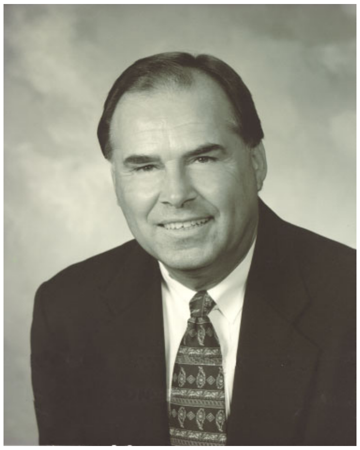
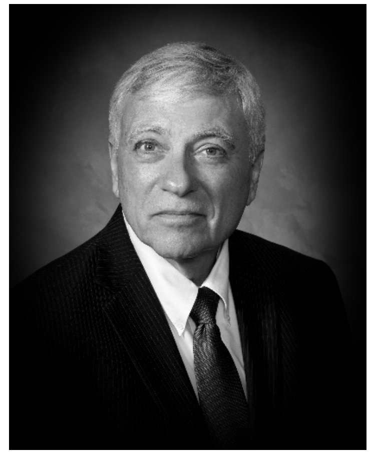
Elmira Water Board

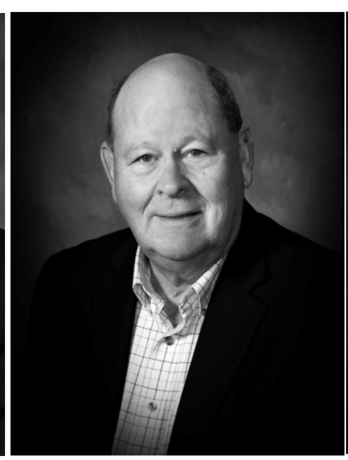
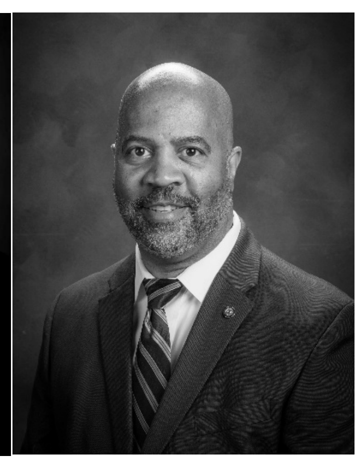
2020 Annual Report

The Year of Covid


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

Jay R. Reid

The Elmira Water Board

President	**Term**
Martin D. Chalk	2019-2024
Vice President	
John J. Burin	2017-2022
Commissioners	
Danny W. Gray	2020-2025
William D. Roe	2016-2021
Jay R. Reid	2020-2023

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 2020 at 98.5% of our expense budget and 107% of our revenue budget. Water sales were at 103% of budget for residential accounts and 114% for Commercial/Industrial accounts. We budget conservatively for metered water revenue. The slight increase in revenue may have been influenced by the pandemic with people and businesses following cleaning protocols. This fluctuation is within the historical variance. When we send a bill, the amount is booked as "revenue"; although revenue was up, the continuing moratorium on utility shut-offs for non-payment has affected our cash flow.

During 2020 there were several factors that resulted in fluctuations in expenditures. 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. Some project work was delayed due to the uncertainty of the pandemic. The pandemic has also resulted in some supply chain disruptions that are continuing in 2021.

The timing of a retirement and one resignation with the replacements lowered our health insurance costs slightly. Filter plant chemical bids were slightly lower, and favorable raw water conditions led to a slight decrease in chemical use.

In 2020 the GASB68 valuation resulted in an unexpected non-cash expenditure of $410,235. Without this, our expenses would have been 94% of budget vs. 98.5%.

Throughout 2020 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 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>

Due to the Covid-19 Pandemic, 2020 was somewhat of a quiet year for staff changes at the Elmira Water Board.

John Noto retired as the Locator in the Maintenance Department after 22 years of service. We would like to congratulations John on an outstanding career and thank him for the lasting contribution that he has made to the Elmira Water Board.

Also leaving employment was Beau Teeter after six and a half years of service in the Maintenance Department. Beau is adventuring off and is growing his business. We would like to wish him well in his future endeavors.

Congratulations to Bob Leonard on his promotion from MEO III to MEO II. This promotion was a result of Bob's hard work and willingness to go above and beyond his normal duties. Bob has proven to be a great asset to the Maintenance Department.

Board of Commissioner Changes:

Charlie Shaffer resigned on February 28, 2020 after rejoining the Board on June 6, 2018. Randy Reid was appointed to the Board on April 13, 2020 to fulfill the remainder of Charlie's term.

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

August 23, 2021

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, 2020 has been included for your review.

