

City of Ravenna, Ohio

**Basic Financial Statements
For The Year Ended December 31, 2019**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

City Council
City of Ravenna
210 Park Way
Ravenna, Ohio 44266

We have reviewed the *Independent Auditor's Report* of the City of Ravenna, Portage County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2020

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City of Ravenna, Ohio

For The Year Ended December 31, 2019

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Independent Auditor's Report

Members of the City Council
City of Ravenna, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ravenna, Ohio (the "City"), as of and for the year ended December 31, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Revolving Loan Fund, and the Street Construction, Maintenance and Repair Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standards

As described in Note 22 to the basic financial statements, in 2019, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and as a result restated their December 31, 2018 net position of the governmental activities and business-type activities, including the Water Fund, and the fund balances of the General Fund and the aggregate remaining funds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required schedules on pensions and other postemployment benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Members of the City Council
Ravenna, Ohio

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Ciurri & Panichi, Inc.

Cleveland, Ohio
June 29, 2020

City of Ravenna, Ohio
For the Year Ended December 31, 2019

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City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
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, 2019. 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

- The general fund experienced a second consecutive year of positive growth as tax receipts for 2019 exceeded both budget and the prior year on a cash basis. As noted below, the City's annual income tax revenues again set a new all-time high.
- The year ended with another significant general fund operating surplus. As was the case in 2018, annual revenues finished well in excess of expenditures for the year.
- As a result of the two consecutive years of positive operating surpluses, the City received the bond rating upgrade from Moody's they had been seeking for the past two years. After a downgrade to a Baa1 rating in 2016, the City was upgraded to an A3 rating when the review performed in 2019 revealed that the City's financial position was sufficiently trending upward enough to warrant the change in bond rating.
- With regards to the City's Economic Development news, the Ravenna Theater Complex noted in last year's report completed its first full year of operation in 2019. The success of the new Theater combined with the opening of several new specialty shops and emporiums in the downtown commercial district has begun to breathe new life into the City's Historic Main Street Corridor.
- In addition to the downtown activity, new retail development and industrial expansion highlighted a busy year of commercial growth for the City of Ravenna.

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.

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.

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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 2019?" 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.

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

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 funds are 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 and for workers' compensation claim payments. 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 fund is a custodial fund.

City of Ravenna, Ohio
Management's Discussion and Analysis
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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 2019 compared to 2018.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
Assets						
Current and Other Assets	\$19,947,939	\$18,310,233	\$11,669,320	\$11,216,264	\$31,617,259	\$29,526,497
Noncurrent Assets:						
Net Pension Asset	242	1,321	241	1,321	483	2,642
Capital Assets, Net	35,107,928	36,477,021	28,555,653	28,685,147	63,663,581	65,162,168
Total Assets	55,056,109	54,788,575	40,225,214	39,902,732	95,281,323	94,691,307
Deferred Outflow of Resources						
Deferred Charge on Refunding	95,669	102,755	0	0	95,669	102,755
Pension	4,047,405	1,676,489	1,197,183	578,466	5,244,588	2,254,955
OPEB	962,261	850,796	153,035	123,055	1,115,296	973,851
Total Deferred Outflows of Resources	5,105,335	2,630,040	1,350,218	701,521	6,455,553	3,331,561
Liabilities						
Current Liabilities	665,565	778,443	229,544	173,116	895,109	951,559
Long-Term Liabilities						
Due Within One Year	1,062,828	1,118,673	1,326,816	1,325,953	2,389,644	2,444,626
Due in More Than One Year						
Net Pension Liability	14,834,357	10,295,693	4,072,727	2,384,272	18,907,084	12,679,965
Net OPEB Liability	3,097,258	8,921,007	1,896,650	1,617,487	4,993,908	10,538,494
Other Amounts	6,558,814	7,044,944	6,107,417	7,227,395	12,666,231	14,272,339
Total Liabilities	26,218,822	28,158,760	13,633,154	12,728,223	39,851,976	40,886,983
Deferred Inflow of Resources						
Property Taxes	554,836	556,498	0	0	554,836	556,498
Pension	211,155	1,001,342	101,518	589,786	312,673	1,591,128
OPEB	426,753	248,434	38,300	135,526	465,053	383,960
Total Deferred Inflows of Resources	1,192,744	1,806,274	139,818	725,312	1,332,562	2,531,586
Net Position						
Net Investment in Capital Assets	31,550,204	32,587,973	21,390,368	20,423,417	52,940,572	53,011,390
Restricted for:						
Revolving Loans	7,539,631	7,555,333	0	0	7,539,631	7,555,333
Street Construction, Maintenance and Repair	1,247,770	1,030,076	0	0	1,247,770	1,030,076
State Highway	58,791	53,397	0	0	58,791	53,397
Other Purposes	991,887	1,215,166	0	0	991,887	1,215,166
Unrestricted (Deficit)	(8,638,405)	(14,988,364)	6,412,092	6,727,301	(2,226,313)	(8,261,063)
Total Net Position	\$32,749,878	\$27,453,581	\$27,802,460	\$27,150,718	\$60,552,338	\$54,604,299

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2019. GASB notes that pension and OPEB 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 and other postemployment benefits. 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s *change* in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

The largest portion of the City’s net position reflects “Net Investment in Capital Assets” (i.e. land, construction in progress, buildings, improvements, machinery and equipment, vehicles and infrastructure) less any related debt to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of governmental activities increased from the prior year due mainly to changes resulting from the calculations of both the net pension liability and the net OPEB liability. While the net pension liability increased during 2019, there was a significant decrease in the net OPEB liability resulting from the OP&F healthcare change to a stipends program. The corresponding changes to deferred outflows and inflows from the calculation of the net pension and OPEB liabilities also contributed to the positive change in the net position. Governmental net position also increased from an increase in cash resulting from revenues exceeding expenses in 2019.

Net position of business-type activities increased from the prior year. The increase in business-type activities was due a drop in long-term debt obligations achieved through annual debt payments along with recognition of positive changes from the deferred outflows and inflows of the net pension and OPEB liabilities. The increase in net position was partially offset by an increase in the net pension liability.

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 2019 and 2018.

City of Ravenna, Ohio
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Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
Revenues						
Program Revenues						
Charges for Services and Assessments	\$1,561,913	\$908,502	\$6,080,990	\$5,809,494	\$7,642,903	\$6,717,996
Operating Grants and Contributions	1,553,010	1,506,137	0	0	1,553,010	1,506,137
Capital Grants and Contributions	1,667	1,667	348,322	314,136	349,989	315,803
Total Program Revenues	3,116,590	2,416,306	6,429,312	6,123,630	9,545,902	8,539,936
General Revenues						
Property Taxes	564,711	577,262	0	0	564,711	577,262
Income Taxes	9,755,724	10,402,464	1,089,532	1,156,883	10,845,256	11,559,347
Grants and Entitlements	707,155	704,155	0	0	707,155	704,155
Unrestricted Contributions	5,000	39,359	0	0	5,000	39,359
Interest	290,098	172,053	0	7,433	290,098	179,486
Gain on Sale of Capital Assets	1,485	0	0	0	1,485	0
Other	121,650	110,534	504,611	83,178	626,261	193,712
Total General Revenues	11,445,823	12,005,827	1,594,143	1,247,494	13,039,966	13,253,321
Total Revenues	14,562,413	14,422,133	8,023,455	7,371,124	22,585,868	21,793,257
Program Expenses						
General Government	1,651,419	1,587,255	0	0	1,651,419	1,587,255
Security of Persons and Property:						
Police	1,505,506	3,972,979	0	0	1,505,506	3,972,979
Fire	(14,842)	2,538,365	0	0	(14,842)	2,538,365
Leisure Time Activities	754,501	770,961	0	0	754,501	770,961
Public Health and Welfare	20,475	20,475	0	0	20,475	20,475
Community Environment	618,765	580,852	0	0	618,765	580,852
Transportation	3,687,371	4,079,974	0	0	3,687,371	4,079,974
Basic Utility Services	40,290	39,312	0	0	40,290	39,312
Economic Development	782,549	468,270	0	0	782,549	468,270
Interest and Fiscal Charges	210,082	228,770	0	0	210,082	228,770
Water	0	0	4,240,030	3,577,872	4,240,030	3,577,872
Sewer	0	0	3,141,683	2,772,102	3,141,683	2,772,102
Total Program Expenses	9,256,116	14,287,213	7,381,713	6,349,974	16,637,829	20,637,187
Excess of Revenues						
Over (Under) Expenses	5,306,297	134,920	641,742	1,021,150	5,948,039	1,156,070
Transfers	(10,000)	1,249	10,000	(1,249)	0	0
Change in Net Position	5,296,297	136,169	651,742	1,019,901	5,948,039	1,156,070
Net Position Beginning of Year	27,453,581	27,317,412	27,150,718	26,130,817	54,604,299	53,448,229
Net Position End of Year	\$32,749,878	\$27,453,581	\$27,802,460	\$27,150,718	\$60,552,338	\$54,604,299

For 2019, OP&F recognized a change in benefit terms for their OPEB plan. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years. These changes contributed to OPEB expense decreasing from \$839,869 in 2018 to a negative OPEB expense of (\$5,580,725) for 2019.

City of Ravenna, Ohio
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Governmental Activities

The overall financial strength and the net position of the City improved in 2019 from 2018 for reasons previously stated. The City also makes a conscious effort to follow our financial plan and live within our financial means.

The City realized changes to charges for services from incorporating uncollectible accounts into the calculation during 2018. Income taxes realized a change from starting to use RITA for the calculation of the receivable during 2018. Interest revenues saw a significant increase resulting from the City having additional cash to invest along with better rates. As mentioned previously, the City is experiencing a robust economy with renewed interest in the City's Downtown District with new developments.

The expenses for the City saw decreases which can be traced to changes in the unfunded net OPEB liability, specifically the Ohio Police and Fire pension system switching to stipend reimbursement funding for retirees. Security of persons and property, specifically police and fire normally comprise the largest portion of the City's governmental expenses. The City has made safety forces a priority for the community as a whole. Transportation expenses normally make up the second largest portion of expenses for the City. The care and upkeep of the City's streets has been deemed significant for the Administration. General government expenses are normally the third largest portion of governmental expenses and are comprised of the departments responsible for the running of the City which include the Mayor, the Finance Department, the Law Director and City Council amongst others.

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. Business-type activities saw an increase in net position as the City realized increases from user charges along with revenues as a whole continuing to exceed expenses building healthy reserves.

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 2019, the City of Ravenna reported combined governmental fund balances of \$16,954,459. Of this amount, \$4,523,531 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 and street construction, maintenance and repair special revenue funds. The general fund had an increase in fund balance due mainly to revenues continuing to outpace expenditures. The revolving loan special revenue fund balance decreased due to new loans for development exceeding loan repayments. The street construction, maintenance and repair special revenue fund had an increase in fund balance due to the City being able to reduce expenditures from the prior year.

City of Ravenna, Ohio
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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 general fund revenues including other financing sources were budgeted at \$7,565,071 and final budgeted revenues including other financing sources were \$7,603,030. The actual revenue received was higher than the original and final budgeted amounts from changes in the collection of income taxes and interest received as previously mentioned. Final appropriations increased over original appropriations mostly due to departmental requests for additional operating items throughout the year. Actual expenditures were lower than the final appropriations due to management keeping costs low while still providing the services the citizens expect.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for governmental-type activities of the City of Ravenna decreased from 2018 due to annual depreciation outpacing additions. This decrease was partially offset by continuing and completed construction projects, improvements, the purchase of various equipment, vehicles and infrastructure in 2019. Total capital assets for business-type activities also decreased as a result of current year additions being exceeded by annual depreciation. Additional information concerning the City's capital assets can be found in Note 12 to the basic financial statements.

