

Village of Ravenna
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

December 31, 2019



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 Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Honorable President and
Members of the Village Council
Village of Ravenna
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Ravenna, Michigan, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in net pension liability and related ratios and pension system schedule of contributions on pages 3 through 10 and 41 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated May 14, 2020, 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 14, 2020

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, 2019. 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 \$4,717,807 and total liabilities/deferred inflows of resources of \$1,056,893 leaving a net position of \$3,660,914.
- Of the \$3,660,914 in total net position, the Village may use \$764,518 (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, 2019, the Village's net position from governmental activities totaled \$2,465,204 (67%) and \$1,195,710 (33%) from business-type activities, creating a total government-wide net position of \$3,660,914.

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 \$306,453. This represents the amount of discretionary resources that can be used for general governmental operations.

As of December 31, 2019, the business-type activities show a total of \$1,195,710 in net position, of which \$458,065 is unrestricted. The Sewer Fund and Water Fund unrestricted net position is \$386,202 and \$71,863, respectively.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 750,569	\$ 657,958	\$ 497,685	\$ 328,285	\$ 1,248,254	\$ 986,243
Capital assets	1,765,928	1,730,496	1,637,270	1,593,696	3,403,198	3,324,192
Total assets	2,516,497	2,388,454	2,134,955	1,921,981	4,651,452	4,310,435
Deferred outflows of resources	29,196	12,754	37,159	16,232	66,355	28,986
Total assets and deferred outflows of resources	2,545,693	2,401,208	2,172,114	1,938,213	4,717,807	4,339,421
Current liabilities	39,794	37,017	123,984	86,817	163,778	123,834
Noncurrent liabilities	22,914	4,658	829,790	725,580	852,704	730,238
Total liabilities	62,708	41,675	953,774	812,397	1,016,482	854,072
Deferred inflows of resources	17,781	25,641	22,630	32,635	40,411	58,276
Total liabilities and deferred inflows of resources	80,489	67,316	976,404	845,032	1,056,893	912,348
Net position						
Net investment in capital assets	1,765,928	1,730,496	737,645	809,044	2,503,573	2,539,540
Restricted	392,823	381,571	-	-	392,823	381,571
Unrestricted	306,453	221,825	458,065	284,137	764,518	505,962
Total net position	\$ 2,465,204	\$ 2,333,892	\$ 1,195,710	\$ 1,093,181	\$ 3,660,914	\$ 3,427,073

Current assets in governmental activities increased due to no significant capital activity. Capital assets increased due to road improvement projects.

Capital assets and noncurrent liabilities for business-type activities increased due to preliminary work on lift station improvements that are being funded with long-term debt.

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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 89,328	\$ 72,148	\$ 419,696	\$ 390,865	\$ 509,024	\$ 463,013
Operating grants	197,893	209,513	-	-	197,893	209,513
Capital grants and contributions	15,000	-	-	-	15,000	-
General revenues						
Property taxes	242,160	228,441	-	-	242,160	228,441
Grants and contributions not restricted	133,688	119,221	-	-	133,688	119,221
Unrestricted investment earnings	4,715	524	867	678	5,582	1,202
Miscellaneous	20,073	25,598	-	-	20,073	25,598
Gain on sale of capital assets	4,179	-	-	-	4,179	-
Total revenues	707,036	655,445	420,563	391,543	1,127,599	1,046,988
Expenses:						
General government	69,731	73,800	-	-	69,731	73,800
Public safety	20,298	20,603	-	-	20,298	20,603
Public works	428,322	400,233	-	-	428,322	400,233
Culture and recreation	57,373	62,988	-	-	57,373	62,988
Sewer	-	-	119,047	129,132	119,047	129,132
Water	-	-	198,987	217,833	198,987	217,833
Total expenses	575,724	557,624	318,034	346,965	893,758	904,589
Change in net position	131,312	97,821	102,529	44,578	233,841	142,399
Net position - Beginning	2,333,892	2,236,071	1,093,181	1,048,603	3,427,073	3,284,674
Net position - Ending	\$ 2,465,204	\$ 2,333,892	\$ 1,195,710	\$ 1,093,181	\$ 3,660,914	\$ 3,427,073

Governmental Activities

Governmental activities net position increased by \$131,312 (5.6%) during the 2019 fiscal year. The preceding table depicts this occurrence.

