

City of Ravenna, Ohio

**Basic Financial Statements
For The Year Ended December 31, 2015**



Dave Yost • Auditor of State

Honorable Mayor and Members of City Council
City of Ravenna
210 Parkway
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, 2015 through December 31, 2015. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 20, 2016

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City of Ravenna, Ohio

For The Year Ended December 31, 2015

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Independent Auditor's Report

Members of the City Council
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, 2015, 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.

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

Members of the City Council
Ravenna, Ohio

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, 2015, 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, the Street Construction, Maintenance and Repair Fund and the EMS Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 21 to the basic financial statements, during 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and as a result restated their December 31, 2014 net position of the governmental activities and the business-type activities. Our opinions are 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 on pages 3 through 13 and the schedules of the City's proportionate share of the net pension liability and schedules of the City's contributions on pages 72 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016 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 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.

Cienni + Panichi, Inc.

Cleveland, Ohio
June 29, 2016

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The management 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 fiscal year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

- For the past seven years the City's primary focus has been on addressing the operating deficit status in the General Fund, and 2015 proved to be no exception. As documented over this period of time, expenditures and other financing uses outpaced revenues creating an increasing demand on the cash reserve balance to cover annual operating losses. Despite initiating a series of operational and policy changes in an attempt to chip away at projected operating losses, the deficits mounted and eventually depleted the cash balance in the fund. 2015 was projected as the last year that the City would be able to support the type of operating loss experienced over the previous several years. As a result, the City faced the need to begin cutting expenses through primary service labor reductions, or find an additional source of revenue via an Income Tax levy. The City went to the voters in November of 2015 with the hopes of passing a .25 percent tax levy, but came up empty as the measure was defeated at the ballot. The General Fund-specific .25 percent tax increase was projected to produce \$935,000 annually based on a full year of taxation with all earned income subject to the new tax. With annual operating deficits averaging better than \$425,000 since 2009, the new revenue generated by the levy would have swung the annual operating position to the surplus side, based on current costs.

UPDATE: With the state of the City's financial issues at a point where Safety forces would be directly impacted, the City went back to the voters in the 2016 March primary for another try at the .25 percent. Ravenna residents responded by passing the levy by a significant margin. As of this writing, the new permanent tax went into effect May 1, 2016 and is designated for safety forces within the General Fund.

- While the General Fund situation took center stage the past seven years, another growing concern had been the conditions of City streets. As costs of paving and maintaining streets continued to rise, the annual budget for this had remained static for the past decade. The City had typically allocated around \$300,000 per year from its Capital Improvement Budget for an annual paving program. The problem became trying to pave streets in 2015 on a 2005 budget. The program dollars allocated simply could not keep pace with the repairs needed and Ravenna City streets were now becoming visibly deteriorated. As a response to resident comments and concerns, City Council began an initiative to seek additional funding through a tax levy that would be exclusive to the maintenance, repair, and paving of City streets. In May of 2015 a .25 percent Income Tax levy was placed on the ballot and the citizens of Ravenna voted in favor of the new Roadway Tax. The projected revenue numbers on the Roadway tax approximate \$950,000 annually, based on a full year of taxation with all earned income subject to the new tax.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the City of Ravenna's basic financial statements. These statements are organized so that readers can understand the City as a financial whole or as an entire operating entity. The statements then proceed to provide an increasing detailed look at specific financial conditions.

City of Ravenna, Ohio
Management's Discussion and Analysis
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The Statement of Net Position and the Statement of Activities provide information about the activities of the whole City. They provide both an aggregate view of the City's finances in addition to a longer-term view of those assets. 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 non-major funds presented in total in one column.

The City of Ravenna as a Whole

Statement of Net Position and the Statement of Activities

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 asks the questions, "How did we do financially during 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. 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 the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

The government-wide financial statements are designed to provide readers with a broad overview of the City of Ravenna'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 whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. 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 look at the City's most significant funds with all other major funds presented in total in one column.

The *Statement of Net Position* presents information on all of the City of Ravenna's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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 of Ravenna 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 the future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Ravenna 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 of Ravenna include general government, security of persons and property (Police and Fire), public health and welfare, leisure time activities, community environment, transportation, basic utility services, and economic development. The business-type activities include water and sewer.

Reporting the City's Most Significant 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

City of Ravenna, Ohio
Management's Discussion and Analysis
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State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ravenna 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 expendable resources*, as well as on balances of expendable resources available at the end of the year.

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

The City of Ravenna maintains nineteen 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, street construction, maintenance and repair and EMS special revenue funds and the capital improvements capital projects fund which are considered to be major funds. Data from the other governmental funds are combined into single, aggregated presentation.

The City of Ravenna adopts an annual appropriated budget for each of its funds to comply with budgetary requirements.

Proprietary Funds The City of Ravenna's enterprise funds consist of water and sewer. The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains such a fund for its self-insurance program of health related employee benefits. Because this predominately benefits governmental rather than business functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations as they 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 in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds are agency funds.

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

The City as a Whole

As noted earlier, the Statement of Net Position looks at the City as a whole. The following table provides a summary of the City's net position for 2015 compared to 2014.

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Assets						
Current and Other Assets	\$14,431,704	\$15,635,465	\$10,375,624	\$12,164,624	\$24,807,328	\$27,800,089
Capital Assets, Net	39,359,885	39,962,308	30,146,850	30,816,263	69,506,735	70,778,571
Total Assets	53,791,589	55,597,773	40,522,474	42,980,887	94,314,063	98,578,660
Deferred Outflow of Resources						
Deferred Charge on Refunding Pension	124,013	131,099	0	0	124,013	131,099
	1,167,858	773,130	347,603	245,380	1,515,461	1,018,510
Total Deferred Outflows of Resources	1,291,871	904,229	347,603	245,380	1,639,474	1,149,609
Liabilities						
Current Liabilities	1,073,389	1,211,970	238,272	185,399	1,311,661	1,397,369
Long-Term Liabilities						
Due Within One Year	925,768	975,577	1,213,898	1,201,645	2,139,666	2,177,222
Due in More Than One Year						
Net Pension Liability	8,660,676	8,208,737	2,011,688	1,966,249	10,672,364	10,174,986
Other Amounts	8,247,149	8,603,796	10,465,973	11,526,998	18,713,122	20,130,794
Total Liabilities	18,906,982	19,000,080	13,929,831	14,880,291	32,836,813	33,880,371
Deferred Inflow of Resources						
Property Taxes	528,497	535,412	0	0	528,497	535,412
Pension	31,341	0	35,341	0	66,682	0
Total Deferred Outflows of Resources	559,838	535,412	35,341	0	595,179	535,412
Net Position						
Net Investment in Capital Assets	34,406,108	35,297,246	18,693,156	18,309,617	53,099,264	53,606,863
Restricted for:						
Debt Service	0	2,682	0	0	0	2,682
Revolving Loans	7,288,078	7,425,112	0	0	7,288,078	7,425,112
Street Construction, Maintenance and Repair	1,299,957	1,472,472	0	0	1,299,957	1,472,472
State Highway	47,693	70,380	0	0	47,693	70,380
Other Purposes	499,312	85,068	0	0	499,312	85,068
Unrestricted (Deficit)	(7,924,508)	(7,386,450)	8,211,749	10,036,359	287,241	2,649,909
Total Net Position	\$35,616,640	\$36,966,510	\$26,904,905	\$28,345,976	\$62,521,545	\$65,312,486

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

City of Ravenna, Ohio
Management's Discussion and Analysis
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Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation, coupled with the restatement from the income tax receivable and capital assets, had the effect of restating net position at December 31, 2014, from \$44,360,474 to \$36,966,510 for governmental activities and from \$29,381,350 to \$28,345,976 for business-type activities.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the governmental activities net position of the City has decreased. This is primarily due to a decrease in capital assets resulting from current year depreciation outpacing additions. The decrease in net position was partially offset by a reduction to long-term liabilities resulting from the continued pay-down of long-term debt obligations. Management continues to diligently plan expenses, maintaining excellent levels of service within the constraints of the budget.

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for the fiscal years 2015 and 2014.

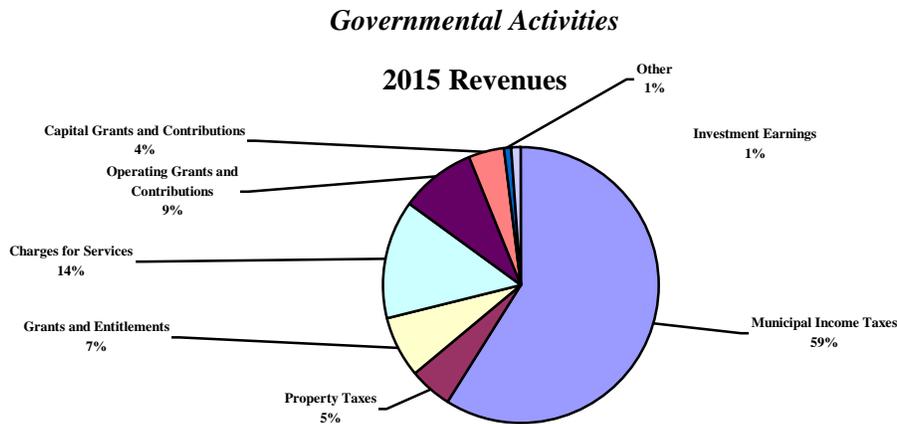
Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services and Assessments	\$1,552,953	\$1,708,110	\$5,066,412	\$5,521,526	\$6,619,365	\$7,229,636
Operating Grants and Contributions	1,066,521	1,320,803	0	0	1,066,521	1,320,803
Capital Grants and Contributions	478,646	177,914	411,151	457,224	889,797	635,138
Total Program Revenues	3,098,120	3,206,827	5,477,563	5,978,750	8,575,683	9,185,577
General Revenues						
Property Taxes	570,677	520,131	0	0	570,677	520,131
Income Taxes	6,675,723	6,477,216	907,846	1,174,505	7,583,569	7,651,721
Grants and Entitlements	789,214	793,868	0	0	789,214	793,868
Unrestricted Contributions	20,630	2,000	0	0	20,630	2,000
Investment Earnings	98,715	114,650	0	0	98,715	114,650
Other	65,112	87,402	120,381	91,360	185,493	178,762
Total General Revenues	8,220,071	7,995,267	1,028,227	1,265,865	9,248,298	9,261,132
Total Revenues	11,318,191	11,202,094	6,505,790	7,244,615	17,823,981	18,446,709
Program Expenses						
General Government	1,617,655	1,621,645	0	0	1,617,655	1,621,645
Security of Persons and Property:						
Police	3,406,441	3,351,966	0	0	3,406,441	3,351,966
Fire	2,411,516	2,292,436	0	0	2,411,516	2,292,436
Leisure Time Activities	702,503	847,107	0	0	702,503	847,107
Public Health and Welfare	88,286	156,747	0	0	88,286	156,747
Community Environment	989,373	1,015,673	0	0	989,373	1,015,673
Transportation	3,172,916	2,783,680	0	0	3,172,916	2,783,680
Basic Utility Services	36,425	35,995	0	0	36,425	35,995
Economic Development	189,820	333,842	0	0	189,820	333,842
Interest and Fiscal Charges	252,703	256,704	0	0	252,703	256,704
Water	0	0	5,045,486	4,425,190	5,045,486	4,425,190
Sewer	0	0	2,701,798	2,852,114	2,701,798	2,852,114
Total Program Expenses	12,867,638	12,695,795	7,747,284	7,277,304	20,614,922	19,973,099
Excess of Revenues Over (Under) Expenses	(1,549,447)	(1,493,701)	(1,241,494)	(32,689)	(2,790,941)	(1,526,390)
Transfers	199,577	95,305	(199,577)	(95,305)	0	0
Change in Net Position	(1,349,870)	(1,398,396)	(1,441,071)	(127,994)	(2,790,941)	(1,526,390)
Net Position Beginning of Year of Year - Restated	36,966,510	N/A	28,345,976	N/A	65,312,486	N/A
Net Position End of Year	\$35,616,640	\$36,966,510	\$26,904,905	\$28,345,976	\$62,521,545	\$65,312,486

