

# **CITY OF ELMIRA**

**Elmira, New York**

## **FINANCIAL REPORT**

**For the Year Ended  
December 31, 2020**

# CITY OF ELMIRA

## TABLE OF CONTENTS

Independent Auditors' Report .....	1-3
Required Supplementary Information	
Management's Discussion and Analysis .....	4-41
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position .....	5-5a
Statement of Activities .....	6-6a
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds .....	7-7a
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position .....	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	9-9a
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	10
Statement of Net Position - Proprietary Fund .....	11
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund .....	12
Statement of Cash Flows - Proprietary Fund .....	13
Statement of Net Position - Fiduciary Fund .....	14
Statement of Changes in Fiduciary Net Position- Fiduciary Fund.....	15
Notes to Financial Statements .....	16-55
<hr/>	
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund - Non-U.S. GAAP Budget Basis .....	56
Schedule of Changes in the City's Total OPEB Liability and Related Ratios .....	57-57a
Schedule of City's Contributions - NYSLRS Pension Plan .....	58-58a
Schedule of the City's Proportionate Share of the Net Pension Liability NYSLRS Pension Plan .....	59-59a
Notes to Required Supplementary Information .....	60-61
Reports Required Under <i>Government Auditing Standards</i>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	62-63
Reports Required Under the Single Audit Act (Uniform Guidance)	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance .....	64-65
Schedule of Expenditures of Federal Awards .....	66
Notes to Schedule of Expenditures of Federal Awards .....	67
Schedule of Findings and Questioned Costs .....	68

## INDEPENDENT AUDITORS' REPORT

Mayor and Members of the City Council  
City of Elmira  
Elmira, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elmira (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Elmira Water Board, a discretely presented component unit, which represent 100% of the assets, net position, and revenues of the aggregately discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Elmira Water Board, are solely based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. The financial statements of the Elmira Water Board were not audited in accordance with *Governmental Auditing Standards*. 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 auditors' 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 City'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 City'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.

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elmira, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the City's Total OPEB Liability and Related Ratios, Schedule of City's Contributions - NYSLRS Pension Plan, the Schedule of the City's Proportionate Share of Net Pension Liability - NYSLRS Pension Plan, and the related notes on pages 4-41 and 56-61 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 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.

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
August 24, 2021

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

Management of the City of Elmira, New York provides this Management's Discussion and Analysis of the City's financial performance for the fiscal year ended December 31, 2020. These management comments provide the benefit of perspective on certain developments that, while they occurred after December 31, 2020, provide relevant context for the 2020 financials. We encourage readers to consider this information in conjunction with the City's financial statements, which begin on page 5.

### **FINANCIAL HIGHLIGHTS**

- The City invested \$10,311,500 in capital assets, resulting in an increase in capital assets of \$6,552,992, net of depreciation of \$3,705,732.
- The City's total debt obligations decreased by \$1,109,261 during the current fiscal year.
- The City's actual revenues and other financing sources exceeded its budgeted revenues and other financing sources in the General Fund by \$98,002, while expenses and other financing uses were less than budgeted by \$2,526,518.
- Total fund balance in the General Fund was \$4,524,510 at December 31, 2020, an increase from a fund balance of \$1,544,868 at December 31, 2019. Unassigned fund balance in the General Fund increased from \$1,021,267 to \$3,794,381.
- General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,979,642 in 2020 and \$2,460,889 in 2019.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of basic financial statements.

- The Statement of Net Position and the Statement of Activities (on pages 5-6a) provide information about the City as a whole and present a longer-term view of the City's finances.
- Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the City's operations in greater detail than the Government-Wide financial statements by providing information about the City's most significant funds.
- The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

In addition to the basic financial statements, the annual report contains other information in the form of a budgetary comparison schedule for the General Fund and, therefore, are not presented individually in the basic financial statements.

### **Reporting the City as a Whole**

Our analysis of the City as a whole begins on page 5, with the Government-Wide financial statements. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer the question of whether the City, as a whole, is better off or worse off as a result of the year's activities. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the City's net position and changes in it. One can think of the City's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, all of the City's activities, which are governmental in nature, are reported in one column, including public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, and general administration. Property and sales taxes, and state and federal grants finance most of these activities. The City also includes the following legally separate entities in its report as blended (EURA) and discretely presented (EWB) component units:

- The EURA was established to carry out municipal urban renewal programs generally funded by federal grants. Separate audited financial statements are issued for EURA, which can be obtained by contacting the City Chamberlain's office at 317 East Church Street, Elmira, New York 14901.
- The Elmira Water Board is a local water company which provides water to various communities in the County of Chemung. Separate audited financial statements are issued for EWB, which can be obtained by writing to The Elmira Water Board, General Manager, 261 West Water Street, Elmira, New York 14901.

# *CITY OF ELMIRA*

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

### Reporting the City's Most Significant Funds

#### Governmental Fund Financial Statements

Analysis of the City's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds, not on the City as a whole. Some funds are required to be established by New York State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The City's two kinds of funds - Governmental and Proprietary - use different accounting approaches.

- **Governmental Funds:** All of the City's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between Governmental Activities (reported in the Government-wide financial statements) and Governmental Funds is explained in a reconciliation following the Governmental Fund financial statements.
- **Proprietary Funds:** When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.
- **The City as Trustee:** The City is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the City's fiduciary activities are reported in a separate Statement of Net Position - Fiduciary Fund and the Statement of Changes in Fiduciary Net Position on pages 14 and 15, respectively. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose.

# CITY OF ELMIRA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

### THE CITY AS A WHOLE

The City's *combined* net position (deficit) for the fiscal year ended December 31, 2020 decreased 33.27%. The deficit unrestricted net position is largely attributable to the City's OPEB obligations, as well as the City's investment in capital assets. Of the City's net position, \$29,589,852 reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$3,330,162 represents resources subject to external restrictions on how they may be used and is reported as restricted net position.

Our analysis below focuses on net position (*Figure 1*).

**Figure 1**  
**Net Position**

	<i>Governmental Activities</i>		<i>Dollar Change 2019 - 2020</i>
	<i>2019</i>	<i>2020</i>	
<i>Current Assets</i>	\$ 19,761,650	\$ 24,278,193	\$ 4,516,543
<i>Noncurrent Assets</i>	5,491,359	5,093,367	(397,992)
<i>Capital Assets</i>	45,905,172	52,458,164	6,552,992
<b><i>Total Assets</i></b>	<b>71,158,181</b>	<b>81,829,724</b>	<b>10,671,543</b>
<i>Deferred Charges on Defeased Debt</i>	55,129	48,252	(6,877)
<i>Postemployment Benefits</i>	4,024,861	10,573,491	6,548,630
<i>Pensions</i>	5,400,340	12,497,284	7,096,944
<b><i>Total Deferred Outflows of Resources</i></b>	<b>9,480,330</b>	<b>23,119,027</b>	<b>13,638,697</b>
<i>Current Liabilities</i>	19,499,103	18,595,480	(903,623)
<i>Noncurrent Liabilities</i>	66,396,610	89,259,382	22,862,772
<b><i>Total Liabilities</i></b>	<b>85,895,713</b>	<b>107,854,862</b>	<b>21,959,149</b>
<i>Pensions</i>	2,442,969	1,093,399	(1,349,570)
<i>Postemployment Benefits</i>	10,493,263	8,141,105	(2,352,158)
<b><i>Total Deferred Inflows of Resources</i></b>	<b>12,936,232</b>	<b>9,234,504</b>	<b>(3,701,728)</b>
<i>Net Investment in Capital Assets</i>	21,145,343	29,589,852	8,444,509
<i>Restricted</i>	4,282,514	3,330,162	(952,352)
<i>Unrestricted (Deficit)</i>	(43,621,291)	(45,060,629)	(1,439,338)
<b><i>Total Net Position (Deficit)</i></b>	<b>\$ (18,193,434)</b>	<b>\$ (12,140,615)</b>	<b>\$ 6,052,819</b>

Total assets increased 15.00%. This change stems from an increase in capital assets, due to capital outlay exceeding depreciation expense, as well as a large increase in cash and cash equivalents.

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

Deferred outflows of resources increased 143.86% and deferred inflows of resources decreased 28.62%, primarily due to changes in actuarial assumptions for both pension and OPEB plans as well as the net difference between projected and actual investment earnings of the NYSLRS plan.

Current liabilities decreased 4.63% and noncurrent liabilities increased 34.43%. These changes stem from conversion of short-term financing to long-term financing, as well as a significant increase in the City's proportionate share of the NYSLRS net pension liability and the City's OPEB liability.

Total net (deficit) decreased 33.27% because revenue exceeded expenses.

Our analysis in *Figure 2* separately considers the operations of Governmental Activities.