Operational Information

The pandemic overshadowed everything in 2020. As the business office was closed to walk-in traffic for a portion of the year, we used that time to do some remodeling that upgraded the area and allowed for more distancing for customers and employees. The office also implemented some enhancements to the customer service process that allowed more transactions to be completed electronically. Several in-house projects were delayed due to the uncertainty of the situation. One of the more significant features of the pandemic was the NYS-ordered moratorium on the shut off of utilities for non-payment. We would normally have, in a given billing cycle, between one to four dozen customers on a shut off list. The majority of these would pay before the shut off took place. As a result of the moratorium, we currently have in excess of 870 accounts on the shut-off list, totaling over $300,000. Further NYS-mandated constraints, which last for 180 days after the state of emergency is lifted, make the collection process much more difficult than usual. These rules will make it much more difficult to collect on these accounts into 2022.

In other areas of the business, supply constraints of various sorts have affected the availability and pricing of items from pipe and fittings to water treatment chemicals.

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 17,365 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 1.95 billion gallons of water were pumped, treated and distributed to our customers in 2020. 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. We 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. The majority of the water mains within the City of Elmira are pre-1915 (many are late 1800's), along with a portion of the Town of Elmira and a large part of Elmira Heights.

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. The Elmira Water Board is considered a medium sized system.

Additional factors, such as local soil conditions and installation practices in use at the time can greatly impact the service life. Corrosion issues and soil conditions influence the service life within our distribution system, and can affect new ductile iron as well as old cast iron pipes. Attached are two recent pictures of water mains; one installed in 1972 on E. Water St. across from the site of a former power plant where corrosion was evident on other nearby conduits and one 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 also a concern. We have extensive tuberculation problems in our mains. This condition is common 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. Tuberculation can greatly degrade water quality and hydraulic capacity. This can also have a negative impact on the flows available to large volume users such as the hospitals, larger factories and the two prisons, and can also restrict flows available for fire fighting use.

Attached are some pictures showing the extent of the tuberculation in our mains. These are typical conditions inside our unlined cast iron pipes. More than half of our system, including most of the older water mains in the City, are in the condition indicated in these pictures.

Approximately 100 miles of water main and 2,500 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 extremely 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, the age of our valves are also a great concern. The service life of a valve is typically 40 – 60 years. We have approximately 5,000 valves in our system, many of which were installed in the 1920's and 1930's. Larger valves (16" – 20") can easily cost $20,000-$25,000 per valve to install. It is not unusual for a planned valve replacement to turn into the replacement of several nearby valves, as the ones needed for a shutdown may not be operable.

We also have over 17,500 service laterals to customer premises. The majority of our service lines are copper, but we still have approx. 400 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.

Customer meters are what pays for everything else, therefore accurate water meters are critical to accurate billing. Metered water sales accounted for 94% of our revenue for 2020. We have approximately 17,500 meters, of which roughly 160 are billed monthly. Many of the accounts billed monthly have larger meters, which are changed out as needed. The remaining meters are for our residential accounts and read on a bi-monthly basis. An estimated 12,000 residential meters are at the end of the service life and will be replaced starting in 2021 when we begin our meter replacement and radio-read project. Residential meters alone are expected to cost approximately $1,625,000. Radio equipment for the entire 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 significantly enhance our ability to monitor our system, gather data, help customers detect leakage, and aid in reducing our distribution system water losses.

Residential water meters are read and billed on a bi-monthly basis; for 2020 the average annual residential bill was $360.73. Our larger industrial/institutional and wholesale accounts are billed on a monthly basis, and represented 25.6% of our total water revenue in 2020. Public and private fire service accounts are billed on a quarterly basis. The total revenue for 2020 was 107.8% of the amount budgeted.

Overall operating expenses were under budget for 2020. 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.

Employee wage and benefit costs represented 59.90% of the total operating expenses for 2020. Employee Health Insurance was slightly under budget. In 2021, wages will increase by 3% for all CSEA unit employees, as agreed upon in the current contract.

Capital Projects

Water Main Replacement & Water Line Main-To-Curb Replacements
Total Cost $333,040

Our maintenance crews are responsible for the ongoing repair, upgrade, and operation of our water distribution system. Our system 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 also installed significant sections of replacement mains. In 2020, crews installed the following 6,665 feet of ductile iron and HDPE water main:

Wisner St.	270 feet – 2" HDPE
Carroll St.	419 feet – 8" Ductile Iron
W. 1st St. - City	483 feet – 6" Ductile Iron
W. 1st St. - Town	1650 feet – 6" Ductile Iron
Albermarle Ave.	461 feet – 6" Ductile Iron
W. 2nd St.	442 feet – 6" Ductile Iron
Columbia St.	699 feet – 6" Ductile Iron
Arcadia Ave.	1048 feet – 6" Ductile Iron
Grand Central Ave.	842 feet – 6" Ductile Iron
Greenlawn Ave.	217 feet – 2" HDPE
W. 3rd St.	134 feet – 2" HDPE & 1 ¼" Copper

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 2020, 19 main to curb service lines were replaced or added for a cost of $28,528. There were also 55 new/replaced valves for a total cost of $126,755 and 15 replaced hydrants totaling $50,504.