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,018,510 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,083,665. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

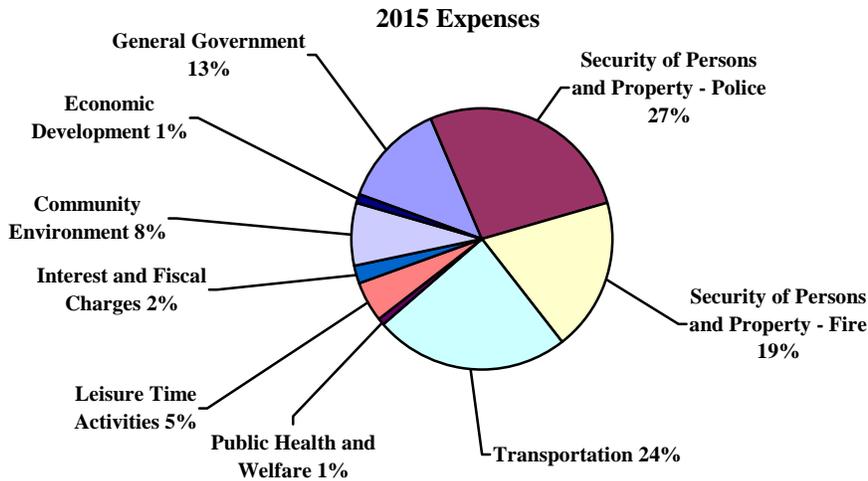
	Governmental Activities	Business-type Activities	Total
Total 2015 program expenses under GASB 68	\$12,867,638	\$7,747,284	\$20,614,922
Pension expense under GASB 68	(864,843)	(218,822)	(1,083,665)
2015 contractually required contribution	776,291	240,265	1,016,556
Adjusted 2015 program expenses	12,779,086	7,768,727	20,547,813
Total 2014 program expenses under GASB 27	12,695,795	7,277,304	19,973,099
Increase/Decrease in program expenses not related to pension	\$83,291	\$491,423	\$574,714



Several sources fund our governmental activities with the City income tax being the largest component. An income tax of 2.25 percent is levied on all income earned within the City. For 2015, annual tax receipts remain more than half of all governmental fund revenues at 59 percent.

Program revenues, including charges for services and assessments, operating grants and contributions, and capital grants and contributions make up the second largest revenue source within the City. Charges for services decreased in 2015, primarily due to a decrease in general department fees and memberships. The City continues to maintain its stance of actively pursuing all forms of grants available.

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited



Major expense activities continue to be:

Security of persons and property (Police and Fire) is the City's largest cost center, accounting for 46 percent of all governmental activity expenses. The second largest cost component, transportation, finished at 24 percent of total governmental expenses. For 2015, the Street Department maintained operating costs at a level that enabled the fund to turn an annual surplus.

Business-Type Activities

Business-type activities include the City's water and sewer operations. As noted in prior years, the City's ability to take on additional debt was enabled by the cooperative agreement with Portage County to share the cost of upgrading the Wastewater Treatment Plant Facility to handle additional capacity. As a result of this agreement, the City relies on the County for over \$460,000 in debt service participation annually.

Governmental Funds

A review of the City's governmental funds provides information on near-term flows and balances of expendable resources and serves as a useful measure of a government's net resources. Governmental fund information can be found beginning with the balance sheet and is accounted for using the modified accrual basis of accounting.

At the end of 2015, the City of Ravenna reported combined governmental fund balances of \$11,268,650. Of this amount, \$529,789 constitutes unassigned balances, which is available for any purpose. The majority of the remaining fund balance is further constrained by internal or external constraints and is restricted, committed, or assigned for a specific purpose. A small portion of the fund balance is considered nonspendable.

The City's major governmental funds are the general fund, revolving loan, street construction, maintenance and repair and EMS special revenue funds and capital improvements capital projects fund. The trend of general fund annual expenditures exceeding annual revenues continued in 2015, as the historical declines in revenue continued to be the root cause of this issue. Within the general fund, safety forces accounts for the largest component of expenditures at nearly 71 percent. The revolving loan special revenue fund balance decreased from the prior year due to the write-off of uncollectible loans. The street construction, maintenance and repair special revenue fund had a slight decrease in fund balance due to carrying a higher

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

fuel inventory to accommodate sales to entities purchasing fuel from the City. The EMS special revenue fund had an increase in fund balance due to an increase in charges for services revenue during the year. The capital improvements capital projects fund experienced a decrease in its fund balance as a result of an EPA-related soil remediation project at a City facility and the funding of two roadway projects.

General Fund Budgeting 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. Further discussion on the projected outlook of the general fund can be found in the *Current Financial Related Activities* section below.

The original 2015 general fund revenues were budgeted at \$5,489,841 and final budgeted revenues were \$5,501,956. The actual revenue received closely matched the original and final budgeted amounts. Final appropriations increased over original appropriations mostly due to departmental requests for additional operating items throughout the year. Actual expenditures were much 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

Table 3 shows 2015 balances of capital assets as compared to 2014.

(Table 3)
Capital Assets at December 31
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$1,704,766	\$1,588,166	\$1,565,260	\$1,565,260	\$3,270,026	\$3,153,426
Construction in Progress	50,215	107,048	0	0	50,215	107,048
Buildings	1,955,262	2,044,070	3,657,949	3,798,607	5,613,211	5,842,677
Improvements other than Buildings	166,820	190,365	5,368,054	5,734,159	5,534,874	5,924,524
Furniture, Fixtures and Equipment	1,509,802	1,522,505	7,425,104	7,426,633	8,934,906	8,949,138
Vehicles	1,022,101	932,961	112,630	44,336	1,134,731	977,297
Infrastructure	32,950,919	33,577,193	12,017,853	12,247,268	44,968,772	45,824,461
Total Capital Assets	<u>\$39,359,885</u>	<u>\$39,962,308</u>	<u>\$30,146,850</u>	<u>\$30,816,263</u>	<u>\$69,506,735</u>	<u>\$70,778,571</u>

Total capital assets for governmental-type activities of the City of Ravenna decreased from 2014 due to annual depreciation outpacing additions. This decrease was partially offset by the purchase of various equipment and vehicles in 2015. Additional information concerning the City's capital assets can be found in Note 12 to the basic financial statements.

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Long-term Obligations

At December 31, 2015, the City of Ravenna had governmental bonds, net pension liability, capital leases and compensated absences outstanding. The Library bonds account for \$3,800,686 or 21.3 percent of the total governmental activities. At December 31, 2015, the City had \$13,691,559 outstanding in long-term business-type obligations, which include general obligation bonds, OPWC loans, OWDA loans, net pension liability, capital leases and compensated absences. Table 4 summarizes the City's long-term obligations outstanding.

(Table 4)

	Outstanding Long-term Obligations at Year End					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$4,024,603	\$4,232,874	\$1,589,829	\$1,666,231	\$5,614,432	\$5,899,105
Library Bonds	3,800,686	3,964,725	0	0	3,800,686	3,964,725
OPWC Loans	0	0	651,268	625,430	651,268	625,430
OWDA Loans	0	0	9,236,426	10,240,216	9,236,426	10,240,216
Net Pension Liability	8,660,676	8,208,737	2,011,688	1,966,249	10,672,364	10,174,986
Capital Leases	623,363	609,257	22,370	31,466	645,733	640,723
Compensated Absences	724,265	772,517	179,978	165,300	904,243	937,817
Total	\$17,833,593	\$17,788,110	\$13,691,559	\$14,694,892	\$31,525,152	\$32,483,002

The general obligation bonds consist of a municipal building improvement bond and energy conservation bonds. The energy conservation bonds were issued in 2012 to provide funding for a City-wide energy conservation improvement project. As previously noted, 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. In total, governmental long-term obligations, net of the library bond, amounts to \$14,032,907.

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 2005 OWDA loan for expansion of the City's Wastewater Treatment Plant. The loan is paid for with a combination of sewer revenues, distributed income tax receipts, 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 16 to the basic financial statements.

Current Financial Related Activities

General Fund

Facing its final year of being able to call upon the cash reserve balance to cover an annual operating loss, the City found it necessary to make several changes to its distribution of income tax receipts to help bolster general fund revenues. Ravenna's income tax structure allows City Council to determine the allocation of 1.32 percent of its total available tax revenue. The balance of City's 2.0 percent tax is levied for specific purposes by vote and may not be changed. Of the 1.32 percent the City has historically funded the general and capital improvement funds, with a portion also going to the street fund. Prior to its closure in 2015, the income tax department was also originally created from the 1.32 percent.

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The City's permanent 2015 budget projected the general fund to end the year with a cash reserve balance of \$215,819. This was due largely in part to the return of the fund balance that was carried by the income tax department in a special revenue fund. As noted above, the income tax department was originally created from the percentage of tax receipts that are under the purview of City Council. While the liquidation of the tax department's fund balance prevented the general fund from running into the red in 2015, the larger issue remained the ability to operate in 2016. It now had reached the point where the reduction of safety force labor would be needed if an additional source of revenue was not found. The Budget Commission presented to City Council the option of an income tax levy. Council was well aware the general fund had hit the wall with regard to propping up annual operating losses with its fund balance, and supported going to the ballot. Based on the exhaustive list of the cost cutting measures already taken, as illustrated in last year's MD&A, the City made its case to the residents of Ravenna for this new tax. The tax was defeated at the polls in November of 2015, and based on cash flow projections, the Budget Commission began to create an actual timeline for police and fire layoffs in early 2016.

As the pending layoffs ran in the background, the levy was put on the ballot for a second time in March of 2016, and this time passed by a convincing margin.

And while the general fund now has a permanent source of revenue that it so sorely lacked over the past seven years, the uphill battle the City fought over this time served to create a new model of operating, with the focus on primary City services. The difficult decisions made to reduce staff, close programs, and eliminate and consolidate departments are now in the past. But the lesson learned needs to carry into the future as the City can ill afford to lose sight of maintaining tight cost controls and pursuing all options to reduce expenses. The importance is twofold, as the City will need to build back its A2 bond rating after a Moody's downgrade to Baa1 for 2016.