**Figure 2  
Changes in Net Position**

	<i><b>Governmental Activities</b></i>		<i><b>Dollar Change</b></i>
	<i><b>2019</b></i>	<i><b>2020</b></i>	<i><b>2019 - 2020</b></i>
<b>REVENUES</b>			
<b>Program Revenues</b>			
<i>Charges for Services</i>	\$ 6,578,675	\$ 5,668,408	\$ (910,267)
<i>Operating Grants and Contributions</i>	1,798,793	1,855,467	56,674
<i>Capital Grants and Contributions</i>	9,636,854	7,859,964	(1,776,890)
<b>General Revenues</b>			
<i>Property Taxes and Tax Items</i>	15,982,317	16,201,912	219,595
<i>Nonproperty Taxes and Tax Items</i>	6,182,156	5,919,118	(263,038)
<i>State Sources</i>	4,700,594	3,845,736	(854,858)
<i>Other</i>	1,069,343	2,062,888	993,545
<b>Total Revenues</b>	<b>\$ 45,948,732</b>	<b>\$ 43,413,493</b>	<b>\$ (2,535,239)</b>
<b>PROGRAM EXPENSES</b>			
<i>General Governmental Support</i>	\$ 2,844,798	\$ 3,207,299	\$ 362,501
<i>Public Safety</i>	20,524,590	23,509,575	2,984,985
<i>Transportation</i>	4,460,728	4,365,577	(95,151)
<i>Economic Assistance and Opportunity</i>	154,617	576,971	422,354
<i>Culture and Recreation</i>	1,199,683	996,432	(203,251)
<i>Home and Community Services</i>	3,040,729	3,633,996	593,267
<i>Interest on Long-term Debt</i>	1,085,430	1,070,824	(14,606)
<b>Total Expenses</b>	<b>\$ 33,310,575</b>	<b>\$ 37,360,674</b>	<b>\$ 4,050,099</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 12,638,157</b>	<b>\$ 6,052,819</b>	<b>\$ (6,585,338)</b>

Total revenues decreased 5.52% from the prior year. The change stems largely from a decrease in capital grants based on a reduction of highway and capital projects. The City also experienced reductions in general state aid, sales tax, and various charges for services as the result of the COVID-19 pandemic government shutdown.

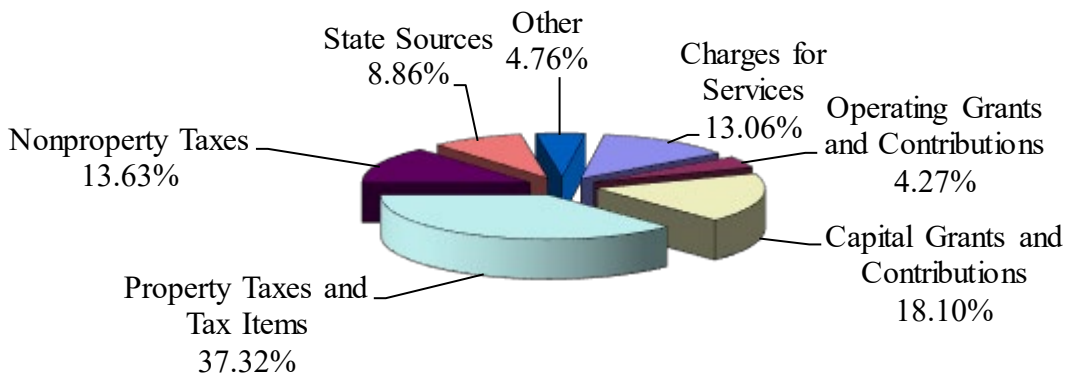
# CITY OF ELMIRA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

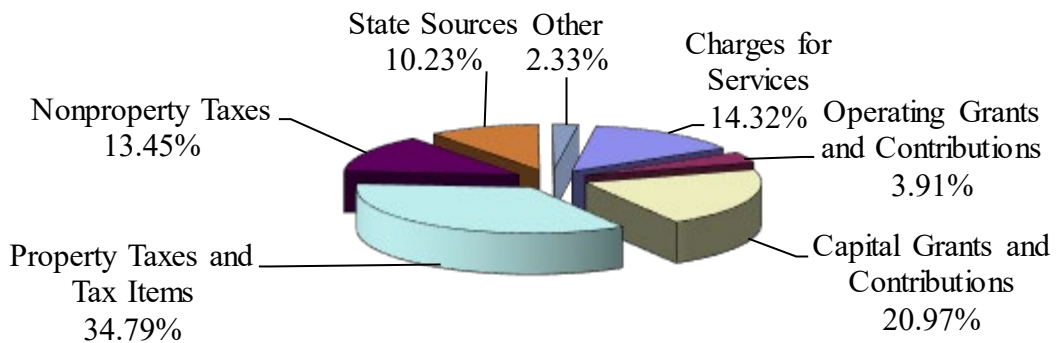
Total expenses increased 12.16% from the prior year. This change resulted from significant changes in actuarial assumptions for the City's pension and OPEB plans, resulting in large increases in expenses recognized during 2020.

Figure 3 and Figure 4 show revenue by source for 2020 and 2019.

**Figure 3**  
**Revenue by Source - 2020**



**Figure 4**  
**Revenue by Source - 2019**

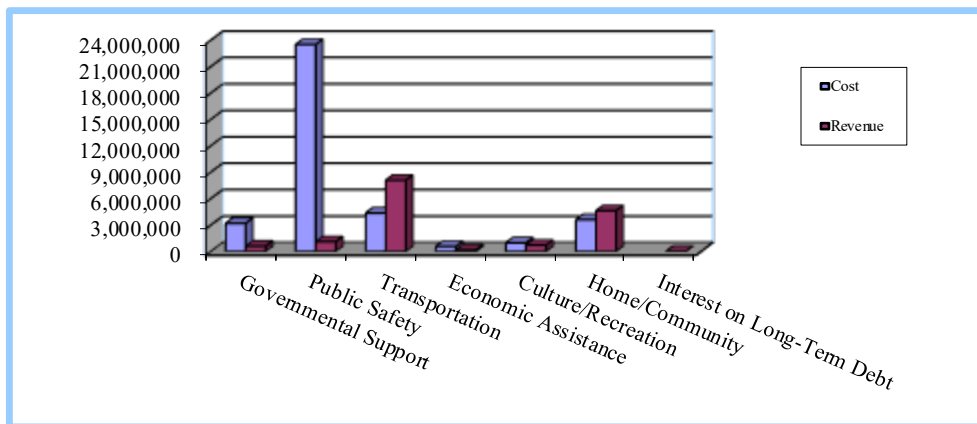


# ***CITY OF ELMIRA***

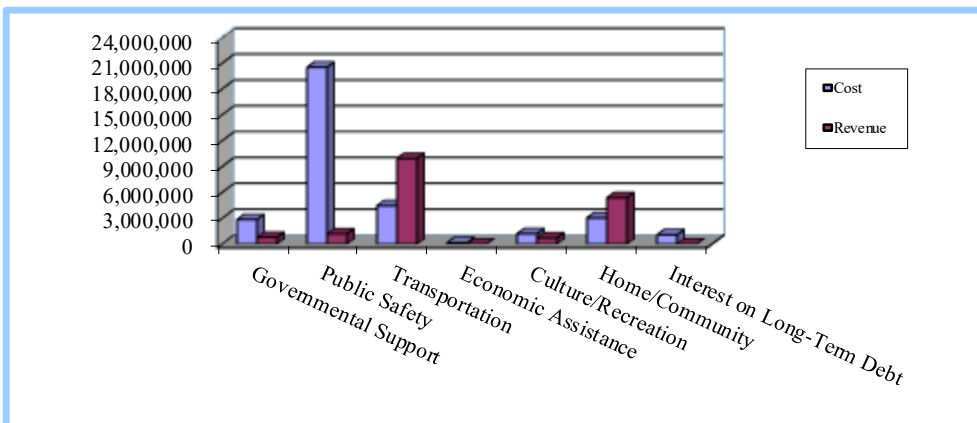
## **MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

The cost of all Governmental Activities this year was \$37,360,674. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property and payments in lieu of taxes or through sales tax, state aid, and other nonproperty tax related revenue was \$21,976,835 because some of the cost, was paid by those who directly benefited from the programs, \$5,668,408, or by other government and organizations that subsidized certain programs with grants and contributions, \$9,715,431. Overall, the City’s governmental program revenues, including fees for services and grants, were \$15,383,839. The City paid for the remaining “public benefit” portion of Governmental Activities with general revenues of \$28,029,654. The total cost less revenues generated by activities, or net cost, for each of the City’s programs is presented below. The net cost shows the financial burden placed on the City’s taxpayers by each of these functions.

**Figure 5  
Net Program Cost  
Governmental Activities - 2020**



**Figure 6  
Net Program Cost  
Governmental Activities - 2019**



# CITY OF ELMIRA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

### THE CITY'S FUNDS

Figure 7 shows the changes in fund balances for the year for the City's Governmental Funds. Total fund balances increased by 98.91%. This is largely attributable to increases in the General and Capital Funds due to revenues and other financing sources exceeding expenditures and other financing uses, as well as the conversion of short-term to long-term financing.

*Figure 7  
Governmental Funds  
Fund Balances (Deficit) at Year Ended*

	2019	2020	Dollar Change 2019 - 2020
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 1,544,868	\$ 4,524,510	\$ 2,979,642
<i>Special Grant Fund</i>	178,947	(72,723)	(251,670)
<i>Permanent Fund</i>	2,792,841	3,043,373	250,532
<i>Capital Projects Fund</i>	524,414	3,608,755	3,084,341
<i>Non-Major Governmental Funds</i>	640,513	197,535	(442,978)
<b>Totals</b>	<b>\$ 5,681,583</b>	<b>\$ 11,301,450</b>	<b>\$ 5,619,867</b>

### General Fund Budgetary Highlights

Over the course of the year, the City budget was amended. These budget amendments consisted of budget transfers between functions to cover shortfalls in some functions.

Total revenues and other financing sources were \$98,002 greater than budgeted, based on greater than anticipated real property taxes and tax items. Total expenditures and other financing uses were \$2,526,218 under budget, based on initiatives related to shared services as well as the result of the government shutdown during the COVID-19 pandemic.

