898,140	2,609,340	3,929,324	4,016,273	6,827,464	6,625,613
Deferred outflows of resources	36,352	38,214	46,266	48,634	82,618	86,848
Total assets and deferred outflows of resources	2,934,492	2,647,554	3,975,590	4,064,907	6,910,082	6,712,461
Current liabilities	101,834	32,055	121,033	303,099	222,867	335,154
Noncurrent liabilities	38,616	43,017	2,433,746	2,478,086	2,472,362	2,521,103
Total liabilities	140,450	75,072	2,554,779	2,781,185	2,695,229	2,856,257
Deferred inflows of resources	12,270	7,402	15,617	9,421	27,887	16,823
Total liabilities and deferred inflows of resources	152,720	82,474	2,570,396	2,790,606	2,723,116	2,873,080
Net position						
Net investment in capital assets	1,843,375	1,725,889	664,375	744,659	2,507,750	2,470,548
Restricted	452,457	506,802	49,470	27,485	501,927	534,287
Unrestricted	485,940	332,389	691,349	502,157	1,177,289	834,546
Total net position	\$ 2,781,772	\$ 2,565,080	\$ 1,405,194	\$ 1,274,301	\$ 4,186,966	\$ 3,839,381

Current assets in governmental activities increased due to no significant capital activity other than some street projects and also unspent American Rescue Plan Act funding. Capital assets increased due to repaving of Crockery Creek Drive. Current liabilities increased due to the aforementioned unspent American Rescue Plan Act funding.

Capital assets for business-type activities decreased because depreciation exceeded current year capital asset additions. Current liabilities decreased due to the payment of payables related to capital improvements in the prior year.

The results of this year's operations for the Village as a whole are reported in the statement of activities, which shows changes in net position.

Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 132,773	\$ 109,781	\$ 520,958	\$ 449,880	\$ 653,731	\$ 559,661
Operating grants	252,410	203,550	-	-	252,410	203,550
Capital grants and contributions	40,000	-	-	-	40,000	-
General revenues						
Property taxes	274,431	257,624	-	-	274,431	257,624
Grants and contributions not restricted	130,300	134,065	-	-	130,300	134,065
Unrestricted investment earnings	2,734	4,554	1,549	2,265	4,283	6,819
Miscellaneous	20,027	17,976	-	-	20,027	17,976
Gain on sale of capital assets	-	5,792	11,435	-	11,435	5,792
Total revenues	852,675	733,342	533,942	452,145	1,386,617	1,185,487
Expenses:						
General government	70,357	89,073	-	-	70,357	89,073
Public safety	19,461	20,192	-	-	19,461	20,192
Public works	474,319	470,388	-	-	474,319	470,388
Culture and recreation	71,846	53,813	-	-	71,846	53,813
Sewer	-	-	202,196	154,406	202,196	154,406
Water	-	-	200,853	219,148	200,853	219,148
Total expenses	635,983	633,466	403,049	373,554	1,039,032	1,007,020
Change in net position	216,692	99,876	130,893	78,591	347,585	178,467
Net position - Beginning	2,565,080	2,465,204	1,274,301	1,195,710	3,839,381	3,660,914
Net position - Ending	\$ 2,781,772	\$ 2,565,080	\$ 1,405,194	\$ 1,274,301	\$ 4,186,966	\$ 3,839,381

Governmental Activities

Governmental activities net position increased by \$216,692 (8.4%) during the 2021 fiscal year. The preceding table depicts this occurrence.

Charges for services increased due to an increase in equipment rental charges. Capital grants and contributions of \$40,000 were from the Downtown Development Authority that participated in a street improvement project. Property tax revenues increased due to higher taxable values. General government expenses decreased as there were additional legal services related to a new development in the prior year. Culture and recreation expenses increased due to additional equipment usage.

Business-Type Activities

Charges for services increased due to an increase in sewer rates and some new customers. Sewer expenses increased due to interest payments on new Rural Development bonds in the current year and depreciation on the completed assets.

Financial Analysis of the Government's Funds

As stated earlier in this discussion and analysis, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2021 fiscal year, the Village's governmental funds reported a combined unassigned fund balance of \$500,474, all of which is in the General Fund.

The General Fund is the chief operating fund of the Village. The General Fund ended the year with a fund balance of \$518,198, an increase of \$157,831 from the prior fiscal year. The health of the General Fund may be measured by the ratio of unassigned fund balance to annual expenditures and transfers. Unassigned fund balance represents 102% of the General Fund's expenditures and transfers (54% in the prior year).

Proprietary Funds. The Village proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Sewer Fund increased by \$45,827 and in the Water Fund increased by \$85,066. The result was an overall increase in the proprietary funds of \$130,893. Ending net position of the Sewer Fund and Water Fund were \$976,309 and \$428,885, respectively.

General Fund Budget

During the current fiscal year, the Village made amendments to its original budget. The following summarizes some of the larger amendments made:

- Parks expenditures were increased by \$24,000 due to additional activity and equipment usage.
- Insurance and bonds expenditures were increased by \$9,000 as the budget for liability insurance was overlooked in the initial budget.

The following comments summarize the major variations from the final budget to actual revenues and expenditures.

- Charges for services revenues were over budget by \$69,870 as additional equipment rental was not budgeted nor were administrative charges from the Brownfield component unit.
- Department of public works expenditures were under budget by \$83,199 as the Village did not have any seasonal help this year and there were no significant projects.
- Capital outlay expenditures were under budget by \$31,100 as the Village budgeted a cushion and only ended up purchasing a mower.