In the end, the City's ability to proactively address the financial condition of the general fund translated to the tax levy passing. The residents of Ravenna were made aware of the general fund's financial plight long before going to the ballot. Keeping the citizens informed through many years of disclosure and discussion was critical to the success of the levy.

Contacting the City's Finance Department

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 Kimble Cecora, Finance Director, City of Ravenna, 210 Parkway, Ravenna, Ohio 44266, 330-297-2152.

Basic Financial Statements

City of Ravenna, Ohio
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,165,067	\$5,832,120	\$10,997,187
Materials and Supplies Inventory	71,340	251,994	323,334
Accrued Interest Receivable	2,735	0	2,735
Accounts Receivable	1,122,258	578,626	1,700,884
Internal Balances	44,210	(44,210)	0
Intergovernmental Receivable	506,973	3,559,877	4,066,850
Prepaid Items	57,080	37,818	94,898
Income Taxes Receivable	1,248,610	159,399	1,408,009
Property Taxes Receivable	567,015	0	567,015
Special Assessments Receivable	42,049	0	42,049
Loans Receivable	5,604,367	0	5,604,367
Nondepreciable Capital Assets	1,754,981	1,565,260	3,320,241
Depreciable Capital Assets, Net	37,604,904	28,581,590	66,186,494
<i>Total Assets</i>	<u>53,791,589</u>	<u>40,522,474</u>	<u>94,314,063</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding Pension	124,013	0	124,013
	1,167,858	347,603	1,515,461
<i>Total Deferred Outflows of Resources</i>	<u>1,291,871</u>	<u>347,603</u>	<u>1,639,474</u>
Liabilities			
Accounts Payable	130,529	98,352	228,881
Accrued Wages	163,778	73,969	237,747
Intergovernmental Payable	170,526	62,652	233,178
Accrued Interest Payable	25,611	3,299	28,910
Notes Payable	450,000	0	450,000
Claims Payable	132,945	0	132,945
Long-Term Liabilities:			
Due Within One Year	925,768	1,213,898	2,139,666
Due In More Than One Year			
Net Pension Liability (See Note 13)	8,660,676	2,011,688	10,672,364
Other Amounts Due in More than One Year	8,247,149	10,465,973	18,713,122
<i>Total Liabilities</i>	<u>18,906,982</u>	<u>13,929,831</u>	<u>32,836,813</u>
Deferred Inflow of Resources			
Property Taxes	528,497	0	528,497
Pension	31,341	35,341	66,682
<i>Total Deferred Inflows of Resources</i>	<u>559,838</u>	<u>35,341</u>	<u>595,179</u>
Net Position			
Net Investment in Capital Assets	34,406,108	18,693,156	53,099,264
Restricted for:			
Revolving Loans	7,288,078	0	7,288,078
Street Construction, Maintenance and Repair	1,299,957	0	1,299,957
State Highway	47,693	0	47,693
Other Purposes	499,312	0	499,312
Unrestricted (Deficit)	(7,924,508)	8,211,749	287,241
<i>Total Net Position</i>	<u>\$35,616,640</u>	<u>\$26,904,905</u>	<u>\$62,521,545</u>

See accompanying notes to the basic financial statements

City of Ravenna, Ohio
Statement of Activities
For the Year Ended December 31, 2015

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$1,617,655	\$136,188	\$0	\$476,979
Security of Persons and Property:				
Police	3,406,441	219,125	4,849	0
Fire	2,411,516	605,341	0	0
Leisure Time Activities	702,503	342,647	4,380	1,667
Public Health and Welfare	88,286	4,564	0	0
Community Environment	989,373	242,329	206,667	0
Transportation	3,172,916	2,759	850,625	0
Basic Utility Services	36,425	0	0	0
Economic Development	189,820	0	0	0
Interest and Fiscal Charges	252,703	0	0	0
<i>Total Governmental Activities</i>	<u>12,867,638</u>	<u>1,552,953</u>	<u>1,066,521</u>	<u>478,646</u>
Business-Type Activities:				
Water	5,045,486	2,632,947	0	274,231
Sewer	2,701,798	2,433,465	0	136,920
<i>Total Business-Type Activities</i>	<u>7,747,284</u>	<u>5,066,412</u>	<u>0</u>	<u>411,151</u>
<i>Total</i>	<u>\$20,614,922</u>	<u>\$6,619,365</u>	<u>\$1,066,521</u>	<u>\$889,797</u>

General Revenues

Property Taxes Levied for
 General Purposes
Municipal Income Taxes Levied for:
 General Purposes
 Street Construction, Maintenance and Repair
 Recreation
 Emergency Medical Services
 Capital Outlay
 Water Department
 Sewer Department
Grants and Entitlements not Restricted to Specific Programs
Contributions not Restricted to Specific Programs
Interest
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

*Net Position Beginning
of Year - Restated (See Note 21)*

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,004,488)	\$0	(\$1,004,488)
(3,182,467)	0	(3,182,467)
(1,806,175)	0	(1,806,175)
(353,809)	0	(353,809)
(83,722)	0	(83,722)
(540,377)	0	(540,377)
(2,319,532)	0	(2,319,532)
(36,425)	0	(36,425)
(189,820)	0	(189,820)
(252,703)	0	(252,703)
<u>(9,769,518)</u>	<u>0</u>	<u>(9,769,518)</u>
0	(2,138,308)	(2,138,308)
<u>0</u>	<u>(131,413)</u>	<u>(131,413)</u>
0	(2,269,721)	(2,269,721)
<u>(9,769,518)</u>	<u>(2,269,721)</u>	<u>(12,039,239)</u>
570,677	0	570,677
3,962,169	0	3,962,169
980,157	0	980,157
362,294	0	362,294
289,832	0	289,832
1,081,271	0	1,081,271
0	905,730	905,730
0	2,116	2,116
789,214	0	789,214
20,630	0	20,630
98,715	0	98,715
65,112	120,381	185,493
<u>8,220,071</u>	<u>1,028,227</u>	<u>9,248,298</u>
<u>199,577</u>	<u>(199,577)</u>	<u>0</u>
<u>8,419,648</u>	<u>828,650</u>	<u>9,248,298</u>
(1,349,870)	(1,441,071)	(2,790,941)
<u>36,966,510</u>	<u>28,345,976</u>	<u>65,312,486</u>
<u>\$35,616,640</u>	<u>\$26,904,905</u>	<u>\$62,521,545</u>

City of Ravenna, Ohio

Balance Sheet

Governmental Funds

December 31, 2015

	General	Revolving Loan	Street Construction, Maintenance and Repair	EMS	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$404,480	\$1,683,711	\$1,120,662	\$0	\$883,465	\$1,069,842	\$5,162,160
Restricted Assets:							
Equity in Pooled Cash and Cash Equivalents	2,907	0	0	0	0	0	2,907
Materials and Supplies Inventory	54,339	0	10,442	0	0	6,559	71,340
Accounts Receivable	39,812	0	568	1,080,716	0	569	1,121,665
Accrued Interest Receivable	2,735	0	0	0	0	0	2,735
Interfund Receivable	36,058	0	0	0	0	0	36,058
Intergovernmental Receivable	202,680	0	249,753	0	538	54,002	506,973
Prepaid Items	41,792	0	6,956	0	933	7,399	57,080
Income Taxes Receivable	775,802	0	83,867	51,007	112,002	225,932	1,248,610
Property Taxes Receivable	567,015	0	0	0	0	0	567,015
Special Assessments Receivable	40,242	0	0	0	0	1,807	42,049
Loans Receivable	0	5,604,367	0	0	0	0	5,604,367
Total Assets	\$2,167,862	\$7,288,078	\$1,472,248	\$1,131,723	\$996,938	\$1,366,110	\$14,422,959
Liabilities							
Accounts Payable	\$11,488	\$0	\$68,623	\$0	\$19,500	\$30,918	\$130,529
Accrued Wages	135,995	0	19,136	0	473	8,174	163,778
Intergovernmental Payable	144,970	0	15,548	0	356	9,652	170,526
Interfund Payable	69,833	0	13,687	0	0	41,273	124,793
Accrued Interest Payable	0	0	0	0	2,108	0	2,108
Notes Payable	0	0	0	0	450,000	0	450,000
Total Liabilities	362,286	0	116,994	0	472,437	90,017	1,041,734
Deferred Inflows of Resources							
Property Taxes	528,497	0	0	0	0	0	528,497
Unavailable Revenue	371,208	0	180,484	1,028,653	23,943	78,999	1,683,287
Total Deferred Inflows of Resources	899,705	0	180,484	1,028,653	23,943	78,999	2,211,784
Fund Balances							
Nonspendable	99,038	0	17,398	0	933	13,958	131,327
Restricted	0	7,288,078	1,157,372	0	0	487,351	8,932,801
Committed	0	0	0	103,070	499,625	695,785	1,298,480
Assigned	277,044	0	0	0	0	0	277,044
Unassigned	529,789	0	0	0	0	0	529,789
Total Fund Balances	905,871	7,288,078	1,174,770	103,070	500,558	1,197,094	11,169,441
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$2,167,862	\$7,288,078	\$1,472,248	\$1,131,723	\$996,938	\$1,366,110	\$14,422,959

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, 2015*

Total Governmental Fund Balances		\$11,169,441
 <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 the funds.		39,359,885
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	\$38,518	
Income Taxes	266,926	
Intergovernmental	318,045	
Charges for Services	1,019,352	
Special Assessments	40,446	
Total		1,683,287
Internal service funds are used by management to charge the costs of insurance and materials and supplies to individual funds. The assets and liabilities of the internal service fund are included as part of governmental activities in the statement of net position.		593
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	1,167,858	
Deferred Inflows - Pension	(31,341)	
Net Pension Liability	(8,660,676)	
Total		(7,524,159)
In the statement of activities, interest is accrued on outstanding bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.		(23,503)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(4,024,603)	
Library Bonds	(3,800,686)	
Capital Leases Payable	(623,363)	
Compensated Absences	(724,265)	
Deferred Charge on Refunding	124,013	
Total		(9,048,904)
<i>Net Position of Governmental Activities</i>		\$35,616,640