In addition to the amounts listed above the Water Board also hired a contractor to install 1,283 feet of 16” ductile iron water main, 28 valves, 27 service lines and 6 hydrants for a total cost of approximately $946,000.

In 2020 we continued our large valve replacement program implemented in 2015. We will continue our program in 2021 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.

Capitalized Items

During 2020 the Water Board also had the following capital expenditures:

Filter Plant Improvements	
Turbidity Meters (7)	$ 19,360
PAC Pumps (3)	$ 8,494
Maintenance Department	
Loader	$ 166,738
Dump Truck	$ 126,267
Trailer	$ 19,606
Meter Department	
Reading Equipment	$ 26,017
Facilities Improvements	
Reconstruction of Various Parking Lots	$ 107,739
Computer IT upgrades	
Dell Work Stations (10)	$ 10,502
SCADA Upgrades	$ 4,855
Vehicles	
Vehicles/Trucks (5)	$ 226,795

Other Activities

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

In addition to the Elmira Water Board’s efforts, in 2020 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 $42,109 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

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 was completed in 2020. The water main dates from the 1880's -1890's.

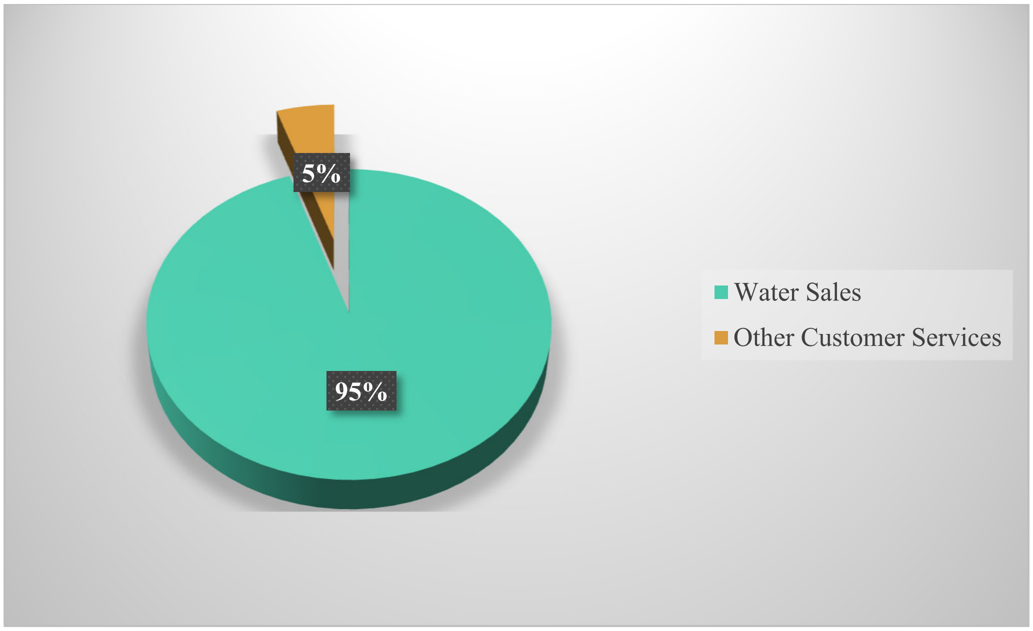
Funding for capital improvements, except for lead service line replacements and the EFC grant, for 2021 will come from operating revenue and borrowed funds. Ultimately, the vast majority of all costs - operational costs, capital spending, debt service – are paid for by operating revenue. As detailed 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 2020.

