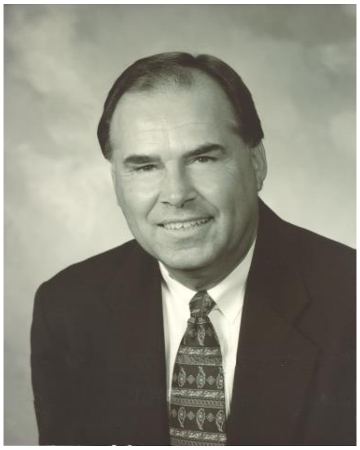
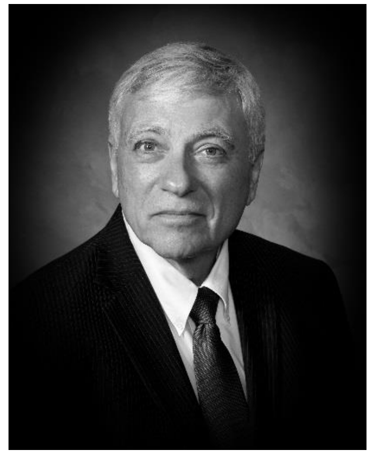
Elmira Water Board
2021 Annual Report

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 the Hoffman Reservoir located on West Hill Road.


Martin D. Chalk, President


John J. Burin, Vice President

COMMISSIONERS


Danny W. Gray


Robert L. Briggs


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	2020-2025
Robert L. Briggs	2021-2026
Charles A. Shaffer	2021-2022

Corporate Counsel
John J. Ryan, Jr.

General Manager
Mark D. LaDouce

Secretary-Treasurer
Alyssa L. Melens

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 2021 at 85.7% of our expense budget and 106% of our revenue budget. Water sales were at 101% of budget for residential accounts and 111% for Commercial/Industrial accounts. Unsure of the continued potential impacts of the pandemic, we budgeted conservatively for metered water revenue for the year. The slight increase in revenue may have been influenced by the pandemic with people and businesses following cleaning protocols, as well as a slight rate increase effective January 1, 2021. 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 continued to affected our cash flow.

During 2021 there were several factors that resulted in fluctuations in expenditures. We budgeted conservatively for some items, which came in under budget for the year, such as: materials, tools and equipment rentals, consulting expenses, well redevelopment (which did not occur in 2021 and was completed in early 2022) and chemicals. Some project work was delayed due to the uncertainty of the pandemic. The pandemic also resulted in some supply chain disruptions that continued in 2021.

The timing of the replacements for three retirements and a resignation lowered our wages and health insurance costs for the year.

Throughout 2021 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 before they surfaced. 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.

Staff Changes:

The Maintenance Department was full of staff changes during 2021, starting with three retirements collectively reaching 61 years of dedicated service to the Elmira Water Board. Congratulations to John (Jack) LeValley, Skilled Mechanic, Don Mattison, Maintenance Superintendent, and Roger Thomas, Working Supervisor, for their many years of service to the Elmira Water Board.

With Don Mattison vacating the Maintenance Superintendent position, Henry Ducot accepted the challenge and was promoted to his new position as Maintenance Superintendent. Henry has approximately 25 years experience with the Company, with almost 16 of those years in the Maintenance Department and the remaining years in the Meter Department.

We also welcomed four new employees to the Maintenance Department: Steven Bailey, Thomas Brautigan, Tyler Corter and Travis Victor, all of which are Motor Equipment Operator III's. To date, they have all shown interest in the Company and an eagerness to learn.

Congratulations to Robert (Bob) Leonard on his promotion from MEO II to MEO I during the second quarter of the year. Later in the year, Bob was promoted to Working Supervisor along with Geoffrey (Matt) Sayers. Both have proven to be great leaders. Also promoted was Alan Yackel to MEO II from MEO III. Bob, Matt and Alan are valuable assets to the Maintenance Department and we look forward to seeing them grow and expand their knowledge of the department. These promotions are a result of hard work and a willingness to go above and beyond their normal duties.

Board of Commissioner Changes:

Randy Reid resigned from the Board on May 1, 2021 after being appointed in April 2020. Charles (Charlie) Shaffer was re-appointed in August 2021, to fulfill the remainder of Randy's term. William Roe resigned at the end of his term in June 2021 after being elected in 2016.

In June 2021, newly elected to the Board was Robert (Bob) Briggs. Having the most votes in the election, Bob won the 5-year 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

April 26, 2022

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, 2021 has been included for your review.

Operational Information

As the pandemic extended into 2021 several of the difficulties we faced in 2020 continued throughout 2021. The NYS-ordered moratorium on the shut off of utilities for non-payment had considerable unwelcomed consequences. As a result of the moratorium, receivables continued to increase throughout the year and the collection process grew increasingly difficult. Although we were able to resume shut-off's for non-payment in the third quarter of the year, as the state of emergency expired on June 24, 2021, the collection of unpaid water bills remains a challenging task.

In other areas of the business, various supply constraints 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 17,315 residential accounts with an estimated population of 54,000. In the past, circa 1998, we served a population of approximately 70,000; this 23% decrease in the customer base has been the largest factor in the 28% decrease in billed usage over the same timeframe. 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 1.8 billion gallons of water were pumped, treated and distributed to our customers in 2021. 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, 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 portion 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 water 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 East Water Street 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 where 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 a 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.

