

Village of Ravenna
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

December 31, 2020



Village of Ravenna

TABLE OF CONTENTS

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis..... 3

Basic Financial Statements

 Government-Wide Financial Statements

 Statement of Net Position..... 11

 Statement of Activities 12

 Fund Financial Statements

 Governmental Funds

 Balance Sheet..... 13

 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position 14

 Statement of Revenues, Expenditures and Changes
 in Fund Balances..... 15

 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of
 Activities 16

 Proprietary Funds

 Statement of Net Position..... 17

 Statement of Revenues, Expenses and Changes in Net Position 18

 Statement of Cash Flows..... 19

 Component Units

 Statement of Net Position..... 20

 Statement of Activities 21

 Notes to Financial Statements 22

Required Supplementary Information

 Budgetary Comparison Schedule—General Fund..... 41

 Budgetary Comparison Schedule—Major Streets Fund..... 42

 Budgetary Comparison Schedule—Local Streets Fund 43

 Schedule of Changes in Net Pension Liability and Related Ratios 44

 Pension System Schedule of Contributions 45

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, 2020, 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
Page 2

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, 2020, 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 24, 2021, 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 24, 2021

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, 2020. 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 \$6,712,461 and total liabilities/deferred inflows of resources of \$2,873,080 leaving a net position of \$3,839,381.
- Of the \$3,839,381 in total net position, the Village may use \$834,546 (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, 2020, the Village's net position from governmental activities totaled \$2,565,080 (67%) and \$1,274,301 (33%) from business-type activities, creating a total government-wide net position of \$3,839,381.

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 \$332,389. This represents the amount of discretionary resources that can be used for general governmental operations.

As of December 31, 2020, the business-type activities show a total of \$1,274,301 in net position, of which \$502,157 is unrestricted. The Sewer Fund and Water Fund unrestricted net position is \$401,663 and \$100,494, respectively.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 883,451	\$ 750,569	\$ 752,277	\$ 497,685	\$ 1,635,728	\$ 1,248,254
Capital assets	1,725,889	1,765,928	3,263,996	1,637,270	4,989,885	3,403,198
Total assets	2,609,340	2,516,497	4,016,273	2,134,955	6,625,613	4,651,452
Deferred outflows of resources	38,214	29,196	48,634	37,159	86,848	66,355
Total assets and deferred outflows of resources	2,647,554	2,545,693	4,064,907	2,172,114	6,712,461	4,717,807
Current liabilities	32,055	39,794	303,099	123,984	335,154	163,778
Noncurrent liabilities	43,017	22,914	2,478,086	829,790	2,521,103	852,704
Total liabilities	75,072	62,708	2,781,185	953,774	2,856,257	1,016,482
Deferred inflows of resources	7,402	17,781	9,421	22,630	16,823	40,411
Total liabilities and deferred inflows of resources	82,474	80,489	2,790,606	976,404	2,873,080	1,056,893
Net position						
Net investment in capital assets	1,725,889	1,765,928	744,659	737,645	2,470,548	2,503,573
Restricted	506,802	392,823	27,485	-	534,287	392,823
Unrestricted	332,389	306,453	502,157	458,065	834,546	764,518
Total net position	\$ 2,565,080	\$ 2,465,204	\$ 1,274,301	\$ 1,195,710	\$ 3,839,381	\$ 3,660,914

Current assets in governmental activities increased due to no significant capital activity. Capital assets decreased because depreciation exceeded current year capital asset additions.

Capital assets and noncurrent liabilities for business-type activities increased due to continued work on lift station improvements that are being funded with long-term debt. Current assets and current liabilities increased due to receivables and payables related to the aforementioned project.