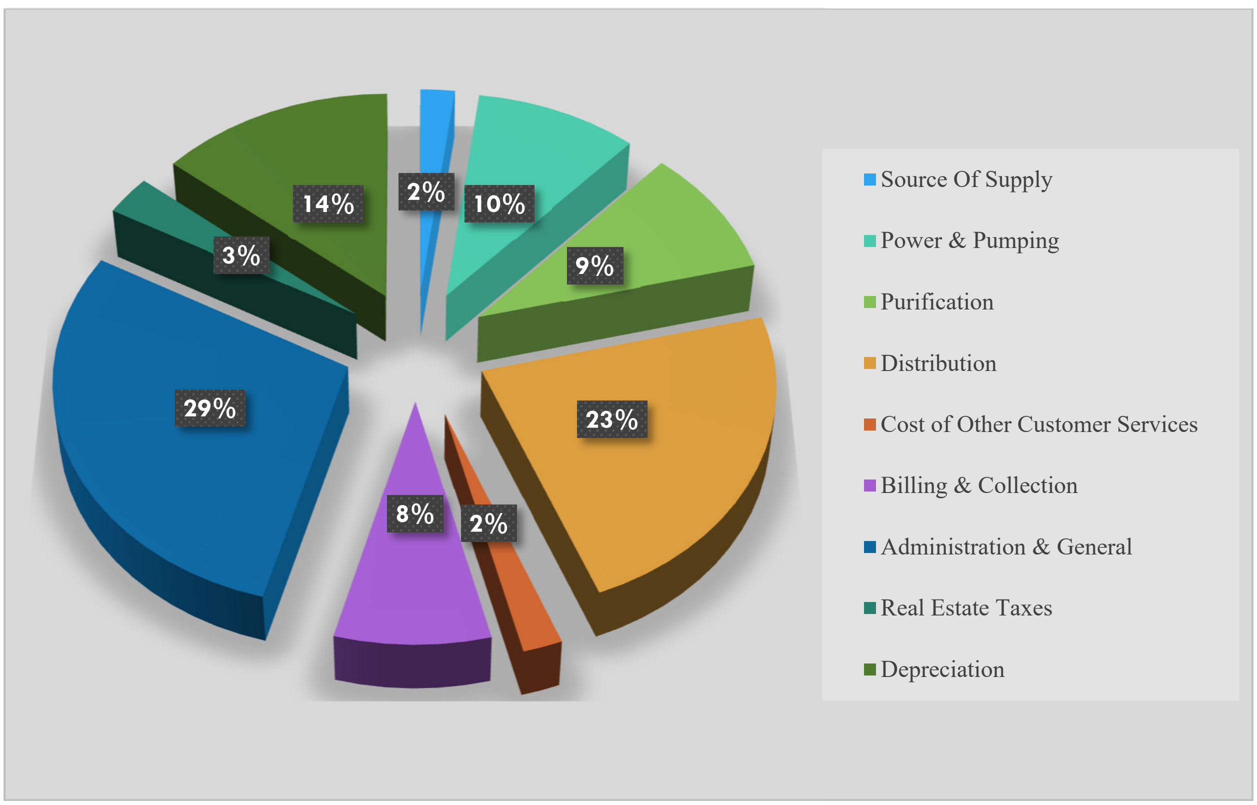
Respectfully Submitted,

Martin D. Chalk

Martin D. Chalk,
President, Elmira Water Board



Operating Revenues 2020 Fiscal Year



Operating Expenses 2020 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, 2020 AND 2019

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, 2020 and 2019, 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, 2020 and 2019, 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.

Other Matter

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 Company's total other postemployment benefits liability and related ratios on pages 5 through 9 and 34 through 36, 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
August 23, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 17,365 accounts with an estimated population of 54,000 residents. Our institutional/industrial and wholesale customer bases represent 25.6% of our total water revenue and the residential customer base represents 74.4%.

We pumped, treated, and distributed to our customers approximately 1.95 billion gallons of water in 2020. In 2020, total water sales amounted to $8,575,198; an increase of $411,668 over the 2019 water sales of $8,163,530. In 2020, the average annual residential usage, in gallons, was 45,750, and the average yearly residential bill was $360.73; which is up slightly from 2019.

The distribution system contains 225 miles of water mains, 1,253 hydrants, approximately 5,000 valves and several thousand service lines. The Water Board Maintenance Department, consisting of 12 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 Water Board's Facilities Department, which consists of five employees, services these structures and related equipment as well as all other Water Board 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 all 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 59.90% 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 2020, the Company's maintenance department installed 6,044 feet of ductile iron water main and 609 feet of plastic water main to replace existing mains. The total capitalized cost of this work was $333,040.

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 2020 the Water Board continued its valve replacement program and replaced 55 valves, for a total cost of $126,755. By continuing the valve replacement program, the Company will be better prepared for emergency situations.

During the year there were also 19 main to curb service lines replaced or added for a cost of $28,528 and 15 hydrants replaced for a total cost of $50,504.

In 2020 the Water Board also hired a contractor to replace 1,283 feet of ductile iron water main, 28 valves, 27 service lines and 6 hydrants for a total cost of approximately $946,000.

Throughout the year the Company also had the following capital expenditures: replacement of a Loader for $166,738; replacement of a Dump Truck for $126,267; 5 trucks to replace existing vehicles for a total cost of $226,795; a new Radio Read System for reading meters for $26,017; and the reconstruction of various parking lots for a total cost of $107,739.

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, 2020. 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, 2020 and 2019 was $1,174,553 and $1,360,862, 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 2020 fiscal year for several large doors located at the Filter Plant which were placed in service during 2021.

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 and the gain (loss) on disposal of capital assets.