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 enhancing our replacement program is crucial to ensure 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 aging water mains, the age and condition 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 cost $20,000-$25,000 per valve to install. Often, a scheduled valve replacement results in 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, approximately 200 that may be partially lead, and roughly 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. In 2017 the Water Board was awarded funds through the New York State Lead Service Line Replacement Program (LSLRP) to facilitate the replacement of lead service lines. This reimbursement program has been extended through February 2024. In addition, the City of Elmira is directing some funding through the American Rescue Plan to cover lead service line replacement costs that the NYS program does not.

Precise meter readings are crucial to ensuring accurate billing and collection figures. Metered water sales accounted for 93% of our revenue for 2021. We provide service to approximately 17,500 accounts; 150 accounts are billed monthly and the remaining accounts are read and billed on a bi-monthly basis. The majority of the accounts billed monthly have larger meters (1 ½” and above), which are changed out as needed. An estimated 12,000 residential meters are at the end of their service life and will be replaced in the years ahead as we continue our meter replacement and radio-read project. Residential meters are expected to cost approximately $1,625,000 and radio equipment for all 17,500 meters could cost an additional $2,200,000. Our system losses have increased over the last several years and the radio read equipment will significantly enhance our ability to monitor our system, gather data, help customers detect potential leaks, and aid in reducing our distribution system water losses.

While metered water sales account for the majority of the revenue billed we also bill for miscellaneous customer fees, penalties assessed on overdue bills and fire protection. The total revenue for 2021 was 106% of the amount budgeted.

Overall operating expenses were under budget for 2021. 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% of the total operating expenses for 2021. Employee Health Insurance was slightly under budget for the year. In 2022, 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

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 maintenance crews also installed significant sections of replacement mains. In 2021, crews installed the following 2,279 feet of water main to replace existing water mains for a total cost of $123,072:

Luce Street	413 feet – 6" Ductile Iron
West 10th Street	15 feet – 4" Ductile Iron
Elizabeth Street	44 feet – 6" Ductile Iron
Conklin Street	433 feet – 6" Ductile Iron
Luce Street	128 feet – 2" HDPE
William Street	554 feet – 8" Ductile Iron
Tremaine Place	160 feet – 1 1/2" HDPE
Neilly Place	142 feet – 1 1/2" HDPE
Gildea Place	390 feet – 2" HDPE

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 2021, 45 main to curb service lines were replaced or added for a cost of $68,908. There were also 79 new/replaced valves for a total cost of $176,974 and 31 replaced hydrants totaling $86,902.

In 2021 we continued our large valve replacement program implemented in 2015. We will continue our program in 2022 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 2021 the Water Board also had the following capital expenditures:

<u>Filter Plant Improvements</u>	
TOC Analyzer	$ 38,388
<u>Maintenance Department</u>	
Backhoe	$ 116,970
<u>Meter Department</u>	
(16) Large Meters (1 ½” to 8”)	$ 42,832
<u>Facilities Improvements/Equipment</u>	
Filter Plant Roof Painting	$ 83,000
Zero-Turn Mower	$ 9,905
<u>Computer IT upgrades</u>	
Dell Work Stations (7)	$ 6,609
Printer	$ 7,792
Billing Software	$ 35,000
<u>Vehicles</u>	
Vehicles/Trucks (1)	$ 25,492
<u>Engineering Department</u>	
GPS Unit	$ 13,207

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 2021 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.

<u>Village of Wellsburg</u>
The water sold to the Village of Wellsburg amounted to $30,239 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.

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.

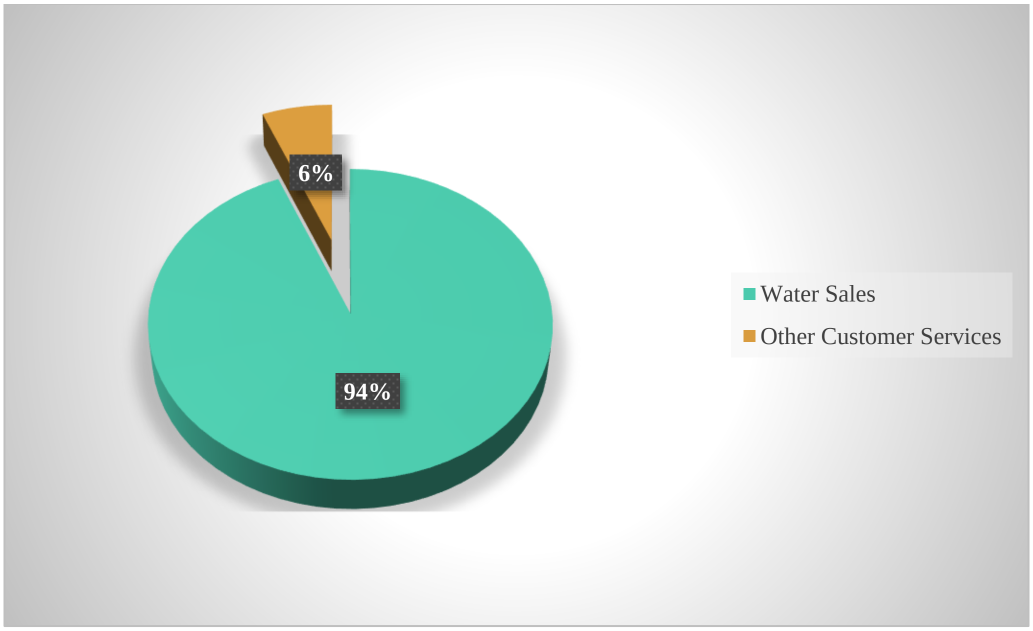
Funding for capital improvements, except for lead service line replacements and the EFC grant, for 2022 will come from operating revenue and borrowed funds. Ultimately, the vast majority of all costs - operational costs, capital spending, debt service – are paid for by operating revenue. As detailed 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 throughout 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 2021.

