



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF NILES
TRUMBULL COUNTY
DECEMBER 31, 2024**

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TRUMBULL COUNTY
DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

City of Niles
Trumbull County
34 W. State Street
Niles, Ohio 44446

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Niles, Trumbull County, Ohio (City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 of Niles, Trumbull County, Ohio as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Police and Fire Tax funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 25 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 24, 2025

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City of Niles
Management's Discussion and Analysis
For the Year Ended December 31, 2024

The discussion and analysis of the City of Niles' financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Financial highlights for 2024 are as follows:

- The City's overall financial position improved in 2024. Governmental activities net position increased mainly due to significant infrastructure projects through capital assets. Business-type activities net position increased due to the continued increase in cash and cash equivalents from operations and the continual payment of debt obligations.
- Governmental long-term debt obligations increased mainly due to the issuance of park improvement general obligation bonds during the year. Business-type long-term liabilities decreased from the prior year due to decreases in the net pension/OPEB liabilities and through current year debt payments.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the readers can understand the City of Niles as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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 finances. 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 remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting on the City as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position presents information, excluding fiduciary funds, on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in tax laws and the condition of capital assets should also be considered. Both the Statement of Net Position and the Statement of Activities use the accrual basis of accounting that is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities

City of Niles
Management's Discussion and Analysis
For the Year Ended December 31, 2024

- Deferred Inflows of Resources
- Net Position
- Program Revenues and Expenses
- General Revenues
- Net Position Beginning of Year and Year's End

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- ◆ Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including Federal and State grants and other shared revenues.
- ◆ Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer and electric operations are reported here.

Reporting on the Most Significant Funds of the City

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, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund and the police and fire tax special revenue fund.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the 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 maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

City of Niles
Management's Discussion and Analysis
For the Year Ended December 31, 2024

Proprietary Funds The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's enterprise funds are the water, sewer and electric funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's internal service funds report on City departments' motor fuel and self-insurance programs for employee medical benefits.

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

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

The City as a Whole

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2024 as they compare to 2023.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and Other Assets	\$33,375,102	\$30,487,817	\$41,100,566	\$36,903,069	\$74,475,668	\$67,390,886
Noncurrent Assets:						
Net OPEB Asset	124,438	0	254,830	0	379,268	0
Capital Assets, Net	33,368,416	28,424,613	60,248,374	60,280,828	93,616,790	88,705,441
<i>Total Assets</i>	<i>66,867,956</i>	<i>58,912,430</i>	<i>101,603,770</i>	<i>97,183,897</i>	<i>168,471,726</i>	<i>156,096,327</i>
Deferred Outflows of Resources						
Asset Retirement Obligation	6,668	8,001	0	0	6,668	8,001
Pension	6,265,052	7,777,855	2,363,634	3,839,989	8,628,451	11,523,346
OPEB	798,683	1,198,709	233,592	564,209	1,032,275	1,762,403
<i>Total Deferred Outflows of Resources</i>	<i>7,070,403</i>	<i>8,984,565</i>	<i>2,597,226</i>	<i>4,404,198</i>	<i>9,667,394</i>	<i>13,293,750</i>
Liabilities						
Current Liabilities	2,602,209	1,808,982	2,832,222	2,794,247	5,434,431	4,603,229
Long-term Liabilities						
Due within One Year	1,595,912	1,405,418	2,210,234	2,269,134	3,806,146	3,674,552
Due in More than One Year						
Net Pension Liability	21,258,486	22,058,953	7,625,888	9,254,055	28,884,374	31,313,008
Net OPEB Liability	1,325,130	1,413,483	0	186,408	1,325,130	1,599,891
Other Amounts	6,532,477	3,425,630	26,522,195	28,111,844	33,054,672	31,537,474
<i>Total Liabilities</i>	<i>\$33,314,214</i>	<i>\$30,112,466</i>	<i>\$39,190,539</i>	<i>\$42,615,688</i>	<i>\$72,504,753</i>	<i>\$72,728,154</i>

(continued)

City of Niles
Management's Discussion and Analysis
For the Year Ended December 31, 2024

(Table 1)
Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Deferred Inflows of Resources						
Property Taxes	\$1,089,289	\$913,910	\$0	\$0	\$1,089,289	\$913,910
Leases	145,470	148,893	0	0	145,470	148,893
Pension	985,654	978,433	237,810	96,597	1,223,229	980,532
OPEB	1,309,110	1,561,122	145,813	61,994	1,454,923	1,622,601
Deferred Gain on Refunding	4,971	5,812	6,525	7,626	11,496	13,438
<i>Total Deferred Inflows of Resources</i>	<i>3,534,494</i>	<i>3,608,170</i>	<i>390,148</i>	<i>166,217</i>	<i>3,924,407</i>	<i>3,679,374</i>
Net Position						
Net Investment in Capital Assets	29,090,000	25,157,140	33,361,412	31,426,337	62,451,412	56,583,477
Restricted for:						
Capital Projects	0	491,211	0	0	0	491,211
OPEB Plans	124,438	0	254,830	0	379,268	0
Other Purposes	5,390,181	4,959,956	0	0	5,390,181	4,959,956
Unrestricted	2,485,032	3,568,052	31,004,067	27,379,853	33,489,099	30,947,905
<i>Total Net Position</i>	<i>\$37,089,651</i>	<i>\$34,176,359</i>	<i>\$64,620,309</i>	<i>\$58,806,190</i>	<i>\$101,709,960</i>	<i>\$92,982,549</i>

New Accounting Pronouncements

For 2024, the City implemented GASB Statement No. 101 *Compensated Absences*. The City also implemented GASB Statement No. 100 *Accounting Changes and Error Corrections*, which does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The implementation of GASB 101 resulted in recognizing an additional compensated absences liabilities of \$1,620,422 in governmental activities and \$322,763 in business-type activities at January 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense. (See Note 3)

Governmental and Business-Type Activities

The net pension liability (NPL) is one of the largest single liabilities reported by the City at December 31, 2024. 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. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they receive the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

City of Niles
Management's Discussion and Analysis
For the Year Ended December 31, 2024

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.

Governmental activities current and other assets increased over the prior year due to an increase in cash and cash equivalents mainly from unspent proceeds of new general obligation bonds. Capital assets increased due to current year additions of construction in progress, land improvements, equipment, vehicles, and infrastructure. The increase in long-term liabilities can be attributed to the issuance of new long-term debt.

Net position of business-type activities increased from the prior year. Current and other assets increased including cash and cash equivalents due to an increase in charges for services and assessment revenues. The slight decrease in capital assets is attributable to current year depreciation outpacing current year additions of construction in progress, buildings, machinery and equipment, vehicles and infrastructure. Long-term liabilities decreased due to changes in the net pension/OPEB liabilities and the payments of debt obligations.

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 2024 and 2023.

(Table 2)
Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues						
Charges for Services and Assessments	\$1,907,479	\$2,056,322	\$45,768,108	\$43,990,016	\$47,675,587	\$46,046,338
Operating Grants	1,773,542	3,120,761	0	0	1,773,542	3,120,761
Capital Grants	3,465,747	760,424	122,885	0	3,588,632	760,424
<i>Total Program Revenues</i>	<i>7,146,768</i>	<i>5,937,507</i>	<i>45,890,993</i>	<i>43,990,016</i>	<i>53,037,761</i>	<i>49,927,523</i>
General Revenues						
Property Taxes	1,149,428	1,024,538	0	0	1,149,428	1,024,538
Income Taxes	11,898,229	12,684,828	0	0	11,898,229	12,684,828
Grants and Entitlements	748,878	655,977	0	0	748,878	655,977
Permissive Taxes	265,776	145,988	0	0	265,776	145,988
Excise Taxes	789,184	772,975	0	0	789,184	772,975
Hotel Taxes	227,174	207,618	0	0	227,174	207,618
Payments in Lieu of Taxes	5,531	0	0	0	5,531	0
Investment Earnings/Interest	2,699,205	2,313,689	0	0	2,699,205	2,313,689
Gain on Sale of Capital Assets	0	42,553	0	14,339	0	56,892
Other	226,571	654,477	1,100,542	221,423	1,327,113	875,900
<i>Total General Revenues</i>	<i>18,009,976</i>	<i>18,502,643</i>	<i>1,100,542</i>	<i>235,762</i>	<i>19,110,518</i>	<i>18,738,405</i>
<i>Total Revenues</i>	<i>\$25,156,744</i>	<i>\$24,440,150</i>	<i>\$46,991,535</i>	<i>\$44,225,778</i>	<i>\$72,148,279</i>	<i>\$68,665,928</i>

City of Niles
Management's Discussion and Analysis
For the Year Ended December 31, 2024

(Table 2)
Changes in Net Position (continued)

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Expenses						
General Government	\$2,832,890	\$3,143,497	\$0	\$0	\$2,832,890	\$3,143,497
Security of Persons and Property	11,727,632	11,426,816	0	0	11,727,632	11,426,816
Public Health and Welfare	490,105	350,049	0	0	490,105	350,049
Leisure Time Activities	2,243,535	1,268,842	0	0	2,243,535	1,268,842
Community Environment	953,624	1,434,497	0	0	953,624	1,434,497
Transportation	2,197,992	1,448,690	0	0	2,197,992	1,448,690
Interest	128,688	82,131	0	0	128,688	82,131
Water	0	0	9,110,727	7,773,363	9,110,727	7,773,363
Sewer	0	0	5,488,915	4,526,754	5,488,915	4,526,754
Electric	0	0	26,303,575	24,291,849	26,303,575	24,291,849
<i>Total Program Expenses</i>	<i>20,574,466</i>	<i>19,154,522</i>	<i>40,903,217</i>	<i>36,591,966</i>	<i>61,477,683</i>	<i>55,746,488</i>
Change in Net Position						
Before Transfers	4,582,278	5,285,628	6,088,318	7,633,812	10,670,596	12,919,440
Transfers	(48,564)	0	48,564	0	0	0
Change in Net Position	4,533,714	5,285,628	6,136,882	7,633,812	10,670,596	12,919,440
<i>Net Position Beginning of Year as Previously Reported</i>	<i>34,176,359</i>	<i>28,890,731</i>	<i>58,806,190</i>	<i>51,172,378</i>	<i>92,982,549</i>	<i>80,063,109</i>
Change in Accounting Principle (Note 3)	(1,620,422)	0	(322,763)	0	(1,943,185)	0
<i>Restated Net Position Beginning of Year</i>	<i>32,555,937</i>	<i>28,890,731</i>	<i>58,483,427</i>	<i>51,172,378</i>	<i>91,039,364</i>	<i>80,063,109</i>
<i>Net Position End of Year</i>	<i>\$37,089,651</i>	<i>\$34,176,359</i>	<i>\$64,620,309</i>	<i>\$58,806,190</i>	<i>\$101,709,960</i>	<i>\$92,982,549</i>

New Accounting Pronouncements

The previous table separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, Compensated Absences. GASB Statement No. 100, Accounting Changes and Error Corrections does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2023 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, Compensated Absences. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 3.)

Governmental Activities

Governmental program revenues increased due to an increase in the capital grants revenue category. Capital grants increased due to State funding for infrastructure projects. Property taxes, grants and entitlements, permissive taxes, excise taxes, hotel taxes, payments in lieu of taxes and interest all increased over the prior year. Investment Earnings/Interest revenue increased due to rising interest rates. The City continues to seek out additional sources of revenue.

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The revenue collected from the income tax, less funds necessary to cover refunds are receipted into the general fund and the police and fire tax fund.

Security of persons and property, public health and welfare, leisure time activities, transportation and interest expenses increased. The largest increase, which was in leisure time activities was due to projects. Security of persons and property expenses continues to remain the largest expense as the City continues to provide safety services.

City of Niles
Management's Discussion and Analysis
For the Year Ended December 31, 2024

Business-Type Activities

The City has three business-type operations. They are water, sewer, and electric operations. The largest source of revenue for business-type operations was charges for services. On the expense side, the largest expense was for contractual services for operations specific to the agreement between the electric fund and AMP Ohio.

The City's Funds

Information about the City's governmental funds begins with the balance sheet. The funds are accounted for using the modified accrual method of accounting. The general fund concluded the year with an increase in fund balance due to an increase in revenues, which was mostly offset by an increase in expenditures and transfers out. The police and fire tax fund ended the year with an increase in fund balance as transfers in from the general fund covered any current year deficits.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The water, sewer and electric fund each saw an increase in net position due to charges for services revenue being greater than current year expenses.

General Fund Budgeting Highlights

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the County Budget Commission in accordance with Ohio Revised Code. In 2024, actual revenues for the general fund were greater than final estimated revenues due in large part to greater interest revenues collected than expected. The City actively seeks out additional sources of funding to maintain services. Actual expenditures were less than final appropriations due to management's effort to control costs and ensure economic stability going forward.

Capital Assets and Long-Term Obligations

Capital Assets

Total capital assets for the governmental activities, net of accumulated depreciation increased from the prior year as the City made a substantial investment through additions to construction in progress, land improvements, equipment, vehicles, and infrastructure.

Total capital assets for the business-type activities, net of accumulated depreciation decreased slightly from the prior year due to depreciation outpacing additions. Current year additions included construction in progress, buildings, machinery and equipment, vehicles and infrastructure. See Note 12 to the basic financial statements for additional information on capital assets.

Long-Term Obligations

During 2024, the City's long-term obligations outstanding decreased due to a decrease in the net pension/OPEB liabilities that was partially offset by the issuance of governmental activities general obligation bonds.

The City's overall debt margin was \$30,714,756 and the unvoted legal debt margin was \$12,328,335 at December 31, 2024. For more information about the City's long-term obligations, see Note 14 to the basic financial statements.

City of Niles
Management's Discussion and Analysis
For the Year Ended December 31, 2024

Current Financial Issues

From a management and administrative perspective, the City is continuing to examine expenditures to reduce where possible and gain efficiencies as well. Over the last few years, the City has been able to staff departments to the levels in which the business needs of each department have been established between City's administration and the unions. Like many other municipalities, the City of Niles faces uncertainty concerning Federal and State revenue sources. The Administration is continually reviewing all programs to determine the most efficient use of funds and resources, to maintain the high level of service to the residents. The City's financial stability remains intact due to careful monitoring and planning by City management.

Contacting the City of Niles' Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Giovanne Merlo, City Auditor, City of Niles, 34 West State Street, Niles, Ohio 44446.