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 Ms. 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, 2020	December 31, 2019
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash	$ 5,873,520	$ 5,187,887
Restricted cash	1,785,662	1,725,260
Accounts receivable, less allowance for doubtful accounts of $100,000 and $35,000, respectively	1,085,929	1,055,319
Inventories	563,228	493,899
TOTAL CURRENT ASSETS	9,308,339	8,462,365
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	318,907	342,404
Related to postemployment benefits	601,296	740,086
Related to pensions	1,782,622	663,578
	2,702,825	1,746,068
CAPITAL ASSETS, net of accumulated depreciation	34,506,161	33,427,593
	$ 46,517,325	$ 43,636,026

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

	December 31, 2020	December 31, 2019
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 436,515	$ 427,695
Accounts payable	1,175,010	139,040
Accrued expenses	52,000	59,554
Accrued compensation and related liabilities	41,762	39,116
Accrued interest payable	23,986	25,896
Compensated absences payable	366,704	299,301
TOTAL CURRENT LIABILITIES	2,095,977	990,602
LONG-TERM LIABILITIES		
Net postemployment benefits liability	2,223,658	2,121,145
Net pension liability	2,357,035	634,396
Long-term debt	2,474,432	2,829,680
Compensated absences payable	383,604	428,543
	7,438,729	6,013,764
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	125,308	325,240
Related to postemployment benefits	44,920	65,716
	170,228	390,956
NET POSITION		
Invested in capital assets, net of related debt	31,595,214	30,170,218
Restricted for capital improvement	779,271	777,711
Unrestricted	4,437,906	5,292,775
	36,812,391	36,240,704
	$ 46,517,325	$ 43,636,026

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, 2020	Year ended December 31, 2019
Operating revenues:		
Water sales	$ 8,575,198	$ 8,163,530
Other customer services and revenues	457,256	641,767
TOTAL OPERATING REVENUES	9,032,454	8,805,297
Operating expenses:		
Source of supply	171,598	166,914
Power and pumping	812,599	809,561
Purification	792,433	771,610
Distribution	1,937,291	1,742,032
Cost of other customer services	171,531	156,406
Billing and collection	676,373	516,370
Administration and general	2,445,505	1,933,862
Real estate taxes	241,637	236,645
Depreciation	1,174,553	1,360,862
TOTAL OPERATING EXPENSES	8,423,520	7,694,262
OPERATING INCOME	608,934	1,111,035
Non-operating revenues (expenses):		
Interest income	16,787	22,260
Gain (loss) on disposal of capital assets	2,547	(10,032)
Insurance recovery gain	44,061	-
Interest and bond expense	(100,642)	(116,302)
TOTAL NON-OPERATING EXPENSES	(37,247)	(104,074)
CHANGE IN NET POSITION	571,687	1,006,961
Net position at beginning of year	36,240,704	35,233,743
NET POSITION AT END OF YEAR	$ 36,812,391	$ 36,240,704

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, 2020	2019
CASH FLOWS - OPERATING ACTIVITIES		
Receipts from services	$ 9,001,844	$ 8,675,909
Payments to suppliers and employees	(6,489,792)	(6,405,949)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	2,512,052	2,269,960
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest income received	16,787	22,260
Proceeds on disposal of capital assets	57,620	26,052
Proceeds from insurance recovery	44,061	-
Purchase and construction of capital assets	(1,309,238)	(1,110,355)
Payment of bond principal	(472,695)	(432,569)
Payment of bond interest and administrative fees	(102,552)	(118,887)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,766,017)	(1,613,499)
NET CHANGE IN CASH AND RESTRICTED CASH	746,035	656,461
Cash and restricted cash at beginning of year	6,913,147	6,256,686
CASH AND RESTRICTED CASH AT END OF YEAR	$ 7,659,182	$ 6,913,147
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital project in accounts payable	$ 872,689	$ -
Equipment financed through capital lease	$ 126,267	$ -

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

STATEMENTS OF CASH FLOWS, Cont'd

	Year ended December 31, 2020	2019
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED FROM OPERATING ACTIVITIES:		
Change in net position	$ 571,687	$ 1,006,961
Adjustments to reconcile change in net position to net cash provided from operating activities:		
Interest income	(16,787)	(22,260)
Depreciation	1,174,553	1,360,862
(Gain) loss on disposal of capital assets	(2,547)	10,032
Insurance recovery gain	(44,061)	-
Interest and bond expense	100,642	116,302
Bad debts	93,923	8,247
Change in assets and liabilities:		
Accounts receivable	(124,533)	(137,635)
Inventories	(69,329)	(41,377)
Prepaid expenses	23,497	(18,040)
Net change in deferred outflows related to postemployment benefits	138,790	239,544
Net change in deferred outflows related to pensions	(1,119,044)	375,532
Accounts payable	163,281	(35,986)
Accrued expenses	(7,554)	(100,400)
Accrued compensation and related liabilities	2,646	(78,231)
Deferred inflows related to pensions	(199,932)	(723,696)
Deferred inflows related to postemployment benefits	(20,796)	65,716
Compensated absences payable	22,464	16,355
Net postemployment benefits liability	102,513	(128,040)
Net pension liability	1,722,639	356,074
NET CASH PROVIDED FROM OPERATING ACTIVITIES	$ 2,512,052	$ 2,269,960

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.

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, 2020 and 2019, 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, 2020 and 2019 was $100,000 and $35,000, respectively. Based on the information available, the Company believes the allowance as of December 31, 2020 and 2019 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 August 23, 2021, which is the date the financial statements are available to be issued. In 2021, the Company entered into agreements to purchase capital assets at a total cost of approximately $219,000.