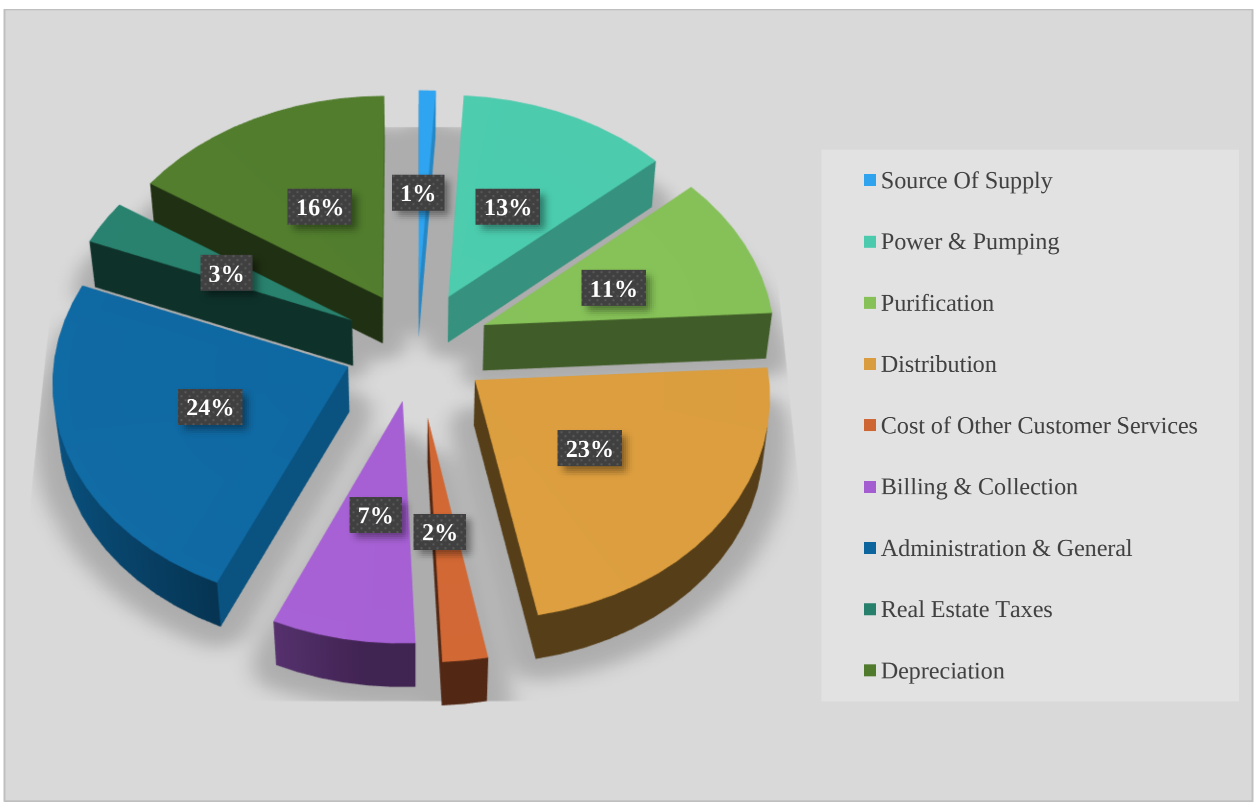
Respectfully Submitted,

Martin D. Chalk

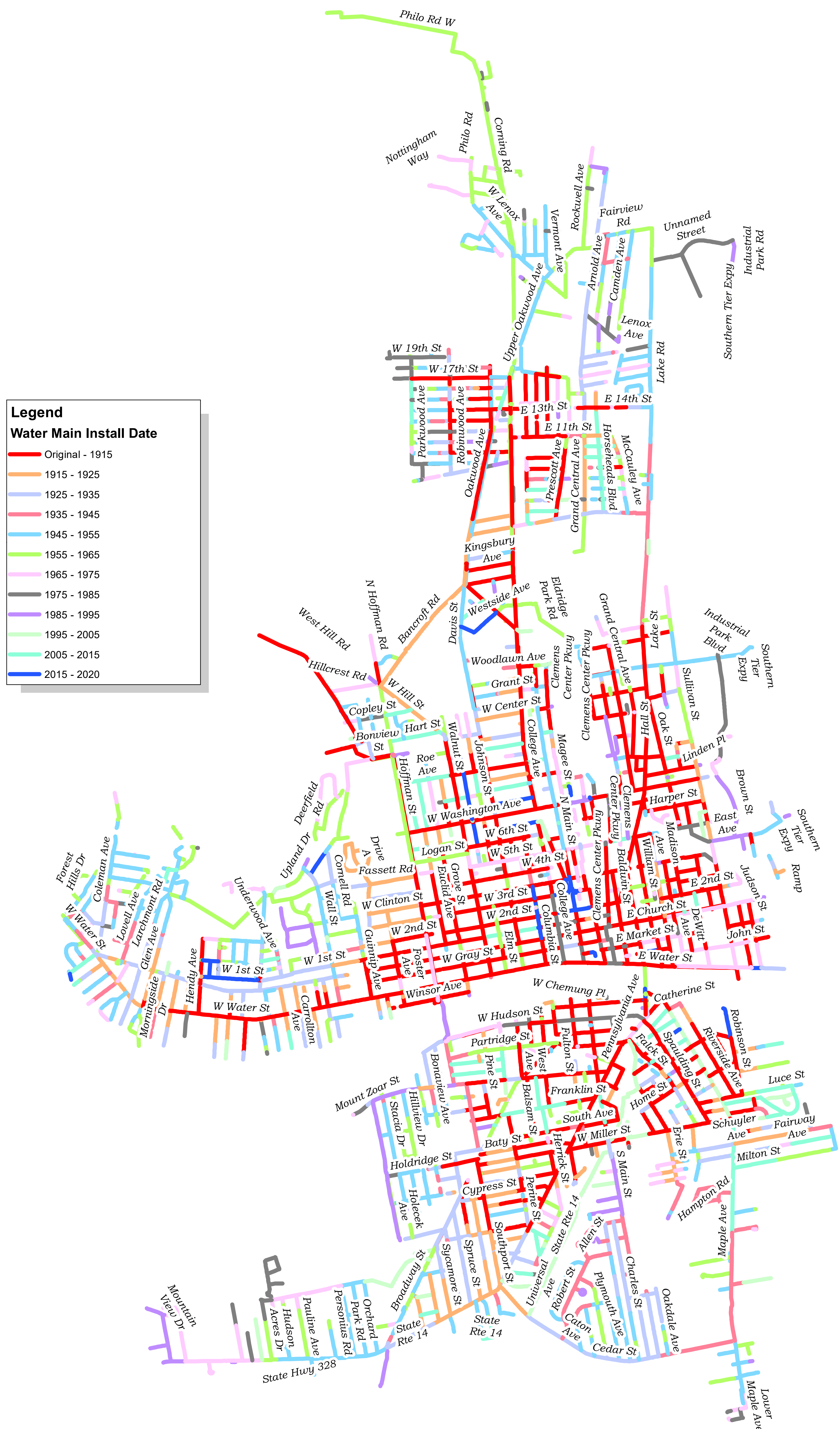
Martin D. Chalk,
President, Elmira Water Board



Operating Revenues 2021 Fiscal Year



Operating Expenses 2021 Fiscal Year



Elmira Water Board
Engineering Department
261 W. Water St.
Elmira, NY 14901
www.ElmiraWaterBoard.org

Elmira Water Board
Water Main Age

Date: 4/23/2020

Document Path: U:\2020 Maps\Water Main Age Map 11X17.mxd

Elmira Water Board


12" Ductile Iron Water Main
Installed in 1972
Date of break: 10/30/16
Water St. between
Harriet & Judson

6" ductile iron pipe, installed in 1991 on Longmeadow Dr.


W. 1st St., between Underwood & Arcadia
6" Cast Iron, Break on 4/10/19
Installed in 1915.


A
B
Main break, 2/3/14, W. 9th St.
Installed 1949
Pipe: 6" cast iron bell & spigot
Split lengthwise at the bell.
Note different wall thickness
at "A" and "B"
Split was on the thicker wall.

Washington/N. Main 6/18/18
10" Cast Iron Installed late 1800's

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, 2021 AND 2020

MMB

MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

CONTENTS

MMB
MENGEL METZGER BARR & CO. LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net position of Elmira Water Board as of December 31, 2021 and 2020, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Elmira Water Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Elmira Water Board's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Elmira Water Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Elmira Water Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of the Company's proportionate share of the net pension liability, schedule of Company contributions - pension, and schedule of changes in the Company's total other postemployment benefits liability and related ratios on pages 6 through 10 and 35 through 37, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mengel, Metzger, Barr & Co. LLP

Elmira, New York
April 12, 2022

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021. 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 utility which provides water to various communities in the County of Chemung, New York.

Mission:

The Elmira Water Board 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 Elmira Water Board and providing water component and usage information.

Operational Information:

The Elmira Water Board currently provides service to 17,463 accounts with an estimated population of 54,000 residents. Our institutional/industrial and wholesale customer bases represent 25.5% of our total water revenue and the residential customer base represents 74.5%.

In 2021 the average annual residential usage, in gallons, was 44,102 and the average yearly residential bill was $354.85; which is down just slightly from 2020.

We pumped, treated, and distributed to our customers approximately 1.8 billion gallons of water in 2021. In 2021, our total water sales amounted to $8,400,375; a decrease of $174,823 compared to the 2020 water sales of $8,575,198.