Capital Assets

The Village’s investment in capital assets for its governmental and business-type activities as of December 31, 2021 totaled \$4,994,348 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, machinery, equipment and vehicles.

Among capital additions this year were a paving of Crockery Creek Drive for \$215,654, sidewalk work on Stafford Street for \$12,000, a new mower for \$8,900, and the completion of the lift station improvement project in the Sewer Fund with a final cost of \$1,909,110.

**Capital Assets
(Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 32,000	\$ 31,000	\$ 46,518	\$ 87,518	\$ 78,518	\$ 118,518
Construction in progress	-	-	-	1,854,399	-	1,854,399
Land improvements	54,613	62,084	-	-	54,613	62,084
Buildings and improvements	96,783	101,980	-	-	96,783	101,980
Equipment	39,069	38,567	19,518	22,037	58,587	60,604
Infrastructure	1,589,268	1,449,130	-	-	1,589,268	1,449,130
Vehicles	31,642	43,128	-	-	31,642	43,128
Sewer system	-	-	2,240,968	403,282	2,240,968	403,282
Water system	-	-	843,969	896,760	843,969	896,760
Total	\$ 1,843,375	\$ 1,725,889	\$ 3,150,973	\$ 3,263,996	\$ 4,994,348	\$ 4,989,885

Additional information on the Village’s capital assets can be found in Note D of the “Notes to Financial Statements” of this report.

Long-Term Debt

At the end of the 2021 fiscal year, the Village had total outstanding debt of \$2,486,598.

Additional information on the Village's long-term debt can be found in Note E of the "Notes to Financial Statements" of this report.

General Economic Overview

The General Fund is comprised of two major revenue sources, state revenue sharing and property tax revenue. Those two sources comprised approximately 65 percent of the General Fund revenue sources in 2021. In 2022, property tax revenues are budgeted to increase by approximately 2 percent due to growth in taxable value, and state shared revenues are expected to remain comparable to 2021.

The Village plans no significant changes to operational expenditures in 2022.

The only capital item budgeted in the General Fund is a new small dump truck for approximately \$50,000.

The Village has budgeted a transfer of \$14,000 in the General Fund to assist with street improvements.

The Village continues to improve its road system and has budgeted various resurfacing and chip sealing projects for approximately \$185,700 in the Major Streets and Local Streets funds.

Modest rate adjustments are planned to cover increasing costs in the Sewer and Water funds. No unusual repairs or major projects are anticipated.

The Village is anticipating receiving a total of \$133,348 from the American Rescue Plan Act. The Village is planning to spend these funds on water improvements in 2023 and beyond.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Village of Ravenna, 12090 Crockery Creek Drive, Ravenna, Michigan, 49451, or telephone (231) 853-2360.

Village of Ravenna
STATEMENT OF NET POSITION
December 31, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and investments	\$ 955,897	\$ 674,766	\$ 1,630,663	\$ 64,507
Receivables	12,398	46,815	59,213	17,460
Due from other governmental units	85,245	-	85,245	-
Due from component units	1,225	-	1,225	-
Total current assets	1,054,765	721,581	1,776,346	81,967
Noncurrent assets				
Restricted cash and investments	-	56,770	56,770	-
Capital assets, net				
Nondepreciable	32,000	46,518	78,518	-
Depreciable	1,811,375	3,104,455	4,915,830	-
Total noncurrent assets	1,843,375	3,207,743	5,051,118	-
Total assets	2,898,140	3,929,324	6,827,464	81,967
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	36,352	46,266	82,618	-
Total assets and deferred outflows of resources	2,934,492	3,975,590	6,910,082	81,967
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	35,160	19,033	54,193	3,975
Due to primary government	-	-	-	1,225
Unearned revenues - expenditure-driven grants	66,674	-	66,674	-
Bonds and other obligations, due within one year	-	102,000	102,000	-
Total current liabilities	101,834	121,033	222,867	5,200
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	-	2,384,598	2,384,598	-
Net pension liability	38,616	49,148	87,764	-
Total noncurrent liabilities	38,616	2,433,746	2,472,362	-
Total liabilities	140,450	2,554,779	2,695,229	5,200
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent fiscal year	-	-	-	17,460
Related to pension	12,270	15,617	27,887	-
Total deferred inflows of resources	12,270	15,617	27,887	17,460
Total liabilities and deferred inflows of resources	152,720	2,570,396	2,723,116	22,660
NET POSITION				
Net investment in capital assets	1,843,375	664,375	2,507,750	-
Restricted				
Enforcement activities - permits	17,724	-	17,724	-
Streets	434,733	-	434,733	-
Capital projects	-	27,200	27,200	-
Debt service	-	22,270	22,270	-
Unrestricted	485,940	691,349	1,177,289	59,307
Total net position	\$ 2,781,772	\$ 1,405,194	\$ 4,186,966	\$ 59,307