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

*Figure 8  
Budgetary Comparison Schedule - General Fund  
December 31, 2020*

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Variance Fav.(Unfav.)</i>
<b><i>REVENUES AND OTHER</i></b>				
<b><i>FINANCING SOURCES</i></b>				
Real Property Taxes and Tax Items	\$ 15,869,932	\$ 15,869,931	\$ 16,201,912	\$ 331,981
Nonproperty Tax Items	6,064,697	6,064,697	5,919,118	(145,579)
Departmental Income	4,367,103	4,367,103	4,464,988	97,885
State Sources	5,565,303	5,064,192	4,202,166	(862,026)
Other Revenues and Financing Sources	1,542,003	1,542,003	2,217,744	675,741
<b><i>Total Revenues and Other Financing Sources</i></b>	<b>\$ 33,409,038</b>	<b>\$ 32,907,926</b>	<b>\$ 33,005,928</b>	<b>\$ 98,002</b>
<b><i>Planned Fund Balance</i></b>	<b>\$ (50,000)</b>	<b>\$ (300,000)</b>	<b>\$ -</b>	<b>\$ -</b>
<b><i>EXPENDITURES AND OTHER</i></b>				
<b><i>FINANCING USES</i></b>				
Public Safety	\$ 12,603,821	\$ 12,603,821	\$ 12,471,268	\$ 132,553
Employee Benefits	9,739,583	9,446,578	9,147,871	298,707
Other Expenditures and Other Financing Uses	11,015,634	10,557,527	8,462,269	2,095,258
<b><i>Total Expenditures and Other Financing Uses</i></b>	<b>\$ 33,359,038</b>	<b>\$ 32,607,926</b>	<b>\$ 30,081,408</b>	<b>\$ 2,526,518</b>
<b><i>Excess of Revenues and Other Financing Sources</i></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,924,520</b>	<b>\$ 2,624,520</b>

# CITY OF ELMIRA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At December 31, 2020, the City had invested in a broad range of capital assets totaling \$120,068,405; offset by accumulated depreciation of \$67,610,241. *Figure 9* shows the changes in the City's capital assets.

*Figure 9  
Capital Assets, Net of Accumulated Depreciation*

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Land and Construction in Progress</i>	\$ 734,637	\$ 734,637	\$ -
<i>Buildings</i>	1,449,578	1,346,960	(102,618)
<i>Improvements</i>	2,182,617	2,309,646	127,029
<i>Machinery and Equipment</i>	3,378,962	3,691,046	312,084
<i>Infrastructure</i>	38,159,378	44,375,875	6,216,497
<b><i>Totals</i></b>	<b>\$ 45,905,172</b>	<b>\$ 52,458,164</b>	<b>\$ 6,552,992</b>

#### Debt Administration

The City's short and long-term debt obligations decreased by 3.66% at December 31, 2020, as shown in *Figure 10*. Of this amount, \$28,285,320 was subject to the constitutional debt limit and represented 59.9% of the City's statutory debt limit.

*Figure 10  
Major Outstanding Debt at Year Ended December 31,*

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Serial Bonds</i>	\$ 21,839,727	\$ 24,480,111	\$ 2,640,384
<i>Bond Anticipation Notes</i>	3,499,645	-	(3,499,645)
<i>Tax Anticipation Notes</i>	5,000,000	4,750,000	(250,000)
<b><i>Totals</i></b>	<b>\$ 30,339,372</b>	<b>\$ 29,230,111</b>	<b>\$ (1,109,261)</b>

More detailed information about the City's outstanding debt is presented in the notes to the financial statements.

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

### **FUTURE FACTORS**

The City of Elmira's resurgence continued in 2020, despite the pandemic that swept the State of New York, the nation, and the world. We recently received the news that we were awarded a new \$1 Million grant, Anti-Displacement Learning Network (ADLN), to address causes of housing displacement and homelessness. This, in conjunction with an additional \$13 Million in state funds awarded to the City from 2016-2020 for development projects through Cities Rise, DRI, ESPRI, and RESTORE NY grants, strengthens the revitalization that is underway.

In 2020, the Downtown Revitalization Initiative (DRI)-funded modernization of the City's downtown zoning code (\$0.15M DRI) was completed. This is expected to facilitate greater flexibility for mixed-use development. The updated zoning code was adopted by City Council.

In addition, the Lake Erie College of Osteopathic Medicine (LECOM) completed the construction of its new facilities in Spring 2020. The school gained approval from the New York State Board of Regents in 2019. LECOM eventually expects to accommodate up to 480 students at its Elmira campus. This makes Elmira one of only 180 cities in the United States with a medical school. In addition, LECOM and Elmira College have entered into an agreement whereby LECOM annually will admit to its first year medical school a designated number of Elmira College graduates meeting LECOM's admission standards. LECOM invested nearly \$20 Million into the 49,000 square foot project, and received a \$3 Million grant under the NYS Regional Economic Development Award program. LECOM welcomed its first class of students on schedule in July 2020.

Also, Gerard Block Apartments on Lake Street and Carrol Street was completed, utilizing \$0.5 Million in RESTORE NY Funding. The mixed-use development includes a total of 28 residential units, 5 commercial storefronts, an art gallery, and 8 artist studios.

Projects that are underway in 2021 include:

- Anti-Displacement Learning Network (ADLN) - \$1 Million funding to address causes of housing displacement and homelessness.
  - The rehabilitation of approximately 15 properties with open code violations is planned. To facilitate the rehabilitation of these properties, relocation of at-risk residents will be undertaken, along with case management and educational programs.
- Downtown Revitalization Initiative (DRI) Total \$10 Million. Projects underway include:
  - Clemens Square/Riverfront Park/Parking Garage (\$3M DRI)
    - Work on Clemens Square was completed
    - At Riverfront Park and the Parking Garage, the design phases were completed and the construction phase is now underway. Completion is anticipated in Winter 2021.

# *CITY OF ELMIRA*

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

- Lake Street Pedestrian Bridge (\$0.75M DRI)
  - Construction is underway, with completion anticipated in Winter 2021.
  
- Activate Buildings (\$1.5M DRI)
  - This grant supports a total of 12 projects with various business owners, across commercial and residential development, with funds for façade and interior building improvements. At this time, nine projects are complete, and the remaining three are expected to be complete by December 2021.
  
- Cities Rise Grant (Phase 3 \$1 Million)
  - This grant supports code enforcement, and improves housing conditions and quality.
  - Phase 1 (planning and systems support valued at \$10K) was completed in November 2018. The Phase 2 grant of \$80K was completed November 2019. Phase 3 of this grant, slated for 3 years starting 2020, is underway. In this phase, the City was awarded \$1 Million for proposed code enforcement projects including staffing, vehicle, and funds for community cleanups.
  
- RESTORE NY Funding (\$0.5 Million Restore NY)
  - The rehabilitation of 110-114 Baldwin Street includes mixed-used commercial and residential units, and is projected to be complete by December 2021
  
- Zombie and Vacant Property Grants (Phase 2 \$0.3M)
  - This grant is provided by the New York State Attorney General's office, and supports code enforcement targeting vacant properties
    - The Phase 1 grant of \$0.15 Million was completed in November 2019
    - Efforts associated with the Phase 2 grant of \$0.3 Million are underway, and will be completed by November 2021.
  
- HUD CARES ACT CV-CDBG (\$0.99 Million)
  - Funds in the amount of \$0.99 Million have been designated to help low-income community members impacted by the Covid-19 Pandemic. These funds are targeted to be utilized in the following areas:
    - Economic Development spending for reimbursement to micro-enterprises for PPE and other pandemic expenses was completed in April 2021.
    - Rental and Mortgage Assistance is ongoing.
    - Provision of Emergency Public Services in the areas of food, health, and childcare is ongoing.

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

- LEAD HAZARD REDUCTION GRANT (\$1.3 Million)
  - In January 2020, the City of Elmira Department of Community Development was awarded approximately \$1.3 million from HUD's Office of Lead Hazard Control and Healthy Homes. Of these funds, approximately \$1.0 Million will be used to address lead paint hazards and approximately \$0.3 Million will be used for general health and safety repairs. An additional \$0.3 Million is projected to be leveraged through matching funds required from the participating property owners. The program is focused on remediating homes built prior to 1978, where at least one child under the age of 6 resides or visits. Both rental and owner-occupied homes are eligible for the program. The property residents must be income-eligible (at or below 80% of area median income) to participate in the program.
  - To date, approximately one-third of the grant has been spent, and lead paint hazards have been remediated from 18 units. By the end of the grant cycle, the City hopes to complete 60 units. Approximately, seventy-five percent were rental units and twenty-five percent of the units completed to date were owner-occupied. The grant cycle is competitive, and county and local governments can apply for funds every three years; the City plans to reapply for additional funding in 2023.
- Riedman Project
  - Riedman Companies, a property developer based in Rochester NY, is building a new four-story, 115-unit apartment complex at 667 College Avenue, adjacent to the new LECOM site. Approximately 41 units are expected to be completed and available to students in July 2021, with the remaining units projected to be completed by December 2021.

We anticipate that, in the long term, these projects will benefit the stabilization and increase of the City's tax roll and our financials.

There are positive developments in the financial area as well. With 2020's performance, the General Fund balance has increased to \$4,524,510. We appreciate the efforts of all involved to make this possible. In addition, our bond ratings have been upgraded by Standard and Poors (S&P) Global Ratings to BBB+ with a Stable Outlook. This will facilitate improved borrowing costs.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Elmira's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units, or need any additional financial information, contact the City Chamberlain's office, at 317 East Church Street, Elmira, New York 14901.