Capital grants were improvements to Main Street paid by the Downtown Development Authority. Property tax revenues increased due to higher taxable values. Public works expenses increased due to higher sanitation fees and higher depreciation.

Business-Type Activities

Charges for services increased due to an increase in sewer and water rates during the year. Water expenses decreased due to no significant repairs in the current year.

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 2019 fiscal year, the Village's governmental funds reported a combined unassigned fund balance of \$317,952, 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 \$332,275, an increase of \$77,258 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 73% of the General Fund's expenditures and transfers (55% 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 \$65,109 and in the Water Fund increased by \$37,420. The result was an overall increase in the proprietary funds of \$102,529. Ending net position of the Sewer Fund and Water Fund were \$892,731 and \$302,979, 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:

- Sanitation budgeted expenditures were increased by \$9,000 to reflect increased costs for garbage services.

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

- Intergovernmental revenues – State were over budget by \$25,688 as the Village did not budget for personal property replacement funds received from the State of Michigan and received more revenue sharing than expected.
- Charges for services revenues were over budget by \$13,249 as the Village did not adjust the budget for an increase in sanitation rates.
- Other revenues were under budget by \$13,927 as the Village did not receive as much reimbursements as initially anticipated.
- Transfers out were under budget by \$22,000 as the Village determined that transfers to other funds were unnecessary.

Capital Assets

The Village’s investment in capital assets for its governmental and business-type activities as of December 31, 2019 totaled \$3,403,198 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, machinery, equipment and vehicles.

Among capital additions this year were chip and seal projects and repaving projects for \$132,123, a plow truck for \$17,415, and \$128,204 for preliminary work on a lift station improvement project.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 31,000	\$ 31,000	\$ 87,518	\$ 87,518	\$ 118,518	\$ 118,518
Construction in progress	-	-	143,502	15,298	143,502	15,298
Land improvements	69,555	77,716	-	-	69,555	77,716
Buildings and improvements	67,391	71,564	-	-	67,391	71,564
Equipment	46,703	59,115	29,329	31,533	76,032	90,648
Infrastructure	1,537,347	1,491,101	-	-	1,537,347	1,491,101
Vehicles	13,932	-	-	-	13,932	-
Sewer system	-	-	429,247	458,422	429,247	458,422
Water system	-	-	947,674	1,000,925	947,674	1,000,925
Total	\$ 1,765,928	\$ 1,730,496	\$ 1,637,270	\$ 1,593,696	\$ 3,403,198	\$ 3,324,192

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

During the year, the Village made its scheduled payment on a loan from the State of Michigan Drinking Water Revolving Fund. The Village began drawing down on revenue bonds for a lift station project and had drawn down \$180,027 at the end of the year. At the end of the 2019 fiscal year, the Village had total outstanding debt of \$899,625.

Additional information on the Village's long-term debt can be found in Note F 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 70 percent of the General Fund revenue sources in 2019. In 2020, property tax revenues are budgeted to increase slightly and state shared revenues are expected to remain comparable to 2019.

Other than some roof improvements to the Village hall, the Village plans no significant changes to operational expenditures in 2020.

There are no significant capital projects budgeted in the General Fund.

The Village has been approved for a Rural Development loan through the United States Department of Agriculture for lift station improvements. Preliminary work was started in 2019 with the project expected to be completed in 2020. The total cost of the project is expected to be approximately \$2,000,000 and will be funded by the loan. Sewer rates will be modestly increased each of the next four years to ensure revenue will be available to pay for these improvements.

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 call (231) 853-2360.