The Company's collection efforts were significantly impacted in both 2020 and 2021 as a result of the NYS-ordered moratorium on utility shut-offs for non-payment. Further, NYS-mandated constraints, which lasted for 180 days after the state of emergency was lifted, also made the collection process much more difficult. These collection efforts will be resumed in 2022.

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% of the operating expenses of the Water Board in 2021. The mandated New York State pension cost continues to be a financial strain to the operations of the Elmira Water Board. The Company 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 2021, the Company's maintenance department installed 2,279 feet of water main of various materials to replace existing mains. The total capitalized cost of this work was $123,072.

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 2021 the Company continued its valve replacement program and replaced 79 valves, for a total cost of $176,974. By continuing the valve replacement program, the Company will be better prepared for emergency situations.

During the year there were also 45 main to curb service lines replaced or added for a cost of $68,908 and 31 hydrants replaced for a total cost of $86,902.

Throughout the year the Company also had the following capital expenditures: replacement of 16 large meters (1 ½" to 8") for a total cost of $42,832; replacement of a backhoe for $116,970; painting of the Filter Plant roof for $83,000; the purchase of a new billing software for $35,000; a vehicle replacement for $25,492; the replacement of a TOC Analyzer for $38,388; and the purchase of a GPS unit for the Engineering Department for $13,207.

Financial Statements:

The Statement of Activities and Changes in Net Position present information showing the change in the Company's net position during the most recent fiscal year end December 31, 2021. 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 are 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.

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, 2021 and 2020 was $1,201,020 and $1,174,553, respectively.

The Company continues to replace/rehabilitate water mains, valves, hydrants and service lines throughout our entire distribution system. Larger capital projects of this nature are sometimes funded by bonding, which is issued by the City of Elmira on behalf of the Elmira Water Board.

Construction in progress represents the expenditure of funds during the 2021 fiscal year for a pump and motor assembly for the West Elmira booster station which was placed in service during 2022.

Noncurrent Liabilities

Noncurrent liabilities consist of the long-term portion of debt related to the Elmira Water Board 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 Elmira Water Board.
- **Depreciation** represents the cost/use of equipment, machinery and other properties in operations during the year.

Non-operating Revenues and Expenses

These amounts represent interest and bond administration payments on outstanding debt, interest income received on accounts at the Company's financial institution and the gain/loss on the 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 Elmira Water Board's Financial Management:

For further information, contact Mr. Mark LaDouce, General Manager, or Ms. Alyssa L. Melens, 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, 2021	December 31, 2020
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash	$ 5,999,802	$ 5,873,520
Restricted cash	1,373,907	1,785,662
Accounts receivable, less allowance for doubtful accounts of $35,000 and $100,000, respectively	1,397,369	1,085,929
Inventories	646,328	563,228
TOTAL CURRENT ASSETS	9,417,406	9,308,339
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	308,147	318,907
Related to postemployment benefits	340,550	601,296
Related to pensions	2,235,260	1,782,622
Related to bond refunding	5,574	-
	2,889,531	2,702,825
CAPITAL ASSETS, net of accumulated depreciation	34,176,860	34,506,161
	$ 46,483,797	$ 46,517,325

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

	December 31, 2021	December 31, 2020
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 447,309	$ 436,515
Accounts payable	117,646	1,175,010
Accrued expenses	20,886	52,000
Accrued compensation and related liabilities	53,023	41,762
Accrued interest payable	20,160	23,986
Compensated absences payable	347,430	366,704
TOTAL CURRENT LIABILITIES	1,006,454	2,095,977
LONG-TERM LIABILITIES		
Net postemployment benefits liability	2,232,636	2,223,658
Net pension liability	9,111	2,357,035
Long-term debt	2,042,518	2,474,432
Compensated absences payable	400,992	383,604
	4,685,257	7,438,729
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	2,686,220	125,308
Related to postemployment benefits	24,124	44,920
	2,710,344	170,228
NET POSITION		
Invested in capital assets, net of related debt	31,687,033	31,595,214
Restricted for capital improvement	321,990	779,271
Unrestricted	6,072,719	4,437,906
	38,081,742	36,812,391
	$ 46,483,797	$ 46,517,325

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, 2021	2020
Operating revenues:		
Water sales	$ 8,400,375	$ 8,575,198
Other customer services and revenues	552,683	457,256
TOTAL OPERATING REVENUES	8,953,058	9,032,454
Operating expenses:		
Source of supply	76,976	171,598
Power and pumping	957,442	812,599
Purification	810,473	792,433
Distribution	1,749,994	1,937,291
Cost of other customer services	177,034	171,531
Billing and collection	561,901	676,373
Administration and general	1,867,881	2,445,505
Real estate taxes	246,713	241,637
Depreciation	1,201,020	1,174,553
TOTAL OPERATING EXPENSES	7,649,434	8,423,520
OPERATING INCOME	1,303,624	608,934
Non-operating revenues (expenses):		
Interest income	10,999	16,787
Gain on disposal of capital assets	30,111	2,547
Insurance recovery gain	-	44,061
Interest and bond expense	(75,383)	(100,642)
TOTAL NON-OPERATING EXPENSES	(34,273)	(37,247)
CHANGE IN NET POSITION	1,269,351	571,687
Net position at beginning of year	36,812,391	36,240,704
NET POSITION AT END OF YEAR	$ 38,081,742	$ 36,812,391