City of Niles, Ohio
Statement of Net Position
December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities *	Total*
Assets			
Equity in Pooled Cash and Cash Equivalents	\$26,484,332	\$32,236,043	\$58,720,375
Cash and Cash Equivalents:			
In Segregated Accounts	60,716	0	60,716
Materials and Supplies Inventory	217,350	1,896,816	2,114,166
Prepaid Items	37,760	22,979	60,739
Accounts Receivable	106,982	3,455,304	3,562,286
Internal Balances	220,869	(220,869)	0
Intergovernmental Receivable	1,132,549	484,703	1,617,252
Income Taxes Receivable	3,560,946	0	3,560,946
Property Taxes Receivable	1,297,574	0	1,297,574
Permissive Taxes Receivable	19,998	0	19,998
Special Assessments Receivable	236,026	0	236,026
Investment in Joint Venture	0	317,499	317,499
Regulatory Asset	0	760,248	760,248
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	0	2,147,843	2,147,843
Net OPEB Asset (See Note 16)	124,438	254,830	379,268
Nondepreciable Capital Assets	7,728,949	1,736,160	9,465,109
Depreciable Capital Assets, Net	<u>25,639,467</u>	<u>58,512,214</u>	<u>84,151,681</u>
<i>Total Assets</i>	<u>66,867,956</u>	<u>101,603,770</u>	<u>168,471,726</u>
Deferred Outflows of Resources			
Asset Retirement Obligation	6,668	0	6,668
Pension	6,265,052	2,363,634	8,628,451
OPEB	798,683	233,592	1,032,275
<i>Total Deferred Outflows of Resources</i>	<u>7,070,403</u>	<u>2,597,226</u>	<u>9,667,394</u>
Liabilities			
Accounts Payable	173,138	86,373	259,511
Accrued Wages	344,662	175,655	520,317
Contracts Payable	812,470	209,749	1,022,219
Retainage Payable	211,278	0	211,278
Intergovernmental Payable	272,401	112,295	384,696
Payable from Restricted Assets:			
Deposits Held and Due to Others	0	2,147,843	2,147,843
Unearned Revenue	133,979	0	133,979
Accrued Interest Payable	14,604	100,307	114,911
Claims Payable	639,677	0	639,677
Long-Term Liabilities:			
Due Within One Year	1,595,912	2,210,234	3,806,146
Due In More Than One Year:			
Net Pension Liability (See Note 15)	21,258,486	7,625,888	28,884,374
Net OPEB Liability (See Note 16)	1,325,130	0	1,325,130
Other Amounts	<u>6,532,477</u>	<u>26,522,195</u>	<u>33,054,672</u>
<i>Total Liabilities</i>	<u>33,314,214</u>	<u>39,190,539</u>	<u>72,504,753</u>
Deferred Inflows of Resources			
Property Taxes	1,089,289	0	1,089,289
Leases	145,470	0	145,470
Pension	985,654	237,810	1,223,229
OPEB	1,309,110	145,813	1,454,923
Deferred Gain on Refunding	4,971	6,525	11,496
<i>Total Deferred Inflows of Resources</i>	<u>3,534,494</u>	<u>390,148</u>	<u>3,924,407</u>
Net Position			
Net Investment in Capital Assets	29,090,000	33,361,412	62,451,412
Restricted for:			
OPEB Plans	124,438	254,830	379,268
Other Purposes	5,390,181	0	5,390,181
Unrestricted (Deficit)	<u>2,485,032</u>	<u>31,004,067</u>	<u>33,489,099</u>
<i>Total Net Position</i>	<u>\$37,089,651</u>	<u>\$64,620,309</u>	<u>\$101,709,960</u>

* After Deferred Outflows and Inflows of Resources related to the change in internal proportionate share of pension and OPEB related items have been eliminated.

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Activities
For the Year Ended December 31, 2024

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants	Capital Grants
	Primary Government			
Governmental Activities:				
General Government	\$2,832,890	\$916,457	\$290,572	\$0
Security of Persons and Property	11,727,632	298,288	48,813	0
Public Health and Welfare	490,105	180,525	0	0
Leisure Time Activities	2,243,535	292,372	15,513	1,854,642
Community Environment	953,624	190,000	278,144	0
Transportation	2,197,992	29,837	1,140,500	1,611,105
Interest	128,688	0	0	0
<i>Total Governmental Activities</i>	<i>20,574,466</i>	<i>1,907,479</i>	<i>1,773,542</i>	<i>3,465,747</i>
Business-Type Activities:				
Water	9,110,727	11,903,131	0	0
Sewer	5,488,915	6,472,999	0	0
Electric	26,303,575	27,391,978	0	122,885
<i>Total Business-Type Activities</i>	<i>40,903,217</i>	<i>45,768,108</i>	<i>0</i>	<i>122,885</i>
Totals	\$61,477,683	\$47,675,587	\$1,773,542	\$3,588,632
General Revenues				
Property Taxes Levied for:				
General Purposes				
Police and Fire				
Park				
Income Taxes Levied for:				
General Purposes				
Police and Fire				
Grants and Entitlements not Restricted				
to Specific Programs				
Permissive Taxes				
Excise Taxes				
Hotel Taxes				
Payments in Lieu of Taxes				
Investment Earnings/Interest				
Other				
<i>Total General Revenues</i>				
Transfers				
<i>Total General Revenues and Transfers</i>				
Change in Net Position				
<i>Net Position Beginning of Year as Previously Reported</i>				
Change in Accounting Principle (See Note 3)				
<i>Restated Net Position Beginning of Year</i>				
<i>Net Position End of Year</i>				

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$1,625,861)	\$0	(\$1,625,861)
(11,380,531)	0	(11,380,531)
(309,580)	0	(309,580)
(81,008)	0	(81,008)
(485,480)	0	(485,480)
583,450	0	583,450
(128,688)	0	(128,688)
(13,427,698)	0	(13,427,698)
0	2,792,404	2,792,404
0	984,084	984,084
0	1,211,288	1,211,288
0	4,987,776	4,987,776
(13,427,698)	4,987,776	(8,439,922)
702,887	0	702,887
196,978	0	196,978
249,563	0	249,563
6,084,849	0	6,084,849
5,813,380	0	5,813,380
748,878	0	748,878
265,776	0	265,776
789,184	0	789,184
227,174	0	227,174
5,531		5,531
2,699,205	0	2,699,205
226,571	1,100,542	1,327,113
18,009,976	1,100,542	19,110,518
(48,564)	48,564	0
17,961,412	1,149,106	19,110,518
4,533,714	6,136,882	10,670,596
34,176,359	58,806,190	92,982,549
(1,620,422)	(322,763)	(1,943,185)
32,555,937	58,483,427	91,039,364
<u>\$37,089,651</u>	<u>\$64,620,309</u>	<u>\$101,709,960</u>

City of Niles, Ohio

*Balance Sheet
Governmental Funds
December 31, 2024*

	General	Police and Fire Tax	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$18,552,075	\$743,950	\$6,189,690	\$25,485,715
Cash and Cash Equivalents				
In Segregated Accounts	38,333	0	22,383	60,716
Materials and Supplies Inventory	9,242	145,954	40,890	196,086
Accounts Receivable	61,759	0	45,223	106,982
Interfund Receivable	30,000	0	0	30,000
Intergovernmental Receivable	295,715	0	836,834	1,132,549
Prepaid Items	6,759	25,604	5,397	37,760
Income Taxes Receivable	1,821,349	1,739,597	0	3,560,946
Property Taxes Receivable	766,492	0	531,082	1,297,574
Permissive Taxes Receivable	0	0	19,998	19,998
Special Assessments Receivable	236,026	0	0	236,026
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	143,822	0	0	143,822
<i>Total Assets</i>	\$21,961,572	\$2,655,105	\$7,691,497	\$32,308,174
Liabilities				
Accounts Payable	\$156,786	\$8,375	\$7,977	\$173,138
Accrued Wages	26,384	273,568	44,710	344,662
Contracts Payable	0	0	812,470	812,470
Retainage Payable	0	0	211,278	211,278
Intergovernmental Payable	60,642	10,851	200,908	272,401
Unearned Revenue	0	0	133,979	133,979
Interfund Payable	0	0	30,000	30,000
<i>Total Liabilities</i>	243,812	292,794	1,441,322	1,977,928
Deferred Inflows of Resources				
Property Taxes	640,387	0	448,902	1,089,289
Leases	145,470	0	0	145,470
Unavailable Revenue	1,882,086	1,208,645	616,007	3,706,738
<i>Total Deferred Inflows of Resources</i>	2,667,943	1,208,645	1,064,909	4,941,497
Fund Balances				
Nonspendable	159,823	171,558	46,287	377,668
Restricted	0	982,108	4,508,864	5,490,972
Committed	0	0	751,965	751,965
Assigned	492,458	0	0	492,458
Unassigned (Deficit)	18,397,536	0	(121,850)	18,275,686
<i>Total Fund Balances</i>	19,049,817	1,153,666	5,185,266	25,388,749
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	\$21,961,572	\$2,655,105	\$7,691,497	\$32,308,174

See accompanying notes to the basic financial statements

City of Niles, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2024

Total Governmental Fund Balances	\$25,388,749
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	33,368,416
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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	208,285
Hotel Taxes	250
Income Taxes	2,477,831
Intergovernmental	701,236
Special Assessments	236,026
Fines, Forfeitures and Settlements	37,666
Cable Franchise Fees	44,574
Rentals	<u>870</u>

Total	3,706,738
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Internal service funds are used by management to charge the costs

of insurance and materials and supplies to individual funds.

The assets and liabilities of the internal service funds are included as part of governmental activities in the statement of net position.

Net Position	236,382
Internal Balances	<u>220,869</u>

Total	457,251
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

(14,604)

The net pension liability and net OPEB liability/asset are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.

Deferred Outflows - Pension	6,265,052
Deferred Inflows - Pension	(985,654)
Net Pension Liability	(21,258,486)
Net OPEB Asset	124,438
Deferred Outflows - OPEB	798,683
Deferred Inflows - OPEB	(1,309,110)
Net OPEB Liability	<u>(1,325,130)</u>

Total	(17,690,207)
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Deferred inflows of resources represent deferred gains on refundings, which are not reported in the governmental funds.

(4,971)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	(4,431,300)
Police and Fire Pension	(217,918)
Financed Purchases	(108,816)
Compensated Absences	(3,116,876)
Leases Payable	(21,629)
Subscriptions Payable	(191,850)
Deferred Outflows Asset Retirement	6,668
Asset Retirement Obligation	<u>(40,000)</u>

Total	<u>(8,121,721)</u>
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<i>Net Position of Governmental Activities</i>	<u>\$37,089,651</u>
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See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General	Police and Fire Tax	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$685,655	\$0	\$444,980	\$1,130,635
Income Taxes	6,186,949	5,921,840	0	12,108,789
Special Assessments	3,933	0	0	3,933
Permissive Taxes	0	0	265,776	265,776
Excise Taxes	789,184	0	0	789,184
Hotel Taxes	226,924	0	0	226,924
Payments in Lieu of Taxes	0	0	5,531	5,531
Intergovernmental	718,521	0	5,217,773	5,936,294
Investment Earnings/Interest	2,632,572	0	66,633	2,699,205
Fees, Licenses and Permits	334,146	0	0	334,146
Fines and Forfeitures	568,934	0	396,277	965,211
Rentals	6,371	0	14,982	21,353
Charges for Services	0	0	552,971	552,971
Leases	3,423	0	0	3,423
Cable Franchise Fees	203,689	0	0	203,689
Other	<u>43,562</u>	<u>23,950</u>	<u>159,059</u>	<u>226,571</u>
<i>Total Revenues</i>	<u>12,403,863</u>	<u>5,945,790</u>	<u>7,123,982</u>	<u>25,473,635</u>
Expenditures				
Current:				
General Government	2,233,066	0	426,842	2,659,908
Security of Persons and Property	511,879	8,649,813	1,566,704	10,728,396
Public Health and Welfare	0	0	454,304	454,304
Leisure Time Activities	124,896	0	2,381,827	2,506,723
Community Environment	532,383	0	392,502	924,885
Transportation	84,944	0	1,311,656	1,396,600
Capital Outlay	0	0	5,888,702	5,888,702
Debt Service:				
Principal Retirement	168,486	47,720	345,373	561,579
Interest	<u>28,237</u>	<u>23,972</u>	<u>71,778</u>	<u>123,987</u>
<i>Total Expenditures</i>	<u>3,683,891</u>	<u>8,721,505</u>	<u>12,839,688</u>	<u>25,245,084</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,719,972</u>	<u>(2,775,715)</u>	<u>(5,715,706)</u>	<u>228,551</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	44,476	0	0	44,476
Insurance Recoveries	3,445	0	0	3,445
General Obligation Bonds Issued	0	0	2,050,000	2,050,000
Transfers In	0	2,880,126	4,540,544	7,420,670
Transfers Out	<u>(7,920,670)</u>	<u>0</u>	<u>0</u>	<u>(7,920,670)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(7,872,749)</u>	<u>2,880,126</u>	<u>6,590,544</u>	<u>1,597,921</u>
<i>Net Change in Fund Balances</i>	<u>847,223</u>	<u>104,411</u>	<u>874,838</u>	<u>1,826,472</u>
<i>Fund Balances Beginning of Year</i>	<u>18,202,594</u>	<u>1,049,255</u>	<u>4,310,428</u>	<u>23,562,277</u>
<i>Fund Balances End of Year</i>	<u>\$19,049,817</u>	<u>\$1,153,666</u>	<u>\$5,185,266</u>	<u>\$25,388,749</u>

See accompanying notes to the basic financial statements

City of Niles, 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, 2024*

Net Change in Fund Balances - Total Governmental Funds \$1,826,472

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period.

Capital Asset Additions	6,959,123
Current Year Depreciation/Amortization	<u>(1,621,672)</u>

Total	5,337,451
-------	-----------

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. (393,648)

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

Delinquent Property Taxes	18,793
Hotel Taxes	250
Income Taxes	(210,560)
Intergovernmental	51,873
Special Assessments	65,691
Fines, Forfeitures & Settlements	(287,152)
Cable Franchise Fees	44,574
Rentals	<u>(360)</u>

Total	(316,891)
-------	-----------

The internal service funds used by management are not reported in the City-internal service fund revenue are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities.

