

**OHIO AUDITOR OF STATE
KEITH FABER**



**City of Niles
Trumbull County, Ohio**

**General Purpose External Financial Statements
For the Year Ended December 31, 2021**

City of Niles, Ohio
Basic Financial Statements
For the Year Ended December 31, 2021
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City of Niles
34 West State Street
Niles, Ohio 44446

Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of the City of Niles as of and for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management's Discussion and Analysis is supplementary information required by the Governmental Accounting Standards Board and was prepared by management. We did not compile, review or audit the information nor do we express an opinion, a conclusion, nor provide any assurance on the information.

The Schedules of the City's Proportionate Share of Net Pension Asset/Liability, the Schedules of the City's Proportionate Share of the Net OPEB Asset/Liability and the Schedules of the City's Contributions are not part of the basic financial statements but the Governmental Accounting Standards Board requires their presentation to supplement the basic financial statement. We have compiled these schedules without audit or review and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this information.

KEITH FABER
Auditor of State

A handwritten signature in blue ink that reads "David B. Thompson".

David B. Thompson
Chief of Local Government Services

May 31, 2022

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City of Niles
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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, 2021. 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 2021 are as follows:

- The City's overall financial position improved in 2021. Governmental activities net position increased due mainly to an increase in cash and cash equivalents and a decrease in the net pension and net OPEB liabilities. Business-type activities net position increased due to an increase in cash and cash equivalents attributable to operating revenues outpacing operating expenses for the year.
- Governmental long-term debt obligations decreased due to the decrease in the net pension and net OPEB liabilities and the continued pay-down of debt. Business-type long-term liabilities decreased from the prior year due to decreases in the net pension and net OPEB liabilities and 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

See accountant's compilation report

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- 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, electric and para-transit 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.

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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, electric and para-transit 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 two custodial funds.

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 2021 as they compare to 2020.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$22,795,854	\$21,426,188	\$33,374,294	\$29,505,648	\$56,170,148	\$50,931,836
Noncurrent Assets:						
Net Pension Asset	5,036	6,230	11,216	13,868	16,252	20,098
Net OPEB Asset	229,024	0	509,762	0	738,786	0
Capital Assets, Net	24,978,715	24,209,525	57,515,756	61,166,779	82,494,471	85,376,304
<i>Total Assets</i>	<i>48,008,629</i>	<i>45,641,943</i>	<i>91,411,028</i>	<i>90,686,295</i>	<i>139,419,657</i>	<i>136,328,238</i>
Deferred Outflows of Resources						
Asset Retirement Obligation	10,667	12,000	0	0	10,667	12,000
Pension	2,331,897	2,230,184	1,002,213	1,097,368	3,334,110	3,327,552
OPEB	1,341,699	1,393,758	454,523	697,003	1,796,222	2,090,761
<i>Total Deferred Outflows of Resources</i>	<i>3,684,263</i>	<i>3,635,942</i>	<i>1,456,736</i>	<i>1,794,371</i>	<i>5,140,999</i>	<i>5,430,313</i>
Liabilities						
Current Liabilities	2,043,619	1,873,464	2,241,068	1,940,206	4,284,687	3,813,670
Long-term Liabilities						
Due within One Year	1,265,228	1,306,340	2,236,939	2,189,729	3,502,167	3,496,069
Due in More than One Year						
Net Pension Liability	14,720,758	14,823,299	4,454,787	5,528,976	19,175,545	20,352,275
Net OPEB Liability	1,976,847	3,469,863	0	3,696,098	1,976,847	7,165,961
Other Amounts	4,170,720	4,625,766	32,246,449	34,391,759	36,417,169	39,017,525
<i>Total Liabilities</i>	<i>\$24,177,172</i>	<i>\$26,098,732</i>	<i>\$41,179,243</i>	<i>\$47,746,768</i>	<i>\$65,356,415</i>	<i>\$73,845,500</i>

(continued)

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(Table 1)
Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Deferred Inflows of Resources						
Property Taxes	\$894,485	\$835,148	\$0	\$0	\$894,485	\$835,148
Pension	2,285,131	2,287,923	1,929,696	1,242,553	4,214,827	3,530,476
OPEB	1,733,373	1,317,445	1,558,810	570,780	3,292,183	1,888,225
Deferred Gain on Refunding	7,492	8,332	9,832	10,935	17,324	19,267
<i>Total Deferred Inflows of Resources</i>	<u>4,920,481</u>	<u>4,448,848</u>	<u>3,498,338</u>	<u>1,824,268</u>	<u>8,418,819</u>	<u>6,273,116</u>
Net Position						
Net Investment in Capital Assets	22,065,223	20,313,363	24,791,214	26,563,973	46,856,437	46,877,336
Restricted for:						
Capital Projects	395,200	430,068	0	0	395,200	430,068
Other Purposes	3,300,294	3,855,051	0	0	3,300,294	3,855,051
Unrestricted (Deficit)	(3,165,478)	(5,868,177)	23,398,969	16,345,657	20,233,491	10,477,480
<i>Total Net Position</i>	<u>\$22,595,239</u>	<u>\$18,730,305</u>	<u>\$48,190,183</u>	<u>\$42,909,630</u>	<u>\$70,785,422</u>	<u>\$61,639,935</u>

The net pension liability (NPL) is one of the largest single liabilities reported by the City at December 31, 2021. 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 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 mainly to an increase in cash and cash equivalents and a decrease in the net pension and OPEB liabilities. Capital assets increased due to current year additions of land, construction in progress, land improvements, buildings and improvements, equipment, vehicles and infrastructure. The decrease in long-term liabilities can be attributed to a decrease in the net pension and OPEB liabilities, as well as the pay down of debt.

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Net position of business-type activities increased from the prior year. Current and other assets increased due to an increase in cash and cash equivalents due to revenues outpacing expenses. The decrease in capital assets is attributable to current year depreciation and deletions exceeding current year additions of all categories except construction in progress. Long-term liabilities decreased due to a decrease in net pension and net OPEB liabilities and current year debt payments.

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 2021 and 2020.

(Table 2)
Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for Services and Assessments	\$2,024,979	\$1,852,879	\$41,098,606	\$41,300,720	\$43,123,585	\$43,153,599
Operating Grants	2,107,567	2,327,362	0	978,711	2,107,567	3,306,073
Capital Grants	726,732	197,547	3,660	0	730,392	197,547
<i>Total Program Revenues</i>	<u>4,859,278</u>	<u>4,377,788</u>	<u>41,102,266</u>	<u>42,279,431</u>	<u>45,961,544</u>	<u>46,657,219</u>
General Revenues						
Property Taxes	950,158	870,839	0	0	950,158	870,839
Income Taxes	9,225,180	8,473,596	0	0	9,225,180	8,473,596
Grants and Entitlements	627,195	743,973	0	0	627,195	743,973
Unrestricted Contributions	0	10,000	0	0	0	10,000
Excise Taxes	803,056	791,964	0	0	803,056	791,964
Hotel Taxes	177,544	91,277	0	0	177,544	91,277
Interest	101,110	227,163	0	0	101,110	227,163
Gain on Sale of Capital Assets	14,446	0	0	0	14,446	0
Other	193,811	285,609	203,488	387,645	397,299	673,254
<i>Total General Revenues</i>	<u>12,092,500</u>	<u>11,494,421</u>	<u>203,488</u>	<u>387,645</u>	<u>12,295,988</u>	<u>11,882,066</u>
<i>Total Revenues</i>	<u>16,951,778</u>	<u>15,872,209</u>	<u>41,305,754</u>	<u>42,667,076</u>	<u>58,257,532</u>	<u>58,539,285</u>
Program Expenses						
General Government	1,225,028	1,651,829	0	0	1,225,028	1,651,829
Security of Persons and Property	8,995,140	9,359,307	0	0	8,995,140	9,359,307
Public Health and Welfare	158,060	253,220	0	0	158,060	253,220
Leisure Time Activities	848,608	819,364	0	0	848,608	819,364
Community Environment	717,669	288,293	0	0	717,669	288,293
Transportation	849,570	1,607,368	0	0	849,570	1,607,368
Interest and Fiscal Charges	98,248	131,800	0	0	98,248	131,800
Water	0	0	7,315,154	6,376,948	7,315,154	6,376,948
Sewer	0	0	5,343,197	3,681,580	5,343,197	3,681,580
Electric	0	0	23,561,371	26,173,017	23,561,371	26,173,017
Para-Transit	0	0	0	9,633	0	9,633
<i>Total Program Expenses</i>	<u>12,892,323</u>	<u>14,111,181</u>	<u>36,219,722</u>	<u>36,241,178</u>	<u>49,112,045</u>	<u>50,352,359</u>
Transfers	(194,521)	(9,633)	194,521	9,633	0	0
<i>Change in Net Position</i>	<u>3,864,934</u>	<u>1,751,395</u>	<u>5,280,553</u>	<u>6,435,531</u>	<u>9,145,487</u>	<u>8,186,926</u>
<i>Net Position Beginning of Year</i>	<u>18,730,305</u>	<u>16,978,910</u>	<u>42,909,630</u>	<u>36,474,099</u>	<u>61,639,935</u>	<u>53,453,009</u>
<i>Net Position End of Year</i>	<u>\$22,595,239</u>	<u>\$18,730,305</u>	<u>\$48,190,183</u>	<u>\$42,909,630</u>	<u>\$70,785,422</u>	<u>\$61,639,935</u>

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Unaudited

Governmental Activities

Governmental program revenues increased in 2021 due to increases in charges for services and assessments and capital grant program revenues categories. Property, income, excise and hotel taxes all increased over the prior year. Grants and entitlement and interest revenue decreased from the prior year. The decreases in these revenue sources are a result of the negative effects of the pandemic on the economy. Interest revenue decreased due to lower interest rates in 2021. 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.