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, 2021	2020
CASH FLOWS - OPERATING ACTIVITIES		
Receipts from services	$ 8,641,618	$ 9,001,844
Payments to suppliers and employees	(7,576,651)	(6,489,792)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	1,064,967	2,512,052
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest income received	10,999	16,787
Proceeds on disposal of capital assets	15,735	57,620
Proceeds from insurance recovery	-	44,061
Purchase and construction of capital assets, net of trade in allowance	(857,343)	(1,309,238)
Payment of bond principal	(436,515)	(472,695)
Payment of bond interest and administrative fees	(83,316)	(102,552)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,350,440)	(1,766,017)
NET CHANGE IN CASH AND RESTRICTED CASH	(285,473)	746,035
Cash and restricted cash at beginning of year	7,659,182	6,913,147
CASH AND RESTRICTED CASH AT END OF YEAR	$ 7,373,709	$ 7,659,182
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, 2021	Year ended December 31, 2020
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED FROM OPERATING ACTIVITIES:		
Change in net position	$ 1,269,351	$ 571,687
Adjustments to reconcile change in net position to net cash provided from operating activities:		
Interest income	(10,999)	(16,787)
Depreciation	1,201,020	1,174,553
Gain on disposal of capital assets	(30,111)	(2,547)
Insurance recovery gain	-	(44,061)
Interest and bond expense	75,383	100,642
Bond issuance costs	13,928	-
Provision for bad debts	(63,977)	93,923
Change in assets and liabilities:		
Accounts receivable	(247,463)	(124,533)
Inventories	(83,100)	(69,329)
Prepaid expenses	10,760	23,497
Net change in deferred outflows related to postemployment benefits	260,746	138,790
Net change in deferred outflows related to pensions	(452,638)	(1,119,044)
Accounts payable	(1,057,364)	163,281
Accrued expenses	(31,114)	(7,554)
Accrued compensation and related liabilities	11,261	2,646
Deferred inflows related to pensions	2,560,912	(199,932)
Deferred inflows related to postemployment benefits	(20,796)	(20,796)
Compensated absences payable	(1,886)	22,464
Net postemployment benefits liability	8,978	102,513
Net pension liability	(2,347,924)	1,722,639
NET CASH PROVIDED FROM OPERATING ACTIVITIES	$ 1,064,967	$ 2,512,052

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, 2021 and 2020, 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, 2021 and 2020 was $35,000 and $100,000, respectively. Based on the information available, the Company believes the allowance as of December 31, 2021 and 2020 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 12, 2022, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

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, 2021 and 2020, these amounts totaled $321,990 and $779,271, 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, 2021	December 31, 2020
Water System Improvement Fund	$ 40,355	$ 40,308
New York State Employee's Retirement Reserve Fund	404,045	366,093
Employee Benefit Reserve Fund	147,147	135,061
System Wide Improvement Fund	-	457,651
Capital Reserve Fund	281,635	281,312
Debt Service Fund	500,725	505,237
	$ 1,373,907	$ 1,785,662

NOTE C: CAPITAL ASSETS

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

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
Non-depreciable capital assets:				
Land	$ 510,227	$ -	$ -	$ 510,227
Construction in process	2,106	244,155	(223,476)	22,785
TOTAL NON-DEPRECIABLE CAPITAL ASSETS	512,333	244,155	(223,476)	533,012
Depreciable capital assets:				
Source of supply	4,351,845	-	-	4,351,845
Power and pumping	4,140,885	3,668	-	4,144,553
Purification and treatment	16,078,052	47,267	(23,280)	16,102,039
Distribution	36,261,715	627,345	(124,802)	36,764,258
Other	4,298,113	201,384	(84,539)	4,414,958
TOTAL DEPRECIABLE CAPITAL ASSETS	65,130,610	879,664	(232,621)	65,777,653
Less accumulated depreciation for:				
Source of supply	(2,137,402)	(71,367)	-	(2,208,769)
Power and pumping	(3,374,871)	(63,695)	-	(3,438,566)
Purification and treatment	(11,062,218)	(292,656)	20,952	(11,333,922)
Distribution	(12,312,964)	(538,030)	98,506	(12,752,488)
Other	(2,249,327)	(235,272)	84,539	(2,400,060)
TOTAL ACCUMULATED DEPRECIATION	(31,136,782)	(1,201,020)	203,997	(32,133,805)
CAPITAL ASSETS, NET	$ 34,506,161	$ (77,201)	$ (252,100)	$ 34,176,860