Change in Net Position	367,707
Internal Balances	<u>50,356</u>

Total	418,063
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	1,520,364
OPEB	<u>31,334</u>

Total	1,551,698
-------	-----------

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

Pension	(2,239,921)
OPEB	<u>33,443</u>

Total	(2,206,478)
-------	-------------

Other financing sources, such as general obligation bonds issued, in the governmental funds increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities. (2,050,000)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 561,579

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

Accrued Interest on Bonds	(5,542)
Amortization of Deferred Gain on Refunding	<u>841</u>

Total	(4,701)
-------	---------

Amortization of deferred outflows related to the asset retirement obligation is reported as an expense in the statement of activities. (1,333)

Some expenses, such as compensated absences, 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. (188,498)

Change in Net Position of Governmental Activities

\$4,533,714

See accompanying notes to the basic financial statements

City of Niles, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 General Fund*
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Property Taxes	\$634,106	\$695,836	\$685,655	(\$10,181)
Income Taxes	5,475,650	6,580,126	6,145,730	(434,396)
Special Assessments	1,595	1,750	3,933	2,183
Excise Taxes	651,570	715,000	789,184	74,184
Hotel Taxes	182,257	200,000	215,959	15,959
Intergovernmental	544,184	597,160	653,723	56,563
Interest	1,822,574	2,000,000	2,636,474	636,474
Fees, Licenses and Permits	327,152	359,000	335,571	(23,429)
Fines, Forfeitures and Settlements	426,027	467,500	565,630	98,130
Rentals	11,391	12,500	6,390	(6,110)
Cable Franchise Fees	168,588	185,000	203,689	18,689
Other	68,507	75,160	187,298	112,138
<i>Total Revenues</i>	<u>10,313,601</u>	<u>11,889,032</u>	<u>12,429,236</u>	<u>540,204</u>
Expenditures				
Current:				
General Government	2,984,473	3,486,714	2,458,503	1,028,211
Security of Persons and Property	638,852	638,852	525,648	113,204
Leisure Time Activities	366,427	366,427	147,377	219,050
Community Environment	609,363	689,008	558,468	130,540
Transportation	287,796	287,796	92,281	195,515
Debt Service:				
Principal Retirement	166,000	166,000	166,000	0
Interest	28,000	28,000	27,528	472
<i>Total Expenditures</i>	<u>5,080,911</u>	<u>5,662,797</u>	<u>3,975,805</u>	<u>1,686,992</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,232,690</u>	<u>6,226,235</u>	<u>8,453,431</u>	<u>2,227,196</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	44,476	44,476
Insurance Recoveries	0	0	3,445	3,445
Transfers Out	(8,630,126)	(8,630,126)	(7,920,670)	709,456
<i>Total Other Financing Sources (Uses)</i>	<u>(8,630,126)</u>	<u>(8,630,126)</u>	<u>(7,872,749)</u>	<u>757,377</u>
<i>Net Change in Fund Balance</i>	(3,397,436)	(2,403,891)	580,682	2,984,573
<i>Fund Balance Beginning of Year</i>	17,257,664	17,257,664	17,257,664	0
Prior Year Encumbrances Appropriated	353,942	353,942	353,942	0
<i>Fund Balance End of Year</i>	<u>\$14,214,170</u>	<u>\$15,207,715</u>	<u>\$18,192,288</u>	<u>\$2,984,573</u>

See accompanying notes to the basic financial statements

City of Niles, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Police and Fire Tax Fund
 For the Year Ended December 31, 2024*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Income Taxes	\$5,869,874	\$5,869,874	\$5,869,874	\$0
Other	0	0	23,950	23,950
<i>Total Revenues</i>	<i>5,869,874</i>	<i>5,869,874</i>	<i>5,893,824</i>	<i>23,950</i>
Expenditures				
Current:				
Security of Persons and Property	9,542,378	9,566,328	8,946,274	620,054
Debt Service:				
Principal Retirement	16,253	16,253	16,253	0
Interest	9,782	9,782	9,782	0
<i>Total Expenditures</i>	<i>9,568,413</i>	<i>9,592,363</i>	<i>8,972,309</i>	<i>620,054</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(3,698,539)</i>	<i>(3,722,489)</i>	<i>(3,078,485)</i>	<i>644,004</i>
Other Financing Sources (Uses)				
Transfers In	3,130,126	3,530,126	2,880,126	(650,000)
<i>Net Change in Fund Balance</i>	<i>(568,413)</i>	<i>(192,363)</i>	<i>(198,359)</i>	<i>(5,996)</i>
<i>Fund Balance Beginning of Year</i>	<i>443,367</i>	<i>443,367</i>	<i>443,367</i>	<i>0</i>
Prior Year Encumbrances Appropriated	213,839	213,839	213,839	0
<i>Fund Balance End of Year</i>	<i>\$88,793</i>	<i>\$464,843</i>	<i>\$458,847</i>	<i>(\$5,996)</i>

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2024

	Enterprise				Internal Service	
	Water	Sewer	Electric	Total		
Assets						
<i>Current Assets:</i>						
Equity in Pooled Cash and Cash Equivalents	\$6,909,690	\$5,688,975	\$19,637,378	\$32,236,043	\$854,795	
Materials and Supplies Inventory	387,325	47,279	1,462,212	1,896,816	21,264	
Receivables:						
Intergovernmental	361,818	0	122,885	484,703	0	
Accounts	1,300,954	574,223	1,580,127	3,455,304	0	
Prepaid Items	4,548	6,419	12,012	22,979	0	
<i>Total Current Assets</i>	<u>8,964,335</u>	<u>6,316,896</u>	<u>22,814,614</u>	<u>38,095,845</u>	<u>876,059</u>	
<i>Noncurrent Assets:</i>						
Investment in Joint Venture	0	0	317,499	317,499	0	
Regulatory Asset	0	0	760,248	760,248	0	
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	682,504	570,455	894,884	2,147,843	0	
Net OPEB Asset	51,656	70,354	132,820	254,830	0	
Capital Assets:						
Nondepreciable Capital Assets	880,844	671,856	183,460	1,736,160	0	
Depreciable Capital Assets, Net	4,893,532	39,170,550	14,448,132	58,512,214	0	
<i>Total Noncurrent Assets</i>	<u>6,508,536</u>	<u>40,483,215</u>	<u>16,737,043</u>	<u>63,728,794</u>	<u>0</u>	
<i>Total Assets</i>	<u>15,472,871</u>	<u>46,800,111</u>	<u>39,551,657</u>	<u>101,824,639</u>	<u>876,059</u>	
Deferred Outflows of Resources						
Pension	479,130	682,595	1,232,187	2,393,912	0	
OPEB	47,365	64,482	121,939	233,786	0	
<i>Total Deferred Outflows of Resources</i>	<u>526,495</u>	<u>747,077</u>	<u>1,354,126</u>	<u>2,627,698</u>	<u>0</u>	
Liabilities						
<i>Current Liabilities:</i>						
Accounts Payable	48,353	19,821	18,199	86,373	0	
Accrued Wages	35,362	51,233	89,060	175,655	0	
Contracts Payable	194,128	5,605	10,016	209,749	0	
Intergovernmental Payable	24,975	31,096	56,224	112,295	0	
Payable from Restricted Assets:						
Deposits Held and Due to Others	682,504	570,455	894,884	2,147,843	0	
Compensated Absences Payable	53,618	57,770	102,170	213,558	0	
Accrued Interest Payable	627	99,680	0	100,307	0	
General Obligation Bonds Payable	82,000	197,000	0	279,000	0	
Lease Payable	422	946	422	1,790		
OWDA Loans Payable	0	1,715,886	0	1,715,886	0	
Claims Payable	0	0	0	0	639,677	
<i>Total Current Liabilities</i>	<u>1,121,989</u>	<u>2,749,492</u>	<u>1,170,975</u>	<u>5,042,456</u>	<u>639,677</u>	
<i>Long-Term Liabilities (net of current portion):</i>						
Compensated Absences Payable	191,918	195,817	402,496	790,231	0	
General Obligation Bonds Payable	441,000	1,043,000	0	1,484,000	0	
Leases Payable	1,219	2,727	1,219	5,165	0	
OWDA Loans Payable	0	23,482,551	0	23,482,551	0	
Stranded Cost Liability	0	0	760,248	760,248	0	
Net Pension Liability	1,545,835	2,105,377	3,974,676	7,625,888	0	
<i>Total Long-Term Liabilities</i>	<u>2,179,972</u>	<u>26,829,472</u>	<u>5,138,639</u>	<u>34,148,083</u>	<u>0</u>	
<i>Total Liabilities</i>	<u>3,301,961</u>	<u>29,578,964</u>	<u>6,309,614</u>	<u>39,190,539</u>	<u>639,677</u>	
Deferred Inflows of Resources						
Deferred Gain on Refunding	1,703	4,822	0	6,525	0	
Pension	48,620	61,386	158,082	268,088	0	
OPEB	29,557	40,255	76,195	146,007	0	
<i>Total Deferred Inflows of Resources</i>	<u>79,880</u>	<u>106,463</u>	<u>234,277</u>	<u>420,620</u>	<u>0</u>	
Net Position						
Net Investment in Capital Assets	5,330,673	13,399,147	14,631,592	33,361,412	0	
Restricted for OPEB Plans	51,656	70,354	132,820	254,830	0	
Unrestricted	7,235,196	4,392,260	19,597,480	31,224,936	236,382	
<i>Total Net Position</i>	<u>\$12,617,525</u>	<u>\$17,861,761</u>	<u>\$34,361,892</u>	<u>\$64,841,178</u>	<u>\$236,382</u>	
Net position reported for business-type activities in the statement of net position is different because it includes accumulated overpayments to the internal service funds:				(220,869)		
Net position of business-type activities				<u>\$64,620,309</u>		

See accompanying notes to the basic financial statements

City of Niles, Ohio
*Statement of Revenues,
 Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended December 31, 2024*

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	
Operating Revenues					
Charges for Services	\$11,903,131	\$6,472,999	\$27,391,978	\$45,768,108	\$5,189,383
Other	403,756	19,301	677,485	1,100,542	0
<i>Total Operating Revenues</i>	<u>12,306,887</u>	<u>6,492,300</u>	<u>28,069,463</u>	<u>46,868,650</u>	<u>5,189,383</u>
Operating Expenses					
Personal Services	1,675,196	2,373,509	3,911,441	7,960,146	0
Materials and Supplies	447,804	186,368	1,206,533	1,840,705	254,087
Contractual Services	6,760,425	1,176,661	19,957,343	27,894,429	0
Depreciation/Amortization	178,922	1,394,522	1,183,903	2,757,347	0
Claims	0	0	0	0	5,064,685
Other	29,286	129,584	19,672	178,542	2,904
<i>Total Operating Expenses</i>	<u>9,091,633</u>	<u>5,260,644</u>	<u>26,278,892</u>	<u>40,631,169</u>	<u>5,321,676</u>
<i>Operating Income (Loss)</i>	<u>3,215,254</u>	<u>1,231,656</u>	<u>1,790,571</u>	<u>6,237,481</u>	<u>(132,293)</u>
Non-Operating Revenues (Expenses)					
Interest	(8,453)	(213,125)	(114)	(221,692)	0
<i>Income (Loss) before Transfers and Capital Contributions</i>	<u>3,206,801</u>	<u>1,018,531</u>	<u>1,790,457</u>	<u>6,015,789</u>	<u>(132,293)</u>
Capital Contributions	48,564	0	122,885	171,449	0
Transfers In	0	0	0	0	500,000
<i>Change in Net Position</i>	<u>3,255,365</u>	<u>1,018,531</u>	<u>1,913,342</u>	<u>6,187,238</u>	<u>367,707</u>
<i>Net Position Beginning of Year as Previously Reported</i>	<u>9,471,472</u>	<u>16,927,666</u>	<u>32,577,565</u>		<u>(131,325)</u>
Change in Accounting Principle (See Note 3)	(109,312)	(84,436)	(129,015)		0
<i>Restated Net Position Beginning of Year</i>	<u>9,362,160</u>	<u>16,843,230</u>	<u>32,448,550</u>		<u>(131,325)</u>
<i>Net Position End of Year</i>	<u><u>\$12,617,525</u></u>	<u><u>\$17,861,761</u></u>	<u><u>\$34,361,892</u></u>		<u><u>\$236,382</u></u>
Some amounts reported for business-type activities in the statement of activities are different because a portion of the net revenue of the internal service funds reduces expenses in the business-type activities.				(50,356)	
Change in net position of business-type activities				<u><u>\$6,136,882</u></u>	

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Customers	\$12,338,217	\$6,589,006	\$28,270,023	\$47,197,246	\$4,933,211
Other Cash Receipts	41,938	19,301	674,608	735,847	256,172
Cash Payments to Employees for Services	(1,291,924)	(1,708,153)	(3,169,016)	(6,169,093)	0
Cash Payments for Goods and Services	(7,007,940)	(1,577,407)	(21,032,496)	(29,617,843)	(255,150)
Cash Payments for Claims	0	0	0	0	(4,897,144)
Cash Payments for Interfund Services Provided	(380,031)	(522,659)	(888,704)	(1,791,394)	0
Other Cash Payments	(29,451)	(129,584)	(19,672)	(178,707)	(4,082)
<i>Net Cash Provided by (Used for)</i> <i>Operating Activities</i>	<i>3,670,809</i>	<i>2,670,504</i>	<i>3,834,743</i>	<i>10,176,056</i>	<i>33,007</i>
Cash Flows from Noncapital and Related Financing Activities					
Transfers In	0	0	0	0	500,000
Cash Flows from Capital and Related Financing Activities					
Capital Contributions	48,564	0	0	48,564	0
Principal Paid on Internal Loans	(156,061)	0	0	(156,061)	0
Interest Paid on Internal Loans	(3,902)	0	0	(3,902)	0
Principal Paid on General Obligation Bonds	(83,000)	(193,000)	0	(276,000)	0
Interest Paid on General Obligation Bonds	(8,726)	(20,635)	0	(29,361)	0
Principal Paid on OWDA Loans	0	(1,703,428)	0	(1,703,428)	0
Interest Paid on OWDA Loans	0	(193,281)	0	(193,281)	0
Principal Paid on Lease	(397)	(889)	(397)	(1,683)	0
Interest Paid on Lease	(114)	(255)	(114)	(483)	0
Payments for Capital Acquisitions	(1,383,106)	(629,974)	(711,813)	(2,724,893)	0
<i>Net Cash Provided by (Used for)</i> <i>Capital and Related Financing Activities</i>	<i>(1,586,742)</i>	<i>(2,741,462)</i>	<i>(712,324)</i>	<i>(5,040,528)</i>	<i>0</i>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>2,084,067</i>	<i>(70,958)</i>	<i>3,122,419</i>	<i>5,135,528</i>	<i>533,007</i>
Cash and Cash Equivalents					
<i>Beginning of Year</i>	<i>5,508,127</i>	<i>6,330,388</i>	<i>17,409,843</i>	<i>29,248,358</i>	<i>321,788</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$7,592,194</i>	<i>\$6,259,430</i>	<i>\$20,532,262</i>	<i>\$34,383,886</i>	<i>\$854,795</i>