Long-term Obligations

At December 31, 2019, the City of Ravenna had governmental bonds, net pension and OPEB liabilities, capital leases and compensated absences outstanding. Municipal improvement, energy conservation and Library bonds comprise the bonded debt within governmental activities. Long-term business-type obligations include general obligation bonds, OPWC loans, OWDA loans, net pension and OPEB liabilities, capital leases and compensated absences.

The energy conservation bonds were issued in 2012 to provide funding for a City-wide energy conservation improvement project. The library improvement bonds represent debt, as principal and interest are paid by the taxes provided by a property tax levy through the Reed Memorial Library.

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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 2003 OWDA loan for expansion of the City's Wastewater Treatment Plant. The loan is paid for with a combination of sewer revenues and participation revenues from Portage County as noted above. A portion of the energy conservation bonds are also in business-type activities, as some of the energy conservation improvements were done at the water and sewer facilities. Additional information concerning debt issuances can be found in Note 18 to the basic financial statements.

Current Financial Related Activities

General Fund

In 2019 the City's experienced a second consecutive year of income tax revenue growth. While it was noted last year that income tax receipts exceed the \$10 million mark (cash basis) for the first time in the City's history, cash receipts continued to climb in 2019. A comparison of 2019 to 2018 reveals that the City's total income tax receipts (cash basis) were up \$369,092 (\$10,804,263 versus \$10,435,171) in 2019, with the general fund increase being \$213,622 (\$6,222,204 versus \$6,008,582) over last year's actual.

General fund tax revenues were comprised of \$5.1 million of general operating receipts and \$1.1 million of safety levy receipts. Both these numbers exceeded the forecasts as budgeted revenues for these categories were \$4,851,120 and \$1,020,000, respectively. As a component of the City's total income tax received in 2019, the general fund's receipts represented 57.6 percent of total revenue. As is the case historically, employee withholding remains the largest income tax revenue segment, as payroll taxes represented 82 percent of all income tax received, followed by business net profit returns at 10 percent, and individual returns at 8 percent.

Total non-income tax general fund revenues finished just below budget for the year, however, the dip in annual revenue was attributable to several advances not being returned to the general fund and the anticipated revenues that were due as a part of a one-off collaborative Economic Development effort not being received as of year-end. Notwithstanding, the normal year-to-year fluctuations in fees and permits, normal and recurring revenues remained steady for the most part.

As was the case in 2018, general fund expenses for 2019 also finished favorably compared to budget annual total expenditures of \$6.8 million were well below the budgeted amount of \$7.9 million. This \$1.1 million decrease in budgeted spending is attributable to a variety of factors, with again the main one being that self-insured health care claim costs ended significantly below the projection for the year. For a second straight year, the City's annual cost of healthcare finished extremely favorably. As noted in the past, the City is self-insured and annual budgets for healthcare costs are based on an actuarially-calculated maximum liability exposure. For 2019, the City's general fund portion of net healthcare costs finished at \$755,278 versus the budgeted maximum liability amount of \$1,274,194, producing a savings of \$518,916 for the year.

In addition to the healthcare add-back, the City was again aided by another premium and paid-claim rebate from the Bureau of Workers Compensation. For 2019 the general fund was the beneficiary of rebate credits that translated into a \$219,968 swing in expenditures for the year.

Much like the events of last year, increases in general fund cash revenues coupled with the reduction in budgeted expenses produced a significant net operating surplus of \$1.2 million for the year.

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Also as in 2018, all departments operated within their prescribed budgets of which many non-payroll operating expenses were held at prior year levels. It has been the goal of the City Administration and the City's Budget Commission to maintain non-payroll budgeted expenditures at prior year levels until it is determined that additional operating funds are needed for a specific purpose. And irrespective of revenues that may be travelling north, this budgeting philosophy adheres to last year's MD&A comment that:

"...the City has not allowed non-payroll operating budgets to crawl upward as revenues have increased."

All said and done, 2019 finished with a \$4.1 million year-end cash balance, after encumbrances, in the general fund. 2018 ended with a \$2.9 million dollar balance and it was this trend that enabled the City to accomplish one of its two major objectives in 2019 with that being a bond rating upgrade. The 2018 MD&A spelled out two specific financial goals the City wished to address in the upcoming year:

"...For the City, the \$2.9 million dollar fund balance now becomes more than cash in the bank. It represents an opportunity to rectify two specific items that continue to linger despite the rebound in the general fund.

First is the Auditor of State's Financial Health Index Rating that the City of Ravenna is still trying to repair. Past MD&As have made mention of this annual report issued by the Auditor's Office and the City's inability to meet a "stable" status that serves as an indicator of overall financial well-being. Moving into the City's third year of the report, it is anticipated the \$2.9 million dollar ending balance in the general fund will be sufficient to rectify the final report deficiency that specifically addressed the City's inability to produce a fund balance equivalent to 2 months operating revenues. It is hopeful that the final 2019 numbers will put this last item to rest.

Finally, the other critical need for a healthy general fund balance relates to the City's bond rating. As noted last year, the City's declining annual general fund performances eventually lead to a rating downgrade by Moody's. The A2 rating going into 2015 was re-issued as a Baa1 in 2016, reflecting the serious and dire situation the City faced at the end of 2015. The Moody's 2017 report noted an improvement in their Rating Outlook narrative, deeming the City "Stable" rather than "Negative". Trying once more in 2018, and despite marked improvement, Moody's again would not consider an upgrade until there was a historical trend of 2 to 3 years to base their re-evaluation upon. The City will approach Moody's again in 2019, this time with a \$2.9 million general fund balance, in an effort to make the case for a Bond rating upgrade. And while the City does not have any General Obligation financing plans on the table for the immediate future, the inability to sell assessment bonds and the inability to leverage and underwrite other forms of financing, such as leases, has been a reality over the past two years."

As noted in the opening Financial Highlights section of this narrative, the City was awarded a Bond Rating upgrade by Moody's in 2019. In late November, the rating agency moved the City back to the "A" classification by officially announcing it had issued the City of Ravenna an A3 rating.

And upon the completion of another solid year, it is the hope of the City that the Auditor of State's Financial Health Index Rating can now reflect adequate cash reserves in the general fund to be deemed as stable per AOS standards.

Possibly the only caveat to a successful 2019 is that City Officials remain aware of the circumstances that produced the annual operating surplus of over \$1 million dollars and moved the general fund's cash position to over the \$4 million dollar mark. And that remains the fact that the bulk of expenditure reductions were in the areas of unspent Healthcare and Workers Compensation rebates. Items that may not necessarily be anomalous, but certainly are fortuitous in their occurrence. That being said, it would be wise of the City to keep these two factors in mind when it comes to using 2019 as a basis to proceed with any future spending.

City of Ravenna, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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 Brian Huff, Finance Director, City of Ravenna, 210 Parkway, Ravenna, Ohio 44266, 330-297-2152.

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Basic Financial Statements

City of Ravenna, Ohio

Statement of Net Position

December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$8,954,225	\$8,074,814	\$17,029,039
Materials and Supplies Inventory	45,395	162,078	207,473
Accrued Interest Receivable	4,372	0	4,372
Accounts Receivable, Net	667,671	617,469	1,285,140
Internal Balances	(318,586)	318,586	0
Intergovernmental Receivable	588,159	2,191,774	2,779,933
Prepaid Items	69,878	38,413	108,291
Income Taxes Receivable	2,395,678	266,186	2,661,864
Property Taxes Receivable	589,641	0	589,641
Special Assessments Receivable	48,183	0	48,183
Loans Receivable	6,903,323	0	6,903,323
Net Pension Asset	242	241	483
Nondepreciable Capital Assets	1,601,766	2,011,950	3,613,716
Depreciable Capital Assets, Net	33,506,162	26,543,703	60,049,865
<i>Total Assets</i>	<u>55,056,109</u>	<u>40,225,214</u>	<u>95,281,323</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	95,669	0	95,669
Pension	4,047,405	1,197,183	5,244,588
OPEB	962,261	153,035	1,115,296
<i>Total Deferred Outflows of Resources</i>	<u>5,105,335</u>	<u>1,350,218</u>	<u>6,455,553</u>
Liabilities			
Accounts Payable	84,231	78,868	163,099
Accrued Wages	270,299	116,684	386,983
Intergovernmental Payable	104,408	29,710	134,118
Accrued Interest Payable	25,159	4,282	29,441
Claims Payable	181,468	0	181,468
Long-Term Liabilities:			
Due Within One Year	1,062,828	1,326,816	2,389,644
Due In More Than One Year			
Net Pension Liability (See Note 16)	14,834,357	4,072,727	18,907,084
Net OPEB Liability (See Note 17)	3,097,258	1,896,650	4,993,908
Other Amounts Due in More than One Year	6,558,814	6,107,417	12,666,231
<i>Total Liabilities</i>	<u>26,218,822</u>	<u>13,633,154</u>	<u>39,851,976</u>
Deferred Inflow of Resources			
Property Taxes	554,836	0	554,836
Pension	211,155	101,518	312,673
OPEB	426,753	38,300	465,053
<i>Total Deferred Inflows of Resources</i>	<u>1,192,744</u>	<u>139,818</u>	<u>1,332,562</u>
Net Position			
Net Investment in Capital Assets	31,550,204	21,390,368	52,940,572
Restricted for:			
Revolving Loans	7,539,631	0	7,539,631
Street Construction, Maintenance and Repair	1,247,770	0	1,247,770
State Highway	58,791	0	58,791
Other Purposes	991,887	0	991,887
Unrestricted (Deficit)	(8,638,405)	6,412,092	(2,226,313)
<i>Total Net Position</i>	<u>\$32,749,878</u>	<u>\$27,802,460</u>	<u>\$60,552,338</u>

See accompanying notes to the basic financial statements

City of Ravenna, Ohio
Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$1,651,419	\$145,874	\$0	\$0
Security of Persons and Property:				
Police	1,505,506	284,139	17,553	0
Fire	(14,842)	570,096	3,334	0
Leisure Time Activities	754,501	221,358	19,612	1,667
Public Health and Welfare	20,475	0	0	0
Community Environment	618,765	309,013	13,230	0
Transportation	3,687,371	31,433	951,007	0
Basic Utility Services	40,290	0	0	0
Economic Development	782,549	0	548,274	0
Interest and Fiscal Charges	210,082	0	0	0
<i>Total Governmental Activities</i>	<u>9,256,116</u>	<u>1,561,913</u>	<u>1,553,010</u>	<u>1,667</u>
Business-Type Activities:				
Water	4,240,030	2,925,998	0	261,816
Sewer	3,141,683	3,154,992	0	86,506
<i>Total Business-Type Activities</i>	<u>7,381,713</u>	<u>6,080,990</u>	<u>0</u>	<u>348,322</u>
<i>Total</i>	<u><u>\$16,637,829</u></u>	<u><u>\$7,642,903</u></u>	<u><u>\$1,553,010</u></u>	<u><u>\$349,989</u></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
Grants and Entitlements not Restricted to Specific Programs
Contributions not Restricted to Specific Programs
Interest
Gain on Sale of Capital Assets
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year
(Restated - See Note 22)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$1,505,545)	\$0	(\$1,505,545)
(1,203,814)	0	(1,203,814)
588,272	0	588,272
(511,864)	0	(511,864)
(20,475)	0	(20,475)
(296,522)	0	(296,522)
(2,704,931)	0	(2,704,931)
(40,290)	0	(40,290)
(234,275)	0	(234,275)
(210,082)	0	(210,082)
(6,139,526)	0	(6,139,526)
0	(1,052,216)	(1,052,216)
0	99,815	99,815
0	(952,401)	(952,401)
(6,139,526)	(952,401)	(7,091,927)
564,711	0	564,711
6,270,275	0	6,270,275
1,681,117	0	1,681,117
435,814	0	435,814
348,651	0	348,651
1,019,867	0	1,019,867
0	1,089,532	1,089,532
707,155	0	707,155
5,000	0	5,000
290,098	0	290,098
1,485	0	1,485
121,650	504,611	626,261
11,445,823	1,594,143	13,039,966
(10,000)	10,000	0
11,435,823	1,604,143	13,039,966
5,296,297	651,742	5,948,039
27,453,581	27,150,718	54,604,299
\$32,749,878	\$27,802,460	\$60,552,338