Village of Ravenna
STATEMENT OF NET POSITION
December 31, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and investments	\$ 665,993	\$ 453,316	\$ 1,119,309	\$ 48,048
Receivables	13,926	44,369	58,295	25,543
Due from other governmental units	70,650	-	70,650	-
Due from primary government	-	-	-	19,858
Total current assets	750,569	497,685	1,248,254	93,449
Noncurrent assets				
Capital assets, net				
Nondepreciable	31,000	231,020	262,020	-
Depreciable	1,734,928	1,406,250	3,141,178	-
Total noncurrent assets	1,765,928	1,637,270	3,403,198	-
Total assets	2,516,497	2,134,955	4,651,452	93,449
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	29,196	37,159	66,355	-
Total assets and deferred outflows of resources	2,545,693	2,172,114	4,717,807	93,449
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	19,936	24,984	44,920	-
Due to component units	19,858	-	19,858	-
Bonds and other obligations, due within one year	-	99,000	99,000	-
Total current liabilities	39,794	123,984	163,778	-
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	-	800,625	800,625	-
Net pension liability	22,914	29,165	52,079	-
Total noncurrent liabilities	22,914	829,790	852,704	-
Total liabilities	62,708	953,774	1,016,482	-
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent fiscal year	-	-	-	25,543
Related to pension	17,781	22,630	40,411	-
Total deferred inflows of resources	17,781	22,630	40,411	25,543
Total liabilities and deferred inflows of resources	80,489	976,404	1,056,893	25,543
NET POSITION				
Net investment in capital assets	1,765,928	737,645	2,503,573	-
Restricted				
Enforcement activities - permits	14,323	-	14,323	-
Streets	378,500	-	378,500	-
Unrestricted	306,453	458,065	764,518	67,906
Total net position	\$ 2,465,204	\$ 1,195,710	\$ 3,660,914	\$ 67,906

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenue			Primary Government	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary government						
Governmental activities						
General government	\$ 69,731	\$ 3,676	\$ -	\$ -	\$ (66,055)	\$ (66,055)
Public safety	20,298	-	-	-	(20,298)	(20,298)
Public works	428,322	85,652	197,893	15,000	(129,777)	(129,777)
Culture and recreation	57,373	-	-	-	(57,373)	(57,373)
Total governmental activities	575,724	89,328	197,893	15,000	(273,503)	(273,503)
Business-type activities						
Sewer	119,047	184,105	-	-	65,058	65,058
Water	198,987	235,591	-	-	36,604	36,604
Total business-type activities	318,034	419,696	-	-	101,662	101,662
Total primary government	\$ 893,758	\$ 509,024	\$ 197,893	\$ 15,000	(273,503)	(171,841)
Component units						
Downtown Development Authority	\$ 16,431	\$ -	\$ -	\$ -	-	(16,431)
Brownfield Redevelopment Authority	6,611	-	-	-	-	(6,611)
Total component units	\$ 23,042	\$ -	\$ -	\$ -	-	(23,042)
General revenues						
Property taxes					242,160	242,160
Grants and contributions not restricted to specific programs					133,688	133,688
Unrestricted investment earnings					4,715	4,715
Miscellaneous					20,073	20,073
Gain on sale of capital assets					4,179	4,179
Total general revenues					404,815	404,815
Change in net position					131,312	131,312
Net position at beginning of year					2,333,892	2,333,892
Net position at end of year					\$ 2,465,204	\$ 2,465,204
					\$ 1,195,710	\$ 1,195,710
					\$ 3,660,914	\$ 3,660,914
					\$ 67,906	\$ 67,906

The accompanying notes are an integral part of this statement.

Village of Ravenna
BALANCE SHEET
 Governmental Funds
 December 31, 2019

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 317,914	\$ 341,815	\$ 6,264	\$ 665,993
Property taxes receivable	13,926	-	-	13,926
Due from other governmental units	39,780	23,789	7,081	70,650
Total assets	\$ 371,620	\$ 365,604	\$ 13,345	\$ 750,569
LIABILITIES				
Accounts payable	\$ 16,698	\$ 427	\$ -	\$ 17,125
Accrued liabilities	2,789	14	8	2,811
Due to component units	19,858	-	-	19,858
Total liabilities	39,345	441	8	39,794
FUND BALANCES				
Restricted				
Enforcement activities - permits	14,323	-	-	14,323
Streets	-	365,163	13,337	378,500
Unassigned	317,952	-	-	317,952
Total fund balances	332,275	365,163	13,337	710,775
Total liabilities and fund balances	\$ 371,620	\$ 365,604	\$ 13,345	\$ 750,569