(continued)

City of Niles, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2024

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$3,215,254	\$1,231,656	\$1,790,571	\$6,237,481	(\$132,293)
Adjustments:					
Depreciation/Amortization	178,922	1,394,522	1,183,903	2,757,347	0
<i>(Increase) Decrease in Assets:</i>					
Accounts Receivable	434,366	116,007	875,168	1,425,541	0
Intergovernmental Receivable	(361,098)	0	0	(361,098)	0
Materials and Supplies Inventory	(28,008)	(20,157)	16,302	(31,863)	(1,063)
Prepaid Items	738	409	2,995	4,142	0
Net OPEB Asset	9,463	12,880	24,331	46,674	0
(Increase) Decrease in Deferred Outflows - Pension	177,734	304,368	458,152	940,254	0
(Increase) Decrease in Deferred Outflows - OPEB	57,377	78,177	147,768	283,322	0
<i>Increase (Decrease) in Liabilities:</i>					
Accounts Payable	(41,906)	(123,982)	(32,277)	(198,165)	(1,178)
Accrued Wages	10,373	12,174	17,814	40,361	0
Contracts Payable	194,128	(101,503)	10,016	102,641	0
Retainage Payable	0	(26,622)	0	(26,622)	0
Intergovernmental Payable	(5,591)	(11,139)	(18,625)	(35,355)	0
Deposits Held and Due to Others	49,876	41,314	64,257	155,447	0
Compensated Absences Payable	31,955	39,840	71,805	143,600	0
Claims Payable	0	0	0	0	167,541
Net Pension Liability	134,029	245,714	282,373	662,116	0
Increase (Decrease) in Deferred Inflows - Pension	(314,541)	(424,736)	(873,692)	(1,612,969)	0
Increase (Decrease) in Deferred Inflows - OPEB	(72,262)	(98,418)	(186,118)	(356,798)	0
<i>Total Adjustments</i>	<i>455,555</i>	<i>1,438,848</i>	<i>2,044,172</i>	<i>3,938,575</i>	<i>165,300</i>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<i>\$3,670,809</i>	<i>\$2,670,504</i>	<i>\$3,834,743</i>	<i>\$10,176,056</i>	<i>\$33,007</i>

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Private Purpose Trust	Custodial Fund
	Endowment	Court
Assets		
Equity in Pooled Cash and Cash Equivalents	\$85,762	\$0
Cash and Cash Equivalents in Segregated Accounts	0	4,978
<i>Total Assets</i>	<u>85,762</u>	<u>4,978</u>
Liabilities		
Accounts Payable	0	2,428
Intergovernmental Payable	0	2,550
<i>Total Liabilities</i>	<u>0</u>	<u>4,978</u>
Net Position		
Held in Trust for Endowment	<u><u>\$85,762</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024

	Private Purpose Trust	Custodial Fund
	Endowment	Court
Additions		
Fines and Forfeitures for Other Governments	\$0	\$434,010
Fines and Forfeitures for Others	0	<u>568,856</u>
<i>Total Additions</i>	<u>0</u>	<u>1,002,866</u>
Deductions		
Fines and Forfeitures Distributions to Other Governments	0	432,187
Fines and Forfeitures Distributions to Others	<u>35</u>	<u>570,679</u>
<i>Total Deductions</i>	<u>35</u>	<u>1,002,866</u>
<i>Net Increase (Decrease) in Fiduciary Net Position</i>	(35)	0
<i>Net Position Beginning of Year</i>	<u>85,797</u>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$85,762</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 1 - Description of the City and Reporting Entity

The City of Niles (the "City") was incorporated under the laws of the State of Ohio in 1865. The City operates under a Council-Mayor form of government. The Mayor is elected to a four-year term. The eight council members serve two-year terms.

Reporting Entity

The 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 consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Niles, this includes the agencies and departments that provide the following services: police and fire protection, street maintenance and repairs, building inspection, sewer, water and electric.

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 the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or levying of taxes. The City has no component units.

The City participates in three jointly governed organizations and one joint venture. They are the Regional Income Tax Agency, Eastgate Regional Council of Governments, the Emergency Management Agency and the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5). These organizations are presented in Notes 17 and 19 to the basic financial statements.

The City participates in the Public Entities Pool of Ohio a Public Entity Risk Pool. This organization is presented in Note 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City 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 reporting principles. The most 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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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 the 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. Fiduciary funds are reported by type.

Fund Accounting

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

Governmental Fund 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 governmental fund 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 is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Police and fire tax fund This fund accounts for and reports the restricted revenue received from income tax for police and fire and for various police and fire expenditures.

The other governmental funds of the City account for 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 Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has three major enterprise funds.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Water fund This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer fund This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Electric fund This fund accounts for the operations of providing electric services to customers and to maintain the local electric system of the City.

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 health fund that accounts for vision, dental, prescription drug and hospital/medical claims of the City employees and for fuel reimbursements across all departments.

Fiduciary funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and 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's only trust fund is a private-purpose trust which accounts for an endowment. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's only custodial fund is used to account for the amounts collected for the benefit of and distributed to other governments and individuals on behalf of the municipal court.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statement for governmental funds.

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

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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

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

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 are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use 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 Non-exchange 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 thirty-one days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from income taxes is recognized in the period in which the income is earned (See Note 8). 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 a modified accrual basis, revenue from non-exchange 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, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, fines and forfeitures, grants and fees.

Unearned Revenue Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets 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 asset retirement obligations, pension and OPEB. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner of the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB are explained in Notes 15 and 16.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, leases, unavailable revenue and gain on refunding. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance fiscal year 2025 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. The deferred inflow for leases is related to leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. 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, leases, special assessments, rentals, intergovernmental grants and cable franchise fees. 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 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 15 and 16). In addition, deferred inflows of resources include a deferred gain on refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized when 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 the governmental funds.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, 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 ordinance 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 has been established by City Council at the function level of expenditures by personal services and all other expenditure categories within each department for all funds pursuant to Ohio Revised Code Section 5705.38(C). Budgetary modifications may only be made by ordinance of the City Council at the legal level of control. The City Auditor has been authorized to allocate appropriations within expenditure categories as appropriated by Council. Budgetary statements are presented beyond the legal level of control for informational purposes only.

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

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts on the budgetary statements reflect the first appropriations ordinance 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.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset, 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, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has segregated bank accounts for monies held separately from the City's central bank account as part of the municipal court. These interest-bearing depository accounts and investments are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the City treasury.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during 2024 amounted to \$2,632,572, which includes \$1,792,090 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.

Investment in Joint Venture

The investment in the joint venture is reported using the equity method of accounting. The amounts included in the statements relating to the joint venture are as of December 31, 2024.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2024, 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 Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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 or enabling legislation. Restricted assets in the general fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period. Restricted assets in the enterprise funds represent utility deposits held by the City.

Inventory

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

Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Long term interfund loans are reported as “loans receivable” and are classified as nonspendable fund balance which indicates that they do not constitute “available expendable resources” since they are not a component of net current position. 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. These 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 proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets (except for intangible right-to-use lease assets and subscription assets which are discussed below) 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 valued at their acquisition values as of the date received. The City maintains a capitalization threshold of ten thousand dollars for infrastructure, zero dollars for land, works of art, computers and computer peripherals and five thousand dollars for all other assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land, rights of way 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 replacements. Depreciation for governmental and business-type capital assets is computed using the straight-line method over the following useful lives:

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20-40 years	20-40 years
Buildings and Improvements	25-50 years	25-50 years
Machinery and Equipment	N/A	7-30 years
Equipment	7-30 years	N/A
Vehicles	10 years	10 years
Infrastructure	20-50 years	25-50 years
Intangible Right to Use Lease -Machinery and Equipment	N/A	5 years
Intangible Right to Use Lease - Equipment	5 years	N/A
Intangible Right to Use Subscription - Software	5 years	N/A

The City is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include equipment and machinery and equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible rights to use are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

The City's infrastructure consists of roads, sidewalks, storm sewers, bridges and culverts, dams, water, sewer and electric lines and does not include infrastructure acquired prior to December 31, 1980.

Compensated Absences

For the City, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The City does not offer noncash settlements. The City uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the City, this leave includes sick, vacation and compensatory time. However, the City also has certain compensated absences that are dependent upon the occurrence of a sporadic events that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the City this type of leave includes bereavement leave, military leave, personal leave, on-the-job injury leave, compensation time in lieu of holiday pay, reduction days and court leave. Holiday leave taken on a specific date, not at the discretion of the employee is recognized as a liability when used. The liability for compensated absences includes salary related payments.

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 more likely than not that the employer will compensate the employees for the benefits through paid time off or will settle the benefits at separation. The City records a liability for all accumulated unused vacation time when earned for all employees with more than six months of service.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due. 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, leases, subscriptions payable 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. Nonspendable fund balance in the general fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants.

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 of formal action (ordinance or resolution, as both are equally 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 is 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 Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council also assigned fund balance to cover a gap between estimated revenues and appropriations in 2025's budget.

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

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

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.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the City, these revenues are charges for services for water, electric, sewer programs and self insurance programs. Operating expenses are necessary costs incurred to provide the service for the primary activities of the funds. Revenues and expenses not meeting these definitions are reported as nonoperating.

Internal Activity

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

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

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Net Position

Net position represents the difference between all other elements in a statement of financial 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 their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the restricted net position, none has resulted from enabling legislation. Restricted net position for unclaimed monies represents amounts required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants. Restricted net position for OPEB plans represent the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits.

Net position restricted for other purposes include resources restricted for street and state highway, indigent drivers program, probation and park services. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Leases and SBITAs

The City serves as lessee and lessor in various noncancellable leases which are accounted for as follows:

Lessee At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the statement of net position.

City of Niles, Ohio

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2024*

Note 3 – Changes in Accounting Principles, Changes to or within the Financial Reporting Entity, and Restatement of Fund Balances and Net Position

Change in Accounting Principles

For 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The City also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021* and GASB Statement No. 101, *Compensated Absences*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The City reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position/fund balance.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The effects of implementing the GASB pronouncement is shown on the table on the following page.

Restatement of Fund Balances and Net Position

For the City, GASB Statement No. 101 increased the compensated absences liability and the cumulative effects of compensated absence related expense on beginning net position as shown on the following table.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

	12/31/2023 As Previously Reported	Change in Accounting Principles GASB 101	12/31/2023 As Restated
Government-Wide			
Governmental Activities	\$34,176,359	(\$1,620,422)	\$32,555,937
Business-Type Activities	58,806,190	(322,763)	58,483,427
Total Primary Government	\$92,982,549	(\$1,943,185)	\$91,039,364
 Governmental Funds			
Major Funds:			
General	\$18,202,594	\$0	\$18,202,594
Police and Fire Tax	1,049,255	0	1,049,255
Other Governmental Funds	4,310,428	0	4,310,428
Total Governmental Funds	\$23,562,277	\$0	\$23,562,277
 Proprietary Funds			
Enterprise Funds:			
Water	\$9,471,472	(\$109,312)	\$9,362,160
Sewer	16,927,666	(84,436)	16,843,230
Electric	32,577,565	(129,015)	32,448,550
Internal Service Elimination	(170,513)	0	(170,513)
Total Enterprise Funds	\$58,806,190	(\$322,763)	\$58,483,427
Internal Service Fund:			
Employee Health Insurance	(\$131,325)	\$0	(\$131,325)
 Fiduciary Funds			
Custodial Funds	\$85,797	\$0	\$85,797

Note 4 - Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balance/net position on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses 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 restricted, committed or assigned fund balance (GAAP).

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.
5. Budgetary revenues and expenditures of the unclaimed monies fund are classified to general fund for GAAP Reporting.

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

Net Change in Fund Balances

	General	Police and Fire Tax
GAAP Basis	\$847,223	\$104,411
Net Adjustment for Revenue Accruals	44,311	(51,966)
Perspective Difference:		
Unclaimed Monies	(11,180)	0
Seizure	(3,861)	0
Beginning Unrecorded Cash	50	0
Net Adjustment for Expenditure Accruals	49,446	34,064
Adjustments for Encumbrances	(345,307)	(284,868)
Budget Basis	<u><u>\$580,682</u></u>	<u><u>(\$198,359)</u></u>

Note 5 – Accountability

The park capital grant capital projects fund had deficit fund balances of \$121,850 as of December 31, 2024. This is the result of the recognition of payables in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 6 – 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 as follows:

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Fund Balances	General	Police and Fire Tax	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Unclaimed Monies	\$143,822	\$0	\$0	\$143,822
Prepays	6,759	25,604	5,397	37,760
Inventory	9,242	145,954	40,890	196,086
<i>Total Nonspendable</i>	<i>159,823</i>	<i>171,558</i>	<i>46,287</i>	<i>377,668</i>
<u>Restricted for:</u>				
Police and Fire Protection	0	982,108	928,321	1,910,429
Park and Community Activities	0	0	1,238,820	1,238,820
Debt Service Retirement	0	0	1,000	1,000
Street Maintenance	0	0	1,540,165	1,540,165
Health and Welfare	0	0	177,330	177,330
Municipal Court	0	0	185,216	185,216
Capital Improvements	0	0	438,012	438,012
<i>Total Restricted</i>	<i>0</i>	<i>982,108</i>	<i>4,508,864</i>	<i>5,490,972</i>
<u>Committed to:</u>				
Capital Improvements	0	0	751,965	751,965
<u>Assigned to:</u>				
2025 Operations	258,092	0	0	258,092
Purchases on Order:				
General Government	185,173	0	0	185,173
Security of Persons and Property	11,272	0	0	11,272
Community Environment	15,384	0	0	15,384
Leisure Time Activities	19,266	0	0	19,266
Transportation	3,271	0	0	3,271
<i>Total Assigned</i>	<i>492,458</i>	<i>0</i>	<i>0</i>	<i>492,458</i>
Unassigned (Deficit)	18,397,536	0	(121,850)	18,275,686
Total Fund Balances	\$19,049,817	\$1,153,666	\$5,185,266	\$25,388,749

Note 7 - 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 deposits determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable 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.

City of Niles, Ohio
Notes to the Basic Financial Statements
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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;
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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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.

Note 8 - Receivables

Receivables at December 31, 2024, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, permissive motor vehicle taxes and accounts (billings for utility service and Opioid settlement monies).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except property taxes and special assessments 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.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2024 for real and public utility property taxes represents collections of 2023 taxes.