City of Ravenna, Ohio

Balance Sheet

Governmental Funds

December 31, 2019

	General	Revolving Loan	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,134,819	\$636,308	\$1,010,787	\$3,171,569	\$8,953,483
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	742	0	0	0	742
Materials and Supplies Inventory	34,062	0	3,972	7,361	45,395
Accounts Receivable	44,218	0	0	623,453	667,671
Accrued Interest Receivable	4,372	0	0	0	4,372
Interfund Receivable	3,894	0	0	0	3,894
Intergovernmental Receivable	205,068	0	334,476	46,754	586,298
Prepaid Items	51,166	0	8,010	10,702	69,878
Income Taxes Receivable	1,532,169	0	156,518	706,991	2,395,678
Property Taxes Receivable	589,641	0	0	0	589,641
Special Assessments Receivable	46,333	0	0	1,850	48,183
Loans Receivable	0	6,903,323	0	0	6,903,323
<i>Total Assets</i>	<u>\$6,646,484</u>	<u>\$7,539,631</u>	<u>\$1,513,763</u>	<u>\$4,568,680</u>	<u>\$20,268,558</u>
Liabilities					
Accounts Payable	\$21,121	\$0	\$8,540	\$54,570	\$84,231
Accrued Wages	230,778	0	24,315	15,206	270,299
Intergovernmental Payable	75,278	0	5,793	4,307	85,378
Interfund Payable	69,653	0	92,316	352,074	514,043
<i>Total Liabilities</i>	<u>396,830</u>	<u>0</u>	<u>130,964</u>	<u>426,157</u>	<u>953,951</u>
Deferred Inflows of Resources					
Property Taxes	554,836	0	0	0	554,836
Unavailable Revenue	741,445	0	262,486	801,381	1,805,312
<i>Total Deferred Inflows of Resources</i>	<u>1,296,281</u>	<u>0</u>	<u>262,486</u>	<u>801,381</u>	<u>2,360,148</u>
Fund Balances					
Nonspendable	85,970	0	11,982	18,063	116,015
Restricted	0	7,539,631	1,108,331	932,198	9,580,160
Committed	0	0	0	2,698,091	2,698,091
Assigned	36,662	0	0	0	36,662
Unassigned (Deficit)	4,830,741	0	0	(307,210)	4,523,531
<i>Total Fund Balances</i>	<u>4,953,373</u>	<u>7,539,631</u>	<u>1,120,313</u>	<u>3,341,142</u>	<u>16,954,459</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,646,484</u>	<u>\$7,539,631</u>	<u>\$1,513,763</u>	<u>\$4,568,680</u>	<u>\$20,268,558</u>

See accompanying notes to the basic financial statements

City of Ravenna, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2019*

Total Governmental Fund Balances		\$16,954,459
 <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.		35,107,928
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	\$34,805	
Income Taxes	764,879	
Intergovernmental	376,196	
Charges for Services	582,823	
Special Assessments	46,333	
Other	276	
Total		1,805,312
The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds:		
Net Pension Asset	242	
Deferred Outflows - Pension	4,047,405	
Net Pension Liability	(14,834,357)	
Deferred Inflows - Pension	(211,155)	
Deferred Outflows - OPEB	962,261	
Net OPEB Liability	(3,097,258)	
Deferred Inflows - OPEB	(426,753)	
Total		(13,559,615)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal funds are included in governmental activities in the statement of net position:		
Net Position	1,861	
Internal Balances	(8,935)	
Total		(7,074)
In the statement of activities, interest is accrued on outstanding bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.		(25,159)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(3,131,518)	
Library Bonds	(3,104,530)	
Capital Leases Payable	(470,116)	
Compensated Absences	(915,478)	
Deferred Charge on Refunding	95,669	
Total		(7,525,973)
<i>Net Position of Governmental Activities</i>		\$32,749,878

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, 2019

	General	Revolving Loan	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$566,335	\$0	\$0	\$0	\$566,335
Income Taxes	6,223,041	0	635,796	2,823,270	9,682,107
Intergovernmental	428,920	248,470	863,826	659,064	2,200,280
Interest	230,860	59,238	0	0	290,098
Fees, Licenses and Permits	433,857	0	0	9,098	442,955
Fines and Forfeitures	11,496	0	0	12,218	23,714
Rentals	1,146	0	0	31,925	33,071
Charges for Services	0	0	5,603	955,561	961,164
Contributions and Donations	5,000	0	0	9,327	14,327
Special Assessments	0	0	0	38,921	38,921
Other	61,148	21,745	910	37,571	121,374
<i>Total Revenues</i>	<u>7,961,803</u>	<u>329,453</u>	<u>1,506,135</u>	<u>4,576,955</u>	<u>14,374,346</u>
Expenditures					
Current:					
General Government	1,507,495	0	0	949	1,508,444
Security of Persons and Property:					
Police	3,729,959	0	0	23,590	3,753,549
Fire	1,483,981	0	0	771,398	2,255,379
Leisure Time Activities	0	0	0	615,333	615,333
Community Environment	25,462	0	0	291,819	317,281
Transportation	0	0	1,378,889	1,098,386	2,477,275
Economic Development	0	345,155	0	437,394	782,549
Capital Outlay	0	0	0	450,764	450,764
Debt Service:					
Principal Retirement	38,617	0	0	598,862	637,479
Interest and Fiscal Charges	329	0	0	207,077	207,406
<i>Total Expenditures</i>	<u>6,785,843</u>	<u>345,155</u>	<u>1,378,889</u>	<u>4,495,572</u>	<u>13,005,459</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,175,960</u>	<u>(15,702)</u>	<u>127,246</u>	<u>81,383</u>	<u>1,368,887</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	3,991	19,819	23,810
Inception of Capital Lease	7,949	0	0	102,803	110,752
Transfers In	0	0	0	137,507	137,507
Transfers Out	(2,646)	0	0	(144,861)	(147,507)
<i>Total Other Financing Sources (Uses)</i>	<u>5,303</u>	<u>0</u>	<u>3,991</u>	<u>115,268</u>	<u>124,562</u>
<i>Net Change in Fund Balances</i>	1,181,263	(15,702)	131,237	196,651	1,493,449
<i>Fund Balances Beginning of Year (Restated - See Note 22)</i>	<u>3,772,110</u>	<u>7,555,333</u>	<u>989,076</u>	<u>3,144,491</u>	<u>15,461,010</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,953,373</u></u>	<u><u>\$7,539,631</u></u>	<u><u>\$1,120,313</u></u>	<u><u>\$3,341,142</u></u>	<u><u>\$16,954,459</u></u>

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, 2019*

Net Change in Fund Balances - Total Governmental Funds	\$1,493,449
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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	\$396,181
Current Year Depreciation	(1,742,949)
Total	(1,346,768)
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.	
	(22,325)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:	
Delinquent Property Taxes	(1,624)
Income Taxes	73,617
Intergovernmental	52,225
Charges for Services	58,588
Special Assessments	3,500
Other	276
Total	186,582
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.	
	(110,752)
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.	
	637,479
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	(2,900)
Amortization of Discount	(1,450)
Amortization of Premium	8,760
Amortization of Deferred Charge on Refunding	(7,086)
Total	(2,676)
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.	
	7,938
Internal service funds used by management are not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service funds revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental and business-type activities:	
Change in Net Position	78,654
Change in Internal Balances	(3,539)
Total	75,115
Contractually required contributions are reported as expenditures in governmental funds: however, the statement of net position reports these amounts as deferred outflows:	
Pension	943,237
OPEB	19,920
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities:	
Pension	(2,321,877)
OPEB	5,736,975
<i>Change in Net Position of Governmental Activities</i>	\$5,296,297

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$569,655	\$572,525	\$566,335	(\$6,190)
Income Taxes	5,848,204	5,877,670	6,222,204	344,534
Intergovernmental	408,193	410,250	418,228	7,978
Interest	154,720	155,500	160,410	4,910
Fees, Licenses and Permits	464,768	467,110	460,619	(6,491)
Fines and Forfeitures	18,707	18,801	16,212	(2,589)
Rentals	1,244	1,250	1,146	(104)
Contributions and Donations	43,779	44,000	5,000	(39,000)
Other	24,456	24,579	25,289	710
<i>Total Revenues</i>	<u>7,533,726</u>	<u>7,571,685</u>	<u>7,875,443</u>	<u>303,758</u>
Expenditures				
Current:				
General Government	1,761,604	1,809,437	1,527,643	281,794
Security of Persons and Property:				
Police	4,112,444	4,222,996	3,756,674	466,322
Fire	1,694,991	1,741,075	1,486,875	254,200
Community Environment	55,726	57,250	25,755	31,495
<i>Total Expenditures</i>	<u>7,624,765</u>	<u>7,830,758</u>	<u>6,796,947</u>	<u>1,033,811</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(91,039)</u>	<u>(259,073)</u>	<u>1,078,496</u>	<u>1,337,569</u>
Other Financing Sources (Uses)				
Advances In	31,345	31,345	4,156	(27,189)
Advances Out	(27,189)	(27,189)	(3,894)	23,295
Transfers Out	(2,646)	(2,646)	(2,646)	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,510</u>	<u>1,510</u>	<u>(2,384)</u>	<u>(3,894)</u>
<i>Net Change in Fund Balance</i>	(89,529)	(257,563)	1,076,112	1,333,675
<i>Fund Balance Beginning of Year - Restated</i>	2,930,261	2,930,261	2,930,261	0
Prior Year Encumbrances Appropriated	90,611	90,611	90,611	0
<i>Fund Balance End of Year</i>	<u>\$2,931,343</u>	<u>\$2,763,309</u>	<u>\$4,096,984</u>	<u>\$1,333,675</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, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$49,000	\$49,000	\$59,238	\$10,238
Other	293,350	359,964	319,255	(40,709)
<i>Total Revenues</i>	342,350	408,964	378,493	(30,471)
Expenditures				
Current:				
Economic Development	247,118	667,730	543,364	124,366
<i>Net Change in Fund Balance</i>	95,232	(258,766)	(164,871)	93,895
<i>Fund Balance Beginning of Year</i>	799,567	799,567	799,567	0
<i>Fund Balance End of Year</i>	<u>\$894,799</u>	<u>\$540,801</u>	<u>\$634,696</u>	<u>\$93,895</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$600,660	\$600,660	\$635,736	\$35,076
Intergovernmental	733,000	767,000	840,152	73,152
Charges for Services	5,000	5,000	5,603	603
Other	4,083	4,083	2,288	(1,795)
<i>Total Revenues</i>	1,342,743	1,376,743	1,483,779	107,036
Expenditures				
Current:				
Transportation	1,616,037	1,847,904	1,461,573	386,331
<i>Excess of Revenues Over (Under) Expenditures</i>	(273,294)	(471,161)	22,206	493,367
Other Financing Sources (Uses)				
Sale of Capital Assets	1,500	1,500	3,991	2,491
<i>Net Change in Fund Balance</i>	(271,794)	(469,661)	26,197	495,858
<i>Fund Balance Beginning of Year</i>	934,590	934,590	934,590	0
<i>Fund Balance End of Year</i>	\$662,796	\$464,929	\$960,787	\$495,858