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, 2019

Total fund balance—governmental funds \$ 710,775

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	\$ 3,644,569	
Accumulated depreciation	<u>(1,878,641)</u>	1,765,928

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>(11,499)</u>
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Net position of governmental activities	<u><u>\$ 2,465,204</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, 2019

	General Fund	Major Streets Fund	Local Streets Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 242,160	\$ -	\$ -	\$ 242,160
Licenses and permits	3,676	-	-	3,676
Intergovernmental revenues - State	133,688	151,414	43,305	328,407
Charges for services	107,249	-	-	107,249
Investment earnings	4,715	3,051	124	7,890
Other	20,073	-	-	20,073
Total revenues	511,561	154,465	43,429	709,455
EXPENDITURES				
Current				
General government	63,631	-	-	63,631
Public safety	19,058	-	-	19,058
Public works	258,833	47,868	20,327	327,028
Culture and recreation	44,386	-	-	44,386
Other governmental functions	35,159	-	-	35,159
Capital outlay	17,415	88,769	28,354	134,538
Total expenditures	438,482	136,637	48,681	623,800
Excess of revenues over (under) expenditures	73,079	17,828	(5,252)	85,655
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	4,179	-	-	4,179
Net change in fund balances	77,258	17,828	(5,252)	89,834
Fund balances at beginning of year	255,017	347,335	18,589	620,941
Fund balances at end of year	\$ 332,275	\$ 365,163	\$ 13,337	\$ 710,775

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, 2019

Net change in fund balances—total governmental funds \$ 89,834

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	\$ (114,106)	
Capital outlay	<u>134,538</u>	20,432

Donations of capital assets increase revenues in the Statement of
Activities, but do not appear in the governmental funds because
they are not financial resources.

15,000

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>6,046</u>
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Change in net position of governmental activities	<u><u>\$ 131,312</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, 2019

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
ASSETS			
Current assets			
Cash and investments	\$ 383,874	\$ 69,442	\$ 453,316
Accounts receivable	26,259	18,110	44,369
Total current assets	410,133	87,552	497,685
Noncurrent assets			
Capital assets			
Land	86,355	1,163	87,518
Construction in progress	143,502	-	143,502
Machinery and equipment	51,560	23,992	75,552
Utility systems	1,382,007	1,806,247	3,188,254
Less accumulated depreciation	(976,868)	(880,688)	(1,857,556)
Total noncurrent assets	686,556	950,714	1,637,270
Total assets	1,096,689	1,038,266	2,134,955
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	17,252	19,907	37,159
Total assets and deferred outflows of resources	1,113,941	1,058,173	2,172,114
LIABILITIES			
Current liabilities			
Accounts payable	16,587	2,762	19,349
Accrued liabilities	548	5,087	5,635
Bonds and other obligations, due within one year	34,000	65,000	99,000
Total current liabilities	51,135	72,849	123,984
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	146,027	654,598	800,625
Net pension liability	13,541	15,624	29,165
Total noncurrent liabilities	159,568	670,222	829,790
Total liabilities	210,703	743,071	953,774
DEFERRED INFLOWS OF RESOURCES			
Related to pension	10,507	12,123	22,630
Total liabilities and deferred inflows of resources	221,210	755,194	976,404
NET POSITION			
Net investment in capital assets	506,529	231,116	737,645
Unrestricted	386,202	71,863	458,065
Total net position	\$ 892,731	\$ 302,979	\$ 1,195,710

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, 2019

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
OPERATING REVENUES			
Charges for services	\$ 175,405	\$ 234,741	\$ 410,146
OPERATING EXPENSES			
Operations	87,668	127,391	215,059
Depreciation	31,379	53,251	84,630
Total operating expenses	119,047	180,642	299,689
Operating income	56,358	54,099	110,457
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	51	816	867
Connection fees	8,700	850	9,550
Interest expense	-	(18,345)	(18,345)
Total nonoperating revenues (expenses)	8,751	(16,679)	(7,928)
Change in net position	65,109	37,420	102,529
Net position at beginning of year	827,622	265,559	1,093,181
Net position at end of year	\$ 892,731	\$ 302,979	\$ 1,195,710