General government, security of persons and property, public health and welfare and transportation expenses decreased due to fewer projects in 2021 as the City employed preventive measures against the pandemic. Security of persons and property expenses continues to remain at a more normal level after being greatly affected in 2019 from OP&F switching to a stipend reimbursement in their healthcare funding, resulting in negative expenses. Leisure time activity and community environment expenses increased due to a large amount of community development projects.

Business-Type Activities

The City has four business-type operations. They are water, sewer, electric and para-transit 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.

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 expenditures, which was offset by an increase in revenues as revenues outpaced expenditures in the current year. The police and fire tax fund ended the year with a decreased fund balance as expenditures exceeded revenues and transfers in from the general fund.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The water fund's net position increased due to charges for services revenue being greater than current year expenses. The sewer fund's net position increased due to an increase in charges for services revenue and a decrease in operating expenses. The electric fund had an increase in net position due to revenues exceeding expenses despite a decrease in charges for services revenue and a decrease in operating expenses from 2020.

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 2021, actual revenues for the general fund were less than final estimated revenues due in large part to lower income taxes, excise taxes, interest revenues and other 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.

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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 all categories. Substantial additions were especially made to vehicles and infrastructure.

Total capital assets for the business-type activities, net of accumulated depreciation decreased from the prior year. Current year depreciation exceeded additions of buildings and improvements, machinery and equipment, vehicles and infrastructure. See Note 11 to the basic financial statements for additional information on capital assets.

Long-Term Obligations

During 2021, the City's long-term obligations outstanding decreased due to a decrease in the net pension and OPEB liabilities and the continued paydown of debt.

The City's overall debt margin was \$22,731,763 and the unvoted legal debt margin was \$8,922,352 at December 31, 2021. For more information about the City's long-term obligations, see Note 14 to the basic financial statements.

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's 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 Giovanna Merlo, City Auditor, City of Niles, 34 West State Street, Niles, Ohio 44446.

Basic Financial Statements

City of Niles, Ohio
Statement of Net Position
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$17,076,074	\$25,719,151	\$42,795,225
Cash and Cash Equivalents:			
In Segregated Accounts	224,327	0	224,327
Materials and Supplies Inventory	217,481	1,231,134	1,448,615
Prepaid Items	35,422	22,666	58,088
Accounts Receivable	38,886	3,446,053	3,484,939
Internal Balances	177,951	(177,951)	0
Intergovernmental Receivable	972,383	719	973,102
Income Taxes Receivable	2,828,885	0	2,828,885
Property Taxes Receivable	1,082,183	0	1,082,183
Special Assessments Receivable	142,262	0	142,262
Investment in Joint Venture	0	317,612	317,612
Regulatory Asset	0	1,174,350	1,174,350
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	0	1,640,560	1,640,560
Net Pension Asset	5,036	11,216	16,252
Net OPEB Asset	229,024	509,762	738,786
Nondepreciable Capital Assets	5,420,019	407,620	5,827,639
Depreciable Capital Assets, Net	19,558,696	57,108,136	76,666,832
<i>Total Assets</i>	<u>48,008,629</u>	<u>91,411,028</u>	<u>139,419,657</u>
Deferred Outflows of Resources			
Asset Retirement Obligation	10,667	0	10,667
Pension	2,331,897	1,002,213	3,334,110
OPEB	1,341,699	454,523	1,796,222
<i>Total Deferred Outflows of Resources</i>	<u>3,684,263</u>	<u>1,456,736</u>	<u>5,140,999</u>
Liabilities			
Accounts Payable	100,111	238,033	338,144
Accrued Wages	245,249	134,545	379,794
Intergovernmental Payable	257,446	114,362	371,808
Payable from Restricted Assets:			
Deposits Held and Due to Others	0	1,640,560	1,640,560
Unearned Revenue	1,107,716	0	1,107,716
Accrued Interest Payable	11,154	113,568	124,722
Claims Payable	321,943	0	321,943
Long-Term Liabilities:			
Due Within One Year	1,265,228	2,236,939	3,502,167
Due In More Than One Year:			
Net Pension Liability (See Note 15)	14,720,758	4,454,787	19,175,545
Net OPEB Liability (See Note 16)	1,976,847	0	1,976,847
Other Amounts	4,170,720	32,246,449	36,417,169
<i>Total Liabilities</i>	<u>24,177,172</u>	<u>41,179,243</u>	<u>65,356,415</u>
Deferred Inflows of Resources			
Property Taxes	894,485	0	894,485
Pension	2,285,131	1,929,696	4,214,827
OPEB	1,733,373	1,558,810	3,292,183
Deferred Gain on Refunding	7,492	9,832	17,324
<i>Total Deferred Inflows of Resources</i>	<u>4,920,481</u>	<u>3,498,338</u>	<u>8,418,819</u>
Net Position			
Net Investment in Capital Assets	22,065,223	24,791,214	46,856,437
Restricted for:			
Capital Projects	395,200	0	395,200
Other Purposes	3,300,294	0	3,300,294
Unrestricted (Deficit)	<u>(3,165,478)</u>	<u>23,398,969</u>	<u>20,233,491</u>
<i>Total Net Position</i>	<u>\$22,595,239</u>	<u>\$48,190,183</u>	<u>\$70,785,422</u>

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants	Capital Grants
Primary Government				
Governmental Activities:				
General Government	\$1,225,028	\$1,011,273	\$351	\$0
Security of Persons and Property	8,995,140	469,963	20,658	0
Public Health and Welfare	158,060	149,100	0	0
Leisure Time Activities	848,608	210,606	12,444	0
Community Environment	717,669	176,710	558,880	0
Transportation	849,570	7,327	1,515,234	726,732
Interest and Fiscal Charges	98,248	0	0	0
<i>Total Governmental Activities</i>	12,892,323	2,024,979	2,107,567	726,732
Business-Type Activities:				
Water	7,315,154	8,721,412	0	0
Sewer	5,343,197	5,682,828	0	0
Electric	23,561,371	26,694,366	0	3,660
<i>Total Business-Type Activities</i>	36,219,722	41,098,606	0	3,660
<i>Total - Primary Government</i>	<u>\$49,112,045</u>	<u>\$43,123,585</u>	<u>\$2,107,567</u>	<u>\$730,392</u>

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

Excise Taxes

Hotel Taxes

Interest

Gain on Sale of Capital Assets

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$213,404)	\$0	(\$213,404)
(8,504,519)	0	(8,504,519)
(8,960)	0	(8,960)
(625,558)	0	(625,558)
17,921	0	17,921
1,399,723	0	1,399,723
(98,248)	0	(98,248)
(8,033,045)	0	(8,033,045)
0	1,406,258	1,406,258
0	339,631	339,631
0	3,136,655	3,136,655
0	4,882,544	4,882,544
(8,033,045)	4,882,544	(3,150,501)
544,549	0	544,549
152,188	0	152,188
253,421	0	253,421
4,742,083	0	4,742,083
4,483,097	0	4,483,097
627,195	0	627,195
803,056	0	803,056
177,544	0	177,544
101,110	0	101,110
14,446	0	14,446
193,811	203,488	397,299
12,092,500	203,488	12,295,988
(194,521)	194,521	0
11,897,979	398,009	12,295,988
3,864,934	5,280,553	9,145,487
18,730,305	42,909,630	61,639,935
\$22,595,239	\$48,190,183	\$70,785,422

City of Niles, Ohio
Balance Sheet
Governmental Funds
December 31, 2021

	General	Police and Fire Tax	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$11,408,630	\$392,975	\$4,570,550	\$16,372,155
Cash and Cash Equivalents In Segregated Accounts	46,764	0	177,563	224,327
Materials and Supplies Inventory	9,655	130,440	53,561	193,656
Accounts Receivable	31,237	0	6,751	37,988
Interfund Receivable	30,032	0	0	30,032
Intergovernmental Receivable	247,053	0	725,330	972,383
Prepaid Items	5,644	25,321	4,457	35,422
Income Taxes Receivable	1,453,507	1,375,378	0	2,828,885
Property Taxes Receivable	606,159	0	476,024	1,082,183
Loans Receivable	479,888	0	0	479,888
Special Assessments Receivable	142,262	0	0	142,262
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	103,711	0	0	103,711
<i>Total Assets</i>	<u>\$14,564,542</u>	<u>\$1,924,114</u>	<u>\$6,014,236</u>	<u>\$22,502,892</u>
Liabilities				
Accounts Payable	\$72,622	\$2,663	\$15,925	\$91,210
Accrued Wages	27,988	193,993	23,268	245,249
Intergovernmental Payable	54,191	10,080	193,175	257,446
Unearned Revenue	155,738	0	951,978	1,107,716
Interfund Payable	0	0	30,032	30,032
<i>Total Liabilities</i>	<u>310,539</u>	<u>206,736</u>	<u>1,214,378</u>	<u>1,731,653</u>
Deferred Inflows of Resources				
Property Taxes	498,887	0	395,598	894,485
Unavailable Revenue	1,487,405	978,193	695,871	3,161,469
<i>Total Deferred Inflows of Resources</i>	<u>1,986,292</u>	<u>978,193</u>	<u>1,091,469</u>	<u>4,055,954</u>
Fund Balances				
Nonspendable	438,936	155,761	58,018	652,715
Restricted	0	583,424	3,215,492	3,798,916
Committed	0	0	550,255	550,255
Assigned	1,232,633	0	0	1,232,633
Unassigned (Deficit)	10,596,142	0	(115,376)	10,480,766
<i>Total Fund Balances</i>	<u>12,267,711</u>	<u>739,185</u>	<u>3,708,389</u>	<u>16,715,285</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$14,564,542</u>	<u>\$1,924,114</u>	<u>\$6,014,236</u>	<u>\$22,502,892</u>

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, 2021*

Total Governmental Fund Balances	\$16,715,285
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,978,715
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	187,698
Hotel Taxes	1,683
Income Taxes	2,022,354
Intergovernmental	805,644
Special Assessments	142,262
Rentals	1,743
Other	85
<hr/>	
Total	3,161,469
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	294,087
Internal Balances	(301,937)
<hr/>	
Total	(7,850)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(11,154)
The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, the liability and related deferred inflows/outflows are not reported in governmental funds.	
Net Pension Asset	5,036
Deferred Outflows - Pension	2,331,897
Deferred Inflows - Pension	(2,285,131)
Net Pension Liability	(14,720,758)
Net OPEB Asset	229,024
Deferred Outflows - OPEB	1,341,699
Deferred Inflows - OPEB	(1,733,373)
Net OPEB Liability	(1,976,847)
<hr/>	
Total	(16,808,453)
Deferred inflows of resources represent deferred gains on refundings, which are not reported in the governmental funds.	(7,492)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(3,706,000)
Police and Fire Pension	(264,695)
Compensated Absences	(1,299,976)
Special Termination Benefits Payable	(125,277)
Deferred Outflows Asset Retirement	10,667
Asset Retirement Obligation	(40,000)
<hr/>	
Total	(5,425,281)
<hr/>	
<i>Net Position of Governmental Activities</i>	<u><u>\$22,595,239</u></u>

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, 2021

	General	Police and Fire Tax	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$538,341	\$0	\$402,963	\$941,304
Income Taxes	4,980,947	4,720,931	0	9,701,878
Special Assessments	1,786	0	0	1,786
Excise Taxes	803,056	0	0	803,056
Hotel Taxes	181,664	0	0	181,664
Intergovernmental	579,440	0	2,708,359	3,287,799
Interest	98,737	0	2,373	101,110
Fees, Licenses and Permits	311,307	0	0	311,307
Fines and Forfeitures	675,749	0	333,636	1,009,385
Rentals	18,479	0	11,125	29,604
Charges for Services	0	0	437,867	437,867
Cable Franchise Fees	244,843	0	0	244,843
Other	25,880	0	67,344	93,224
<i>Total Revenues</i>	<u>8,460,229</u>	<u>4,720,931</u>	<u>3,963,667</u>	<u>17,144,827</u>
Expenditures				
Current:				
General Government	1,739,690	0	105,515	1,845,205
Security of Persons and Property	357,371	7,166,897	1,273,546	8,797,814
Public Health and Welfare	0	0	314,907	314,907
Leisure Time Activities	20,847	0	666,043	686,890
Community Environment	364,429	0	489,273	853,702
Transportation	14,668	0	1,307,159	1,321,827
Capital Outlay	0	0	1,186,001	1,186,001
Debt Service:				
Principal Retirement	150,200	14,326	267,000	431,526
Interest and Fiscal Charges	46,533	11,708	42,163	100,404
<i>Total Expenditures</i>	<u>2,693,738</u>	<u>7,192,931</u>	<u>5,651,607</u>	<u>15,538,276</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,766,491</u>	<u>(2,472,000)</u>	<u>(1,687,940)</u>	<u>1,606,551</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	17,608	0	0	17,608
Transfers In	35,607	2,243,407	2,047,008	4,326,022
Transfers Out	(4,290,415)	0	(35,607)	(4,326,022)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,237,200)</u>	<u>2,243,407</u>	<u>2,011,401</u>	<u>17,608</u>
<i>Net Change in Fund Balances</i>	1,529,291	(228,593)	323,461	1,624,159
<i>Fund Balances Beginning of Year</i>	<u>10,738,420</u>	<u>967,778</u>	<u>3,384,928</u>	<u>15,091,126</u>
<i>Fund Balances End of Year</i>	<u>\$12,267,711</u>	<u>\$739,185</u>	<u>\$3,708,389</u>	<u>\$16,715,285</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, 2021*

Net Change in Fund Balances - Total Governmental Funds		\$1,624,159
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	2,644,817	
Current Year Depreciation	(1,838,263)	
Total		806,554
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.		
		(37,364)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	8,854	
Hotel Taxes	(4,120)	
Income Taxes	(476,698)	
Intergovernmental	173,695	
Special Assessments	(11,346)	
Rentals	1,533	
Other	85	
Total		(307,997)
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	(368,430)	
Internal Balances	191,126	
Total		(177,304)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,225,989	
OPEB	23,719	
Total		1,249,708
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,020,137)	
OPEB	1,230,334	
Total		210,197
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		431,526
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	1,316	
Amortization of Deferred Gain on Refunding	840	
Total		2,156
Amortization of deferred outflows related to the asset retirement obligation is reported as an expense in the statement of activities.		
		(1,333)
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.		
Compensated Absences	183,180	
Special Termination Benefits Payable	(118,548)	
Total		64,632
<i>Change in Net Position of Governmental Activities</i>		\$3,864,934

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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$527,020	\$532,318	\$538,341	\$6,023
Income Taxes	5,095,868	5,193,407	4,868,276	(325,131)
Special Assessments	5,940	6,000	1,786	(4,214)
Excise Taxes	866,291	875,000	803,056	(71,944)
Hotel Taxes	133,656	135,000	164,366	29,366
Intergovernmental	421,874	426,115	550,110	123,995
Interest	282,395	285,082	110,545	(174,537)
Fees, Licenses and Permits	315,825	319,000	311,036	(7,964)
Fines and Forfeitures	663,331	670,000	668,585	(1,415)
Rentals	6,930	7,000	15,460	8,460
Cable Franchise Fees	198,009	200,000	244,843	44,843
Other	342,927	344,918	155,171	(189,747)
<i>Total Revenues</i>	<u>8,860,066</u>	<u>8,993,840</u>	<u>8,431,575</u>	<u>(562,265)</u>
Expenditures				
Current:				
General Government	2,279,234	2,887,706	2,107,299	780,407
Security of Persons and Property	399,135	412,377	356,473	55,904
Leisure Time Activities	81,880	85,289	26,352	58,937
Community Environment	425,943	434,989	392,921	42,068
Transportation	48,000	52,000	18,668	33,332
Debt Service:				
Principal Retirement	151,466	151,466	150,200	1,266
Interest and Fiscal Charges	46,534	46,534	46,533	1
<i>Total Expenditures</i>	<u>3,432,192</u>	<u>4,070,361</u>	<u>3,098,446</u>	<u>971,915</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,427,874</u>	<u>4,923,479</u>	<u>5,333,129</u>	<u>409,650</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	17,608	17,608
Transfers In	0	0	35,607	35,607
Transfers Out	(5,591,407)	(5,429,014)	(4,290,415)	1,138,599
<i>Total Other Financing Sources (Uses)</i>	<u>(5,591,407)</u>	<u>(5,429,014)</u>	<u>(4,237,200)</u>	<u>1,191,814</u>
<i>Net Change in Fund Balance</i>	(163,533)	(505,535)	1,095,929	1,601,464
<i>Fund Balance Beginning of Year</i>	9,597,097	9,597,097	9,597,097	0
Prior Year Encumbrances Appropriated	253,537	253,537	253,537	0
<i>Fund Balance End of Year</i>	<u>\$9,687,101</u>	<u>\$9,345,099</u>	<u>\$10,946,563</u>	<u>\$1,601,464</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Income Taxes	\$4,606,593	\$4,606,593	\$4,606,593	\$0
Expenditures				
Current:				
Security of Persons and Property	7,568,395	8,332,282	7,901,712	430,570
Debt Service:				
Principal Retirement	14,326	14,326	14,326	0
Interest and Fiscal Charges	11,708	11,708	11,708	0
<i>Total Expenditures</i>	<u>7,594,429</u>	<u>8,358,316</u>	<u>7,927,746</u>	<u>430,570</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,987,836)	(3,751,723)	(3,321,153)	430,570
Other Financing Sources (Uses)				
Transfers In	3,093,407	2,993,407	2,243,407	(750,000)
<i>Net Change in Fund Balance</i>	105,571	(758,316)	(1,077,746)	(319,430)
<i>Fund Balance Beginning of Year</i>	522,168	522,168	522,168	0
Prior Year Encumbrances Appropriated	840,455	840,455	840,455	0
<i>Fund Balance End of Year</i>	<u>\$1,468,194</u>	<u>\$604,307</u>	<u>\$284,877</u>	<u>(\$319,430)</u>

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2021

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$4,151,043	\$5,003,414	\$16,564,694	\$25,719,151	\$600,208
Materials and Supplies Inventory	97,297	30,812	1,103,025	1,231,134	23,825
<i>Receivables:</i>					
Intergovernmental	719	0	0	719	0
Accounts	584,586	446,885	2,414,582	3,446,053	898
Prepaid Items	4,368	5,927	12,371	22,666	0
<i>Total Current Assets</i>	<u>4,838,013</u>	<u>5,487,038</u>	<u>20,094,672</u>	<u>30,419,723</u>	<u>624,931</u>
<i>Noncurrent Assets:</i>					
Investment in Joint Venture	0	0	317,612	317,612	0
Regulatory Asset	0	0	1,174,350	1,174,350	0
<i>Restricted Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	521,251	436,301	683,008	1,640,560	0
Net Pension Asset	2,276	2,764	6,176	11,216	0
Net OPEB Asset	103,431	125,591	280,740	509,762	0
<i>Capital Assets:</i>					
Nondepreciable Capital Assets	106,654	117,506	183,460	407,620	0
Depreciable Capital Assets, Net	2,730,231	41,305,094	13,072,811	57,108,136	0
<i>Total Noncurrent Assets</i>	<u>3,463,843</u>	<u>41,987,256</u>	<u>15,718,157</u>	<u>61,169,256</u>	<u>0</u>
<i>Total Assets</i>	<u>8,301,856</u>	<u>47,474,294</u>	<u>35,812,829</u>	<u>91,588,979</u>	<u>624,931</u>
Deferred Outflows of Resources					
Pension	203,347	246,921	551,945	1,002,213	0
OPEB	92,222	111,984	250,317	454,523	0
<i>Total Deferred Outflows of Resources</i>	<u>295,569</u>	<u>358,905</u>	<u>802,262</u>	<u>1,456,736</u>	<u>0</u>
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	89,151	57,192	91,690	238,033	8,901
Accrued Wages	28,796	37,593	68,156	134,545	0
Intergovernmental Payable	22,024	33,248	59,090	114,362	0
<i>Payable from Restricted Assets:</i>					
Deposits Held and Due to Others	521,251	436,301	683,008	1,640,560	0
Compensated Absences Payable	41,264	52,641	204,250	298,155	0
Accrued Interest Payable	917	112,651	0	113,568	0
Internal Loans Payable	159,962	0	0	159,962	0
General Obligation Bonds Payable	79,000	181,000	0	260,000	0
OWDA Loans Payable	0	1,678,784	0	1,678,784	0
Claims Payable	0	0	0	0	321,943
<i>Total Current Liabilities</i>	<u>942,365</u>	<u>2,589,410</u>	<u>1,106,194</u>	<u>4,637,969</u>	<u>330,844</u>
<i>Long-Term Liabilities (net of current portion):</i>					
Compensated Absences Payable	21,002	71,772	83,399	176,173	0
Internal Loans Payable	319,926	0	0	319,926	0
General Obligation Bonds Payable	685,000	1,618,000	0	2,303,000	0
OWDA Loans Payable	0	28,592,926	0	28,592,926	0
Stranded Cost Liability	0	0	1,174,350	1,174,350	0
Net Pension Liability	903,870	1,097,556	2,453,361	4,454,787	0
<i>Total Long-Term Liabilities</i>	<u>1,929,798</u>	<u>31,380,254</u>	<u>3,711,110</u>	<u>37,021,162</u>	<u>0</u>
<i>Total Liabilities</i>	<u>2,872,163</u>	<u>33,969,664</u>	<u>4,817,304</u>	<u>41,659,131</u>	<u>330,844</u>
Deferred Inflows of Resources					
Deferred Gain on Refunding	2,566	7,266	0	9,832	0
Pension	391,533	475,432	1,062,731	1,929,696	0
OPEB	316,280	384,054	858,476	1,558,810	0
<i>Total Deferred Inflows of Resources</i>	<u>710,379</u>	<u>866,752</u>	<u>1,921,207</u>	<u>3,498,338</u>	<u>0</u>
Net Position					
Net Investment in Capital Assets	2,190,319	9,344,624	13,256,271	24,791,214	0
Unrestricted	2,824,564	3,652,159	16,620,309	23,097,032	294,087
<i>Total Net Position</i>	<u>\$5,014,883</u>	<u>\$12,996,783</u>	<u>\$29,876,580</u>	<u>\$47,888,246</u>	<u>\$294,087</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:				301,937	
Net position of business-type activities				<u>\$48,190,183</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, 2021*

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	
Operating Revenues					
Charges for Services	\$8,721,412	\$5,682,828	\$26,694,366	\$41,098,606	\$3,204,061
Other	38,973	7,965	156,550	203,488	100,502
<i>Total Operating Revenues</i>	<u>8,760,385</u>	<u>5,690,793</u>	<u>26,850,916</u>	<u>41,302,094</u>	<u>3,304,563</u>
Operating Expenses					
Personal Services	624,380	1,008,481	1,638,102	3,270,963	0
Materials and Supplies	387,639	108,707	357,329	853,675	227,588
Contractual Services	6,116,434	701,330	20,421,950	27,239,714	40,491
Depreciation	90,761	3,132,405	988,510	4,211,676	0
Claims	0	0	0	0	3,400,915
Other	46,622	30,100	58,438	135,160	3,999
<i>Total Operating Expenses</i>	<u>7,265,836</u>	<u>4,981,023</u>	<u>23,464,329</u>	<u>35,711,188</u>	<u>3,672,993</u>
<i>Operating Income (Loss)</i>	<u>1,494,549</u>	<u>709,770</u>	<u>3,386,587</u>	<u>5,590,906</u>	<u>(368,430)</u>
Non-Operating Revenues (Expenses)					
Interest and Fiscal Charges	(11,753)	(251,472)	0	(263,225)	0
Gain on Investment in Joint Venture	0	0	3,660	3,660	0
Loss on Sale of Capital Assets	0	(54,183)	0	(54,183)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(11,753)</u>	<u>(305,655)</u>	<u>3,660</u>	<u>(313,748)</u>	<u>0</u>
<i>Income (Loss) before Transfers and Capital Contributions</i>	1,482,796	404,115	3,390,247	5,277,158	(368,430)
Capital Contributions	206,021	0	0	206,021	0
Transfers Out	(11,500)	0	0	(11,500)	0
<i>Change in Net Position</i>	1,677,317	404,115	3,390,247	5,471,679	(368,430)
<i>Net Position Beginning of Year</i>	<u>3,337,566</u>	<u>12,592,668</u>	<u>26,486,333</u>		<u>662,517</u>
<i>Net Position End of Year</i>	<u>\$5,014,883</u>	<u>\$12,996,783</u>	<u>\$29,876,580</u>		<u>\$294,087</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.

(191,126)

Change in net position of business-type activities

\$5,280,553

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Customers	\$8,810,800	\$5,840,436	\$26,914,218	\$41,565,454	\$3,204,061
Other Cash Receipts	38,813	7,965	163,544	210,322	152,047
Cash Payments to Employees for Services	(1,037,059)	(1,476,230)	(2,805,582)	(5,318,871)	0
Cash Payments for Goods and Services	(6,406,257)	(765,889)	(20,856,871)	(28,029,017)	(273,169)
Cash Payments for Claims	0		0	0	(3,497,351)
Cash Payments for Interfund Services Provided	(264,152)	(372,724)	(679,009)	(1,315,885)	0
Other Cash Payments	(42,389)	(26,624)	(45,850)	(114,863)	(3,999)
<i>Net Cash Provided by (Used for)</i> <i>Operating Activities</i>	<u>1,099,756</u>	<u>3,206,934</u>	<u>2,690,450</u>	<u>6,997,140</u>	<u>(418,411)</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds from Sale of Capital Assets	0	1,226	0	1,226	0
Principal Paid on Internal Loans	(144,918)	0	0	(144,918)	0
Interest Paid on Internal Loans	(15,082)	0	0	(15,082)	0
Principal Paid on General Obligation Bonds	(78,000)	(183,000)	0	(261,000)	0
Interest Paid on General Obligation Bonds	(12,091)	(28,462)	0	(40,553)	0
Principal Paid on OWDA Loans	0	(1,628,161)	0	(1,628,161)	0
Interest Paid on OWDA Loans	0	(230,114)	0	(230,114)	0
Payments for Capital Acquisitions	(123,725)	(53,515)	(244,301)	(421,541)	0
<i>Net Cash Provided by (Used for)</i> <i>Capital and Related Financing Activities</i>	<u>(373,816)</u>	<u>(2,122,026)</u>	<u>(244,301)</u>	<u>(2,740,143)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	725,940	1,084,908	2,446,149	4,256,997	(418,411)
<i>Cash and Cash Equivalents</i> <i>Beginning of Year</i>	<u>3,946,354</u>	<u>4,354,807</u>	<u>14,801,553</u>	<u>23,102,714</u>	<u>1,018,619</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,672,294</u>	<u>\$5,439,715</u>	<u>\$17,247,702</u>	<u>\$27,359,711</u>	<u>\$600,208</u>

(continued)

City of Niles, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2021

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$1,494,549	\$709,770	\$3,386,587	\$5,590,906	(\$368,430)
Adjustments:					
Depreciation	90,761	3,132,405	988,510	4,211,676	0
<i>(Increase) Decrease in Assets:</i>					
Accounts Receivable	36,759	102,944	151,451	291,154	51,545
Intergovernmental Receivable	45	0	0	45	0
Materials and Supplies Inventory	40,554	5,921	(157,884)	(111,409)	(7,522)
Prepaid Items	(181)	(321)	(842)	(1,344)	0
Net Pension Asset	(270)	(328)	(731)	(1,329)	0
(Increase) Decrease in Deferred Outflows - Pension	228,300	277,222	619,671	1,125,193	0
(Increase) Decrease in Deferred Outflows - OPEB	126,038	153,046	342,101	621,185	0
<i>Increase (Decrease) in Liabilities:</i>					
Accounts Payable	40,462	42,141	27,002	109,605	2,432
Accrued Wages	5,699	4,923	12,040	22,662	0
Contracts Payable	(1,970)	0	0	(1,970)	0
Intergovernmental Payable	(745)	672	5,878	5,805	0
Deposits Held and Due to Others	52,338	43,708	75,091	171,137	0
Compensated Absences Payable	3,867	(30,911)	506	(26,538)	0
Claims Payable	0	0	0	0	(96,436)
Net Pension Liability	(4,844)	(5,881)	(13,144)	(23,869)	0
Net OPEB Liability	(499,854)	(606,965)	(1,356,748)	(2,463,567)	0
Increase (Decrease) in Deferred Inflows - Pension	(281,874)	(342,274)	(765,086)	(1,389,234)	0
Increase (Decrease) in Deferred Inflows - OPEB	(229,878)	(279,138)	(623,952)	(1,132,968)	0
<i>Total Adjustments</i>	<u>(394,793)</u>	<u>2,497,164</u>	<u>(696,137)</u>	<u>1,406,234</u>	<u>(49,981)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$1,099,756</u>	<u>\$3,206,934</u>	<u>\$2,690,450</u>	<u>\$6,997,140</u>	<u>(\$418,411)</u>

Noncash Capital and Related Financing Activities

During 2021, governmental activities purchased capital assets for the water enterprise fund in the amount of \$206,021.

During 2021, the water enterprise fund purchased capital assets for governmental activities in the amount of \$11,500.

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Private Purpose Trust	Custodial Fund
	Endowment	Court
Assets		
Equity in Pooled Cash and Cash Equivalents	\$85,867	\$0
Cash and Cash Equivalents in Segregated Accounts	0	2,216
<i>Total Assets</i>	85,867	2,216
Liabilities		
Accounts Payable	0	435
Intergovernmental Payable	0	1,781
<i>Total Liabilities</i>	0	2,216
Net Position		
Held in Trust for Endowment	\$85,867	\$0

See accompanying notes to the basic financial statements

City of Niles, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Private Purpose Trust	Custodial Fund
	Endowment	Court
Additions		
Fines and Forfeitures for Other Governments	\$0	\$617,831
Fines and Forfeitures for Others	0	366,751
<i>Total Additions</i>	<u>0</u>	<u>984,582</u>
Deductions		
Fines and Forfeitures Distributions to Other Governments	0	617,927
Fines and Forfeitures Distributions to Others	0	366,655
<i>Total Deductions</i>	<u>0</u>	<u>984,582</u>
<i>Net Increase (Decrease) in Fiduciary Net Position</i>	0	0
<i>Net Position Beginning of Year</i>	<u>85,867</u>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$85,867</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, 2021

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 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, 2021

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, 2021

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.

Other enterprise funds of the City are used to account for the operations of the City's transportation services for users within 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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

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 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On 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.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources 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, 2021

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, unavailable revenue and gain on refunding. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, hotel taxes, special assessments, rentals, intergovernmental grants and miscellaneous revenue. 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.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension 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.

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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

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.

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 a revolving loan fund administered by Mahoning Valley Economic Development Agency. 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 County treasury.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue is distributed to the general fund, certain special revenue funds, debt service funds and certain capital projects funds. Interest revenue credited to the general fund during 2021 amounted to \$98,737, which includes \$71,151 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, 2021.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, 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.

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 or other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies. Restricted assets in the enterprise funds represent utility deposits held by the City.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Inventory

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

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 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20-40 years	N/A
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

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

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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, 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.

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. It also includes the long-term loans receivable for the general fund.

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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

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 2022'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.

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 and para transit 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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

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.

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.

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.

Note 3 – Change in Accounting Principle

For 2021, the City implemented *Implementation Guide No. 2019-1*. This change was incorporated in the City's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

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, 2021

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	\$1,529,291	(\$228,593)
Net Adjustment for Revenue Accruals	(14,201)	(114,338)
Perspective Difference:		
Unclaimed Monies	(11,096)	0
Beginning Unrecorded Cash	80	0
Ending Unrecorded Cash	(3,236)	0
Net Adjustment for Expenditure Accruals	32,102	(626,867)
Advances In	0	0
Adjustments for Encumbrances	(437,011)	(107,948)
Budget Basis	\$1,095,929	(\$1,077,746)

Note 5 – Accountability

The following funds had deficit fund balances as of December 31, 2021:

<i>Special Revenue Funds</i>	
Police Pension	\$56,041
Fire Pension	59,303
BRT Clean-up	32

The special revenue funds have deficits caused by the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. 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 below:

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Fund Balances	General	Police and Fire Tax	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Unclaimed Monies	\$103,711	\$0	\$0	\$103,711
Prepays	5,644	25,321	4,457	35,422
Inventory	9,655	130,440	53,561	193,656
Long-term Loans	319,926	0	0	319,926
<i>Total Nonspendable</i>	<u>438,936</u>	<u>155,761</u>	<u>58,018</u>	<u>652,715</u>
<u>Restricted for:</u>				
Police and Fire Protection	0	583,424	768,358	1,351,782
Park and Community Activities	0	0	387,388	387,388
Debt Service Retirement	0	0	1,000	1,000
Street Maintenance	0	0	1,219,242	1,219,242
Health and Welfare	0	0	79,571	79,571
Municipal Court	0	0	206,310	206,310
Revolving Loan	0	0	158,423	158,423
Capital Improvements	0	0	395,200	395,200
<i>Total Restricted</i>	<u>0</u>	<u>583,424</u>	<u>3,215,492</u>	<u>3,798,916</u>
<u>Committed to:</u>				
Capital Improvements	0	0	550,255	550,255
<u>Assigned to:</u>				
2022 Operations	863,014	0	0	863,014
Purchases on Order:				
General Government	324,507	0	0	324,507
Security of Persons and Property	1,643	0	0	1,643
Community Environment	33,931	0	0	33,931
Leisure Time Activities	5,538	0	0	5,538
Transportation	4,000	0	0	4,000
<i>Total Assigned</i>	<u>1,232,633</u>	<u>0</u>	<u>0</u>	<u>1,232,633</u>
Unassigned (Deficit)	10,596,142	0	(115,376)	10,480,766
Total Fund Balances	<u><u>\$12,267,711</u></u>	<u><u>\$739,185</u></u>	<u><u>\$3,708,389</u></u>	<u><u>\$16,715,285</u></u>

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
For the Year Ended December 31, 2021

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);
6. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

The City may also invest any monies not required to be used for a specific period of six months or more in the following:

1. Bonds of the State of Ohio;

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

Deposits

Custodial Credit Risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$3,729,635 of the City's bank balance of \$44,904,397 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 8 - Receivables

Receivables at December 31, 2021, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments and accounts (billings for utility service).

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 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes were levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021, was \$3.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$179,261,200
Commercial Industrial/PU	93,637,350
Public Utility Property	<u>3,289,670</u>
Total Assessed Value	<u><u>\$276,188,220</u></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, 2021, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 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 1.24 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.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Intergovernmental Receivables

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

	Amounts
Governmental:	
Gasoline Tax and Cents per Gallon	\$485,899
State and Local Government Funds	185,485
Permissive Motor Vehicle License Tax	144,708
Motor Vehicle License Registration	78,368
Homestead and Rollback	49,575
Trumbull County	25,983
Department of Treasury	2,014
Indigent Drivers Funds	351
Total Governmental Funds	\$972,383

At December 31, 2021 the City had intergovernmental receivables of \$719 in the water enterprise fund for charges to the Mahoning Valley Sanitary District.

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 the year, the City contracted with USI Insurance Services for all insurance. The coverage and deductibles are as follows:

Type of Coverage	Coverage	Deductible
<i>General Liability:</i>		
Each Occurrence	\$2,000,000	None
Employee Benefits Liability	1,000,000	\$1,000
Injunctive Relief	Included	None
Sewer Backup Pollution Liability	1,000,000	None
Underground Storage Tank Pollution	55,000	None
Blanket Building	80,404,496	2,500
Blanket Personal Property	30,717,354	2,500
Earthquake/Flood	2,000,000	25,000
Boiler/Machinery	107,438,809	2,500
Cyber Liability	2,000,000	None
Inland Marine	1,051,095	1,000
<i>Auto Liability and Physical Damage</i>		
Each Occurrence	2,000,000	None
Uninsured Motorists	1,000,000	None
<i>Law Enforcement Liability</i>		
Each Occurrence	2,000,000	1,000
<i>Wrongful Acts Coverage</i>		
Each Occurrence	2,000,000	1,000

There has been no reduction in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

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 \$321,943 as estimated by the third party administrator and reported in the health insurance internal service fund at December 31, 2021, 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 2020 and 2021 were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2020	\$352,516	\$3,031,054	\$2,965,191	\$418,379
2021	418,379	3,400,915	3,497,351	321,943

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 limited to one year unless an extension is approved by the Mayor. All accumulated unused vacation time is paid upon termination of employment. Outstanding unused vacation is reflected as compensated absences payable.

Employees earn sick leave at the rate of 4.6 hours for each 80 hours of completed service. There are several sick leave accumulation limits for each bargaining unit based on the hire date of the employee. Upon retirement, an employee will be paid according to the corresponding bargaining unit agreement. There are several severance calculations for each bargaining unit based on the hire date of the employee.

Health and Life Insurance

The City provides health insurance through Aetna to its employees. It also provides life insurance and accidental death and dismemberment insurance to its employees through Hartford Life Insurance.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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. This incentive will be spread over one year. The remaining retirement incentive will be paid out in 2022.

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$1,702,114	\$11,193	\$0	\$1,713,307
Rights of Way	2,350,843	0	0	2,350,843
Construction in Progress	794,293	561,576	0	1,355,869
<i>Total Capital Assets, not being depreciated</i>	<u>4,847,250</u>	<u>572,769</u>	<u>0</u>	<u>5,420,019</u>
Capital Assets, being depreciated:				
Land Improvements	5,469,013	103,925	0	5,572,938
Buildings and Improvements	15,247,254	119,252	0	15,366,506
Equipment	1,237,075	106,566	(186,608)	1,157,033
Vehicles	4,235,851	522,844	(49,585)	4,709,110
Infrastructure	11,163,974	1,219,461	(376,672)	12,006,763
<i>Total Capital Assets, being depreciated</i>	<u>37,353,167</u>	<u>2,072,048</u>	<u>(612,865)</u>	<u>38,812,350</u>
Less Accumulated Depreciation:				
Land Improvements	(3,267,657)	(173,772)	0	(3,441,429)
Buildings and Improvements	(5,361,722)	(1,003,116)	0	(6,364,838)
Equipment	(965,087)	(63,455)	185,078	(843,464)
Vehicles	(2,725,132)	(265,021)	47,085	(2,943,068)
Infrastructure	(5,671,294)	(332,899)	343,338	(5,660,855)
<i>Total Accumulated Depreciation</i>	<u>(17,990,892)</u>	<u>(1,838,263) *</u>	<u>575,501</u>	<u>(19,253,654)</u>
Total Capital Assets being depreciated, net	<u>19,362,275</u>	<u>233,785</u>	<u>(37,364)</u>	<u>19,558,696</u>
Governmental Activities Capital Assets, Net	<u>\$24,209,525</u>	<u>\$806,554</u>	<u>(\$37,364)</u>	<u>\$24,978,715</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$158,713
Security of Persons and Property	444,006
Public Health and Welfare	9,702
Transportation	843,933
Leisure Time Activities	381,909
Total Depreciation Expense	<u>\$1,838,263</u>

City of Niles, Ohio
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For the Year Ended December 31, 2021

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Business-type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$407,620	\$0	\$0	\$407,620
<i>Capital Assets, being depreciated:</i>				
Land Improvements	314,517	0	0	314,517
Buildings and Improvements	34,838,959	38,155	(55,409)	34,821,705
Machinery and Equipment	26,719,451	22,740	0	26,742,191
Vehicles	2,937,759	144,002	(51,641)	3,030,120
Infrastructure	41,825,011	411,165	0	42,236,176
<i>Total Capital Assets, being depreciated</i>	<u>106,635,697</u>	<u>616,062</u>	<u>(107,050)</u>	<u>107,144,709</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(7,863)	(23,589)	0	(31,452)
Buildings and Improvements	(8,329,273)	(1,647,508)	0	(9,976,781)
Machinery and Equipment	(11,458,308)	(1,454,348)	0	(12,912,656)
Vehicles	(1,355,977)	(225,621)	51,641	(1,529,957)
Infrastructure	(24,725,117)	(860,610)	0	(25,585,727)
<i>Total Accumulated Depreciation</i>	<u>(45,876,538)</u>	<u>(4,211,676) *</u>	<u>51,641</u>	<u>(50,036,573)</u>
Total Capital Assets being depreciated, net	<u>60,759,159</u>	<u>(3,595,614)</u>	<u>(55,409)</u>	<u>57,108,136</u>
Business-type Activities Capital Assets, Net	<u>\$61,166,779</u>	<u>(\$3,595,614)</u>	<u>(\$55,409)</u>	<u>\$57,515,756</u>

* Depreciation expense was charged to enterprise funds as follows:

Water	\$90,761
Sewer	3,132,405
Electric	<u>988,510</u>
Total Depreciation Expense	<u>\$4,211,676</u>

Note 12 - 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, 2021.

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, 2021.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 13 – 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. On the fund financial statements, the receivable balance in the general fund at December 31, 2021 is \$479,888 and a corresponding payable is recorded in the water fund. On the government-wide financial statements the amounts are considered a part of the internal balance between the governmental and the business-type activities.

The following is a schedule of repayment:

Year Ending December 31,	Principal	Interest	Total
2022	\$148,541	\$11,421	\$159,962
2023	152,254	7,709	159,963
2024	156,061	3,902	159,963
Total	\$456,856	\$23,032	\$479,888

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
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, 2021

A schedule of changes in bonds and other long-term obligations of the City during 2021 follows:

	Amounts Outstanding 12/31/20	Additions	Reductions	Amounts Outstanding 12/31/21	Amounts Due in One Year
<i>Governmental Activities:</i>					
<i>General Obligation Bonds:</i>					
Various Purpose Improvement Bonds II	\$1,187,200	\$0	(\$150,200)	\$1,037,000	\$156,200
Various Purpose Improvement Bonds III	883,000	0	(83,000)	800,000	84,000
Various Purpose Refunding Bonds	2,053,000	0	(184,000)	1,869,000	188,000
<i>Total General Obligation Bonds</i>	<u>4,123,200</u>	<u>0</u>	<u>(417,200)</u>	<u>3,706,000</u>	<u>428,200</u>
<i>Other Long-Term Obligations:</i>					
<i>Net Pension Liability:</i>					
OPERS	2,484,031	0	(482,607)	2,001,424	0
OP&F	12,339,268	380,066	0	12,719,334	0
<i>Total Net Pension Liability</i>	<u>14,823,299</u>	<u>380,066</u>	<u>(482,607)</u>	<u>14,720,758</u>	<u>0</u>
<i>Net OPEB Liability:</i>					
OPERS	1,660,565	0	(1,660,565)	0	0
OP&F	1,809,298	167,549	0	1,976,847	0
<i>Total Net OPEB Liability</i>	<u>3,469,863</u>	<u>167,549</u>	<u>(1,660,565)</u>	<u>1,976,847</u>	<u>0</u>
Police and Fire Pension Liability	279,021	0	(14,326)	264,695	14,941
Special Termination Benefits	6,729	125,277	(6,729)	125,277	89,687
Compensated Absences	1,483,156	684,905	(868,085)	1,299,976	732,400
Asset Retirement Obligation	40,000	0	0	40,000	0
<i>Total Other Long-Term Obligations</i>	<u>20,102,068</u>	<u>1,357,797</u>	<u>(3,032,312)</u>	<u>18,427,553</u>	<u>837,028</u>
<i>Total Governmental Long-Term Liabilities</i>	<u>\$24,225,268</u>	<u>\$1,357,797</u>	<u>(\$3,449,512)</u>	<u>\$22,133,553</u>	<u>\$1,265,228</u>

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

	Amounts Outstanding 12/31/20	Additions	Reductions	Amounts Outstanding 12/31/21	Amounts Due in One Year
<i>Business-Type Activities:</i>					
<i>General Obligation Bonds:</i>					
Various Purpose Improvement Bonds III	\$132,000	\$0	(\$12,000)	\$120,000	\$13,000
Various Purpose Refunding Bonds - Water	710,000	0	(66,000)	644,000	66,000
Various Purpose Refunding Bonds - Sewer	1,982,000	0	(183,000)	1,799,000	181,000
<i>Total General Obligation Bonds</i>	<u>2,824,000</u>	<u>0</u>	<u>(261,000)</u>	<u>2,563,000</u>	<u>260,000</u>
<i>OWDA Loan from Direct Borrowings:</i>					
Wastewater Treatment Plant Upgrades	31,899,871	0	(1,628,161)	30,271,710	1,678,784
<i>Other Long-term Obligations:</i>					
<i>Net Pension Liability OPERS:</i>					
Water	1,121,822	0	(217,952)	903,870	0
Sewer	1,362,211	0	(264,655)	1,097,556	0
Electric	3,044,943	0	(591,582)	2,453,361	0
<i>Total Net Pension Liability</i>	<u>5,528,976</u>	<u>0</u>	<u>(1,074,189)</u>	<u>4,454,787</u>	<u>0</u>
<i>Net OPEB Liability OPERS:</i>					
Water	749,932	0	(749,932)	0	0
Sewer	910,634	0	(910,634)	0	0
Electric	2,035,532	0	(2,035,532)	0	0
<i>Total Net OPEB Liability</i>	<u>3,696,098</u>	<u>0</u>	<u>(3,696,098)</u>	<u>0</u>	<u>0</u>
Potential Stranded Cost Liability	1,356,751	0	182,401	1,539,152	0
Compensated Absences	500,866	274,030	(300,568)	474,328	298,155
<i>Total Other Long-term Obligations</i>	<u>11,082,691</u>	<u>274,030</u>	<u>(4,888,454)</u>	<u>6,468,267</u>	<u>298,155</u>
<i>Total Business-Type Long-Term Liabilities</i>	<u>\$45,806,562</u>	<u>\$274,030</u>	<u>(\$6,777,615)</u>	<u>\$39,302,977</u>	<u>\$2,236,939</u>

General obligation bonds will be paid from the taxes receipted 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 police and fire tax and street special revenue funds.

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
Notes to the Basic Financial Statements
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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 \$30,271,710 at December 31, 2021.

The City's outstanding OWDA loan from direct borrowings of \$30,271,710 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, 2021 (See Note 22 for more detail on the AMPGS Project).

Compensated absences will be paid from the general fund, the police and fire tax, park, street and cemetery special revenue funds, and the water, sewer and electric enterprise funds which are the funds from which the employees' salaries are paid. 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 and fire tax, park, street and cemetery 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 that will be paid from taxes received in the police and fire tax fund. The asset retirement obligation would be paid from the general fund. The capital lease obligations were paid from the fund that maintains custody of the related assets. These funds were the permissive tax, street and state highway special revenue funds.

City of Niles, Ohio
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For the Year Ended December 31, 2021

The City's overall debt margin was \$22,731,763 and the unvoted legal debt margin was \$8,922,352 at December 31, 2021. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2021, are as follows:

	Governmental Activities			
	General Obligation Bonds		Police and Fire Pension Liability	
	Principal	Interest	Principal	Interest
2022	\$428,200	\$78,853	\$14,941	\$11,092
2023	443,500	68,544	15,583	10,451
2024	453,000	57,989	16,253	9,782
2025	464,900	46,919	16,951	9,084
2026	477,000	35,557	17,679	8,355
2027-2031	1,439,400	51,223	100,457	29,713
2032-2035	0	0	82,831	7,116
Total	\$3,706,000	\$339,085	\$264,695	\$85,593

	Business-Type Activities			
	General Obligation Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2022	\$260,000	\$36,908	\$1,678,784	\$217,925
2023	264,000	33,163	1,691,061	205,648
2024	276,000	29,362	1,703,428	193,281
2025	279,000	25,387	1,715,886	180,823
2026	280,000	21,369	1,728,435	168,274
2027-2031	1,204,000	864	8,833,644	649,901
2032-2036	0	0	9,161,418	322,127
2037-2038	0	0	3,759,054	34,364
Total	\$2,563,000	\$147,053	\$30,271,710	\$1,972,343

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 employee – 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) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of See accountant's compilation report

City of Niles, Ohio
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service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The 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 health care to eligible benefit recipients.

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* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional 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

See accountant's compilation report

City of Niles, Ohio
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member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a 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), partial lump-sum payments (subject to limitations), a rollover

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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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2021 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

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

For 2021, the City's contractually required contribution was \$917,411 for the traditional plan, and \$4,570 for the member-directed plan. Of these amounts, \$97,934 is reported as an intergovernmental payable for the traditional plan and \$487 for the member-directed plan.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 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 above 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, 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% 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
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

	<u>Police</u>	<u>Firefighters</u>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2021 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 \$941,592 for 2021. Of this amount, \$121,265 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, 2021, the specific liability of the City was \$264,695 payable in semi-annual payments through the year 2035.

Pension Liabilities, 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, 2020, 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, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. 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:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.04360000%	0.00563000%	0.18658010%	
Prior Measurement Date	<u>0.04054000%</u>	<u>0.00963800%</u>	<u>0.18316940%</u>	
Change in Proportionate Share	<u>0.00306000%</u>	<u>-0.00400800%</u>	<u>0.00341070%</u>	
Proportionate Share of the:				
Net Pension Liability	\$6,456,211	\$0	\$12,719,334	\$19,175,545
Net Pension Asset	0	16,252	0	16,252
Pension Expense	497,629	593	865,690	1,363,912

City of Niles, Ohio
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2021 pension expense for the member-directed defined contribution plan was \$4,570. The aggregate pension expense for all pension plans was \$1,368,482 for 2021.

At December 31, 2021, 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	\$0	\$0	\$531,711	\$531,711
Changes of assumptions	0	1,015	213,310	214,325
Changes in proportion and differences between City contributions and proportionate share of contributions	526,641	7,418	195,012	729,071
City contributions subsequent to the measurement date	917,411	0	941,592	1,859,003
Total Deferred Outflows of Resources	\$1,444,052	\$8,433	\$1,881,625	\$3,334,110
Deferred Inflows of Resources				
Differences between expected and actual experience	\$270,068	\$3,066	\$495,507	\$768,641
Net difference between projected and actual earnings on pension plan investments	2,516,443	2,417	616,971	3,135,831
Changes in proportion and differences between City contributions and proportionate share of contributions	0	4,661	305,694	310,355
Total Deferred Inflows of Resources	\$2,786,511	\$10,144	\$1,418,172	\$4,214,827

\$1,859,003 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 2022. 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:				
2022	(\$677,523)	(\$932)	(\$130,355)	(\$808,810)
2023	(213,353)	(507)	165,484	(48,376)
2024	(1,025,787)	(1,066)	(539,105)	(1,565,958)
2025	(343,207)	(373)	(19,498)	(363,078)
2026	0	(26)	45,335	45,309
Thereafter	0	1,193	0	1,193
Total	(\$2,259,870)	(\$1,711)	(\$478,139)	(\$2,739,720)

City of Niles, Ohio
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For the Year Ended December 31, 2021

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, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented as follows:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	.5 percent, simple through 2021, then 2.15 percent, simple	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The 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 See accountant's compilation report

City of Niles, Ohio
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long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic 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, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$12,315,256	\$6,456,211	\$1,584,424
OPERS Combined Plan	(11,316)	(16,252)	(19,930)

Changes between the Measurement Date and the Reporting Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

City of Niles, Ohio
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Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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 are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented as follows:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	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 for increases based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the 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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

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

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

City of Niles, Ohio
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	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$17,706,941	\$12,719,334	\$8,545,209

Note 16 - Defined Benefit OPEB Plans

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and

City of Niles, Ohio
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other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced later for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority 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 and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$4,570 for 2021. Of this amount, \$487 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party

City of Niles, Ohio
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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.

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

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 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

City of Niles, Ohio
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The City's contractually required contribution to OP&F was \$22,303 for 2021. Of this amount, \$2,878 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. 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 and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.04146800%	0.18658010%	
Prior Measurement Date	<u>0.03878100%</u>	<u>0.18316940%</u>	
Change in Proportionate Share	<u>0.00268700%</u>	<u>0.00341070%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$0	\$1,976,847	\$1,976,847
Net OPEB Asset	\$738,786	\$0	\$738,786
OPEB Expense	(\$4,307,527)	\$104,997	(\$4,202,530)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes of assumptions	\$363,195	\$1,092,100	\$1,455,295
Changes in proportion and differences between City contributions and proportionate share of contributions	290,963	23,091	314,054
City contributions subsequent to the measurement date	<u>4,570</u>	<u>22,303</u>	<u>26,873</u>
Total Deferred Outflows of Resources	<u>\$658,728</u>	<u>\$1,137,494</u>	<u>\$1,796,222</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$666,749	\$326,074	\$992,823
Changes of assumptions	1,197,054	315,146	1,512,200
Net difference between projected and actual earnings on OPEB plan investments	393,487	73,464	466,951
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>1,855</u>	<u>318,354</u>	<u>320,209</u>
Total Deferred Inflows of Resources	<u>\$2,259,145</u>	<u>\$1,033,038</u>	<u>\$3,292,183</u>

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\$26,873 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 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2022	(\$787,763)	\$720	(\$787,043)
2023	(599,866)	18,116	(581,750)
2024	(170,994)	(9,310)	(180,304)
2025	(46,364)	3,848	(42,516)
2026	0	31,771	31,771
Thereafter	0	37,008	37,008
Total	(\$1,604,987)	\$82,153	(\$1,522,834)

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 health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for See accountant's compilation report

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

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 6.00 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 (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	(\$183,703)	(\$738,786)	(\$1,195,108)

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(asset). The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability(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.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 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 plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	(\$756,791)	(\$738,786)	(\$718,640)

Changes between the Measurement Date and the Reporting Date During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

City of Niles, Ohio
Notes to the Basic Financial Statements
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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 the latest actuarial valuation, reflecting experience study results, are presented as follows:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent
Cost of Living Adjustments	2.2 percent simple

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

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

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

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.
 See accountant's compilation report

City of Niles, Ohio
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For the Year Ended December 31, 2021

Discount Rate For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, 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 Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 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 (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$2,465,015	\$1,976,847	\$1,574,165

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

Note 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 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2021, the City paid RITA \$163,608 for income tax collection services.

City of Niles, Ohio
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For the Year Ended December 31, 2021

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 2021, the City contributed \$7,128 to the Eastgate Regional Council of Governments. For more information contact John R. Getchey, executive director, at 5121 Mahoning Avenue, Youngstown, Ohio 44515.

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 2021, the City made no contributions to the Emergency Management Agency. For more information contact Linda Beil, director, at 1453 Youngstown Kingsville Road, Vienna, Ohio 44473.

Note 18 – Joint Ventures

Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)

The City is a Financing Participant with an ownership percentage of 10.63 percent and shares participation with forty-two 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 the 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 the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Also 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 & Maintenance 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 assets 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 percent of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2021 the City has met their debt coverage obligation.

City of Niles, Ohio
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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 percent of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. On January 20, 2021, in order to expedite the retirement of the 2016 Beneficial Interest Certificates, OMEGA JV5s participants approved the borrowing of \$9,300,000 in the form of a note payable from AMP. At December 31, 2021, the balance of the note was \$2,131,216. This note was paid in full in the first quarter of 2022. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs. These 2016 Beneficial Interest Certificates were paid in full during 2021. The interest component of the 2001 Certificates will accrete from the date of issuance, compounded semiannually on February 15 and August 15 of each year, commencing February 2002, with the original discount amount of \$42,225,017, and will be payable at maturity as a component of the maturity. The 2001 Certificates are not subject to redemption prior to maturity.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$317,499 at December 31, 2021. Complete financial statements for OMEGA JV5 may be obtained from AMP.

Note 19 - 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, 2021, consist of interfund receivable/payables between the general fund and the cemetery and BRT cleanup special revenue funds in the amounts of \$30,000 and \$32, respectively.

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Transfers

Transfers made during the year ended December 31, 2021 were as follows:

Transfers To	Transfers From		Total
	General	Other Governmental Funds	
Major Funds			
General	\$0	\$35,607	\$35,607
Police and Fire Tax	2,243,407	0	2,243,407
<i>Total Major Funds</i>	<u>2,243,407</u>	<u>35,607</u>	<u>2,279,014</u>
Other Governmental Funds			
Police Pension	400,000	0	400,000
Fire Pension	445,000	0	445,000
Park	400,000	0	400,000
Special Projects	35,607	0	35,607
Cemetery	170,000	0	170,000
Capital Projects	350,401	0	350,401
Fire Truck Replacement	146,000	0	146,000
Police Capital Improvements	50,000	0	50,000
Park Capital Improvements	50,000	0	50,000
<i>Total Other Governmental Funds</i>	<u>2,047,008</u>	<u>0</u>	<u>2,047,008</u>
<i>Total Transfers</i>	<u>\$4,290,415</u>	<u>\$35,607</u>	<u>\$4,326,022</u>

The general fund transfers to all funds were to provide additional resources for current operations. The other governmental funds transfer to the general fund was to return transfers that were unappropriated and not spent.

Note 20 – Significant Commitments

Contractual Commitments

As of December 31, 2021, the City had the following contract balances for various projects:

Light Department Storage Building Construction	\$598,865
Municipal Building Interior and Exterior Repairs	269,834
Safety Service Complex Generator Replacement	132,557
Fire Station Garage Door Replacement	43,200

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:

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Governmental		Business-Type	
General	\$437,011	Water	\$896,935
Police and Fire Tax	107,948	Sewer	520,666
Other Governmental funds	356,465	Electric	957,320
Total	\$901,424	Motor Fuel	21,305
		Hospital Self Insurance	723,779
		Total	\$3,120,005

Remaining commitment amounts were encumbered at year end.

Note 21 - Tax Abatement Disclosures

As of December 31, 2021, 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 2021, the City's property tax revenues were reduced as a result of these agreements as follows:

Tax Abatement Program	City Taxes Abated
Ezone	\$354

Note 22 – 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

City of Niles, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 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 2021 totaling \$182,401, leaving a net impaired cost estimate of \$1,174,350 at December 31, 2021.

Note 23 – 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 eight 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 24 – 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 continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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 Eight Years (1)

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.04360000%	0.04054000%	0.03830200%	0.03993700%
City's Proportionate Share of the Net Pension Liability	\$6,456,211	\$8,013,007	\$10,490,142	\$6,265,342
City's Covered Payroll	\$6,140,807	\$5,703,971	\$5,174,421	\$9,045,831
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.48%	202.73%	69.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%

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

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.04107600%	0.04291300%	0.04551600%	0.04551600%
\$9,327,661	\$7,433,073	\$5,489,738	\$5,365,742
\$8,808,467	\$8,756,908	\$9,581,542	\$9,888,108
105.89%	84.88%	57.29%	54.26%
77.25%	81.08%	86.45%	86.36%

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 Four Years (1)

	2021	2020	2019	2018
City's Proportion of the Net Pension Asset	0.00563000%	0.00963800%	0.00779900%	0.01120100%
City's Proportionate Share of the Net Pension Asset	\$16,252	\$20,098	\$8,721	\$15,248
City's Covered Payroll	\$24,814	\$42,907	\$33,357	\$45,877
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-65.50%	-46.84%	-26.14%	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	157.67%	145.28%	126.64%	137.28%

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

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

See accompanying notes to the required supplementary information.

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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 Five Years (1)

	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.04146800%	0.03878100%	0.03669500%	0.03839000%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$738,786)	\$5,356,663	\$4,784,162	\$4,168,872
City's Covered Payroll	\$6,271,421	\$5,858,953	\$5,323,453	\$9,206,533
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-11.78%	91.43%	89.87%	45.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.57%	47.80%	46.33%	54.14%

(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.

2017

0.03903000%

\$3,942,164

\$9,186,600

42.91%

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 Eight Years (1)

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.18658010%	0.18316940%	0.18369700%	0.19190300%
City's Proportionate Share of the Net Pension Liability	\$12,719,334	\$12,339,268	\$14,994,529	\$11,777,953
City's Covered Payroll	\$4,564,972	\$4,364,653	\$4,159,847	\$4,181,757
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	278.63%	282.71%	360.46%	281.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

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

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.19464400%	0.19577300%	0.20257260%	0.20257260%
\$12,328,556	\$12,594,242	\$10,494,105	\$9,865,921
\$4,407,335	\$4,012,821	\$4,175,907	\$4,475,133
279.73%	313.85%	251.30%	220.46%
68.36%	66.77%	71.71%	73.00%

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 Five Years (1)

	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability	0.18658010%	0.18316940%	0.18369700%	0.19190300%
City's Proportionate Share of the Net OPEB Liability	\$1,976,847	\$1,809,298	\$1,672,843	\$10,872,954
City's Covered Payroll	\$4,564,972	\$4,364,653	\$4,159,847	\$4,181,757
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	43.30%	41.45%	40.21%	260.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.40%	47.08%	46.57%	14.13%

(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.

2017

0.19464400%

\$9,239,313

\$4,407,335

209.63%

15.96%

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

	2021	2020	2019	2018
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$917,411	\$859,713	\$798,556	\$724,419
Contributions in Relation to the Contractually Required Contribution	<u>(917,411)</u>	<u>(859,713)</u>	<u>(798,556)</u>	<u>(724,419)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$6,552,936	\$6,140,807	\$5,703,971	\$5,174,421
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net Pension Liability - Combined Plan				
Contractually Required Contribution	\$0	\$3,474	\$6,007	\$4,670
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>(3,474)</u>	<u>(6,007)</u>	<u>(4,670)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$0	\$24,814	\$42,907	\$33,357
Pension Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability - OPEB Plan (1)				
Contractually Required Contribution	\$4,570	\$4,232	\$4,483	\$4,627
Contributions in Relation to the Contractually Required Contribution	<u>(4,570)</u>	<u>(4,232)</u>	<u>(4,483)</u>	<u>(4,627)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$6,667,186	\$6,271,421	\$5,858,953	\$5,323,453
OPEB Contributions as a Percentage of Covered Payroll	<u>0.07%</u>	<u>0.07%</u>	<u>0.08%</u>	<u>0.09%</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.

2017	2016	2015	2014	2013	2012
\$1,175,958	\$1,057,016	\$1,050,829	\$1,149,785	\$1,285,454	\$589,644
<u>(1,175,958)</u>	<u>(1,057,016)</u>	<u>(1,050,829)</u>	<u>(1,149,785)</u>	<u>(1,285,454)</u>	<u>(589,644)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,045,831	\$8,808,467	\$8,756,908	\$9,581,542	\$9,888,108	\$5,896,440
<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>	<u>10.00%</u>
\$5,964	\$675	\$0	\$331	\$0	
<u>(5,964)</u>	<u>(675)</u>	<u>0</u>	<u>(331)</u>	<u>0</u>	
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
\$45,877	\$5,625	\$0	\$2,758	\$0	
<u>13.00%</u>	<u>12.00%</u>	<u>0.00%</u>	<u>12.00%</u>	<u>0.00%</u>	
\$95,510	\$185,299				
<u>(95,510)</u>	<u>(185,299)</u>				
<u>\$0</u>	<u>\$0</u>				
\$9,206,533	\$9,186,600				
<u>1.04%</u>	<u>2.02%</u>				

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

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	\$941,592	\$967,184	\$920,218	\$879,187
Contributions in Relation to the Contractually Required Contribution	<u>(941,592)</u>	<u>(967,184)</u>	<u>(920,218)</u>	<u>(879,187)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$4,460,650	\$4,564,972	\$4,364,653	\$4,159,847
Pension Contributions as a Percentage of Covered Payroll	<u>21.11%</u>	<u>21.19%</u>	<u>21.08%</u>	<u>21.14%</u>
Net OPEB Liability				
Contractually Required Contribution	\$22,303	\$22,825	\$21,824	\$20,799
Contributions in Relation to the Contractually Required Contribution	<u>(22,303)</u>	<u>(22,825)</u>	<u>(21,824)</u>	<u>(20,799)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.61%</u>	<u>21.69%</u>	<u>21.58%</u>	<u>21.64%</u>

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
\$884,710	\$925,263	\$845,498	\$883,080	\$802,295	\$700,954
(884,710)	(925,263)	(845,498)	(883,080)	(802,295)	(700,954)
\$0	\$0	\$0	\$0	\$0	\$0
\$4,181,757	\$4,407,335	\$4,012,821	\$4,175,907	\$4,475,133	\$4,798,908
21.16%	20.99%	21.07%	21.15%	17.93%	14.61%
\$20,909	\$21,848	\$20,064	\$20,880	\$161,850	\$323,926
(20,909)	(21,848)	(20,064)	(20,880)	(161,850)	(323,926)
\$0	\$0	\$0	\$0	\$0	\$0
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%
21.66%	21.49%	21.57%	21.65%	21.55%	21.36%

City of Niles, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2021

Changes in Assumptions – OPERS Pension – Traditional Plan

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

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

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

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

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 2017 use pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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.

City of Niles, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2021

Changes in Assumptions – OPERS Pension – Combined Plan

For 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

Changes in Assumptions – OP&F Pension

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

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	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

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

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

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

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

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

City of Niles, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2021

Changes in Assumptions – OPERS OPEB

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

Changes in Assumptions – OP&F OPEB

Blended Discount Rate:	
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 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.