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, 2015

	General	Revolving Loan	Street Construction, Maintenance and Repair	EMS	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$553,410	\$0	\$0	\$0	\$0	\$0	\$553,410
Income Taxes	4,376,431	0	581,677	320,776	1,014,283	1,031,050	7,324,217
Intergovernmental	517,427	0	815,432	5,249	476,979	602,993	2,418,080
Interest	47,513	51,202	0	0	0	0	98,715
Fees, Licenses and Permits	397,849	0	0	0	0	0	397,849
Fines and Forfeitures	4,866	0	0	0	0	11	4,877
Rentals	2,036	0	0	0	31,228	8,671	41,935
Charges for Services	0	0	2,759	481,404	0	573,979	1,058,142
Contributions and Donations	20,630	0	0	0	0	6,047	26,677
Special Assessments	0	0	0	0	0	863	863
Other	15,343	1,584	0	2,175	44,308	1,702	65,112
Total Revenues	5,935,505	52,786	1,399,868	809,604	1,566,798	2,225,316	11,989,877
Expenditures							
Current:							
General Government	1,620,249	0	0	0	0	118	1,620,367
Security of Persons and Property:							
Police	3,228,757	0	0	0	0	6,153	3,234,910
Fire	1,211,445	0	0	780,569	0	0	1,992,014
Leisure Time Activities	0	0	0	0	0	746,522	746,522
Public Health and Welfare	67,811	0	0	0	0	0	67,811
Community Environment	33,442	0	0	0	0	568,278	601,720
Transportation	0	0	1,531,704	0	0	62,654	1,594,358
Economic Development	0	189,820	0	0	0	107,248	297,068
Capital Outlay	8,500	0	0	0	1,808,942	0	1,817,442
Debt Service:							
Principal Retirement	50,696	0	1,105	0	278,089	204,080	533,970
Interest and Fiscal Charges	565	0	39	0	105,368	147,707	253,679
Total Expenditures	6,221,465	189,820	1,532,848	780,569	2,192,399	1,842,760	12,759,861
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(285,960)</i>	<i>(137,034)</i>	<i>(132,980)</i>	<i>29,035</i>	<i>(625,601)</i>	<i>382,556</i>	<i>(769,984)</i>
Other Financing Sources (Uses)							
Inception of Capital Lease	8,500	0	0	0	174,576	0	183,076
Transfers In	0	0	0	0	250,745	47,250	297,995
Transfers Out	0	0	0	0	(62,235)	(36,183)	(98,418)
Total Other Financing Sources (Uses)	8,500	0	0	0	363,086	11,067	382,653
Net Change in Fund Balances	(277,460)	(137,034)	(132,980)	29,035	(262,515)	393,623	(387,331)
<i>Fund Balances Beginning of Year - Restated (See Note 21)</i>	<i>1,183,331</i>	<i>7,425,112</i>	<i>1,307,750</i>	<i>74,035</i>	<i>763,073</i>	<i>803,471</i>	<i>11,556,772</i>
Fund Balances End of Year	\$905,871	\$7,288,078	\$1,174,770	\$103,070	\$500,558	\$1,197,094	\$11,169,441

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, 2015*

Net Change in Fund Balances - Total Governmental Funds (\$387,331)

*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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Current Year Additions	\$1,026,183	
Current Year Depreciation	(1,621,591)	
Total		(595,408)

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. (7,015)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Delinquent Property Taxes	17,267	
Income Taxes	(648,494)	
Intergovernmental	(89,746)	
Charges for Services	41,678	
Special Assessments	7,016	
Total		(672,279)

The inception of a capital lease is reported as an other financing source in governmental funds but increases long-term liabilities on the statement of net position. (183,076)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 533,970

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

Accrued Interest on Bonds	817	
Accrued Interest on Capital Lease	(65)	
Amortization of Discount	(1,450)	
Amortization of Premium	8,760	
Amortization of Deferred Charge on Refunding	(7,086)	
Total		976

Some expenses, such as compensated absences, reported in the statement of activities do not require the use of current financial resources and therefore are reported as expenditures in governmental funds. 48,252

The internal service funds used by management are not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities. 593

Contractually required contributions are reported as expenditures in governmental funds: however, the statement of net position reports these amounts as deferred outflows. 776,291

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (864,843)

Change in Net Position of Governmental Activities (\$1,349,870)

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
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$536,087	\$554,553	\$553,410	(\$1,143)
Income Taxes	3,960,942	3,960,942	3,994,447	33,505
Intergovernmental	479,417	530,417	543,839	13,422
Interest	8,200	8,200	6,726	(1,474)
Fees, Licenses and Permits	449,311	397,941	404,774	6,833
Fines and Forfeitures	22,968	12,968	4,866	(8,102)
Rentals	5,600	5,600	2,036	(3,564)
Contributions and Donations	12,000	19,000	20,630	1,630
Other	15,316	12,335	6,129	(6,206)
<i>Total Revenues</i>	<u>5,489,841</u>	<u>5,501,956</u>	<u>5,536,857</u>	<u>34,901</u>
Expenditures				
Current:				
General Government	1,769,015	1,811,722	1,685,839	125,883
Security of Persons and Property:				
Police	3,369,163	3,370,613	3,226,022	144,591
Fire	1,193,824	1,274,900	1,235,005	39,895
Public Health and Welfare	69,770	69,770	69,755	15
Community Environment	83,874	59,873	40,876	18,997
<i>Total Expenditures</i>	<u>6,485,646</u>	<u>6,586,878</u>	<u>6,257,497</u>	<u>329,381</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(995,805)</u>	<u>(1,084,922)</u>	<u>(720,640)</u>	<u>364,282</u>
Other Financing Sources (Uses)				
Advances In	106,561	106,561	64,113	(42,448)
Advances Out	(6,390)	(6,390)	0	6,390
<i>Total Other Financing Sources (Uses)</i>	<u>100,171</u>	<u>100,171</u>	<u>64,113</u>	<u>(36,058)</u>
<i>Net Change in Fund Balance</i>	(895,634)	(984,751)	(656,527)	328,224
<i>Fund Balance Beginning of Year</i>	1,073,822	1,073,822	1,073,822	0
Prior Year Encumbrances Appropriated	41,139	41,139	41,139	0
<i>Fund Balance End of Year</i>	<u>\$219,327</u>	<u>\$130,210</u>	<u>\$458,434</u>	<u>\$328,224</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, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$57,650	\$57,650	\$51,202	(\$6,448)
Other	224,325	277,325	284,545	7,220
<i>Total Revenues</i>	281,975	334,975	335,747	772
Expenditures				
Current:				
Economic Development	426,000	482,500	163,129	319,371
<i>Net Change in Fund Balance</i>	(144,025)	(147,525)	172,618	320,143
<i>Fund Balance Beginning of Year</i>	1,309,393	1,309,393	1,309,393	0
Prior Year Encumbrances Appropriated	163,700	163,700	163,700	0
<i>Fund Balance End of Year</i>	<u>\$1,329,068</u>	<u>\$1,325,568</u>	<u>\$1,645,711</u>	<u>\$320,143</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$574,364	\$574,364	\$545,956	(\$28,408)
Intergovernmental	846,000	927,000	865,706	(61,294)
Charges for Services	1,075	1,075	2,864	1,789
Other	5,424	5,424	7,451	2,027
<i>Total Revenues</i>	1,426,863	1,507,863	1,421,977	(85,886)
Expenditures				
Current:				
Transportation	1,712,349	1,844,838	1,555,883	288,955
<i>Net Change in Fund Balance</i>	(285,486)	(336,975)	(133,906)	203,069
<i>Fund Balance Beginning of Year</i>	1,150,908	1,150,908	1,150,908	0
Prior Year Encumbrances Appropriated	11,688	11,688	11,688	0
<i>Fund Balance End of Year</i>	\$877,110	\$825,621	\$1,028,690	\$203,069

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
EMS Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$312,579	\$312,579	\$297,118	(\$15,461)
Intergovernmental	5,250	5,250	5,249	(1)
Charges for Services	540,000	465,000	480,924	15,924
Other	3,950	3,950	2,175	(1,775)
<i>Total Revenues</i>	<u>861,779</u>	<u>786,779</u>	<u>785,466</u>	<u>(1,313)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire	<u>856,882</u>	<u>781,882</u>	<u>780,569</u>	<u>1,313</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	4,897	4,897	4,897	0
Other Financing Sources (Uses)				
Advances Out	<u>(5,250)</u>	<u>(5,250)</u>	<u>(5,250)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(353)	(353)	(353)	0
<i>Fund Balance Beginning of Year</i>	<u>353</u>	<u>353</u>	<u>353</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Ravenna, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities - Enterprise			Governmental Activities - Internal Service
	Water	Sewer	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$3,696,711	\$2,135,409	\$5,832,120	\$0
Materials and Supplies Inventory	236,469	15,525	251,994	0
Accounts Receivable	292,855	285,771	578,626	593
Intergovernmental Receivable	111	3,559,766	3,559,877	0
Prepaid Items	25,775	12,043	37,818	0
Income Taxes Receivable	159,399	0	159,399	0
Interfund Receivable	0	0	0	132,945
<i>Total Current Assets</i>	<u>4,411,320</u>	<u>6,008,514</u>	<u>10,419,834</u>	<u>133,538</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	1,282,800	282,460	1,565,260	0
Depreciable Capital Assets, Net	15,950,584	12,631,006	28,581,590	0
<i>Total Noncurrent Assets</i>	<u>17,233,384</u>	<u>12,913,466</u>	<u>30,146,850</u>	<u>0</u>
<i>Total Assets</i>	<u>21,644,704</u>	<u>18,921,980</u>	<u>40,566,684</u>	<u>133,538</u>
Deferred Outflows of Resources				
Pension	183,639	163,964	347,603	0
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	74,430	23,922	98,352	0
Accrued Wages	39,402	34,567	73,969	0
Intergovernmental Payable	33,933	28,719	62,652	0
Interfund Payable	25,303	18,907	44,210	0
Accrued Interest Payable	2,199	1,100	3,299	0
Compensated Absences Payable	44,628	33,651	78,279	0
Capital Leases Payable	4,034	2,127	6,161	0
OPWC Loans Payable	41,124	0	41,124	0
OWDA Loans Payable	103,980	907,854	1,011,834	0
General Obligation Bonds Payable	51,000	25,500	76,500	0
Claims Payable	0	0	0	132,945
<i>Total Current Liabilities</i>	<u>420,033</u>	<u>1,076,347</u>	<u>1,496,380</u>	<u>132,945</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	66,150	35,549	101,699	0
Capital Leases Payable	11,051	5,158	16,209	0
OPWC Loans Payable	610,144	0	610,144	0
OWDA Loans Payable	836,979	7,387,613	8,224,592	0
General Obligation Bonds Payable	1,008,885	504,444	1,513,329	0
Net Pension Liability	1,062,778	948,910	2,011,688	0
<i>Total Long-Term Liabilities</i>	<u>3,595,987</u>	<u>8,881,674</u>	<u>12,477,661</u>	<u>0</u>
<i>Total Liabilities</i>	<u>4,016,020</u>	<u>9,958,021</u>	<u>13,974,041</u>	<u>132,945</u>
Deferred Inflows of Resources				
Pension	18,671	16,670	35,341	0
Net Position				
Net Investment in Capital Assets	14,597,157	4,095,999	18,693,156	0
Unrestricted	3,196,495	5,015,254	8,211,749	593
<i>Total Net Position</i>	<u>\$17,793,652</u>	<u>\$9,111,253</u>	<u>\$26,904,905</u>	<u>\$593</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, 2015*