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, 2019

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 170,275	\$ 211,612	\$ 381,887
Receipts from interfund services provided	-	19,058	19,058
Payments to suppliers	(48,827)	(87,924)	(136,751)
Payments to employees	(31,943)	(41,760)	(73,703)
Payment for interfund services used	(5,470)	(3,259)	(8,729)
Net cash provided by (used for) operating activities	84,035	97,727	181,762
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Connection fees	8,700	850	9,550
Purchases of capital assets	(128,204)	-	(128,204)
Proceeds from revenue bonds	180,027	-	180,027
Principal paid on capital debt	-	(65,054)	(65,054)
Interest paid on capital debt	-	(18,749)	(18,749)
Net cash provided by (used for) capital and related financing activities	60,523	(82,953)	(22,430)
CASH FLOW FROM INVESTING ACTIVITIES			
Investment earnings	51	816	867
Net increase (decrease) in cash and investments	144,609	15,590	160,199
Cash and investments at beginning of year	239,265	53,852	293,117
Cash and investments at end of year	\$ 383,874	\$ 69,442	\$ 453,316
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating income	\$ 56,358	\$ 54,099	\$ 110,457
Adjustments to reconcile operating income to net cash provided by (used for) operating activities			
Depreciation expense	31,379	53,251	84,630
Change in assets and liabilities			
Accounts receivable	(5,130)	(4,071)	(9,201)
Accounts payable	5,658	(1,127)	4,531
Accrued liabilities	(4,230)	(4,425)	(8,655)
Net cash provided by (used for) operating activities	\$ 84,035	\$ 97,727	\$ 181,762

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF NET POSITION
 Discretely Presented Component Units
 December 31, 2019

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
ASSETS			
Current assets			
Cash and investments	\$ 38,374	\$ 9,674	\$ 48,048
Property taxes receivable	15,714	9,829	25,543
Due from primary government	17,729	2,129	19,858
Total assets	71,817	21,632	93,449
 DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent fiscal year	15,714	9,829	25,543
 NET POSITION			
Unrestricted	\$ 56,103	\$ 11,803	\$ 67,906

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, 2019

	Net (Expense) Revenue and Changes in Net Position		
<u>Functions/Programs</u>	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Downtown Development Authority	\$ 16,431	\$ (16,431)	\$ (16,431)
Economic development		-	
Brownfield Redevelopment Authority		(6,611)	(6,611)
Economic development			
Total discretely presented component units	\$ 23,042	(16,431)	(23,042)
General revenues			
Property taxes	23,283	12,594	35,877
Unrestricted investment earnings	361	-	361
Total general revenues	23,644	12,594	36,238
Change in net position	7,213	5,983	13,196
Net position at beginning of year	48,890	5,820	54,710
Net position at end of year	\$ 56,103	\$ 11,803	\$ 67,906

The accompanying notes are an integral part of this statement.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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 Units

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, 2019

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, 2019

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, 2019

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.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the Village chose to include all such items regardless of their acquisition date or amount. The Village was able to estimate the historical cost of the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year).

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, 2019

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Capital Assets—Continued

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

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, 2019

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, 2019

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 2019 state taxable value for real/personal property of the Village totaled approximately \$30,112,000 of which approximately \$1,139,000 and \$257,000 was captured by the DDA and BRA, respectively. 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 and BRA component units.

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.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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, 2019, \$487,354 of the Village's bank balance of \$1,189,710 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, 2019, there were no restricted cash and investments in the enterprise funds as the various reserve requirements for the 2019 Sanitary Sewer Revenue Bonds will be effective in 2020.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE D—CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,000	\$ -	\$ -	\$ 31,000
Capital assets, being depreciated:				
Land improvements	132,226	-	-	132,226
Buildings and improvements	234,341	-	-	234,341
Equipment	235,987	-	19,349	216,638
Infrastructure	2,808,488	132,123	-	2,940,611
Vehicles	83,368	17,415	11,030	89,753
Total capital assets, being depreciated	3,494,410	149,538	30,379	3,613,569
Less accumulated depreciation:				
Land improvements	54,510	8,161	-	62,671
Buildings and improvements	162,777	4,173	-	166,950
Equipment	176,872	12,412	19,349	169,935
Infrastructure	1,317,387	85,877	-	1,403,264
Vehicles	83,368	3,483	11,030	75,821
Total accumulated depreciation	1,794,914	114,106	30,379	1,878,641
Total capital assets, being depreciated, net	1,699,496	35,432	-	1,734,928
Capital assets, net	\$ 1,730,496	\$ 35,432	\$ -	\$ 1,765,928