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, 2020 and 2019, these amounts totaled $779,271 and $777,711, respectively, and were recorded as net assets restricted for capital improvement on the statements of net position. Restricted cash balances consist of the following:

	December 31,	
	2020	2019
Water System Improvement Fund	$ 40,308	$ 40,228
New York State Employee's Retirement Reserve Fund	366,093	367,339
Employee Benefit Reserve Fund	135,061	43,731
System Wide Improvement Fund	457,651	456,734
Capital Reserve Fund	281,312	280,749
Debt Service Fund	505,237	536,479
	$ 1,785,662	$ 1,725,260

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 follows:

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
Non-depreciable capital assets:				
Land	$ 510,227	$ -	$ -	$ 510,227
Construction in process	42,627	306,574	(347,095)	2,106
TOTAL NON-DEPRECIABLE CAPITAL ASSETS	552,854	306,574	(347,095)	512,333
Depreciable capital assets:				
Source of supply	4,351,845	-	-	4,351,845
Power and pumping	4,140,885	-	-	4,140,885
Purification and treatment	16,028,656	49,396	-	16,078,052
Distribution	34,584,627	1,751,892	(74,804)	36,261,715
Other	4,091,338	547,427	(340,652)	4,298,113
TOTAL DEPRECIABLE CAPITAL ASSETS	63,197,351	2,348,715	(415,456)	65,130,610
Less accumulated depreciation for:				
Source of supply	(2,061,299)	(76,103)	-	(2,137,402)
Power and pumping	(3,307,938)	(66,933)	-	(3,374,871)
Purification and treatment	(10,773,329)	(288,889)	-	(11,062,218)
Distribution	(11,788,456)	(544,239)	19,731	(12,312,964)
Other	(2,391,590)	(198,389)	340,652	(2,249,327)
TOTAL ACCUMULATED DEPRECIATION	(30,322,612)	(1,174,553)	360,383	(31,136,782)
CAPITAL ASSETS, NET	$ 33,427,593	$ 1,480,736	$ (402,168)	$ 34,506,161

During the year ended December 31, 2020, the Company sustained damages to a truck from an accident. Insurance proceeds received have been recorded as insurance recovery gain in the accompanying statement of activities and changes in net position. The damaged asset was fully depreciated.

NOTE D: LONG-TERM DEBT

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

	Year ended December 31, 2020		December 31,	
			2020	2019
	Interest payments	Principal payments	Amount	Amount
Bonds payable:				
Bond payable in annual installments varying from $100,000 to $110,000 through November 2024 plus interest varying from 4.76% to 4.87%, payable semi-annually.	$ 7,089	$ 95,000	$ 420,000	$ 515,000
Bond payable in annual installments varying from $120,000 to $155,000 through August 2027 plus interest varying from 2.50% to 5.00%, payable semi-annually. (Refinanced in 2014)	37,881	115,000	930,000	1,045,000
Bond payable in annual installments varying from $30,000 to $35,000 through November 2024 plus interest varying from 6.09% to 6.18%, payable semi-annually. (Refinanced in 2012)	2,863	30,000	135,000	165,000
Bond payable in annual installments varying from $75,800 to $107,400 through May 2029 plus interest varying from 4.25% to 5.00%, payable semi-annually.	40,805	72,900	823,400	896,300
Bond payable in annual installments varying from $34,700 to $39,600 through July 2027 plus interest varying from 2.00% to 2.63%, payable semi-annually.	6,390	33,400	259,400	292,800
Bond payable in annual installments varying from $50,180 to $54,560 through May 2025 plus interest varying from 2.00% to 2.13%, payable semi-annually.	5,867	49,470	261,880	311,350
Total bonds payable	100,895	395,770	2,829,680	3,225,450

NOTE D: LONG-TERM DEBT, Cont'd

	Year ended December 31, 2020 Interest payments	Year ended December 31, 2020 Principal payments	December 31, 2020 Amount	December 31, 2019 Amount
Balance forward	$ 100,895	$ 395,770	$ 2,829,680	$ 3,225,450
Direct borrowings:				
Capital lease payable due in initial interest free payment of $45,000 and annual installments thereafter of $29,719 including interest at 4.78% through June 2023. Collateralized by certain equipment. (1)	-	45,000	81,267	-
Capital lease paid in 2020. (2)	912	31,925	-	31,925
Total direct borrowings	912	76,925	81,267	31,925
Total principal and interest	$ 101,807	$ 472,695		
Total bonds payable and direct borrowings			2,910,947	3,257,375
Less current portion			436,515	427,695
			$ 2,474,432	$ 2,829,680

(1) The capital lease is for the right to use certain equipment acquired in 2020 which is included in other depreciable capital assets in the statement of net position in the amount of $126,267 at December 31, 2020. Accumulated depreciation amounted to $9,019 for the year ended December 31, 2020, resulting in a net book value of $117,248.