# ***CITY OF ELMIRA***

## **STATEMENT OF NET POSITION DECEMBER 31, 2020**

	<b>Governmental Activities and Primary Government</b>	<b>Component Unit Elmira Water Board</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents, Unrestricted	\$ 9,328,687	\$ 5,873,520
Cash and Cash Equivalents, Restricted	2,698,259	1,785,662
Due from State and Federal Governments	6,216,811	
Due from Other Governments	4,480,396	
Other Receivables, Net	630,239	1,085,929
Loans and Mortgages Receivable, Current Portion	795,640	
Prepaid Expenses	128,161	318,907
Inventory, Net		563,228
<b>Total Current Assets</b>	<b>24,278,193</b>	<b>9,627,246</b>
<b>Noncurrent Assets</b>		
Restricted Cash and Cash Equivalents		
Investments, Restricted	3,043,373	
Loans and Mortgages Receivable, Long-Term Portion	2,049,994	
Capital Assets, Non-Depreciable	734,637	512,333
Other Capital Assets, Net of Accumulated Depreciation	51,723,527	33,993,828
<b>Total Noncurrent Assets</b>	<b>57,551,531</b>	<b>34,506,161</b>
<b>Total Assets</b>	<b>81,829,724</b>	<b>44,133,407</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Defeased Debt	48,252	
Postemployment Benefits	10,573,491	601,296
Pensions	12,497,284	1,782,622
<b>Total Deferred Outflows of Resources</b>	<b>23,119,027</b>	<b>2,383,918</b>

*See Notes to Financial Statements*

	<b>Governmental Activities and Primary Government</b>	<b>Component Unit Elmira Water Board</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 1,668,224	\$ 1,175,010
Accrued Liabilities	2,610,857	93,762
Unearned Revenue	5,898,428	
Due to Other Governments	170,841	
Tax Anticipation Notes Payable	4,750,000	
Bond Anticipation Notes Payable		
Interest Payable	434,128	23,986
Current Portion of Long-Term Liabilities:		
Pension Obligations	326,607	
Bonds and Lease Payable	2,715,717	436,515
Workers' Compensation Liability	20,678	
Compensated Absences		366,704
<b>Total Current Liabilities</b>	<b>18,595,480</b>	<b>2,095,977</b>
<b>Noncurrent Liabilities</b>		
Other Postemployment Benefits Liability	46,828,660	2,223,658
Bonds and Lease Payable	21,764,394	2,474,432
Pension Obligations	1,396,812	
Workers' Compensation Liability	426,925	
Net Pension Liability	16,271,883	2,357,035
Compensated Absences	2,570,708	383,604
<b>Total Noncurrent Liabilities</b>	<b>89,259,382</b>	<b>7,438,729</b>
<b>Total Liabilities</b>	<b>107,854,862</b>	<b>9,534,706</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	1,093,399	125,308
Postemployment Benefits	8,141,105	44,920
<b>Total Deferred Inflows of Resources</b>	<b>9,234,504</b>	<b>170,228</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	29,589,852	31,595,214
Restricted	3,330,162	779,271
Unrestricted (Deficit)	(45,060,629)	4,437,906
<b>Total Net Position (Deficit)</b>	<b>\$ (12,140,615)</b>	<b>\$ 36,812,391</b>

# CITY OF ELMIRA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities and Primary Government</b>				
General Governmental Support	\$ 3,207,299	\$ 623,201	\$	\$
Public Safety	23,509,575	935,350	180,430	
Transportation	4,365,577	222,948	123,231	7,749,828
Economic Assistance and Opportunity	576,971		190,787	
Culture and Recreation	996,432	715,080		6,491
Home and Community Services	3,633,996	3,171,829	1,361,019	103,645
Interest on Debt	1,070,824			
<b>Total Governmental Activities</b>	<b>\$ 37,360,674</b>	<b>\$ 5,668,408</b>	<b>\$ 1,855,467</b>	<b>\$ 7,859,964</b>
<b>Component Unit</b>				
Elmira Water Board	\$ 8,524,162	\$ 9,032,454		
<b>Total Component Units</b>	<b>\$ 8,524,162</b>	<b>\$ 9,032,454</b>	<b>\$ -</b>	<b>\$ -</b>

### GENERAL REVENUES

Real Property Taxes  
 Real Property Tax Items  
 Nonproperty Tax Items  
 Utilities Gross Receipts Tax  
 Franchise Taxes  
 Use of Money and Property  
 Sale of Property and Compensation for Loss  
 Miscellaneous Local Sources  
 (Loss) on Disposal of Assets  
 State Sources

### Total General Revenues

Change in Net Position

Net Position (Deficit) - Beginning

**Net Position (Deficit) - Ending**

*See Notes to Financial Statements*

<b>Net (Expense) Revenue and Changes in Net Position</b>	<b>Component Unit Elmira Water Board</b>
\$ (2,584,098)	\$
(22,393,795)	
3,730,430	
(386,184)	
(274,861)	
1,002,497	
(1,070,824)	
(21,976,835)	
	508,292
	508,292
15,529,256	
672,656	
5,387,829	
181,649	
349,640	
170,171	16,787
296,800	44,061
1,595,917	
	2,547
3,845,736	
28,029,654	63,395
6,052,819	571,687
(18,193,434)	36,240,704
<b>\$ (12,140,615)</b>	<b>\$ 36,812,391</b>

# CITY OF ELMIRA

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2020

	Major Funds		
	General Fund	Special Revenue Fund Special Grant Fund	Permanent Fund
<b>ASSETS</b>			
Cash and Cash Equivalents - Unrestricted	\$ 9,026,217	\$	\$
Cash and Cash Equivalents - Restricted	96,846	993,519	
Temporary Investments - Restricted			3,043,373
Due from Other Funds	72,515		
Due from State and Federal Governments	1,931	4,429,954	
Due from Other Governments	3,373,224		
Other Receivables, Net	284,662	344,157	
Loans Receivable, Net		2,845,634	
Prepaid Expenses	128,161		
<b>Total Assets</b>	<b>\$ 12,983,556</b>	<b>\$ 8,613,264</b>	<b>\$ 3,043,373</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 662,689	\$ 226,071	\$
Accrued Liabilities	2,606,012		
Due to Other Funds	48,525	65	
Due to Other Governments	170,841		
Tax Anticipation Notes Payable	4,750,000		
Unearned Revenue	220,979	5,614,217	
<b>Total Liabilities</b>	<b>8,459,046</b>	<b>5,840,353</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue		2,845,634	
<b>FUND BALANCES</b>			
Nonspendable	128,161		3,043,373
Restricted	96,846		
Assigned	505,122		
Unassigned	3,794,381	(72,723)	
<b>Total Fund Balances</b>	<b>4,524,510</b>	<b>(72,723)</b>	<b>3,043,373</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,983,556</b>	<b>\$ 8,613,264</b>	<b>\$ 3,043,373</b>

*See Notes to Financial Statements*

<b>Major Funds</b>		
<b>Capital Projects Fund</b>	<b>Total Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	\$ 177,344	\$ 9,203,561
1,563,547	44,347	2,698,259
		3,043,373
4,180	44,345	121,040
1,784,926		6,216,811
1,107,172		4,480,396
	1,420	630,239
		2,845,634
		128,161
<b>\$ 4,459,825</b>	<b>\$ 267,456</b>	<b>\$ 29,367,474</b>
\$ 778,620	\$ 844	\$ 1,668,224
	4,845	2,610,857
72,450		121,040
		170,841
		4,750,000
	63,232	5,898,428
851,070	68,921	15,219,390
	1,000	2,846,634
		3,171,534
3,608,755	44,347	3,749,948
	153,188	658,310
		3,721,658
3,608,755	197,535	11,301,450
<b>\$ 4,459,825</b>	<b>\$ 267,456</b>	<b>\$ 29,367,474</b>

# CITY OF ELMIRA

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2020

**Total Governmental Fund Balances** **\$ 11,301,450**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Land and Construction in Progress	\$ 734,637	
Depreciable Capital Assets	119,333,768	
Accumulated Depreciation	<u>(67,610,241)</u>	52,458,164

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 2,846,634

Internal Service Funds are used by management to charge the costs of certain activities, such as health insurance. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position. 125,126

The City's proportion of the collective net pension liability is not reported in the funds. (16,271,883)

Deferred outflows of resources represents a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.

Deferred Charges on Defeased Debt	\$ 48,252	
Deferred Outflows of Resources - Pensions	12,497,284	
Deferred Outflows of Resources - OPEB	10,573,491	
Deferred Inflows of Resources - Pensions	(1,093,399)	
Deferred Inflows of Resources - OPEB	<u>(8,141,105)</u>	13,884,523

Certain accrued expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.