	Business-Type Activities - Enterprise			Governmental Activities - Internal Service
	Water	Sewer	Total	
Operating Revenues				
Charges for Services	\$2,598,605	\$2,433,465	\$5,032,070	\$1,851,798
Fees, Licenses and Permits	34,342	0	34,342	0
Other	54,898	65,483	120,381	0
<i>Total Operating Revenues</i>	<u>2,687,845</u>	<u>2,498,948</u>	<u>5,186,793</u>	<u>1,851,798</u>
Operating Expenses				
Personal Services	1,799,807	1,344,367	3,144,174	0
Materials and Supplies	484,305	195,763	680,068	0
Contractual Services	2,111,129	576,722	2,687,851	527,679
Depreciation	588,055	527,010	1,115,065	0
Claims	0	0	0	1,323,526
<i>Total Operating Expenses</i>	<u>4,983,296</u>	<u>2,643,862</u>	<u>7,627,158</u>	<u>1,851,205</u>
<i>Operating Income (Loss)</i>	<u>(2,295,451)</u>	<u>(144,914)</u>	<u>(2,440,365)</u>	<u>593</u>
Non-Operating Revenues (Expenses)				
Municipal Income Taxes	905,730	2,116	907,846	0
Interest and Fiscal Charges	(62,190)	(57,936)	(120,126)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>843,540</u>	<u>(55,820)</u>	<u>787,720</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions and Transfers</i>	<u>(1,451,911)</u>	<u>(200,734)</u>	<u>(1,652,645)</u>	<u>593</u>
Capital Contributions	274,231	136,920	411,151	0
Transfers In	50,423	0	50,423	0
Transfers Out	(250,000)	0	(250,000)	0
<i>Change in Net Position</i>	<u>(1,377,257)</u>	<u>(63,814)</u>	<u>(1,441,071)</u>	<u>593</u>
<i>Net Position Beginning of Year - Restated (See Note 21)</i>	<u>19,170,909</u>	<u>9,175,067</u>	<u>28,345,976</u>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$17,793,652</u></u>	<u><u>\$9,111,253</u></u>	<u><u>\$26,904,905</u></u>	<u><u>\$593</u></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, 2015

	Business-Type Activities - Enterprise			Governmental
	Water	Sewer	Total	Activities - Internal Service
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$2,797,231	\$2,550,717	\$5,347,948	\$0
Cash Received from Interfund Services Provided	0	0	0	1,874,208
Other Operating Revenues	54,083	64,304	118,387	0
Cash Payments to Suppliers for Materials and Supplies	(531,709)	(194,385)	(726,094)	0
Cash Payments for Employee Services and Benefits	(1,803,820)	(1,350,767)	(3,154,587)	0
Cash Payments for Contractual Services	(2,066,312)	(558,378)	(2,624,690)	(527,679)
Cash Payments for Claims	0	0	0	(1,346,529)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<i>(1,550,527)</i>	<i>511,491</i>	<i>(1,039,036)</i>	<i>0</i>
Cash Flows from Noncapital Financing Activities				
Municipal Income Taxes	928,495	2,116	930,611	0
Transfers In	50,423	0	50,423	0
Transfers Out	(250,000)	0	(250,000)	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<i>728,918</i>	<i>2,116</i>	<i>731,034</i>	<i>0</i>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(360,581)	(85,071)	(445,652)	0
Capital Contributions	274,231	460,761	734,992	0
OPWC Loans Issued	70,951	0	70,951	0
Principal Paid on General Obligation Bonds	(50,000)	(25,000)	(75,000)	0
Principal Paid on OWDA Loans	(100,472)	(903,318)	(1,003,790)	0
Principal Paid on OPWC Loans	(45,113)	0	(45,113)	0
Principal Paid on Capital Leases	(5,552)	(3,544)	(9,096)	0
Interest Paid on General Obligation Bonds	(27,392)	(13,696)	(41,088)	0
Interest Paid on OWDA Loans	(35,203)	(44,428)	(79,631)	0
Interest Paid on Capital Leases	(614)	(320)	(934)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<i>(279,745)</i>	<i>(614,616)</i>	<i>(894,361)</i>	<i>0</i>
<i>Net Increase (Decrease) in Cash and Cash Equivalent</i>	<i>(1,101,354)</i>	<i>(101,009)</i>	<i>(1,202,363)</i>	<i>0</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>4,798,065</i>	<i>2,236,418</i>	<i>7,034,483</i>	<i>0</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$3,696,711</i>	<i>\$2,135,409</i>	<i>\$5,832,120</i>	<i>\$0</i>

(continued)

City of Ravenna, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2015

	Business-Type Activities - Enterprise			Governmental Activities - Internal Service
	Water	Sewer	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	(\$2,295,451)	(\$144,914)	(\$2,440,365)	\$593
Adjustments:				
Depreciation	588,055	527,010	1,115,065	0
(Increase) Decrease in Assets:				
Accounts Receivable	163,016	117,777	280,793	(593)
Intergovernmental Receivable	453	(1,704)	(1,251)	0
Materials and Supplies Inventory	(30,153)	1,655	(28,498)	0
Interfund Receivable	0	0	0	23,003
Prepaid Items	(2,121)	(604)	(2,725)	0
(Increase) Decrease in Deferred Outflows - Pension	16,880	15,070	31,950	0
Increase (Decrease) in Liabilities:				
Accounts Payable	29,985	19,265	49,250	0
Accrued Wages	5,937	6,318	12,255	0
Compensated Absences Payable	10,484	4,194	14,678	0
Interfund Payable	(4,654)	(3,634)	(8,288)	0
Intergovernmental Payable	(4,750)	(3,757)	(8,507)	0
Claims Payable	0	0	0	(23,003)
Net Pension Liability	(19,593)	(17,493)	(37,086)	0
Increase (Decrease) in Deferred Inflows - Pension	(8,615)	(7,692)	(16,307)	0
<i>Total Adjustments</i>	744,924	656,405	1,401,329	(593)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$1,550,527)	\$511,491	(\$1,039,036)	\$0

See accompanying notes to the basic financial statements

City of Ravenna, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2015

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$50,913</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$50,913</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, 2015

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 which is defined as jointly governed organization. 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. This organization is discussed in Note 17 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 18 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.

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.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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 funds are 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.

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.

City of Ravenna, Ohio
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For the Year Ended December 31, 2015

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.

EMS Fund The EMS fund accounts for and reports income taxes, charges for services, and State grant money that are committed to City EMS services.

Capital Improvements Fund The capital improvements fund accounts for and reports City income tax revenues approved by the voters and restricted for paying the costs of capital improvement projects.

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 funds account 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.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City only utilizes the agency fund type. The City's agency funds are used for construction deposits, petty cash and parking meters.

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.

City of Ravenna, Ohio
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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 funds are accounted for on 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 these funds are included on the statement of fund net position. The statement of revenues, expenses and 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.

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 6). 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 represent 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 include a

City of Ravenna, Ohio
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deferred charge on refunding and pension reported in the government-wide statement of position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 13.

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 and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 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 service 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 Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension are reported on the government-wide statement of net pension. (See Note 13)

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

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

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 the year, the City's investments were limited to federal home loan bank notes, federal home loan mortgage notes, federal farm credit bank bonds, federal national mortgage association notes, and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

City of Ravenna, Ohio
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STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on December 31, 2015.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2015 amounted to \$47,513 which includes \$43,856 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Bond Premiums and Discounts

On the government-wide and business-type financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. The straight-line method of amortization is not materially different from the effective-interest method. Bond premiums are presented as an increase of the face amount of the general obligation notes payable. On the fund financial statements, bond premiums are receipted as other financing source in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond discounts are expended as other financing use in the year the bonds are issued.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside for unclaimed monies.

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.

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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.

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 fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars for governmental activities and twenty 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	50 - 100 years	50 - 100 years
Improvements other than Buildings	20 years	20 years
Furniture, Fixtures and Equipment	5 - 30 years	5 - 20 years
Vehicles	5 - 25 years	5 - 10 years
Infrastructure:		
Streets	50 - 75 years	n/a
Storm Drains	40 - 150 years	n/a
Sidewalks	40 years	n/a
Fire Hydrants	75 years	n/a
Traffic Lights	30 - 40 years	n/a
Water and Sewer Lines	n/a	60- 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.

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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.

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 judgments, compensated absences and net pension liability 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 year. 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.

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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. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in the 2016 appropriated budget.

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.

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 recreation, recycling and law enforcement.

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

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being

City of Ravenna, Ohio
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For the Year Ended December 31, 2015

amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

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.

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.

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 agency funds, are legally required to be budgeted and appropriated. 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.

City of Ravenna, Ohio
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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:

Fund Balances	General	Revolving Loan	Street Construction, Maintenance and Repair	EMS	Capital Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Inventory	\$54,339	\$0	\$10,442	\$0	\$0	\$6,559	\$71,340
Prepays	41,792	0	6,956	0	933	7,399	57,080
Unclaimed Monies	2,907	0	0	0	0	0	2,907
<i>Total Nonspendable</i>	<u>99,038</u>	<u>0</u>	<u>17,398</u>	<u>0</u>	<u>933</u>	<u>13,958</u>	<u>131,327</u>
<u>Restricted for:</u>							
Revolving Loans	0	7,288,078	0	0	0	0	7,288,078
Street Maintenance	0	0	1,157,372	0	0	457,325	1,614,697
Law Enforcement	0	0	0	0	0	30,026	30,026
<i>Total Restricted</i>	<u>0</u>	<u>7,288,078</u>	<u>1,157,372</u>	<u>0</u>	<u>0</u>	<u>487,351</u>	<u>8,932,801</u>
<u>Committed to:</u>							
Ambulance Service	0	0	0	103,070	0	0	103,070
Recreation	0	0	0	0	0	129,873	129,873
Recycling	0	0	0	0	0	154,917	154,917
Capital Improvements	0	0	0	0	499,625	410,995	910,620
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>103,070</u>	<u>499,625</u>	<u>695,785</u>	<u>1,298,480</u>
<u>Assigned to:</u>							
Purchases on Order:							
Purchased Services	32,837	0	0	0	0	0	32,837
2016 Appropriations	244,207	0	0	0	0	0	244,207
<i>Total Assigned</i>	<u>277,044</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>277,044</u>
Unassigned	529,789	0	0	0	0	0	529,789
Total Fund Balances	<u><u>\$905,871</u></u>	<u><u>\$7,288,078</u></u>	<u><u>\$1,174,770</u></u>	<u><u>\$103,070</u></u>	<u><u>\$500,558</u></u>	<u><u>\$1,197,094</u></u>	<u><u>\$11,169,441</u></u>

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:

City of Ravenna, Ohio
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1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned fund balance (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions.
5. Investments are reported at fair value (GAAP) rather than cost (budget 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 Balances

	General	Revolving Loan	Street Construction, Maintenance and Repair	EMS
GAAP Basis	(\$277,460)	(\$137,034)	(\$132,980)	\$29,035
Net Adjustment for Revenue Accruals	(368,987)	4,275	22,109	(24,138)
Beginning Fair Value Adjustment for Investments	(123,146)	0	0	0
Ending Fair Value Adjustment for Investments	84,985	0	0	0
Advances In	64,113	0	0	0
Loan Payments Received	0	278,686	0	0
Net Adjustment for Expenditures Accruals	(2,094)	0	68,937	0
Advances Out	0	0	0	(5,250)
Loans Written Off	0	64,691	0	0
Encumbrances	(33,938)	(38,000)	(91,972)	0
Budget Basis	<u>(\$656,527)</u>	<u>\$172,618</u>	<u>(\$133,906)</u>	<u>(\$353)</u>

Note 5 - Deposits and Investments

The City is a charter City and has adopted an investment policy through City Ordinance. The City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories.

Active deposits are public deposits 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 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.