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 70,357	\$ 30,697	\$ -	\$ -	\$ (39,660)	\$ -	\$ (39,660)	\$ -
Public safety	19,461	-	-	-	(19,461)	-	(19,461)	-
Public works	474,319	99,576	252,410	40,000	(82,333)	-	(82,333)	-
Culture and recreation	71,846	2,500	-	-	(69,346)	-	(69,346)	-
Total governmental activities	635,983	132,773	252,410	40,000	(210,800)	-	(210,800)	-
Business-type activities								
Sewer	202,196	235,683	-	-	-	33,487	33,487	-
Water	200,853	285,275	-	-	-	84,422	84,422	-
Total business-type activities	403,049	520,958	-	-	-	117,909	117,909	-
Total primary government	\$ 1,039,032	\$ 653,731	\$ 252,410	\$ 40,000	(210,800)	117,909	(92,891)	-
Component units								
Downtown Development Authority	\$ 56,792	\$ -	\$ 7,450	\$ -	-	-	-	(49,342)
Brownfield Redevelopment Authority	21,246	-	-	-	-	-	-	(21,246)
Total component units	\$ 78,038	\$ -	\$ 7,450	\$ -	-	-	-	(70,588)
General revenues								
Property taxes					274,431	-	274,431	27,808
Grants and contributions not restricted to specific programs					130,300	-	130,300	-
Unrestricted investment earnings					2,734	1,549	4,283	104
Miscellaneous					20,027	-	20,027	-
Gain on sale of capital assets					-	11,435	11,435	-
Total general revenues					427,492	12,984	440,476	27,912
Change in net position					216,692	130,893	347,585	(42,676)
Net position at beginning of year					2,565,080	1,274,301	3,839,381	101,983
Net position at end of year					\$ 2,781,772	\$ 1,405,194	\$ 4,186,966	\$ 59,307

The accompanying notes are an integral part of this statement.

Village of Ravenna
BALANCE SHEET
 Governmental Funds
 December 31, 2021

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 560,446	\$ 372,528	\$ 22,923	\$ 955,897
Property taxes receivable	12,398	-	-	12,398
Due from other governmental units	44,971	32,018	8,256	85,245
Due from component units	1,225	-	-	1,225
Total assets	\$ 619,040	\$ 404,546	\$ 31,179	\$ 1,054,765
LIABILITIES				
Accounts payable	\$ 28,364	\$ 20	\$ 32	\$ 28,416
Accrued liabilities	5,804	441	499	6,744
Unearned revenues - expenditure-driven grants	66,674	-	-	66,674
Total liabilities	100,842	461	531	101,834
FUND BALANCES				
Restricted				
Enforcement activities - permits	17,724	-	-	17,724
Streets	-	404,085	30,648	434,733
Unassigned	500,474	-	-	500,474
Total fund balances	518,198	404,085	30,648	952,931
Total liabilities and fund balances	\$ 619,040	\$ 404,546	\$ 31,179	\$ 1,054,765

The accompanying notes are an integral part of this statement.

Village of Ravenna
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 December 31, 2021

Total fund balance—governmental funds \$ 952,931

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 governmental funds.

Cost of capital assets	\$ 3,929,734	
Accumulated depreciation	<u>(2,086,359)</u>	1,843,375

Long-term liabilities in governmental activities are not due and payable in the
 current period and, therefore, are not reported in the governmental funds.

Net pension liability and related deferred outflows/inflows of resources	<u>(14,534)</u>
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Net position of governmental activities	<u><u>\$ 2,781,772</u></u>
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The accompanying notes are an integral part of this statement.

Village of Ravenna
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES**
 For the year ended December 31, 2021

	General Fund	Major Streets Fund	Local Streets Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 274,431	\$ -	\$ -	\$ 274,431
Licenses and permits	9,451	-	-	9,451
Intergovernmental revenues				
State	151,385	182,579	46,237	380,201
Local	-	40,000	-	40,000
Charges for services	191,895	-	-	191,895
Investment earnings	2,734	2,404	107	5,245
Other	20,026	-	-	20,026
	<hr/>			
Total revenues	649,922	224,983	46,344	921,249
EXPENDITURES				
Current				
General government	65,810	-	-	65,810
Public safety	19,058	-	-	19,058
Public works	300,173	63,563	36,406	400,142
Culture and recreation	85,101	-	-	85,101
Other governmental functions	12,049	-	-	12,049
Capital outlay	9,900	215,654	12,000	237,554
	<hr/>			
Total expenditures	492,091	279,217	48,406	819,714
	<hr/>			
Net change in fund balances	157,831	(54,234)	(2,062)	101,535
	<hr/>			
Fund balances at beginning of year	360,367	458,319	32,710	851,396
	<hr/>			
Fund balances at end of year	\$ 518,198	\$ 404,085	\$ 30,648	\$ 952,931
	<hr/> <hr/>			

The accompanying notes are an integral part of this statement.

Village of Ravenna
**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, 2021

Net change in fund balances—total governmental funds \$ 101,535

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report outlays for capital assets as expenditures.
However, in the Statement of Activities, the cost of these assets is allocated
over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (120,068)	
Capital outlay	<u>237,554</u>	117,486

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 the governmental funds.