See accompanying notes to the basic financial statements

City of Ravenna, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities - Enterprise			Internal Service
	Water	Sewer	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$4,791,567	\$3,283,247	\$8,074,814	\$0
Materials and Supplies Inventory	149,485	12,593	162,078	0
Accounts Receivable	296,128	321,341	617,469	0
Intergovernmental Receivable	0	2,191,774	2,191,774	1,861
Prepaid Items	26,281	12,132	38,413	0
Income Taxes Receivable	266,186	0	266,186	0
Interfund Receivable	345,182	0	345,182	200,498
<i>Total Current Assets</i>	<u>5,874,829</u>	<u>5,821,087</u>	<u>11,695,916</u>	<u>202,359</u>
<i>Noncurrent Assets:</i>				
Net Pension Asset	135	106	241	0
Nondepreciable Capital Assets	1,729,490	282,460	2,011,950	0
Depreciable Capital Assets, Net	15,231,367	11,312,336	26,543,703	0
<i>Total Noncurrent Assets</i>	<u>16,960,992</u>	<u>11,594,902</u>	<u>28,555,894</u>	<u>0</u>
<i>Total Assets</i>	<u>22,835,821</u>	<u>17,415,989</u>	<u>40,251,810</u>	<u>202,359</u>
Deferred Outflows of Resources				
Pension	670,423	526,760	1,197,183	0
OPEB	85,700	67,335	153,035	0
<i>Total Deferred Outflows of Resources</i>	<u>756,123</u>	<u>594,095</u>	<u>1,350,218</u>	<u>0</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	63,020	15,848	78,868	0
Accrued Wages	66,643	50,041	116,684	0
Intergovernmental Payable	16,869	12,841	29,710	19,030
Interfund Payable	20,582	14,949	35,531	0
Accrued Interest Payable	3,138	1,144	4,282	0
Compensated Absences Payable	41,446	39,317	80,763	0
Capital Leases Payable	56,621	17,072	73,693	0
OPWC Loans Payable	44,139	0	44,139	0
OWDA Loans Payable	119,286	926,435	1,045,721	0
General Obligation Bonds Payable	55,000	27,500	82,500	0
Claims Payable	0	0	0	181,468
<i>Total Current Liabilities</i>	<u>486,744</u>	<u>1,105,147</u>	<u>1,591,891</u>	<u>200,498</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	97,162	72,801	169,963	0
Capital Leases Payable	23,198	0	23,198	0
OPWC Loans Payable	634,119	0	634,119	0
OWDA Loans Payable	383,449	3,709,966	4,093,415	0
General Obligation Bonds Payable	791,148	395,574	1,186,722	0
Net Pension Liability	2,280,727	1,792,000	4,072,727	0
Net OPEB Liability	1,062,125	834,525	1,896,650	0
<i>Total Long-Term Liabilities</i>	<u>5,271,928</u>	<u>6,804,866</u>	<u>12,076,794</u>	<u>0</u>
<i>Total Liabilities</i>	<u>5,758,672</u>	<u>7,910,013</u>	<u>13,668,685</u>	<u>200,498</u>
Deferred Inflows of Resources				
Pension	56,850	44,668	101,518	0
OPEB	21,448	16,852	38,300	0
<i>Total Deferred Inflows of Resources</i>	<u>78,298</u>	<u>61,520</u>	<u>139,818</u>	<u>0</u>
Net Position				
Net Investment in Capital Assets	14,866,045	6,524,323	21,390,368	0
Unrestricted	2,888,929	3,514,228	6,403,157	1,861
<i>Total Net Position</i>	<u>\$17,754,974</u>	<u>\$10,038,551</u>	<u>27,793,525</u>	<u>\$1,861</u>

Net position reported for business-type activities in the statement of net position are different because they include accumulated underpayments to the internal service fund: 8,935

\$27,802,460

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, 2019*

	<u>Business-Type Activities - Enterprise</u>			Internal Service
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
Operating Revenues				
Charges for Services	\$2,859,533	\$3,154,992	\$6,014,525	\$2,007,040
Fees, Licenses and Permits	66,465	0	66,465	0
Other	39,266	54,060	93,326	0
<i>Total Operating Revenues</i>	<u>2,965,264</u>	<u>3,209,052</u>	<u>6,174,316</u>	<u>2,007,040</u>
Operating Expenses				
Personal Services	2,131,345	1,761,662	3,893,007	0
Materials and Supplies	1,102,412	421,204	1,523,616	0
Contractual Services	356,645	395,564	752,209	631,015
Depreciation	613,622	527,477	1,141,099	0
Claims	0	0	0	1,327,892
Change in Worker's Compensation Estimate	0	0	0	(30,521)
<i>Total Operating Expenses</i>	<u>4,204,024</u>	<u>3,105,907</u>	<u>7,309,931</u>	<u>1,928,386</u>
<i>Operating Income (Loss)</i>	<u>(1,238,760)</u>	<u>103,145</u>	<u>(1,135,615)</u>	<u>78,654</u>
Non-Operating Revenues (Expenses)				
Municipal Income Taxes	1,089,532	0	1,089,532	0
Interest and Fiscal Charges	(39,089)	(36,232)	(75,321)	0
Other Non-Operating Revenues	0	411,285	411,285	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>1,050,443</u>	<u>375,053</u>	<u>1,425,496</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions and Transfers</i>	<u>(188,317)</u>	<u>478,198</u>	<u>289,881</u>	<u>78,654</u>
Capital Contributions	261,816	86,506	348,322	0
Transfers In	10,000	0	10,000	0
<i>Change in Net Position</i>	<u>83,499</u>	<u>564,704</u>	<u>648,203</u>	<u>78,654</u>
<i>Net Position (Deficit) Beginning of Year (Restated - See Note 22)</i>	<u>17,671,475</u>	<u>9,473,847</u>		<u>(76,793)</u>
<i>Net Position End of Year</i>	<u>\$17,754,974</u>	<u>\$10,038,551</u>		<u>\$1,861</u>

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

	<u>3,539</u>
Change in net position of business-type activities	<u>\$651,742</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, 2019

	Business-Type Activities - Enterprise			Internal Service
	Water	Sewer	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$2,939,904	\$3,043,595	\$5,983,499	\$0
Cash Received from Interfund Services Provided	0	0	0	1,979,988
Other Operating Revenues	39,206	54,301	93,507	0
Cash Payments for Employee Services and Benefits	(1,708,671)	(1,432,609)	(3,141,280)	0
Cash Payments to Suppliers for Materials and Supplies	(1,079,676)	(424,226)	(1,503,902)	0
Cash Payments for Contractual Services	(326,829)	(396,919)	(723,748)	(631,015)
Cash Payments for Interfund Services Provided	(12,753)	(1,887)	(14,640)	0
Cash Payments to State Bureau of Workers' Compensation for Claims	0	0	0	(286,253)
Cash Payments for Claims	0	0	0	(1,062,720)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(148,819)	842,255	693,436	0
Cash Flows from Noncapital Financing Activities				
Municipal Income Taxes	1,081,184	0	1,081,184	0
Other Non-Operating Revenues	0	411,285	411,285	0
Transfers In	10,000	0	10,000	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	1,091,184	411,285	1,502,469	0
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(682,579)	(329,026)	(1,011,605)	0
Capital Contributions	261,816	460,761	722,577	0
OPWC Loans Issued	138,160	0	138,160	0
Principal Paid on General Obligation Bonds	(54,000)	(27,000)	(81,000)	0
Principal Paid on OWDA Loans	(115,261)	(921,722)	(1,036,983)	0
Principal Paid on OPWC Loans	(44,905)	0	(44,905)	0
Principal Paid on Capital Leases	(58,650)	(18,317)	(76,967)	0
Interest Paid on General Obligation Bonds	(23,273)	(11,636)	(34,909)	0
Interest Paid on OWDA Loans	(17,693)	(25,325)	(43,018)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	(596,385)	(872,265)	(1,468,650)	0
<i>Net Increase (Decrease) in Cash and Cash Equivalent</i>	345,980	381,275	727,255	0
<i>Cash and Cash Equivalents Beginning of Year</i>	4,445,587	2,901,972	7,347,559	0
<i>Cash and Cash Equivalents End of Year</i>	\$4,791,567	\$3,283,247	\$8,074,814	\$0

(continued)

City of Ravenna, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2019

	Business-Type Activities - Enterprise			Internal Service
	Water	Sewer	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	(\$1,238,760)	\$103,145	(\$1,135,615)	\$78,654
Adjustments:				
Depreciation	613,622	527,477	1,141,099	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	13,855	(7,871)	5,984	0
Intergovernmental Receivable	0	(103,285)	(103,285)	(1,861)
Materials and Supplies Inventory	12,351	(2,544)	9,807	0
Interfund Receivable	0	0	0	(25,191)
Prepaid Items	(253)	(930)	(1,183)	0
Net Pension Asset	(40)	(33)	(73)	0
Deferred Outflows - Pension	497,852	391,170	889,022	0
Deferred Outflows - OPEB	55,814	43,854	99,668	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	40,901	(903)	39,998	0
Accrued Wages	16,449	7,770	24,219	0
Compensated Absences Payable	(18,662)	2,644	(16,018)	0
Interfund Payable	360	157	517	0
Intergovernmental Payable	(3,256)	(3,339)	(6,595)	(58,700)
Claims Payable	0	0	0	7,098
Net Pension Liability	(2,475)	(1,944)	(4,419)	0
Net OPEB Liability	58,181	45,713	103,894	0
Deferred Inflows - Pension	(165,859)	(136,120)	(301,979)	0
Deferred Inflows - OPEB	(28,899)	(22,706)	(51,605)	0
<i>Total Adjustments</i>	1,089,941	739,110	1,829,051	(78,654)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$148,819)	\$842,255	\$693,436	\$0

See accompanying notes to the basic financial statements

City of Ravenna, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended December 31, 2019

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Additions	
Fines and Forfeitures	\$1,495
 Deductions	
Fines and Forfeitures Distributions to Other Governments	<u>1,495</u>
 <i>Net Increase (Decrease) in Fiduciary Net Position</i>	 0
 <i>Net Position Beginning of Year</i>	 <u>0</u>
 <i>Net Position End of Year</i>	 <u><u>\$0</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, 2019

Note 1 - Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

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

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

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

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

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are 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.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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

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

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

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

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

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

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

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

Internal Service Fund Internal service 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 funds are a self-insurance fund that accounts for dental, life and hospital/medical claims of the City's employees and a workers' compensation fund.