2024 real property taxes were levied after October 1, 2024, on the assessed value as of January 1, 2024, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2024 real property taxes are collected in and intended to finance 2025.

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. 2024 public utility property taxes which became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

The full tax rate for all City operations for the year ended December 31, 2024, was \$3.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2024 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$242,722,080
Commercial Industrial/PU	118,078,220
Public Utility Property	6,928,120
Total Assessed Value	<u>\$367,728,420</u>

The Trumbull County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2024, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2024 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.

Income Tax

The City levied and collected an income tax of 2.0 percent on substantially all income earned within the City as well as on incomes of residents earned outside the City, allowing a credit of 100 percent of the tax paid to another municipality, not to exceed the City's current tax rate.

The City's income tax ordinance requires half of the income tax revenues to be used to finance the police and fire departments.

The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.05 percent. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly. Companies also have the option of filing net profit tax returns directly with the State of Ohio, Department of Taxation. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Any income tax ordinance must be approved by a majority vote at a city election prior to the ordinance becoming effective.

Opioid Settlement Monies

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Subsequently, settlements have been reached with other distributors. As contingencies related to timing and measurement are resolved, a receivable will be reported in accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$37,666 as an accounts receivable related to opioid settlement monies in the OneOhio Special Revenue Fund in the accompanying financial statements. Collections of these settlement monies are expected to extend through 2038 with \$20,875 not expected to be collected within one year of the date of the financial statements.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Intergovernmental Receivables

A summary of the governmental activities principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental:	
Gasoline Tax and Cents per Gallon	\$485,124
Housing and Urban Development	253,500
State and Local Government Funds	194,286
Motor Vehicle License Registration	68,035
Niles City School District	57,751
Homestead and Rollback	57,018
State of Ohio	13,620
Trumbull County	<u>3,215</u>
Total Governmental Funds	<u><u>\$1,132,549</u></u>

At December 31, 2024, the City had intergovernmental receivables of \$361,818 in the water enterprise fund for charges to the Mahoning Valley Sanitary District and State of Ohio ARPA Construction Grant and \$122,885 in the electric enterprise fund for charges to the State of Ohio Brightening Ohio Communities Grant.

The City is reporting a deferred inflow-lease in the amount of \$145,470 for lease receivable payments that have been prepaid in the general fund at December 31, 2024. For 2024, the City recognized lease revenue of \$3,423 related to the payment that would have been made in 2024. A description of the City's leasing arrangements is as follows:

Cell Tower Lease – The City has entered into a lease agreement for a cell tower with TOWERCO 2013 LLC in 2017 for fifty years ending in 2067. The City received \$170,000 for the term of the lease in 2017. The prepaid balance is recorded as a deferred inflow-lease and will be amortized each year until maturity.

Note 9 - Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2024, the City contracted with Public Entities Pool of Ohio (PEP) for various types of insurance as follows:

Type of Coverage	Coverage
General Liability and Casualty	\$2,000,000
Public Officials	2,000,000
Cyber	1,000,000
Law Enforcement Liability	2,000,000
Automobile Liability	42,000,000
Property	133,749,795
Equipment Breakdown	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 in any of the past three years.

City of Niles, Ohio
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For the Year Ended December 31, 2024

The City has elected to provide employee hospital/medical, prescription, dental, and vision insurance benefits through a partially self-insured program. The City established a health insurance internal service fund to account for and finance the cost of this program.

Mutual Health Services/Medical Mutual of Ohio serves as the third-party administrator who reviews and processes medical, prescription, dental and vision claims which the City then pays after discounts are applied. The City has stop loss coverage of \$100,000 per individual. The departments are charged an amount annually equal to the estimated costs for the year divided by the number of qualified covered employees.

The claims liability of \$639,677 as estimated by the third party administrator and reported in the health insurance internal service fund at December 31, 2024, is based on the requirements of GASB Statement No. 30 which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the funds claims liability amount in 2023 and 2024 were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2023	\$376,243	\$4,428,429	\$4,332,536	\$472,136
2024	472,136	5,064,685	4,897,144	639,677

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 10 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn one to eight weeks of vacation per year, depending upon length of service. Vacation accumulation is determined by bargaining unit agreements and Niles Codified Ordinances. All accumulated unused vacation time is paid upon termination of employment. Outstanding unused vacation is reflected as compensated absences payable.

Full-time Hourly Employees earn sick leave at the rate of 4.6 hours per pay period. Salaried employees earn sick time at the rate of 5 hours per pay period. Part-time employees earn sick time per the ORC. There are several sick leave accumulation limits for each bargaining and non-bargaining unit based on the hire date of the employee. Upon retirement, an employee will be paid according to the corresponding agreement. There are several severance calculations for each bargaining unit based on the hire date of the employee.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Health and Life Insurance

The City provides health insurance through Medical Mutual of Ohio to its employees. It also provides life insurance and accidental death and dismemberment insurance to its employees through MetLife Insurance.

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 456 and is considered an other employee benefit plan. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Retirement Incentive

The City Council offers employees participation in a Retirement Incentive program. Participation was open to employees who have a minimum of ten years of continuous employment with the City and who are eligible to retire under the rules and regulations of the respective pension system. This incentive shall consist of one week salary, at retirement, for each year of completed service with the City, up to 25 years of service. This incentive will be paid upon retirement. At the employee's discretion that incentive can be paid over a 3-year period while still employed. The remaining retirement incentive was paid out in 2024.

Note 11 – Loan Transactions

On July 7, 2004, the general fund paid \$1,599,623 (\$1,400,000 in principal and \$199,623 in interest) to retire a note of the water fund, while the water fund paid \$165,000 of principal on this note. The water fund intended to repay the general fund the entire \$1,599,623 over an eleven year period beginning in July 2005. The City did not follow this repayment schedule due to financial constraints in the water fund. The repayment began again during 2019. This loan was paid back in 2024.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 12 - Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance 1/1/24	Additions	Deletions	Balance 12/31/24
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$1,741,040	\$0	\$0	\$1,741,040
Rights of Way	2,350,843	0	0	2,350,843
Construction in Progress	140,952	3,742,406	(246,292)	3,637,066
<i>Total Nondepreciable Capital Assets</i>	<u>4,232,835</u>	<u>3,742,406</u>	<u>(246,292)</u>	<u>7,728,949</u>
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	6,058,197	198,702	0	6,256,899
Buildings and Improvements	16,418,751	0	0	16,418,751
Equipment	2,219,558	537,276	(23,943)	2,732,891
Vehicles	5,786,730	919,175	(90,052)	6,615,853
Infrastructure	13,805,249	1,807,856	(1,124,537)	14,488,568
<i>Total Tangible Assets</i>	<u>44,288,485</u>	<u>3,463,009</u>	<u>(1,238,532)</u>	<u>46,512,962</u>
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	28,957	0	0	28,957
<i>Subscription Assets</i>				
Intangible Right to Use - Software	221,027	0	0	221,027
<i>Total Depreciable Capital Assets</i>	<u>44,538,469</u>	<u>3,463,009</u>	<u>(1,238,532)</u>	<u>46,762,946</u>
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Land Improvements	(3,794,408)	(186,758)	0	(3,981,166)
Buildings and Improvements	(6,671,830)	(361,664)	0	(7,033,494)
Equipment	(906,916)	(181,320)	23,943	(1,064,293)
Vehicles	(3,388,262)	(387,741)	82,059	(3,693,944)
Infrastructure	(5,579,178)	(454,193)	738,882	(5,294,489)
<i>Total Depreciation</i>	<u>(20,340,594)</u>	<u>(1,571,676)</u>	<u>844,884</u>	<u>(21,067,386)</u>
<i>Amortization</i>				
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	(2,413)	(5,791)	0	(8,204)
<i>Subscription Assets</i>				
Intangible Right to Use - Software	(3,684)	(44,205)	0	(47,889)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(20,346,691)</u>	<u>(1,621,672)</u> *	<u>844,884</u>	<u>(21,123,479)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>24,191,778</u>	<u>1,841,337</u>	<u>(393,648)</u>	<u>25,639,467</u>
Governmental Activities Capital Assets, Net	<u>\$28,424,613</u>	<u>\$5,583,743</u>	<u>(\$639,940)</u>	<u>\$33,368,416</u>

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

* Depreciation/Amortization expense was charged to governmental functions as follows:

	Depreciation	Amortization		
	Subscriptions	Leases	Total	
General Government	\$204,327	\$0	\$1,815	\$206,142
Security of Persons and Property	386,278	44,205	2,532	433,015
Public Health and Welfare	22,553	0	256	22,809
Transportation	700,379	0	466	700,845
Community Environment	0	0	466	466
Leisure Time Activities	<u>258,139</u>	<u>0</u>	<u>256</u>	<u>258,395</u>
Total Depreciation/Amortization Expense	<u>\$1,571,676</u>	<u>\$44,205</u>	<u>\$5,791</u>	<u>\$1,621,672</u>

	Balance 1/1/24	Additions	Deletions	Balance 12/31/24
Business-type Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$407,620	\$0	\$0	\$407,620
Construction in Progress	1,256,997	1,090,186	(1,018,643)	1,328,540
Total Nondepreciable Capital Assets	<u>\$1,664,617</u>	<u>\$1,090,186</u>	<u>(\$1,018,643)</u>	<u>\$1,736,160</u>
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	\$314,517	\$0	\$0	\$314,517
Buildings and Improvements	35,655,451	11,177	0	35,666,628
Machinery and Equipment	27,520,540	996,338	(22,148)	28,494,730
Vehicles	3,365,381	40,225	0	3,405,606
Infrastructure	46,712,190	1,605,610	0	48,317,800
Total Tangible Assets	<u>\$113,568,079</u>	<u>\$2,653,350</u>	<u>(\$22,148)</u>	<u>\$116,199,281</u>
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Machinery and Equipment	\$9,311	\$0	\$0	\$9,311
Total Depreciable Capital Assets	<u>\$113,577,390</u>	<u>\$2,653,350</u>	<u>(\$22,148)</u>	<u>\$116,208,592</u>
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Land Improvements	(\$47,178)	(\$7,863)	\$0	(\$55,041)
Buildings and Improvements	(11,333,522)	(716,259)	0	(12,049,781)
Machinery and Equipment	(14,488,942)	(887,488)	22,148	(15,354,282)
Vehicles	(1,998,177)	(265,375)	0	(2,263,552)
Infrastructure	(27,092,584)	(878,501)	0	(27,971,085)
Total Depreciation	<u>(54,960,403)</u>	<u>(2,755,486)</u>	<u>22,148</u>	<u>(57,693,741)</u>
<i>Amortization</i>				
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Machinery and Equipment	(776)	(1,861)	0	(2,637)
Total Accumulated Depreciation/Amortization	<u>(\$54,961,179)</u>	<u>(\$2,757,347)</u> *	<u>\$22,148</u>	<u>(\$57,696,378)</u>
Total Depreciable Capital Assets, net	<u>\$58,616,211</u>	<u>(\$103,997)</u>	<u>\$0</u>	<u>\$58,512,214</u>
Business-type Activities Capital Assets, Net	<u>\$60,280,828</u>	<u>\$986,189</u>	<u>(\$1,018,643)</u>	<u>\$60,248,374</u>

City of Niles, Ohio
Notes to the Basic Financial Statements
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* Depreciation/Amortization expense was charged to enterprise funds as follows:

	Depreciation	Amortization	Total
Water	\$178,483	\$439	\$178,922
Sewer	1,393,539	983	1,394,522
Electric	1,183,464	439	1,183,903
Total Depreciation/Amortization Expense	<u><u>\$2,755,486</u></u>	<u><u>\$1,861</u></u>	<u><u>\$2,757,347</u></u>

Note 13 - Contingencies

Grants

The City received 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, 2024.

Litigation

Several claims and lawsuits are pending against the City. In the opinion of management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2024.

Note 14 - Long-Term Obligations

The original issue date, interest rate, original issuance and maturity date for each of the City's bonds, note and loans follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities:				
<i>General Obligation Bonds:</i>				
Various Purpose Improvement Bonds II	2017	3.996 %	\$1,600,000	November 1, 2027
Various Purpose Improvement Bonds III	2020	1.440	883,000	December 1, 2030
Various Purpose Refunding Bonds	2020	1.440	2,053,000	December 1, 2030
Park Improvement Bonds	2024	4.430	2,050,000	December 1, 2038
Business-Type Activities:				
<i>General Obligation Bonds</i>				
<i>Water</i>				
Various Purpose Improvement Bonds III	2020	1.440	132,000	December 1, 2030
Various Purpose Refunding Bonds	2020	1.440	710,000	December 1, 2030
<i>Sewer</i>				
Various Purpose Refunding Bonds	2020	1.440	1,982,000	December 1, 2030
<i>OWDA Loans from Direct Borrowings</i>				
Wastewater Treatment Plant Upgrades	2015	0.73	35,235,284	July 1, 2038

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

A schedule of changes in bonds and other long-term obligations of the City during 2024 follows:

	Amounts Outstanding 1/1/24	Additions	Reductions	Amounts Outstanding 12/31/24	Amounts Due in One Year
<i>Governmental Activities:</i>					
<i>General Obligation Bonds:</i>					
Various Purpose Improvement Bonds II	\$718,300	\$0	(\$166,000)	\$552,300	\$175,900
Various Purpose Improvement Bonds III	631,000	0	(87,000)	544,000	87,000
Various Purpose Refunding Bonds	1,485,000	0	(200,000)	1,285,000	202,000
Park Improvement Bonds	0	2,050,000	0	2,050,000	109,000
<i>Total General Obligation Bonds</i>	<u>2,834,300</u>	<u>2,050,000</u>	<u>(453,000)</u>	<u>4,431,300</u>	<u>573,900</u>
<i>Other Long-Term Obligations:</i>					
Net Pension Liability:					
OPERS	4,405,556	0	(681,711)	3,723,845	0
OP&F	17,653,397	0	(118,756)	17,534,641	0
<i>Total Net Pension Liability</i>	<u>22,058,953</u>	<u>0</u>	<u>(800,467)</u>	<u>21,258,486</u>	<u>0</u>
Net OPEB Liability:					
OPERS	90,326	0	(90,326)	0	0
OP&F	1,323,157	1,973	0	1,325,130	0
<i>Total Net OPEB Liability</i>	<u>1,413,483</u>	<u>1,973</u>	<u>(90,326)</u>	<u>1,325,130</u>	<u>0</u>
Police and Fire Pension Liability					
Financed Purchases from Direct Placements	234,171	0	(16,253)	217,918	16,951
Leases Payable	166,727	0	(57,911)	108,816	59,884
Subscriptions Payable	26,867	0	(5,238)	21,629	5,568
Compensated Absences	221,027	0	(29,177)	191,850	43,775
Asset Retirement Obligation	2,928,378	188,498	0	3,116,876	895,834
<i>Total Other Long-Term Obligations</i>	<u>40,000</u>	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>0</u>
<i>Total Governmental Long-Term Liabilities</i>	<u>27,089,606</u>	<u>190,471</u>	<u>(999,372)</u>	<u>26,280,705</u>	<u>1,022,012</u>
	<u><u>\$29,923,906</u></u>	<u><u>\$2,240,471</u></u>	<u><u>(\$1,452,372)</u></u>	<u><u>\$30,712,005</u></u>	<u><u>\$1,595,912</u></u>