Change in net pension liability and related deferred outflows/inflows of resources	<u>(2,329)</u>
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Change in net position of governmental activities	<u><u>\$ 216,692</u></u>
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The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF NET POSITION
 Proprietary Funds
 December 31, 2021

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
ASSETS			
Current assets			
Cash and investments	\$ 507,374	\$ 167,392	\$ 674,766
Accounts receivable	28,385	18,430	46,815
Total current assets	<u>535,759</u>	<u>185,822</u>	<u>721,581</u>
Noncurrent assets			
Restricted cash and investments	56,770	-	56,770
Capital assets			
Land	45,355	1,163	46,518
Machinery and equipment	40,010	30,646	70,656
Utility systems	3,291,117	1,806,247	5,097,364
Less accumulated depreciation	<u>(1,077,128)</u>	<u>(986,437)</u>	<u>(2,063,565)</u>
Net capital assets	<u>2,299,354</u>	<u>851,619</u>	<u>3,150,973</u>
Total noncurrent assets	<u>2,356,124</u>	<u>851,619</u>	<u>3,207,743</u>
Total assets	<u>2,891,883</u>	<u>1,037,441</u>	<u>3,929,324</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	21,481	24,785	46,266
Total assets and deferred outflows of resources	<u>2,913,364</u>	<u>1,062,226</u>	<u>3,975,590</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,691	3,972	5,663
Accrued liabilities	8,294	5,076	13,370
Bonds and other obligations, due within one year	<u>32,000</u>	<u>70,000</u>	<u>102,000</u>
Total current liabilities	<u>41,985</u>	<u>79,048</u>	<u>121,033</u>
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	1,865,000	519,598	2,384,598
Net pension liability	<u>22,819</u>	<u>26,329</u>	<u>49,148</u>
Total noncurrent liabilities	<u>1,887,819</u>	<u>545,927</u>	<u>2,433,746</u>
Total liabilities	<u>1,929,804</u>	<u>624,975</u>	<u>2,554,779</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension	7,251	8,366	15,617
Total liabilities and deferred inflows of resources	<u>1,937,055</u>	<u>633,341</u>	<u>2,570,396</u>
NET POSITION			
Net investment in capital assets	402,354	262,021	664,375
Restricted for:			
Capital projects	27,200	-	27,200
Debt service	22,270	-	22,270
Unrestricted	<u>524,485</u>	<u>166,864</u>	<u>691,349</u>
Total net position	<u>\$ 976,309</u>	<u>\$ 428,885</u>	<u>\$ 1,405,194</u>

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Proprietary Funds
 For the year ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
OPERATING REVENUES			
Charges for services	\$ 219,433	\$ 272,675	\$ 492,108
OPERATING EXPENSES			
Operations	86,071	132,743	218,814
Depreciation	73,628	52,958	126,586
Total operating expenses	159,699	185,701	345,400
Operating income	59,734	86,974	146,708
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	905	644	1,549
Connection fees	16,250	12,600	28,850
Gain (loss) on sale of capital assets	11,435	-	11,435
Interest expense	(42,497)	(15,152)	(57,649)
Total nonoperating revenues (expenses)	(13,907)	(1,908)	(15,815)
Change in net position	45,827	85,066	130,893
Net position at beginning of year	930,482	343,819	1,274,301
Net position at end of year	\$ 976,309	\$ 428,885	\$ 1,405,194

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF CASH FLOWS
 Proprietary Funds
 For the year ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 222,636	\$ 256,241	\$ 478,877
Receipts from interfund services provided	-	19,058	19,058
Payments to suppliers	(51,680)	(80,285)	(131,965)
Payments to employees	(29,795)	(44,293)	(74,088)
Payment for interfund services used	(6,700)	(4,835)	(11,535)
Net cash provided by (used for) operating activities	134,461	145,886	280,347
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Connection fees	16,250	12,600	28,850
Purchases of capital assets	(240,540)	(6,654)	(247,194)
Proceeds from revenue bonds	288,442	-	288,442
Principal paid on capital debt	(78,000)	(65,000)	(143,000)
Interest paid on capital debt	(42,597)	(15,552)	(58,149)
Proceeds from sale of capital assets	59,237	-	59,237
Net cash provided by (used for) capital and related financing activities	2,792	(74,606)	(71,814)
CASH FLOW FROM INVESTING ACTIVITIES			
Investment earnings	905	644	1,549
Net increase (decrease) in cash and investments	138,158	71,924	210,082
Cash and investments at beginning of year	425,986	95,468	521,454
Cash and investments at end of year	\$ 564,144	\$ 167,392	\$ 731,536
Reconciliation of cash and investments to the Statement of Net Position			
Cash and investments	\$ 507,374	\$ 167,392	\$ 674,766
Restricted cash and investments	56,770	-	56,770
	\$ 564,144	\$ 167,392	\$ 731,536
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating income	\$ 59,734	\$ 86,974	\$ 146,708
Adjustments to reconcile operating income to net cash provided by (used for) operating activities			
Depreciation expense	73,628	52,958	126,586
Change in assets and liabilities			
Accounts receivable	3,203	2,624	5,827
Accounts payable	(3,410)	1,592	(1,818)
Accrued liabilities	1,306	1,738	3,044
Net cash provided by (used for) operating activities	\$ 134,461	\$ 145,886	\$ 280,347

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF NET POSITION
Discretely Presented Component Units
December 31, 2021

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
ASSETS			
Current assets			
Cash and investments	\$ 63,282	\$ 1,225	\$ 64,507
Property taxes receivable	17,460	-	17,460
Total assets	80,742	1,225	81,967
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	3,975	-	3,975
Due to primary government	-	1,225	1,225
Total liabilities	3,975	1,225	5,200
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent fiscal year	17,460	-	17,460
NET POSITION			
Unrestricted	\$ 59,307	\$ -	\$ 59,307