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE D—CAPITAL ASSETS—Continued

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 87,518	\$ -	\$ -	\$ 87,518
Construction in progress	15,298	128,204	-	143,502
Total capital assets, not being depreciated	102,816	128,204	-	231,020
Capital assets, being depreciated:				
Sewer system	1,382,007	-	-	1,382,007
Water system	1,821,743	-	15,496	1,806,247
Equipment	75,552	-	-	75,552
Total capital assets, being depreciated	3,279,302	-	15,496	3,263,806
Less accumulated depreciation:				
Sewer system	923,585	29,175	-	952,760
Water system	820,818	53,251	15,496	858,573
Equipment	44,019	2,204	-	46,223
Total accumulated depreciation	1,788,422	84,630	15,496	1,857,556
Total capital assets, being depreciated, net	1,490,880	(84,630)	-	1,406,250
Capital assets, net	\$ 1,593,696	\$ 43,574	\$ -	\$ 1,637,270

Depreciation

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 1,841
Public works	102,782
Culture and recreation	9,483
	\$ 114,106

Business-type activities:

Sewer	\$ 31,379
Water	53,251
	\$ 84,630

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE E—INTERFUND RECEIVABLES AND PAYABLES

Due From/To Primary Government and Component Units:

The General Fund owes the DDA and BRA \$17,729 and \$2,129, respectively, for undistributed property taxes.

NOTE F—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, 2019.

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Business-type activities:					
Direct borrowings and direct placements	\$ 784,652	\$ 180,027	\$ 65,054	\$ 899,625	\$ 99,000

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:

	Interest Rate	Date of Maturity	Balance
Business-type activities:			
Direct borrowings and direct placements			
Revenue bonds			
2008 Water Revenue Bonds	2.50%	April 2029	\$ 719,598
2019A Sanitary Sewer Bonds	2.38%	November 2057	132,000
2019B Sanitary Sewer Bonds	2.38%	November 2057	48,027
			\$ 899,625

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, 2019.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE F—LONG-TERM DEBT—Continued

Annual debt service requirements to maturity for direct borrowings and direct placements outstanding as of December 31, 2019 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>
2020	\$ 99,000	\$ 21,453
2021	83,027	19,020
2022	72,000	16,905
2023	72,000	15,108
2024	72,000	13,310
2025-2029	390,598	37,954
2030-2034	15,000	12,469
2035-2039	15,000	10,688
2040-2044	16,000	8,906
2045-2049	20,000	6,769
2050-2054	20,000	4,394
2055-2057	25,000	1,779
	<u>\$ 899,625</u>	<u>\$ 168,755</u>

NOTE G—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, 2019

NOTE G—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.

Commitment

The Village has a contract for lift station improvements as of December 31, 2019 of approximately \$1,619,000. The Sewer Fund will pay these costs with a federal loan.

NOTE H—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.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE H—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

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.

Employees Covered by Benefit Terms

At December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	1
Active employees	2
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, 2019, the Village had an annual flat-dollar employer contribution to the Plan of \$4,992 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE H—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.75 percent in the long-term
Investment rate of return	7.75 percent, net of administrative and investment expenses

Although no specific price inflation assumptions are needed for the valuation, the 2.5 percent long-term wage inflation assumption would be consistent with a price inflation of 3-4 percent. Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50 percent Male and 50 percent Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009 through 2013.