City of Ravenna, Ohio
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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.

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

1. United States Treasury bills, bonds, notes, 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 agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. 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 division (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;
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;
6. The State Treasurer's investment pool (STAROhio);
7. Certain commercial paper notes and bankers' acceptances for a period not to exceed one hundred eighty days in an amount not to exceed 25 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.

The City has passed an ordinance allowing the City to invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

City of Ravenna, Ohio
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Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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 receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,690,641 of the City's bank balance of \$7,395,432 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institutions as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2015, the City had the following investments:

	Fair Value	Maturity	Standard & Poor's	Percent of Total Investments
Federal Home Loan Bank Notes	\$1,138,115	Less than three years	AAA	27.37 %
Federal Home Loan Mortgage Notes	245,814	Less than three years	AAA	5.91
Federal Farm Credit Bank Bonds	1,357,025	Less than three years	AAA	32.64
Federal National Mortgage Association Notes	937,102	Less than five years	AAA	22.54
STAR Ohio	479,560	Average 50.1 days	NA	11.54
Total Portfolio	<u>\$4,157,616</u>			

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. The City has no investment policy that addresses credit risk.

City of Ravenna, Ohio
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For the Year Ended December 31, 2015

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 Federal Home Loan Bank Notes, Federal Home Loan Mortgage Notes, Federal Farm Credit Bank Bonds and Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured, unregistered 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 places no limit on the amount it may invest in any one issuer.

Note 6 - Receivables

Receivables at December 31, 2015 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.

No allowance for doubtful accounts has been recorded because uncollectible amounts are not expected to be significant. 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 expected to be collected in more than one year are \$5,325,681.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015 on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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. 2015 public utility property taxes become a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2015, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

City of Ravenna, Ohio
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For the Year Ended December 31, 2015

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$113,682,810
Other Real Estate	59,166,880
Tangible Personal Property	
Public Utility	4,528,850
Total Assessed Values	\$177,378,540

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 tangible personal property taxes and public utility taxes which are measurable as of December 31, 2015 and for which there is an enforceable legal claim. In the general fund, the entire receivable has been deferred since the current taxes were not levied to finance 2015 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources.

Intergovernmental

A summary of governmental activities intergovernmental receivables as of December 31, 2015, follows:

Governmental Activities	Amounts
Local Government	\$151,376
Gasoline and Excise Tax	107,514
Permissive Tax	59,496
Cents per Gallon Tax	55,302
Motor Vehicle License Tax	34,650
Homestead and Rollback	33,622
Brownfield Action Plan Grant	23,558
Certified Local Government grant	12,500
Ravenna City School District	12,104
Miscellaneous	5,376
SAFE Grants	3,136
Ravenna Township	2,854
Rootstown Township	2,352
Liquor & Beer Permits	1,816
Palmyra Township	1,317
Total	\$506,973

City of Ravenna, Ohio
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The business-type activities intergovernmental receivable as of December 31, 2015, consists of the following:

Business-type Activities	Amounts
Portage County	\$3,559,715
Miscellaneous	162
Total	\$3,559,877

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, 2015 is \$3,507,644. 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 2.25 percent on substantially all income earned within the City. In addition, City residents are required to pay tax on income earned outside of the City. The City allows a credit of 100 percent for income tax paid to another municipality, not to exceed 2.0 percent of taxable income.

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, 48.52 percent of the annual income tax proceeds were credited to the general fund and 6.66 percent to street construction, maintenance and repair. By voted levy, 4.53 percent of income tax proceeds were credited to recreation levy, 11.11 percent to roadway levy, 3.62 percent to emergency management services special revenue funds, 2.27 percent to park improvement, 11.96 percent to capital improvements capital projects funds and 11.33 percent to the water enterprise fund.

Note 7 - 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 2015, the City contracted with two companies for various types of insurance as follows:

Company	Type of Coverage	Coverage
Companion Commercial Insurance	Umbrella Liability	\$5,000,000
	General Liability	3,000,000
	Stop Gap Liability	1,000,000
	Law Enforcement Liability - each person, each wrongful act	1,000,000
	Public Officials Liability	1,000,000
	Auto Liability	1,000,000
	Commercial Property	49,691,313
Zurich North American Surety	Bonds - Employees and Officials	100,000

City of Ravenna, Ohio
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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 pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative costs.

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 \$70,000 per employee per year.

The claims liability of \$132,945 reported in the internal service fund at December 31, 2015, 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 2014 and 2015 were:

	Beginning of Year	Current Year Claims	Claim Payments	End of Year
2014	\$30,914	\$1,361,811	\$1,236,777	\$155,948
2015	155,948	1,323,526	1,346,529	132,945

Note 8 – Interfund Transactions

Interfund Balances

Interfund balances at December 31, 2015, consist of an interfund receivable/payable between the general fund, emergency medical service, LGIF grant, certified local government grant, Brownfield Action Plan grant, and SAFE grant special revenue funds. These advances were made to cover qualifying expenditures in the grant funds which will be reimbursed when the grant monies are received by the City. An interfund receivable/payable exists between the internal service fund 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 Receivable		
Interfund Payable	General	Internal Service	Total
Governmental Funds			
General	\$0	\$69,833	\$69,833
Street Construction, Maintenance and Repair	0	13,687	13,687
Other Governmental Funds	36,058	5,215	41,273
Enterprise Funds			
Water	0	25,303	25,303
Sewer	0	18,907	18,907
Grand Total	\$36,058	\$132,945	\$169,003

City of Ravenna, Ohio
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Interfund Transfers

Transfer To	Transfer From			
	Governmental Funds		Enterprise Funds	
	Capital Improvements	Other Governmental Funds	Water	Total
Governmental Funds				
Major Fund:				
Capital Improvements	\$0	\$745	\$250,000	\$250,745
Other Governmental Funds:				
General Obligation Bond Retirement	11,812	35,438	0	47,250
Total Other Governmental Funds	11,812	36,183	250,000	297,995
Enterprise Funds				
Water	50,423	0	0	50,423
Total	\$62,235	\$36,183	\$250,000	\$348,418

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 9 - 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, 2015.

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 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,

City of Ravenna, Ohio
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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 2015, the City had lease agreements for two ambulances for the fire department, copy machines, a mailing system, a garage for the street department, vehicles for the police department and phone equipment. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements and in the enterprise funds.

The original amounts capitalized for the capital leases and the book value as of December 31, 2015 can be found in the table below. The items related to the copy machines, mailing system and phone equipment leases have not been capitalized.

<i>Asset:</i>	Governmental Activities
Buildings	\$600,000
Vehicles	436,332
Historical Cost	1,036,332
Less: Accumulated Depreciation	(280,191)
Total Book Value as of December 31, 2015	\$756,141

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:

Year Ending December 31,	Governmental Activities	Business-type Activities
2016	\$162,201	\$6,749
2017	139,867	5,815
2018	96,318	5,815
2019	89,573	5,330
2020	37,422	0
2021-2024	117,000	0
Total Minimum Lease Payments	642,381	23,709
Less: Amount Representing Interest	(19,018)	(1,339)
Present Value of Minimum Lease	\$623,363	\$22,370

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the general fund, the street construction, maintenance and repair, parks and recreation, and recycling special revenue funds, the capital improvements and parks capital improvements capital projects funds and the water and sewer enterprise funds. These expenditures are reflected as program expenditures on a budgetary basis.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 12 - Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15
Governmental Activities:				
Capital assets not being depreciated				
Land	\$1,588,166	\$116,600	\$0	\$1,704,766
Construction in progress	107,048	35,175	(92,008)	50,215
Total capital assets not being depreciated	<u>1,695,214</u>	<u>151,775</u>	<u>(92,008)</u>	<u>1,754,981</u>
Capital assets being depreciated				
Buildings	5,061,978	0	0	5,061,978
Improvements other than Buildings	565,175	0	0	565,175
Furniture, Fixtures and Equipment	3,424,312	161,030	0	3,585,342
Vehicles	3,533,681	294,369	(216,505)	3,611,545
Infrastructure:				
Streets	43,223,959	434,364	0	43,658,323
Storm Drains	4,695,087	76,653	0	4,771,740
Sidewalks	8,683,603	0	0	8,683,603
Fire Hydrants	1,535,600	0	0	1,535,600
Traffic Lights	4,556,801	0	0	4,556,801
Total capital assets being depreciated	<u>75,280,196</u>	<u>966,416</u>	<u>(216,505)</u>	<u>76,030,107</u>
Accumulated depreciation				
Buildings	(3,017,908)	(88,808)	0	(3,106,716)
Improvements other than Buildings	(374,810)	(23,545)	0	(398,355)
Furniture, Fixtures and Equipment	(1,901,807)	(173,733)	0	(2,075,540)
Vehicles	(2,600,720)	(198,214)	209,490	(2,589,444)
Infrastructure:				
Streets	(21,115,415)	(716,239)	0	(21,831,654)
Storm Drains	(2,589,905)	(36,425)	0	(2,626,330)
Sidewalks	(4,127,685)	(217,090)	0	(4,344,775)
Fire Hydrants	(717,118)	(20,475)	0	(737,593)
Traffic Lights	(567,734)	(147,062)	0	(714,796)
Total accumulated depreciation	<u>(37,013,102)</u>	<u>(1,621,591) *</u>	<u>209,490</u>	<u>(38,425,203)</u>
Capital assets being depreciated, net	<u>38,267,094</u>	<u>(655,175)</u>	<u>(7,015)</u>	<u>37,604,904</u>
Governmental activities capital assets, net	<u>\$39,962,308</u>	<u>(\$503,400)</u>	<u>(\$99,023)</u>	<u>\$39,359,885</u>

* Depreciation expense was charged to governmental activities as follows:

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General Government	\$23,441
Security of Persons and Property:	
Police	84,795
Fire	133,772
Leisure Time Activities	48,265
Public Health and Welfare	20,475
Community Environment	271,801
Transportation	1,002,617
Basic Utility Services	36,425
Total	<u>\$1,621,591</u>

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15
Business-type activities:				
Capital assets not being depreciated				
Land	\$1,565,260	\$0	\$0	\$1,565,260
Capital assets being depreciated				
Buildings	7,750,724	0	0	7,750,724
Improvements other than Buildings	14,614,297	0	0	14,614,297
Furniture, Fixtures and Equipment	10,220,446	362,488	0	10,582,934
Vehicles	96,025	83,164	0	179,189
Infrastructure:				
Water Lines	15,851,674	0	0	15,851,674
Sewer Lines	6,532,228	0	0	6,532,228
Total capital assets being depreciated	<u>55,065,394</u>	<u>445,652</u>	<u>0</u>	<u>55,511,046</u>
Accumulated depreciation				
Buildings	(3,952,117)	(140,658)	0	(4,092,775)
Improvements other than Buildings	(8,880,138)	(366,105)	0	(9,246,243)
Furniture, Fixtures and Equipment	(2,793,813)	(364,017)	0	(3,157,830)
Vehicles	(51,689)	(14,870)	0	(66,559)
Infrastructure:				
Water Lines	(6,942,088)	(167,006)	0	(7,109,094)
Sewer Lines	(3,194,546)	(62,409)	0	(3,256,955)
Total accumulated depreciation	<u>(25,814,391)</u>	<u>(1,115,065)</u>	<u>0</u>	<u>(26,929,456)</u>
Capital assets being depreciated, net	<u>29,251,003</u>	<u>(669,413)</u>	<u>0</u>	<u>28,581,590</u>
Business-type activities capital assets, net	<u>\$30,816,263</u>	<u>(\$669,413)</u>	<u>\$0</u>	<u>\$30,146,850</u>

City of Ravenna, Ohio
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For the Year Ended December 31, 2015

Note 13 - 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.