Other Postemployment Benefits Liability	\$ (46,828,660)	
Accrued Interest on Long-Term Debt	(434,128)	
Pension Obligations	(1,723,419)	
Workers' Compensation Liability	(447,603)	
Compensated Absences	<u>(2,570,708)</u>	(52,004,518)

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

Bonds Payable		<u>(24,480,111)</u>
---------------	--	---------------------

**Net (Deficit) of Governmental Activities** **\$ (12,140,615)**

*See Notes to Financial Statements*

# CITY OF ELMIRA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Permanent Fund</b>
	<b>Special Grant Fund</b>		
<b>REVENUES</b>			
Real Property Taxes	\$ 15,210,003	\$	\$
Real Property Tax Items	991,909		
Nonproperty Tax Items	5,919,118		
Departmental Income	4,464,988	58,938	
Intergovernmental Charges	771,792		
Use of Money and Property	72,439		96,619
Licenses and Permits	381,328		
Fines and Forfeitures	110,645		
Sale of Property and Compensation for Loss	168,841		
Miscellaneous Local Sources	220,377		239,556
Interfund Revenues	105,226		
State Sources	4,202,166	65,027	
Federal Sources	138,018	1,295,992	
<b>Total Revenues</b>	<b>32,756,850</b>	<b>1,419,957</b>	<b>336,175</b>
<b>EXPENDITURES</b>			
General Governmental Support	2,208,237		
Public Safety	12,452,031		
Transportation	1,218,312		
Economic Assistance and Opportunity	441,079		
Culture and Recreation	633,168		
Home and Community Services	1,004,630	1,671,627	19,857
Employee Benefits	9,147,871		
Debt Service:			
Principal	387,469		
Interest	293,005		
Capital Outlay			
<b>Total Expenditures</b>	<b>27,785,802</b>	<b>1,671,627</b>	<b>19,857</b>
Excess of Revenues (Expenditures)	4,971,048	(251,670)	316,318
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers In	249,078		
Interfund Transfers (Out)	(2,240,484)		(65,786)
Premium on Obligations			
Proceeds of Obligations			
BANs Redeemed from Appropriations			
<b>Total Other Financing Sources (Uses)</b>	<b>(1,991,406)</b>	<b>-</b>	<b>(65,786)</b>
Net Change in Fund Balances	2,979,642	(251,670)	250,532
Fund Balances, Beginning	1,544,868	178,947	2,792,841
<b>Fund Balances (Deficit), Ending</b>	<b>\$ 4,524,510</b>	<b>\$ (72,723)</b>	<b>\$ 3,043,373</b>

*See Notes to Financial Statements*

<b>Major Funds</b>		
<b>Capital Projects Fund</b>	<b>Total Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	\$	\$ 15,210,003
		991,909
		5,919,118
	180,735	4,704,661
		771,792
1,313	174	170,545
		381,328
		110,645
		168,841
1,122,864	13,120	1,595,917
103,645		208,871
4,659,203		8,926,396
3,097,116		4,531,126
8,984,141	194,029	43,691,152
	45,071	2,253,308
	1,542	12,453,573
		1,218,312
		441,079
		633,168
	245,951	2,942,065
	16,271	9,164,142
	2,364,230	2,751,699
	760,144	1,053,149
10,301,278		10,301,278
10,301,278	3,433,209	43,211,773
(1,317,137)	(3,239,180)	479,379
94,851	2,306,270	2,650,199
(293,373)	(50,556)	(2,650,199)
	540,488	540,488
4,500,000		4,500,000
100,000		100,000
4,401,478	2,796,202	5,140,488
3,084,341	(442,978)	5,619,867
524,414	640,513	5,681,583
<b>\$ 3,608,755</b>	<b>\$ 197,535</b>	<b>\$ 11,301,450</b>

# CITY OF ELMIRA

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 5,619,867</b>
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and net book value of disposed assets in the current period.		
Capital Outlay	\$ 10,311,500	
Depreciation Expense	(3,705,732)	
Net Book Value of Disposed Assets	(52,776)	6,552,992
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenue.		
		(224,919)
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which the issuance of new debt exceeded repayment of debt principal.		
Proceeds of Obligations	\$ (4,500,000)	
Principal Payments	2,364,230	(2,135,770)
The issuance of refunding bonds results in a difference between the old and new debt. This deferred amount is amortized annually.		
Amortization of Deferred Charges on Defeased Debt		(6,877)
Premiums and discounts received on obligations are recorded as other financing sources and uses in the Governmental Funds, when received, but are deferred and amortized in the Governmental Activities. This is the amortization of premiums received in previous years.		
Premium on Obligations	\$ (540,488)	
Amortization of Bond Premiums	35,874	(504,614)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.		
Accrued Interest Payable	\$ (46,672)	
Compensated Absences	(271,092)	
Pension Obligations	338,109	20,345
Changes in the City's proportionate share of net pension liabilities and changes in other postemployment benefits have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the City's deferred outflows and deferred inflows of resources related to pensions and other postemployment benefits do not affect current financial resources and are, also, not reported in the Governmental Funds.		
Pensions	\$ (2,504,912)	
OPEB	(763,329)	(3,268,241)
Internal Service Funds are used by management to charge the costs of certain activities, such as health insurance. The net revenue of the Internal Service Fund is reported with Governmental Activities.		
		36
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 6,052,819</b>

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2020**

	<b><u>Self- Insurance Fund</u></b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 125,126
<b>Total Assets</b>	<u>125,126</u>
<b>NET POSITION</b>	
Unrestricted	<u>125,126</u>
<b>Total Net Position</b>	<u><u>\$ 125,126</u></u>

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Self- Insurance Fund</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	\$ 36
<b>Total Nonoperating Revenues</b>	<u>36</u>
Change in Net Position	<u>36</u>
Total Net Position, Beginning	<u>125,090</u>
<b>Total Net Position, Ending</b>	<u><u>\$ 125,126</u></u>

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Self- Insurance Fund</b>
<b>Cash Flows From Operating Activities</b>	
Payments from (to) Other Funds	<u>\$ 541</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>541</u>
<b>Cash Flows From Investing Activities</b>	
Interest Income Received	<u>36</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>36</u>
Net Change Cash and Cash Equivalents	<u>577</u>
Cash and Cash Equivalents, Beginning	<u>124,549</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>\$ 125,126</u></u>
Reconciliation of Income From Operations to Net Cash Provided (Used) by Operating Activities:	
Gain (Loss) from Operations	<u>\$ -</u>
(Decrease) Increase Due to Other Funds	<u>541</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 541</u></u>

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **STATEMENT OF NET POSITION FIDUCIARY FUND DECEMBER 31, 2020**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents - Unrestricted	<u>\$ 95,063</u>
<b>Total Assets</b>	<u><b>\$ 95,063</b></u>
<b>LIABILITIES</b>	
Other Liabilities	<u>\$ 95,063</u>
<b>Total Liabilities</b>	<u><b>95,063</b></u>
<b>NET POSITION</b>	
Restricted for Individuals, Organizations, and Other Governments	<u>-</u>
<b>Total Liabilities and Net Position</b>	<u><b>\$ 95,063</b></u>

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Fire and Police Deposits	\$ -
<b>Total Additions</b>	<u>-</u>
<b>DEDUCTIONS</b>	
Fire Insurance Tax	-
Police Awards	-
<b>Total Deductions</b>	<u>-</u>
Excess of Additions (Deductions)	<u>-</u>
Net Position, Beginning of Year	<u>-</u>
<b>Net Position, End of Year</b>	<u><u>\$ -</u></u>

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies**

The basic financial statements of the City of Elmira (the City) have been prepared in conformity with generally accepted accounting principles (U.S. GAAP) 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. The more significant of the government's accounting policies are described below.

#### **Reporting Entity**

The City, which was incorporated in 1906, is governed by the Charter of the City of Elmira, General City Law, other general laws of New York State, and various local laws and ordinances.

The City Council, which is the legislative body responsible for the overall operation of the City, consists of a mayor and council members. The City Manager serves as chief executive officer and the City Chamberlain serves as chief fiscal officer of the City.

The following basic services are provided: police services and law enforcement, fire protection, water facilities and services, street and highway maintenance, recreation facilities and programs, cemetery services, public parking facilities, community development and assistance, and environmental services.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the City;
- Organizations for which the primary government is financially accountable; and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement No. 14, as amended, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of entities considered in determining the City's reporting entity.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Excluded from the Reporting Entity**

##### **Elmira City School District**

The Elmira City School District was established pursuant to Education Law to provide basic elementary and secondary education. The City is no longer required to enforce collection of unpaid school district real property taxes through an inter-municipal agreement with the County of Chemung in 1996. The County's Civil Service Commission provides routine civil service employment and personnel functions for the school district. However, a separate elected Board of Education is responsible for overall school operations and finances and the school district is neither financially nor administratively dependent upon the City. Consequently, the school district's financial activity is excluded from the City's reporting entity.

##### **Elmira Housing Authority**

The Elmira Housing Authority was established in 1942 by a special act of the State Legislature to provide public housing within the City. The legislative body governing the authority consists of seven board members. Two board members are tenants elected biannually by the qualified tenants of the housing project and five members are appointed by the City Manager, but the City does not exercise substantive authority over the board members. The Authority conducts the elections and provides necessary personnel for inspections. Consequently, the Authority is excluded from the City's reporting entity.

Primary funding sources for the Elmira Housing Authority are state and federal subsidies and tenant rents. The Authority determines and modifies its own budget, sets its own rates, and may issue bonded debt without the City's approval. In addition, the City is not entitled to and cannot otherwise access a majority of the Authority's resources. Consequently, the Authority's financial activity is excluded from the City's reporting entity.

#### **Blended Component Unit**

##### **Elmira Urban Renewal Agency**

The Building and Housing Development (Elmira Urban Renewal Agency) was established in 1966 by special act of the State Legislature to carry out municipal urban renewal programs generally funded by federal grants. In 1974, the Agency was also designated as the Community Development Agency responsible for administering federal community development grants on behalf of the City. The City Council, with the Mayor as Chairman, comprises the Agency's management. The Agency is funded entirely from federal grant money, and the City is ultimately responsible for the proper disposition of grant funds and any debt incurred by the Agency. Separate audited financial statements are issued for the Elmira Urban Renewal Agency, which can be obtained by writing to the Elmira Urban Renewal Agency, at 317 East Church Street, Elmira, New York 14901.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Discretely Presented Component Unit**

##### **Elmira Water Board**

The Elmira Water Board, established by charter provisions, is a local water company which provides water to various communities in the County of Chemung. The executive body of the Elmira Water Board, which manages operations of the Board, consists of five commissioners elected by residents of the City. Revenues are primarily generated from billings to customers for water usage.