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF ACTIVITIES
Discretely Presented Component Units
For the year ended December 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Revenue</u>	<u>Downtown</u>	<u>Brownfield</u>	<u>Total</u>
		<u>Operating</u>	<u>Development</u>	<u>Redevelopment</u>	
		<u>Grants and</u>	<u>Authority</u>	<u>Authority</u>	
		<u>Contributions</u>			
Downtown Development Authority					
Economic development	\$ 56,792	\$ 7,450	\$ (49,342)	\$ -	\$ (49,342)
Brownfield Redevelopment Authority					
Economic development	21,246	-	-	(21,246)	(21,246)
Total discretely presented component units	<u>\$ 78,038</u>	<u>\$ 7,450</u>	(49,342)	(21,246)	(70,588)
General revenues					
Property taxes			27,808	-	27,808
Unrestricted investment earnings			104	-	104
Total general revenues			<u>27,912</u>	-	<u>27,912</u>
Change in net position			(21,430)	(21,246)	(42,676)
Net position at beginning of year			<u>80,737</u>	21,246	<u>101,983</u>
Net position at end of year			<u>\$ 59,307</u>	\$ -	<u>\$ 59,307</u>

The accompanying notes are an integral part of this statement.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Ravenna (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

Reporting Entity

The Village is a home rule village governed by an elected five-member Village Council and is administered by a village manager appointed by the Village Council. The accompanying financial statements present the Village and its component units, entities for which the Village is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Village.

Discretely Presented Component Unit

Downtown Development Authority (DDA). The DDA's purpose is the collection of tax increment revenues, the issuance and repayment of debt and the construction of public facilities to promote and facilitate economic growth in the Village's downtown district. Board members of the DDA are appointed by the Village Council. The board can authorize and issue debt independent from the Village. The DDA is presented as a governmental fund type.

Brownfield Redevelopment Authority (BRA). The Authority's purpose is the collection of property tax incremental revenues and promotion of environmental remediation (including issuance of debt) in designated brownfield areas. Members of the BRA are appointed by the Village Council and the Authority is fiscally dependent on the Village since the Village Council approves the BRA budget and must approve any debt issuance. The BRA area is presented as a governmental fund type.

Basis of Presentation—Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while business-type activities incorporate data from the Village's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the Village's discretely presented component units are reported in a separate column in the government-wide financial statements.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-Wide and Fund Financial Statements—Continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Village's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the Village's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Fund accounts for money distributed by the State of Michigan for construction and maintenance of major streets within the Village.

The Local Streets Fund accounts for money distributed by the State of Michigan for construction and maintenance of local streets within the Village.

The Village reports the following major enterprise funds:

The Sewer Fund operates the Village's sewage pumping station and collection systems.

The Water Fund operates the Village's water distribution system.

During the course of operations the Village has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Village are reported at fair value (generally based on quoted market prices).

The Village has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Village to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

The component unit's cash and investments are maintained within the Village's investment pool.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Village constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Capital Assets—Continued

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Village are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-40
Utility systems	30-50
Equipment	5-20
Infrastructure	20
Vehicles	5-10

Defined Benefit Plan

The Village offers a defined benefit pension plan to its employees through Municipal Employees Retirement System (MERS). The Village records a net pension liability for the difference between the total pension liability calculated by the actuary and the Plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of 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 MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Fund Balance Flow Assumptions

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Village itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Village's highest level of decision-making authority. The Village Council is the highest level of decision-making authority for the Village that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as committed. The Village Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

Property Taxes

All trade and property tax receivables are shown net of allowance for uncollectibles.

The Village bills and collects its own property taxes. Taxes are levied and liened on July 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollected real property taxes as of the following March 1 are turned over by the Village to the County for collection. The County advances the Village all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Village. The Village recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2021 state taxable value for real/personal property of the Village totaled approximately \$33,757,000 of which approximately \$1,274,000 was captured by the DDA. The ad valorem taxes levied consisted of 8.2764 mills for the Village's operating purposes. These amounts are recognized in the General Fund with additional captured amounts also shown in the DDA component unit.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. The Village's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Village Council. The legal level of budgetary control is the department level in the General Fund and the fund level for all other governmental funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

Excess of Expenditures over Appropriations

During the year ended December 31, 2021, actual expenditures exceeded appropriations for the street lighting department by \$7,397 in the General Fund and by \$2,677 in the Major Streets Fund and by \$14,041 in the Local Streets Fund.

These over-expenditures were funded with available fund balance.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE C—DEPOSITS AND INVESTMENTS

Deposit and Investment Risks

Interest Rate Risk

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Village does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Village investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of December 31, 2021, \$1,276,060 of the Village's bank balance of \$1,779,077 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments

The Village does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign Currency Risk

The Village is not authorized to invest in investments which have this type of risk.

