

**CITY OF RAVENNA, OHIO
PORTAGE COUNTY**

**SINGLE AUDIT
For The Year Ended December 31, 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Honorable Mayor and Members of Council
City of Ravenna
210 Park Way
Ravenna, Ohio 44266

We have reviewed the *Independent Auditor's Report* of the City of Ravenna, Portage County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Ravenna is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 06, 2021

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City of Ravenna, Ohio

For The Year Ended December 31, 2020

<u>Table of Contents</u>	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	23
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget (Non-GAAP Basis) and Actual – General Fund	26
Revolving Loan Fund	27
Street Construction, Maintenance, and Repair Fund	28
Statement of Fund Net Position – Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33
Statement of Changes in Fiduciary Net Position – Custodial Funds	35
Notes to Basic Financial Statements	36

City of Ravenna, Ohio

For The Year Ended December 31, 2020

<u>Table of Contents</u>	<u>Page</u>
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability	90
Schedule of the City's Contributions - Pension	92
Schedule of the City's Proportionate Share of the Net OPEB Liability.....	95
Schedule of the City's Contributions - OPEB.....	96
Notes to the Required Supplementary Information	98
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	103
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	105
Schedule of Expenditures of Federal Awards	108
Notes to the Schedule of Expenditures of Federal Awards.....	109
Schedule of Findings and Questioned Costs	110
Schedule of Prior Audit Findings and Questioned Costs	112
Corrective Action Plan	113

Independent Auditor's Report

Members of the City Council
City of Ravenna, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ravenna, Ohio (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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.

Members of the City Council
Ravenna, Ohio

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

Opinions

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

Emphasis of Matter

Restatement of Fund Balances and Net Position

As described in Note 22 to the basic financial statements, in 2020, the City identified certain errors and omissions in the 2019 financial statements, and as a result restated their December 31, 2019 net position of the governmental activities and business-type activities, including the Water and Sewer Funds, and the fund balances of the aggregate remaining funds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required schedules on pensions and other postemployment benefits as listed in the table of contents 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.

Members of the City Council
Ravenna, Ohio

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of the City'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Ciampi & Parricchi, Inc.

Cleveland, Ohio
November 24, 2021

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City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

The discussion and analysis of the City of Ravenna's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are advised to review the basic financial statements and the notes to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- For governmental activities, net position increased \$109,819, which represents an increase of 0.3 percent from 2019.
- Net position of business-type related activities decreased \$11,925 from 2019.
- General revenues, for governmental activities, accounted for \$11,208,648 or 73.6 percent of total governmental activities revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$4,015,361 or 26.4 percent of total governmental revenues of \$15,224,009.
- For business-type activities, total expenses were \$6,500,100; these expenses were partially offset by program specific charges for services and sales, capital grants, and operating grants and contributions.
- During 2020, the City issued bonds for the Enterprise Parkway project in the amount of \$330,000, \$4,005,000 in energy conservation improvement refunding bonds to refund energy conservation improvement bonds issued in 2012, and the City refunded the 2013 Library refunding bonds with the issuance of \$2,985,000 serial bonds.
- During 2020, the City issued debt for \$2,100,000 to provide resources for the acquisition and replacement of water meters throughout the City. The debt is reported in the water and sewer funds.

Overview of the Financial Statements

This annual report consists of a series of financial statements, notes pertaining to those statements, and the required supplementary information. These statements are presented so that the reader can understand the City's financial situation as a whole and also give a detailed view of the City's fiscal condition.

Government Wide Financial Statements. The government wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private sector businesses. The statement of net position and statement of activities provide information about the activities of the City taken as a whole. These statements present both an aggregate view of the City's finances and a longer term view of those related assets.

City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and 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 City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government wide financial statements distinguish functions for the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the City include general government, security of persons and property, leisure time activities, community and economic development, transportation, interest and fiscal charges. The business activities include the water and sewer enterprise funds.

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 City of Ravenna, 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 City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 funds financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Since 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 near term financing decisions. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. 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 governmental funds and governmental activities.

The City of Ravenna maintains twenty-four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, the revolving loan and the street construction, maintenance and repair special revenue funds which are considered to be major funds. Data from the other governmental funds are combined into single, aggregated presentation.

City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

The City adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (non-GAAP basis) has been provided for general fund, revolving loan and the street construction, maintenance and repair special revenue funds to demonstrate budgetary compliance.

Proprietary Funds The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions as business type activities in the government wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Proprietary funds provide the same type of information as the government wide financial statements only in more detail. The water and sewer funds are considered major funds.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds. The City's fiduciary fund is a custodial fund.

Notes to the Basic Financial Statements The notes provide additional information that is essential for a full understanding of the data provided in the government wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report presents the required supplementary information.

Government-Wide Financial Analysis

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and answers the question, "How did we do financially during 2020?" The statement of net position and statement of activities answers this question, as stated earlier. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by a private business.

The basis for this accounting considers all of the current year revenues and expenses regardless of when the cash was received or paid. These two statements report the City's net position and the changes in this position. The change in position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or declined. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

The City of Ravenna as a Whole

Recall that the Statement of Net Position looks at the City as a whole.

Table 1 provides a summary of the City's net position for 2020 compared to 2019:

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Table 1
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>Restated 2019</u>	<u>2020</u>	<u>Restated 2019</u>	<u>2020</u>	<u>Restated 2019</u>
Assets:						
Current and other assets	\$ 23,522,668	\$ 21,402,018	\$ 12,146,891	\$ 11,072,148	\$ 35,669,559	\$ 32,474,166
Capital assets	34,203,389	35,107,928	28,862,907	28,555,653	63,066,296	63,663,581
Total assets	<u>57,726,057</u>	<u>56,509,946</u>	<u>41,009,798</u>	<u>39,627,801</u>	<u>98,735,855</u>	<u>96,137,747</u>
Deferred outflows of resources:						
Deferred charges on refunding	-	95,669	-	-	-	95,669
Pension	1,779,215	4,047,405	444,137	1,197,183	2,223,352	5,244,588
OPEB	<u>1,191,749</u>	<u>962,261</u>	<u>313,526</u>	<u>153,035</u>	<u>1,505,275</u>	<u>1,115,296</u>
Total deferred outflows of resources	<u>2,970,964</u>	<u>5,105,335</u>	<u>757,663</u>	<u>1,350,218</u>	<u>3,728,627</u>	<u>6,455,553</u>
Liabilities:						
Current liabilities	719,245	730,173	122,157	166,797	841,402	896,970
Long-term liabilities:						
Due within one year	1,226,977	1,062,828	1,586,507	1,326,816	2,813,484	2,389,644
Due in more than one year:						
Net pension liability	11,655,234	14,834,357	2,870,470	4,072,727	14,525,704	18,907,084
Net OPEB liability	3,268,484	3,097,258	1,980,381	1,896,650	5,248,865	4,993,908
Other amounts	<u>6,522,860</u>	<u>6,558,814</u>	<u>6,968,307</u>	<u>6,107,417</u>	<u>13,491,167</u>	<u>12,666,231</u>
Total liabilities	<u>23,392,800</u>	<u>26,283,430</u>	<u>13,527,822</u>	<u>13,570,407</u>	<u>36,920,622</u>	<u>39,853,837</u>
Deferred inflows of resources:						
Property taxes	555,772	554,836	-	-	555,772	554,836
Pension	1,693,772	211,155	672,418	101,518	2,366,190	312,673
OPEB	<u>805,751</u>	<u>426,753</u>	<u>311,352</u>	<u>38,300</u>	<u>1,117,103</u>	<u>465,053</u>
Total deferred inflows of resources	<u>3,055,295</u>	<u>1,192,744</u>	<u>983,770</u>	<u>139,818</u>	<u>4,039,065</u>	<u>1,332,562</u>
Net Position:						
Net investment in capital assets	30,537,304	31,550,204	21,493,689	21,390,368	52,030,993	52,940,572
Restricted net position	10,340,161	11,227,308	-	-	10,340,161	11,227,308
Unrestricted net position	<u>(6,628,539)</u>	<u>(8,638,405)</u>	<u>5,762,180</u>	<u>5,877,426</u>	<u>(866,359)</u>	<u>(2,760,979)</u>
Total net position	<u>\$ 34,248,926</u>	<u>\$ 34,139,107</u>	<u>\$ 27,255,869</u>	<u>\$ 27,267,794</u>	<u>\$ 61,504,795</u>	<u>\$ 61,406,901</u>

City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$61,504,795 at the close of the most recent year. This amounts to \$34,248,926 in governmental activities and \$27,255,869 in business-type activities.

The City's statement of activities prepared on an accrual basis of accounting includes an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

The City is also reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting in the statement of net position.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 63.9 percent of total governmental and business-type assets. Capital assets include land, buildings, improvements other than buildings, furniture, fixtures and equipment, vehicles, infrastructure and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2020, were \$52,030,993. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's governmental net position, \$10,340,161 or 30.2 percent, represent resources that are subject to external restrictions on how they may be used. Of the total restricted net position, \$153,852 is restricted for capital projects, \$430,056 is restricted for debt service, \$2,497,655 is restricted for street maintenance and repair, \$7,173,393 is restricted for revolving loans and \$85,205 is restricted for other purposes. The remaining significant balance of governmental activities unrestricted net position is a deficit of \$6,628,539. The impact on net position that is from reporting a net pension and net other post-employment benefit liability is explained later on pages 11 and 12.

Table 2 below shows the changes in net position for governmental and business-type activities for year 2020 compared to 2019:

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Table 2
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,974,695	\$ 1,561,913	\$ 5,624,083	\$ 6,080,990	\$ 7,598,778	\$ 7,642,903
Operating grants and contributions	1,823,206	1,553,010	2,714	-	1,825,920	1,553,010
Capital grants and contributions	217,460	1,667	38,115	348,322	255,575	349,989
General revenues:						
Income taxes	9,280,407	9,755,724	1,031,338	1,089,532	10,311,745	10,845,256
Property taxes	574,210	564,711	-	-	574,210	564,711
Payment in lieu of tax	17,409	-	-	-	17,409	-
Intergovernmental	1,122,730	707,155	-	-	1,122,730	707,155
Interest	196,052	290,098	10,425	-	206,477	290,098
Gain on sale of capital asset	-	1,485	-	-	-	1,485
Unrestricted contribution	-	5,000	-	-	-	5,000
Miscellaneous	17,840	121,650	-	504,611	17,840	626,261
Total revenues	<u>15,224,009</u>	<u>14,562,413</u>	<u>6,706,675</u>	<u>8,023,455</u>	<u>21,930,684</u>	<u>22,585,868</u>
Program Expenses						
Governmental Activities:						
General government	2,971,483	1,651,419	-	-	2,971,483	1,651,419
Security of persons and property:						
Police	4,109,100	1,505,506	-	-	4,109,100	1,505,506
Fire	2,481,079	(14,842)	-	-	2,481,079	(14,842)
Leisure time activities	669,081	754,501	-	-	669,081	754,501
Community and economic development	831,159	1,401,314	-	-	831,159	1,401,314
Recycling and refuse	270,273	-	-	-	270,273	-
Transportation	3,626,740	3,687,371	-	-	3,626,740	3,687,371
Interest and fiscal charges	373,775	210,082	-	-	373,775	210,082
Public health and welfare	-	20,475	-	-	-	20,475
Basic utility service	-	40,290	-	-	-	40,290
Business-type Activities:						
Water	-	-	3,511,805	4,240,030	3,511,805	4,240,030
Sewer	-	-	2,988,295	3,141,683	2,988,295	3,141,683
Total program expenses	<u>15,332,690</u>	<u>9,256,116</u>	<u>6,500,100</u>	<u>7,381,713</u>	<u>21,832,790</u>	<u>16,637,829</u>
Change in net position before transfers	(108,681)	5,306,297	206,575	641,742	97,894	5,948,039
Transfers	218,500	(10,000)	(218,500)	10,000	-	-
Change in net position	<u>109,819</u>	<u>5,296,297</u>	<u>(11,925)</u>	<u>651,742</u>	<u>97,894</u>	<u>5,948,039</u>
Net position beginning of year	34,139,107	27,453,581	27,267,794	27,150,718	61,406,901	54,604,299
Restatement	-	1,389,229	-	(534,666)	-	854,563
Net position end of year	<u>\$ 34,248,926</u>	<u>\$ 34,139,107</u>	<u>\$ 27,255,869</u>	<u>\$ 27,267,794</u>	<u>\$ 61,504,795</u>	<u>\$ 61,406,901</u>

City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

Governmental Activities

Security of persons and property, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$6,590,179 of expenses, or 43.0 percent of total governmental expenses of the City. These expenses were funded by \$515,921 in charges to users of services, operating grants and contributions. In addition, these expenses were significantly higher this year due to a prior year expense adjustment from a decrease in the post-employment benefit liability as shown in Table 3. General government expenses, which primarily include support departments of the mayor, council, finance, engineering, law and other adjunct support services not specifically related to a specific function or activity; totaled \$2,971,483 or 19.4 percent of total governmental expenses. General government expenses were partially covered by \$1,194,430 of direct charges to users and operating grants.

General revenues (excluding transfers) totaled \$11,208,648, and amounted to 73.6 percent of total revenues. These revenues primarily consist of property and income tax revenue of \$9,854,617, or 87.9 percent of total general revenues (excluding transfers). The other primary source of general revenues is intergovernmental that are not restricted to specific programs, with a majority of the revenue being local government and local government revenue assistance. For 2020, these revenues totaled \$1,122,730 or 10.0 percent of the total general revenues.

Business-type Activities

The water and sewer funds represent the City's business-type activities. These programs have program revenues of \$5,664,912, and expenses of \$6,500,100, for the year ended December 31, 2020. Business-type activities had a decrease in net position of \$11,925. For this year, the decrease in net position was attributed to operating activities of the water fund.

Most of the business-type activities program revenue was charges for services. The majority of the receipts were used to fund the water and sewer operations.

In a prior year, the City implemented the accounting standard for pension plans and for other postemployment benefit (OPEB) plans. As a result of implementing the accounting standards, the City is reporting a significant net pension and OPEB liability, related deferred inflows of resources and an increase in expenses related to pension/OPEB for the fiscal year which have a negative effect on net position. In addition, the City is reporting deferred outflows of resources, which have a positive consequence on net position. The increase in pension/OPEB expense is the difference between the contractually required contributions and the pension/OPEB expense resulting from the change in the net pension/OPEB liability that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these new accounting standards on the City's net position and expenses, additional information is presented below.