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:

Asset Class	Target Allocation	Target Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	55.5%	8.65%	4.80%	2.50%	3.42%
Global fixed income	18.5%	3.76%	0.70%	2.50%	0.23%
Real assets	13.5%	9.72%	1.31%	2.50%	0.97%
Diversifying strategies	12.5%	7.50%	0.94%	2.50%	0.63%
Total	100.0%		7.75%		5.25%

Discount Rate

The discount rate used to measure the total pension liability was 8 percent for 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. 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.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE H—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, 2018	\$ 611,364	\$ 600,778	\$ 10,586
Changes for the year			
Service cost	5,769	-	5,769
Interest	48,268	-	48,268
Difference between expected and actual experience	(18,393)	-	(18,393)
Contributions - employer	-	18,000	(18,000)
Contributions - employee	-	1,158	(1,158)
Net investment income	-	(23,835)	23,835
Administrative expenses	-	(1,172)	1,172
Benefit payments including refund of employee contributions	(21,801)	(21,801)	-
Net changes	13,843	(27,650)	41,493
Balance at December 31, 2018	\$ 625,207	\$ 573,128	\$ 52,079

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 8 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 (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Village's net pension liability	\$ 119,023	\$ 52,079	\$ (5,498)

Note: 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.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE H—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, 2019, the Village recognized pension expense of \$4,259. At December 31, 2019, 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	\$ -	\$ 40,411
Differences in assumptions	5,492	-
Net difference between projected and actual net investment income	42,863	-
Contributions subsequent to the measurement date*	18,000	-
Total	\$ 66,355	\$ 40,411

*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, 2020.

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
2020	\$ (3,457)
2021	(2,056)
2022	2,796
2023	10,661

Payables to the Pension Plan

At December 31, 2019, the Village reported a payable of \$1,559 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE H—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

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.

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, 2019, Village and employee contributions were \$4,623 and none, 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, 2019, there were no forfeitures.

At December 31, 2019, the Village reported a payable of \$685 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

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 K—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.

NOTE L—SUBSEQUENT EVENT

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 May 14, 2020, the Village is in 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.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Ravenna
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Property taxes	\$ 248,000	\$ 248,000	\$ 242,160	\$ (5,840)
Licenses and permits	5,000	5,000	3,676	(1,324)
Intergovernmental revenues - State	108,000	108,000	133,688	25,688
Charges for services	94,000	94,000	107,249	13,249
Fines and forfeitures	105	105	-	(105)
Investment earnings	525	525	4,715	4,190
Other	34,000	34,000	20,073	(13,927)
Total revenues	489,630	489,630	511,561	21,931
EXPENDITURES				
Current				
General government				
Village council	10,675	10,875	10,873	2
Attorney and professional services	12,500	12,500	6,586	5,914
Clerk	19,100	19,100	17,064	2,036
Treasurer	12,000	12,000	9,369	2,631
Building and grounds	30,000	30,000	19,739	10,261
Public safety				
Police and fire protection	19,058	19,058	19,058	-
Public works				
Department of public works	138,000	146,184	145,194	990
Street lighting	35,000	35,000	28,632	6,368
Sanitation	75,000	86,000	85,007	993
Culture and recreation				
Parks	46,000	46,000	44,386	1,614
Other governmental functions				
Insurance and bonds	22,000	22,000	17,042	4,958
Engineering	7,500	7,500	6,367	1,133
Employer payroll taxes	9,000	12,000	11,750	250
Capital outlay	32,000	32,000	17,415	14,585
Total expenditures	467,833	490,217	438,482	51,735
Excess of revenues over (under) expenditures	21,797	(587)	73,079	73,666
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	500	500	4,179	3,679
Transfers out	(22,000)	(22,000)	-	22,000
Total other financing sources (uses)	(21,500)	(21,500)	4,179	25,679
Net change in fund balance	<u>\$ 297</u>	<u>\$ (22,087)</u>	77,258	<u>\$ 99,345</u>
Fund balance at beginning of year			<u>255,017</u>	
Fund balance at end of year			<u>\$ 332,275</u>	

Village of Ravenna
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Major Streets Fund
 For the year ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues - State	\$ 128,000	\$ 148,000	\$ 151,414	\$ 3,414
Investment earnings	400	400	3,051	2,651
Other	500	500	-	(500)
Total revenues	128,900	148,900	154,465	5,565
EXPENDITURES				
Current				
Public works	49,310	57,310	47,868	9,442
Capital outlay	110,000	110,000	88,769	21,231
Total expenditures	159,310	167,310	136,637	30,673
Net change in fund balance	\$ (30,410)	\$ (18,410)	17,828	\$ 36,238
Fund balance at beginning of year			347,335	
Fund balance at end of year			\$ 365,163	