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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. 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; therefore, the following disclosure focuses on the traditional pension 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.

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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 CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
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.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. 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.

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

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

City of Ravenna, Ohio
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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$453,330 for 2015. Of this amount, \$61,150 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF 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.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF 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.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF 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 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.

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

City of Ravenna, Ohio
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	Police	Firefighters
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
 2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
 Total Employer	 19.50 %	 24.00 %
 Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$563,226 for 2015. Of this amount \$68,048 is reported as an 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, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. 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:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$3,795,635	\$6,876,729	\$10,672,364
Proportion of the Net Pension Liability	0.031470%	0.1327447%	
Pension Expense	\$412,872	\$670,793	\$1,083,665

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$202,524	\$296,381	\$498,905
City contributions subsequent to the measurement date	453,330	563,226	1,016,556
Total Deferred Outflows of Resources	\$655,854	\$859,607	\$1,515,461
Deferred Inflows of Resources			
Differences between expected and actual experience	\$66,682	\$0	\$66,682

\$1,016,556 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2016	\$19,864	\$74,095	\$93,959
2017	19,864	74,095	93,959
2018	45,484	74,095	119,579
2019	50,630	74,096	124,726
Total	\$135,842	\$296,381	\$432,223

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.

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, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

City of Ravenna, Ohio
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Mortality rates were 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.

The most recent experience study was completed for the five year period ended December 31, 2010.

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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

Discount Rate The discount rate used to measure the total pension liability was 8 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.

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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 8 percent, 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 (7 percent) or one-percentage-point higher (9 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	\$6,982,878	\$3,795,635	\$1,111,206

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF'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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are 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.

The most recent experience study was completed January 1, 2012.

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 OPF's target asset allocation as of December 31, 2014 are summarized below:

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Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF'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 8.25 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 8.25 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 8.25 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 (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$9,511,556	\$6,876,729	\$4,645,831

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Note 14 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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.

OPERS maintains two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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 45. See OPERS' CAFR 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. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees 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 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The 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 to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

City of Ravenna, Ohio
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Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014 and 2013 was \$79,039, \$80,735 and \$40,865, respectively. For 2015, 88.95 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

Police and Firemen's Disability and Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF website at www.opf.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 OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B premium reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2015 through December 31, 2015. 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 and is limited by the provisions of Sections 115 and 401(h).

The OPF 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.

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The City's contributions to OPF which were allocated to fund postemployment health care benefits for police and firefighters were \$7,662 and \$5,819 for the year ended December 31, 2015, \$7,575 and \$5,693 for the year ended December 31, 2014, and \$54,064 and \$40,283 for the year ended December 31, 2013. For 2015, 88.17 percent has been contributed for police and 87.71 percent has been contributed for firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

Note 15 – Notes Payable

The City's note activity, including amounts outstanding and interest rates, is as follows:

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15
Governmental Activities:				
1.25% 2014 Enterprise Parkway Note	\$552,000	\$0	\$552,000	\$0
3.00% 2015 Enterprise Parkway Note	0	450,000	0	450,000
Total Notes Payable	<u>\$552,000</u>	<u>\$450,000</u>	<u>\$552,000</u>	<u>\$450,000</u>

On November 4, 2015, the City issued bond anticipation notes for the Enterprise Parkway street improvements project. The notes will mature on November 3, 2016 and will be paid out of the capital improvements fund.

Note 16 - Long-term Obligations

Original issue amounts and interest rates of the City's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Business-Type Activities			
<i>OPWC Loans:</i>			
Lakewood Road Waterline - 1996	0.00%	\$168,327	2015
Hayes Road Waterline - 2000	0.00%	69,190	2019
Highland Avenue Reconstruction - 2001	0.00%	35,823	2021
Lake Avenue Water and Storm Loan - 2003	0.00%	30,556	2023
Chestnut and Washington Water and Storm Sewers - 2007	0.00%	50,000	2027
West Main Street Waterline Replacement - 2008	0.00%	50,000	2028
Ravenna Area Water Improvements - 2009	0.00%	17,801	2029
New Milford Road Waterline - 2009	0.00%	22,597	2029
Clinton and Lafayette Waterline - 2011	0.00%	84,726	2032
Cleveland Road - 2013	0.00%	13,470	2033
North Diamond Water and Storm - 2013	0.00%	296,142	2034
Sycamore and Mill Water - 2014	0.00%	127,224	2035
South Diamond Waterline - 2015	0.00%	50,000	2036

City of Ravenna, Ohio
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Debt Issue	Interest Rate	Original Issue	Year of Maturity		
Business-Type Activities					
<i>OWDA Loans:</i>					
Lovers Lane Windmill Sewer - 2003	3.95%	\$292,433	2022		
Kent/Ravenna Emergency Waterline - 2003	3.65%	486,102	2023		
WWTP Expansion - 2003	3.77%	12,934,646	2024		
Water Meters - 2010	3.40%	1,111,883	2023		
<i>General Obligation Bonds:</i>					
Energy Conservation Improvement Bonds - 2012	2.00% to 3.00%	1,782,000	2032		
Governmental Activities					
<i>General Obligation Bonds:</i>					
Municipal Building Improvement - 2003	4.00% to 5.00%	635,000	2023		
Energy Conservation Improvement Bonds - 2012	2.00% to 3.00%	4,158,000	2032		
<i>Library Bonds:</i>					
Reed Memorial Library Serial Refunding Bonds - 2013	3.00% to 4.00%	3,450,000	2033		
Reed Memorial Library Term Refunding Bonds - 2013	3.00%	610,000	2026		
				Outstanding	Amounts
				12/31/14	Due in
				Additions	One Year
				(Reductions)	Outstanding
				12/31/15	One Year
Business Type Activities					
OPWC Loans					
Lakewood Road Waterline	\$8,416	\$0	(\$8,416)	\$0	\$0
Hayes Road Waterline	15,571	0	(3,460)	12,111	3,460
Highland Avenue Reconstruction	10,748	0	(1,792)	8,956	1,791
Lake Avenue Water and Storm Loan	12,985	0	(1,527)	11,458	1,527
Chestnut and Washington					
Water and Storm Sewers	32,500	0	(2,500)	30,000	2,500
West Main Street Waterline Replacement	33,750	0	(2,500)	31,250	2,500
Ravenna Area Water Improvements	12,906	0	(890)	12,016	890
New Milford Road Waterline	16,947	0	(1,130)	15,817	1,129
Clinton and Lafayette Waterline	74,136	0	(4,236)	69,900	4,236
Cleveland Road	12,460	0	(674)	11,786	673
North Diamond Water and Storm	288,738	0	(14,807)	273,931	14,807
Sycamore and Mill Water	106,273	20,951	(3,181)	124,043	6,361
South Diamond Waterline	0	50,000	0	50,000	1,250
<i>Total OPWC Loans</i>	<u>625,430</u>	<u>70,951</u>	<u>(45,113)</u>	<u>651,268</u>	<u>41,124</u>
OWDA Loans					
Lovers Lane Windmill Sewer	144,799	0	(15,721)	129,078	16,348
Kent/Ravenna Emergency Waterline	262,317	0	(25,111)	237,206	26,035
WWTP Expansion	9,053,986	0	(887,597)	8,166,389	891,506
Water Meters	779,114	0	(75,361)	703,753	77,945
<i>Total OWDA Loans</i>	<u>10,240,216</u>	<u>0</u>	<u>(1,003,790)</u>	<u>9,236,426</u>	<u>1,011,834</u>
General Obligation Bonds					
Energy Conservation Improvement Bonds	1,641,000	0	(75,000)	1,566,000	76,500
Premium on Energy Conservation					
Improvement Bonds	25,231	0	(1,402)	23,829	0
<i>Total General Obligation Bonds</i>	<u>\$1,666,231</u>	<u>\$0</u>	<u>(\$76,402)</u>	<u>\$1,589,829</u>	<u>\$76,500</u>

City of Ravenna, Ohio
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	Outstanding 12/31/14	Additions	(Reductions)	Outstanding 12/31/15	Amounts Due in One Year
Business Type Activities					
<i>Other Long-term Liabilities:</i>					
Net Pension Liabilities - OPERS:					
Water	\$1,038,773	\$24,005	\$0	\$1,062,778	\$0
Sewer	927,476	21,434	0	948,910	0
Total Net Pension Liability - OPERS	1,966,249	45,439	0	2,011,688	0
Capital Leases	31,466	0	(9,096)	22,370	6,161
Compensated Absences	165,300	86,505	(71,827)	179,978	78,279
<i>Total Other Long-term Liabilities</i>	<u>2,163,015</u>	<u>131,944</u>	<u>(80,923)</u>	<u>2,214,036</u>	<u>84,440</u>
<i>Total Business Type Activities</i>	<u>\$14,694,892</u>	<u>\$202,895</u>	<u>(\$1,206,228)</u>	<u>\$13,691,559</u>	<u>\$1,213,898</u>
Governmental Activities					
General Obligation Bonds					
Municipal Building Improvement	\$345,000	\$0	(\$30,000)	\$315,000	\$35,000
Energy Conservation Improvement Bonds	3,829,000	0	(175,000)	3,654,000	178,500
Premium on Energy Conservation					
Improvement Bonds	58,874	0	(3,271)	55,603	0
<i>Total General Obligation Bonds</i>	<u>4,232,874</u>	<u>0</u>	<u>(208,271)</u>	<u>4,024,603</u>	<u>213,500</u>
Library Bonds					
Reed Memorial Library Refunding Serial Bonds	3,280,000	0	(160,000)	3,120,000	165,000
Reed Memorial Library Refunding Term Bonds	610,000	0	0	610,000	0
Discount on Reed Memorial					
Library Refunding Bonds	(26,825)	0	1,450	(25,375)	0
Premium on Reed Memorial					
Library Refunding Bonds	101,550	0	(5,489)	96,061	0
<i>Total Library Bonds</i>	<u>3,964,725</u>	<u>0</u>	<u>(164,039)</u>	<u>3,800,686</u>	<u>165,000</u>
<i>Other Long-term Liabilities:</i>					
Net Pension Liability					
OPERS	1,743,654	40,293	0	1,783,947	0
OP&F	6,465,083	411,646	0	6,876,729	0
Total Net Pension Liability	8,208,737	451,939	0	8,660,676	0
Capital Leases	609,257	183,076	(168,970)	623,363	153,215
Compensated Absences	772,517	431,543	(479,795)	724,265	394,053
Total Other Long-term Liabilities	<u>9,590,511</u>	<u>1,066,558</u>	<u>(648,765)</u>	<u>10,008,304</u>	<u>547,268</u>
<i>Total Governmental Activities</i>	<u>\$17,788,110</u>	<u>\$1,066,558</u>	<u>(\$1,021,075)</u>	<u>\$17,833,593</u>	<u>\$925,768</u>

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

In 2003, the City issued bonds for the Reed Memorial Library in the amount of \$5,350,000 and are paid with property tax money from the Reed Memorial Library. On June 4, 2013, the bonds were retired by the City through an advance refunding. The original general obligation bonds were to mature on December 31, 2033. According to the Ohio Revised Code, the City is allowed to issue tax related debt for the Library. This debt is not included in the City's net investment in capital assets since the capital assets do not belong to the City.