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		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues						
Charges for services	\$ 109,781	\$ 89,328	\$ 449,880	\$ 419,696	\$ 559,661	\$ 509,024
Operating grants	203,550	197,893	-	-	203,550	197,893
Capital grants and contributions	-	15,000	-	-	-	15,000
General revenues						
Property taxes	257,624	242,160	-	-	257,624	242,160
Grants and contributions not restricted	134,065	133,688	-	-	134,065	133,688
Unrestricted investment earnings	4,554	4,715	2,265	867	6,819	5,582
Miscellaneous	17,976	20,073	-	-	17,976	20,073
Gain on sale of capital assets	5,792	4,179	-	-	5,792	4,179
Total revenues	733,342	707,036	452,145	420,563	1,185,487	1,127,599
Expenses:						
General government	89,073	69,731	-	-	89,073	69,731
Public safety	20,192	20,298	-	-	20,192	20,298
Public works	470,388	428,322	-	-	470,388	428,322
Culture and recreation	53,813	57,373	-	-	53,813	57,373
Sewer	-	-	154,406	119,047	154,406	119,047
Water	-	-	219,148	198,987	219,148	198,987
Total expenses	633,466	575,724	373,554	318,034	1,007,020	893,758
Change in net position	99,876	131,312	78,591	102,529	178,467	233,841
Net position - Beginning	2,465,204	2,333,892	1,195,710	1,093,181	3,660,914	3,427,073
Net position - Ending	\$ 2,565,080	\$ 2,465,204	\$ 1,274,301	\$ 1,195,710	\$ 3,839,381	\$ 3,660,914

Governmental Activities

Governmental activities net position increased by \$99,876 (4.1%) during the 2020 fiscal year. The preceding table depicts this occurrence.

Charges for services increased due to an increase in garbage service fees. Capital grants in the prior year were improvements to Main Street paid by the Downtown Development Authority. Property tax revenues increased due to higher taxable values. General government expenses increased due to additional legal services related to a new development. Public works expenses increased due to higher depreciation and some significant equipment repair.

Business-Type Activities

Charges for services increased due to an increase in sewer and water rates. Sewer expenses increased due to interest payments on new Rural Development bonds 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 2020 fiscal year, the Village's governmental funds reported a combined unassigned fund balance of \$288,611, 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 \$360,367, an increase of \$28,092 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 54% of the General Fund's expenditures and transfers (73% 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 \$37,751 and in the Water Fund increased by \$40,840. The result was an overall increase in the proprietary funds of \$78,591. Ending net position of the Sewer Fund and Water Fund were \$930,482 and \$343,819, 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:

- Charges for services budgeted revenues were increased by \$36,000 to reflect an increase in rates for garbage services.
- Attorney and professional services budgeted expenditures were increased by \$9,000 to reflect costs incurred by the Village for a significant local development.
- Capital outlay budgeted expenditures were increased by \$9,000 to reflect an anticipated dump truck purchase costing more than expected.

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

- Intergovernmental revenues – State were over budget by \$18,065 as the revenue sharing and personal property replacement funds received from the State of Michigan were higher than expected.
- Other revenues were under budget by \$9,024 as the Village received less park and other rentals due to restrictions related to the COVID pandemic.
- Department of public works expenditures were over budget by \$23,879 as Village staff spent more time than anticipated at the Village garage due to restrictions related to the COVID pandemic and a light winter.

Capital Assets

The Village’s investment in capital assets for its governmental and business-type activities as of December 31, 2020 totaled \$4,989,885 (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 roof replacement for the Village hall for \$39,457 and a new dump truck for \$40,015. The lift station improvement project continues in the Sewer Fund with an additional cost of \$1,710,897 incurred in the current year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 31,000	\$ 31,000	\$ 87,518	\$ 87,518	\$ 118,518	\$ 118,518
Construction in progress	-	-	1,854,399	143,502	1,854,399	143,502
Land improvements	62,084	69,555	-	-	62,084	69,555
Buildings and improvements	101,980	67,391	-	-	101,980	67,391
Equipment	38,567	46,703	27,124	29,329	65,691	76,032
Infrastructure	1,449,130	1,537,347	-	-	1,449,130	1,537,347
Vehicles	43,128	13,932	-	-	43,128	13,932
Sewer system	-	-	400,072	429,247	400,072	429,247
Water system	-	-	894,883	947,674	894,883	947,674
Total	\$ 1,725,889	\$ 1,765,928	\$ 3,263,996	\$ 1,637,270	\$ 4,989,885	\$ 3,403,198

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 continued drawing down on revenue bonds for a lift station project and had a balance on the debt of \$1,864,739 at the end of the year. At the end of the 2020 fiscal year, the Village had total outstanding debt of \$2,519,337.

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 70 percent of the General Fund revenue sources in 2020. In 2021, property tax revenues are budgeted to increase slightly, and state shared revenues are expected to remain comparable to 2020.

The Village plans no significant changes to operational expenditures in 2020.