City of Ravenna, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2020
 Unaudited

Impact of pension and other post-employment benefit liabilities

	2020	2019	2020	2019
	Governmental	Governmental	Business-Type	Business-Type
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Deferred outflows - pension	\$ 1,779,215	\$ 4,047,405	\$ 444,137	\$ 1,197,183
Deferred outflows - OPEB	1,191,749	962,261	313,526	153,035
Deferred inflows - pension	(1,693,772)	(211,155)	(672,418)	(101,518)
Deferred inflows - OPEB	(805,751)	(426,753)	(311,352)	(38,300)
Net pension asset	-	242	-	241
Net pension liability	(11,655,234)	(14,834,357)	(2,870,470)	(4,072,727)
Net OPEB liability	<u>(3,268,484)</u>	<u>(3,097,258)</u>	<u>(1,980,381)</u>	<u>(1,896,650)</u>
Impact of GASB 68 and 75 on net position	<u>\$ (14,452,277)</u>	<u>\$ (13,559,615)</u>	<u>\$ (5,076,958)</u>	<u>\$ (4,758,736)</u>

For 2020, the net expense impact of 68 and 75 was \$892,662 for governmental activities and \$318,222 for business-type activities. This was for reporting the increase on the City's proportionate share of the pension and other post-employment benefit liability for the Ohio Public Employment Retirement board and Ohio Police & Fire Pension board. This adjustment was a positive expense which increased expenses.

Financial Analysis of City Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

As of December 31, 2020, the City's governmental funds reported a combined ending fund balance of \$20,057,149, an increase of \$2,104,510 in comparison with the prior year. \$6,493,854 of the ending combined fund balance for 2020 constitutes assigned and unassigned fund balance combined, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending because it is not in spendable form or it has already been restricted or committed by external or internal constraints. A large portion of the fund balance, \$9,738,046, or 48.6 percent is restricted. These restricted amounts lead to restricted net position on the statement of net position due to expenditure restrictions mandated by the source of the resource, such as the state or federal government.

The general fund is the primary operating fund of the City. At the end of 2020, unassigned fund balance was \$5,737,027 while total fund balance was \$6,531,471. As a measure of the general fund's liquidity it may be useful to compare both, unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the City's general fund increased by \$1,578,098 during 2020. This increase was due primarily from decreased expenditures from various sources.

Table 4 below reports year 2020 balances compared to 2019:

Table 4
Change in Fund Balance

	Fund Balance		Increase (Decrease)	Percent Change
	December 31, <u>2020</u>	December 31, <u>2019</u>		
General	\$ 6,531,471	\$ 4,953,373	\$ 1,578,098	31.9%
Revolving loan	7,173,393	7,539,631	(366,238)	-4.9%
Street construction, maintenance and repair	1,329,478	1,120,313	209,165	18.7%
Other governmental funds	<u>5,022,807</u>	<u>4,339,322</u>	<u>683,485</u>	15.8%
	<u>\$ 20,057,149</u>	<u>\$ 17,952,639</u>	<u>\$ 2,104,510</u>	

The revolving loan fund balance decreased by \$366,238. Fund balance at December 31, 2020, was \$7,173,393 reporting \$16,660 in revenues, \$382,898 in expenditures. The street construction, maintenance and repair fund balance increased by \$209,165 to a fund balance of \$1,329,478. The increase is primarily from decreased transportation expenditures. All other governmental funds fund balance increased by \$683,485 during 2020.

City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

Table 5 below assists in illustrating the financial activities for the general fund of year 2020 balances compared to 2019:

Table 5
Change in Financial Activities for the General Fund

	December 31, <u>2020</u>	December 31, <u>2019</u>	Increase <u>(Decrease)</u>
<u>Revenues:</u>			
Income tax	\$ 5,914,987	\$ 6,223,041	\$ (308,054)
Property and other taxes	572,044	566,335	5,709
Charges for services	272,152	-	272,152
Fees, licenses and permits	243,902	433,857	(189,955)
Fines and forfeitures	7,874	11,496	(3,622)
Intergovernmental	796,614	428,920	367,694
Investment income	196,052	230,860	(34,808)
Payments in lieu of taxes	17,409	-	17,409
Rentals	2,400	1,146	1,254
Contributions and donations	35,500	5,000	30,500
Other	17,840	61,148	(43,308)
Total revenue	<u>8,076,774</u>	<u>7,961,803</u>	<u>114,971</u>
<u>Expenditures:</u>			
Current:			
General government	1,854,233	1,507,495	346,738
Security of persons and property:			
Police	3,369,988	3,729,959	(359,971)
Fire	1,177,909	1,483,981	(306,072)
Community and economic development	93,324	25,462	67,862
Debt service:			
Principal retirement	2,870	38,617	(35,747)
Interest and fiscal charges	352	329	23
Total expenditures	<u>\$ 6,498,676</u>	<u>\$ 6,785,843</u>	<u>\$ (287,167)</u>

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report functions presented as a business-type activities on the government-wide financial statements. As noted earlier, the City uses enterprise funds to account for water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's other programs and activities.

Analysis of the City's enterprise funds is noted above within the discussion of the City's business-type activities.

City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

Budgetary Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. Budget change requests are presented to the Finance Committee of Council before going to City Council for legislative action to approve the change. Budgetary changes typically consist of requests for capital expenditures. The general fund supports many major activities that include police, fire, and a portion of EMS services, in addition to being the funding source for legislative and administrative activities. The general fund is monitored closely with regard to annual revenues and related expenditures, as an ongoing effort to ensure revenues and expenditures are kept in balance on an annual basis, independent of any available fund balance. This objective has been incorporated as a key component of the Budget Commission's review process in an effort to identify annual deficits that could potentially erode the fund balance.

The original general fund revenues including other financing sources were budgeted at \$8,040,567 and final budgeted revenues including other financing sources were \$8,045,567. The actual revenue received was \$8,162,355 this was higher than the original and final budgeted amounts from changes in the collection of income taxes and interest received as previously mentioned. The budget variance was significant for intergovernmental revenue due mainly from an unanticipated receipt of a rebate from the Ohio Bureau of Workers' Compensation.

The general fund original budgeted expenditures and other financing uses were greater than the final budgeted expenditures by \$360,508. There were no individually significant events that led to these differences. Actual expenditures and other financing uses, plus encumbrances for the year were \$1,330,624 less than the final budgeted amounts. Actual expenditures were lower than the final appropriations due to management keeping costs low while still providing the services the citizens expect.

Capital Assets and Debt Administration

Capital Assets - At the end of 2020, the City had \$63,066,296 (net of accumulated depreciation) invested in land, buildings, improvements other than buildings, furniture, fixtures and equipment, vehicles, infrastructure and construction in progress. Of this total \$34,203,389 was reported in governmental activities and \$28,862,907 was reported in business-type activities.

Table 6 shows fiscal year 2020 balances compared to 2019.

City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

Table 6
Capital Assets, at December 31
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,675,766	\$ 1,601,766	\$ 1,565,460	\$ 1,565,460	\$ 3,241,226	\$ 3,167,226
Construction in progress	468,662	-	1,357,536	446,490	1,826,198	446,490
Buildings	1,550,799	1,613,795	2,891,542	3,018,362	4,442,341	4,632,157
Improvements other than buildi	199,659	151,867	3,547,477	3,913,235	3,747,136	4,065,102
Furniture, Fixtures and equipme	1,394,547	1,461,831	6,958,941	7,333,855	8,353,488	8,795,686
Vehicles	786,398	1,033,307	333,751	404,495	1,120,149	1,437,802
Infrastructure:						
Streets	18,575,557	19,321,131	-	-	18,575,557	19,321,131
Storm drains	2,144,563	2,131,762	-	-	2,144,563	2,131,762
Sidewalks	3,252,783	3,469,873	-	-	3,252,783	3,469,873
Fire hydrants	695,577	716,052	-	-	695,577	716,052
Traffic lights	3,459,078	3,606,544	-	-	3,459,078	3,606,544
Water lines	-	-	9,245,142	8,848,289	9,245,142	8,848,289
Sewer lines	-	-	2,963,058	3,025,467	2,963,058	3,025,467
Total	<u>\$ 34,203,389</u>	<u>\$ 35,107,928</u>	<u>\$ 28,862,907</u>	<u>\$ 28,555,653</u>	<u>\$ 63,066,296</u>	<u>\$ 63,663,581</u>

For governmental activities capital additions were offset by \$1,852,842 of accumulated depreciation. Depreciation expense for business-type activities was \$1,238,007. In 2020 the most significant increases were in construction in progress in governmental activities from an ongoing infrastructure project and construction in progress in business-type activities from an ongoing meter project.

Additional information concerning the City's capital assets can be found in Note 12 of the basic financial statements.

Long-Term Debt - At December 31, 2020 the City had total long-term debt outstanding of \$14,727,766. Of this total, \$2,071,692 is due within one year and \$12,656,074 is due in more than one year. Table 7 below summarizes the bonds and loans outstanding:

Table 7
Outstanding Debt, at December 31

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 3,235,500	\$ 3,131,518	\$ 3,289,500	\$ 1,269,222	\$ 6,525,000	\$ 4,400,740
Library bonds	2,950,000	3,104,530	-	-	2,950,000	3,104,530
OWDA loan	-	-	4,093,415	5,139,136	4,093,415	5,139,136
OPWC loan	-	-	728,766	678,258	728,766	678,258
Capital leases	430,585	532,863	-	34,144	430,585	567,007
Total	<u>\$ 6,616,085</u>	<u>\$ 6,768,911</u>	<u>\$ 8,111,681</u>	<u>\$ 7,120,760</u>	<u>\$ 14,727,766</u>	<u>\$ 13,889,671</u>

City of Ravenna, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

At December 31, 2020 the City's overall legal debt margin was \$12,472,053, with an unvoted debt margin of \$3,195,044. The City's credit rating remained unchanged in 2020 as compared to 2019.

At December 31, 2020, the City of Ravenna had governmental bonds, net pension and OPEB liabilities, capital leases and compensated absences outstanding. Municipal improvement, energy conservation and Library bonds comprise the bonded debt within governmental activities. Long-term business-type obligations include general obligation bonds, OPWC loans, OWDA loans, net pension and OPEB liabilities and compensated absences.

The energy conservation bonds were issued to provide funding for a City-wide energy conservation improvement project. The library improvement bonds represent debt, as principal and interest are paid by the taxes provided by a property tax levy through the Reed Memorial Library.

Business-type debt includes OWDA and OPWC loans outstanding for infrastructure improvement projects which are repaid using water and sewer revenues. The largest component of business-type activities debt is a 2007 OWDA loan for expansion of the City's Wastewater Treatment Plant. The loan is paid for with a combination of sewer revenues and participation revenues from Portage County as noted above. A portion of the energy conservation bonds are also in business-type activities, as some of the energy conservation improvements were done at the water and sewer facilities. Additional information concerning debt issuances can be found in Note 18 to the basic financial statements.

Additional information concerning the City's capital leases and debt can be found in Notes 11 and 18 of the basic financial statements.

Current Issues Affecting Financial Condition

The City of Ravenna is strong financially. In addition, the City of Ravenna's systems of budgeting and internal controls are well regarded and the City is well prepared to meet the challenges of the future. In conclusion, management has been committed to provide the residents of the City of Ravenna with full disclosure of the financial position of the City.

Requests for Information

This financial report is designed to provide the citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact Brian Huff, Finance Director, City of Ravenna, 210 Parkway, Ravenna, Ohio 44266, 330-297-2152.

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City of Ravenna, Ohio

Statement of Net Position

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 12,404,586	\$ 8,800,835	\$ 21,205,421
Materials and supplies inventory	106,483	209,290	315,773
Receivables:			
Accrued interest	10,675	-	10,675
Accounts	876,996	990,943	1,867,939
Intergovernmental	482,095	1,896,223	2,378,318
Income tax	2,280,840	253,427	2,534,267
Property and other taxes	592,743	-	592,743
Loans	6,384,703	-	6,384,703
Special assessments	379,720	-	379,720
Internal balances	3,827	(3,827)	-
Nondepreciable capital assets	2,144,428	2,922,996	5,067,424
Depreciable capital assets	77,495,785	57,435,686	134,931,471
Accumulated depreciation	(45,436,824)	(31,495,775)	(76,932,599)
Total assets	<u>57,726,057</u>	<u>41,009,798</u>	<u>98,735,855</u>
<u>Deferred outflows of resources:</u>			
Pension	1,779,215	444,137	2,223,352
OPEB	1,191,749	313,526	1,505,275
Total deferred outflows of resources	<u>2,970,964</u>	<u>757,663</u>	<u>3,728,627</u>
<u>Liabilities:</u>			
Accounts payable	228,534	44,720	273,254
Accrued wages and benefits	117,564	41,923	159,487
Intergovernmental payable	101,848	29,642	131,490
Accrued interest payable	14,166	4,090	18,256
Undistributed monies	603	-	603
Income tax refunds payable	16,041	1,782	17,823
Matured compensated absences payable	24,700	-	24,700
Claims payable	215,789	-	215,789
Long-term liabilities:			
Due within one year	1,226,977	1,586,507	2,813,484
Due in more than one year:			
Net pension liability	11,655,234	2,870,470	14,525,704
Net OPEB liability	3,268,484	1,980,381	5,248,865
Other amounts due in more than one year	6,522,860	6,968,307	13,491,167
Total liabilities	<u>23,392,800</u>	<u>13,527,822</u>	<u>36,920,622</u>
<u>Deferred inflows of resources:</u>			
Property taxes	555,772	-	555,772
Pension	1,693,772	672,418	2,366,190
OPEB	805,751	311,352	1,117,103
Total deferred inflows of resources	<u>3,055,295</u>	<u>983,770</u>	<u>4,039,065</u>
<u>Net position:</u>			
Net investment in capital assets	30,537,304	21,493,689	52,030,993
Restricted for:			
Debt service	430,056	-	430,056
Capital outlay	153,852	-	153,852
Other purposes	85,205	-	85,205
Revolving loans	7,173,393	-	7,173,393
Street maintenance and repair	2,497,655	-	2,497,655
Unrestricted	(6,628,539)	5,762,180	(866,359)
Total net position	<u>\$ 34,248,926</u>	<u>\$ 27,255,869</u>	<u>\$ 61,504,795</u>