(2) The capital lease is for the right to use certain equipment which is included in distribution depreciable capital assets in the statement of net position in the amount of $175,895 at both December 31, 2020 and 2019. Accumulated depreciation amounted to $113,594 and $88,466 for the years ended December 31, 2020 and 2019, respectively, resulting in a net book value of $62,301 and $87,429, respectively. The balance of the direct borrowings of $31,925 at December 31, 2019 were paid in 2020.

NOTE D: LONG-TERM DEBT, Cont'd

The following is a schedule of maturities of debt:

Year ended December 31,	Principal	Interest
2021	$ 436,515	$ 115,933
2022	453,809	100,048
2023	464,943	82,921
2024	451,920	62,445
2025	317,960	43,153
Thereafter	785,800	60,653
	$ 2,910,947	$ 465,153

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/publications/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. Eligibility is based on Tier membership and years of service.

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

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.

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, 2020 and 2019 amounted to $367,218 and $356,432, respectively.

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

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, 2020	March 31, 2019
Employers' total pension liability	$194,596,261,000	$189,803,429,000
Plan net position	(168,115,682,000)	(182,718,124,000)
Employers' net pension liability	$ 26,480,579,000	$ 7,085,305,000
Ratio of plan net position to the employers' total pension liability	86.39%	96.27%

Actuarial assumptions

The total pension liability for the March 31, 2020 and 2019 measurement dates was determined by using an actuarial valuation as of April 1, 2019 and 2018, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2020 and 2019, respectively. The following actuarial assumptions were used in the valuation as of March 31, 2020 and 2019:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	4.2%
Investment rate of return	6.8% compounded annually, net of investment expenses (2020)
	7.0% compounded annually, net of investment expenses (2019)
Cost of living adjustments	1.3% annually
Decrements	Based upon FY 2011-2015 experience
Mortality improvement	Society of Actuaries' Scale MP-2018 (2020)
	Society of Actuaries' Scale MP-2014 (2019)

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.

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

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 %	4.05%
International equity	14	6.15%
Private equity	10	6.75%
Real estate	10	4.95%
Absolute return strategies	2	3.25%
Opportunistic portfolio	3	4.65%
Real assets	3	5.95%
Bonds and mortgages	17	0.75%
Cash equivalents	1	0.00%
Inflation-indexed bonds	4	0.50%
	100 %	

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, 2020 and 2019 was 6.8% and 7.0%, respectively. 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 determined. 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 discount rate of 6.8%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate at the March 31, 2020 measurement date:

	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
Company's proportionate share of the Net Pension Liability	$ 4,325,824	$ 2,357,035	$ 543,772

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

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

At December 31, 2020 and 2019, the Company reported a liability of $2,357,035 and $634,396 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019 and 2018. 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, 2020 and 2019, the Company's proportion was 53% and 52%, respectively.

For the years ended December 31, 2020 and 2019, the Company recognized pension expense of $770,881 and $364,343, respectively. The Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31,			
	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 138,721	$ -	$ 124,926	$ 42,586
Changes in assumptions	47,459	40,981	159,461	-
Net difference between projected and actual earnings on pension plan investments	1,208,331	-	-	162,821
Changes in proportion and differences between Company contributions and proportionate share of contributions	20,893	84,327	22,759	119,833
Company contributions subsequent to the measurement date	367,218	-	356,432	-
	$ 1,782,622	$ 125,308	$ 663,578	$ 325,240

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

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, 2021. 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,	
2021	$ 182,769
2022	318,201
2023	439,468
2024	349,658
	$ 1,290,096

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	$3,600 / $7,200	$6,550 / $13,100
Coinsurance	None	85%	75%	100%
Out-of-Pocket Maximum	$6,550 / $13,100	$2,800 / $5,600	$6,750 / $13,500	$6,750 / $13,500
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.

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 postemployment healthcare benefits.

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

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 postemployment 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, 2020	January 1, 2019
Inactive employees or beneficiaries currently receiving benefit payments	31	26
Active employees	43	42
	74	68

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Actuarial methods and assumptions

The total other postemployment benefit (OPEB) liability for the January 1, 2020 measurement date was determined by using an actuarial valuation as of January 1, 2020. The total OPEB liability for the January 1, 2019 measurement date was determined using an actuarial valuation as of 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	2.74%, as of January 1, 2020 4.10%, as of January 1, 2019
Salary Scale	3%
Rate of Inflation	2.40% as of January 1, 2020 2.20% as of January 1, 2019
Mortality	As of January 1, 2020: The RPH-2014 Mortality Table sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019. As of January 1, 2019: 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 & Retirement Incidence	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 (June 2019) and (September 2016), for January 1, 2020 and 2019, respectively.