The only capital item budgeted in the General Fund is a new mower for approximately \$9,100.

The Village has budgeted a transfer of \$20,000 in the General Fund to assist with street improvements.

The Village was approved for Rural Development bonds through the United States Department of Agriculture for lift station improvements. Work on this project was substantially completed in 2020 and will be finalized in 2021. 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 annually through 2023 to ensure revenue will be available to pay for the required debt payments.

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, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and investments	\$ 816,953	\$ 486,569	\$ 1,303,522	\$ 101,983
Receivables	16,456	52,642	69,098	17,265
Due from other governmental units	50,042	178,181	228,223	-
Total current assets	883,451	717,392	1,600,843	119,248
Noncurrent assets				
Restricted cash and investments	-	34,885	34,885	-
Capital assets, net				
Nondepreciable	31,000	1,941,917	1,972,917	-
Depreciable	1,694,889	1,322,079	3,016,968	-
Total noncurrent assets	1,725,889	3,298,881	5,024,770	-
Total assets	2,609,340	4,016,273	6,625,613	119,248
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	38,214	48,634	86,848	-
Total assets and deferred outflows of resources	2,647,554	4,064,907	6,712,461	119,248
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	32,055	207,099	239,154	-
Bonds and other obligations, due within one year	-	96,000	96,000	-
Total current liabilities	32,055	303,099	335,154	-
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	-	2,423,337	2,423,337	-
Net pension liability	43,017	54,749	97,766	-
Total noncurrent liabilities	43,017	2,478,086	2,521,103	-
Total liabilities	75,072	2,781,185	2,856,257	-
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent fiscal year	-	-	-	17,265
Related to pension	7,402	9,421	16,823	-
Total deferred inflows of resources	7,402	9,421	16,823	17,265
Total liabilities and deferred inflows of resources	82,474	2,790,606	2,873,080	17,265
NET POSITION				
Net investment in capital assets	1,725,889	744,659	2,470,548	-
Restricted				
Enforcement activities - permits	15,773	-	15,773	-
Streets	491,029	-	491,029	-
Debt service	-	13,600	13,600	-
Capital projects	-	13,885	13,885	-
Unrestricted	332,389	502,157	834,546	101,983
Total net position	\$ 2,565,080	\$ 1,274,301	\$ 3,839,381	\$ 101,983

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenue			Primary Government		Component Units
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government						
Governmental activities						
General government	\$ 89,073	\$ 6,450	\$ 1,268	\$ (81,355)	\$ -	\$ (81,355)
Public safety	20,192	-	-	(20,192)	-	(20,192)
Public works	470,388	102,051	202,282	(166,055)	-	(166,055)
Culture and recreation	53,813	1,280	-	(52,533)	-	(52,533)
Total governmental activities	633,466	109,781	203,550	(320,135)	-	(320,135)
Business-type activities						
Sewer	154,406	190,752	-	-	36,346	36,346
Water	219,148	259,128	-	-	39,980	39,980
Total business-type activities	373,554	449,880	-	-	76,326	76,326
Total primary government	\$ 1,007,020	\$ 559,661	\$ 203,550	\$ (320,135)	76,326	(243,809)
Component units						
Downtown Development Authority	\$ 920	\$ -	\$ -	\$ -	\$ -	\$ (920)
Brownfield Redevelopment Authority	-	-	-	-	-	-
Total component units	\$ 920	\$ -	\$ -	\$ -	\$ -	(920)
General revenues						
Property taxes				257,624	-	257,624
Grants and contributions not restricted to specific programs				134,065	-	134,065
Unrestricted investment earnings				4,554	2,265	6,819
Miscellaneous				17,976	-	17,976
Gain on sale of capital assets				5,792	-	5,792
Total general revenues				420,011	2,265	422,276
Change in net position				99,876	78,591	178,467
Net position at beginning of year				2,465,204	1,195,710	3,660,914
Net position at end of year				\$ 2,565,080	\$ 1,274,301	\$ 3,839,381
						\$ 101,983

The accompanying notes are an integral part of this statement.