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio
Statement of Activities
For the Year Ended December 31, 2020

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General government	\$ 2,971,483	\$ 240,850	\$ 953,580	\$ -
Security of persons and property:				
Police	4,109,100	7,800	14,015	-
Fire	2,481,079	466,842	27,264	-
Leisure time activities	669,081	82,700	12,605	-
Community and economic development	831,159	234,422	182,937	-
Recycling and refuse	270,273	340,719	-	-
Transportation	3,626,740	601,362	632,805	217,460
Interest and fiscal charges	373,775	-	-	-
Total governmental activities	15,332,690	1,974,695	1,823,206	217,460
<u>Business-Type Activities:</u>				
Water	3,511,805	2,447,859	2,192	-
Sewer	2,988,295	3,176,224	522	38,115
Total business-type activities	6,500,100	5,624,083	2,714	38,115
Total primary government	\$ 21,832,790	\$ 7,598,778	\$ 1,825,920	\$ 255,575

General revenues:
Property taxes levied for:
 General purposes
Income tax levied for:
 General purposes
 Street maintenance and repair
 Recreation
 Emergency medical services
 Capital improvements
 Water utility
Grants and entitlements not restricted to specific programs
Payments in lieu of taxes
Investment earnings
Other
Transfers
Total general revenues and transfers

Change in net assets

Net position at beginning of year, as restated
Net position, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,777,053)	\$ -	\$ (1,777,053)
(4,087,285)	-	(4,087,285)
(1,986,973)	-	(1,986,973)
(573,776)	-	(573,776)
(413,800)	-	(413,800)
70,446	-	70,446
(2,175,113)	-	(2,175,113)
(373,775)	-	(373,775)
<u>(11,317,329)</u>	<u>-</u>	<u>(11,317,329)</u>
-	(1,061,754)	(1,061,754)
-	226,566	226,566
<u>-</u>	<u>(835,188)</u>	<u>(835,188)</u>
<u>(11,317,329)</u>	<u>(835,188)</u>	<u>(12,152,517)</u>
574,210	-	574,210
5,935,146	-	5,935,146
1,637,397	-	1,637,397
412,471	-	412,471
329,977	-	329,977
965,416	-	965,416
-	1,031,338	1,031,338
1,122,730	-	1,122,730
17,409	-	17,409
196,052	10,425	206,477
17,840	-	17,840
218,500	(218,500)	-
<u>11,427,148</u>	<u>823,263</u>	<u>12,250,411</u>
109,819	(11,925)	97,894
<u>34,139,107</u>	<u>27,267,794</u>	<u>61,406,901</u>
<u>\$ 34,248,926</u>	<u>\$ 27,255,869</u>	<u>\$ 61,504,795</u>

City of Ravenna, Ohio

Balance Sheet

Governmental Funds

December 31, 2020

	General	Revolving Loan	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 5,959,949	\$ 797,042	\$ 1,162,981	\$ 4,484,614	\$ 12,404,586
Materials and supplies inventory	37,362	-	55,613	13,508	106,483
<u>Receivables:</u>					
Accrued interest	10,675	-	-	-	10,675
Accounts	55,987	-	1,988	819,021	876,996
Intergovernmental	189,166	-	271,519	21,410	482,095
Income tax	1,458,723	-	149,015	673,102	2,280,840
Property and other taxes	592,743	-	-	-	592,743
Interfund	3,589	-	-	-	3,589
Loans	-	6,384,703	-	-	6,384,703
Special assessments	-	-	-	379,720	379,720
Total assets	<u>\$ 8,308,194</u>	<u>\$ 7,181,745</u>	<u>\$ 1,641,116</u>	<u>\$ 6,391,375</u>	<u>\$ 23,522,430</u>
<u>Liabilities, deferred inflows of resources and fund balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 108,720	\$ 8,352	\$ 16,338	\$ 95,124	\$ 228,534
Accrued wages and benefits	90,853	-	13,952	12,759	117,564
Intergovernmental payable	91,112	-	8,008	2,728	101,848
Matured compensated absences payable	-	-	24,700	-	24,700
Interfund payable	201,770	-	9,664	4,117	215,551
Income tax refunds payable	10,260	-	1,048	4,733	16,041
Undistributed monies	603	-	-	-	603
Total liabilities	<u>503,318</u>	<u>8,352</u>	<u>73,710</u>	<u>119,461</u>	<u>704,841</u>
<u>Deferred inflows of resources:</u>					
Property taxes	555,772	-	-	-	555,772
Unavailable revenue - delinquent property taxes	36,971	-	-	-	36,971
Unavailable revenue - other	680,662	-	237,928	1,249,107	2,167,697
Total deferred inflows of resources	<u>1,273,405</u>	<u>-</u>	<u>237,928</u>	<u>1,249,107</u>	<u>2,760,440</u>
<u>Fund balances:</u>					
Nonspendable	37,362	-	55,613	13,508	106,483
Restricted	-	7,173,393	1,273,865	1,290,788	9,738,046
Committed	-	-	-	3,718,766	3,718,766
Assigned	757,082	-	-	-	757,082
Unassigned	5,737,027	-	-	(255)	5,736,772
Total fund balances	<u>6,531,471</u>	<u>7,173,393</u>	<u>1,329,478</u>	<u>5,022,807</u>	<u>20,057,149</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,308,194</u>	<u>\$ 7,181,745</u>	<u>\$ 1,641,116</u>	<u>\$ 6,391,375</u>	<u>\$ 23,522,430</u>

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities December 31, 2020

Total governmental fund balances		\$ 20,057,149
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		34,203,389
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred inflows of resources in the funds:		
Property and other taxes	\$ 36,971	
Income taxes	796,638	
Intergovernmental	338,501	
Special assessments	379,720	
Charges for services	618,708	
Licenses and permits	33,619	
Other	511	
Total		2,204,668
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 1,779,215	
Deferred inflows - pension	(1,693,772)	
Net pension liability	(11,655,234)	
Deferred outflows - OPEB	1,191,749	
Deferred inflows - OPEB	(805,751)	
Net OPEB liability	(3,268,484)	
Total		(14,452,277)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(14,166)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy conservation refunding bonds	\$ (2,775,500)	
Enterprise Parkway bonds	(330,000)	
Municipal building bonds	(130,000)	
Library improvement bonds	(2,950,000)	
Capital lease payable	(430,585)	
Compensated absences	(1,133,752)	
Total		(7,749,837)
Net position of governmental activities		<u>\$ 34,248,926</u>

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2020

	General	Revolving Loan	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income tax	\$ 5,914,987	\$ -	\$ 604,297	\$ 2,729,364	\$ 9,248,648
Property and other taxes	572,044	-	-	-	572,044
Charges for services	272,152	-	172,375	1,281,140	1,725,667
Fees, licenses and permits	243,902	153	-	-	244,055
Fines and forfeitures	7,874	-	-	-	7,874
Intergovernmental	796,614	-	592,019	1,672,611	3,061,244
Special assessments	-	-	-	37,972	37,972
Investment income	196,052	16,507	-	-	212,559
Payments in lieu of taxes	17,409	-	-	-	17,409
Rentals	2,400	-	-	4,710	7,110
Contributions and donations	35,500	-	-	6,820	42,320
Other	17,840	-	8,535	77,033	103,408
Total revenue	8,076,774	16,660	1,377,226	5,809,650	15,280,310
Expenditures:					
Current:					
General government	1,854,233	-	-	1,021,641	2,875,874
Security of persons and property:					
Police	3,369,988	-	-	31,339	3,401,327
Fire	1,177,909	-	-	785,054	1,962,963
Leisure time activities	-	-	-	556,088	556,088
Community and economic development	93,324	382,898	-	70,102	546,324
Recycling and refuse	-	-	-	259,142	259,142
Transportation	-	-	1,168,061	1,162,218	2,330,279
Capital outlay	-	-	-	1,020,378	1,020,378
Debt service:					
Principal retirement	2,870	-	-	668,091	670,961
Interest and fiscal charges	352	-	-	281,601	281,953
Issuance costs	-	-	-	104,194	104,194
Total expenditures	6,498,676	382,898	1,168,061	5,959,848	14,009,483
Excess of revenues over (under) expenditures	1,578,098	(366,238)	209,165	(150,198)	1,270,827
Other financing sources (uses):					
Refunding bonds issued	-	-	-	5,788,500	5,788,500
Bonds issued	-	-	-	330,000	330,000
Current refunding - principal	-	-	-	(5,596,500)	(5,596,500)
Inception of capital lease	-	-	-	93,183	93,183
Transfers - in	-	-	-	298,500	298,500
Transfers - out	-	-	-	(80,000)	(80,000)
Total other financing sources (uses)	-	-	-	833,683	833,683
Net change in fund balance	1,578,098	(366,238)	209,165	683,485	2,104,510
Fund balances at beginning of year, as restated	4,953,373	7,539,631	1,120,313	4,339,322	17,952,639
Fund balances at end of year	\$ 6,531,471	\$ 7,173,393	\$ 1,329,478	\$ 5,022,807	\$ 20,057,149

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020**

Net change in fund balances - Total governmental funds \$ 2,104,510

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital outlay	\$ 1,020,378	
Depreciation expense	<u>(1,852,842)</u>	
Excess of capital outlay and transferred assets over depreciation expense		(832,464)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (72,075)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:

Property and other taxes	\$ 2,166	
Income taxes	31,759	
Intergovernmental	(37,695)	
Special assessments	(37,972)	
Charges for services	38,108	
Licenses and permits	(6,569)	
Other	<u>(46,098)</u>	
Net change in deferred inflows of resources during the year		(56,301)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	\$ (218,274)	
Decrease in accrued interest	<u>19,928</u>	
Total additional expenditures		(198,346)

Contractually required contributions are reported as expenditures in the governmental funds however, the statement of activities reports these amounts as deferred outflows.

Pension	969,834
OPEB	16,165

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities.

Pension	(1,541,760)
OPEB	(336,901)

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 670,961

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. (93,183)

The issuance of refunding bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net position as long-term assets and liabilities.

Payment to refunded bond escrow agent	\$ 5,596,500	
Issuance of refunding bonds	(5,788,500)	
Deferred charge on refunding	(95,669)	
Premium on refunded bonds	113,819	
Discount on refunded bonds	<u>(19,575)</u>	
Net change caused by the issuance and refunding of bonds		(193,425)

The issuance of bonds results in other financing sources in the governmental funds, but these transactions are reflected in the statement of net position as long-term liabilities. (330,000)

The amortization of bond premium is reflected as an expense in the statement of activities. 2,804

Change in net position of governmental activities \$ 109,819

City of Ravenna, Ohio

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2020**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Income tax	\$ 6,107,910	\$ 6,107,910	\$ 6,019,538	\$ (88,372)
Property and other taxes	541,973	541,973	572,044	30,071
Payments in lieu of taxes	14,250	14,250	17,409	3,159
Charges for services	283,226	283,226	267,842	(15,384)
Fees, licenses and permits	316,900	316,900	244,233	(72,667)
Fines and forfeitures	17,000	17,000	7,790	(9,210)
Intergovernmental	435,971	440,971	803,367	362,396
Investment income	238,143	238,143	167,758	(70,385)
Rent	2,400	2,400	2,400	-
Contributions and donations	44,000	44,000	35,500	(8,500)
Other	3,032	3,032	4,151	1,119
Total revenue	<u>8,004,805</u>	<u>8,009,805</u>	<u>8,142,032</u>	<u>132,227</u>
<u>Expenditures:</u>				
Current:				
General government	2,221,121	2,221,121	1,752,765	468,356
Security of persons and property:				
Police	3,826,953	3,826,953	3,289,822	537,131
Fire	1,882,955	1,522,447	1,232,144	290,303
Community and economic development	112,250	112,250	93,600	18,650
Total expenditures	<u>8,043,279</u>	<u>7,682,771</u>	<u>6,368,331</u>	<u>1,314,440</u>
Excess of revenues over (under) expenditures	<u>(38,474)</u>	<u>327,034</u>	<u>1,773,701</u>	<u>1,446,667</u>
<u>Other financing sources (uses):</u>				
Insurance recoveries	20,000	20,000	15,384	(4,616)
Sale of capital assets	100	100	-	(100)
Advances - in	15,523	15,523	4,800	(10,723)
Advances - out	(20,679)	(20,679)	(4,495)	16,184
Transfers - in	139	139	139	-
Total other financing sources (uses)	<u>15,083</u>	<u>15,083</u>	<u>15,828</u>	<u>745</u>
Net change in fund balance	(23,391)	342,117	1,789,529	1,447,412
Fund balance at beginning of year	4,096,984	4,096,984	4,096,984	-
Prior year encumbrances appropriated	47,068	47,068	47,068	-
Fund balance at end of year	<u>\$ 4,120,661</u>	<u>\$ 4,486,169</u>	<u>\$ 5,933,581</u>	<u>\$ 1,447,412</u>

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Revolving Loan Fund
For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fees, licenses and permits	\$ 1,250	\$ 1,250	\$ 153	\$ (1,097)
Investment income	29,500	29,500	16,507	(12,993)
Other	215,500	171,000	160,106	(10,894)
Total revenue	<u>246,250</u>	<u>201,750</u>	<u>176,766</u>	<u>(24,984)</u>
<u>Expenditures:</u>				
Current:				
Community and economic development	<u>248,262</u>	<u>372,012</u>	<u>17,644</u>	<u>354,368</u>
Net change in fund balance	(2,012)	(170,262)	159,122	329,384
Fund balance at beginning of year	634,696	634,696	634,696	-
Prior year encumbrances appropriated	<u>1,612</u>	<u>1,612</u>	<u>1,612</u>	<u>-</u>
Fund balance at end of year	<u>\$ 634,296</u>	<u>\$ 466,046</u>	<u>\$ 795,430</u>	<u>\$ 329,384</u>

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Income tax	\$ 639,180	\$ 624,180	\$ 614,977	\$ (9,203)
Charges for services	220,000	220,000	170,409	(49,591)
Intergovernmental	632,730	622,730	628,289	5,559
Other	7,483	7,483	7,573	90
Total revenue	<u>1,499,393</u>	<u>1,474,393</u>	<u>1,421,248</u>	<u>(53,145)</u>
<u>Expenditures:</u>				
Current:				
Transportation	<u>1,658,499</u>	<u>1,695,607</u>	<u>1,269,994</u>	<u>425,613</u>
Excess of revenues over expenditures	<u>(159,106)</u>	<u>(221,214)</u>	<u>151,254</u>	<u>372,468</u>
<u>Other financing sources:</u>				
Sale of capital assets	<u>1,500</u>	<u>1,500</u>	<u>940</u>	<u>(560)</u>
Net change in fund balance	(157,606)	(219,714)	152,194	371,908
Fund balance at beginning of year	960,787	960,787	960,787	-
Prior year encumbrances appropriated	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 853,181</u>	<u>\$ 791,073</u>	<u>\$ 1,162,981</u>	<u>\$ 371,908</u>

See accompanying notes to the basic financial statements.