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

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Measurement Focus

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

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

For proprietary funds, the Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a Statement of Changes in Fiduciary Net Position which reports additions to and deductions from custodial funds.

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.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, charges for services, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 21. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 16 and 17)

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

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

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Pensions/Other Postemployment Benefits (OPEB)

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

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 2019, the City invested in repurchase agreements, STAR Ohio, federal farm credit bank notes, federal home loan bank notes, federal national mortgage association notes and negotiable certificates of deposit.

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

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2019 amounted to \$230,860 which includes \$160,409 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, 2019, 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.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent. 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.

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.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of five thousand dollars for governmental activities and twenty-five thousand dollars for business-type activities. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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 - 30 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.

Compensated Absences

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

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

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

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Fund Balance

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

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

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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

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

Net Position

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

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

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 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.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Contributions of Capital

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

Internal Activity

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

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

Estimates

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

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. For reporting purposes, a custodial fund, utilized for internal control purposes, has been combined with the general fund. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control is at the department and personal service and other object level for all funds. The Director of Finance is authorized to allocate appropriations among objects within any department. Any budgetary modifications at the legal level of control may only be made by ordinance of the City Council.

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

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Inventory	\$34,062	\$0	\$3,972	\$7,361	\$45,395
Prepays	51,166	0	8,010	10,702	69,878
Unclaimed Monies	742	0	0	0	742
<i>Total Nonspendable</i>	<u>85,970</u>	<u>0</u>	<u>11,982</u>	<u>18,063</u>	<u>116,015</u>
<u>Restricted for:</u>					
Revolving Loans	0	7,539,631	0	0	7,539,631
Street Maintenance	0	0	1,108,331	913,349	2,021,680
Law Enforcement	0	0	0	18,849	18,849
<i>Total Restricted</i>	<u>0</u>	<u>7,539,631</u>	<u>1,108,331</u>	<u>932,198</u>	<u>9,580,160</u>
<u>Committed to:</u>					
Ambulance Service	0	0	0	121,864	121,864
Recreation	0	0	0	402,201	402,201
Recycling	0	0	0	70,281	70,281
Capital Improvements	0	0	0	2,103,745	2,103,745
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,698,091</u>	<u>2,698,091</u>
<u>Assigned to:</u>					
Purchases on Order:					
General Government	8,519	0	0	0	8,519
Police	19,229	0	0	0	19,229
Fire	8,914	0	0	0	8,914
<i>Total Assigned</i>	<u>36,662</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,662</u>
Unassigned (Deficit)	4,830,741	0	0	(307,210)	4,523,531
Total Fund Balances	<u><u>\$4,953,373</u></u>	<u><u>\$7,539,631</u></u>	<u><u>\$1,120,313</u></u>	<u><u>\$3,341,142</u></u>	<u><u>\$16,954,459</u></u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - are presented in the basic financial statements for the general fund and the major special revenue funds. The major differences between the budget basis and the GAAP Basis (generally accepted accounting principles) are:

1. Revenues are recorded when received in cash (budget) 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
GAAP Basis	\$1,181,263	(\$15,702)	\$131,237
Net Adjustment for Revenue Accruals	(25,677)	(248,470)	(22,356)
Beginning Fair Value Adjustment for Investments	(77,125)	0	0
Ending Fair Value Adjustment for Investments	8,493	0	0
Advances In	4,156	0	0
Loan Payments Received	0	297,510	0
Net Adjustment for Expenditures Accruals	35,966	244,303	(32,684)
Advances Out	(3,894)	0	0
Loans Issued	0	(494,000)	0
Loans Written Off	0	53,100	0
Encumbrances	(47,070)	(1,612)	(50,000)
Budget Basis	<u>\$1,076,112</u>	<u>(\$164,871)</u>	<u>\$26,197</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 5 – Accountability

At December 31, 2019, the special assessment bond retirement debt service fund had a fund deficit of \$307,210. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

Note 6 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments 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.

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.

The City may also invest any monies not required to be used for a specific 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;
3. Obligations of the City.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Investments

Investments are reported at fair value. As of December 31, 2019, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Cost				
Repurchase Agreements	\$8,214,007	Daily	AAA	61.86 %
Net Asset Value Per Share				
STAR Ohio	508,535	Average 55.7 days	AAAm	N/A
Fair Value - Level Two Inputs				
Federal Home Loan Bank Notes	1,654,197	Less than three years	AA+	12.46
Federal Farm Credit Bank Notes	418,685	Less than three years	AA+	3.15
Federal National Mortgage Association Notes	1,655,963	Less than one year	AA+	12.47
Negotiable Certificates of Deposit	827,000	Less than five years	AA+	6.23
Total Fair Value - Level Two Inputs	4,555,845			
Total	\$13,278,387			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2019. Repurchase agreements are measured at cost. STAR Ohio is measured at net asset value per share. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Notes, Federal Farm Credit Bank Notes 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.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 7 – Receivables

Receivables at December 31, 2019 consisted primarily of municipal income taxes, property taxes, accounts (billings for user charged services including unbilled utility services), special assessments, loans and intergovernmental receivables arising from grants, entitlements and shared revenues.

Receivables are recorded net of an allowance for estimated uncollectible amounts. This allowance is based on a historical percentage of collection amounts billed. The City has estimated \$834,973 in uncollectible billings for user charged services. All receivables except property taxes and loans are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Loans receivable presented in the revolving loan special revenue fund represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under Federal Grant programs. The loans bear interest at annual rates ranging between zero and seven percent. The loans are to be repaid over periods ranging from five to thirteen years. Loans expected to be collected in more than one year are \$6,605,813.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019 on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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. 2019 public utility property taxes become a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2019, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$118,760,760
Other Real Estate	58,177,520
Tangible Personal Property	
Public Utility	7,266,140
Total Assessed Values	\$184,204,420

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Ravenna. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2019 and for which there is an enforceable legal claim. In the general fund, the portion of the receivable not levied to finance 2019 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been reported as deferred inflows of resources – unavailable revenue.

Intergovernmental

A summary of governmental activities intergovernmental receivables as of December 31, 2019 follows:

Governmental Funds	Amounts
Gasoline and Excise Tax	\$260,826
Local Government	155,642
Permissive Tax	60,654
Homestead and Rollback	33,513
Motor Vehicle License Tax	22,950
Ravenna City School District	14,215
Ohio Department of Justice	12,558
SAFER Grants	12,289
IDEP/STEP Grants	9,257
Emergency Medical Services Grant	3,334
Portage County	1,060
Total Governmental	\$586,298
Proprietary Funds	
Portage County - Sewer Fund	\$2,191,774
Ohio Bureau of Workers' Compensation - Workers' Compensation Fund	\$1,861

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, 2019 is \$2,088,489. The City owns and maintains the asset. The County is paying for the use of the asset. This amount has been recorded on the City's books as an asset in "intergovernmental receivable." The asset is recorded in the sewer enterprise fund.

Income Taxes

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

The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.22 percent. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

(RITA) either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. By City ordinance for 2019, the distribution of tax, by percentage of tax proceeds was as follows: general fund 57.56 percent, capital improvements and projects fund 7.36 percent, EMS special revenue fund 3.20 percent, street construction and repair special revenue fund 5.88 percent, roadway improvements fund 10.00 percent, recreation special revenue fund 4.00 percent, parks capital improvement fund 2.00 percent and water operations and capital enterprise fund 10.00 percent.

Note 8 - Risk Management

The City of Ravenna is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the City contracted with two companies for various types of insurance as follows:

Company	Type of Coverage	Coverage (annual aggregate)
Love Insurance Agency	Umbrella Liability	\$5,000,000
	General Liability	3,000,000 *
	Employee Practices 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	54,750,053
	Zurich North American Surety	Bonds - Employees and Officials

* Each occurrence limit of \$1,000,000.

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

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

The claims liability of \$93,682 reported in the internal service fund at December 31, 2019, 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 2018 and 2019 were:

	Beginning of Year	Current Year Claims	Claim Payments	End of Year
2018	\$166,445	\$1,210,819	\$1,279,687	\$97,577
2019	97,577	1,058,825	1,062,720	93,682

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The City participates in the State Workers' Compensation retrospective rating and payment system. Once the City receives notice of the 2019 claims paid by the Bureau of Workers' Compensation, the City will reimburse the State for claims paid on the City's behalf. The payable is reclassified from claims payable to intergovernmental payable. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage in addition to the actual claim costs for employees injured in 2019. The intergovernmental payable consists of the actual claim costs of \$106,816. The maintenance of these benefits is accounted for in the Workers' Compensation internal service fund.

Incurred but not reported claims and premium of \$106,816 have been accrued as a liability at December 31, 2019, based on an estimate by the City Auditor's Office and the Bureau of Workers' Compensation. The intergovernmental and claims liability reported in the workers' compensation internal service fund at December 31, 2019, 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 intergovernmental and claims liability amounts for 2018 and 2019 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2018	\$297,264	\$10,957	\$100,562	(\$53,136)	\$154,523
2019	154,523	269,067	286,253	(30,521)	106,816

Note 9 – Interfund Transactions

Interfund Balances

	Receivable		Payable	
	Manuscript Notes	Advances To Other Funds	Manuscript Notes	Advances From Other Funds
Governmental Funds				
General	\$0	\$3,894	\$0	\$69,653
Streets Construction, Maintenance and Repair	0	0	0	92,316
Other Governmental Funds	0	0	345,182	6,892
Enterprise Funds				
Water	345,182	0	0	20,582
Sewer	0	0	0	14,949
Internal Service Fund				
Self Insurance	0	93,682	0	0
Workers' Compensation	0	106,816	0	0
<i>Grand Total</i>	\$345,182	\$204,392	\$345,182	\$204,392

City of Ravenna, Ohio
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For the Year Ended December 31, 2019

On November 3, 2018, the City issued a one year note at 1.50 percent interest. The City purchased this note. The City, during 2019, decided to bond the note rather than to continue rolling it in one-year intervals. The bonding of the note will take place in 2020. The City identified the special assessment debt service fund as the fund that received the proceeds and the water enterprise fund as the fund that purchased the note. For reporting purposes, this transactions is reflected as an interfund receivable and an interfund payables in the respective funds.

The remaining interfund balances at December 31, 2019 consist of an interfund receivable/payable between the general fund and the IDEP/Step grant and emergency medical service 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 funds and the various governmental and enterprise funds due to the City moving money to pay claims when funds are needed rather than when claims are incurred.