Village of Ravenna
BALANCE SHEET
 Governmental Funds
 December 31, 2020

	General Fund	Major Streets Fund	Local Streets Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 350,909	\$ 439,585	\$ 26,459	\$ 816,953
Property taxes receivable	16,456	-	-	16,456
Due from other governmental units	18,487	24,837	6,718	50,042
Total assets	\$ 385,852	\$ 464,422	\$ 33,177	\$ 883,451
LIABILITIES				
Accounts payable	\$ 21,138	\$ 5,964	\$ 385	\$ 27,487
Accrued liabilities	4,347	139	82	4,568
Total liabilities	25,485	6,103	467	32,055
FUND BALANCES				
Restricted				
Enforcement activities - permits	15,773	-	-	15,773
Streets	-	458,319	32,710	491,029
Assigned for subsequent year's budget appropriation of fund balance	55,983	-	-	55,983
Unassigned	288,611	-	-	288,611
Total fund balances	360,367	458,319	32,710	851,396
Total liabilities and fund balances	\$ 385,852	\$ 464,422	\$ 33,177	\$ 883,451

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, 2020

Total fund balance—governmental funds		\$ 851,396
---------------------------------------	--	------------

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	\$ 3,702,211	
Accumulated depreciation	<u>(1,976,322)</u>	1,725,889

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>(12,205)</u>
--	-----------------

Net position of governmental activities	<u>\$ 2,565,080</u>
---	----------------------------

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, 2020

	General Fund	Major Streets Fund	Local Streets Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 257,624	\$ -	\$ -	\$ 257,624
Licenses and permits	6,450	-	-	6,450
Intergovernmental revenues				
Federal	1,268	-	-	1,268
State	134,065	157,163	42,606	333,834
Charges for services	135,573	-	-	135,573
Investment earnings	4,554	2,393	120	7,067
Other	17,976	-	-	17,976
	<hr/>			
Total revenues	557,510	159,556	42,726	759,792
EXPENDITURES				
Current				
General government	81,246	-	-	81,246
Public safety	19,058	-	-	19,058
Public works	277,569	66,400	23,353	367,322
Culture and recreation	42,532	-	-	42,532
Other governmental functions	35,333	-	-	35,333
Capital outlay	79,472	-	-	79,472
	<hr/>			
Total expenditures	535,210	66,400	23,353	624,963
Excess of revenues over (under) expenditures	22,300	93,156	19,373	134,829
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	5,792	-	-	5,792
	<hr/>			
Net change in fund balances	28,092	93,156	19,373	140,621
Fund balances at beginning of year	332,275	365,163	13,337	710,775
	<hr/>			
Fund balances at end of year	\$ 360,367	\$ 458,319	\$ 32,710	\$ 851,396

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, 2020

Net change in fund balances—total governmental funds \$ 140,621

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	\$ (119,511)	
Capital outlay	<u>79,472</u>	(40,039)

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>(706)</u>
--	--------------

Change in net position of governmental activities	<u><u>\$ 99,876</u></u>
---	-------------------------

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF NET POSITION
 Proprietary Funds
 December 31, 2020

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
ASSETS			
Current assets			
Cash and investments	\$ 391,101	\$ 95,468	\$ 486,569
Accounts receivable	31,588	21,054	52,642
Due from other governmental units	178,181	-	178,181
Total current assets	600,870	116,522	717,392
Noncurrent assets			
Restricted cash and investments	34,885	-	34,885
Capital assets			
Land	86,355	1,163	87,518
Construction in progress	1,854,399	-	1,854,399
Machinery and equipment	51,560	23,992	75,552
Utility systems	1,382,007	1,806,247	3,188,254
Less accumulated depreciation	(1,008,248)	(933,479)	(1,941,727)
Net capital assets	2,366,073	897,923	3,263,996
Total noncurrent assets	2,400,958	897,923	3,298,881
Total assets	3,001,828	1,014,445	4,016,273
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	22,580	26,054	48,634
Total assets and deferred outflows of resources	3,024,408	1,040,499	4,064,907
LIABILITIES			
Current liabilities			
Accounts payable	190,930	2,380	193,310
Accrued liabilities	8,464	5,325	13,789
Bonds and other obligations, due within one year	31,000	65,000	96,000
Total current liabilities	230,394	72,705	303,099
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	1,833,739	589,598	2,423,337
Net pension liability	25,419	29,330	54,749
Total noncurrent liabilities	1,859,158	618,928	2,478,086
Total liabilities	2,089,552	691,633	2,781,185
DEFERRED INFLOWS OF RESOURCES			
Related to pension	4,374	5,047	9,421
Total liabilities and deferred inflows of resources	2,093,926	696,680	2,790,606
NET POSITION			
Net investment in capital assets	501,334	243,325	744,659
Restricted for:			
Capital projects	13,600	-	13,600
Debt service	13,885	-	13,885
Unrestricted	401,663	100,494	502,157
Total net position	\$ 930,482	\$ 343,819	\$ 1,274,301