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City of Ravenna, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
<u>Assets:</u>				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 4,957,535	\$ 3,843,300	\$ 8,800,835	\$ -
Materials and supplies inventory	195,932	13,358	209,290	-
Receivables:				
Accounts	399,198	591,745	990,943	-
Intergovernmental	-	1,896,223	1,896,223	-
Income tax	253,427	-	253,427	-
Interfund	-	-	-	215,789
Total current assets	5,806,092	6,344,626	12,150,718	215,789
Noncurrent assets:				
Capital assets:				
Nondepreciable capital assets	1,961,768	961,228	2,922,996	-
Depreciable capital assets	36,305,110	21,130,576	57,435,686	-
Accumulated depreciation	(21,141,896)	(10,353,879)	(31,495,775)	-
Total noncurrent assets	17,124,982	11,737,925	28,862,907	-
Total assets	22,931,074	18,082,551	41,013,625	215,789
<u>Deferred outflows of resources:</u>				
Pension	248,717	195,420	444,137	-
OPEB	175,575	137,951	313,526	-
Total deferred outflows of resources	424,292	333,371	757,663	-
<u>Liabilities:</u>				
Current liabilities:				
Accounts payable	22,157	22,563	44,720	-
Accrued wages and benefits	20,935	20,988	41,923	-
Intergovernmental payable	14,980	14,662	29,642	-
Accrued interest payable	2,278	1,812	4,090	-
Interfund payable	658	3,169	3,827	-
Income tax refunds payable	1,782	-	1,782	-
Claims payable	-	-	-	215,789
Compensated absences payable	90,660	87,456	178,116	-
General obligation bonds payable	159,464	128,964	288,428	-
OPWC loans payable	65,315	-	65,315	-
OWDA loans payable	123,454	931,194	1,054,648	-
Total current liabilities	501,683	1,210,808	1,712,491	215,789
Long-term liabilities:				
Compensated absences payable	152,987	112,030	265,017	-
General obligation bonds payable, net of current portion	1,683,536	1,317,536	3,001,072	-
OPWC loans payable, net of current portion	663,451	-	663,451	-
OWDA loans payable, net of current portion	259,995	2,778,772	3,038,767	-
Net pension liability	1,607,463	1,263,007	2,870,470	-
Net OPEB liability	1,109,013	871,368	1,980,381	-
Total long-term liabilities	5,476,445	6,342,713	11,819,158	-
Total liabilities	5,978,128	7,553,521	13,531,649	215,789

(Continued)

City of Ravenna, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2020
(Continued)

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
<u>Deferred inflows of resources:</u>				
Pension	376,554	295,864	672,418	-
OPEB	174,357	136,995	311,352	-
Total deferred inflows of resources	<u>550,911</u>	<u>432,859</u>	<u>983,770</u>	<u>-</u>
<u>Net position:</u>				
Net investment in capital assets	14,540,999	6,952,690	21,493,689	-
Unrestricted	2,285,328	3,476,852	5,762,180	-
Total net position	<u>\$ 16,826,327</u>	<u>\$ 10,429,542</u>	<u>\$ 27,255,869</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
<u>Operating revenues:</u>				
Charges for services	\$ 2,405,139	\$ 3,174,810	\$ 5,579,949	\$ 1,745,809
Other	42,720	1,414	44,134	-
Total operating revenue	<u>2,447,859</u>	<u>3,176,224</u>	<u>5,624,083</u>	<u>1,745,809</u>
<u>Operating expenses:</u>				
Personal services	1,861,455	1,703,247	3,564,702	-
Supplies and materials	279,627	95,666	375,293	-
Contractual services	634,420	592,913	1,227,333	521,734
Claims	-	-	-	1,063,112
Depreciation	682,109	555,898	1,238,007	-
Other	-	-	-	160,963
Total operating expenses	<u>3,457,611</u>	<u>2,947,724</u>	<u>6,405,335</u>	<u>1,745,809</u>
Operating income (loss)	<u>(1,009,752)</u>	<u>228,500</u>	<u>(781,252)</u>	<u>-</u>
<u>Nonoperating revenues (expenses):</u>				
State subsidies	2,192	522	2,714	-
Municipal income tax	1,031,338	-	1,031,338	-
Interest	10,425	-	10,425	-
Interest and fiscal charges	(45,259)	(39,688)	(84,947)	-
Loss on disposal of capital assets	-	(883)	(883)	-
Total nonoperating revenues (expenses):	<u>998,696</u>	<u>(40,049)</u>	<u>958,647</u>	<u>-</u>
Income before transfers and capital contributions	(11,056)	188,451	177,395	-
Capital contributions	-	38,115	38,115	-
Transfers - out	(218,500)	-	(218,500)	-
Total transfers and capital contributions	<u>(218,500)</u>	<u>38,115</u>	<u>(180,385)</u>	<u>-</u>
Change in net position	(229,556)	226,566	(2,990)	-
Net position at beginning of year, as restated	17,055,883	10,202,976		-
Net position at end of year	<u>\$ 16,826,327</u>	<u>\$ 10,429,542</u>		<u>\$ -</u>

Some amounts reported for the business-type activities in the statement of activities are different because a proportionate share of the net expense of the internal service fund is reported with the business-type activities.

	<u>(8,935)</u>
Change in net position of business-type activities	<u>\$ (11,925)</u>

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 2,452,371	\$ 3,173,530	\$ 5,625,901	\$ -
Cash received for internal services	-	-	-	1,623,702
Cash payments for personal services	(1,645,509)	(1,514,872)	(3,160,381)	-
Cash payments for other services	-	-	-	(160,963)
Cash payments for contractual services	(649,687)	(566,971)	(1,216,658)	(521,734)
Cash payments to suppliers for goods and services	(325,614)	(103,526)	(429,140)	-
Cash payments for claims	-	-	-	(941,005)
Net cash provided by (used for) operating activities	<u>(168,439)</u>	<u>988,161</u>	<u>819,722</u>	<u>-</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	(218,500)	-	(218,500)	-
Advances from other funds	345,182	-	345,182	-
Income taxes received	1,045,879	-	1,045,879	-
Net cash provided by (used for) noncapital financing activities	<u>1,172,561</u>	<u>-</u>	<u>1,172,561</u>	<u>-</u>
Cash flows from capital and related financing activities:				
OPWC loan	50,508	-	50,508	-
Bonds issued	1,851,000	1,450,500	3,301,500	-
Bond issuance costs	(5,250)	(5,250)	(10,500)	-
Interest paid on debt	(50,825)	(39,322)	(90,147)	-
Principal payments	(978,358)	(1,364,507)	(2,342,865)	-
Capital contributions received	-	230,381	230,381	-
Acquisition of capital assets	(846,234)	(699,910)	(1,546,144)	-
Net cash provided by (used) for capital and related financing activities	<u>20,841</u>	<u>(428,108)</u>	<u>(407,267)</u>	<u>-</u>
Cash flows from investing activities:				
Investment income	10,425	-	10,425	-
Net cash provided by investing activities	<u>10,425</u>	<u>-</u>	<u>10,425</u>	<u>-</u>
Net increase in cash and cash equivalents	1,035,388	560,053	1,595,441	-
Cash and cash equivalents at beginning of year	3,922,147	3,283,247	7,205,394	-
Cash and cash equivalents at end of year	<u>\$ 4,957,535</u>	<u>\$ 3,843,300</u>	<u>\$ 8,800,835</u>	<u>\$ -</u>

(Continued)

City of Ravenna, Ohio

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2020 (Continued)

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (1,009,752)	\$ 228,500	\$ (781,252)	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	682,109	555,898	1,238,007	-
Change in assets and liabilities:				
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	4,512	(2,694)	1,818	-
Materials and supplies inventory	(46,447)	(765)	(47,212)	-
Prepaid items	26,281	12,132	38,413	-
Interfund receivable	-	-	-	(122,107)
Net pension asset	135	106	241	-
Deferred outflows of resources - pension	421,706	331,340	753,046	-
Deferred outflows of resources - OPEB	(89,875)	(70,616)	(160,491)	-
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	(40,863)	6,715	(34,148)	-
Accrued wages and benefits	(45,708)	(29,053)	(74,761)	-
Intergovernmental payable	(1,889)	1,821	(68)	-
Interfund payable	(19,924)	(11,780)	(31,704)	-
Compensated absences	105,039	87,368	192,407	-
Claims payable	-	-	-	122,107
Net pension liability	(673,264)	(528,993)	(1,202,257)	-
Net OPEB liability	46,888	36,843	83,731	-
Deferred inflows of resources - pension	319,704	251,196	570,900	-
Deferred inflows of resources - OPEB	152,909	120,143	273,052	-
Net cash provided by operating activities	<u>\$ (168,439)</u>	<u>\$ 988,161</u>	<u>\$ 819,722</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio

**Statement of Changes in Fiduciary Net Position
For the Year Ending December 31, 2020**

	<u>Custodial</u>
Additions:	
Fines and forfeitures for other governments	<u>\$ 370</u>
Deductions:	
Fines and forfeitures distributions to other governments	<u>\$ 370</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 - Description of the City and Reporting Entity

The City of Ravenna (the “City”) was incorporated under the laws of the State of Ohio in 1852, and adopted its first charter in 1971. The Charter provides for a Mayor-Council form of government. The Mayor is elected for a four-year term and eight Council members are elected at-large for four-year staggered terms.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Ravenna, this includes the agencies and departments that provide the following services: police protection, firefighting and prevention, street maintenance and repairs, building inspection, parks and recreation, water and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City participates in the Metro Critical Response and Rescue Team and the Regional Income Tax Agency which are defined as jointly governed organizations. A jointly governed organization is managed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. These organization are discussed in Note 14 to the basic financial statements.

The City participates in the Maple Grove Union Cemetery which is defined as a joint venture. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. This organization is discussed in Note 15 to the basic financial statements.

The City is associated with the Reed Memorial Library which is defined as a related organization. This organization is discussed in Note 19 to the basic financial statements.

The Ravenna City School District has been excluded from the reporting entity because the City is not financially accountable for this organization nor does the City approve the budget, the levying of taxes or the issuance of debt for this organization.

The City’s management believes these financial statements present all activities for which the City is financially responsible.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Governmental Funds Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund The general fund accounts for and reports all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Ravenna and/or the general laws of Ohio.

Revolving Loan Fund The revolving loan fund accounts for and reports Federal grants restricted to making loans for economic development projects within the City.

Street Construction, Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports income taxes and State gasoline tax and motor vehicle registration fees that are restricted for maintenance of streets within the City.

The other governmental funds of the City account for and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund The water fund accounts for revenues generated from the charges for distribution of water to the residential and commercial users of the City.

Sewer Fund The sewer fund accounts for sewer services to City individuals and commercial users in the City. The costs of providing these services are financed primarily through user charges.

Internal Service Fund Internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is a self-insurance fund that accounts for dental, life and hospital/medical claims of the City's employees.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's only fiduciary funds are custodial funds. The custodial funds are used for parking meter collections and distributions to the Portage County Municipal Court.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes and grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, interest, federal and state grants and subsidies, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fees and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 16 and 17.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, charges for services, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 23. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 16 and 17)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

The current accounting standard requires cities to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension/OPEB liability equals the City's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the City. However, the City is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension/OPEB benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

There is no repayment schedule for the net pension/OPEB liability. The City has no control over the changes in the benefits, contributions rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension/OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During 2020, the City invested in repurchase agreements, STAR Ohio, federal farm credit bank notes, federal home loan bank notes, federal national mortgage association notes and negotiable certificates of deposit.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost. The fair value of the money market fund is determined by the fund's current share price.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2020 amounted to \$196,052 which includes \$146,528 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of governmental funds are stated at cost, whereas inventories of proprietary funds are stated at lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types and an expense in proprietary funds when used. Inventory consists of expendable supplies held for consumption.

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by 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 or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of five thousand dollars for governmental activities and twenty-five thousand dollars for business-type activities. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Asset Class	Governmental Activities Estimated Useful Life	Business-Type Activities Estimated Useful Life
Buildings	50 to 100 years	50 to 100 years
Improvements other than buildings	20 years	20 years
Furniture, fixtures and equipment	5 to 30 years	5 to 30 years
Vehicles	5 to 25 years	5 to 10 years
Infrastructure:		
Streets	50 to 75 years	n/a
Storm drains	40 to 150 years	n/a
Sidewalks	40 years	n/a
Fire hydrants	75 years	n/a
Traffic lights	30 to 40 years	n/a
Water and sewer lines	n/a	60 to 150 years

The City’s infrastructure consists of streets, storm drains, sidewalks, fire hydrants, traffic lights and water and sewer lines and includes infrastructure acquired prior to December 31, 1980.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination payments and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at year end, taking into consideration any limits specified in the City’s termination policy. The City records a liability for accumulated unused sick leave for all employees after ten years of service.

The entire compensated absences liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (ordinance or resolution, as both are equally legally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between all other elements in the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include the law enforcement, enforcement and education and housing and urban development.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, contributions of resources restricted to capital acquisition and construction and tap-in fees to the extent they exceed the cost of connection to the system.

Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. For reporting purposes, a custodial fund, utilized for internal control purposes, has been combined with the general fund. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate.