Interfund Transfers

Transfer To	Transfer From		
	Governmental Funds		
	Other		
	General	Governmental Funds	Total
Other Governmental Funds	\$2,646	\$134,861	\$137,507
Water	0	10,000	10,000
Total	\$2,646	\$144,861	\$147,507

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

Note 10 – Compensated Absences

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

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 11 - Capital Leases

During 2019, the City had governmental lease agreements for ambulances for the fire department, a mailing system, a garage for the street department, vehicles and security cameras for the police department and an ARC plotter. The lease agreements for the phone equipment, vactor truck and street sweeper include both governmental and business-type activities. 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, 2019 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	Business-type Activities
Buildings	\$600,000	\$0
Vehicles	450,960	0
Equipment	110,752	365,874
Historical Cost	1,161,712	365,874
Less: Accumulated Depreciation	(331,992)	(119,023)
Total Book Value as of December 31, 2019	<u>\$829,720</u>	<u>\$246,851</u>

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
2020	\$165,398	\$76,466
2021	146,465	23,940
2022	92,907	0
2023	92,909	0
2024	9,749	0
Total Minimum Lease Payments	507,428	100,406
Less: Amount Representing Interest	(37,312)	(3,515)
Present Value of Minimum Lease	<u>\$470,116</u>	<u>\$96,891</u>

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. The leases are secured by the related property.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 12 - Capital Assets

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

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19
Governmental Activities:				
Capital assets not being depreciated				
Land	\$1,588,166	\$13,600	\$0	\$1,601,766
Construction in progress	105,804	38,080	(143,884)	0
Total capital assets not being depreciated	<u>1,693,970</u>	<u>51,680</u>	<u>(143,884)</u>	<u>1,601,766</u>
Capital assets being depreciated				
Buildings	5,061,978	0	0	5,061,978
Improvements other than Buildings	582,075	13,961	0	596,036
Furniture, Fixtures and Equipment	3,849,052	295,665	(31,017)	4,113,700
Vehicles	3,860,645	34,875	(287,093)	3,608,427
Infrastructure:				
Streets	43,917,360	143,884	0	44,061,244
Storm Drains	4,912,887	0	0	4,912,887
Sidewalks	8,683,603	0	0	8,683,603
Fire Hydrants	1,535,600	0	0	1,535,600
Traffic Lights	4,884,734	0	0	4,884,734
Total capital assets being depreciated	<u>77,287,934</u>	<u>488,385</u>	<u>(318,110)</u>	<u>77,458,209</u>
Accumulated depreciation				
Buildings	(3,365,347)	(82,836)	0	(3,448,183)
Improvements other than Buildings	(432,227)	(11,942)	0	(444,169)
Furniture, Fixtures and Equipment	(2,514,608)	(167,818)	30,557	(2,651,869)
Vehicles	(2,518,727)	(321,621)	265,228	(2,575,120)
Infrastructure:				
Streets	(24,010,397)	(729,716)	0	(24,740,113)
Storm Drains	(2,740,835)	(40,290)	0	(2,781,125)
Sidewalks	(4,996,640)	(217,090)	0	(5,213,730)
Fire Hydrants	(799,073)	(20,475)	0	(819,548)
Traffic Lights	(1,127,029)	(151,161)	0	(1,278,190)
Total accumulated depreciation	<u>(42,504,883)</u>	<u>(1,742,949) *</u>	<u>295,785</u>	<u>(43,952,047)</u>
Capital assets being depreciated, net	<u>34,783,051</u>	<u>(1,254,564)</u>	<u>(22,325)</u>	<u>33,506,162</u>
Governmental activities capital assets, net	<u>\$36,477,021</u>	<u>(\$1,202,884)</u>	<u>(\$166,209)</u>	<u>\$35,107,928</u>

City of Ravenna, Ohio
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For the Year Ended December 31, 2019

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19
Business-type activities:				
Capital assets not being depreciated				
Land	\$1,565,260	\$200	\$0	\$1,565,460
Construction in progress	262,721	541,048	(357,279)	446,490
Total capital assets not being depreciated	<u>1,827,981</u>	<u>541,248</u>	<u>(357,279)</u>	<u>2,011,950</u>
Capital assets being depreciated				
Buildings	6,491,616	0	0	6,491,616
Improvements other than Buildings	14,614,297	0	0	14,614,297
Furniture, Fixtures and Equipment	11,475,501	422,196	0	11,897,697
Vehicles	643,019	48,161	0	691,180
Infrastructure:				
Water Lines	16,283,291	357,279	0	16,640,570
Sewer Lines	6,532,228	0	0	6,532,228
Total capital assets being depreciated	<u>56,039,952</u>	<u>827,636</u>	<u>0</u>	<u>56,867,588</u>
Accumulated depreciation				
Buildings	(3,380,542)	(92,711)	0	(3,473,253)
Improvements other than Buildings	(10,340,501)	(360,561)	0	(10,701,062)
Furniture, Fixtures and Equipment	(4,184,635)	(379,207)	0	(4,563,842)
Vehicles	(216,935)	(69,751)	0	(286,686)
Infrastructure:				
Water Lines	(7,615,821)	(176,460)	0	(7,792,281)
Sewer Lines	(3,444,352)	(62,409)	0	(3,506,761)
Total accumulated depreciation	<u>(29,182,786)</u>	<u>(1,141,099)</u>	<u>0</u>	<u>(30,323,885)</u>
Capital assets being depreciated, net	<u>26,857,166</u>	<u>(313,463)</u>	<u>0</u>	<u>26,543,703</u>
Business-type activities capital assets, net	<u>\$28,685,147</u>	<u>\$227,785</u>	<u>(\$357,279)</u>	<u>\$28,555,653</u>

* Depreciation expense was charged to governmental activities as follows:

General Government	\$26,360
Security of Persons and Property:	
Police	123,419
Fire	151,757
Leisure Time Activities	50,403
Public Health and Welfare	20,475
Community Environment	273,535
Transportation	1,056,710
Basic Utility Services	40,290
Total	<u>\$1,742,949</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 13 - Contingencies

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2019.

Litigation

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

Note 14 - Jointly Governed Organizations

Metro Critical Response and Rescue Team (CRRT) The Metro Critical Response and Rescue Team is a multi-jurisdictional tactical unit consisting of member agencies within Summit County as well as selected out of county agencies. The CRRT is a team of specially trained police officers from participating political subdivisions which will respond to any incident where special weapons and tactics are needed within the member jurisdictions. Each agency has a departmental representative that collectively constitutes the “Board of Directors”. Each representative from each department is allotted one vote in the decision making process of CRRT matters. The CRRT Board of Directors is directed by an Executive Board consisting of a President, Vice-President and Secretary as elected annually from the members of the Board of Directors. The Board of Directors controls the budget and all financial concerns. In 2019, the City contributed \$3,607, 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 Infirmity Road, Ravenna, Ohio 44266.

Regional Income Tax Agency The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of the collection of income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA’s operation including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the council. For 2019, the City paid RITA \$128,087 for income tax collection services.

City of Ravenna, Ohio
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For the Year Ended December 31, 2019

Note 15 - Joint Venture

Maple Grove Union Cemetery - The City participates in the Maple Grove Union Cemetery which is a statutorily created union cemetery, formed under chapter 759.27 of the Ohio Revised Code. The Cemetery's functions include the funding and operation of the cemetery which is located in both the City of Ravenna and the Township of Ravenna. It is governed by a three member board comprised of one member of the Township, one member of the City and one member voted on by the Board. The Board of Trustees approves its own budget, appoints personnel and oversees accounting and finance related activities. Each participant's control is limited to its membership representation. The continued existence of the Cemetery is dependent upon the City's continued participation, however, the City does not have an equity interest in the Cemetery. The Cemetery is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the City. The parties share in the costs of the operation of the cemetery based upon the prorated property valuations of each entity. The City's percentage for 2019 was 55.0 percent. During 2019, \$158,147 was paid by the City for operating expenses and capital outlay. Complete financial statements may be obtained from the Maple Grove Union Cemetery, Ravenna, Ohio.

Note 16 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset) /Net OPEB Liability

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

The net pension/OPEB liabilities (asset) represent the City's proportionate share of each pension/OPEB plans' collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plans' fiduciary net position. The net pension/OPEB liabilities (asset) calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code (ORC) limits the City's obligation for these liabilities 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 and OPEB.

GASB 68/75 assume the liabilities are solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liabilities (asset). Resulting

City of Ravenna, Ohio
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adjustments to the net pension/OPEB liabilities (asset) would be effective when the changes are legally enforceable. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 17 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' annual financial report referenced previously for additional information, including requirements for reduced and unreduced benefits):

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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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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 traditional plan benefit recipient has received benefits for 12 months, current law provides for a COLA. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a COLA on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The ORC provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
	14.0 %
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

City of Ravenna, Ohio
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For 2019, The City's contractually required contribution was \$572,131 for the traditional plan, \$4,317 for the combined plan and \$30,050 for the member-directed plan. Of these amounts, \$48,349 is reported as an intergovernmental payable for the traditional plan, \$364 for the combined plan, and \$2,537 for the member-directed plan.

Plan Description – Ohio Police & Fire Pension Fund

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

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3 percent or the percent increase, if any, in the Consumer Price Index over the 13 month period ending on September 30th 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 3 percent of their base pension or disability benefit.

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Funding Policy – The ORC provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2019 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	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$655,014 for 2019. Of this amount, \$56,415 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City’s proportion of the net pension liability (asset) 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 of the City’s defined benefit pension plans:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.0297410%	0.0004320%	0.1318400%	
Prior Measurement Date	0.0303960%	0.0019410%	0.1289040%	
Change in Proportionate Share	-0.0006550%	-0.0015090%	0.0029360%	
Proportionate Share of the:				Total
Net Pension Liability	\$8,145,455	\$0	\$10,761,629	\$18,907,084
Net Pension Asset	0	483	0	483
Pension Expense	1,752,983	162	1,439,508	3,192,653

2019 pension expense for the member-directed defined contribution plan was \$20,129. The aggregate pension expense for all pension plans was \$3,212,782 for 2019.

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At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$376	\$0	\$442,153	\$442,529
Changes of assumptions	709,082	108	285,305	994,495
Net difference between projected and actual earnings on pension plan investments	1,105,566	104	1,325,824	2,431,494
Changes in proportion and differences between City contributions and proportionate share of contributions	1,524	1,156	141,928	144,608
City contributions subsequent to the measurement date	572,131	4,317	655,014	1,231,462
Total Deferred Outflows of Resources	\$2,388,679	\$5,685	\$2,850,224	\$5,244,588
Deferred Inflows of Resources				
Differences between expected and actual experience	\$106,955	\$198	\$10,049	\$117,202
Changes in proportion and differences between City contributions and proportionate share of contributions	95,061	828	99,582	195,471
Total Deferred Inflows of Resources	\$202,016	\$1,026	\$109,631	\$312,673

\$1,231,462 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 or increase to the net pension asset in 2020. 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 Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2020	\$676,557	\$45	\$644,120	\$1,320,722
2021	321,241	23	354,202	675,466
2022	102,565	26	416,465	519,056
2023	514,169	57	631,478	1,145,704
2024	0	16	39,314	39,330
Thereafter	0	175	0	175
Total	\$1,614,532	\$342	\$2,085,579	\$3,700,453

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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 was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018, are presented as follows:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October of 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change was effective beginning with the 2018 valuation.

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

The most recent experience study was completed for the five year period ended December 31, 2015.

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.

City of Ravenna, Ohio
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During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the traditional pension plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

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 following table displays the Board-approved asset allocation policy for 2018 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 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. For 2017, the discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. 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 contractually required rates, as actuarially determined. 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 for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

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	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$12,033,209	\$8,145,455	\$4,914,700
OPERS Combined Plan	(160)	(483)	(717)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, are presented as follows:

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

The 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 expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	120.00 %	

Note: Assumptions are geometric.

* levered 2x

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

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

City of Ravenna, Ohio
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Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$14,145,418	\$10,761,629	\$7,933,982

Note 17 – Defined Benefit OPEB Plans

See Note 16 for a description of the net OPEB liability

Plan Description – Ohio Public Employees Retirement System

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 No. 75. See OPERS’ annual financial report referenced later for additional information.

The Ohio Revised Code (ORC) 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 ORC.

Disclosures for the health care plan are presented separately in the OPERS’ annual 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.

City of Ravenna, Ohio
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Funding Policy – The ORC provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS’ Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS’ actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2019 was 4.0 percent.