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, 2020

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
OPERATING REVENUES			
Charges for services	\$ 190,752	\$ 257,028	\$ 447,780
OPERATING EXPENSES			
Operations	101,571	149,580	251,151
Depreciation	31,380	52,791	84,171
Total operating expenses	<u>132,951</u>	<u>202,371</u>	<u>335,322</u>
Operating income	57,801	54,657	112,458
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	1,405	860	2,265
Connection fees	-	2,100	2,100
Interest expense	(21,455)	(16,777)	(38,232)
Total nonoperating revenues (expenses)	<u>(20,050)</u>	<u>(13,817)</u>	<u>(33,867)</u>
Change in net position	37,751	40,840	78,591
Net position at beginning of year	<u>892,731</u>	<u>302,979</u>	<u>1,195,710</u>
Net position at end of year	<u>\$ 930,482</u>	<u>\$ 343,819</u>	<u>\$ 1,274,301</u>

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, 2020

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 185,423	\$ 235,026	\$ 420,449
Receipts from interfund services provided	-	19,058	19,058
Payments to suppliers	(70,854)	(103,110)	(173,964)
Payments to employees	(32,350)	(40,168)	(72,518)
Payment for interfund services used	(8,920)	(5,563)	(14,483)
Net cash provided by (used for) operating activities	73,299	105,243	178,542
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Connection fees	-	2,100	2,100
Purchases of capital assets	(1,525,068)	-	(1,525,068)
Proceeds from revenue bonds	1,540,531	-	1,540,531
Principal paid on capital debt	(34,000)	(65,000)	(99,000)
Interest paid on capital debt	(14,055)	(17,177)	(31,232)
Net cash provided by (used for) capital and related financing activities	(32,592)	(80,077)	(112,669)
CASH FLOW FROM INVESTING ACTIVITIES			
Investment earnings	1,405	860	2,265
Net increase (decrease) in cash and investments	42,112	26,026	68,138
Cash and investments at beginning of year	383,874	69,442	453,316
Cash and investments at end of year	\$ 425,986	\$ 95,468	\$ 521,454
Reconciliation of cash and investments to the Statement of Net Position			
Cash and investments	\$ 391,101	\$ 95,468	\$ 486,569
Restricted cash and investments	34,885	-	34,885
	\$ 425,986	\$ 95,468	\$ 521,454
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating income	\$ 57,801	\$ 54,657	\$ 112,458
Adjustments to reconcile operating income to net cash provided by (used for) operating activities			
Depreciation expense	31,380	52,791	84,171
Change in assets and liabilities			
Accounts receivable	(5,329)	(2,944)	(8,273)
Accounts payable	(11,486)	(382)	(11,868)
Accrued liabilities	933	1,121	2,054
Net cash provided by (used for) operating activities	\$ 73,299	\$ 105,243	\$ 178,542

The accompanying notes are an integral part of this statement.

Village of Ravenna
STATEMENT OF NET POSITION
Discretely Presented Component Units
December 31, 2020

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
ASSETS			
Current assets			
Cash and investments	\$ 80,737	\$ 21,246	\$ 101,983
Property taxes receivable	17,265	-	17,265
Total assets	98,002	21,246	119,248
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent fiscal year	17,265	-	17,265
NET POSITION			
Unrestricted	\$ 80,737	\$ 21,246	\$ 101,983

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, 2020

	Net (Expense) Revenue and Changes in Net Position			
<u>Functions/Programs</u>	Expenses	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Downtown Development Authority	\$ 920	\$ (920)	\$ -	\$ (920)
Economic development	-	-	-	-
Brownfield Redevelopment Authority	-	-	-	-
Economic development	-	-	-	-
Total discretely presented component units	\$ 920	(920)	-	(920)
General revenues				
Property taxes		25,373	9,443	34,816
Unrestricted investment earnings		181	-	181
Total general revenues	25,554	9,443	9,443	34,997
Change in net position	24,634	9,443	9,443	34,077
Net position at beginning of year	56,103	11,803	11,803	67,906
Net position at end of year	\$ 80,737	\$ 21,246	\$ 21,246	\$ 101,983