The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control is at the department and personal service and other object level for all funds. The Director of Finance is authorized to allocate appropriations among objects within any department. Any budgetary modifications at the legal level of control may only be made by ordinance of the City Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Note 3 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Fund Balances	<u>General</u>	<u>Revolving Loan</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>					
Materials and supplies inventory	\$ 37,362	\$ -	\$ 55,613	\$ 13,508	\$ 106,483
<u>Restricted for</u>					
Street maintenance	-	-	1,273,865	1,001,395	2,275,260
Revolving loans	-	7,173,393	-	-	7,173,393
Law enforcement	-	-	-	16,911	16,911
Debt service	-	-	-	50,336	50,336
Capital improvements	-	-	-	153,852	153,852
Economic development	-	-	-	68,294	68,294
Total restricted	<u>-</u>	<u>7,173,393</u>	<u>1,273,865</u>	<u>1,290,788</u>	<u>9,738,046</u>
<u>Committed</u>					
Recreation	-	-	-	397,163	397,163
Ambulance services	-	-	-	120,406	120,406
Capital improvements	-	-	-	2,058,390	2,058,390
Recycling	-	-	-	182,727	182,727
Debt service	-	-	-	3,744	3,744
Storm water system	-	-	-	956,336	956,336
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,718,766</u>	<u>3,718,766</u>
<u>Assigned</u>					
Purchases on order *	7,149	-	-	-	7,149
Next year's budget	749,933	-	-	-	749,933
Total assigned	<u>757,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>757,082</u>
Unassigned	<u>5,737,027</u>	<u>-</u>	<u>-</u>	<u>(255)</u>	<u>5,736,772</u>
Total fund balances	<u>\$ 6,531,471</u>	<u>\$ 7,173,393</u>	<u>\$ 1,329,478</u>	<u>\$ 5,022,807</u>	<u>\$ 20,057,149</u>

*Purchases on order consist primarily of materials and supplies and contractual services.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statements of revenues, expenditures, and changes in fund balances - budget (non-GAAP basis) and actual - are presented in the basic financial statements for the general fund and the major special revenue funds. The major differences between the budget basis and the GAAP basis (generally accepted accounting principles) are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than a restricted, committed or assigned fund balance for governmental fund types (GAAP basis).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. The change in fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.
6. Advances in and advances out (“repayment of advances”) are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general and major special revenue funds.

	Net Change in Fund Balance		
	<u>General</u>	<u>Revolving Loan</u>	<u>Street Construction, Maintenance and Repair</u>
GAAP Basis	\$ 1,578,098	\$ (366,238)	\$ 209,165
Revenue accruals	80,781	160,106	44,962
Expenditure accruals	138,084	366,866	(101,933)
Advances in	4,800	-	-
Advances out	(4,495)	-	-
Encumbrances (Budget Basis) outstanding at year end	<u>(7,739)</u>	<u>(1,612)</u>	<u>-</u>
Budget Basis	<u>\$ 1,789,529</u>	<u>\$ 159,122</u>	<u>\$ 152,194</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 5 - Accountability

At December 31, 2020, the emergency services grant fund had a fund deficit of \$255. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

Note 6 - Deposits and Investments

The City has chosen to follow State statutes and classify monies held by the City into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government-sponsored enterprise, agency or instrumentality, including but not limited to, the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), and Student Loan Marketing Association (SLMA). All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipts of confirmation of transfer from the custodian.

Investments

Investments are reported at fair value. As of December 31, 2020, the City had the following investments:

Investment <u>Type</u>	Fair <u>Value</u>	Percentage of <u>Investments</u>	Investment Maturities		
			Less than <u>1 year</u>	<u>1 - 2 years</u>	More than <u>2 years</u>
Federal Home Loan Mortgage Corporation Bonds	\$ 3,080,816	41.95%	\$ -	\$ -	\$ 3,080,816
Federal Farm Credit Bank Bonds	1,890,192	25.74%	-	-	1,890,192
Negotiable certificates of deposit	347,741	4.73%	239,458	-	108,283
STAR Ohio	<u>2,025,299</u>	27.58%	<u>2,025,299</u>	-	-
Total investments	<u>\$ 7,344,048</u>	<u>100.00%</u>	<u>\$ 2,264,757</u>	<u>\$ -</u>	<u>\$ 5,079,291</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2020. STAR Ohio is measured at net asset value per share. All other investments of the City are valued using Level 2 inputs using valuations techniques that incorporate market data for similar investments, broker quotes and inactive transactions prices.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in investments so that securities mature to meet cash requirements for ongoing operations. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio maintains a AAAM credit rating from Standard & Poor (S&P) and Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank have an AA+ credit rating from S&P. The City has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities in Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank are exposed to custodial credit risk in that they are uninsured and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that requires securities purchased pursuant to this division shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

Concentration of Credit Risk The City is investing in more than 5% in securities from Federal Home Loan Mortgage Corporation and from Federal Farm Credit Bank. The City places no limit on the amount it may invest in any one issuer.

Note 7 – Receivables

Receivables at December 31, 2020 consisted primarily of municipal income taxes, property taxes, accounts (billings for user charged services including unbilled utility services), special assessments, loans and intergovernmental receivables arising from grants, entitlements and shared revenues.

Receivables are recorded net of an allowance for estimated uncollectible amounts. This allowance is based on a historical percentage of collection amounts billed. The City has estimated \$927,268 in uncollectible billings for user charged services. All receivables except property taxes and loans are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Loans receivable presented in the revolving loan special revenue fund represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under Federal grant programs. The loans bear interest at annual rates ranging between zero and seven percent. The loans are to be repaid over periods ranging from five to thirteen years. Loans balances of \$385,814 were determined to be uncollectible during 2020 and are excluded from the loans receivable amount reported.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020 on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes become a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2020, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2020 property tax receipts were based are as follows:

<u>Property Category</u>	<u>Assessed Value</u>
<u>Real Property</u>	
Residential and agricultural	\$ 119,214,070
Commercial and industrial	58,990,260
<u>Personal Property</u>	
Public utilities	<u>7,335,840</u>
Total	<u>\$ 185,540,170</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Ravenna. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the general fund, the portion of the receivable not levied to finance 2020 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Intergovernmental

A summary of governmental activities intergovernmental receivables as of December 31, 2020 follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government	
Revenue Assistance	\$ 155,941
Homestead and Rollback	33,225
Gasoline and Excise Tax	246,168
Motor Vehicle License Fees	39,304
Permissive Motor Vehicle License Tax	<u>7,457</u>
Total	<u>\$ 482,095</u>

During 2003, the City of Ravenna entered into a contractual agreement with Portage County for the expansion of the waste water treatment plant. The County is responsible for 50 percent of the total loan commitment. The total amount owed to the City as of December 31, 2020 is \$1,896,223. The City owns and maintains the asset. The County is paying for the use of the asset. This amount has been recorded on the City's books as an asset in "intergovernmental receivable." The asset is recorded in the sewer enterprise fund.

Income Taxes

The City levies a municipal income tax of 2.50 percent on substantially all income earned within the City. The City allows a credit of 100 percent for income tax paid to other municipalities and joint economic development districts, not to exceed 2.50 percent of taxable income.

The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.22 percent. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. By City ordinance for 2020, the distribution of tax, by percentage of tax proceeds was as follows: general fund 57.56 percent, capital improvements and projects fund 7.36 percent, EMS special revenue fund 3.20 percent, street construction and repair special revenue fund 5.88 percent, roadway improvements fund 10.00 percent, recreation special revenue fund 4.00 percent, parks capital improvement fund 2.00 percent and water operations and capital enterprise fund 10.00 percent.

Note 8 - Risk Management

The City of Ravenna 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. During 2020, the City contracted with two companies for various types of insurance.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in commercial coverage from the prior year.

The City manages the hospital/medical, dental, and life insurance benefits for its employees on a self-insured basis using an internal service fund. A third-party administrator processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$75,000 per employee per year.

The claims liability of \$215,789 reported in the internal service fund at December 31, 2020, was estimated by reviewing current claims and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the fund's claims liability amount in 2019 and 2020 were:

		<u>Balance at beginning of year</u>	<u>Current year claims</u>	<u>Claim payments</u>	<u>Balance at end of year</u>
2019	\$	97,577	1,058,825	1,062,720	93,682
2020	\$	93,682	1,063,112	941,005	215,789

The City participates in the State Workers' Compensation retrospective rating program. Once the City receives notice of a claim reserve set-aside from the Bureau of Workers' Compensation (BWC), the City will pay the State for these reserves in the form of a premium. The City used an internal service fund for reporting the receipt of premium refunds and dividends from BWC and interfund reimbursements from other funds for BWC premiums. The internal service fund is no longer reporting this activity.

Note 9 – Interfund Transactions

Interfund Balances

Interfund balances at December 31, 2020 consisted of the following:

	<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General		\$ 3,589	\$ 201,770
Street construction, maintenance and repair		-	9,664
Other governmental funds		-	4,117
Total governmental funds		<u>3,589</u>	<u>215,551</u>
Water		-	658
Sewer		-	3,169
Total enterprise fund		<u>-</u>	<u>3,827</u>
Internal service fund		<u>215,789</u>	<u>-</u>
Totals		<u>\$ 219,378</u>	<u>\$ 219,378</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The interfund balances at December 31, 2020 consist of an interfund receivable/payable between the general fund and emergency services grant fund. These advances were made to cover qualifying expenditures in the grant fund which will be reimbursed when the grant monies are received by the City. An interfund receivable/payable exists between the internal service funds and the various governmental and enterprise funds due to the City moving money to pay claims when funds are needed rather than when claims are incurred.

Interfund Transfers

Interfund transfers and due to/from other funds for the year ended December 31, 2020, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental:		
Other governmental	\$ 298,500	\$ 80,000
Enterprise:		
Water	-	218,500
Total transfers	\$ 298,500	\$ 298,500

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to provide additional resources for current operations or debt service; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

Note 10 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee hired before January 1, 1987, can be paid a maximum of 960 hours of accumulated, unused sick leave. Employees hired after January 1, 1987, can be paid a maximum of 650 hours.

Note 11 - Capital Leases

During 2020, the City had governmental lease agreements for ambulances for the fire department, a phone system, a garage for the street department, vehicles and security cameras for the police department and an ARC plotter. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

<u>Year</u>	Lease Payments Governmental Activities
2021	\$ 191,465
2022	113,967
2023	113,967
2024	30,807
2025	<u>12,283</u>
Total minimum lease payments	462,489
Less: amount representing interest	<u>(31,904)</u>
Total	<u>\$ 430,585</u>

<u>Asset Class</u>	Capital Asset Values
Building	\$ 600,000
Vehicles	367,753
Equipment	110,752
Less accumulated depreciation	<u>(392,012)</u>
Total	<u>\$ 686,493</u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the general fund and capital improvements capital projects fund. These expenditures are reflected as program expenditures on a budgetary basis. The leases are secured by the related property.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 12 - Capital Assets

Governmental Activities: The summary of the governmental capital asset activity as of December 31, 2020 follows:

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,601,766	\$ 74,000	\$ -	\$ 1,675,766
Construction in progress	-	468,662	-	468,662
Total capital assets not being depreciated	<u>1,601,766</u>	<u>542,662</u>	<u>-</u>	<u>2,144,428</u>
Capital assets being depreciated				
Buildings	5,061,978	26,000	-	5,087,978
Improvements other than buildings	596,036	71,575	-	667,611
Furniture, Fixtures and equipment	4,113,700	278,382	(385,586)	4,006,496
Vehicles	3,608,427	41,618	(54,554)	3,595,491
Infrastructure:				
Streets	44,061,244	-	-	44,061,244
Storm drains	4,912,887	53,161	-	4,966,048
Sidewalks	8,683,603	-	-	8,683,603
Fire hydrants	1,535,600	-	-	1,535,600
Traffic lights	4,884,734	6,980	-	4,891,714
Total capital assets being depreciated	<u>77,458,209</u>	<u>477,716</u>	<u>(440,140)</u>	<u>77,495,785</u>
Less: accumulated depreciation				
Buildings	(3,448,183)	(88,996)	-	(3,537,179)
Improvements other than buildings	(444,169)	(23,783)	-	(467,952)
Furniture, Fixtures and equipment	(2,651,869)	(276,158)	316,078	(2,611,949)
Vehicles	(2,575,120)	(285,960)	51,987	(2,809,093)
Infrastructure:				
Streets	(24,740,113)	(745,574)	-	(25,485,687)
Storm drains	(2,781,125)	(40,360)	-	(2,821,485)
Sidewalks	(5,213,730)	(217,090)	-	(5,430,820)
Fire hydrants	(819,548)	(20,475)	-	(840,023)
Traffic lights	(1,278,190)	(154,446)	-	(1,432,636)
Total accumulated depreciation	<u>(43,952,047)</u>	<u>(1,852,842)</u>	<u>368,065</u>	<u>(45,436,824)</u>
Total capital assets being depreciation, net	<u>33,506,162</u>	<u>(1,375,126)</u>	<u>(72,075)</u>	<u>32,058,961</u>
Governmental activities capital assets, net	<u>\$ 35,107,928</u>	<u>\$ (832,464)</u>	<u>\$ (72,075)</u>	<u>\$ 34,203,389</u>

Depreciation Expense: Depreciation expense charged to governmental functions for the year ending December 31, 2020 is as follows:

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

<u>Depreciation expense:</u>	<u>Amount</u>
General government	\$ 34,180
Security of persons and property:	
Police	152,018
Fire	167,916
Leisure time activities	62,238
Public health and welfare	20,475
Community environment	284,835
Transportation	1,090,819
Basic utility services	<u>40,361</u>
Total	<u>\$ 1,852,842</u>

Business-type Activities: The summary of the business-type activities' capital asset activity as of December 31, 2020 follows:

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 1,565,460	\$ -	\$ -	\$ 1,565,460
Construction in progress	<u>446,490</u>	<u>1,480,792</u>	<u>(569,746)</u>	<u>1,357,536</u>
Total capital assets not being depreciated	<u>2,011,950</u>	<u>1,480,792</u>	<u>(569,746)</u>	<u>2,922,996</u>
Capital assets, being depreciated				
Buildings	6,491,616	-	-	6,491,616
Improvements other than buildings	14,614,297	-	-	14,614,297
Furniture, Fixtures and Equipment	11,897,697	65,352	(27,000)	11,936,049
Vehicles	691,180	-	(40,000)	651,180
Infrastructure				
Water lines	16,640,570	569,746	-	17,210,316
Sewer lines	<u>6,532,228</u>	<u>-</u>	<u>-</u>	<u>6,532,228</u>
Total capital assets being depreciated	<u>56,867,588</u>	<u>635,098</u>	<u>(67,000)</u>	<u>57,435,686</u>
Less: accumulated depreciation				
Buildings	(3,473,254)	(126,820)	-	(3,600,074)
Improvements other than buildings	(10,701,062)	(365,758)	-	(11,066,820)
Furniture, Fixtures and Equipment	(4,563,842)	(439,383)	26,117	(4,977,108)
Vehicles	(286,685)	(70,744)	40,000	(317,429)
Infrastructure:				
Water lines	(7,792,281)	(172,893)	-	(7,965,174)
Sewer lines	<u>(3,506,761)</u>	<u>(62,409)</u>	<u>-</u>	<u>(3,569,170)</u>
Total accumulated depreciation	<u>(30,323,885)</u>	<u>(1,238,007)</u>	<u>66,117</u>	<u>(31,495,775)</u>
Total capital assets, being depreciated, net	<u>26,543,703</u>	<u>(602,909)</u>	<u>(883)</u>	<u>25,939,911</u>
Business-type activities capital assets, net	<u>\$ 28,555,653</u>	<u>\$ 877,883</u>	<u>\$ (570,629)</u>	<u>\$ 28,862,907</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Depreciation expense was charged to business-type activities as follows:

<u>Depreciation expense:</u>	<u>Amount</u>
Water	\$ 682,109
Sewer	555,898
Total depreciation expense	<u>\$ 1,238,007</u>

Note 13 - Contingencies

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2020.