The Elmira Water Board is a special-purpose government engaged only in business-type activities. The accounts for this component unit represent activity and balances for the fiscal year ended December 31, 2020. Separate audited financial statements are issued for the Elmira Water Board, which can be obtained by writing to The Elmira Water Board, General Manager, 261 W. Water Street, Elmira, New York 14901.

##### **Basic Financial Statements**

The City's basic financial statements include both Government-Wide (reporting the City as a whole) and Governmental Fund financial statements (reporting the City's Major Funds.) Both the Government-Wide and Governmental Fund financial statements categorize primary activities as either Governmental or Business-Type. The City's general governmental support, education, public safety, transportation, public health, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. The City has no Business-Type Activities.

##### **Government-Wide Financial Statements**

The Government-Wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government and its discretely presented component unit. Government-wide financial statements do not include the activities reported in the Fiduciary Funds. This Government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

In the Government-Wide Statement of Net Position, the Governmental Activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Government-Wide Financial Statements - Continued**

The Statement of Activities reports both the gross and net cost for each of the City's functions or programs. Gross expenses are direct expenses, including depreciation, specifically associated with a service, program, or department and, therefore, are clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the program or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the City.

Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

#### **Governmental Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The City records its transactions in the funds described below.

#### **Governmental Funds**

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The following are the City's Governmental Funds:

#### **Major Funds**

- General Fund - Accounts for revenues (i.e., general tax and other from state, federal, and local sources) not required by law or other provision to be accounted for in other funds and which finance the basic governmental functions provided by the City.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Major Funds - Continued**

- Special Revenue Fund - Accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following Special Revenue Fund is reported as a Major Fund:
  - Special Grant Fund - Comprised of the Community Development Fund and the Economic Development Fund. These are used to account for monies distributed by the federal government and expended pursuant to rules and regulations as set forth by the Department of Housing and Urban Development and other federal agencies.
- Capital Projects Fund - Accounts for capital improvements to the City of Elmira for infrastructure, transportation, and recreational purposes financed primarily by proceeds of obligations, state and federal grants, and transfers from other funds.
- Permanent Fund - Accounts for assets donated for cemetery maintenance that are permanently restricted. The principal portion of this fund is invested pursuant to §215 of the City Charter and interest and dividend earnings are expended for routine cemetery operations in a Special Revenue Fund.

#### **Non-Major Funds**

- Debt Service Fund - Accounts for the accumulation of resources for, and the payments of, general long-term debt; including principal, interest, and related costs.
- Special Revenue Funds - Account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following Special Revenue Funds are reported as Non-Major Funds:
  - Miscellaneous Special Revenue Fund - Consists of the Woodlawn Cemetery Special Revenue Fund. Accounts for operation of the City's municipally owned cemetery.
  - Police Seizure Fund - Used to account for equitable sharing payments returned to the City from the federal government when the City has joint involvement with the DEA or another federal agency in seizing illegal assets.
  - Elmira Urban Renewal Agency Fund - Used to account for activity of the City's blended component unit.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

**Proprietary Fund** - Accounts for ongoing organizations or activities similar to those found in the private sector. The measurement focus is based on determination of net income, financial position, and changes in financial position. The following Proprietary Fund is utilized:

- Internal Service Fund - Governmental Activities-Type fund accounts for special activities or services provided by one department to other departments or to other governments on a cost-reimbursement basis. Included is the following:
  - Self Insurance Fund - Established by the City of Elmira to account for reserve funding for the retained portion of liability claims and for certain claims and judgments.

**Fiduciary Fund** - Accounts for assets held by the local government in a trustee or custodial capacity. The following is the City's fiduciary fund:

- Custodial Fund - Accounts for money and/or property received and held in the capacity of trustee, custodian, or agent.

#### **Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, such as expenditures or expenses.

- Accrual Basis - The Government-Wide financial statements, Proprietary Fund financial statements, and Fiduciary Fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, deferred inflows of resources and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.
- Modified Accrual Basis - Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The City considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Basis of Accounting/Measurement Focus - Continued**

All other revenues deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as an expenditure when paid.

#### **Unearned Revenues**

The City reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position and Balance Sheet, unearned revenue arises when resources are received by the City before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the City has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

#### **Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pensions, debt, and postemployment benefits in the Statement of Net Position. The types of deferred outflows of resources related to pensions, debt, and postemployment benefits are described in Notes 7, 9, and 10, respectively.

In addition to liabilities, the Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. On the Balance Sheet, the City reports unavailable revenue, one type of deferred inflows, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from loans receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The City also reports deferred inflows of resources related to pensions and postemployment benefits which are further described in Note 7 and 10, respectively.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Property Taxes**

City real property taxes are levied annually on or before the first meeting of the City Council in the month of March and become a lien on or before the 15th of April each year. Taxes are collected in two equal installments, one on May 15, the other on September 15. The County of Chemung reimburses the City for uncollected amounts annually on February 28.

#### **Insurance**

The City assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset had been impaired or a liability had been incurred and the amount of the loss can be reasonably estimated.

#### **Compensated Absences**

Pursuant to resolutions of the City Council and contractual agreements, City employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, certain City employees are entitled to payment for accumulated vacation and sick leave, and unused compensatory absences at various rates, subject to certain maximum limitations. Expenditures for these fringe benefits are recorded in Governmental Funds at the time the benefit is paid.

#### **Long-term Obligations**

In the Government-Wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses/expenditures in the period incurred.

#### **Cash and Cash Equivalents**

For financial statement purposes, including the Statement of Cash Flows for the Proprietary Fund; cash on hand, demand deposits, and all highly liquid investments of three months or less are considered as cash equivalents. City monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies that are designated as official depositories of the City. The City is authorized to use demand accounts and certificates of deposit.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Capital Assets**

All capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance that do not add to the value of the asset or materially extend the life of the asset, are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets having a useful life of greater than two years and purchased or acquired with an original cost of over \$15,000 for machinery and equipment, \$2,500 for office furniture and equipment, \$15,000 for building and land improvements and renovations, and \$25,000 for infrastructure assets are capitalized. The estimated useful lives for governmental capital assets are as follows:

Buildings	15 - 25 Years
Improvements	10 - 25 Years
Machinery and Equipment	4 - 15 Years
Infrastructure	10 - 50 Years

Major outlay for capital assets and improvements are capitalized as projects are constructed. No interest on construction in progress has been capitalized during the current fiscal year.

#### **Other Postemployment Benefits**

In addition to providing pension benefits, the City provides partial health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the City's full-time employees may become eligible for health insurance benefits for ten years after retirement at approximately no cost if they reach normal retirement age and have 10 or more continuous years of service for management and 20 years for union members. Police and Fire retirees receive 12 years of health insurance benefits at no cost. Health care benefits and survivors' benefits are provided by the City's self-insurance plan. Charges are based on benefits and administrative costs paid during the year. The City recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

The City follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The City's liability for other postemployment benefits has been recorded in the Statement of Net Position in accordance with that statement. See Note 10 regarding other postemployment benefit liability.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Investments**

The City's investment policies are governed by state statutes. In addition, the City has its own written investment policy. Permissible investments include obligations of the United States Treasury, obligations guaranteed by United States agencies where payment of principal and interest are guaranteed by the United States, repurchase agreements and obligations of New York State or its localities. Investments are stated at fair value and are held by the City's third party custodial banks.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### **Equity Classifications - Government-Wide Financial Statements**

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

#### **Equity Classifications - Governmental Fund Financial Statements**

The City classifies fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - Governmental Fund Financial Statements - Continued**

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the City's legally adopted reserves are reported here.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The City has not adopted any resolutions to commit fund balance. Currently, fund balance is assigned by the Chamberlain for encumbrances and designations and the City Council, by resolution, approves fund balance appropriations for the following year's budget. The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

#### **Fund Equity**

Reservations of fund balances are created to either satisfy legal restrictions or to plan for future expenditures. A designation of assigned fund balances in Governmental Funds indicates the use of these resources in the subsequent year's budget. Proprietary Fund equity is classified the same as in the Government-Wide financial statements. The following reserve funds are utilized by the City:

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Fund Equity - Continued**

- Reserve for Debt - Used to accumulate resources for payment of future principal and interest on long-term debt. This reserve is accounted for in the Debt Service Fund.
- Reserve for Other Purposes - Established for various purposes, including cemetery maintenance, aggregated, and reported in the Non-Major Special Revenue and Permanent Funds.
- Reserve for Insurance - Used to accumulate funds to pay minor uninsured claims and reported in the General Fund.

#### **Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

#### **Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Proprietary Fund are charged to customers for sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Operating and Nonoperating Revenues and Expenses - Elmira Water Board**

Operating revenues of Elmira Water Board consist of user fees. Operating expenses consist of salaries, wages and benefits, contractual services, and depreciation and amortization. Transactions related to capital and financing activities, non-capital financing activities, investing activities and interfund transfers from other funds are components of non-operating income.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the City's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements. Certain assets are classified on the Balance Sheet as restricted because their use is limited. The proceeds of bond and note sales can only be used for the stated purpose of the borrowing. Property taxes collected for debt service payments are legally restricted for that purpose. Community Development Block Grant Funds must be used only for approved programs. Cemetery Perpetual Care Funds cannot be expended. However, the interest earnings can be spent for cemetery maintenance functions. It is the City's policy to spend the interest earnings each fiscal year.