Village of Ravenna
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Local Streets Fund
 For the year ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues - State	\$ 36,000	\$ 36,000	\$ 43,305	\$ 7,305
Investment earnings	100	100	124	24
Total revenues	36,100	36,100	43,429	7,329
EXPENDITURES				
Current				
Public works	25,860	30,860	20,327	10,533
Capital outlay	40,000	40,000	28,354	11,646
Total expenditures	65,860	70,860	48,681	22,179
Net change in fund balance	\$ (29,760)	\$ (34,760)	(5,252)	\$ (14,850)
Fund balance at beginning of year			18,589	
Fund balance at end of year			\$ 13,337	

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)

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 5,769	\$ 5,704	\$ 5,575	\$ 5,252	\$ 7,831
Interest	48,268	46,681	44,967	48,448	46,172
Differences between expected and actual experience	(18,393)	(10,783)	(7,380)	(81,372)	-
Changes of assumptions	-	-	-	27,468	-
Benefit payments, including refunds of employee contributions	(21,801)	(21,801)	(21,801)	(28,438)	(21,801)
Net change in total pension liability	13,843	19,801	21,361	(28,642)	32,202
Total pension liability at beginning of year	611,364	591,563	570,202	598,844	566,642
Total pension liability at end of year (a)	\$ 625,207	\$ 611,364	\$ 591,563	\$ 570,202	\$ 598,844

PLAN FIDUCIARY NET POSITION

Contributions-employer	\$ 18,000	\$ 18,000	\$ 18,000	\$ 17,431	\$ 7,940
Contributions-employee	1,158	1,143	1,119	1,135	1,520
Net investment income	(23,835)	71,042	55,222	(7,362)	30,450
Benefit payments, including refunds or employee contributions	(21,801)	(21,801)	(21,801)	(28,438)	(21,801)
Administrative expenses	(1,172)	(1,123)	(1,089)	(1,093)	(1,117)
Net change in plan fiduciary net position	(27,650)	67,261	51,451	(18,327)	16,992
Plan fiduciary net position at beginning of year	600,778	533,517	482,066	500,393	483,401
Plan fiduciary net position at end of year (b)	\$ 573,128	\$ 600,778	\$ 533,517	\$ 482,066	\$ 500,393

Village's net pension liability at end of year (a)-(b)

	\$ 52,079	\$ 10,586	\$ 58,046	\$ 88,136	\$ 98,451
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Plan fiduciary net position as a percentage of the total pension liability

	91.67%	98.27%	90.19%	84.54%	83.56%
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Covered employee payroll

	\$ 118,216	\$ 116,885	\$ 114,477	\$ 104,836	\$ 156,304
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Village's net pension liability as a percentage of covered employee payroll

	44.05%	9.06%	50.71%	84.07%	62.99%
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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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 4,992	\$ 5,460	\$ 13,524	\$ 11,373	\$ 8,197	\$ 7,940	\$ 8,106	\$ 8,178	\$ 10,218	\$ 12,943
Contributions in relation to the actuarially determined contribution	18,000	18,000	18,000	18,000	17,431	7,940	8,106	8,178	10,218	12,943
Contribution deficiency (excess)	\$ (13,008)	\$ (12,540)	\$ (4,476)	\$ (6,627)	\$ (9,234)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 118,216	\$ 118,216	\$ 116,885	\$ 114,477	\$ 104,836	\$ 156,304	\$ 154,874	\$ 195,794	\$ 196,495	\$ 189,494
Contributions as percentage of covered employee payroll	15.2%	15.2%	15.4%	15.7%	16.6%	5.1%	5.2%	4.2%	5.2%	6.8%

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	20 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	3.75 percent
Investment rate of return	7.75 percent, net of investment and administrative expenses
Retirement age	Varies depending on plan adoption
Mortality	50 percent Female/50 percent Male RP-2014 Group Annuity Mortality Table