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

	Amounts Outstanding 1/1/24	Additions	Reductions	Amounts Outstanding 12/31/24	Amounts Due in One Year
<i>Business-Type Activities:</i>					
<i>General Obligation Bonds:</i>					
Various Purpose Improvement Bonds III	\$94,000	\$0	(\$13,000)	\$81,000	\$13,000
Various Purpose Refunding Bonds - Water	512,000	0	(70,000)	442,000	69,000
Various Purpose Refunding Bonds - Sewer	1,433,000	0	(193,000)	1,240,000	197,000
<i>Total General Obligation Bonds</i>	<u>2,039,000</u>	<u>0</u>	<u>(276,000)</u>	<u>1,763,000</u>	<u>279,000</u>
<i>OWDA Loan from Direct Borrowings:</i>					
Wastewater Treatment Plant Upgrades	26,901,865	0	(1,703,428)	25,198,437	1,715,886
<i>Other Long-term Obligations:</i>					
Net Pension Liability OPERS:					
Water	1,876,878	0	(331,043)	1,545,835	0
Sewer	2,480,693	0	(375,316)	2,105,377	0
Electric	4,896,484	0	(921,808)	3,974,676	0
<i>Total Net Pension Liability</i>	<u>9,254,055</u>	<u>0</u>	<u>(1,628,167)</u>	<u>7,625,888</u>	<u>0</u>
Net OPEB Liability OPERS:					
Water	37,802	0	(37,802)	0	0
Sewer	51,251	0	(51,251)	0	0
Electric	97,355	0	(97,355)	0	0
<i>Total Net OPEB Liability</i>	<u>186,408</u>	<u>0</u>	<u>(186,408)</u>	<u>0</u>	<u>0</u>
Potential Stranded Cost Liability					
Leases Payable	894,049	0	(133,801)	760,248	0
Compensated Absences	8,638	0	(1,683)	6,955	1,790
<i>Total Other Long-term Obligations</i>	<u>860,189</u>	<u>143,600</u>	<u>0</u>	<u>1,003,789</u>	<u>213,558</u>
<i>Total Business-Type Long-Term Liabilities</i>	<u>11,203,339</u>	<u>143,600</u>	<u>(1,950,059)</u>	<u>9,396,880</u>	<u>215,348</u>
	<u><u>\$40,144,204</u></u>	<u><u>\$143,600</u></u>	<u><u>(\$3,929,487)</u></u>	<u><u>\$36,358,317</u></u>	<u><u>\$2,210,234</u></u>

General obligation bonds will be paid from the taxes received into the general fund and charges for services revenue in the park special revenue fund and water and sewer enterprise funds.

During 2017, the City issued various purpose general obligation bonds in the amount of \$1,600,000 for improving the City's cemetery, safety service building, fire station, municipal building and recreational facilities. These bonds are general obligations of the City for which the full faith and credit of the City are pledged for repayment. Interest on these bonds is payable annually and the interest rate is fixed at 3.996 percent. The bonds mature on November 1, 2027. Principal and interest payments will be made from the general fund.

During 2020, the City issued various purpose general obligation bonds in the amount of \$883,000 for the purchase of a new fire truck and street sweeper. These bonds are general obligations of the City for which the full faith and credit of the City are pledged for repayment. Interest on these bonds is payable semi-annually and the interest rate is fixed at 1.440 percent. The bonds mature on December 1, 2030. Principal and interest payments will be made from the permissive tax, state highway and street special revenue funds and fire truck replacement capital projects fund.

During 2020, the City issued various purpose general obligation refunding bonds in the amount of \$2,053,000 to refund the various purpose improvement bonds. These bonds are general obligations of the City for which the full faith and credit of the City are pledged for repayment. Interest on these bonds is payable semi-annually and the interest rate is fixed at 1.440 percent. The bonds mature on December 1, 2030. Principal and interest payments will be made from the park special revenue fund. The outstanding balance of the refunded bonds were called and have been fully repaid.

City of Niles, Ohio
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During 2024, the City issued park improvement general obligation bonds in the amount of \$2,050,000 for constructing, rehabilitating and equipping park and recreation facilities. These bonds are general obligations of the City for which the full faith and credit of the City are pledged for repayment. Interest on these bonds is payable semi-annually and the interest rate is fixed at 4.43 percent. The bonds mature on December 1, 2038. Principal and interest payments will be made from the park fund. At December 31, 2024, the \$2,050,000 park improvement obligations had unspent proceeds of \$1,406,190.

During 2020, the City issued various purpose general obligation bonds in the amount of \$132,000 for the purchase of a new backhoe for the water department. These bonds are general obligations of the City for which the full faith and credit of the City are pledged for repayment. Interest on these bonds is payable semi-annually and the interest rate is fixed at 1.440 percent. The bonds mature on December 1, 2030. Principal and interest payments will be made from the water fund.

During 2020, the City issued various purpose general obligation refunding bonds in the amount of \$710,000 to refund the various purpose improvement bonds. These bonds are general obligations of the City for which the full faith and credit of the City are pledged for repayment. Interest on these bonds is payable semi-annually and the interest rate is fixed at 1.440 percent. The bonds mature on December 1, 2030. Principal and interest payments will be made from the water fund. The outstanding balance of the refunded bonds were called and have been fully repaid.

During 2020, the City issued various purpose general obligation refunding bonds in the amount of \$1,982,000 to refund the various purpose improvement bonds. These bonds are general obligations of the City for which the full faith and credit of the City are pledged for repayment. Interest on these bonds is payable semi-annually and the interest rate is fixed at 1.440 percent. The bonds mature on December 1, 2030. Principal and interest payments will be made from the sewer fund. The outstanding balance of the refunded bonds were called and have been fully repaid.

The City has entered into contractual agreements for construction loans from the Ohio Water Development Authority (OWDA). Under the terms of this agreement, OWDA will reimburse, advance or directly pay the construction costs of the approved projects. OWDA will capitalize administrative costs and construction interest and then add them to the total amounts of the final loans. The balance of the wastewater treatment plant upgrade loan is \$25,198,437 at December 31, 2024.

The City's outstanding OWDA loan from direct borrowings of \$25,198,437 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.

The City has recorded a long-term obligation for the potential stranded cost liability in the electric fund. A debt schedule for the duration of the liability was unavailable at December 31, 2024 (See Note 23 for more detail on the AMPGS Project).

There is no repayment schedule for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: general fund, the police pension, fire pension, police and fire tax, computer, park, street, state highway, cemetery and probation special revenue funds, and the water, sewer and electric enterprise funds. For additional information related to the net pension/OPEB liabilities see Notes 15 and 16. The OWDA loan will be paid with charges for services revenue in the sewer enterprise fund. The police and fire pension liability represents police and fire pension obligations

City of Niles, Ohio
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For the Year Ended December 31, 2024

that will be paid from taxes received in the police and fire tax fund. The financed purchases will be paid from the park special revenue fund and the police capital improvement fund. The asset retirement obligation would be paid from the general fund.

The City's overall debt margin was \$30,714,756 and the unvoted legal debt margin was \$12,328,335 at December 31, 2024. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2024, are as follows:

Governmental Activities					
General Obligation Bonds		Police and Fire Pension Liability		From Direct Placements	
Principal	Interest	Principal	Interest	Principal	Interest
2025	\$573,900	\$137,734	\$16,951	\$9,084	\$59,884
2026	591,000	121,543	17,679	8,355	48,932
2027	615,400	104,770	18,438	7,596	0
2028	430,000	89,243	19,230	6,804	0
2029	444,000	79,345	20,056	5,978	0
2030-2034	1,060,000	264,413	113,966	16,205	0
2035-2038	717,000	81,113	11,598	246	0
Total	\$4,431,300	\$878,161	\$217,918	\$54,268	\$108,816
					\$4,931

Business-Type Activities					
General Obligation Bonds		From Direct Borrowings		OWDA Loans	
Principal	Interest	Principal	Interest	Principal	Interest
2025	\$279,000	\$25,387	\$1,715,886	\$180,823	
2026	280,000	21,369	1,728,435	168,274	
2027	288,000	17,338	1,741,076	155,633	
2028	300,000	13,191	1,753,809	142,900	
2029	306,000	8,870	1,766,635	130,074	
2030-2034	310,000	4,465	9,028,873	454,672	
2035-2038	0	0	7,463,723	123,113	
Total	\$1,763,000	\$90,620	\$25,198,437	\$1,355,489	

The City has an outstanding agreement to lease copiers and also has an outstanding contract to use of a SBITA vendor's IT software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription. The lease will be paid from the general fund and the water, sewer and electric enterprise funds. The SBITA will be paid from the police and fire tax special revenue fund. A summary of the principal and interest amounts for the remaining leases and subscriptions is as follows:

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Year	Leases				Subscriptions	
	Governmental Activities		Business-Type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$5,568	\$1,170	\$1,790	\$376	\$43,775	\$11,747
2026	5,919	819	1,904	263	46,456	9,067
2027	6,291	446	2,023	144	49,300	6,222
2028	3,851	79	1,238	25	52,319	3,203
	\$21,629	\$2,514	\$6,955	\$808	\$191,850	\$30,239

Note 15 - Defined Benefit Pension Plans

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

Net Pension Liability (Asset)/Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represent liabilities 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 liability (asset) represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (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 limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is 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 liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

City of Niles, Ohio
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For the Year Ended December 31, 2024

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB 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*. The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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. Effective January 1, 2024, the combined plan was consolidated into the traditional pension plan, as approved by the legislature in House Bill 33. The traditional pension plan includes members of the legacy Combined plan, a hybrid defined benefit/defined contribution plan which was closed to new members effective January 1, 2022. New members are no longer able to select the combined plan and current members are no longer able to make a plan change to the combined plan. The combined plan was consolidated into the traditional pension plan effective January 1, 2024, as a separate division. No changes were made to the benefit design features of the combined plan as part of this consolidation so that members in this plan will experience no changes. The City's 2024 net pension liability (asset) for OPERS is measured as of December 31, 2023, and reflects the traditional plan and the combined plan as two separate plans. The City's 2025 financial statements will reflect the effects of the combined plan being consolidated into the traditional pension plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members 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 Comprehensive Financial Report referenced previously for additional information, including requirements for reduced and unreduced benefits):

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is 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 and will continue to be administered by OPERS), 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

City of Niles, Ohio
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Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

		<u>State and Local</u>	
		<u>Traditional</u>	<u>Combined</u>
2024 Statutory Maximum Contribution Rates			
Employer		14.0 %	14.0 %
Employee *		10.0 %	10.0 %
2024 Actual Contribution Rates			
Employer:			
Pension **		14.0 %	12.0 %
Post-employment Health Care Benefits **		0.0	2.0
Total Employer		<u>14.0 %</u>	<u>14.0 %</u>
Employee		<u>10.0 %</u>	<u>10.0 %</u>

* 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. The employer contributions rate for the member-directed plan is allocated 4 percent plans. for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2024, the City's contractually required contribution was \$1,029,355 for the traditional plan, none for the combined plan, and \$32,246 for the member-directed plan. Of these amounts, \$112,243 is reported as an intergovernmental payable for the traditional plan, none for the combined plan, and \$3,519 for the member-directed plan.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description – City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report 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.

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

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

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

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

City of Niles, Ohio
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	Police	Firefighters
2024 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2024 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,182,632 for 2024. Of this amount, \$146,645 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2024, the specific liability of the City was \$217,918 payable in semi-annual payments through the year 2035.

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, 2023, 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, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. 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	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.0433520%	0.0000000%	0.1814921%	
Prior Measurement Date	<u>0.0462410%</u>	<u>0.0000000%</u>	<u>0.1858442%</u>	
Change in Proportionate Share	<u>-0.0028890%</u>	<u>0.0000000%</u>	<u>-0.0043521%</u>	
Proportionate Share of the:				
Net Pension Liability	\$11,349,733	\$0	\$17,534,641	\$28,884,374
Net Pension (Asset)	0	0	0	0
Pension Expense	1,174,782	1,658	1,744,505	2,920,945

2024 pension expense for the member-directed defined contribution plan was \$32,246. The aggregate pension expense for all pension plans was \$2,953,191 for 2024.

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At December 31, 2024, 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	\$185,502	\$0	\$562,913	\$748,415
Changes of assumptions	0	0	1,108,170	1,108,170
Net difference between projected and actual earnings on pension plan investments	2,290,860	0	1,987,044	4,277,904
Changes in proportion and differences between City contributions and proportionate share of contributions	37,130	11,801	233,044	281,975
City contributions subsequent to the measurement date	<u>1,029,355</u>	<u>0</u>	<u>1,182,632</u>	<u>2,211,987</u>
Total Deferred Outflows of Resources	<u>\$3,542,847</u>	<u>\$11,801</u>	<u>\$5,073,803</u>	<u>\$8,628,451</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$0	\$0	\$196,105	\$196,105
Changes of assumptions	0	0	266,284	266,284
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>337,622</u>	<u>2,234</u>	<u>420,984</u>	<u>760,840</u>
Total Deferred Inflows of Resources	<u>\$337,622</u>	<u>\$2,234</u>	<u>\$883,373</u>	<u>\$1,223,229</u>

\$2,211,987 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 2025. 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:				
2025	\$374,400	\$1,658	\$822,468	\$1,198,526
2026	665,781	1,658	885,022	1,552,461
2027	1,461,897	2,045	1,352,051	2,815,993
2028	(326,208)	2,009	(77,625)	(401,824)
2029	0	1,821	25,130	26,951
Thereafter	<u>0</u>	<u>376</u>	<u>752</u>	<u>1,128</u>
Total	<u>\$2,175,870</u>	<u>\$9,567</u>	<u>\$3,007,798</u>	<u>\$5,193,235</u>

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Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2023, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees (Current Year)	2.3 percent, simple through 2024, then 2.05 percent, simple	2.3 percent, simple through 2024, then 2.05 percent, simple
Post-January 7, 2013 Retirees (Prior Year)	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of 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 gain of 11.2 percent for 2023.