Restricted Cash

Restrictions are placed on assets by bond ordinance and Village Council actions. At December 31, 2021, cash is restricted as follows:

Sewer Fund	
Bond and interest redemption fund	\$ 13,000
Bond reserve fund	16,570
Repair, replacement and improvement fund	<u>27,200</u>
	<u><u>\$ 56,770</u></u>

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE D—CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,000	\$ 1,000	\$ -	\$ 32,000
Capital assets, being depreciated:				
Land improvements	132,226	-	-	132,226
Buildings and improvements	273,798	-	-	273,798
Equipment	216,638	8,900	10,031	215,507
Infrastructure	2,940,611	227,654	-	3,168,265
Vehicles	107,938	-	-	107,938
Total capital assets, being depreciated	3,671,211	236,554	10,031	3,897,734
Less accumulated depreciation:				
Land improvements	70,142	7,471	-	77,613
Buildings and improvements	171,818	5,197	-	177,015
Equipment	178,071	8,398	10,031	176,438
Infrastructure	1,491,481	87,516	-	1,578,997
Vehicles	64,810	11,486	-	76,296
Total accumulated depreciation	1,976,322	120,068	10,031	2,086,359
Total capital assets, being depreciated, net	1,694,889	116,486	-	1,811,375
Capital assets, net	\$ 1,725,889	\$ 117,486	\$ -	\$ 1,843,375

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE D—CAPITAL ASSETS—Continued

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 87,518	\$ -	\$ 41,000	\$ 46,518
Construction in progress	1,854,399	54,711	1,909,110	-
Total capital assets, not being depreciated	1,941,917	54,711	1,950,110	46,518
Capital assets, being depreciated:				
Sewer system	1,382,007	1,909,110	-	3,291,117
Water system	1,806,247	-	-	1,806,247
Equipment	75,552	6,654	11,550	70,656
Total capital assets, being depreciated	3,263,806	1,915,764	11,550	5,168,020
Less accumulated depreciation:				
Sewer system	978,725	71,424	-	1,050,149
Water system	909,487	52,791	-	962,278
Equipment	53,515	2,371	4,748	51,138
Total accumulated depreciation	1,941,727	126,586	4,748	2,063,565
Total capital assets, being depreciated, net	1,322,079	1,789,178	6,802	3,104,455
Capital assets, net	\$ 3,263,996	\$ 1,843,889	\$ 1,956,912	\$ 3,150,973

Depreciation

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 3,156
Public works	108,411
Culture and recreation	8,501
	\$ 120,068

Business-type activities:

Sewer	\$ 73,628
Water	52,958
	\$ 126,586

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE E—LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the Village for the year ended December 31, 2021.

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2021</u>	<u>Due Within One Year</u>
Business-type activities:					
Direct borrowings and direct placements	\$ 2,519,337	\$ 110,261	\$ 143,000	\$ 2,486,598	\$ 102,000

The business-type activities direct borrowings and direct placements are comprised of intergovernmental revenue bonds. They are not backed by the full faith and credit of the Village.

Direct borrowings and direct placements consist of the following:

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
Business-type activities:			
Direct borrowings and direct placements			
Revenue bonds			
2008 Water Revenue Bonds	2.50%	April 2029	\$ 589,598
2019A Sanitary Sewer Bonds	2.38%	November 2057	1,769,000
2019B Sanitary Sewer Bonds	2.38%	November 2057	128,000
			<u>\$ 2,486,598</u>

For governmental activities, claims and judgments are generally liquidated by the General Fund.

The Village was in compliance in all material respects with all the revenue bond ordinances at December 31, 2021.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE E—LONG-TERM DEBT—Continued

Annual debt service requirements to maturity for direct borrowings and direct placements outstanding as of December 31, 2021 follow:

<u>Year Ending December 31,</u>	<u>Business-type Activities</u>	
	<u>Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 102,000	\$ 58,919
2023	103,000	56,409
2024	103,000	53,875
2025	109,000	51,278
2026	110,000	48,596
2027-2031	418,598	205,433
2032-2036	215,000	173,019
2037-2041	240,000	146,300
2042-2046	269,000	116,541
2047-2051	302,000	82,983
2052-2056	338,000	45,529
2057-2059	177,000	7,363
	<u>\$ 2,486,598</u>	<u>\$ 1,046,244</u>

NOTE F—OTHER INFORMATION

Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village manages its liability and property risk by participating in the Michigan Municipal Liability and Property Pool (MMLPP), a public entity risk pool providing property and liability coverage to its participating members. The Village pays an annual premium to MMLPP for its insurance coverage. The MMLPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE F—OTHER INFORMATION—Continued

Risk Management—Continued

The Village manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Self-Insurance Fund (MMWCSIF), a public entity risk pool providing workers' compensation coverage to its participating members. The Village pays an annual premium to MMWCSIF for its workers' compensation coverage. The MMWCSIF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Village carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Village expects such amounts, if any, to be immaterial.

NOTE G—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plan

Plan Description

The Village participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

The Village's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The Plan covers all full-time employees hired prior to May 2015.

Benefits provided by the Plan have a multiplier of 1.50 percent. Vesting period is 10 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Final average compensation is calculated based on 5 years.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

NOTE G—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	2	
Inactive employees entitled to but not yet receiving benefits	1	
Active employees	1	
Total employees covered by MERS	4	

Contributions

The Village is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Village may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2021, the Village had an annual flat-dollar employer contribution to the Plan of \$13,860 in lieu of a percentage of covered payroll, as the Plan is closed to new employees. Member contributions for the Plan are 1 percent.