Litigation

The City of Ravenna is a party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 14 - Jointly Governed Organizations

Metro Critical Response and Rescue Team (CRRT) The Metro Critical Response and Rescue Team is a multi-jurisdictional tactical unit consisting of member agencies within Summit County as well as selected out of county agencies. The CRRT is a team of specially trained police officers from participating political subdivisions which will respond to any incident where special weapons and tactics are needed within the member jurisdictions. Each agency has a departmental representative that collectively constitutes the “Board of Directors”. Each representative from each department is allotted one vote in the decision making process of CRRT matters. The CRRT Board of Directors is directed by an Executive Board consisting of a President, Vice-President and Secretary as elected annually from the members of the Board of Directors. The Board of Directors controls the budget and all financial concerns. In 2020, the City did not make any contributions. Financial information can be obtained from the Portage County Office of Homeland Security and Emergency Management Agency, Ryan Shackelford, 8240 Infirmary Road, Ravenna, Ohio 44266.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Regional Income Tax Agency The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of the collection of income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2020, the City paid RITA \$125,969 for income tax collection services.

Note 15 - Joint Venture

Maple Grove Union Cemetery - The City participates in the Maple Grove Union Cemetery which is a statutorily created union cemetery, formed under chapter 759.27 of the Ohio Revised Code. The Cemetery's functions include the funding and operation of the cemetery which is located in both the City of Ravenna and the Township of Ravenna. It is governed by a three-member board comprised of one member of the Township, one member of the City and one member voted on by the Board. The Board of Trustees approves its own budget, appoints personnel and oversees accounting and finance related activities. Each participant's control is limited to its membership representation. The continued existence of the Cemetery is dependent upon the City's continued participation, however, the City does not have an equity interest in the Cemetery. The Cemetery is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the City. The parties share in the costs of the operation of the cemetery based upon the prorated property valuations of each entity. During 2020, \$172,730 was paid by the City for operating expenses and capital outlay. Complete financial statements may be obtained from the Maple Grove Union Cemetery, Ravenna, Ohio.

Note 16 - Defined Benefit Pension Plans

Net pension liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; the following disclosure focuses on the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information):

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years <u>after January 7, 2013</u>	20 years of service credit prior to January 7, 2013 or eligible to retire <u>ten years after January 7, 2013</u>	Members not in other Groups and members hired on or after <u>January 7, 2013</u>
State and Local	State and Local	State and Local
Age and service requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and service requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and service requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided on the member's base benefit. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plan.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2020 Statutory maximum contribution rates	
Employer	14.00%
Employee	10.00%
2020 Actual contribution rates	
Employer:	
Pension	14.00%
Post-employment health care benefits	<u>0.00%</u>
Total employer	<u>14.00%</u>
Employee	<u>10.00%</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$581,643 for 2020. Of this amount, \$59,158 is reported as intergovernmental payable.

Ohio Police and Firemen's Disability and Pension Fund

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 Street East Town, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (See OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits.)

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory maximum contribution rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
 2020 Actual contribution rates		
Employer:		
Pension	19.00%	23.50%
Post-employment health care benefits	<u>0.50%</u>	<u>0.50%</u>
Total employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$679,012 for 2020. Of this amount \$72,784 is reported as intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.0297410%	0.1318400%	
Proportion of the net pension liability - current measurement date	<u>0.0290450%</u>	<u>0.1304048%</u>	
Change in proportionate share	<u>-0.0006960%</u>	<u>-0.0014352%</u>	
 Proportionate share of the net pension liability	 \$ 5,740,941	 \$ 8,784,763	 \$ 14,525,704
Pension expense	\$ 820,352	\$ 1,129,017	\$ 1,949,369

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 332,532	\$ 332,532
Changes of assumptions	306,633	215,643	522,276
Changes in proportionate share and differences between City contributions and proportionate share of contributions	-	107,889	107,889
City contributions subsequent to the measurement date	<u>581,643</u>	<u>679,012</u>	<u>1,260,655</u>
Total deferred outflows of resources	<u>\$ 888,276</u>	<u>\$ 1,335,076</u>	<u>\$ 2,223,352</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 72,586	\$ 453,066	\$ 525,652
Net difference between projected and actual earnings on pension plan investments	1,145,189	424,375	1,569,564
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>127,061</u>	<u>143,913</u>	<u>270,974</u>
Total deferred inflows of resources	<u>\$ 1,344,836</u>	<u>\$ 1,021,354</u>	<u>\$ 2,366,190</u>

\$1,260,655 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year ending December 31:			
2021	\$ (228,312)	\$ (86,292)	\$ (314,604)
2022	(402,598)	(24,444)	(427,042)
2023	47,422	188,496	235,918
2024	(454,715)	(397,508)	(852,223)
2025	-	(45,542)	(45,542)
Total	<u>\$ (1,038,203)</u>	<u>\$ (365,290)</u>	<u>\$ (1,403,493)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. 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:

Experience study	5 - year period ended December 31, 2015
Wage inflation	3.25 percent
Future salary increases, including inflation -Traditional plan	3.25 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	3.25 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3 percent, simple Post January 7, 2013 retirees, 1.4 percent, simple through 2020, then 2.15 percent, simple
Investment rate of return	7.2 percent
Actuarial cost method	Individual entry age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

<u>Asset class</u>	<u>Target allocation</u>	Weighted average long-term expected real rate of return <u>(arithmetic)</u>
Fixed income	25.00%	1.83%
Domestic equities	19.00%	5.75%
Real estate	10.00%	5.20%
Private equity	12.00%	10.70%
International equities	21.00%	7.66%
Other investments	<u>13.00%</u>	<u>4.98%</u>
Total	<u>100.00%</u>	<u>5.61%</u>

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. 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.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease <u>(6.20%)</u>	Current discount rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
City's proportionate share of the net pension liability	\$ 9,468,670	\$ 5,740,941	\$ 2,389,823

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below:

Valuation date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial cost method	Entry age normal
Investment rate of return	8.00 percent
Projected salary increases	3.75 percent to 10.5 percent
Payroll increases	3.25 percent
Inflation assumptions	2.75 percent
Cost of living adjustments	2.20 percent and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68 - 77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60 - 69	60%	45%
70 - 79	75%	70%
80 and up	100%	90%

The most recent experience study was completed December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019 are summarized below:

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Asset class	Target Allocation	Long-term expected real rate of return
Cash and cash equivalents	0.00%	1.00%
Domestic equity	16.00%	5.40%
Non-US equity	16.00%	5.80%
Private markets	8.00%	8.00%
Core fixed income *	23.00%	2.70%
High yield	7.00%	4.70%
Private credit	5.00%	5.50%
U.S. inflation linked bonds*	17.00%	2.50%
Master limited partnerships	8.00%	6.60%
Real Assets	8.00%	7.40%
Real estate	<u>12.00%</u>	6.40%
 Total	 <u>120.00%</u>	

Note: Assumptions are geometric
 * Levered 2x.

OP&F’s Board of Trustees has incorporated the “risk parity” concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current discount rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 12,175,377	\$ 8,784,763	\$ 5,948,852

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 17 – Defined Benefit OPEB Plans

Net OPEB liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2020.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Ohio Police and Firemen's Disability and Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$16,165 for 2020. Of this amount, \$1,736 is reported as intergovernmental payable.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability - prior measurement date	0.0290950%	0.1318400%	
Proportion of the net OPEB liability - current measurement date	<u>0.0286750%</u>	<u>0.1304048%</u>	
Change in proportionate share	<u>-0.0004200%</u>	<u>-0.0014352%</u>	
Proportionate share of the net OPEB liability	\$ 3,960,762	\$ 1,288,103	\$ 5,248,865
OPEB expense	\$ 383,966	\$ 140,608	\$ 524,574

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 106	\$ -	\$ 106
Changes of assumptions	626,947	753,075	1,380,022
Changes in proportionate share and differences between City contributions and proportionate share of contributions	-	108,982	108,982
City contributions subsequent to the measurement date	-	16,165	16,165
Total deferred outflows of resources	<u>\$ 627,053</u>	<u>\$ 878,222</u>	<u>\$ 1,505,275</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 362,230	\$ 138,523	\$ 500,753
Net difference between projected and actual earnings on OPEB plan investments	201,681	59,274	260,955
Changes of assumptions	-	274,515	274,515
Changes in proportionate share and differences between City contributions and proportionate share of contributions	58,793	22,087	80,880
Total deferred inflows of resources	<u>\$ 622,704</u>	<u>\$ 494,399</u>	<u>\$ 1,117,103</u>

\$16,165 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year ending December 31:			
2021	\$ 56,513	\$ 67,026	\$ 123,539
2022	33,855	67,026	100,881
2023	161	79,184	79,345
2024	(86,180)	60,014	(26,166)
2025	-	67,584	67,584
Thereafter	-	26,824	26,824
Total	<u>\$ 4,349</u>	<u>\$ 367,658</u>	<u>\$ 372,007</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Experience study	5 - year period ended December 31, 2015
Wage inflation	3.25 percent
Projected salary increases	3.25 to 10.75 percent (includes wage inflation at 3.25 percent)
Single discount rate:	
Current measurement date	3.16 percent
Prior measurement date	3.96 percent
Investment rate of return	6.00 percent
Municipal bond rate	2.75 percent
Health care cost trend rate	10.5 percent, initial 3.5 percent, ultimate in 2030
Actuarial cost method	Individual entry age normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 19.7 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	Weighted average long-term expected real rate of return <u>(arithmetic)</u>
Fixed income	36.00%	1.53%
Domestic equities	21.00%	5.75%
Real estate investment trust	6.00%	5.69%
International equities	23.00%	7.66%
Other investments	<u>14.00%</u>	<u>4.90%</u>
Total	<u>100.00%</u>	<u>4.55%</u>

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease <u>(2.16%)</u>	Current discount rate <u>(3.16%)</u>	1% Increase <u>(4.16%)</u>
Proportionate share of the net OPEB liability	\$ 5,183,293	\$ 3,960,762	\$ 2,981,913

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using ` assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

	<u>1% Decrease</u>	Current health care cost trend rate <u>assumption</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability	\$3,843,884	\$3,960,762	\$4,076,151

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries’ project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

Assumption Changes Since the Prior Measurement Date Municipal bond rate changed from 3.71% to 2.75% and the single discount rate changed from 3.96% to 3.16%. The health care cost trend rate changed from 10% initial, 3.25%, ultimate in 2029 to 10.5% initial, 3.5% ultimate in 2030.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial cost method	Entry age normal
Investment rate of return	8.0 percent
Projected salary increases	3.75 percent to 10.5 percent
Payroll growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.56 percent
Prior measurement date	4.66 percent
Cost of living adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68 - 77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60 - 69	60%	45%
70 - 79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 16.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Discount Rate For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2033, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease <u>(2.56%)</u>	Current discount rate <u>(3.56%)</u>	1% Increase <u>(4.56%)</u>
City's proportionate share of the net OPEB liability	\$ 1,597,165	\$ 1,288,103	\$ 1,031,295

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

Changes between Measurement Date and Report Date There was a decrease in the discount rate from 4.66 percent at the prior measurement date to 3.56 percent at the current measurement date. There are no changes to benefit terms.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 18 - Long-term Obligations

	Amount Outstanding <u>12/31/2019</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2020</u>	Amount Due in <u>One Year</u>
Governmental activities					
<u>General obligation bonds</u>					
2020 Enterprise Parkway	\$ -	\$ 330,000	\$ -	\$ 330,000	\$ 29,206
2020 Energy conservation improvement refunding	-	2,803,500	(28,000)	2,775,500	213,500
2012 Energy conservation improvement refunding	2,919,000	-	(2,919,000)	-	-
Premium on bonds	42,518	-	(42,518)	-	-
2003 Municipal building	170,000	-	(40,000)	130,000	40,000
Total general obligation bonds	<u>3,131,518</u>	<u>3,133,500</u>	<u>(3,029,518)</u>	<u>3,235,500</u>	<u>282,706</u>
<u>Library improvement revenue refunding</u>					
2020 Library improvement revenue refunding	-	2,985,000	(35,000)	2,950,000	205,000
2013 Library improvement revenue refunding	3,050,000	-	(3,050,000)	-	-
Discount on bonds	(19,575)	-	19,575	-	-
Premium on bonds	74,105	-	(74,105)	-	-
Total general obligation bonds - library	<u>3,104,530</u>	<u>2,985,000</u>	<u>(3,139,530)</u>	<u>2,950,000</u>	<u>205,000</u>
<u>Other long-term obligations:</u>					
Capital lease	532,863	93,183	(195,461)	430,585	175,595
Compensated absences	915,478	744,312	(526,038)	1,133,752	563,676
Total other long-term obligations	<u>1,448,341</u>	<u>837,495</u>	<u>(721,499)</u>	<u>1,564,337</u>	<u>739,271</u>
Total long-term obligations before net pension/OPEB	<u>7,684,389</u>	<u>6,955,995</u>	<u>(6,890,547)</u>	<u>7,749,837</u>	<u>1,226,977</u>
Net pension liability:					
OPERS	4,072,728	-	(1,202,257)	2,870,471	-
OP&F	10,761,629	-	(1,976,866)	8,784,763	-
Net OPEB liability:					
OPERS	1,896,651	83,730	-	1,980,381	-
OP&F	1,200,607	87,496	-	1,288,103	-
Total Pension/OPEB	<u>17,931,615</u>	<u>171,226</u>	<u>(3,179,123)</u>	<u>14,923,718</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 25,616,004</u>	<u>\$ 7,127,221</u>	<u>\$ (10,069,670)</u>	<u>\$ 22,673,555</u>	<u>\$ 1,226,977</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