The accompanying notes are an integral part of this statement.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 2020 state taxable value for real/personal property of the Village totaled approximately \$31,400,000 of which approximately \$1,251,000 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, 2020, actual expenditures exceeded appropriations for the department of public works by \$23,879 in the General Fund.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2020, \$1,035,923 of the Village's bank balance of \$1,539,923 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, 2020, cash is restricted as follows:

Sewer Fund	
Bond and interest redemption fund	\$ 13,000
Bond reserve fund	8,285
Repair, replacement and improvement fund	13,600
	<hr/>
	\$ 34,885
	<hr/> <hr/>

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE D—CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
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	39,457	-	273,798
Equipment	216,638	-	-	216,638
Infrastructure	2,940,611	-	-	2,940,611
Vehicles	89,753	40,015	21,830	107,938
Total capital assets, being depreciated	3,613,569	79,472	21,830	3,671,211
Less accumulated depreciation:				
Land improvements	62,671	7,471	-	70,142
Buildings and improvements	166,950	4,868	-	171,818
Equipment	169,935	8,136	-	178,071
Infrastructure	1,403,264	88,217	-	1,491,481
Vehicles	75,821	10,819	21,830	64,810
Total accumulated depreciation	1,878,641	119,511	21,830	1,976,322
Total capital assets, being depreciated, net	1,734,928	(40,039)	-	1,694,889
Capital assets, net	\$ 1,765,928	\$ (40,039)	\$ -	\$ 1,725,889

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE D—CAPITAL ASSETS—Continued

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 87,518	\$ -	\$ -	\$ 87,518
Construction in progress	143,502	1,710,897	-	1,854,399
Total capital assets, not being depreciated	231,020	1,710,897	-	1,941,917
Capital assets, being depreciated:				
Sewer system	1,382,007	-	-	1,382,007
Water system	1,806,247	-	-	1,806,247
Equipment	75,552	-	-	75,552
Total capital assets, being depreciated	3,263,806	-	-	3,263,806
Less accumulated depreciation:				
Sewer system	952,760	29,175	-	981,935
Water system	858,573	52,791	-	911,364
Equipment	46,223	2,205	-	48,428
Total accumulated depreciation	1,857,556	84,171	-	1,941,727
Total capital assets, being depreciated, net	1,406,250	(84,171)	-	1,322,079
Capital assets, net	\$ 1,637,270	\$ 1,626,726	\$ -	\$ 3,263,996

Depreciation

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 2,827
Public works	108,183
Culture and recreation	8,501
	\$ 119,511

Business-type activities:

Sewer	\$ 31,380
Water	52,791
	\$ 84,171

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2020.

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2020</u>	<u>Due Within One Year</u>
Business-type activities:					
Direct borrowings and direct placements	\$ 899,625	\$ 1,718,712	\$ 99,000	\$ 2,519,337	\$ 96,000

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	\$ 654,598
2019A Sanitary Sewer Bonds	2.38%	November 2057	130,000
2019B Sanitary Sewer Bonds	2.38%	November 2057	1,734,739
			<u>\$ 2,519,337</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, 2020.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE E—LONG-TERM DEBT—Continued

Annual debt service requirements to maturity for direct borrowings and direct placements outstanding as of December 31, 2020 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>
2021	\$ 96,000	\$ 59,840
2022	102,000	57,416
2023	103,000	54,906
2024	103,000	52,373
2025	109,000	49,776
2026-2030	488,598	208,968
2031-2035	210,000	170,494
2036-2040	235,000	144,369
2041-2045	262,000	115,252
2046-2050	296,000	82,500
2051-2055	330,000	45,854
2056-2059	184,739	8,199
	<u>\$ 2,519,337</u>	<u>\$ 1,049,947</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, 2020

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.

Commitment

The Village has a contract for lift station improvements as of December 31, 2020 of approximately \$39,000. The Sewer Fund will pay these costs with a federal loan.