Net Pension Liability

The Village’s net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent	
Salary increases	3.0 percent in the long-term	
Investment rate of return	7.35 percent, net of administrative and investment expenses	

Although no specific price inflation assumptions are needed for the valuation, the 3.0 percent long-term wage inflation assumption would be consistent with a price inflation of 3-4 percent. Mortality rates used were based on a version of Pub-210 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014 through 2018.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

NOTE G—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Allocation Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	60.0%	7.45%	4.47%	2.50%	2.97%
Global fixed income	20.0%	4.90%	0.98%	2.50%	0.48%
Private assets	20.0%	9.50%	1.90%	2.50%	1.40%
Total	<u><u>100.0%</u></u>		<u><u>7.35%</u></u>		<u><u>4.85%</u></u>

Discount Rate

The discount rate used to measure the total pension liability was 7.6 percent for 2020. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expense. The projection of cash flows used to determine the discount rate assumed that employer and employee contributions will be made at rates agreed upon for employees and the actuarially determined rate for employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to calculate the liability at the beginning of the year was 7.6 percent.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE G—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balance at January 1, 2020	\$ 718,413	\$ 620,647	\$ 97,766
Changes for the year			
Service cost	3,256	-	3,256
Interest	52,618	-	52,618
Difference between expected and actual experience	1,188	-	1,188
Changes in assumptions	25,775	-	25,775
Contributions - employer	-	18,000	(18,000)
Contributions - employee	-	623	(623)
Net investment income	-	75,440	(75,440)
Administrative expenses	-	(1,224)	1,224
Benefit payments including refund of employee contributions	(55,400)	(55,400)	-
Net changes	27,437	37,439	(10,002)
Balance at December 31, 2020	\$ 745,850	\$ 658,086	\$ 87,764

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

The following presents the net pension liability of the Village, calculated using the discount rate of 7.60 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Village's net pension liability	\$ 169,728	\$ 87,764	\$ 18,601

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE G—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

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

For the year ended December 31, 2021, the Village recognized pension expense of \$23,292. At December 31, 2021, the Village 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 in experience	\$ 34,855	\$ 9,511
Differences in assumptions	29,763	-
Net difference between projected and actual net investment income	-	18,376
Contributions subsequent to the measurement date*	18,000	-
Total	\$ 82,618	\$ 27,887

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2022.

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,	Amount
2022	\$ 19,776
2023	27,639
2024	(5,219)
2025	(5,465)

Payables to the Pension Plan

At December 31, 2021, the Village reported a payable of \$1,563 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

Defined Contribution Pension Plan

The Village also maintains a defined contribution plan offered by MERS for its full-time employees hired after the defined benefit plan was closed to new participants.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE G—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Contribution Pension Plan—Continued

Benefit terms, including contribution requirements, for the MERS defined contribution plan are established and may be amended by the Village Council as determined by negotiated labor contracts. The Village is required to contribute 5 percent of a qualified employees' annual compensation each year. Qualified employees are not required to contribute to the Plan. However, the Village will match up to 2 percent in the defined contribution plan for employee contributions into the deferred compensation plan. For the year ended December 31, 2021, Village and employee contributions were \$5,612 and \$5,806, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Village contributions and earnings on Village contributions by 20 percent for each full year of service, leaving employees fully vested after five years of service. Nonvested Village contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended December 31, 2021, there were no forfeitures.

At December 31, 2021, the Village reported a payable of \$983 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time Village employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable circumstances.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

NOTE H—RISKS AND UNCERTAINTIES

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully understand the impact that it will have on the economy and on the Village's operations. As of December 31, 2021, the Village is continuing the process of implementing risk mitigation tactics including all aspects of the Village's business transactions with customers, vendors and human interaction within and outside of the Village.

NOTE I—UPCOMING ACCOUNTING PRONOUNCEMENT

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the Village's 2022 fiscal year. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This 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 financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible underlying asset. Under this Statement, 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.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Ravenna
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 263,000	\$ 263,000	\$ 274,431	\$ 11,431
Licenses and permits	5,000	5,000	9,451	4,451
Intergovernmental revenues - State	139,317	139,317	151,385	12,068
Charges for services	122,025	122,025	191,895	69,870
Investment earnings	7,050	7,050	2,734	(4,316)
Other	16,700	16,700	20,026	3,326
	<hr/>			
Total revenues	553,092	553,092	649,922	96,830
EXPENDITURES				
Current				
General government				
Village council	14,812	14,812	8,311	6,501
Attorney and professional services	12,500	14,500	9,833	4,667
Clerk	16,332	16,332	16,885	(553)
Treasurer	10,076	10,076	8,205	1,871
Building and grounds	22,330	22,330	22,576	(246)
Public safety				
Police and fire protection	29,578	29,578	19,058	10,520
Public works				
Department of public works	262,093	262,093	178,894	83,199
Street lighting	25,000	25,000	32,397	(7,397)
Sanitation	88,750	88,750	88,882	(132)
Culture and recreation				
Parks	59,104	83,104	85,101	(1,997)
Other governmental functions				
Insurance and bonds	-	9,000	4,700	4,300
Engineering	7,500	7,500	7,349	151
Capital outlay	41,000	41,000	9,900	31,100
	<hr/>			
Total expenditures	589,075	624,075	492,091	131,984
Excess of revenues over (under) expenditures	(35,983)	(70,983)	157,831	228,814
OTHER FINANCING USES				
Transfers out	(20,000)	(20,000)	-	20,000
	<hr/>			
Net change in fund balance	\$ (55,983)	\$ (90,983)	157,831	\$ 248,814
	<hr/>			
Fund balance at beginning of year			360,367	
	<hr/>			
Fund balance at end of year			\$ 518,198	
	<hr/>			