	Amount Outstanding <u>12/31/2019</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2020</u>	Amount Due in <u>One Year</u>
Business-type activities					
<u>General obligation bonds</u>					
2020 Water meter improvement	\$ -	\$ 2,100,000	\$ -	\$ 2,100,000	\$ 196,928
2020 Energy conservation improvement refunding	-	1,201,500	(12,000)	1,189,500	91,500
2012 Energy conservation improvement refunding	1,251,000	-	(1,251,000)	-	-
Premium on bonds	18,222	-	(18,222)	-	-
Total general obligation bonds	<u>1,269,222</u>	<u>3,301,500</u>	<u>(1,281,222)</u>	<u>3,289,500</u>	<u>288,428</u>
<u>Ohio Public Works Commission Loans (OPWC)</u>					
2019 Hazen Avenue	99,492	50,508	-	150,000	-
2019 Prospect and Central Water and Road Impr.	37,701	-	-	37,701	2,900
2017 Oakgrove, Riddle and Peck Waterlines	57,576	-	-	57,576	4,935
2016 South Diamond Waterline	40,000	-	-	40,000	3,750
2015 Sycamore and Mill Water	98,598	-	-	98,598	9,542
2014 North Diamond Water and Storm	214,703	-	-	214,703	22,211
2013 Cleveland Road	9,092	-	-	9,092	1,010
2012 Clinton and Lafayette Waterline	52,954	-	-	52,954	6,354
2010 New Milford Road Waterline	11,299	-	-	11,299	1,695
2009 Ravenna Area Water Improvements	8,455	-	-	8,455	1,335
2008 West Main Street Waterline Replacement	21,250	-	-	21,250	3,750
2008 Chestnut Washington Water Storm	20,000	-	-	20,000	3,750
2003 Lake Avenue Water and Storm	5,347	-	-	5,347	2,292
2001 Highland Avenue Water System	1,791	-	-	1,791	1,791
Total OPWC loans	<u>678,258</u>	<u>50,508</u>	<u>-</u>	<u>728,766</u>	<u>65,315</u>
<u>Ohio Water Development Authority (OWDA)</u>					
2002 Loomis, Lovers Lane and Windmill	59,668	-	(19,117)	40,551	19,879
2007 WWTP Upgrade	3,379,137	-	(669,900)	2,709,237	672,851
2003 Kent Dam and Bass Lake	1,197,596	-	(237,418)	960,178	238,464
2003 Kent/Ravenna Emergency Waterline	127,168	-	(30,088)	97,080	31,197
2008 Water Meters	375,567	-	(89,198)	286,369	92,257
Total OWDA loans	<u>5,139,136</u>	<u>-</u>	<u>(1,045,721)</u>	<u>4,093,415</u>	<u>1,054,648</u>
<u>Other long-term obligations:</u>					
Capital lease	34,144	-	(34,144)	-	-
Compensated absences	250,726	269,607	(77,200)	443,133	178,116
Total other long-term obligations	<u>284,870</u>	<u>269,607</u>	<u>(111,344)</u>	<u>443,133</u>	<u>178,116</u>
Total long-term obligations before net pension/OPEB	<u>7,371,486</u>	<u>3,621,615</u>	<u>(2,438,287)</u>	<u>8,554,814</u>	<u>1,586,507</u>
Net pension liability	4,072,727	-	(1,202,257)	2,870,470	-
Net OPEB liability	1,896,651	83,730	-	1,980,381	-
Total Pension/OPEB	<u>5,969,378</u>	<u>83,730</u>	<u>(1,202,257)</u>	<u>4,850,851</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 13,340,864</u>	<u>\$ 3,705,345</u>	<u>\$ (3,640,544)</u>	<u>\$ 13,405,665</u>	<u>\$ 1,586,507</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

General obligation bonds will be paid from the proceeds of municipal income tax.

During 2003 the City issued bonds for the Municipal building improvements in the amount of \$635,000. The bonds carried a 5.00% interest rate and have a maturity of December 1, 2023.

During 2020 the City issued bonds for the Enterprise Parkway project in the amount of \$330,000. The bonds were a direct placement with a 2.65% interest rate and a maturity of July 1, 2030.

Also, during 2020 the City issued \$4,005,000 energy conservation improvement refunding bonds to refund energy conservation improvement bonds issued in 2012. The new bonds carry an interest rate of 1.41% and mature on December 1, 2032. Being a current refunding, the old bonds were called on December 1, 2020 and are no longer outstanding. The refunding resulted in a net present value savings of \$280,203. The bonds are reported in governmental activities and in business-type activities where a portion is reported in the water and sewer funds.

Finally, during 2020 the City issued debt for \$2,100,000 to provide resources for the acquisition and replacement of water meters throughout the City. The debt is equally split and reported in the water and sewer funds. The bonds carry a 1.42% interest rate with semi-annual interest payments and mature on December 1, 2030.

According to the Ohio Revised Code, the City is allowed to issue tax related debt for Reed Memorial Library (the "Library"). In 2003, the City issued bonds for the Library in the amount of \$5,350,000 and are paid with property tax revenue derived solely from the Library. The City serves as the taxing authority and is able to issue tax related debt on behalf of the Library, although the City's role is limited to a ministerial function only.

On June 4, 2013, the City issued \$4,060,000 in Library bonds to refund the 2003 Reed Memorial Library Bonds. The Library bonds included serial and term bonds in the amount of \$3,450,000 and \$610,000, respectively. The old bonds had a call date of December 1, 2013 and are no longer outstanding.

On September 30, 2020, the City refunded the 2013 Library refunding bonds with the issuance \$2,985,000 serial bonds carrying an interest rate of 1.56%. The bonds were a private placement issue and the proceeds were used to current refund the old bonds. The old bonds were called on December 1, 2020 and are no longer outstanding. The refunding resulted in a net present value savings of \$342,134.

OWDA loans will be paid from the water and sewer enterprise funds. OPWC loans will be paid from the water enterprise fund. Compensated absences will be paid from the general fund, the street construction, maintenance and repair, and recreation special revenue funds and the water and sewer enterprise funds. Capital leases will be paid from various revenues from the general fund, and the capital improvements capital projects fund. There is no repayment schedule for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: general fund, the street construction maintenance and repair, parks and recreation and recycling special revenue funds, the capital improvements and parks capital improvement capital projects funds and the water and sewer enterprise funds. For additional information related to the net pension and net OPEB liabilities see Notes 16 and 17.

The City's outstanding OPWC loans from direct borrowings related to business-type activities of \$728,766 contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

more than 60 days late will be turned over to the Attorney General’s office for collection, and as provided by law, OPWC may require that such payment be taken from the City’s share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC’s option, become immediately due and payable.

The City’s outstanding OWDA loans from direct borrowings of \$4,093,415 related to business-type activities contain provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

In 2019, the City was approved for an OPWC loan for Hazen Avenue water improvements. As of December 31, 2020, the City has received proceeds of \$150,000. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2020 are as follows:

Governmental Activities

<u>Governmental Activities</u>					
Year ending December 31,	<u>City's Bonds</u>		<u>Library Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 282,706	\$ 54,161	\$ 205,000	\$ 46,020	
2022	291,991	48,706	210,000	42,822	
2023	296,297	42,590	210,000	39,546	
2024	252,107	36,422	215,000	36,270	
2025	259,974	32,446	220,000	32,916	
2026-2030	1,358,925	99,816	1,150,000	112,008	
2031-2033	493,500	10,463	740,000	23,322	
Total	<u>\$ 3,235,500</u>	<u>\$ 324,604</u>	<u>\$ 2,950,000</u>	<u>\$ 332,904</u>	

<u>Business-type Activities</u>					
Year ending December 31,	<u>Bonds</u>		<u>OWDA Loans</u>		<u>OPWC Loans</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ 288,428	\$ 47,834	\$ 1,054,648	\$ 28,771	\$ 65,315
2022	292,724	42,506	1,063,767	19,653	49,849
2023	297,060	38,359	1,051,590	10,543	49,849
2024	299,937	34,150	923,410	3,049	48,321
2025	305,854	29,899	-	-	48,321
2026-2030	1,593,997	83,330	-	-	228,902
2031-2035	211,500	4,484	-	-	177,645
2036-2040	-	-	-	-	53,064
2041	-	-	-	-	7,500
Total	<u>\$ 3,289,500</u>	<u>\$ 280,562</u>	<u>\$ 4,093,415</u>	<u>\$ 62,016</u>	<u>\$ 728,766</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 19 – Related Organization

Reed Memorial Library The Reed Memorial Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Ravenna Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purposes are discretionary decisions made solely by the Board of Trustees.

In 2003, the City of Ravenna issued general obligation bonds, in the amount of \$5,350,000, for Library improvements. In 2013, the bonds were refunded and the City issued serial and term bonds in the amounts of \$3,450,000 and \$610,000, respectively. In 2020, the bonds were refunded again with an issuance of \$2,985,000. The old bonds were called by December 1, 2020. The new bonds will be paid with property tax money from the Reed Memorial Library levy and will mature in 2033. Although the City of Ravenna holds title to the land and building of the Library, these assets are not included in the capital assets listing of the City because it does not utilize, maintain or improve the Library for City operations. When the debt is completely paid off in 2033, title of the building will be transferred to the Library. Financial information can be obtained from the Reed Memorial Library, Clerk/Treasurer, 167 East Main Street, Ravenna, Ohio 44266.

Note 20 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were significant in the water and sewer funds. Each fund had \$371,232 encumbered for the purchase of water meters and their installation.

Note 21 – Tax Abatements

As of December 31, 2020, the City of Ravenna offers real property tax incentives via two programs; The Community Reinvestment Area (CRA) and Enterprise Zone Agreements.

Community Reinvestment Area (CRA)

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area that includes a specific area of downtown commercial and residential properties. The City authorizes incentives through passage of public ordinances, based on each business's investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the CRA was designed to maintain and expand business in the downtown area and promote job creation.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Enterprise Zone Agreements

Though the program established by Ohio Development Services, the City also offers property tax abatement through Enterprise Zones in accordance with Ohio Revised Code Chapter 5709. Limited by statute to Manufacturing and Industrial application only, the City of Ravenna creates individual Enterprise Zone Agreements for each specific business based on real property investment and anticipated job creation. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill.

Compliance and Monitoring

Both the CRA and Enterprise Zone Agreement recipients have annual reporting requirements that are to be filed, and heard by the respective Boards of Review prior the end of the first quarter following the end of a calendar year. The compliance reviews ensure that businesses receiving tax incentives are meeting both the levels of monetary investment, and the job creation numbers projected at the time of application.

School Revenue Sharing

The City of Ravenna currently has a blanket revenue sharing agreement for all Enterprise Zone Agreements and will be creating one for the newly implemented CRA. It has been the policy of the City to engage Ravenna Schools in all property tax abatement scenarios in an effort to balance the City's economic development needs with the impact that potential tax abatements may have on the School's finances.

Abatements Granted in 2020

For 2020, the City forgone \$9,048 of revenues from tax abatements. \$2,764 was from a CRA and the remaining was from properties within an Enterprise Zone.

Note 22 –Restatement of Fund Balances and Net Position

Following the close of the previous year the City identified certain errors and omissions in the financial statements. The errors include not reporting a construction type special assessment that was certified with Portage County for collection through 2029. The receivable for the recycling fund was incorrectly recorded in the sewer fund. In addition, the cash, receivables, and capital leases for the storm water fund were combined with the water fund. However, the capital assets for storm water were reported with the governmental infrastructure assets. Other miscellaneous items were corrected along with the ones mentioned.

Net position for governmental activities was restated by \$1,389,229 and business-type activities was restated by \$(534,666) or \$(699,091) for the water fund and \$164,425 for the sewer fund.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Restatement of Net Positions:

	Governmental Activities	Business-type Activities
Net position, December 31, 2019	\$ 32,749,878	\$ 27,802,460
Cash balance from water to storm water fund	869,420	(869,420)
Special assessments receivable	417,692	-
Water utility receivable	-	107,582
Sewer utility receivable	-	164,425
Recycling/refuse receivable	66,272	-
Storm water receivable	100,453	-
Capital lease from water to storm water fund	(62,747)	62,747
Internal service fund change	(1,861)	-
Restated net position, January 1, 2020	\$ 34,139,107	\$ 27,267,794

Restatement of Fund Balances:

	Other Governmental Funds
Fund balance, December 31, 2019	\$ 3,341,142
Cash balance from water to storm water fund	869,420
Recycling/refuse receivable - current	57,179
Storm water receivable - current	71,581
Restated fund balance, January 1, 2020	\$ 4,339,322

Note 23 – Coronavirus Pandemic 2019 (COVID-19)

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

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Required Supplementary Information

City of Ravenna, Ohio
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability
Last Seven Years (1)

	2020	2019	2018	2017
Ohio Public Employees Retirement System (OPERS) - Traditional Plan				
City's proportion of the net pension liability	0.029045%	0.029741%	0.030396%	0.030790%
City's proportionate share of the net pension liability	\$ 5,740,941	\$ 8,145,455	\$ 4,768,544	\$ 6,991,886
City's covered payroll	\$ 4,086,650	\$ 4,017,000	\$ 4,016,792	\$ 3,980,183
City's proportionate share of the net pension liability as a percentage of its covered payroll	140.48%	202.77%	118.72%	175.67%
Plan fiduciary net position as a percentage of total pension liability	82.17%	74.70%	84.66%	77.25%
	2020	2019	2018	2017
Ohio Police and Fire Pension Fund				
City's proportion of the net pension liability	0.130405%	0.131840%	0.128904%	0.129367%
City's proportionate share of the net pension liability	\$ 8,784,763	\$ 10,761,629	\$ 7,911,421	\$ 8,193,976
City's covered payroll	\$ 3,125,477	\$ 3,014,461	\$ 2,838,646	\$ 2,707,131
City's proportionate share of the net pension liability as a percentage of its covered payroll	281.07%	357.00%	278.70%	302.68%
Plan fiduciary net position as a percentage of total pension liability	69.89%	63.07%	70.91%	68.36%

(1) Information prior to 2014 is not available and the amounts presented are as of the City's measurement date which is the prior year end.