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Medical Trend

To Fiscal Year Ending	Trend
2020	7.00%
2021	6.50%
2022	6.00%
2023	5.50%
2024	5.45%
2029	5.18%
2034	5.18%
2039	5.18%
2049	4.98%
2059	4.75%
2069	4.42%
2079	3.94%
2089	3.94%

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: 2.4%
Rate of Growth in Real Income/GDP per capita: 1.5%
Extra Trend due to Technology and other factors: 1.2%
Health Share of GDP Resistance Point: 25%

Dental/Vision Trend 2%

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%

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

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	70%
Silver 2	0%
Bronze 4	25%

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 2.74% and 4.10% as of January 1, 2020 and 2019, 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.

Changes in the total OPEB liability

	Year ended December 31,	
	2020	2019
Balance at beginning of year	$ 2,121,145	$ 2,249,185
Changes for the year:		
Service cost	81,362	94,241
Interest	85,878	76,955
Differences between expected and actual experience	94,599	-
Changes in assumptions and other inputs	56,546	(86,512)
Benefit payments	(215,872)	(212,724)
	102,513	(128,040)
Balance at end of year	$ 2,223,658	$ 2,121,145

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Changes of assumptions and other inputs reflect a change in the discount rate from 4.10% on January 1, 2019 to 2.74% on January 1, 2020.

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 (1.74%) or 1-percentage point higher (3.74%) than the current discount rate:

	1% Decrease 1.74%	Current 2.74%	1% Increase 3.74%
Total OPEB Liability	$ 2,359,325	$ 2,223,658	$ 2,094,553

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	$ 2,038,226	$ 2,223,658	$ 2,437,918

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits
At December 31, 2020 and 2019 the Company reported a liability of $2,223,658 and $2,121,145, 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, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 and January 1, 2018, rolled forward to calculate the results as of January 1, 2019.

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

For the years ended December 31, 2020 and 2019 the Company recognized OPEB expense of $436,222 and $393,092, respectively. The calculation of the OPEB expense for the following measurement periods ending January 1, 2020 and 2019 is shown in the following table:

	Measurement period ending January 1, 2020	Measurement period ending January 1, 2019
Service Cost	$ 81,362	$ 94,241
Interest on the total OPEB Liability	85,878	76,955
Expensed portion of current-period difference between expected and actual experience in the total OPEB Liability	29,470	-
Expensed portion of current-period changes of assumptions	17,616	(20,796)
Recognition of beginning deferred outflows of resources as OPEB expense	242,692	242,692
Recognition of beginning deferred inflows of resources as OPEB expense	(20,796)	-
	$ 436,222	$ 393,092

For the years ended December 31, 2020 and 2019, the Company reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2020		December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 147,517	$ -	$ 153,412	$ -
Changes of assumptions or other inputs	238,064	44,920	370,802	65,716
Company contributions subsequent to the measurement date	215,715	-	215,872	-
	$ 601,296	$ 44,920	$ 740,086	$ 65,716

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

The amortization period for the beginning of the measurement period is 3.21 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
2021	$ 268,982
2022	65,120
2023	6,559
	$ 340,661

NOTE G: 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 H: FINANCIAL IMPACT OF COVID-19 OUTBREAK

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 year 2021.

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,					
	2020	2019	2018	2017	2016	2015
Company's proportion of the net pension liability of the City of Elmira, NY	53%	52%	52%	43%	33%	34%
Company's proportionate share of the net pension liability	$ 2,357,035	$ 634,396	$ 278,322	$ 833,377	$ 1,386,640	$ 299,059
Company's covered payroll	$ 2,788,133	$ 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	84.5%	23.6%	10.6%	33.4%	59.0%	13.5%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	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 – PENSION

	Year ended December 31,					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 367,218	$ 356,432	$ 347,826	$ 336,119	$ 355,615	$ 368,411
Contribution in relation to the contractually required contribution	367,218	356,432	347,826	336,119	355,615	368,411
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Company's covered-employee payroll	$ 2,788,133	$ 2,685,437	$ 2,634,199	$ 2,497,223	$ 2,349,599	$ 2,218,205
Contributions as a percentage of covered-employee payroll	13.2%	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,		
	2020	2019	2018
Service cost	$ 81,362	$ 94,241	$ 50,018
Interest	85,878	76,955	48,233
Changes of benefit terms	-	-	(39,730)
Differences between expected and actual experience	94,599	-	295,460
Changes of assumptions or other inputs	56,546	(86,512)	714,138
Benefit payments	(215,872)	(212,724)	(89,829)
Net change in total OPEB liability	102,513	(128,040)	978,290
Total OPEB liability - beginning of year	2,121,145	2,249,185	1,270,895
Total OPEB liability - end of year	$ 2,223,658	$ 2,121,145	$ 2,249,185
Company's covered-employee payroll	$ 2,788,133	$ 2,685,437	$ 2,635,199
Total OPEB liability as a percentage of covered-employee payroll	79.8%	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:
2020 - 2.74%, 2019 - 4.10%, and 2018 - 3.44%.

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