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The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 long-term expected 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.85%
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	<u>5.00</u>	3.46
Total	<u>100.00%</u>	

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent for the Traditional Pension Plan, Combined Plan and Member-Directed 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 benefit 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 6.9 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 (5.9 percent) or one percentage point higher (7.9 percent) than the current rate:

City's proportionate share of the net pension liability (asset):	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
OPERS Traditional Plan	\$17,867,527	\$11,349,733	\$5,928,820

City of Niles, Ohio
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Actuarial Assumptions – OP&F

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 retirement 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants, which was 6.03 years at December 31, 2023.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2023, are presented as follows:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost-of-Living Adjustments	2.2 percent simple per year

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

City of Niles, Ohio
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Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	<u>2.00</u>	3.50
 Total	 <u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.0x

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 the relationship between asset classes and economic environments. From the notional portfolio perspective in the previous table, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2023, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions 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 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

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Notes to the Basic Financial Statements
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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$23,225,939	\$17,534,641	\$12,801,775

Note 16 - Defined Benefit OPEB Plans

See Note 15 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System (OPERS)

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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined, and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or Older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

City of Niles, Ohio
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Group B 31 years of total service credit with at least 20 years of qualified health care service credit; or

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or Younger Retirees Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

Group C 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
<i>January 1, 2015 through December 31, 2021</i>	<i>January 1, 2015 through December 31, 2021</i>	<i>January 1, 2015 through December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

City of Niles, Ohio
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OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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

Funding Policy – The Ohio Revised Code provides the statutory authority 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. 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 2024 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$9,827 for 2024. Of this amount, \$1,073 is reported as an intergovernmental payable.

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Ohio Police & Fire Pension Fund (OP&F)

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.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. 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.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, 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.

City of Niles, Ohio
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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 \$28,109 for 2024. Of this amount, \$3,482 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, 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, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability (asset) 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:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.0420230%	0.1814921%	
Prior Measurement Date	<u>0.0438900%</u>	<u>0.1858442%</u>	
Change in Proportionate Share	<u>-0.0018670%</u>	<u>-0.0043521%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$0	\$1,325,130	\$1,325,130
Net OPEB (Asset)	(\$379,268)	\$0	(\$379,268)
OPEB Expense	(\$30,320)	(\$23,323)	(\$53,643)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$63,722	\$63,722
Changes of assumptions	97,642	455,990	553,632
Net difference between projected and actual earnings on OPEB plan investments	227,772	97,853	325,625
Changes in proportion and differences between City contributions and proportionate share of contributions	11,976	39,384	51,360
City contributions subsequent to the measurement date	<u>9,827</u>	<u>28,109</u>	<u>37,936</u>
Total Deferred Outflows of Resources	<u>\$347,217</u>	<u>\$685,058</u>	<u>\$1,032,275</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$53,981	\$243,520	\$297,501
Changes of assumptions	163,036	853,353	1,016,389
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>0</u>	<u>141,033</u>	<u>141,033</u>
Total Deferred Inflows of Resources	<u>\$217,017</u>	<u>\$1,237,906</u>	<u>\$1,454,923</u>

\$37,936 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 2025. 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>
2025	(\$1,828)	(\$94,051)	(\$95,879)
2026	21,814	(64,923)	(43,109)
2027	177,299	(35,975)	141,324
2028	(76,912)	(114,932)	(191,844)
2029	0	(123,571)	(123,571)
Thereafter	<u>0</u>	<u>(147,505)</u>	<u>(147,505)</u>
Total	<u>\$120,373</u>	<u>(\$580,957)</u>	<u>(\$460,584)</u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 the System and plan members. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.70 percent
Prior Year Single Discount Rate	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.77 percent
Prior Year Municipal Bond Rate	4.05 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2038
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care 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 gain of 14.0 percent for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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 benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.82%
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	<u>5.00</u>	2.43
Total	<u>100.00%</u>	

Discount Rate A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. (Fidelity Index's "20-Year Municipal GO AA Index") 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 the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, 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 (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.70 percent) or one percentage point higher (6.70 percent) than the current rate:

	Current	Discount Rate (5.70%)	1% Increase (6.70%)
	1% Decrease (4.70%)		
City's proportionate share of the net OPEB (asset)	\$208,434	(\$379,268)	(\$866,094)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) 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 or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset 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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB (asset)	(\$395,016)	(\$379,268)	(\$361,398)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, 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 retirement 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.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented as follows:

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current measurement rate	4.07 percent
Prior measurement rate	4.27 percent
Cost-of-Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2038

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

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 15.

Discount Rate For 2023, the total OPEB liability was calculated using the discount rate of 4.07 percent. The projection of cash flows used to determine the discount rate assumed the contributions 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 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5 percent was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38 percent was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07 percent.

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. To illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 4.07 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 (3.07 percent), or one percentage point higher (5.07 percent), than the current rate:

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$1,632,192	\$1,325,130	\$1,066,523

Note 17 - Jointly Governed Organizations

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 collection income taxes on behalf of each member. RITA currently has approximately 397 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 2024, the City paid RITA \$108,121 for income tax collection services.

Eastgate Regional Council of Governments

The Eastgate Regional Council of Governments (ERCG) is a jointly governed organization that is committed to fostering cooperative regional efforts in the planning, programming and implementation of public sector activities. ERCG has forty-eight participating members. These include representatives from Trumbull County and Mahoning County, township trustees and officials from participating cities and villages. The operation of ERCG is controlled by a general policy board which consists of a representative from each participant. Each member's degree of control is limited to its representation on the board. Funding comes from each of the participants. For 2024, the City contributed \$7,930 to the Eastgate Regional Council of Governments. For more information contact Jim Kinnick, Executive Director, at 100 East Federal St., Suite 1000, Youngstown, OH 44503

Emergency Management Agency

The Emergency Management Agency is a jointly governed organization among the thirty-four subdivisions located within Trumbull County that was created to ensure that the State, and the citizens residing in it, are prepared to respond to an emergency or disaster and to lead mitigation efforts against the effect of future disasters. The eight members of the advisory board are appointed by the thirty-four member subdivisions. The degree of control exercised by any participating government is limited to its representation on the Board. The Agency adopts its own budget, authorizes expenditures and hires and fires its own staff. Funding comes from each of the participants. For 2024, the City contributed \$5,533 to the Emergency Management Agency. For more information contact John Hickey, Director, at 640 North River Rd. NW Suite B, Warren, OH 44483.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 18 – Public Entity Risk Pool

The City is exposed to various risks of property and casualty losses, and injuries to employees.

Property and Liability

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. (At December 31, 2023, the Pool retained \$500,000 for casualty claims and \$250,000 for property claims) latest information available. The Board of Directors and York periodically review the financial strength of the PEP and other market conditions to determine the appropriate level of risk the PEP will retain. There has been no significant reduction in coverage from last year.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

Financial Position

PEP's financial statements (for which an independent audit is still ongoing) conform to generally accepted accounting principles, and preliminarily show the following assets, liabilities and net position at December 31, 2023 and 2022 (latest information available):

Casualty and Property Coverage	2023	2022
Assets	\$67,306,752	\$61,537,313
Liabilities	23,172,377	18,643,081
Net Position - Unrestricted	<u><u>\$44,134,375</u></u>	<u><u>\$42,894,232</u></u>

At December 31, 2023 and 2022, the liabilities in the preceding table include unknown amounts of estimated incurred claims payable. The casualty coverage assets and net position above include approximately \$17.6 million and \$14.4 million of unpaid claims to be billed to approximately 658 member governments in the future, as of December 31, 2023 and 2022, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

As indicated by PEP, the rates PEP charges to compute member contributions, which are used to pay claims as they become due, are expected to increase from those used to determine the historical contributions detailed as follows. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

After completing one year of membership, members may withdraw on each anniversary date of the date they joined PEP, provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members may receive a partial refund of their capital contributions as defined by the contract. Withdrawing members have no other future obligations to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal. The contribution for 2024 was \$407,485.

Note 19 – Joint Ventures

Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)

The City is a Financing Participant with an ownership percentage of 10.63%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Management Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of the OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2024, the City of Niles has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Belleville, Ohio, an associated transmission line in Ohio

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The diesel generation units have been in service since 1995. OMEGA JV5 Participants have approved the retirement and sale of diesel units. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of December 31, 2024, \$49,892,257 of the 2001 Belleville Beneficial Interest Certificates (“2001 BICs”) with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the “JV5 Note”). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the “2016 BICs”) to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note, and the 2016 BICs has since been retired. The 2001 BICs are nonrecourse to AMP. As of December 31, 2024, the outstanding debt was \$49,892,257.

The City’s net investment to date in OMEGA JV5 was \$317,499 at December 31, 2024. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor’s website at www.ohioauditor.gov.

Note 20 - Tax Abatement Disclosures

As of December 31, 2024, the City provides tax abatements through Enterprise Zones (Ezone). This program relates to the abatement of property taxes.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the “Agreement”) with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual, or entity, fail to perform. The amount of the abatement is deducted from the business’s property tax bill.

The City has entered an agreement to abate property taxes through this program. During 2024, the City’s property tax revenues were reduced by \$355 as a result of these agreements.

Note 21 - Interfund Balances and Transfers

Balances

Interfund receivables and payables are due to the timing of the receipts of monies (grant and property taxes) by the nonmajor funds. All interfund balances will be repaid within one year. Interfund balances at December 31, 2024, consist of interfund receivable/payables between the general fund and the cemetery special revenue fund in the amount of \$30,000.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Internal Balances – Change in Proportionate Share

The City uses an internal proportionate share to allocate its net pension/OPEB liability(asset) and corresponding deferred outflows/inflows of resources and pension /OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the City as a whole.

Balances related to the internal proportionate share for pension and OPEB at December 31, 2024, were as follows:

	Pension		OPEB	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Governmental Activities	<u>\$235</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Business-Type Activities:				
Water	0	162	0	0
Sewer	30,278	0	194	0
Electric	<u>0</u>	<u>30,351</u>	<u>0</u>	<u>194</u>
Total Business-Type Activities	30,278	30,513	194	194
Elimination from Proprietary Fund Statements	<u>(30,278)</u>	<u>(30,278)</u>	<u>(194)</u>	<u>(194)</u>
Total	<u>\$235</u>	<u>\$235</u>	<u>\$0</u>	<u>\$0</u>

Transfers

Transfers made during the year ended December 31, 2024 were as follows:

Transfers To	Transfers From	
	General	
Major Funds		
Police and Fire Tax		\$2,880,126
Other Governmental Funds		
Police Pension	560,000	
Fire Pension	580,000	
Park	1,100,000	
Cemetery	365,000	
Capital Projects	1,569,544	
Fire Truck Replacement	266,000	
Police Capital Improvements	50,000	
Park Capital Improvements	50,000	
<i>Total Other Governmental Funds</i>		<u>4,540,544</u>
Internal Service Fund		
Self-Insurance		500,000
<i>Total Transfers</i>		<u>\$7,920,670</u>

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

The general fund transfers to all funds were to provide additional resources for current operations.

Note 22 – Significant Commitments

Contractual Commitments

As of December 31, 2024, the City had the following contract balances for various projects:

Waddell Park Improvements Project	\$211,278
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The amounts remaining on these contracts were encumbered at year end. The amounts of \$714,762 and \$211,278 in contracts and retainage payable for governmental activities, respectively, have been capitalized.

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 or soon thereafter were as follows:

Governmental	Business-Type
General	\$345,307
Police and Fire Tax	284,868
Other Governmental funds	2,970,630
Total	<u><u>\$3,600,805</u></u>
Water	\$1,159,725
Sewer	432,960
Electric	3,154,352
Motor Fuel	29,516
Hospital Self Insurance	529,221
Total	<u><u>\$5,305,774</u></u>

Remaining commitment amounts were encumbered at year end.

Note 23 – American Municipal Power Generating Station Project

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 40,656 kilowatts of a total 771,281 kilowatts, giving the City a 5.27 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$7,042,699. The City received a credit of \$2,365,778 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$1,838,662 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$2,838,259. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable. The City made payments in 2024 totaling \$133,801, leaving a net impaired cost estimate of \$760,248 at December 31, 2024.

Note 24 – Asset Retirement Obligations

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a City classified as an “owner” or “operator,” to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$40,000 associated with the City’s underground storage tanks were estimated by the City engineer. The remaining useful life of the USTs are six years. The City maintains insurance related to any potential pollution remediation associated with the USTs.

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their wastewater treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need to be addressed; therefore, a reliable estimated amount could not be determined.

Note 25 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

City of Niles, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Ten Years

	2024	2023	2022	2021
City's Proportion of the Net Pension Liability	0.0433520%	0.0462410%	0.0451520%	0.0436000%
City's Proportionate Share of the Net Pension Liability	\$11,349,733	\$13,659,611	\$3,928,406	\$6,456,211
City's Covered Payroll	\$7,135,864	\$7,167,821	\$6,552,936	\$6,140,807
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.05%	190.57%	59.95%	105.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%

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.

2020	2019	2018	2017	2016	2015
0.0405400%	0.0383020%	0.0399370%	0.0410760%	0.0429130%	0.0455160%
\$8,013,007	\$10,490,142	\$6,265,342	\$9,327,661	\$7,433,073	\$5,489,738
\$5,703,971	\$5,174,421	\$9,045,831	\$8,808,467	\$8,756,908	\$9,581,542
140.48%	202.73%	69.26%	105.89%	84.88%	57.29%
82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

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

	2024	2023	2022
City's Proportion of the Net Pension Asset	0.0000000%	0.0000000%	0.0000000%
City's Proportionate Share of the Net Pension Asset	\$0	\$0	\$0
City's Covered Payroll	\$0	\$0	\$0
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	144.55%	137.14%	169.88%

(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.

2021	2020	2019	2018
0.0056300%	0.0096380%	0.0077990%	0.0112010%
\$16,252	\$20,098	\$8,721	\$15,248
\$24,814	\$42,907	\$33,357	\$45,877
-65.50%	-46.84%	-26.14%	-33.24%
157.67%	145.28%	126.64%	137.28%

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

	2024	2023	2022	2021
City's Proportion of the Net OPEB Liability (Asset)	0.0420230%	0.0438900%	0.0427550%	0.0414680%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$379,268)	\$276,734	(\$1,339,153)	(\$738,786)
City's Covered Payroll	\$7,418,647	\$7,304,846	\$6,667,186	\$6,271,421
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-5.11%	3.79%	-20.09%	-11.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	107.76%	94.79%	128.23%	115.57%

(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.