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

The City’s contractually required contribution was \$8,586 for 2019. Of this amount, \$725 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded.

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

The City’s contractually required contribution to OP&F was \$15,627 for 2019. Of this amount, \$1,347 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F’s total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City’s proportion of the net OPEB liability was based on the City’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.0290950%	0.1318400%	
Prior Measurement Date	0.0297900%	0.1289040%	
Change in Proportionate Share	-0.0006950%	0.0029360%	
			Total
Proportionate Share of the Net OPEB Liability	\$3,793,301	\$1,200,607	\$4,993,908
OPEB Expense	\$312,500	(\$5,893,225)	(\$5,580,725)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Ravenna, Ohio
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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$1,284	\$0	\$1,284
Changes of assumptions	122,300	622,336	744,636
Net difference between projected and actual earnings on OPEB plan investments	173,900	40,642	214,542
Changes in proportion and differences between City contributions and proportionate share of contributions	0	130,621	130,621
City contributions subsequent to the measurement date	<u>8,586</u>	<u>15,627</u>	<u>24,213</u>
Total Deferred Outflows of Resources	<u><u>\$306,070</u></u>	<u><u>\$809,226</u></u>	<u><u>\$1,115,296</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$10,292	\$32,167	\$42,459
Changes of assumptions	0	332,384	332,384
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>66,305</u>	<u>23,905</u>	<u>90,210</u>
Total Deferred Inflows of Resources	<u><u>\$76,597</u></u>	<u><u>\$388,456</u></u>	<u><u>\$465,053</u></u>

\$24,213 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2020	\$96,661	\$70,757	\$167,418
2021	8,738	70,757	79,495
2022	27,886	70,757	98,643
2023	87,602	83,049	170,651
2024	0	63,669	63,669
Thereafter	<u>0</u>	<u>46,154</u>	<u>46,154</u>
Total	<u><u>\$220,887</u></u>	<u><u>\$405,143</u></u>	<u><u>\$626,030</u></u>

Actuarial Assumptions - OPERS

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

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Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

In October of 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change was be effective for the 2018 valuation.

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

The most recent experience study was completed for the five year period ended December 31, 2015.

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

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During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.6 percent for 2018.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The following table displays the Board-approved asset allocation policy for 2018 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	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

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	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$4,853,046	\$3,793,301	\$2,950,524

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary's project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$3,646,185	\$3,793,301	\$3,962,739

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented as follows:

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	4.66 percent
Prior measurement date	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

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

Discount Rate For 2019, the total OPEB liability was calculated using the discount rate of 4.66 percent. For 2018, the total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent.

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Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members; therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent for 2018 and 3.24 percent for 2017. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2031. The long-term expected rate of return on health care investments was applied to projected costs through 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$1,462,665	\$1,200,607	\$980,629

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

Note 18 - 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
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
Business-Type Activities			
<i>OPWC Loans from Direct Borrowings:</i>			
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%	130,000	2032

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Debt Issue	Interest Rate	Original Issue	Year of Maturity		
Business-Type Activities (continued)					
<i>OPWC Loans from Direct Borrowings:</i>					
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		
Oakgrove, Riddle and Peck waterline - 2018	0.00%	65,801	2037		
Prospect and Central Water and Road Improvements - 2019	0.00%	38,668	2039		
Hazen Avenue Waterline - 2019	0.00%	N/A	N/A		
<i>OWDA Loans from Direct Borrowings:</i>					
Lovers Lane Windmill Sewer - 2002	3.95%	292,433	2022		
Kent/Ravenna Emergency Waterline - 2003	3.65%	486,102	2023		
WWTP Expansion - 2003	0.44%	17,718,652	2024		
Water Meters - 2008	3.40%	1,219,092	2023		
<i>General Obligation Bonds:</i>					
Energy Conservation Improvement Bonds - 2012	2.00% to 3.00%	1,782,000	2032		
				Outstanding 12/31/18	Amounts Due in One Year
	Additions	(Reductions)		Outstanding 12/31/19	
Governmental Activities					
General Obligation Bonds					
Municipal Building Improvement	\$210,000	\$0	(\$40,000)	\$170,000	\$40,000
Energy Conservation Improvement Bonds	3,108,000	0	(189,000)	2,919,000	192,500
Premium on Energy Conservation Improvement Bonds	45,789	0	(3,271)	42,518	0
<i>Total General Obligation Bonds</i>	<u>3,363,789</u>	<u>0</u>	<u>(232,271)</u>	<u>3,131,518</u>	<u>232,500</u>
Library Bonds					
Reed Memorial Library Refunding Serial Bonds	2,615,000	0	(175,000)	2,440,000	180,000
Reed Memorial Library Refunding Term Bonds	610,000	0	0	610,000	0
Discount on Reed Memorial Library Refunding Bonds	(21,025)	0	1,450	(19,575)	0
Premium on Reed Memorial Library Refunding Bonds	79,594	0	(5,489)	74,105	0
<i>Total Library Bonds</i>	<u>3,283,569</u>	<u>0</u>	<u>(179,039)</u>	<u>3,104,530</u>	<u>180,000</u>
<i>Other Long-term Liabilities:</i>					
Net Pension Liability					
OPERS	2,384,272	1,688,456	0	4,072,728	0
OP&F	7,911,421	2,850,208	0	10,761,629	0
Total Net Pension Liability	<u>10,295,693</u>	<u>4,538,664</u>	<u>0</u>	<u>14,834,357</u>	<u>0</u>
Net OPEB Liability					
OPERS	1,617,487	279,164	0	1,896,651	0
OP&F	7,303,520	0	(6,102,913)	1,200,607	0
Total Net OPEB Liability	<u>8,921,007</u>	<u>279,164</u>	<u>(6,102,913)</u>	<u>3,097,258</u>	<u>0</u>
Capital Leases	592,843	110,752	(233,479)	470,116	148,990
Compensated Absences	923,416	497,720	(505,658)	915,478	501,338
Total Other Long-term Liabilities	<u>20,732,959</u>	<u>5,426,300</u>	<u>(6,842,050)</u>	<u>19,317,209</u>	<u>650,328</u>
<i>Total Governmental Activities</i>	<u>\$27,380,317</u>	<u>\$5,426,300</u>	<u>(\$7,253,360)</u>	<u>\$25,553,257</u>	<u>\$1,062,828</u>

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	Outstanding 12/31/18	Additions	(Reductions)	Outstanding 12/31/19	Due in One Year
Business Type Activities					
OPWC Loans from Direct Borrowings					
Hayes Road Waterline	\$1,730	\$0	(\$1,730)	\$0	\$0
Highland Avenue Reconstruction	3,583	0	(1,792)	1,791	1,791
Lake Avenue Water and Storm Loan	6,875	0	(1,528)	5,347	1,528
Chestnut and Washington					
Water and Storm Sewers	22,500	0	(2,500)	20,000	2,500
West Main Street Waterline Replacement	23,750	0	(2,500)	21,250	2,500
Ravenna Area Water Improvements	9,345	0	(890)	8,455	890
New Milford Road Waterline	12,428	0	(1,130)	11,298	1,129
Clinton and Lafayette Waterline	57,190	0	(4,236)	52,954	4,236
Cleveland Road	9,766	0	(674)	9,092	673
North Diamond Water and Storm	229,510	0	(14,807)	214,703	14,807
Sycamore and Mill Water	104,960	0	(6,361)	98,599	6,362
South Diamond Waterline	42,500	0	(2,500)	40,000	2,500
Oakgrove, Riddle and Peck Waterlines	60,866	0	(3,290)	57,576	3,290
Prospect and Central Water and					
Road Improvements	0	38,668	(967)	37,701	1,933
Hazen Avenue Waterline	0	99,492	0	99,492	0
<i>Total OPWC Loans</i>	<u>585,003</u>	<u>138,160</u>	<u>(44,905)</u>	<u>678,258</u>	<u>44,139</u>
OWDA Loans from Direct Borrowings					
Lovers Lane Windmill Sewer	78,051	0	(18,383)	59,668	19,117
Kent/Ravenna Emergency Waterline	156,188	0	(29,020)	127,168	30,088
WWTP Expansion	5,480,072	0	(903,339)	4,576,733	907,318
Water Meters	461,808	0	(86,241)	375,567	89,198
<i>Total OWDA Loans</i>	<u>6,176,119</u>	<u>0</u>	<u>(1,036,983)</u>	<u>5,139,136</u>	<u>1,045,721</u>
General Obligation Bonds					
Energy Conservation Improvement Bonds	1,332,000	0	(81,000)	1,251,000	82,500
Premium on Energy Conservation					
Improvement Bonds	19,624	0	(1,402)	18,222	0
<i>Total General Obligation Bonds</i>	<u>1,351,624</u>	<u>0</u>	<u>(82,402)</u>	<u>1,269,222</u>	<u>82,500</u>
<i>Other Long-term Liabilities:</i>					
Net Pension Liabilities - OPERS:					
Water	1,335,192	945,535	0	2,280,727	0
Sewer	1,049,080	742,920	0	1,792,000	0
Total Net Pension Liability - OPERS	<u>2,384,272</u>	<u>1,688,455</u>	<u>0</u>	<u>4,072,727</u>	<u>0</u>
Net OPEB Liabilities - OPERS:					
Water	905,793	156,332	0	1,062,125	0
Sewer	711,694	122,831	0	834,525	0
Total Net OPEB Liability - OPERS	<u>1,617,487</u>	<u>279,163</u>	<u>0</u>	<u>1,896,650</u>	<u>0</u>
Capital Leases	173,858	0	(76,967)	96,891	73,693
Compensated Absences	266,744	71,047	(87,065)	250,726	80,763
<i>Total Other Long-term Liabilities</i>	<u>4,442,361</u>	<u>2,038,665</u>	<u>(164,032)</u>	<u>6,316,994</u>	<u>154,456</u>
<i>Total Business Type Activities</i>	<u>\$12,555,107</u>	<u>\$2,176,825</u>	<u>(\$1,328,322)</u>	<u>\$13,403,610</u>	<u>\$1,326,816</u>

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

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

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issue tax related debt on behalf of the Library, although the City's role is limited to a ministerial function only. As this is not City debt, it is not included in the City's net investment in capital assets. 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.