### ***Note 2* Stewardship, Compliance, and Accountability**

#### **Deficit Net Position**

At December 31, 2020, the Government-Wide Statement of Net Position had an unrestricted deficit net position of \$45,060,629. This is the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability. The deficit is not expected to be eliminated during the normal course of operations.

#### **Deficit Fund Balance**

At December 31, 2020, the Special Grant Fund had a deficit fund balance of \$72,723. This is expected to be eliminated through the course of normal operations.

### ***Note 3* Cash and Investments**

The City's investment policies are governed by state statutes. In addition, the City has its own written investment policy. Permissible investments include obligations of the United States Treasury, United States Agencies where payment of principal and interest are guaranteed by the United States, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit. Deposits must be fully secured by insurance of the FDIC or by obligations pledged as collateral which must be obligations of the United States and its agencies, or obligations of the state or its municipalities. Collateral must be delivered to the City or a custodial bank with which the City has entered into a written custodial agreement. The agreement outlines the basic responsibilities of the bank for securities pledged to secure time deposits. The custodial agreement provides that the collateral securities are held separate from the assets of the custodial bank; that the custodian takes possession of the securities exclusively for the City; that the securities are free of any claims against the trading bank; and that any claims of the custodian are subordinate to the claims of the local government.

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 3 Cash and Investments - Continued**

The City's written investment policy requires that repurchase agreements be purchased from banks located within the state and that underlying securities must be obligations of the Federal government. Underlying securities must have a market value of at least 100% of the cost of the repurchase agreement.

Deposits and investments are valued at cost plus accrued interest.

The primary government's total financial institution (bank) balance at December 31, 2020, was \$12,301,935.

Total financial institution (bank) balances for the discretely presented component units at December 31, 2020, were as follows:

<b>Component Unit</b>	<b>Bank Balances</b>	<b>Carrying Value</b>
Elmira Water Board	Unavailable	\$ 7,659,182

Investments are stated at cost plus accrued interest.

The following investments are held by the City:

<b>Major Funds</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Description</b>
Permanent Fund	\$ 2,663,186	\$ 3,043,373	See Below

The Woodlawn Cemetery Commission maintains a non-expendable Permanent Fund, which is reported as a Major Fund and a Cemetery Maintenance Fund, which is reported as a Non-Major Special Revenue Fund.

These funds are not governed by the City's written investment policy but are invested pursuant to §215 of the City Charter. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2020:

<b>Permanent Fund</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Level</b>
Cash, Money Market Funds, and Government Obligations	\$ 143,553	\$ 143,553	(1)
Equities	923,688	1,219,482	(1)
Mutual Funds	1,595,945	1,680,338	(1)
<b>Total</b>	<b>\$ 2,663,186</b>	<b>\$ 3,043,373</b>	

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 3 Cash and Investments - Continued

#### Restricted Cash and Investments

##### City of Elmira

Restricted cash and investments include:

<u>Restricted</u>	<u>Cash</u>	<u>Investments</u>
General Fund - Insurance Reserve	\$ 96,846	\$ -
Home and Community	1,037,864	-
Debt Service	2	-
Capital Projects	1,563,547	-
Subtotal	2,698,259	-
Cemetery Maintenance	-	3,043,373
<b>Total</b>	<b><u>\$ 2,698,259</u></b>	<b><u>\$ 3,043,373</u></b>

##### Elmira Water Board

Restricted cash represents unspent note proceeds and funds set aside for future capital expenditures, debt service, and retirement contributions. Certain restricted cash funds are restricted by grantors or by law through the Water Board's charter. At December 31, 2020 restricted cash totaled \$1,785,662, of which \$779,271 was recorded as net assets restricted for capital improvement on the Statement of Net Position. Restricted cash balances consist of the following at December 31, 2020:

Water System Improvement Fund	\$ 40,308
New York State Employee's Retirement Reserve Fund	366,093
Employee Benefit Reserve Fund	135,061
System Wide Improvement Fund	457,651
Capital Reserve Fund	281,312
Debt Service Fund	505,237
<b>Total</b>	<b><u>\$ 1,785,662</u></b>

### Note 4 Property Taxes

Each year, the County of Chemung pays the City the entire amount of delinquent taxes from the immediately preceding year. An intermunicipal agreement between the City and the County provides payment by February 28 of the subsequent year. Therefore, substantially all tax liens will be collected within the first sixty (60) days of the subsequent year.

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 5 Due From State and Federal Government**

Due from state and federal governments at December 31, 2020 are as follows:

Highway Project Reimbursements	\$ 1,784,926
Community Development Block Grant	2,622,224
LEAD Hazard Grant	1,123,404
Home Investment Partnership Program	684,306
Other	<u>1,951</u>
<b>Total</b>	<b><u><u>\$ 6,216,811</u></u></b>

**Note 6 Capital Assets**

A summary of changes in the City's capital assets at December 31, 2020 follows:

Governmental Activities	Balance at 12/31/2019	Additions	Deletions/ Reclassifications	Balance at 12/31/2020
<b>Non-Depreciable Capital Assets</b>				
Land	\$ 734,637	\$	\$	\$ 734,637
<b>Total Non-Depreciable Capital Assets</b>	<u>734,637</u>	<u>-</u>	<u>-</u>	<u>734,637</u>
<b>Depreciable Capital Assets</b>				
Buildings	14,044,782			14,044,782
Improvements	3,396,005	364,595	(92,930)	3,667,670
Machinery and Equipment	15,361,180	1,058,963	(12,607)	16,407,536
Infrastructure	76,325,838	8,887,942		85,213,780
<b>Total Depreciable Capital Assets</b>	<u>109,127,805</u>	<u>10,311,500</u>	<u>(105,537)</u>	<u>119,333,768</u>
Total Historical Cost	<u>109,862,442</u>	<u>10,311,500</u>	<u>(105,537)</u>	<u>120,068,405</u>
<b>Less Accumulated Depreciation</b>				
Buildings	(12,595,204)	(102,618)		(12,697,822)
Improvements	(1,213,388)	(149,282)	4,646	(1,358,024)
Machinery and Equipment	(11,982,218)	(782,387)	48,115	(12,716,490)
Infrastructure	(38,166,460)	(2,671,445)		(40,837,905)
<b>Total Accumulated Depreciation</b>	<u>(63,957,270)</u>	<u>(3,705,732)</u>	<u>52,761</u>	<u>(67,610,241)</u>
<b>Governmental Activities Capital Assets, Net</b>	<b><u><u>\$ 45,905,172</u></u></b>	<b><u><u>\$ 6,605,768</u></u></b>	<b><u><u>\$ (52,776)</u></u></b>	<b><u><u>\$ 52,458,164</u></u></b>

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 6 Capital Assets - Continued**

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General Governmental Support	\$ 84,749
Public Safety	356,548
Transportation	2,752,607
Economic Assistance and Opportunity	146,566
Culture and Recreation	274,495
Home and Community Services	<u>90,767</u>

**Total** \$ 3,705,732

A summary of changes in the Elmira Water Board's capital assets follows:

Type	Balance at 12/31/2019	Additions	Deletions	Balance at 12/31/2020
<b>Non-Depreciable Capital Assets</b>				
Land	\$ 510,227	\$	\$	\$ 510,227
Construction in Progress	<u>42,627</u>	<u>306,574</u>	<u>(347,095)</u>	<u>2,106</u>
<b>Total Non-Depreciable Capital Assets</b>	<u>552,854</u>	<u>306,574</u>	<u>(347,095)</u>	<u>512,333</u>
<b>Depreciable Capital Assets</b>				
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	34,490,543	1,751,892	(74,804)	36,167,631
Other	<u>4,185,422</u>	<u>547,427</u>	<u>(340,652)</u>	<u>4,392,197</u>
<b>Total Depreciable Capital Assets</b>	<u>63,197,351</u>	<u>2,348,715</u>	<u>(415,456)</u>	<u>65,130,610</u>
Less Accumulated Depreciation	<u>(30,322,612)</u>	<u>(1,174,553)</u>	<u>360,383</u>	<u>(31,136,782)</u>
<b>Elmira Water Board Capital Assets, Net</b>	<u><u>\$ 33,427,593</u></u>	<u><u>\$ 1,480,736</u></u>	<u><u>\$ (402,168)</u></u>	<u><u>\$ 34,506,161</u></u>

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 7* Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems)**

**Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS)**  
The City participates in the New York State and Local Employees' Retirement System which include the New York State and Local Employees' Retirement System plan (ERS) and the New York State Local Police and Fire Retirement System plan (PFRS). These plans are cost-sharing multiple-employer defined benefit pension plans (System). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan 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. 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. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

#### **Summary of Significant Accounting Policies**

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

**Note 7 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued**

**Contributions**

The City participates in New York State's Employer's Contribution Stabilization Program (Program), which allows it to amortize a portion of the actuarially required contribution. Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required under the program and were as follows:

	<b>2020</b>	<b>2019</b>	<b>2018</b>
ERS	\$ 422,579	\$ 510,106	\$ 485,777
PFRS	<b>2,648,839</b>	2,337,055	2,313,204
ERS - EWB	<b>367,218</b>	356,432	347,826

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2020, the City reported the following liability for its proportionate share of the net pension liability for each of the System plans. The net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the City by the Systems.