(2) Restated during 2015.

2016	2015	2014
0.030353%	0.031470%	0.031470%
\$ 5,257,523	\$ 3,795,635	\$ 3,709,903
\$ 3,777,750	\$ 3,858,183	\$ 4,069,508
139.17%	98.38%	91.16%
81.08%	86.45%	86.36%

2016	2015	2014
0.131650%	0.132745%	0.132745%
\$ 8,466,885	\$ 6,876,729	\$ 6,465,083
\$ 2,689,412	\$ 2,654,800	\$ 2,608,513
314.82%	259.03%	247.85%
66.77%	71.71%	73.00% (2)

City of Ravenna, Ohio
Required Supplementary Information
Schedule of City Contributions - Pension
Last Ten Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan					
Contractually required contribution	\$ 581,643	\$ 572,131	\$ 562,380	\$ 522,183	\$ 477,622
Contributions in relation to contractually required contribution	<u>(581,643)</u>	<u>(572,131)</u>	<u>(562,380)</u>	<u>(522,183)</u>	<u>(477,622)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 4,154,593	\$ 4,086,650	\$ 4,017,000	\$ 4,016,792	\$ 3,980,183
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%	12.00%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Ohio Police and Fire Pension Fund					
Contractually required contribution	\$ 679,012	\$ 655,014	\$ 630,856	\$ 594,126	\$ 567,124
Contributions in relation to contractually required contribution	<u>(679,012)</u>	<u>(655,014)</u>	<u>(630,856)</u>	<u>(594,126)</u>	<u>(567,124)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 3,270,771	\$ 3,125,477	\$ 3,014,461	\$ 2,838,646	\$ 2,707,131
Contributions as a percentage of covered payroll	20.76%	20.96%	20.93%	20.93%	20.95%

(1) OPERS Information prior to 2013 is not available.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 453,330	\$ 462,982	\$ 529,036
<u>(453,330)</u>	<u>(462,982)</u>	<u>(529,036)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,777,750	\$ 3,858,183	\$ 4,069,508
12.00%	12.00%	13.00%

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 563,226	\$ 555,528	\$ 464,473	\$ 377,712	\$ 376,599
<u>(563,226)</u>	<u>(555,528)</u>	<u>(464,473)</u>	<u>(377,712)</u>	<u>(376,599)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,689,412	\$ 2,654,800	\$ 2,608,513	\$ 2,568,072	\$ 2,550,162
20.94%	20.93%	17.81%	14.71%	14.77%

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City of Ravenna, Ohio
Required Supplementary Information
Schedule of City's Proportionate Share of the Net OPEB Liability
Last Four Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017 (2)</u>
Ohio Public Employees Retirement System (OPERS)				
City's proportion of the net OPEB liability	0.028675%	0.029095%	0.029790%	0.030230%
City's proportionate share of the net OPEB liability	\$ 3,960,762	\$ 3,793,301	\$ 3,234,974	\$ 3,053,333
City's covered payroll	\$ 4,332,136	\$ 4,220,125	\$ 4,219,671	\$ 4,177,783
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.43%	89.89%	76.66%	73.09%
Plan fiduciary net position as a percentage of total OPEB liability	47.80%	46.33%	54.14%	54.05%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017 (2)</u>
Ohio Police and Fire OPEB Fund				
City's proportion of the net OPEB liability	0.130405%	0.131840%	0.128904%	0.233659%
City's proportionate share of the net OPEB liability	\$ 1,288,103	\$ 1,200,607	\$ 7,303,520	\$ 6,140,761
City's covered payroll	\$ 3,125,477	\$ 3,014,461	\$ 2,838,646	\$ 2,707,131
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	41.21%	39.83%	257.29%	226.84%
Plan fiduciary net position as a percentage of total OPEB liability	47.10%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available and the amounts presented are as of the City's measurement date which is the prior year end.

(2) Restated during 2018.

City of Ravenna, Ohio
Required Supplementary Information
Schedule of City Contributions - OPEB
Last Eight Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Ohio Public Employees Retirement System (OPERS)					
Contractually required contribution	\$ -	\$ 8,586	\$ 8,051	\$ 48,044	\$ 87,508
Contributions in relation to contractually required contribution	<u>-</u>	<u>(8,586)</u>	<u>(8,051)</u>	<u>(48,044)</u>	<u>(87,508)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 4,154,593	\$ 4,332,136	\$ 4,220,125	\$ 4,219,671	\$ 4,177,783
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	1.00%	2.00%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Ohio Police and Fire Pension Fund					
Contractually required contribution	\$ 16,165	\$ 15,627	\$ 15,072	\$ 14,193	\$ 13,535
Contributions in relation to contractually required contribution	<u>(16,165)</u>	<u>(15,627)</u>	<u>(15,072)</u>	<u>(14,193)</u>	<u>(13,535)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 3,270,771	\$ 3,125,477	\$ 3,014,400	\$ 2,838,646	\$ 2,707,131
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%

(1) OPERS Information prior to 2016 is not available.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 13,447	\$ 13,274	\$ 94,341
<u>(13,447)</u>	<u>(13,274)</u>	<u>(94,341)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,689,412	\$ 2,654,800	\$ 2,608,513
0.50%	0.50%	3.62%

City of Ravenna, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Note 1: Net Pension Liability

Changes in Assumptions – OPERS

Amounts reported in the required supplementary information for OPERS Traditional Plan incorporate changes in assumptions used by OPERS in calculating the pension liability. These assumptions are presented below for the periods indicated:

Key Methods and Assumptions in Valuing Total Pension Liability – 2020

	OPERS <u>Traditional plan</u>
Valuation Date	December 31, 2019
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3% Simple
Post-Jan 7, 2013 Retirees	1.40% Simple through 2020 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2019

	OPERS <u>Traditional plan</u>
Valuation Date	December 31, 2018
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple

City of Ravenna, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability – 2017-2018

	OPERS
	<u>Traditional plan</u>
Valuation Date	December 31, 2017
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2016 and prior

	OPERS
	<u>Traditional plan</u>
Valuation Date	December 31, 2015
Experience Study	5-year period ended December 31, 2010
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Wage Inflation	3.75%
Projected Salary Increases, including 3.75% inflation	4.25 to 10.05%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.8% Simple

Mortality rates - Amounts reported beginning in 2017 use mortality rates based on the RP-2014. Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010.

City of Ravenna, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions – OP&F

Amounts reported for 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	Beginning in 2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.00%	8.25%
Projected Salary Increases	3.75% to 10.50%	4.25% to 11.00%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%	Inflation rate of 3.25% plus productivity increase rate of 0.50%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increased based on the lesser of the	3.00% simple; 2.60% simple for increased based on the lesser of
the	increase in CPI and 3%	increase in CPI and 3%

Amounts reported for 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
79 and up	115%	120%

City of Ravenna, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OP&F (continued)

Amounts reported for 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	100%

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

Note 2: Net OPEB Liability

Changes in Assumptions – OPERS

For 2020, the single discount rate changed from 3.96% in 2019 to 3.16%. For 2020, the municipal bond rate changed from 3.71% to 2.75%. For 2020, the health care cost trend rate changed from 10% initial, 3.25%, ultimate in 2029 to 10.5% initial, 3.5% ultimate in 2030.

For 2019, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5% to 6.0%. For 2019, the single discount rate changed from 3.85% in 2018 to 3.96%. Prior to 2018, the single discount rate was 4.23%. For 2019, the municipal bond rate changed from 3.31% to 3.71%. For 2019, the health care cost trend rate changed from 7.5% initial, 3.25%, ultimate in 2028 to 10% initial, 3.25% ultimate in 2029.

Changes in Assumptions – OP&F

For 2019, the single discount rate changed from 4.66% to 3.56%.

For 2019, the single discount rate changed from 3.24% to 4.66%.

For 2018, the single discount rate changed from 3.79% to 3.24%.

City of Ravenna, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Note 2: Net OPEB Liability (continued)

Changes in Benefit Terms – OP&F

Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%.

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the City Council
City of Ravenna, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ravenna, Ohio (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 24, 2021, wherein we noted that the City identified certain errors and omissions in the 2019 financial statements, and as a result restated their December 31, 2019 net position of the governmental activities and business-type activities, including the Water and Sewer Funds, and the fund balances of the aggregate remaining funds, as disclosed in Note 22.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Members of the City Council
City of Ravenna, Ohio

Compliance and Other Matters

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

City of Ravenna, Ohio's Response to Findings

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

Purpose of this Report

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

Ciuni & Parrichi, Inc.

Cleveland, Ohio
November 24, 2021

**Independent Auditor’s Report on Compliance for Each Major Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Members of the City Council
City of Ravenna, Ohio

Report on Compliance for the Major Federal Program

We have audited the City of Ravenna, Ohio’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended December 31, 2020. The City’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the City’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Members of the City Council
City of Ravenna, Ohio

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 24, 2021, which contained unmodified opinions on those financial statements, wherein we noted that the City identified certain errors and omissions in the 2019 financial statements, and as a result restated their December 31, 2019 net position of the governmental activities and business-type activities, including the Water and Sewer Funds, and the fund balances of the aggregate remaining funds, as disclosed in Note 22. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ciuni & Panichi, Inc.

Cleveland, Ohio
November 24, 2021

City of Ravenna, Ohio

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Pass-Through or Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through the Ohio Department of Development:			
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	A-C-19-2DI-1	\$ 29,392
Housing Trust Fund	14.275	A-C-19-2DI-1	<u>14,750</u>
Total U.S. Department of Housing and Urban Development			<u>44,142</u>
<u>U.S. Department of Treasury:</u>			
Passed through Portage County			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	926,137
Passed through Charlestown Township, Ohio			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	<u>9,192</u>
Total COVID-19 - Coronavirus Relief Fund			<u>935,329</u>
Total U.S. Department of Treasury			<u>935,329</u>
<u>U.S. Department of Justice:</u>			
Direct Awards:			
Bulletproof Vest Partnership Program	16.607	N/A	5,299
Equitable Sharing Program	16.922	N/A	<u>10,516</u>
Total U.S. Department of Justice			<u>15,815</u>
<u>U.S. Department of Transportation:</u>			
Passed through the Ohio Department of Public Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	N/A	<u>1,569</u>
Total Highway Safety Cluster			1,569
Minimum Penalties for Repeat Offenders for Driving While Intoxicated			
	20.608	N/A	<u>2,013</u>
Total U.S. Department of Transportation			<u>3,582</u>
Total Federal Expenditures			\$ <u>998,868</u>

The accompanying notes are an integral part of this schedule

City of Ravenna, Ohio

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

Note 1: Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Ravenna, Ohio, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Indirect Cost Rate

The City has not elected to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

City of Ravenna, Ohio

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2020

1. Summary of Auditor's Results

(d)(I)(I)	Type of Financial Statement Opinion	Unmodified
(d)(I)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(I)(iii)	Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(I)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(I)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(I)(vii)	Major Program	U.S. Department of Treasury, CFDA # 21.019, COVID-19 - Coronavirus Relief Fund
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

2020-001: Material Weakness in internal control over GAAP financial reporting

Restatement of Net Position and Fund Balances and Audit Adjustments:

Condition:

Sound financial reporting is the responsibility of the City's Finance Department, Mayor and City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

City of Ravenna, Ohio

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2020

2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS (continued)

2020-001: Material Weakness in internal control over GAAP financial reporting (continued)

Restatement of Net Position and Fund Balances and Audit Adjustments (continued):

Condition (continued):

The following restatements and audit adjustments were made to the financial statements:

- Restated the December 31, 2019 net position of the governmental activities and business-type activities, including the Water and Sewer Funds, and the fund balances of the aggregate remaining funds for various errors and omissions noted in the 2019 financial statements.
- Adjusted inventory to actual at December 31, 2020.

Criteria:

The internal control structure and processes should provide for the accurate assessment of the above accounts and the internal control structure and processes should provide for preparation of accurate GAAP financial statements at year-end.

Cause:

Past and current controls in place were not present to ensure that GAAP financial statements were properly adjusted for the above account and were not present for items adjusted in the previous year.

Effect:

The lack of controls to ensure the GAAP financial statements are accurately reported may result in users of the financial statements basing decisions and judgments on incomplete or inaccurate information.

Recommendation:

We recommend the City implement additional controls over its year-end financial reporting process, such as a detail review of the GAAP conversion workpapers and financial statements by management.

Management's Response:

The City will complete an assessment of the above adjustments and ensure the proper controls are in place to mitigate their reoccurrence. Also, the City will ensure that these items are communicated with third parties assisting with the GAAP conversion.

3. Findings for Federal Awards

None noted.

City of Ravenna, Ohio

Schedule of Prior Audit Findings and Questioned Costs

For the Year Ended December 31, 2020

No prior year findings or questioned costs.

Finance Department

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City of Ravenna, Ohio

Corrective Action Plan

For the Year Ended December 31, 2020

<u>Finding Number</u>	<u>Planned Correction Action</u>	<u>Anticipated Completion Date</u>	<u>Responsible Contact Person</u>
2020-001	The City will complete an assessment of the above adjustments and ensure the proper controls are in place to mitigate their reoccurrence. Also, the City will ensure that these items are communicated with third parties assisting with the GAAP conversion.	December 31, 2021	Brian Huff, Finance Director

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF RAVENNA

PORTAGE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/16/2021

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov