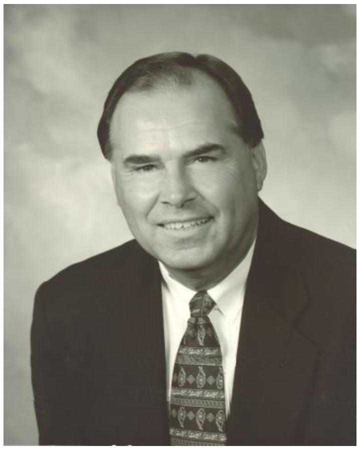
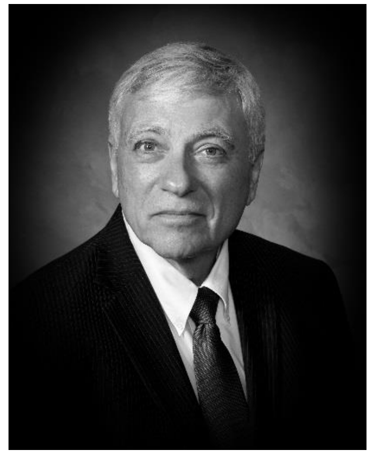
Elmira Water Board

2019 Annual Report

To find out more about the
Elmira Water Board, visit us at our
Website
www.elmirawaterboard.org
or email us at
waterinfo@elmirawaterboard.org

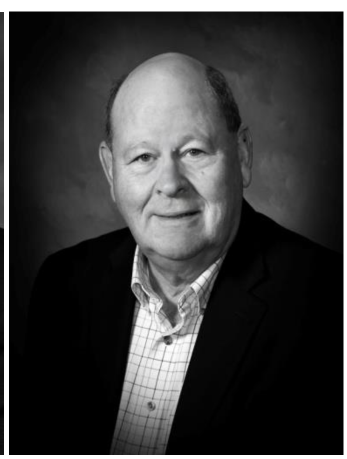
Front cover features Fire Station No. 2, built in 1891, now houses the Elmira Water Board's Main Office, on West Water Street. The view is from the north looking south.


Martin D. Chalk, President


John J. Burin, Vice President

C O M M I S S I O N E R S


Danny W. Gray


William D. Roe


Charles A. Shaffer

The Elmira Water Board

President	**Term**
Martin D. Chalk	2019-2024
Vice President	
John J. Burin	2017-2022
Commissioners	
Danny W. Gray	2015-2020
William D. Roe	2016-2021
Charles A. Shaffer	2018-2022

Corporate Counsel
John J. Ryan, Jr.

General Manager
Mark D. LaDouce

Secretary-Treasurer
Alyssa L. Mack

The Commissioners of the Elmira Water Board are elected officials of the City of Elmira authorized and empowered by Charter to make, publish and enforce rules and regulations necessary for the efficient operation of the water works system.

The work done by the Commission, and authorized by the Charter, is to conduct studies essential to developing and maintaining adequate and continuous supplies of potable water and to establish water rates adequate to finance system improvements and operations.

The Board meets monthly at the Elmira Water Board Filtration Plant located at One Fountain Drive, Elmira, New York 14905. Meetings are open to the public and schedules can be obtained by visiting our website at www.elmirawaterboard.org.

The Elmira Water Board ended 2018 at 89% of our expense budget and 104.5% of our revenue budget. The slight increase in revenue was primarily due to a change in billing dates for some residential customers, in order to improve processes within the Office and Meter Departments, offset by a major decrease in usage from our largest customer. This decline in usage (of approximately 5,000 units per month) is expected to continue.

During 2018 there were several factors that resulted in fluctuations in expenditures. The Elmira Water Board changed carriers for our business insurance as well as our worker's compensation insurance, resulting in a noteworthy savings. We also budgeted conservatively for some items, which came in under budget for the year, such as: equipment maintenance, materials, legal and financial expense, utilities and chemicals. There were also several projects that we postponed until 2019, including well redevelopment and permit renewal of a wellfield.

As of December 31, 2018 the Water Board has implemented GASB Statement No. 75 which replaced the requirements of GASB Statement No. 45. The beginning net position for the Water Board has been decreased by $939,963 as a cumulative effect of the new accounting principle.

Throughout 2018 we experienced an average number of main breaks. Ground movement caused by fluctuating temperatures will always cause breaks in an old system such as ours. However, when breaks do occur it's generally in below average weather conditions. Our employees worked diligently on leak detection; in doing so we were able to locate and repair a significant number of main breaks. We recognize all of the employees who worked tirelessly to ensure our customer base had limited interruption in water service.

Our employee health insurance cost for 2018 came in at 97.60% of the budget as a result of changes in our employees' selections for their health plan. For the 2019 budget, we estimated an average premium increase of 4.72%. Currently, employees are absorbing 10% of the total annual health insurance premium. The Water Board continues to monitor these costs and the impact they have on our total expenditures.

Our staff understands its obligation to be diligent in preventing unnecessary spending. All spending is closely monitored. In the year ahead, we remain committed to the task of fiscal responsibility.

Capital spending details are in the Board's "Letter to the Mayor" attached to this annual report.

<u>Staff Changes:</u>

With a combined total of 98 years of service, George Coolbaugh, Phil Guinn and Larry Parker retired in January 2019. George started as a seasonal employee in 1983, and then in January 1985 he became a full-time employee in the Properties/Facilities Department up until he retired. Larry began his career as a Laborer in the Maintenance Department until moving to the Properties Department in November 1982. In June 1985, he transferred back to the Maintenance Department as a Maintenance Mechanic then promoted to Working Supervisor in February 1997. Larry worked in that position up until his retirement. Phil Guinn started in August 1993 as a Meter Reader, after six year in that position, he promoted to Meter Repairer where he finished out his years at the Elmira Water Board. We would like to congratulate all of them on their retirement and thank them for their many years of service.

Also leaving employment in 2019 was Becky Brewster, an Account Clerk at the Main Office. Replacing her is Ainsley Johnson, previously of Corning Credit Union. Ainsely joined us in October as a provisional Account Clerk, and became permanent in December after placing in the top three on the Civil Service exam list.

Hired as Skilled Mechanics are Jason Roosa, assigned to the Facilities Department and Tyler DuPuy joined the Meter Department. Jason comes to us from the Elmira City School District, specializing in Heating and Refrigeration. Tyler previously worked for O'Connor Plumbing and Heating as Plumbing Foreman. Joining the Maintenance Department is Bob Leonard, as Maintenance Mechanic working on a crew and Kenny Barone, as Maintenance Mechanic, doing locations. Bob previous worked for Ridgebury Township as a Road Foreman and Kenny worked for U.S.I.C. as a locator.

Congratulations to Beau Teeter on his promotion from MEO I to Working Supervisor. Also promoted in 2019 was Ben Appleby to Skilled Mechanic in the Facilities Department from Maintenance Mechanic. Congratulations to Beau and Ben on their dedication, hard work and willingness to go above their normal duties.

Congratulations to Kyle Baxter and Jeff O'Hara on receiving their IIA Filtration Plant Water System Operator License. Trent Otis is also in the process of attaining his IIA Filtration Plant Water System Operator License, as he completed the two-week long school in Buffalo, NY and is working towards the experience in the Filter Plant.

Mark D. LaDouce, General Manager

Elmira Water Board Directory	
Mark D. LaDouce, General Manager	733-9179
Main Office	
Monday Through Friday 9:00 AM to 4:00 PM Customer Service & Billing Information	733-9179
David McCarty, Chief Water Treatment Operator	732-2277
Filtration Plant	
24/7 Water Quality Questions & To Report an Emergency	732-2277
Elmira Water Board Website	www.elmirawaterboard.org
Public Elmira Water Board Meetings	
1 Fountain Drive, Elmira, NY Call Main Office for dates and times	733-9179
Other Important Water Numbers	
Chemung County Health Department	
To answer water questions	737-2019
Chemung County Health Department Website	
(click on the environmental tab to view the drinking water page)	www.chemungcountyhealth.org
Environmental Protection Agency	
Safe Drinking Water Hotline	1-800-426-4791

April 22, 2020

To the Honorable Mayor and Council of the City of Elmira, New York:

The legislation creating the Elmira Water Board requires that we submit an annual report to the City, which summarizes our activities and work completed during the calendar year. In addition, the Charter requires that we advise you of our financial condition. Our audited financial statement for the year ending December 31, 2019 has been included for your review.

Operational Information

The Elmira Water Board currently has a total of 43 employees in its Filtration, Meter, Billing Office, Facilities, Maintenance, and Engineering/Administration departments. We provide service to 17,398 accounts with an estimated population of 54,000. In the relatively recent past, circa 1998, we served a population of approx. 70,000. This 23% decrease in the customer base has been the largest factor in a 28% decrease in billed water volume in the same time period. Other contributing factors include the mandate for low flow fixtures, aging water meter stock, and customer conservation efforts that are partly driven by rising water prices.

Approximately 1.94 billion gallons of water were pumped, treated and distributed to our customers in 2019. Our raw water sources are primarily the Chemung River and two well fields in close proximity to the river on Foster Island and Hudson Street. The raw water is blended and then pumped to our treatment facilities where it undergoes coagulation and sedimentation for solids removal. Gravity flow is used to move the settled water to the dual media filter beds for final treatment and disinfection.

Our distribution system contains 225 miles of water mains, 1,253 hydrants, and several thousand valves and service lines. In addition to our treatment facilities, we operate and maintain six pumping stations, four finished water reservoirs, and six wells.

Of our 225 miles of water mains, a bit more than half is in excess of 100 years old. There are two maps attached, one from 1914 by the previous owner, the Elmira Water, Light, and Railroad Co., and a second one from our hydraulic model showing the approximate full extents of our system. The 1914 map shows the water mains in red. An old map book we have has an entry from 1899 showing 51 miles of pipe at that point, including 47.5 miles of cast iron and 3.5 miles of wooden mains; the wooden mains were by then mainly on the raw water system, and were replaced by cast iron in 1910. We also included a map from our GIS showing the water mains color coded by age. The red mains, from 1915 and earlier, make up a large part of our current system.

Age is a factor in the continued serviceability of our distribution system. Water industry publications give widely varying figures for the service life of various piping materials. For cast iron (about 74% of our system) this ranges from 50 to 100 years on a nationwide basis from some sources, to 100-120 years in the northeast for small and medium systems, from an AWWA study. We are a medium sized system. These are average figures; there is much more variability from system to system, depending on many factors such as: local soil conditions, installation practices in use at the time, etc. We have had some corrosion issues. Attached are some pictures of water mains of a recent vintage, one installed in 1972 on E. Water St. across from the site of a former power plant. Corrosion was evident on other nearby conduits. The second picture on the same sheet was of a pipe installed in 1991 in a former swampland; the fill appeared to contain some ash, contributing to corrosive soil conditions.

Conditions inside a water main are of great concern also. We have extensive tuberculation problems in our mains. This is a common condition with unlined cast iron pipes and surface water sources. Cement lined pipes do not have this problem; cement lining began around the mid 1930's and has been standard on ductile iron for many years.

Attached are some pictures showing the extent of the tuberculation in our mains. This condition can greatly degrade water quality and hydraulic capacity. It can also negatively affect the flows available to large volume users such as the hospitals, larger factories, the two prisons, and also restrict flows available for fire fighting. There is a black and red 8 ½ X 11 map with the pictures. It shows most of the distribution system, color-coded by "C" value (roughness factor - a high "C" value is smooth pipe) of the water mains. The pictures of the clogged mains are the ones that flow test at a "C" value less than 70, shown in red on the map. As can be seen from the map, this is more than half of our system, concentrated in the City of Elmira and Elmira Heights, the oldest portions of our system.

Approximately 100 miles of water main and 2500 valves are reaching or have reached the end of their useful lives. With each passing year, the risk of experiencing a significant breakdown and loss of serviceability increases. The Elmira Water Board is highly concerned about this situation and believes it needs to ramp up its replacement program to help insure the continued operation and reliability of our water distribution system. The cost of replacing this vital infrastructure will be in the tens of millions of dollars.

In addition to old water mains, we also have old valves. Even where a water main has many years of life left, a valve on that line will typically have a 40 – 60 year service life. We have approximately 5,000 valves in our system, many dating to the 1920's and 1930's. Larger valves (16" – 20") can easily cost $20,000-$25,000 installed per valve. It is not unusual for a planned valve replacement to turn into the replacement of several nearby valves as ones needed for a shutdown may not be operable.

We also have over 17,500 service laterals to customer premises. The majority are copper, but we still have approx. 425 lead service lines, and about 500 wrought iron service lines. The lead lines have well-publicized problems and take priority on replacement. The wrought iron lines are subject to the same tuberculation inside as bare cast iron lines, degrading water quality and choking off flow. Externally, they are susceptible to corrosion; there is a picture attached showing some wrought iron lines we have had to replace.

Customer meters are another link in our service area. Water meters are our cash register; accurate meters are critical to accurate billing. Metered water sales accounted for 92% of our revenue for 2019; meters are what pays for everything else. Of our approximately 17,500 meters, about 160 are monthly accounts, many with larger meters. The rest, approximately 17,340, are residential, of which about 12,000 are at the end of their service life. We are starting a meter replacement and radio-read project in early 2020. Residential meters alone are expected to cost about $1,625,000. Radio equipment for the entire stock of 17,500 meters could cost an additional $2,200,000. Our system losses have increased over the last three years and the radio read equipment will greatly enhance our ability to monitor our system, gather data, help customers detect leakage, and aid in reducing our distribution system water losses.

Residential and commercial water meters are read and billed on a bi-monthly basis; for 2019 the average annual residential bill was $348.57. Our larger industrial and institutional accounts are billed on a monthly basis, and represented 24.3% of our total water revenue in 2019. Public and private fire service accounts are billed on a quarterly basis. The total revenue for 2019 was 104.8% of the amount budgeted.

Overall operating expenses were under budget for 2019. Efficient water production practices by our Filtration Department staff, favorable river conditions throughout the year and chemical bid prices that were beneficial to the Water Board helped to keep chemicals under budget.

As a result of a high experience rating, the 2017 Workers Compensation expense was 160% of the budgeted amount; 2018 costs were expected to increase $200,000 over the 2017 budgeted amount. We received a lower price mid-year from another broker, saving substantially on our workers compensation and business insurance costs. In addition, a favorable experience rating has helped put our costs for 2019 back below our 2017 and 2018 costs.

A meter and radio read replacement project was budgeted for 2019 but was not started until early 2020.

Employee wage and benefit costs represented 58.71% of the total operating expenses for 2019. Employee Health Insurance was slightly under budget. In 2020, wages will increase by 3% for all CSEA unit employees, as agreed upon in the current contract.

Capital Projects

<u>Water Main Replacement & Water Line Main-To-Curb Replacements</u>
Total Cost $232,289.

Our maintenance crews are responsible for the ongoing repair, upgrade, and operation of our water distribution system. This system of water mains, valves, hydrants, and service lines encompasses the City of Elmira, the Village of Elmira Heights, and portions of the Towns of Southport, Horseheads, and Elmira.

The Elmira Water Board's construction crews are also called upon to install significant sections of replacement mains. In 2019, crews installed the following 4,620 feet of ductile iron and HDPE water main:

Columbia St.	1563 feet – 6" Ductile Iron
River Dr.	150 feet – 6" HDPE
W. 1st St.	610 feet – 6" Ductile Iron
Pennsylvania Ave.	357 feet – 8" and 6" Ductile Iron
Irvine Pl.	1105 feet - 6" Ductile Iron
Westside Ave.	835 feet - 6" Ductile Iron

When crews replace mains, they also evaluate the need for the installation of valves, hydrants, and service line connections and complete these upgrades as needed. In 2019, 71 main to curb service lines were replaced or added for a cost of $107,418; this included 57 lead services replaced as part of a NYS funded lead service line replacement program for which the EWB has been reimbursed $141,403. There were also 63 new/replaced valves for a total cost of $205,992 (including one 16" and five 20" valves) and 29 new/replaced hydrants totaling $92,133.

In 2019 we continued our large valve replacement program implemented in 2015. We will continue our program in 2020 and each year thereafter. In doing so, we will be better prepared for a large valve shut-down in an emergency situation. We continuously strive to update our infrastructure.

The mains and service lines replaced or added above represent Elmira Water Board's continued commitment to address problems in the distribution system. Our system has many more areas that deserve our attention and will require much needed upgrades.

Capitalized Items

During 2019 the Water Board also had the following capital expenditures:

Filter Plant Improvements	
250HP Motor	$ 27,646
Turbity Meters (9)	$ 21,087
Regal Chlorinators (4)	$ 19,523
Maintenance Department	
Excavator	$ 108,150
Milling Head for Blacktopping	$ 15,397
Meter Department	
Reading Equipment	$ 18,300
Facilities Improvements	
Roof Replacement – West Elmira Booster Station	$ 25,527
Reconstruction of Filter Plant Parking Lot	$ 74,462
Computer IT upgrades	
Dell Work Stations (5)	$ 4,623
Shredder	$ 8,929
SCADA Upgrades	$ 3,438

Other Activities

The Elmira Water Board is vigilant in its quest to discover and repair leaks. Our Maintenance and Meter crews are trained in leak detection and continually find and repair leaks.

In addition to the Elmira Water Board's efforts, in 2019 independent leak detection contractor Northeast Water Technology of Liberty, New York surveyed several miles of main throughout our distribution system. Water leaks on mains or services and several hydrant leaks, all of varying magnitude, were discovered and located through the use of electronic leak noise detectors and computerized correlators. Our maintenance crews subsequently repaired these leaks.

Village of Wellsburg

The water sold to the Village of Wellsburg amounted to $38,399 in additional revenue.

While growth within its distribution system remains stagnant for the Elmira Water Board, opportunities to expand beyond the geographical system to help increase the revenue base are actively sought and encouraged.

Goals

The replacement of approximately 4,500 – 5,000 feet of pipe is scheduled for 2020. Infrastructure improvements are essential to the maintenance of the distribution system and are a top priority in budgetary planning. Reinvesting revenue funds back into the infrastructure is critical to maintaining the 140+ year old-system.

We will also continue replacing lead service lines as part of the NYS Lead Service Line Replacement Grant Program. An initial review of our main-to-curb records resulted in the count of lead service lines decreasing from 1415 suspected lines to approximately 475 known active lines, of which 57 were replaced in 2019.

We have also been awarded an EFC grant of approximately $3,000,000 for distribution system improvements. The EWB must cover 40% of the costs of these grant projects. The first phase, the replacement of a 16" water main on West Water Street from College Avenue to Railroad Avenue is starting in 2020. The water main dates from the 1880's -1890's.

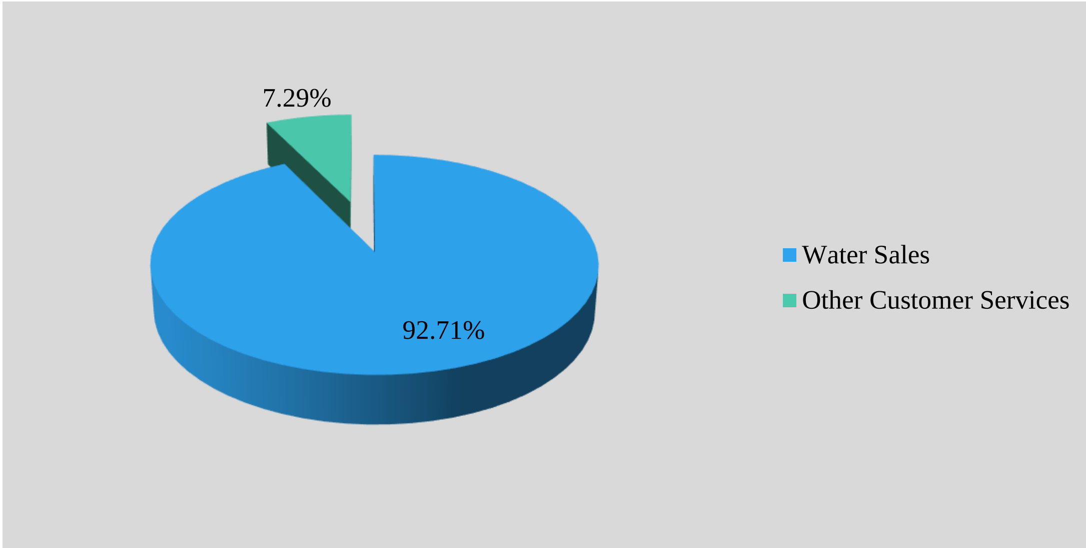
Funding for capital improvements, except for lead service line replacements and the EFC grant, for 2020 will come from operating revenue and borrowed funds. Ultimately, the vast majority of all costs - operational costs, capital spending, debt service – are paid for by operating revenue. As detailed above we have substantial needs for investment in this infrastructure. The City's attempts to divert money from the water system, if successful, will leave less water funds available for water system operation, maintenance, and replacements. The Board has closely reviewed each item's necessity and will monitor all spending during the year.

In closing, the Elmira Water Board would like to thank the officials, management, and staff of the City of Elmira for your continued assistance and support during 2019.

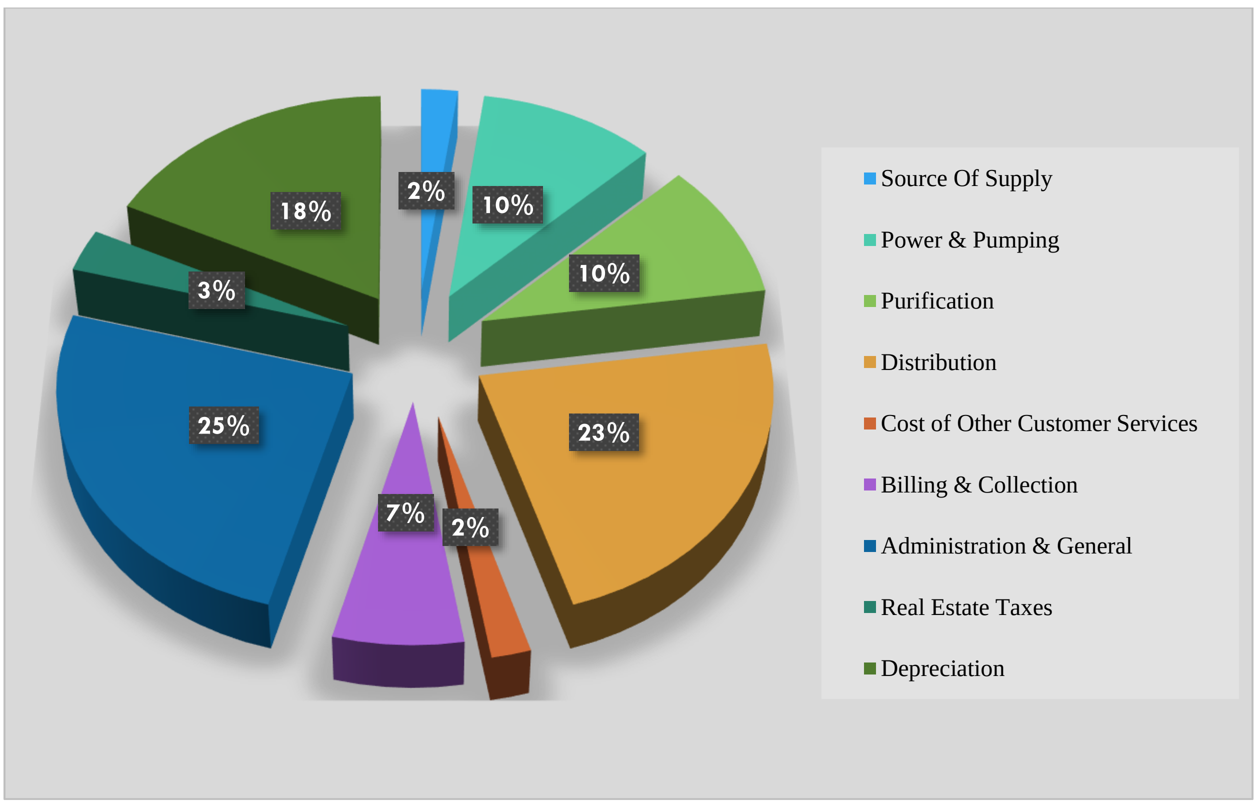
Respectfully Submitted,

Martin D. Chalk

Martin D. Chalk,
President, Elmira Water Board



Operating Revenues 2019 Fiscal Year



Operating Expenses 2019 Fiscal Year

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

ELMIRA, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2019 AND 2018

MMB

MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Elmira Water Board
(An Enterprise Fund of the City of Elmira, New York)

Report on the Financial Statements

We have audited the accompanying financial statements of Elmira Water Board, an enterprise fund of the City of Elmira, New York, which comprise the statements of net position as of December 31, 2019 and 2018, and the related statements of activities and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

333 East Water Street | Suite 200 | Elmira, NY 14901 | P 607.734.4183 | F 607.733.3815 | mengelmetzgerbarr.com
Additional Offices: Rochester, NY • Canandaigua, NY • Hornell, NY • An Independent Member of the BDO Seidman Alliance

As discussed in Note A, the financial statements present only the accounts of the Elmira Water Board and are not intended to present the financial position, results of operations and cash flows of the City of Elmira, New York, in conformity with accounting principles generally accepted in the United States of America.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elmira Water Board as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note G to the financial statements, for the year ended December 31, 2018, the Company adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matter

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Company's proportionate share of the net pension liability, schedule of Company contributions, and schedule of changes in the total other postemployment benefits liability and related ratios on pages 5 through 9 and 35 through 37, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mengel, Metzger, Barr & Co. LLP

Elmira, New York
April 20, 2020

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

Introduction:

Our discussion and analysis of Elmira Water Board's (the "Company") financial performance provides an overview of the Company's financial activities for the fiscal year ended December 31, 2019. It also provides a description and understanding of the various financial statements and other financial and statistical information contained herein. Please read it in conjunction with the Company's basic financial statements.

Elmira Water Board is a local water company which provides water to various communities in the County of Chemung, New York.

Mission:

The Company is committed to providing the community with high quality water; to insuring the safety of our system; and to being fiscally responsible to our entire customer base.

Values:

- Water quality standards
- Customer service and satisfaction
- Fiscal responsibility
- Quality personnel
- Equitable rules and regulations

Continuing Goals:

- Maintain and upgrade infrastructure, consumer relations/outreach, consumer base expansion, and meet all Federal and State water quality standards.

- Utilize every resource available to meet all Federal and State water quality standards.

- Maintain and rehabilitate infrastructure to help ensure uninterrupted service.

- Expand consumer relations by educating customers on the history of the Company and providing water component and usage information.

Operational Information:

The Company currently provides service to 17,398 accounts with an estimated population of 54,000 residents. Our institutional/industrial and wholesale customer bases represent 24.3% of our total water revenue and the residential customer base represents 75.7%.

We pumped, treated, and distributed to our customers approximately 1.94 billion gallons of water in 2019. In 2019, total water sales amounted to $8,163,530; a decrease of $296,843 over the 2018 water sales of $8,460,373. In 2019, the average annual residential usage, in gallons, was 44,637, and the average yearly residential bill was $348.57.

In 2018 the Company altered the billing dates for some residential bills in order to improve processes within the Office and Meter departments. This change resulted in residential water revenue of $244,812, which accounts for a large portion of the decrease in 2019 water sales.

The distribution system contains 225 miles of water mains, 1,253 hydrants, approximately 5,000 valves and several thousand service lines. The Company's Maintenance Department, consisting of 13 employees, maintains the system and updates the infrastructure throughout the distribution system.

Our water treatment plant provides twenty-four/seven supervision of water production. The Filtration Department's 10 employees oversee the filtration process. In conjunction with the Filter Plant, we operate and maintain six pumping stations, four finished water reservoirs, and six wells. The Company's Facilities Department, which consists of five employees, services these structures and related equipment as well as all other Company assets.

Residential and commercial water meters are read by our Meter Department, which total over 100,000 reads per year. The five employees in the department are also responsible for the installation and maintenance of meters, service line inspections, and other customer service related activities.

The Main Office, with its 5 employees, bills all residential and commercial accounts, including fire lines and out-of-district hydrants, processes payments from customers, provides customer service, administers delinquent accounts, and performs all accounting functions, i.e. accounts payable, account receivable and employee payroll for the Elmira Water Board.

Employee wage and benefit costs comprise 58.71% of the operating expenses of the Water Board. The mandated New York State pension cost also continues to be a financial strain to the operations of the Elmira Water Board. The Water Board makes every effort to reserve the needed contributory funds and make prepaid payments to take advantage of extended New York State pension discounts.

Capital Projects:

In 2019, the Company's maintenance department installed 4,470 feet of ductile iron water main and 150 feet of HDPE water main to replace existing mains. The total capitalized cost of this work was $232,289.

The engineering and maintenance departments also evaluate the need for the installation or replacement of valves, hydrants, and service line connections throughout the distribution system. In 2019 the Water Board continued its valve replacement program. In 2019 there were 63 valves replaced, for a total cost of $205,992. By continuing the valve replacement program, the Company will be better prepared for emergency situations.

In 2019 there were also 71 main to curb service lines replaced or added for a cost of $107,418. Additionally, there were 29 hydrants replaced or added for a total cost of $92,133.

During 2019 the Company also had the following capital expenditures: replacement of one Excavator for $108,150; a new 250HP Motor at the Filter Plant for a total cost of $27,646; replacement of a roof at the West Elmira Booster Station for $25,527 and the reconstruction of the Filter Plant parking lot for $74,462.

Financial Statements:

The Statement of Activities and Changes in Net Position presents information showing the change in the Company's net position during the most recent fiscal year end, December 31, 2019. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement include all items that will result in cash received or disbursed in future fiscal periods. For example, the receipts due from customers, or the payment accrued for accumulated vacation days.

The Statement of Cash Flows provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating and capital and related financing activities.

Current Assets and Liabilities

Current assets include cash and cash equivalents, accounts receivable, prepaid expenses, and inventory. Accounts receivable includes amounts due from customers. Current liabilities include accounts payable, accrued liabilities, interest payable, deferred revenues, and the current portion (due within one year) of long-term liabilities.

Accounts payable are amounts due to vendors and other agencies. Accrued liabilities include accrued payroll, payroll taxes, and other payroll related liabilities such as accumulated sick and vacation. Deferred revenues represent amounts received from customers during the current fiscal year for services to be rendered in the following year.

Capital Assets, Net

The Company had been recording depreciation on its capital assets prior to implementing GASB Statement No. 34 at a rate of approximately 2% per year. As a result of the GASB pronouncement, the Company began recording depreciation on its capital assets at rates specific to each individual asset over its useful life, rather than applying a blanket rate to all capital assets. Depreciation expense on capital assets for the years ended December 31, 2019 and 2018 was $1,360,862 and $1,348,957, respectively.

In addition to recording depreciation on all capital assets using new rates specific to each individual class of assets, the Company changed its capitalization policy during 2017 to include all assets or repairs of $1,000 or greater and/or the asset or major repair must have a useful life of more than two years or extend the useful life of an existing asset by more than two years.

The Company continues to replace/rehabilitate water mains, valves, hydrants and service lines throughout our entire service area. Larger capital projects of this nature are sometimes funded by bonding which is issued by the City of Elmira on behalf of the Company. Construction in process represents the expenditure of funds during the 2019 fiscal year for several large doors located at the Filter Plant which were placed in service during 2020 and the meter radio read system which was placed in service in 2020.

Noncurrent Liabilities

Noncurrent liabilities consist of the long-term portion of debt related to the Company facilities. Included in long-term debt are obligations of the State of New York. Other long-term liabilities include other postretirement benefits payable and compensated absences payable (sick and vacation accruals to be paid upon departure).

Description of Expenses

- **Source of supply** includes activities related to the maintenance and operation of the raw water supply system.
- **Power and pumping** reflects activities related to powering and pumping of the water supply.
- **Purification** includes activities related to treatment and purification of the water supply.
- **Distribution** includes activities related to getting the water supply to the consumer.
- **Cost of other customer services** includes minor expenses not related to other functional categories.
- **Billing and collection** represents all support functions related to meter reading, billing, and collection of water revenues.
- **Administration and general** represents activities related to finance, personnel, and administrative functions.
- **Real estate taxes** represent property taxes paid on properties owned by the Company.
- **Depreciation** represents the cost/use of equipment, machinery and other properties in operations during the year.

Non-operating Expenses

This amount represents interest and bond administration payments on outstanding debt.

Looking Forward:

The Company will continue to replace/rehabilitate mains, valves, services and hydrants throughout the distribution system. In addition, the Company is implementing a new Automated Meter Reading (AMR and AMI) technology. This type of technology has the potential for significant savings in the labor and equipment categories of expenses. The Company is also continuing to work on the replacement of lead service lines throughout its distribution system and has been awarded funds, eligible as a reimbursement, through New York's Clean Water Infrastructure Act of 2017 Lead Service Line Replacement Program (LSLRP).

Contacting the Water Board's Financial Management:

For further information, contact Mr. Mark LaDouce, General Manager, or Mrs. Alyssa L. Mack, Treasurer, at 261 West Water Street, Elmira, New York 14901.

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

STATEMENTS OF NET POSITION

	December 31, 2019	December 31, 2018
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash	$ 5,187,887	$ 4,507,197
Restricted cash	1,725,260	1,749,489
Accounts receivable, less allowance for doubtful accounts of $35,000	1,055,319	925,931
Inventories	493,899	452,522
TOTAL CURRENT ASSETS	8,462,365	7,635,139
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	342,404	324,364
Related to postemployment benefits	740,086	979,630
Related to pensions	663,578	1,039,110
	1,746,068	2,343,104
CAPITAL ASSETS, net of accumulated depreciation	33,427,593	33,714,184
	$ 43,636,026	$ 43,692,427

The accompanying notes are an integral part of the financial statements.

	December 31, 2019	December 31, 2018
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 427,695	$ 432,569
Accounts payable	139,040	175,026
Accrued expenses	59,554	159,954
Accrued compensation and related liabilities	39,116	117,347
Accrued interest payable	25,896	28,481
Compensated absences payable	299,301	303,300
TOTAL CURRENT LIABILITIES	990,602	1,216,677
LONG-TERM LIABILITIES		
Net postemployment benefits liability	2,121,145	2,249,185
Net pension liability	634,396	278,322
Long-term debt	2,829,680	3,257,375
Compensated absences payable	428,543	408,189
	6,013,764	6,193,071
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	325,240	1,048,936
Related to postemployment benefits	65,716	-
	390,956	1,048,936
NET POSITION		
Invested in capital assets, net of related debt	30,170,218	30,024,240
Restricted for capital improvement	777,711	774,889
Unrestricted	5,292,775	4,434,614
	36,240,704	35,233,743
	$ 43,636,026	$ 43,692,427

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION

	Year ended December 31, 2019	2018
Operating revenues:		
Water sales	$ 8,163,530	$ 8,460,373
Other customer services and revenues	641,767	545,366
TOTAL OPERATING REVENUES	8,805,297	9,005,739
Operating expenses:		
Source of supply	166,914	166,505
Power and pumping	809,561	885,160
Purification	771,610	776,380
Distribution	1,742,032	1,649,962
Cost of other customer services	156,406	152,937
Billing and collection	516,370	465,032
Administration and general	1,933,862	2,051,959
Real estate taxes	236,645	235,390
Depreciation	1,360,862	1,348,957
TOTAL OPERATING EXPENSES	7,694,262	7,732,282
OPERATING INCOME	1,111,035	1,273,457
Non-operating revenues (expenses):		
Interest income	22,260	1,508
(Loss) gain on disposal of capital assets	(10,032)	69,331
Interest and bond expense	(116,302)	(125,442)
TOTAL NON-OPERATING EXPENSES	(104,074)	(54,603)
CHANGE IN NET POSITION	1,006,961	1,218,854
Net position at beginning of year	35,233,743	34,954,852
Cumulative effect of new accounting principle	-	(939,963)
NET POSITION AT END OF YEAR	$ 36,240,704	$ 35,233,743

The accompanying notes are an integral part of the financial statements.

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

STATEMENTS OF CASH FLOWS

	Year ended December 31, 2019	Year ended December 31, 2018
CASH FLOWS - OPERATING ACTIVITIES		
Receipts from services	$ 8,675,909	$ 8,945,262
Payments to suppliers and employees	(6,405,949)	(6,268,695)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	2,269,960	2,676,567
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest income received	22,260	1,508
Proceeds on disposal of capital assets	26,052	25,200
Purchase and construction of capital assets	(1,110,355)	(929,166)
Payment of bond principal	(432,569)	(426,689)
Payment of bond interest and administrative fees	(118,887)	(129,072)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,613,499)	(1,458,219)
NET CHANGE IN CASH AND RESTRICTED CASH	656,461	1,218,348
Cash and restricted cash at beginning of year	6,256,686	5,038,338
CASH AND RESTRICTED CASH AT END OF YEAR	$ 6,913,147	$ 6,256,686

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

STATEMENTS OF CASH FLOWS, Cont'd

	Year ended December 31, 2019	2018
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED FROM OPERATING ACTIVITIES:		
Change in net position	$ 1,006,961	$ 1,218,854
Cumulative effect of new accounting principle	-	(939,963)
Adjustments to reconcile change in net position to net cash provided from operating activities:		
Interest income	(22,260)	(1,508)
Depreciation	1,360,862	1,348,957
Loss (gain) on disposal of capital assets	10,032	(69,331)
Interest and bond expense	116,302	125,442
Bad debts	8,247	903
Change in assets and liabilities:		
Accounts receivable	(137,635)	(62,380)
Inventories	(41,377)	(76,643)
Prepaid expenses	(18,040)	(24,528)
Net change in deferred outflows related to postemployment benefits	239,544	(979,630)
Net change in deferred outflows related to pensions	375,532	(227,272)
Accounts payable	(35,986)	43,096
Accrued expenses	(100,400)	(21,620)
Accrued compensation and related liabilities	(78,231)	12,956
Deferred inflows related to pensions	(723,696)	841,833
Deferred inflows related to postemployment benefits	65,716	-
Compensated absences payable	16,355	33,373
Deferred revenues	-	1,000
Net postemployment benefits liability	(128,040)	2,008,083
Net pension liability	356,074	(555,055)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	$ 2,269,960	$ 2,676,567

The accompanying notes are an integral part of the financial statements.

NOTE A: THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of reporting

Elmira Water Board (the "Company") is a local water company which provides water to various communities in the County of Chemung, New York. The Company is an enterprise fund of the City of Elmira, New York (the "City"). The City has proprietary interest in all assets and the responsibility for all obligations of the Company. The Company's accounts are segregated into a separate enterprise fund.

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Revenue recognition

Revenues are recorded when billed. Residential and smaller accounts are billed bi-monthly, and all other customers are billed monthly. In 2018, the Company altered billing dates for some residential bills in order to improve processes within the office and meter departments which resulted in additional residential water revenue in the fiscal year. Moving forward these billing dates will remain consistent from year-to-year.

Cash and restricted cash

For purposes of cash flow reporting, cash includes cash from operations and restricted cash.

Collateral is required for cash balances not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies or obligations of New York State or its municipalities. At December 31, 2019 and 2018, the Company's cash balances were FDIC insured or collateralized with securities held by the pledging financial institution in the Company's name.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance for uncollectible accounts and a credit to the applicable accounts receivable. The allowance for uncollectible accounts at December 31, 2019 and 2018 was $35,000. Based on the information available, the Company believes the allowance as of December 31, 2019 and 2018 is adequate. However, actual write-offs might exceed the recorded allowance.

Inventories

Inventories, consisting of supplies, parts and gasoline, are stated at the lower of cost and net realizable value.

Pensions

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New York State and Local Employees' Retirement System ("the System") and additions to/deductions from the System's net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

NOTE A: THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Other postemployment benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Company's plan has been supplied to an actuary for determination of those amounts. The Company operates the OPEB plan on a pay-as-you-go basis.

Capital assets

Capital assets are stated on the basis of cost. Expenditures for renewals and betterments are capitalized while expenditures for repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations. Depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to one hundred seven years.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

The Company has conducted an evaluation of potential subsequent events occurring after the statement of net position date through April 20, 2020, which is the date the financial statements are available to be issued. See Note I.

NOTE B: RESTRICTED CASH

Restricted cash represents unspent note proceeds and funds set aside for future capital expenditures, debt service, and retirement or postemployment benefit contributions. Certain restricted cash funds are restricted by grantors or by law through the Company's charter. At December 31, 2019 and 2018, these amounts totaled $777,711 and $774,889, respectively, and were recorded as net assets restricted for capital improvement on the statements of financial position. Restricted cash balances consist of the following:

	December 31, 2019	December 31, 2018
Water System Improvement Fund	$ 40,228	$ 40,082
New York State Employee's Retirement Reserve Fund	367,339	351,678
Employee Benefit Reserve Fund	43,731	65,023
System Wide Improvement Fund	456,734	455,078
Capital Reserve Fund	280,749	279,730
Debt Service Fund	536,479	557,898
	$ 1,725,260	$ 1,749,489

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2019 AND 2018

NOTE C: CAPITAL ASSETS

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

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Non-depreciable capital assets:				
Land	$ 510,227	$ -	$ -	$ 510,227
Construction in process	16,672	25,955	-	42,627
TOTAL NON-DEPRECIABLE CAPITAL ASSETS	526,899	25,955	-	552,854
Depreciable capital assets:				
Source of supply	4,351,845	-	-	4,351,845
Power and pumping	4,081,762	59,123	-	4,140,885
Purification and treatment	15,977,946	50,710	-	16,028,656
Distribution	33,714,068	825,960	(49,485)	34,490,543
Other	4,117,074	148,607	(80,259)	4,185,422
TOTAL DEPRECIABLE CAPITAL ASSETS	62,242,695	1,084,400	(129,744)	63,197,351
Less accumulated depreciation for:				
Source of supply	(1,983,384)	(77,915)	-	(2,061,299)
Power and pumping	(3,135,456)	(172,482)	-	(3,307,938)
Purification and treatment	(10,315,952)	(457,377)	-	(10,773,329)
Distribution	(11,249,363)	(476,728)	13,401	(11,712,690)
Other	(2,371,255)	(176,360)	80,259	(2,467,356)
TOTAL ACCUMULATED DEPRECIATION	(29,055,410)	(1,360,862)	93,660	(30,322,612)
CAPITAL ASSETS, NET	$ 33,714,184	$ (250,507)	$ (36,084)	$ 33,427,593

NOTE D: LONG-TERM DEBT

Long-term debt of the Company is summarized as follows:

	Year ended December 31, 2019		December 31,	
	Interest payments	Principal payments	2019 Amount	2018 Amount
Bonds payable:				
Bond payable in annual installments varying from $95,000 to $110,000 through November 2024 plus interest varying from 4.72% to 4.87%, payable semi-annually.	$ 14,865	$ 95,000	$ 515,000	$ 610,000
Bond payable in annual installments varying from $115,000 to $155,000 through August 2027 plus interest varying from 2.25% to 5%, payable semi-annually. (Refinanced in 2014)	39,894	115,000	1,045,000	1,160,000
Bond payable in annual installments varying from $30,000 to $35,000 through November 2024 plus interest varying from 6.01% to 6.18%, payable semi-annually. (Refinanced in 2012)	3,579	30,000	165,000	195,000
Bond payable in annual installments varying from $72,900 to $107,400 through May 2029 plus interest varying from 4.25% to 5%, payable semi-annually.	43,798	70,000	896,300	966,300
Bond payable in annual installments varying from $33,400 to $39,600 through July 2027 plus interest varying from 2.00% to 2.63%, payable semi-annually.	7,046	32,800	292,800	325,600
Bond payable in annual installments varying from $49,470 to $54,560 through May 2025 plus interest varying from 2% to 2.125%, payable semi-annually.	6,849	48,730	311,350	360,080
Bond paid in 2019.	175	10,000	-	10,000
Total bonds payable	116,206	401,530	3,225,450	3,626,980

NOTE D: LONG-TERM DEBT, Cont'd

	Year ended December 31, 2019		December 31,	
	Interest payments	Principal payments	2019 Amount	2018 Amount
Balance forward	$ 116,206	$ 401,530	$ 3,225,450	$ 3,626,980
Direct borrowings:				
Capital lease payable in annual installments of $32,837 including interest at 2.855% through July 2020. Collateralized by certain equipment. (1)	1,797	31,039	31,925	62,964
Total principal and interest	$ 118,003	$ 432,569		
Total bonds payable and direct borrowings			3,257,375	3,689,944
Less current portion			427,695	432,569
			$ 2,829,680	$ 3,257,375

(1) The capital lease is for the right to use certain equipment which is included in machinery and equipment in the statement of net position in the amount of $175,895 at both December 31, 2019 and 2018. Accumulated depreciation amounted to $88,466 and $63,339 for the years ended December 31, 2019 and 2018, respectively, resulting in a net book value of $87,429 and $112,556, respectively. The balance of the direct borrowings of $31,925 at December 31, 2019 are due for repayment in 2020.

The following is a schedule of maturities of debt:

Year	Principal	Interest
2020	$ 427,695	$ 126,655
2021	410,680	112,049
2022	426,740	97,398
2023	436,580	81,565
2024	451,920	62,445
Thereafter	1,103,760	103,806
	$ 3,257,375	$ 583,918

Certain bonds provide for subsidized interest payments. Escrow accounts earn interest which is used to reduce interest payments. The schedule of maturities above does not include this interest subsidy.

NOTE E: EMPLOYEE BENEFIT PLAN

Plan description

The Company participates in the New York State and Local Employees' Retirement System ("the System"). This is a cost-sharing, multiple-employer defined benefit pension plan. The net position of the System is held in the New York State Common Retirement Fund ("the Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits provided

The system provides retirement benefits, as well as death and disability benefits. Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups. Eligibility is based on Tier membership and years of service.

Retirement

Generally, the retirement benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of services, the retirement benefit increases depending on Tier membership. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two years. For Tier 6 members, each year used in the final average salary calculation is limited to no more than 10% greater than the average of the previous four years.

Disability Retirement Benefits

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

Post-Retirement Benefit Increases
A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) System recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions
The System is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. The pension contribution for the years ended December 31, 2019 and 2018 amounted to $356,432 and $347,826, respectively.

Pension plan fiduciary net position
The components of the current-year net pension liability of the employers as of the respective measurement dates, were approximately as follows:

Measurement date	March 31, 2019	March 31, 2018
Employers' total pension liability	$189,803,429,000	$183,400,590,000
Plan net position	(182,718,124,000)	(180,173,145,000)
Employers' net pension liability	$ 7,085,305,000	$ 3,227,445,000
Ratio of plan net position to the employers' total pension liability	96.27%	98.24%

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

Actuarial assumptions
The total pension liability for the March 31, 2019 and 2018 measurement dates was determined by using an actuarial valuation as of April 1, 2018 and 2017, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2019 and 2018, respectively. The following actuarial assumptions were used in the valuation as of March 31, 2019 and 2018:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	4.2% for 2019 and 3.8% for 2018
Investment rate of return, including inflation	7.0% compounded annually, net of investment expenses
Cost of living adjustments	1.3% annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return
Domestic equity	36 %	4.55 %
International equity	14	6.35 %
Private equity	10	7.50 %
Real estate	10	5.55 %
Absolute return strategies	2	3.75 %
Opportunistic portfolio	3	5.68 %
Real assets	3	5.29 %
Bonds and mortgages	17	1.31 %
Cash equivalents	1	(.25)%
Inflation-indexed bonds	4	1.25 %
	100 %	

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

The real rate of return is net of the long-term inflation assumption of 2.5%.

Discount rate

The discount rate used to calculate the total pension liability at March 31, 2019 and 2018 was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to the discount rate assumption

The following presents the current-period net pension liability of the Company calculated using the current-period discount rate assumption of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate at the March 31, 2019 measurement date:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Company's proportionate share of the Net Pension Liability (Asset)	$ 2,773,679	$ 634,396	$ (1,162,754)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2019 and 2018, the Company reported a liability of $634,396 and $278,322 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018 and 2017. The Company's proportion of the net pension liability was based on a projection of the Company's long-term share of contributions to the pension plan relative to the projected contributions of the City of Elmira, New York, actuarially determined. At December 31, 2019 and 2018, the Company's proportion was 52%.

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

For the years ended December 31, 2019 and 2018, the Company recognized pension expense of $364,343 and $407,331, respectively. The Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31,			
	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 124,926	$ 42,586	$ 99,269	$ 82,032
Changes in assumptions	159,461	-	184,551	-
Net difference between projected and actual earnings on pension plan	-	162,821	404,241	797,932
Changes in proportion and differences between Company contributions and proportionate share of contributions	22,759	119,833	3,223	168,972
Company contributions subsequent to the measurement date	356,432	-	347,826	-
	$ 663,578	$ 325,240	$ 1,039,110	$ 1,048,936

Deferred outflows of resources related to pensions resulting from Company contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2020	$ 89,685
2021	(166,825)
2022	(31,164)
2023	90,210
	$ (18,094)

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan description

The Company provides medical coverage to eligible employees, retirees and dependents through a choice of four community rated health plans with Excellus Blue Cross Blue Shield. The benefits of each are outlined in the table below:

Benefits provided

	Platinum 6	**Gold 6**	**Silver 2**	**Bronze 4**
Deductible	None	$1,400 / $2,800	$2,000 / $4,000	$6,550 / $13,100
Coinsurance	None	85%	80%	100%
Out-of-Pocket Maximum	$6,550 / $13,100	$2,800 / $5,600	$6,550 / $13,100	$6,550 / $13,100
Out-of-Network Benefits	Covered at 80% subject to deductible ($500 / $1,000)	Covered at 70% subject to deductible	Covered at 60% subject to deductible	Covered at 100% subject to deductible
Inpatient Hospitalization	$750 Copay per admission	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Outpatient Services	Copay dependent on service	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Office Visits	$30 PCP / $50 Specialist	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Emergency Room	$250 Copay per visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
30 Day Rx Supply	$5 / $35 / $70	$5 / $35 / $70	$5 / $45 / $90	Deductible & Coinsurance

To assist in meeting the deductible, the Company makes contributions into a Health Savings Account (HSA) for each member who enrolls in one of the high deductible health plans (Gold 6, Silver 2 and Bronze 4). The Company contributes $1,400 / $2,800 for Gold 6 enrollees, $2,000 / $4,000 for Silver 2 enrollees and $3,450 / $6,850 for Bronze 4 enrollees.

Dental and vision coverage is also provided to retirees.

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Eligibility

All retirees hired prior to January 1, 2018 may retire from the Company with a minimum age of fifty-five (55) and a minimum of five (5) years of state retirement eligible service in order to be eligible for postretirement healthcare benefits.

All retirees hired on/after January 1, 2018 may retire from the Company with a minimum age of fifty-five (55) and a minimum of ten (10) consecutive years of service with the Company in order to be eligible for postretirement healthcare benefits. Retirees shall be eligible to select coverage of individual, self plus dependent, self plus child(ren) and family plan, however once a retiree or their dependent becomes eligible for Medicare or Medicaid, whichever comes first, the Company is no longer obligated to provide health care coverage for the retiree, spouse or dependent.

Contributions

Eligible retirees receive medical coverage from the Company until the retiree attains Medicare or Medicaid eligibility, whichever occurs first. For retirees hired prior to January 1, 2018 the Company contributes 75% of the applicable plan premium until the retiree attains age 60, at which point the Company will provide 100% coverage. For retirees hired on / after January 1, 2018 the Company contributes 75% of the applicable plan premium for the duration of the coverage period.

Employees covered by benefit terms

The following employees were covered by the benefit terms:

	January 1, 2019	January 1, 2018
Inactive employees or beneficiaries currently receiving benefit payments	26	26
Active employees	42	42
	68	68

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Actuarial assumptions

The total other postemployment benefit (OPEB) liability for the January 1, 2019 and 2018 measurement dates were determined by using an actuarial valuation as January 1, 2018 with actuarial roll forward techniques to calculate the results as of January 1, 2019. The following actuarial assumptions were used in the valuation, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry-Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Benefit Plan
Discount Rate	4.10%, as of January 1, 2019 3.44%, as of January 1, 2018
Salary Scale	3%
Rate of Inflation	2.20%
Mortality	The RPH-2014 Mortality Table for Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2017.
Turnover	Rates of decrement due to turnover based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumption for New York State/SUNY GASB 45 Valuation (September 2016).
Retirement Incidence	Rates of decrement due to retirement based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumption for New York State/SUNY GASB 45 Valuation (September 2016).

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Medical Trend

To Fiscal Year Ending	Trend
2019	4.40%
2020	7.50%
2021	7.00%
2022	6.75%
2023	7.14%
2028	5.70%
2033	5.70%
2038	5.70%
2048	5.17%
2058	4.92%
2068	4.62%
2078	4.03%
2088	4.03%

The above trend rates were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model (v2018_c). The short term (first 4 years) trend rates were based on the recent premium rate history for the Company. The long-term (after 4 years) trend rates were based on the following assumptions:

Rate of Inflation: 2.2%
Rate of Growth in Real Income/GDP per capita: 1.6%
Extra Trend due to Technology and other factors: 1.3%
Health Share of GDP Resistance Point: 25%

Excise Tax

Under the Patient Protection and Affordable Care Act ("PPACA"), an excise tax will be imposed for tax years beginning after December 31, 2021 for high cost employer sponsored health coverage beyond applicable thresholds. In order to capture the impact of the excise tax, adjustments were made to the base medical trend rates. Trend rates are scaled up by 10% for the first 20 years after the premium is assumed to exceed the threshold, and scaled up by 5% thereafter.

Dental/Vision Trend

2%

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Election Percentage

Upon retirement it is assumed that eligible employees will elect to participate in the Company's OPEB plan at the following rates:

Participation Group	% Electing Coverage
Retiree	100%
Retiree's Spouse	85%
Surviving Spouse	0%

Health Plan Election

It has been assumed for this valuation that future retirees will enroll in the Company's medical plans at the following rates:

Plan	% Electing Coverage
Platinum 6	5%
Gold 6	80%
Silver 2	10%
Bronze 4	5%

Marriage Rate

It is assumed that 70% of retirees will be married at the time of their retirement, with the male spouse assumed to be approximately 3 years older than the female.

Morbidity

Based on results from Table 5 of "Health Care Costs - From Birth to Death" by Dale Yamamoto, part of the Health Care Cost Institutes Independent Report Series, June 2013.

Per Capita Costs

The Company provides four community rated plans to all eligible employees, retirees and dependents. Age-adjusted premiums, including administrative fees, were used to calculate the actuarial accrued liability.

Discount rate

The discount rate used to calculate the total OPEB liability was 4.10% and 3.44% as of January 1, 2019 and 2018, respectively. With a pay-as-you-go funded plan the discount rate is calculated using a yield index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Changes in the total OPEB liability

Balance at January 1, 2018	$ 2,249,185
Changes for the year:	
Service cost	94,241
Interest	76,955
Changes in assumptions and other inputs	(86,512)
Benefit payments	(212,724)
	(128,040)
Balance at January 1, 2019	$ 2,121,145

Changes of assumptions and other inputs reflect a change in the discount rate from 3.44% on January 1, 2018 to 4.10% on January 1, 2019.

Sensitivity of the total OPEB liability to changes in the discount rate assumption
The following presents the Total OPEB Liability of the Company, as well as what the Company's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.10%) or 1-percentage point higher (5.10%) than the current discount rate:

	1% Decrease 3.10%	Current 4.10%	1% Increase 5.10%
Total OPEB Liability	$ 2,253,493	$ 2,121,145	$ 1,996,658

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
The following presents the total OPEB liability of the Company, as well as what the Company's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 1,930,578	$ 2,121,145	$ 2,341,925

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

At December 31, 2019 and 2018 the Company reported a liability of $2,121,145 and $2,249,185, respectively. The net OPEB Liability is equal to the total OPEB liability minus the fiduciary net position. Since the Company operates the OPEB Plan on a pay-as-you-go basis the fiduciary net position is zero. The net OPEB liability was measured as of January 1, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018 with actuarial roll forward techniques to calculate the results as of January 1, 2019.

For the years ended December 31, 2019 and 2018 the Company recognized OPEB expense of $393,092 and $301,213, respectively. The calculation of the OPEB expense for the following measurement periods ending January 1, 2019 and 2018 is shown in the following table:

	Measurement period ending January 1,	
	2019	2018
Service Cost	$ 94,241	$ 50,018
Interest on the total OPEB Liability	76,955	48,233
Current-period benefit changes	-	(39,730)
Expensed portion of current-period difference between expected and actual experience in the total OPEB Liability	-	71,024
Expensed portion of current-period changes of assumptions	(20,796)	171,668
Recognition of beginning deferred outflows of resources as OPEB expense	242,692	-
	$ 393,092	$ 301,213

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

For the years ended December 31, 2019 and 2018, the Company reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31,			
	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 153,412	$ -	$ 224,436	$ -
Changes of assumptions or other inputs	370,802	65,716	542,470	-
Company contributions subsequent to the measurement date	215,872	-	212,724	-
	$ 740,086	$ 65,716	$ 979,630	$ -

The amortization period for the beginning of the measurement period is 4.16 years for the average expected remaining service life of members. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	Amount
2020	$ 221,896
2021	221,896
2022	18,034
2023	(3,328)
	$ 458,498

NOTE G: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2018, the Company implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaced the requirements of GASB Statement 45. The implementation of the statement required the Company to recognize the entire postemployment benefit obligation liability, expense, and deferred outflows of resources and deferred inflows of resources related to the postemployment liability. The beginning net position was decreased by $939,963 for the year ended December 31, 2018 as a cumulative effect of the new accounting principle.

NOTE H: LEGAL CONTINGENCIES

The Company is a party to various legal actions arising in the ordinary course of business, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the financial condition of the Elmira Water Board.

NOTE I: SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

In 2020, the Company entered into agreements to purchase capital assets at a total cost of approximately $222,000. Additionally, the Company has accepted a grant related to water infrastructure improvement to reimburse 60% of eligible project costs not to exceed $3,000,000. As of the date of this report, the project is in the bid phase.

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

OTHER FINANCIAL INFORMATION

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

SCHEDULE OF THE COMPANY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

	Year ended December 31,				
	2019	2018	2017	2016	2015
Company's proportion of the net pension liability of the City of Elmira, NY	52%	52%	43%	33%	34%
Company's proportionate share of the net pension liability	$ 634,396	$ 278,322	$ 833,377	$ 1,386,640	$ 299,059
Company's covered payroll	$ 2,685,437	$ 2,634,199	$ 2,497,273	$ 2,349,599	$ 2,218,205
Company's proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.6%	10.6%	33.4%	59.0%	13.5%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.20%	94.70%	90.68%	97.95%

Historical information:
10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

The amounts presented for each fiscal year were determined as of the System's measurement date.

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

SCHEDULE OF COMPANY CONTRIBUTIONS

	Year ended December 31,				
	2019	2018	2017	2016	2015
Contractually required contribution	$ 356,432	$ 347,826	$ 336,119	$ 355,615	$ 368,411
Contribution in relation to the contractually required contribution	356,432	347,826	336,119	355,615	368,411
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Company's covered-employee payroll	$ 2,685,437	$ 2,634,199	$ 2,497,223	$ 2,349,599	$ 2,218,205
Contributions as a percentage of covered-employee payroll	13.3%	13.2%	13.5%	15.1%	16.6%

Historical information:
10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

The amounts presented for each fiscal year were determined as of the fiscal year end.

ELMIRA WATER BOARD
(An Enterprise Fund of the City of Elmira, New York)

SCHEDULE OF CHANGES IN THE COMPANY'S TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

	Year ended December 31, 2019	2018
Service cost	$ 94,241	$ 50,018
Interest	76,955	48,233
Changes of benefit terms	-	(39,730)
Differences between expected and actual experience	-	295,460
Changes of assumptions or other inputs	(86,512)	714,138
Benefit payments	(212,724)	(89,829)
Net change in total OPEB liability	(128,040)	978,290
Total OPEB liability - beginning of year	2,249,185	1,270,895
Total OPEB liability - end of year	$ 2,121,145	$ 2,249,185
Company's covered-employee payroll	$ 2,685,437	$ 2,634,199
Total OPEB liability as a percentage of covered-employee payroll	79.0%	85.4%

Notes to schedule:

Changes in assumptions:
Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect at the applicable year's measurement date is as follows:

Historical information:
10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Elmira Water Board Organizational Structure