2020	2019	2018	2017
0.0387810%	0.0366950%	0.0383900%	0.0390300%
\$5,356,663	\$4,784,162	\$4,168,872	\$3,942,164
\$5,858,953	\$5,323,453	\$9,206,533	\$9,186,600
91.43%	89.87%	45.28%	42.91%
47.80%	46.33%	54.14%	54.04%

City of Niles, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Police and Fire Pension Fund
Last Ten Years

	2024	2023	2022	2021
City's Proportion of the Net Pension Liability	0.1814921%	0.1858442%	0.1821232%	0.1865801%
City's Proportionate Share of the Net Pension Liability	\$17,534,641	\$17,653,397	\$11,378,004	\$12,719,334
City's Covered Payroll	\$5,220,593	\$4,864,633	\$4,460,650	\$4,564,972
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	335.87%	362.89%	255.08%	278.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.63%	62.90%	75.03%	70.65%

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.

2020	2019	2018	2017	2016	2015
0.1831694%	0.1836970%	0.1919030%	0.1946440%	0.1957730%	0.2025726%
\$12,339,268	\$14,994,529	\$11,777,953	\$12,328,556	\$12,594,242	\$10,494,105
\$4,364,653	\$4,159,847	\$4,181,757	\$4,407,335	\$4,012,821	\$4,175,907
282.71%	360.46%	281.65%	279.73%	313.85%	251.30%
69.89%	63.07%	70.91%	68.36%	66.77%	71.71%

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

	2024	2023	2022	2021
City's Proportion of the Net OPEB Liability	0.1814921%	0.1858442%	0.1821232%	0.1865801%
City's Proportionate Share of the Net OPEB Liability	\$1,325,130	\$1,323,157	\$1,996,227	\$1,976,847
City's Covered Payroll	\$5,220,593	\$4,864,633	\$4,460,650	\$4,564,972
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.38%	25.34%	41.04%	44.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.89%	52.59%	46.86%	45.42%

(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.

2020	2019	2018	2017
0.1831694%	0.1836970%	0.1919030%	0.1946440%
\$1,809,298	\$1,672,843	\$10,872,954	\$9,239,313
\$4,364,653	\$4,159,847	\$4,181,757	\$4,407,335
41.45%	40.21%	260.01%	209.63%
47.08%	46.57%	14.13%	15.96%

City of Niles, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Ten Years

	2024	2023	2022	2021
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$1,029,355	\$999,021	\$1,003,495	\$917,411
Contributions in Relation to the Contractually Required Contribution	<u>(1,029,355)</u>	<u>(999,021)</u>	<u>(1,003,495)</u>	<u>(917,411)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$7,352,536	\$7,135,864	\$7,167,821	\$6,552,936
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
Net Pension Liability - Combined Plan				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$0	\$0	\$0	\$0
Pension Contributions as a Percentage of Covered Payroll	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>
Net OPEB Liability - OPEB Plan (1)				
Contractually Required Contribution	\$9,827	\$9,247	\$5,481	\$4,570
Contributions in Relation to the Contractually Required Contribution	<u>(9,827)</u>	<u>(9,247)</u>	<u>(5,481)</u>	<u>(4,570)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll (2)	\$7,653,056	\$7,418,647	\$7,304,846	\$6,667,186
OPEB Contributions as a Percentage of Covered Payroll	<u><u>0.13%</u></u>	<u><u>0.12%</u></u>	<u><u>0.08%</u></u>	<u><u>0.07%</u></u>

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

(2) 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.

2020	2019	2018	2017	2016	2015
\$859,713	\$798,556	\$724,419	\$1,175,958	\$1,057,016	\$1,050,829
<u>(859,713)</u>	<u>(798,556)</u>	<u>(724,419)</u>	<u>(1,175,958)</u>	<u>(1,057,016)</u>	<u>(1,050,829)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$6,140,807	\$5,703,971	\$5,174,421	\$9,045,831	\$8,808,467	\$8,756,908
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>13.00%</u></u>	<u><u>12.00%</u></u>	<u><u>12.00%</u></u>
 \$3,474	 \$6,007	 \$4,670	 \$5,964	 \$675	 \$0
<u><u>(3,474)</u></u>	<u><u>(6,007)</u></u>	<u><u>(4,670)</u></u>	<u><u>(5,964)</u></u>	<u><u>(675)</u></u>	<u><u>0</u></u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$24,814	\$42,907	\$33,357	\$45,877	\$5,625	\$0
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>13.00%</u></u>	<u><u>12.00%</u></u>	<u><u>0.00%</u></u>
 \$4,232	 \$4,483	 \$4,627	 \$95,510	 \$185,299	
<u><u>(4,232)</u></u>	<u><u>(4,483)</u></u>	<u><u>(4,627)</u></u>	<u><u>(95,510)</u></u>	<u><u>(185,299)</u></u>	
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	
\$6,271,421	\$5,858,953	\$5,323,453	\$9,206,533	\$9,186,600	
<u><u>0.07%</u></u>	<u><u>0.08%</u></u>	<u><u>0.09%</u></u>	<u><u>1.04%</u></u>	<u><u>2.02%</u></u>	

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

	2024	2023	2022	2021
Net Pension Liability				
Contractually Required Contribution	\$1,182,632	\$1,101,048	\$1,025,068	\$941,592
Contributions in Relation to the Contractually Required Contribution	<u>(1,182,632)</u>	<u>(1,101,048)</u>	<u>(1,025,068)</u>	<u>(941,592)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll (1)	\$5,621,715	\$5,220,593	\$4,864,633	\$4,460,650
Pension Contributions as a Percentage of Covered Payroll	<u>21.04%</u>	<u>21.09%</u>	<u>21.07%</u>	<u>21.11%</u>
Net OPEB Liability				
Contractually Required Contribution	\$28,109	\$26,103	\$24,324	\$22,303
Contributions in Relation to the Contractually Required Contribution	<u>(28,109)</u>	<u>(26,103)</u>	<u>(24,324)</u>	<u>(22,303)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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>21.54%</u>	<u>21.59%</u>	<u>21.57%</u>	<u>21.61%</u>

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

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
\$967,184	\$920,218	\$879,187	\$884,710	\$925,263	\$845,498
(967,184)	(920,218)	(879,187)	(884,710)	(925,263)	(845,498)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,564,972	\$4,364,653	\$4,159,847	\$4,181,757	\$4,407,335	\$4,012,821
<u>21.19%</u>	<u>21.08%</u>	<u>21.14%</u>	<u>21.16%</u>	<u>20.99%</u>	<u>21.07%</u>
\$22,825	\$21,824	\$20,799	\$20,909	\$21,848	\$20,064
(22,825)	(21,824)	(20,799)	(20,909)	(21,848)	(20,064)
<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>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
<u>21.69%</u>	<u>21.58%</u>	<u>21.64%</u>	<u>21.66%</u>	<u>21.49%</u>	<u>21.57%</u>

City of Niles, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2024

Changes in Assumptions – OPERS Pension – Traditional Plan

Amounts reported beginning in 2022 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 prior years are presented below:

	2022	2019 through 2021	2018 and 2017	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage 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 see below			
Post-January 7, 2013 Retirees	6.9 percent	7.2 percent	7.5 percent	8 percent
Investment Rate of Return	Individual	Individual	Individual	Individual
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, retirees are as follows:

2024	2.3 percent, simple through 2024 then 2.05 percent, simple
2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

Amounts reported for 2017 through 2021 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

City of Niles, Ohio

Notes to the Required Supplementary Information For the year ended December 31, 2024

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

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

Changes in Assumptions – OP&F 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 below:

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	See Below	See Below
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of 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	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

For 2017 and prior the investment rate of return was 8.25 percent. Beginning in 2018, the OP&F Board adopted a change in the investment rate of return, changing it from 8.25 percent for 2017 and prior to 8 percent. Beginning in 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and forward.

Beginning in 2023, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

City of Niles, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2024

Prior to 2023, 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 Buck 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

Prior to 2023, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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

Changes in Assumptions – OPERS OPEB

Wage Inflation:

Beginning in 2022	2.75 percent
2021 and prior	3.25 percent

Projected Salary Increases (including wage inflation):

Beginning in 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent

Investment Return Assumption:

Beginning in 2019	6.00 percent
2018	6.50 percent

Municipal Bond Rate:

2024	3.77 percent
2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent

Single Discount Rate:

2024	5.70 percent
2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent

City of Niles, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2024

Health Care Cost Trend Rate:

2024	5.50 percent, initial
2023	3.5 percent, ultimate in 2038
2022	5.5 percent, initial
2021	3.5 percent, ultimate in 2036
2020	5.5 percent, initial
2019	3.5 percent, ultimate in 2034
2018	8.5 percent, initial
	3.5 percent, ultimate in 2035
	10.5 percent, initial
	3.5 percent, ultimate in 2030
	10.0 percent, initial
	3.25 percent, ultimate in 2029
	7.5 percent, initial
	3.25 percent, ultimate in 2028

Changes in Assumptions – OP&F OPEB

Blended Discount Rate:

2024	4.07 percent
2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

In 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent.

Changes in Benefit Terms – OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

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 NILES
TRUMBULL COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant / State's Program and Non-Entitlement Grants in Hawaii	14.228	A-F-22-2CW-1	\$86,699
Community Development Block Grant / State's Program and Non-Entitlement Grants in Hawaii	14.228	A-C-21-2CW-1	\$201,915
HOME Investment Partnerships Program	14.239	A-C-21-2CW-2	101,570
Economic Development Initiative - Special Project	14.251	B-23-CP-OH-1207	1,601,142
Total U.S. Department of Housing and Urban Development			<u>1,991,326</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through N/A</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund:			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	AFRR-135-RET	5,025
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027		269,497
Total U.S. Department of Treasury			<u>274,522</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	112660	120,816
Highway Planning and Construction	20.205	112661	494,623
Total Highway Planning and Construction Cluster			<u>615,439</u>
Total U.S. Department of Transportation			<u>615,439</u>
Total Expenditures of Federal Awards			<u>\$2,881,287</u>

The accompanying notes are an integral part of this schedule.

**CITY OF NILES
TRUMBULL COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Niles under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Niles, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Niles.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The City of Niles has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City of Niles to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City of Niles has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Niles
Trumbull County
34 W. State Street
Niles, Ohio 44446

To the City Council:

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Niles, Trumbull County, Ohio (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 24, 2025, wherein we noted the City included a disclosure regarding the potential financial impact of COVID-19 and the ensuing emergency measures.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings as item 2024-001 to be a material weakness.

City of Niles
Trumbull County
Independent Auditor's Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By Government Auditing Standards
Page 2

Report on Compliance and Other Matters

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

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 24, 2025



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

City of Niles
Trumbull County
34 W. State Street
Niles, Ohio 44446

To the City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Niles's, Trumbull County, (City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on City of Niles's major federal program for the year ended December 31, 2024. City of Niles's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, City of Niles complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

City of Niles
Trumbull County

Independent Auditor's Report on Compliance with Requirements

Applicable to the Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 3

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 24, 2025

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**CITY OF NILES
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): Economic Development Initiative	AL 14.251
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

1. Financial Reporting

FINDING NUMBER 2024-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

We noted the following errors:

- The City did not include all construction in progress costs related to the Waddell Park Improvement Project. This resulted in Governmental Activities Non-Depreciable Capital Assets and Net Investment of Capital Assets being understated by \$2,217,403.
- The City improperly included activity related to the Ohio Department of Transportation (ODOT) project for State routes 46 and 169. ODOT did not issue any payments for this project on-behalf of the City. This resulted in capital grants program revenue and transportation expenses on the Statement of Activities being overstated by \$1,272,476. Also overstated by the same amount were intergovernmental receipts and capital outlay expenditures in the Other Governmental Funds opinion unit on the fund financial statement.
- The final cost of the State routes 46 and 169 project cost should be reported by the City when the project is completed. The project was completed in 2025. This resulted in Governmental Activities Depreciable Capital Assets and Net Investment of Capital Assets being overstated by \$1,562,280.

The City did not have adequate controls to help prevent or detect these errors. The City has corrected their financial statements for the above errors.

The City should review the accounting system reports, GAAP compilation workpapers, and basic financial statements as applicable to help ensure all amounts are properly classified and recorded.

Official's Response: City of Niles acknowledges the importance of accurate capital asset accounting and financial reporting and accepts responsibility for the identified errors. The City of Niles is committed to strengthening internal controls, improving coordination related to capital projects, and enhancing oversight of financial statement preparation. City of Niles believes the corrective actions outlined in their plan will reduce the risk of recurrence and will continue to monitor their implementation to ensure ongoing compliance with GAAP and applicable GASB standards.

3. FINDINGS FOR FEDERAL AWARDS

None



William McKinley, 25th
President of the United States
Born in Niles January 29, 1843

Office of the Auditor
Giovanne R. Merlo - Auditor
Nicole S. Bacak - Deputy Auditor

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2024

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2024-001	<p>The City has corrected the financial statements for the identified errors. To prevent recurrence, the city will implement the following corrective actions:</p> <ol style="list-style-type: none"> Capital Project Tracking: The City will enhance its capital asset tracking procedures to ensure all construction in progress costs are identified, accumulated, and recorded accurately and timely. Project costs will be reviewed periodically and reconciled to supporting documentation. Intergovernmental Project Review: The City will establish procedures to verify whether projects administered by external agencies, such as ODOT, involve on-behalf payments or reimbursements to the City before recording related revenues, expenditures, or capital assets. Capital Asset Recognition Timing: The City will ensure capital assets are recorded only upon project completion and placed into service, in accordance with GAAP. Final project costs will be reviewed and confirmed prior to capitalization. 	Started and Ongoing	City Auditor



William McKinley, 25th
President of the United States
Born in Niles January 29, 1843

Office of the Auditor

Giovanne R. Merlo - Auditor

Nicole S. Bacak - Deputy Auditor

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	<p>4. Enhanced Financial Statement Review: Management will perform a detailed review of accounting system reports, GAAP conversion workpapers, and draft financial statements. This review will focus on capital assets, governmental activities, and fund-level reporting to ensure proper classification, accuracy, and compliance with GASB standards.</p> <p>5. Segregation and Oversight: Where feasible, an additional level of supervisory or independent review will be applied to significant or unusual transactions related to capital projects and financial reporting.</p>		
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OHIO AUDITOR OF STATE KEITH FABER



CITY OF NILES

TRUMBULL 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 2/17/2026

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This report is a matter of public record and is available online at
www.ohioauditor.gov