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, 2020

NOTE G—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Employees Covered by Benefit Terms

At December 31, 2019 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, 2020, the Village had an annual flat-dollar employer contribution to the Plan of \$5,028 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, 2019, 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, 2019 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 changed to 3.0 percent in the long-term effective with the December 31, 2019 valuation	
Investment rate of return	7.75 percent changed to 7.35 percent, net of administrative and investment expenses effective with the December 31, 2019 valuation	

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.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

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:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.0%	7.75%	4.65%	2.50%	3.15%
Global fixed income	20.0%	3.75%	0.75%	2.50%	0.25%
Private assets	20.0%	9.75%	1.95%	2.50%	1.45%
Total	100.0%		7.35%		4.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent for 2019. 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. The discount rate used to calculate the liability at the beginning of the year was 8.00 percent.

Village of Ravenna
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2019	\$ 625,207	\$ 573,128	\$ 52,079
Changes for the year			
Service cost	3,149	-	3,149
Interest	48,263	-	48,263
Difference between expected and actual experience	67,928	-	67,928
Changes in assumptions	20,866	-	20,866
Contributions - employer	-	18,000	(18,000)
Contributions - employee	-	801	(801)
Net investment income	-	77,099	(77,099)
Administrative expenses	-	(1,381)	1,381
Benefit payments including refund of employee contributions	(47,000)	(47,000)	-
Net changes	93,206	47,519	45,687
Balance at December 31, 2019	\$ 718,413	\$ 620,647	\$ 97,766

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	\$ 174,068	\$ 97,766	\$ 32,991

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, 2020

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, 2020, the Village recognized pension expense of \$19,606. At December 31, 2020, 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	\$ 50,946	\$ 16,823
Differences in assumptions	15,649	-
Net difference between projected and actual net investment income	2,253	-
Contributions subsequent to the measurement date*	18,000	-
Total	\$ 86,848	\$ 16,823

*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, 2021.

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
2021	\$ 13,650
2022	18,502
2023	26,365
2024	(6,492)

Payables to the Pension Plan

At December 31, 2020, the Village reported a payable of \$1,557 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

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, 2020

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, 2020, Village and employee contributions were \$7,278 and \$5,719, 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, 2020, there were no forfeitures.

At December 31, 2020, the Village reported a payable of \$1,218 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

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, 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.

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Property taxes	\$ 250,000	\$ 250,000	\$ 257,624	\$ 7,624
Licenses and permits	5,000	5,000	6,450	1,450
Intergovernmental revenues				
Federal	-	-	1,268	1,268
State	116,000	116,000	134,065	18,065
Charges for services	96,000	132,000	135,573	3,573
Fines and forfeitures	105	105	-	(105)
Investment earnings	5,100	5,100	4,554	(546)
Other	27,000	27,000	17,976	(9,024)
Total revenues	499,205	535,205	557,510	22,305
EXPENDITURES				
Current				
General government				
Village council	10,675	10,675	12,083	(1,408)
Attorney and professional services	12,500	21,500	20,136	1,364
Clerk	19,600	19,600	17,919	1,681
Treasurer	10,300	10,300	9,736	564
Building and grounds	23,000	23,000	21,372	1,628
Public safety				
Police and fire protection	19,058	19,058	19,058	-
Public works				
Department of public works	136,500	136,500	160,379	(23,879)
Street lighting	27,000	27,000	28,462	(1,462)
Sanitation	90,000	90,000	88,728	1,272
Culture and recreation				
Parks	45,500	45,500	42,532	2,968
Other governmental functions				
Insurance and bonds	18,000	18,100	17,412	688
Engineering	7,500	7,500	5,885	1,615
Employer payroll taxes	9,000	10,000	12,036	(2,036)
Capital outlay	70,500	79,500	79,472	28
Total expenditures	499,133	518,233	535,210	(16,977)
Excess of revenues over (under) expenditures	72	16,972	22,300	5,328
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	5,500	5,500	5,792	292
Net change in fund balance	<u>\$ 5,572</u>	<u>\$ 22,472</u>	28,092	<u>\$ 5,620</u>
Fund balance at beginning of year			<u>332,275</u>	
Fund balance at end of year			<u>\$ 360,367</u>	

Village of Ravenna
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
Major Streets Fund
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental revenues - State	\$ 125,000	\$ 125,000	\$ 157,163	\$ 32,163
Investment earnings	400	400	2,393	1,993
Other	500	500	-	(500)
Total revenues	125,900	125,900	159,556	33,656
EXPENDITURES				
Current				
Public works	97,400	97,900	66,400	31,500
Net change in fund balance	<u>\$ 28,500</u>	<u>\$ 28,000</u>	93,156	<u>\$ 65,156</u>
Fund balance at beginning of year			<u>365,163</u>	
Fund balance at end of year			<u><u>\$ 458,319</u></u>	