On June 4, 2013, the City issued \$4,060,000 in Library bonds to refund the 2003 Reed Memorial Library Bonds. The Library bonds included serial and term bonds in the amount of \$3,450,000 and \$610,000, respectively. The serial bonds were issued for a twenty year period with a final maturity at December 1, 2033. 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>

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

The City's outstanding OPWC loans from direct borrowings related to business-type activities of \$678,258 contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

The City's outstanding OWDA loans from direct borrowings of \$5,139,136 related to business-type activities contain provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

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In 2019, the City was approved for an OPWC loan for Hazen Avenue water improvements. As of December 31, 2019, the City has received proceeds of \$99,492. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

The City's overall legal debt margin was \$16,121,464 at December 31, 2019. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2019 are as follows:

Governmental Activities

	<u>General Obligation Bonds</u>		<u>Library Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$232,500	\$86,173	\$180,000	\$101,244
2021	236,000	80,323	185,000	97,644
2022	248,000	73,913	190,000	93,482
2023	251,500	66,588	190,000	88,968
2024	210,000	59,177	195,000	84,218
2025-2029	1,144,500	210,492	1,085,000	359,922
2030-2033	766,500	46,410	1,025,000	155,201
Total	<u>\$3,089,000</u>	<u>\$623,076</u>	<u>\$3,050,000</u>	<u>\$980,679</u>

Business-Type Activities

	<i>From Direct Borrowings</i>				
	<u>OPWC Loans</u>	<u>OWDA Loans</u>		<u>Energy Conservation General Obligation Bonds</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$44,139	\$1,045,721	\$34,984	\$82,500	\$33,289
2021	42,350	1,054,647	26,798	84,000	31,639
2022	42,350	1,063,765	18,446	87,000	29,749
2023	41,584	1,051,590	10,081	88,500	27,574
2024	40,821	923,413	3,048	90,000	25,361
2025-2029	194,912	0	0	490,500	90,210
2030-2034	150,004	0	0	328,500	19,890
2035-2039	22,606	0	0	0	0
Total	<u>\$578,766</u>	<u>\$5,139,136</u>	<u>\$93,357</u>	<u>\$1,251,000</u>	<u>\$257,712</u>

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.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 2033 and 2026. 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	\$47,070	Water	\$325,092
Revolving Loan	1,612	Sewer	86,874
Street Construction, Maintenance and Repair	50,000	Total Proprietary	<u>\$411,966</u>
Other Governmental Funds	<u>196,006</u>		
Total Governmental Funds	<u>\$294,688</u>		

Note 21 – Tax Abatements

As of December 31, 2019, the City of Ravenna offers real property tax incentives via two programs; The Community Reinvestment Area (CRA) and Enterprise Zone Agreements.

Community Reinvestment Area (CRA)

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

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Enterprise Zone Agreements

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

Compliance and Monitoring

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

School Revenue Sharing

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

Abatements Granted in 2019

Ravenna City Council, by ordinance, acknowledged and approved the recommendations of the City's Tax Incentive Review Council granting the following Enterprise Zone Agreement tax abatements in 2019:

<u>Tax Abatement Program</u>	<u>Total Amount of Property Taxes Forgone (Abated) For Collection Year 2019</u>
Manufacturing	<u><u>\$119,672</u></u>

Note 22 – Changes in Accounting Principles and Restatement of Fund Balances and Net Position

Changes in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The City evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

For 2019, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. GASB Statement 84 was incorporated into the City's 2019 financial statements. Also related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds, at December 31, 2018, agency funds reported assets and liabilities of \$19,364.

GASB Statement 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the City's fiscal year 2019 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of December 31, 2018:

	General	Revolving Loan	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Fund Balances, December 31, 2018	\$3,771,790	\$7,555,333	\$989,076	\$3,144,166	\$15,460,365
Adjustments:					
GASB Statement 84	320	0	0	325	645
Restated Fund Balances, December 31, 2018	<u>\$3,772,110</u>	<u>\$7,555,333</u>	<u>\$989,076</u>	<u>\$3,144,491</u>	<u>\$15,461,010</u>

The implementation of GASB Statement No. 84 had the following effect on net position as of December 31, 2018:

	Governmental Activities	Water	Sewer	Business Type Activities
Net Position December 31, 2018	\$27,452,936	\$17,671,225	\$9,473,847	\$27,145,072
Adjustments:				
GASB Statement 84	645	250	0	250
Restated Net Position, December 31, 2018	<u>\$27,453,581</u>	<u>\$17,671,475</u>	<u>\$9,473,847</u>	27,145,322
			Internal Balance	5,396
				<u>\$27,150,718</u>

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 23 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investment portfolio and the investments of the pension and other employee benefit plans in which the City participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

City of Ravenna, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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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 Six Years (1)

	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0297410%	0.0303960%	0.0307900%	0.0303530%	0.0314700%	0.0314700%
City's Proportionate Share of the Net Pension Liability	\$8,145,455	\$4,768,544	\$6,991,886	\$5,257,523	\$3,795,635	\$3,709,903
City's Covered Payroll	\$4,017,000	\$4,016,792	\$3,980,183	\$3,777,750	\$3,858,183	\$4,069,508
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.77%	118.72%	175.67%	139.17%	98.38%	91.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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

	2019	2018
City's Proportion of the Net Pension Asset	0.0004320%	0.0019410%
City's Proportionate Share of the Net Pension Asset	\$483	\$2,642
City's Covered Payroll	\$1,850	\$7,954
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-26.11%	-33.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information.

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

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0290950%	0.0297900%	0.0302300%
City's Proportionate Share of the Net OPEB Liability	\$3,793,301	\$3,234,974	\$3,053,333
City's Covered Payroll	\$4,220,125	\$4,219,671	\$4,177,783
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.89%	76.66%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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 Six Years (1)

	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.1318400%	0.1289040%	0.1293670%	0.1316500%	0.1327447%	0.1327447%
City's Proportionate Share of the Net Pension Liability	\$10,761,629	\$7,911,421	\$8,193,976	\$8,466,885	\$6,876,729	\$6,465,083
City's Covered Payroll	\$3,014,461	\$2,838,646	\$2,707,131	\$2,689,412	\$2,654,800	\$2,608,513
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	357.00%	278.70%	302.68%	314.82%	259.03%	247.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year

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

See accompanying notes to the required supplementary information.

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

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.1318400%	0.1289040%	0.2336590%
City's Proportionate Share of the Net OPEB Liability	\$1,200,607	\$7,303,520	\$6,140,761
City's Covered Payroll	\$3,014,461	\$2,838,646	\$2,707,131
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.83%	257.29%	226.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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

	2019	2018	2017
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	\$572,131	\$562,380	\$522,183
Contributions in Relation to the Contractually Required Contribution	<u>(572,131)</u>	<u>(562,380)</u>	<u>(522,183)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$4,086,650	\$4,017,000	\$4,016,792
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
Net Pension Asset - Combined Plan			
Contractually Required Contribution	\$4,317	\$259	\$1,034
Contributions in Relation to the Contractually Required Contribution	<u>(4,317)</u>	<u>(259)</u>	<u>(1,034)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$30,836	\$1,850	\$7,954
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
Net OPEB Liability - OPEB Plan (2)			
Contractually Required Contribution	\$8,586	\$8,051	\$48,044
Contributions in Relation to the Contractually Required Contribution	<u>(8,586)</u>	<u>(8,051)</u>	<u>(48,044)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$4,332,136	\$4,220,125	\$4,219,671
OPEB Contributions as a Percentage of Covered Payroll	<u>0.20%</u>	<u>0.19%</u>	<u>1.14%</u>

(1) Information prior to 2013 is not available for traditional and combined plans.

(2) Information prior to 2016 is not available for the OPEB plan.

(3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

2016	2015	2014	2013
\$477,622	\$453,330	\$462,982	\$529,036
<u>(477,622)</u>	<u>(453,330)</u>	<u>(462,982)</u>	<u>(529,036)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,980,183	\$3,777,750	\$3,858,183	\$4,069,508
<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$0	\$0	\$1,853	\$2,212
<u>0</u>	<u>0</u>	<u>(1,853)</u>	<u>(2,212)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$0	\$0	\$15,442	\$17,015
<u>0.00%</u>	<u>0.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$87,508			
<u>(87,508)</u>			
<u>\$0</u>			
\$4,177,783			
<u>2.09%</u>			

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

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	\$655,014	\$630,856	\$594,126	\$567,124
Contributions in Relation to the Contractually Required Contribution	<u>(655,014)</u>	<u>(630,856)</u>	<u>(594,126)</u>	<u>(567,124)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$3,125,477	\$3,014,461	\$2,838,646	\$2,707,131
Pension Contributions as a Percentage of Covered Payroll	<u>20.96%</u>	<u>20.93%</u>	<u>20.93%</u>	<u>20.95%</u>
Net OPEB Liability				
Contractually Required Contribution	\$15,627	\$15,072	\$14,193	\$13,535
Contributions in Relation to the Contractually Required Contribution	<u>(15,627)</u>	<u>(15,072)</u>	<u>(14,193)</u>	<u>(13,535)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.46%</u>	<u>21.43%</u>	<u>21.43%</u>	<u>21.45%</u>

(1) The City's Covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010
\$563,226	\$555,528	\$464,473	\$377,712	\$376,599	\$384,297
<u>(563,226)</u>	<u>(555,528)</u>	<u>(464,473)</u>	<u>(377,712)</u>	<u>(376,599)</u>	<u>(384,297)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,689,412	\$2,654,800	\$2,608,513	\$2,568,072	\$2,550,162	\$2,602,288
<u>20.94%</u>	<u>20.93%</u>	<u>17.81%</u>	<u>14.71%</u>	<u>14.77%</u>	<u>14.77%</u>
\$13,447	\$13,274	\$94,341	\$173,345	\$172,136	\$175,655
<u>(13,447)</u>	<u>(13,274)</u>	<u>(94,341)</u>	<u>(173,345)</u>	<u>(172,136)</u>	<u>(175,655)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.44%</u>	<u>21.43%</u>	<u>21.43%</u>	<u>21.46%</u>	<u>21.52%</u>	<u>21.52%</u>

City of Ravenna, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2019

Changes in Assumptions – OPERS Pension – Traditional Plan

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and in 2016 and prior are presented as follows:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the previously described tables.

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

Changes in Assumptions – OPERS Pension – Combined Plan

For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

Changes in Assumptions – OP&F Pension

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

City of Ravenna, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2019

	Beginning in 2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

Changes in Assumptions – OPERS OPEB

For 2019, the single discount rate changed from 3.85 percent to 3.96 percent and the municipal bond rate changed from 3.31 percent to 3.71 percent. For 2019, the health care cost trend rate was 10 percent, initial; 3.25 ultimate in 2029. For 2018, the health care cost trend rate was 7.25 percent, initial; 3.25 percent ultimate in 2028.

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

City of Ravenna, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2019

Changes in Assumptions – OP&F OPEB

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

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

Changes in Benefit Terms – OP&F OPEB

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

City of Ravenna, Ohio

For the Year Ended December 31, 2019

City of Ravenna, Ohio

For the Year Ended December 31, 2019

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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, 2019, 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, 2020, wherein we noted that the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and as a result restated their December 31, 2018 net position of the governmental activities and business-type activities, including the Water Fund, and the fund balances of the General Fund and the aggregate remaining funds, as disclosed in Note 22.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

Ciampi & Parricchi, Inc.

Cleveland, Ohio
June 29, 2020

City of Ravenna, Ohio

Schedule of Findings

For the Year Ended December 31, 2019

1. Summary of Auditor's Results

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

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

None noted.

City of Ravenna, Ohio

Schedule of Prior Audit Findings

For the Year Ended December 31, 2019

Finding No.	Finding Summary	Fully Corrected	Explanation
2018-001	<p data-bbox="321 445 1065 508"><i>Material Weakness in internal control over financial reporting:</i></p> <p data-bbox="321 537 1065 705">We noted audit adjustments were made to the financial statements regarding income tax receivable; and EMS accounts receivable and related deferred inflow to reflect an allowance for doubtful accounts for the uncollectible portion as estimated by the City.</p> <p data-bbox="321 735 1065 873">Additionally, the City posted an adjustment that restated intergovernmental payable, workers' compensation claims payable, interfund payable and interfund receivable for prior year amounts not properly recorded.</p> <p data-bbox="321 903 1065 1062">The City will complete an assessment of the above adjustments and ensure the proper controls are in place to mitigate their reoccurrence. Also, the City will ensure that these items are communicated with third parties assisting with the GAAP conversion.</p>	Yes	

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF RAVENNA

PORTAGE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/11/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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