Village of Ravenna
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
Major Streets Fund
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues				
State	\$ 122,000	\$ 122,000	\$ 182,579	\$ 60,579
Local	-	40,000	40,000	-
Investment earnings	2,000	2,000	2,404	404
Total revenues	124,000	164,000	224,983	60,983
EXPENDITURES				
Current				
Public works	50,740	50,740	63,563	(12,823)
Capital outlay	120,800	225,800	215,654	10,146
Total expenditures	171,540	276,540	279,217	(2,677)
Excess of revenues over (under) expenditures	(47,540)	(112,540)	(54,234)	58,306
OTHER FINANCING SOURCES				
Transfers in	60,000	60,000	-	(60,000)
Net change in fund balance	<u>\$ 12,460</u>	<u>\$ (52,540)</u>	(54,234)	<u>\$ (1,694)</u>
Fund balance at beginning of year			<u>458,319</u>	
Fund balance at end of year			<u>\$ 404,085</u>	

Village of Ravenna
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Local Streets Fund
 For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues - State	\$ 42,000	\$ 42,000	\$ 46,237	\$ 4,237
Investment earnings	115	115	107	(8)
Total revenues	42,115	42,115	46,344	4,229
EXPENDITURES				
Current				
Public works	34,365	34,365	36,406	(2,041)
Capital outlay	-	-	12,000	(12,000)
Total expenditures	34,365	34,365	48,406	(14,041)
Net change in fund balance	<u>\$ 7,750</u>	<u>\$ 7,750</u>	(2,062)	<u>\$ (9,812)</u>
Fund balance at beginning of year			<u>32,710</u>	
Fund balance at end of year			<u><u>\$ 30,648</u></u>	

Village of Ravenna
Required Supplementary Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY							
Service cost	\$ 3,256	\$ 3,149	\$ 5,769	\$ 5,704	\$ 5,575	\$ 5,252	\$ 7,831
Interest	52,618	48,263	48,268	46,681	44,967	48,448	46,172
Differences between expected and actual experience	1,188	67,928	(18,393)	(10,783)	(7,380)	(81,372)	-
Changes of assumptions	25,775	20,866	-	-	-	27,468	-
Benefit payments, including refunds of employee contributions	(55,400)	(47,000)	(21,801)	(21,801)	(21,801)	(28,438)	(21,801)
Net change in total pension liability	27,437	93,206	13,843	19,801	21,361	(28,642)	32,202
Total pension liability at beginning of year	718,413	625,207	611,364	591,563	570,202	598,844	566,642
Total pension liability at end of year (a)	\$ 745,850	\$ 718,413	\$ 625,207	\$ 611,364	\$ 591,563	\$ 570,202	\$ 598,844
PLAN FIDUCIARY NET POSITION							
Contributions-employer	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 17,431	\$ 7,940
Contributions-employee	623	801	1,158	1,143	1,119	1,135	1,520
Net investment income	75,440	77,099	(23,835)	71,042	55,222	(7,362)	30,450
Benefit payments, including refunds or employee contributions	(55,400)	(47,000)	(21,801)	(21,801)	(21,801)	(28,438)	(21,801)
Administrative expenses	(1,224)	(1,381)	(1,172)	(1,123)	(1,089)	(1,093)	(1,117)
Net change in plan fiduciary net position	37,439	47,519	(27,650)	67,261	51,451	(18,327)	16,992
Plan fiduciary net position at beginning of year	620,647	573,128	600,778	533,517	482,066	500,393	483,401
Plan fiduciary net position at end of year (b)	\$ 658,086	\$ 620,647	\$ 573,128	\$ 600,778	\$ 533,517	\$ 482,066	\$ 500,393
Village's net pension liability at end of year (a)-(b)	\$ 87,764	\$ 97,766	\$ 52,079	\$ 10,586	\$ 58,046	\$ 88,136	\$ 98,451
Plan fiduciary net position as a percentage of the total pension liability	88.23%	86.39%	91.67%	98.27%	90.19%	84.54%	83.56%
Covered employee payroll	\$ 63,845	\$ 64,658	\$ 118,216	\$ 116,885	\$ 114,477	\$ 104,836	\$ 156,304
Village's net pension liability as a percentage of covered employee payroll	137.46%	151.20%	44.05%	9.06%	50.71%	84.07%	62.99%

Notes to Schedule

Additional actuarial data is not available and will be provided in subsequent years.

Village of Ravenna
Required Supplementary Information
PENSION SYSTEM SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 13,860	\$ 5,028	\$ 4,992	\$ 5,460	\$ 13,524	\$ 11,373	\$ 8,197	\$ 7,940	\$ 8,106	\$ 8,178
Contributions in relation to the actuarially determined contribution	18,000	18,000	18,000	18,000	18,000	18,000	17,431	7,940	8,106	8,178
Contribution deficiency (excess)	\$ (4,140)	\$ (12,972)	\$ (13,008)	\$ (12,540)	\$ (4,476)	\$ (6,627)	\$ (9,234)	\$ -	\$ -	\$ -
Covered employee payroll	Not available	\$ 63,845	\$ 64,658	\$ 118,216	\$ 118,216	\$ 116,885	\$ 114,477	\$ 104,836	\$ 156,304	\$ 154,874
Contributions as percentage of covered employee payroll	Not available	28.2%	27.8%	15.2%	15.2%	15.4%	15.2%	7.6%	5.2%	5.3%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	3.0 percent in the long-term
Investment rate of return	7.35 percent, net of investment and administrative expenses
Retirement age	50-60 years of age depending on years of service
Mortality	Based on a version of Pub-2010 and fully generational MP-2019