Village of Ravenna
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Local Streets Fund
 For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental revenues - State	\$ 41,000	\$ 41,000	\$ 42,606	\$ 1,606
Investment earnings	100	100	120	20
Total revenues	41,100	41,100	42,726	1,626
EXPENDITURES				
Current				
Public works	37,860	37,860	23,353	14,507
Net change in fund balance	\$ 3,240	\$ 3,240	19,373	\$ 16,133
Fund balance at beginning of year			<u>13,337</u>	
Fund balance at end of year			<u>\$ 32,710</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)

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 3,149	\$ 5,769	\$ 5,704	\$ 5,575	\$ 5,252	\$ 7,831
Interest	48,263	48,268	46,681	44,967	48,448	46,172
Differences between expected and actual experience	67,928	(18,393)	(10,783)	(7,380)	(81,372)	-
Changes of assumptions	20,866	-	-	-	27,468	-
Benefit payments, including refunds of employee contributions	(47,000)	(21,801)	(21,801)	(21,801)	(28,438)	(21,801)
Net change in total pension liability	93,206	13,843	19,801	21,361	(28,642)	32,202
Total pension liability at beginning of year	625,207	611,364	591,563	570,202	598,844	566,642
Total pension liability at end of year (a)	\$ 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	\$ 17,431	\$ 7,940
Contributions-employee	801	1,158	1,143	1,119	1,135	1,520
Net investment income	77,099	(23,835)	71,042	55,222	(7,362)	30,450
Benefit payments, including refunds or employee contributions	(47,000)	(21,801)	(21,801)	(21,801)	(28,438)	(21,801)
Administrative expenses	(1,381)	(1,172)	(1,123)	(1,089)	(1,093)	(1,117)
Net change in plan fiduciary net position	47,519	(27,650)	67,261	51,451	(18,327)	16,992
Plan fiduciary net position at beginning of year	573,128	600,778	533,517	482,066	500,393	483,401
Plan fiduciary net position at end of year (b)	\$ 620,647	\$ 573,128	\$ 600,778	\$ 533,517	\$ 482,066	\$ 500,393
Village's net pension liability at end of year (a)-(b)	\$ 97,766	\$ 52,079	\$ 10,586	\$ 58,046	\$ 88,136	\$ 98,451

Plan fiduciary net position as a percentage of the total pension liability

	86.39%	91.67%	98.27%	90.19%	84.54%	83.56%
--	---------------	---------------	---------------	---------------	---------------	---------------

Covered employee payroll

	\$ 64,658	\$ 118,216	\$ 116,885	\$ 114,477	\$ 104,836	\$ 156,304
--	------------------	-------------------	-------------------	-------------------	-------------------	-------------------

Village's net pension liability as a percentage of covered employee payroll

	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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 5,028	\$ 4,992	\$ 5,460	\$ 13,524	\$ 11,373	\$ 8,197	\$ 7,940	\$ 8,106	\$ 8,178	\$ 10,218
Contributions in relation to the actuarially determined contribution	18,000	18,000	18,000	18,000	18,000	17,431	7,940	8,106	8,178	10,218
Contribution deficiency (excess)	\$ (12,972)	\$ (13,008)	\$ (12,540)	\$ (4,476)	\$ (6,627)	\$ (9,234)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 64,658	\$ 118,216	\$ 118,216	\$ 116,885	\$ 114,477	\$ 104,836	\$ 156,304	\$ 154,874	\$ 195,794	\$ 196,495
Contributions as percentage of covered employee payroll	27.8%	15.2%	15.2%	15.4%	15.7%	16.6%	5.1%	5.2%	4.2%	5.2%

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	19 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	3.75 percent changed to 3.0 percent in the long-term effective with the December 31, 2019 valuation
Investment rate of return	7.75 percent changed to 7.35 percent, net of investment and administrative expenses effective with the December 31, 2019 valuation
Retirement age	50-60 years of age depending on years of service
Mortality	50 percent Female/50 percent Male RP-2014 Group Annuity Mortality Table