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, 2021		December 31,	
	Interest payments	Principal payments	2021 Amount	2020 Amount
Bonds payable:				
Bond payable in annual installments varying from $105,000 to $110,000 through November 2024 plus interest varying from 4.795% to 4.865%, payable semi-annually.	$ 4,557	$ 100,000	$ 320,000	$ 420,000
Bond payable in annual installments varying from $120,000 to $155,000 through August 2027 plus interest varying from 2.75% to 5.00%, payable semi-annually. (Refinanced in 2014)	35,294	120,000	810,000	930,000
Bond payable in annual installments of $35,000 through November 2024 plus interest varying from 6.13% to 6.18%, payable semi-annually. (Refinanced in 2012)	2,010	30,000	105,000	135,000
Bond payable in annual installments varying from $79,800 to $107,400 through May 2029 plus interest varying from 4.38% to 5.00%, payable semi-annually. Refunded in 2021.	19,628	75,800	-	823,400
Refunded bond payable in annual installments varying from $78,000 to $96,000 through May 2029 plus interest of 4.00%, payable semi-annually.	5,260	-	697,000	-
Bond payable in annual installments varying from $35,300 to $39,600 through July 2027 plus interest varying from 2.00% to 2.625%, payable semi-annually. Refunded in 2021.	5,722	34,700	-	259,400
Refunded bond payable in annual installments varying from $30,600 to $36,600 through May 2027 plus interest varying from 2.00% to 4.00%, payable semi-annually.	1,481	-	201,000	-
Balance forward	73,952	360,500	2,133,000	2,567,800

NOTE D: LONG-TERM DEBT, Cont'd

	Year ended December 31, 2021		December 31,	
	Interest payments	Principal payments	2021 Amount	2020 Amount
Balance forward	$ 73,952	$ 360,500	$ 2,133,000	$ 2,567,800
Bond payable in annual installments varying from $51,640 to $54,560 through May 2025 plus interest varying from 2.00% to 2.13%, payable semi-annually.	4,870	50,180	211,700	261,880
Total bonds payable	78,822	410,680	2,344,700	2,829,680
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)	3,884	25,835	55,432	81,267
Total direct borrowings	3,884	25,835	55,432	81,267
Total principal and interest	$ 82,706	$ 436,515		
Total bonds payable and direct borrowings			2,400,132	2,910,947
Add unamortized bond premium			89,695	-
Less current portion			(447,309)	(436,515)
			$ 2,042,518	$ 2,474,432

(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, 2021 and 2020. Accumulated depreciation amounted to $27,057 and $9,019 for the years ended December 31, 2021 and 2020, resulting in a net book value is $99,210 and $117,248, respectively.

NOTE D: LONG-TERM DEBT, Cont'd

The following is a schedule of maturities of debt:

Year ended December 31,	Principal	Interest
2022	$ 447,309	$ 92,263
2023	456,543	76,168
2024	443,120	56,827
2025	308,760	37,808
2026	267,800	25,639
Thereafter	476,600	23,377
	$ 2,400,132	$ 312,082

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.

The proceeds of the advance refunding of certain bonds were placed in escrow accounts with a trust agent and used to purchase securities to meet all debt service requirements of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts were not included in the accompanying financial statements as the Company defeased its obligations for payment of the refunded debt upon completion of the refunding transactions. At December 31, 2021, refunded bond issues and the related principal payable from escrow amounted to $972,300.

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.

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, 2021 and 2020 amounted to $412,660 and $367,218, 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, 2021	March 31, 2020
Employers' total pension liability	$220,680,157,000	$194,596,261,000
Plan net position	(220,580,583,000)	(168,115,682,000)
Employers' net pension liability	$ 99,574,000	$ 26,480,579,000
Ratio of plan net position to the employers' total pension liability	99.95%	86.39%

Actuarial assumptions

The total pension liability for the March 31, 2021 and 2020 measurement dates was determined by using an actuarial valuation as of April 1, 2020 and 2019, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2021 and 2020, respectively. The following actuarial assumptions were used in the valuation as of March 31, 2021 and 2020:

Actuarial cost method	Entry age normal
Inflation	2.7% (2021) 2.5% (2020)
Salary scale	4.4% (2021) 4.2% (2020)
Investment rate of return	5.9% compounded annually, net of investment expenses (2021) 6.8% compounded annually, net of investment expenses (2020)
Cost of living adjustments	1.4% annually (2021) 1.3% annually (2020)
Decrements	Based upon FY 2016-2020 experience (2021) Based upon FY 2011-2015 experience (2020)
Mortality improvement	Society of Actuaries' Scale MP-2020 (2021) Society of Actuaries' Scale MP-2018 (2020)

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	32 %	4.05%
International equity	15	6.30%
Private equity	10	6.75%
Real estate	9	4.95%
Opportunistic portfolio	3	4.50%
Credit	4	3.63%
Real assets	3	5.95%
Fixed income	23	0.00%
Cash equivalents	1	0.50%
	100 %	

The real rate of return is net of the long-term inflation assumption of 2%.

Discount rate
The discount rate used to calculate the total pension liability at March 31, 2021 and 2020 was 5.9% and 6.8%, 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 5.9%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate at the March 31, 2021 measurement date:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Company's proportionate share of the Net Pension Liability (Asset)	$ 2,528,786	$ 9,111	$ (2,314,619)

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, 2021 and 2020, the Company reported a liability of $9,111 and $2,357,035 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020 and 2019. 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, 2021 and 2020, the Company's proportion was 53%.