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. The bonds were issued for a twenty year period with a final maturity at December 1, 2033.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

The term bond matures on December 1, 2026 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue \$610,000
2024	\$195,000
2025	205,000
Total mandatory sinking fund payments	400,000
Amount due at stated maturity	210,000
Total	\$610,000
<i>Stated Maturity</i>	<i>12/1/2026</i>

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, 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. The City pays obligations related to employee compensation from the fund benefitting from their service.

The City's overall legal debt margin was \$15,189,747 at December 31, 2015. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2015 are as follows:

Business-Type Activities

	OPWC Loans	OWDA Loans		Energy Conservation General Obligation Bonds	
	Principal	Principal	Interest	Principal	Interest
2016	\$41,124	\$1,011,834	\$71,586	\$76,500	\$39,589
2017	42,377	1,020,045	63,373	78,000	38,059
2018	42,376	1,028,427	54,992	79,500	36,499
2019	40,650	1,036,982	46,436	81,000	34,909
2020	38,918	1,045,720	37,699	82,500	33,289
2021-2025	181,808	4,093,418	61,707	442,500	137,434
2026-2030	161,775	0	0	504,000	76,954
2031-2035	100,990	0	0	222,000	10,035
2036	1,250	0	0	0	0
Total	\$651,268	\$9,236,426	\$335,793	\$1,566,000	\$406,768

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Governmental Activities

	General Obligation Bonds		Library Bonds	
	Principal	Interest	Principal	Interest
2016	\$213,500	\$108,125	\$165,000	\$119,894
2017	217,000	102,805	170,000	114,944
2018	220,500	97,413	170,000	109,844
2019	229,000	91,953	175,000	104,744
2020	232,500	86,173	180,000	101,244
2021-2025	1,162,500	333,928	965,000	442,680
2026-2030	1,176,000	179,559	1,120,000	288,736
2031-2033	518,000	23,415	785,000	63,801
Total	\$3,969,000	\$1,023,371	\$3,730,000	\$1,345,887

Note 17 - Jointly Governed Organization

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 2015, the City contributed \$3,867, which represents 5 percent of the total contribution. 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.

Note 18 - 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. The City’s percentage for 2015 was 57.0 percent. During 2015, \$164,297 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.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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 of Ravenna issued serial and term bonds in the amounts of \$3,450,000 and \$610,000, respectively. The bonds will be paid with property tax money from the Reed Memorial Library levy and will mature in 2026 and 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, Janice Kent Clerk/Treasurer, 167 East Market 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 as follows:

Governmental Funds		Proprietary Funds	
General	\$33,938	Water	\$419,432
Revolving Loan	38,000	Sewer	416,261
Street Construction Maintenance and Repair	91,972	Total Proprietary	<u>\$835,693</u>
Capital Improvements	363,471		
Other Governmental Funds	<u>90,929</u>	Agency Funds:	<u>\$49,550</u>
Total Governmental Funds	<u><u>\$618,310</u></u>		

Note 21 – Change in Accounting Principle and Restatement of Fund Balance and Net Position

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68”. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

The City has a restatement resulting from an understatement of the business-type activities capital assets due to several assets originally being assigned the incorrect useful life. The City approved an ordinance 2015-201 during the year changing the distribution of income taxes during the year. The sewer enterprise fund no

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

longer receives a portion of income tax revenue. This portion is now distributed to the general fund. Due to this change the income tax receivable for the sewer enterprise fund has been reclassified to the general fund.

The restatement of income tax receivable had the following effect on fund balance as reported at December 31, 2014:

	General	Revolving Loan	Street Construction, Maintenance and Repair	EMS
Fund Balance December 31, 2014	\$1,171,583	\$7,425,112	\$1,307,750	\$74,035
Adjustment:				
Income Tax Receivable	41,643	0	0	0
Deferred Inflow - Unavailable Revenue	(29,895)	0	0	0
Fund Balance December 31, 2014	<u>\$1,183,331</u>	<u>\$7,425,112</u>	<u>\$1,307,750</u>	<u>\$74,035</u>

	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Fund Balance December 31, 2014	\$763,073	\$803,471	\$11,545,024
Adjustment:			
Income Tax Receivable	0	0	41,643
Deferred Inflow - Unavailable Revenue	0	0	(29,895)
Fund Balance December 31, 2014	<u>\$763,073</u>	<u>\$803,471</u>	<u>\$11,556,772</u>

The implementation of this pronouncement, income tax receivable reclassification and the understated capital assets had the following effect on net position as reported at December 31, 2014:

	Governmental Activities	Business - Type Activities
Net Position December 31, 2014	\$44,360,474	\$29,381,350
Adjustments:		
Net Pension Liability	(8,208,737)	(1,966,249)
Deferred Outflow - Payments Subsequent to Measurement Date	773,130	245,380
Income Tax Receivable	41,643	(41,643)
Depreciable Capital Assets	0	727,138
Restated Net Position December 31, 2014	<u>\$36,966,510</u>	<u>\$28,345,976</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

	Water	Sewer	Total Enterprise
Net Position December 31, 2014	\$20,064,470	\$9,316,880	\$29,381,350
Adjustments:			
Net Pension Liability	(1,038,773)	(927,476)	(1,966,249)
Deferred Outflow - Payments Subsequent to Measurement Date	129,635	115,745	245,380
Income Tax Receivable	0	(41,643)	(41,643)
Depreciable Capital Assets	15,577	711,561	727,138
Restated Net Position December 31, 2014	\$19,170,909	\$9,175,067	\$28,345,976

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 22 – Subsequent Event

On March 15, 2016, the citizens of Ravenna voted to pass an additional 0.25 percent income tax levy for fire, police and emergency medical services. The levy will become effective on May 1, 2016.

Required Supplementary Information

City of Ravenna, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Two Years (1)

	2014	2013
City's Proportion of the Net Pension Liability	0.031470%	0.031470%
City's Proportionate Share of the Net Pension Liability	\$3,795,635	\$3,709,903
City's Covered-Employee Payroll	\$3,858,183	\$4,069,506
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.38%	91.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

Amounts presented as of the City's measurement date which is the prior year end.

See accountant's compilation report

City of Ravenna, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Police and Fire Pension Fund
Last Two Years (1)

	2014	2013
City's Proportion of the Net Pension Liability	0.1327447%	0.1327447%
City's Proportionate Share of the Net Pension Liability	\$6,876,729	\$6,465,083
City's Covered-Employee Payroll	\$2,654,800	\$2,608,513
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	259.03%	247.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) Information prior to 2013 is not available.

Amounts presented as of the City's measurement date which is the prior year end.

See accountant's compilation report

City of Ravenna, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$453,330	\$462,982	\$529,036
Contributions in Relation to the Contractually Required Contribution	<u>(453,330)</u>	<u>(462,982)</u>	<u>(529,036)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$3,777,750	\$3,858,183	\$4,069,506
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

See accountant's compilation report

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City of Ravenna, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$563,226	\$555,528	\$464,473	\$377,712
Contributions in Relation to the Contractually Required Contribution	<u>(563,226)</u>	<u>(555,528)</u>	<u>(464,473)</u>	<u>(377,712)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$2,689,412	\$2,654,800	\$2,608,513	\$2,568,072
Contributions as a Percentage of Covered-Employee Payroll	20.94%	20.93%	17.81%	14.71%
See accountant's compilation report				

2011	2010	2009	2008	2007	2006
\$376,599	\$384,297	\$406,534	\$398,300	\$376,450	\$332,859
(376,599)	(384,297)	(406,534)	(398,300)	(376,450)	(332,859)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,550,162	\$2,602,288	\$2,759,528	\$2,703,664	\$2,556,553	\$2,419,511
14.77%	14.77%	14.73%	14.73%	14.72%	13.76%

See accountant's compilation report

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**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, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 29, 2016, wherein we noted that the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and as a result restated their December 31, 2014 net position, as disclosed in Note 21 to the basic financial statements.

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) to determine the 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be a material weakness (Finding No. 2015-001).

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 determination of financial statement amounts. 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's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. 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 + Panichi, Inc.

Cleveland, Ohio
June 29, 2016

City of Ravenna, Ohio

Schedule of Findings

For the Year Ended December 31, 2015

1. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Was there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No

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

2015-001 - Material Weakness in internal control:

Condition:

We noted the client restated its previously reported accumulated depreciation and net position due to an error in the original assignment of the useful life of a building. The restatement was required as the adjustment was material in nature.

Criteria:

The internal control structure and processes should provide for the accurate reporting of the useful life assignment to capital assets in compliance with the City's capitalization and useful life policies.

Cause:

Controls were not in place to ensure compliance with the City's capitalization and useful life policies.

Effect:

The lack of controls over the posting of capital asset useful lives can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

Recommendation:

We recommend the City adopts procedures for controls over the assignment of capital asset useful lives to help ensure the information accurately reflects the policies of the City thereby increasing the reliability of the financial data at year-end.

City of Ravenna, Ohio

Schedule of Prior Year Findings

For the Year Ended December 31, 2015

Finding No.	Finding Summary	Fully Corrected	Explanation
2014-001	<p><i>Noncompliance - Cash Management</i></p> <p>24 Code of Federal Regulations Part 85.21(c) provides grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.</p> <p>The Ohio Development Services Agency, Office of Community Development Financial Management Rules and Regulations provide the grantee must develop a cash management system to ensure compliance with the 15-day rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within 15 days of receipt of any funds. Lump sum drawdowns are not permitted.</p> <p>During our testing over the City's cash draws, we noted that the funds that were drawn down were not disbursed to a balance of less than \$5,000 within 15 days of receipt of those funds. However, it should be noted that the expenditures made with all of the funds drawn down were for allowable costs.</p> <p>We recommend the City implement procedures to ensure that all funds drawn down comply with the 15-day requirement on the disbursement of funds.</p>	No	<p>Draws are submitted to the State based on estimates before work has begun. Fund deployment was slowed due to delays in construction and changes amongst the identified projects. The State of Ohio Development Services Agency is aware of the status of the grant and understands that delays can occur.</p>

City of Ravenna, Ohio

Corrective Action Plan

For the Year Ended December 31, 2015

Finding No.	Finding Summary	Anticipated Completion Date	Responsible Contact Person
2015-001	The City will adopt procedures for controls over the assignment of capital asset useful lives to help ensure the information accurately reflects the policies of the City thereby increasing the reliability of the financial data at year-end.	December 31, 2016	Kimble Cecora, Finance Director

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Dave Yost • Auditor of State

CITY OF RAVENNA

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 4, 2016