For the years ended December 31, 2021 and 2020, the Company recognized pension expense of $171,850 and $770,881, respectively. The Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31,			
	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 111,267	$ -	$ 138,721	$ -
Changes in assumptions	1,675,169	31,594	47,459	40,981
Net difference between projected and actual earnings on pension plan investments	-	2,617,138	1,208,331	-
Changes in proportion and differences between Company contributions and proportionate share of contributions	36,164	37,488	20,893	84,327
Company contributions subsequent to the measurement date	412,660	-	367,218	-
	$ 2,235,260	$ 2,686,220	$ 1,782,622	$ 125,308

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,	
2022	$ (172,926)
2023	(48,958)
2024	(141,129)
2025	(500,607)
	$ (863,620)

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.

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 postemployment 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 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, 2021	January 1, 2020
Inactive employees or beneficiaries currently receiving benefit payments	31	31
Active employees	43	43
	74	74

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Actuarial methods and assumptions

The total other postemployment benefit (OPEB) liability for the January 1, 2021 and 2020 measurement dates was determined by using an actuarial valuation as of January 1, 2020 with actuarial roll forward techniques to calculate the results as of the measurement date. 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	2.12%, as of January 1, 2021 2.74%, as of January 1, 2020
Salary Scale	3%
Rate of Inflation	2.40%
Mortality	The RPH-2014 Mortality Table sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019.
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)

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Medical Trend

To Fiscal Year Ending	Trend
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 2.12% and 2.74% as of January 1, 2021 and 2020, 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, 2021	Year ended December 31, 2020
Balance at beginning of year	$ 2,223,658	$ 2,121,145
Changes for the year:		
Service cost	83,773	81,362
Interest	60,268	85,878
Differences between expected and actual experience	-	94,599
Changes in assumptions and other inputs	80,652	56,546
Benefit payments	(215,715)	(215,872)
	8,978	102,513
Balance at end of year	$ 2,232,636	$ 2,223,658

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Changes of assumptions and other inputs reflect a change in the discount rate from 2.74% on January 1, 2020 to 2.12% on January 1, 2021.

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 (1.12%) or 1-percentage point higher (3.12%) than the current discount rate:

	1% Decrease 1.12%	Current 2.12%	1% Increase 3.12%
Total OPEB Liability	$ 2,366,813	$ 2,232,636	$ 2,103,668

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	$ 2,018,493	$ 2,232,636	$ 2,481,070

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits
At December 31, 2021 and 2020 the Company reported a liability of $2,232,636 and $2,223,658, 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, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020, with update procedures to roll forward the total OPEB liability to January 1, 2021.

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

For the years ended December 31, 2021 and 2020 the Company recognized OPEB expense of $438,148 and $436,222, respectively. The calculation of the OPEB expense for the following measurement periods ending January 1, 2021 and 2020 is shown in the following table:

	Measurement period ending January 1, 2021	Measurement period ending January 1, 2020
Service Cost	$ 83,773	$ 81,362
Interest on the total OPEB Liability	60,268	85,878
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	25,125	17,616
Recognition of beginning deferred outflows of resources as OPEB expense	289,778	242,692
Recognition of beginning deferred inflows of resources as OPEB expense	(20,796)	(20,796)
	$ 438,148	$ 436,222

For the years ended December 31, 2021 and 2020, the Company reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2021		December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 47,023	$ -	$ 147,517	$ -
Changes of assumptions or other inputs	104,307	24,124	238,064	44,920
Company contributions subsequent to the measurement date	189,220	-	215,715	-
	$ 340,550	$ 24,124	$ 601,296	$ 44,920

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
2022	$ 90,245
2023	31,684
2024	5,277
	$ 127,206

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 future periods.

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,						
	2021	2020	2019	2018	2017	2016	2015
Company's proportion of the net pension liability of the City of Elmira, NY	53%	53%	52%	52%	43%	33%	34%
Company's proportionate share of the net pension liability	$ 9,111	$ 2,357,035	$ 634,396	$ 278,322	$ 833,377	$ 1,386,640	$ 299,059
Company's covered payroll	$ 2,757,332	$ 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	0.3%	84.5%	23.6%	10.6%	33.4%	59.0%	13.5%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	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,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 412,660	$ 367,218	$ 356,432	$ 347,826	$ 336,119	$ 355,615	$ 368,411
Contribution in relation to the contractually required contribution	412,660	367,218	356,432	347,826	336,119	355,615	368,411
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Company's covered-employee payroll	$ 2,757,332	$ 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	15.0%	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,			
	2021	2020	2019	2018
Service cost	$ 83,773	$ 81,362	$ 94,241	$ 50,018
Interest	60,268	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	80,652	56,546	(86,512)	714,138
Benefit payments	(215,715)	(215,872)	(212,724)	(89,829)
Net change in total OPEB liability	8,978	102,513	(128,040)	978,290
Total OPEB liability - beginning of year	2,223,658	2,121,145	2,249,185	1,270,895
Total OPEB liability - end of year	$ 2,232,636	$ 2,223,658	$ 2,121,145	$ 2,249,185
Company's covered-employee payroll	$ 2,757,332	$ 2,788,133	$ 2,685,437	$ 2,635,199
Total OPEB liability as a percentage of covered-employee payroll	81.0%	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:
2021 - 2.12%, 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