	<b>ERS</b>	<b>PFRS</b>
Actuarial Valuation Date	4/1/2019	4/1/2019
Net Pension Liability	\$ 26,480,579,097	\$ 5,344,937,333
City's Proportionate Share of the Plan's Total Net Pension Liability	2,281,435	13,990,448
City's Share of the Net Pension Liability	0.0086153%	0.2617514%
Elmira Water Board's Proportionate Share of the Plan's Total Net Pension Liability	2,357,035	
Elmira Water Board's Share of the Net Pension Liability	0.0087330%	

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 7 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued**

For the year ended December 31, 2020, the City recognized pension expense of \$727,905 for ERS and \$4,717,098 for PFRS in the Government-Wide financial statements. The Elmira Water Board recognized pension expense of \$755,979 for ERS.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>City - ERS</u>	<u>City - PFRS</u>	<u>EWB - ERS</u>
<b>Deferred Outflows of Resources</b>			
Differences Between Expected and Actual Experience	\$ 134,272	\$ 931,616	\$ 138,721
Changes in Assumptions	45,938	1,195,845	47,459
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,169,574	6,300,339	1,208,331
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	21,809	23,561	20,893
City's Contributions Subsequent to the Measurement Date	379,604	2,294,726	367,218
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,751,197</b>	<b>\$ 10,746,087</b>	<b>\$ 1,782,622</b>
<b>Deferred Inflows of Resources</b>			
Differences Between Expected and Actual Experience	\$ 31,666	\$ 234,338	\$ 40,981
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	97,597	729,798	84,327
<b>Total Deferred Inflows of Resources</b>	<b>\$ 129,263</b>	<b>\$ 964,136</b>	<b>\$ 125,308</b>

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

**Note 7 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued**

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ending 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:

<u>Year Ending</u>	<u>City - ERS</u>	<u>City - PFRS</u>	<u>EWB - ERS</u>
2021	\$ 173,331	\$ 1,501,470	\$ 182,769
2022	303,603	1,734,407	318,201
2023	421,644	2,275,859	439,468
2024	343,752	1,932,772	349,658
2025		42,717	
Thereafter			

**Actuarial Assumptions**

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2020	March 31, 2020
Actuarial Valuation Date	April 1, 2019	April 1, 2019
Investment Rate of Return	6.8%	6.8%
Salary Increases	4.2%	5.0%
Cost of Living Adjustments	1.3%	1.3%
Inflation Rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class.

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### *Note 7* Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued

#### Actuarial Assumptions - Continued

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	<u>ERS and PFRS</u> March 31, 2020
<b>Asset Type</b>	
Domestic Equities	4.1%
International Equities	6.2%
Real Estate	5.0%
Private Equities	6.8%
Absolute Return Strategies	3.3%
Opportunistic Portfolio	4.7%
Real Assets	6.0%
Cash	0.0%
Inflation-Indexed Bonds	0.5%
Mortgages and Bonds	0.8%

#### Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 7 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued**

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the EWB and the City's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

<b>ERS</b>	<b>1% Decrease (5.8%)</b>	<b>Current Assumption (6.8%)</b>	<b>1% Increase (7.8%)</b>
EWB Proportionate Share of the Net Pension Liability	\$ 4,325,824	\$ 2,357,035	\$ 543,772
City's Proportionate Share of the Net Pension Liability	4,187,079	2,281,435	526,330

<b>PFRS</b>	<b>1% Decrease (5.8%)</b>	<b>Current Assumption (6.8%)</b>	<b>1% Increase (7.8%)</b>
City's Proportionate Share of the Net Pension Liability	\$25,015,206	\$ 13,990,448	\$ 4,117,528

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	<b>Dollars in Thousands</b>	
	<b>ERS</b>	<b>PFRS</b>
Measurement Date	March 31, 2020	March 31, 2020
Employers' Total Pension Liability	\$ 194,596,261	\$ 35,309,017
Plan Net Position	(168,115,682)	(29,964,080)
<b>Employers' Net Pension Liability</b>	<b>\$ 26,480,579</b>	<b>\$ 5,344,937</b>
Ratio of Plan Net Position to the Employers' Total Pension Liability	86.4%	84.9%

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 7 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued**

**Payables to the Pension Plan**

Employer contributions are paid annually based on the Systems' fiscal year which ends on March 31. Accrued retirement contributions as of December 31, 2020 represent the projected employer contribution for the period of April 1, 2020 through December 31, 2020 based on estimated wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2020 amounted to \$-0- for ERS and \$1,986,629 for PFRS, which is reported within accrued liabilities.

**Current Year Activity**

The following is a summary of current year activity:

<b>City - ERS</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Net Pension Liability	\$ (655,806)	\$ (1,625,629)	\$ (2,281,435)
Deferred Outflows of Resources	678,154	1,073,043	1,751,197
Deferred Inflows of Resources	(337,440)	208,177	(129,263)
<b>Total</b>	<b><u>\$ (315,092)</u></b>	<b><u>\$ (344,409)</u></b>	<b><u>\$ (659,501)</u></b>
<b>PFRS</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Net Pension Liability	\$ (4,664,651)	\$ (9,325,797)	\$ (13,990,448)
Deferred Outflows of Resources	4,722,186	6,023,901	10,746,087
Deferred Inflows of Resources	(2,105,529)	1,141,393	(964,136)
<b>Total</b>	<b><u>\$ (2,047,994)</u></b>	<b><u>\$ (2,160,503)</u></b>	<b><u>\$ (4,208,497)</u></b>
<b>EWB - ERS</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Net Pension Liability	\$ (634,396)	\$ (1,722,639)	\$ (2,357,035)
Deferred Outflows of Resources	663,578	1,119,044	1,782,622
Deferred Inflows of Resources	(325,240)	199,932	(125,308)
<b>Total</b>	<b><u>\$ (296,058)</u></b>	<b><u>\$ (403,663)</u></b>	<b><u>\$ (699,721)</u></b>

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 8 Short Term Debt

Liabilities for revenue anticipation notes (RANs) and tax anticipation notes (TANs) are generally accounted for in the General Fund and are issued to provide working capital. Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund and are issued to fund capital improvements. Principal payments on BANs must be made annually.

The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter. State law requires BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided stipulated annual reductions of principal are made.

The City accounts for and RANs, TANs, and BANs as current obligations and records them in the fund to which they apply. The City had TANs of \$4,750,000, at an interest rate of 4.0% maturing on May 27, 2021.

Changes in short-term debt are as follows:

	<u>Payable at 12/31/2019</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Payable at 12/31/2020</u>
BANs	\$ 3,499,645	\$ -	\$ (3,499,645)	\$ -
TANs	5,000,000	4,750,000	(5,000,000)	4,750,000
<b>Total</b>	<b><u>\$ 8,499,645</u></b>	<b><u>\$ 4,750,000</u></b>	<b><u>\$ (8,499,645)</u></b>	<b><u>\$ 4,750,000</u></b>

Interest expense on short-term debt is calculated as follows:

Interest Paid	\$ 241,076
Less Interest Accrued in Prior Year	(140,037)
Add Interest Accrued in Current Year	<u>109,778</u>
<b>Total</b>	<b><u>\$ 210,817</u></b>

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 9* Long Term Debt**

#### **Constitutional Debt Limit**

At December 31, 2020, the total outstanding indebtedness of the City, including the Elmira Water Board, aggregated to \$29,860,256. Of this amount, \$28,285,320 was subject to the City's constitutional debt limit, and represented approximately 59.9% of its debt limit.

#### **Serial Bonds**

The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

#### **Other Long Term Liabilities**

In addition to the above long term debt, the local government had the following noncurrent liabilities:

- Compensated absences represent the value of earned and unused portion of the liability for compensated absences. The liability is liquidated in the General, Special Grant, and Miscellaneous Special Revenue Funds.
- Pension obligations represent the supplemental retirement payment for employees under General Municipal Law §207a: \$905,213; the amortization of the annual retirement system obligation: \$818,206, and are liquidated in the General Fund. The amortization of the annual retirement system obligation is for 10 years at 8%.
- Workers' compensation liability represents the City's share of the Public Entity Trust of New York deficit. The amortization of the liability is for 20 years at 3%. This liability is liquidated in the General Fund.

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 9 Long Term Debt - Continued

#### Changes in Long Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

	<u>Payable at 12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Payable at 12/31/2020</u>	<u>Amount Due Within One Year</u>
Bonds	\$ 21,399,550	\$ 4,500,000	\$ (2,364,230)	\$ 23,535,320	\$ 2,644,320
Unamortized Premium	440,177	540,488	(35,874)	944,791	71,397
<b>Total Bonds</b>	<u>21,839,727</u>	<u>5,040,488</u>	<u>(2,400,104)</u>	<u>24,480,111</u>	<u>2,715,717</u>
Pension Obligations - §207	955,853		(50,640)	905,213	51,615
Pension Obligations - Amortization	1,084,258		(266,052)	818,206	274,992
Workers' Compensation Liability	469,020		(21,417)	447,603	20,678
Compensated Absences	2,299,616	271,092		2,570,708	
<b>Total</b>	<u><u>\$ 26,648,474</u></u>	<u><u>\$ 5,311,580</u></u>	<u><u>\$ (2,738,213)</u></u>	<u><u>\$ 29,221,841</u></u>	<u><u>\$ 3,063,002</u></u>
	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Deferred Charges on Defeased Debt	\$ (55,129)	\$	\$ 6,877	\$ (48,252)	\$ (10,258)
<b>Total</b>	<u><u>\$ (55,129)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,877</u></u>	<u><u>\$ (48,252)</u></u>	<u><u>\$ (10,258)</u></u>

Additions and deletions to compensated absences are shown net, as it is impracticable to determine these amounts separately.

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 9 Long Term Debt - Continued

#### Summary of Serial Bonds

As of December 31, 2020, serial bonds, including issue and maturity dates and interest rates, consisted of the following:

<u>Description of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Payable to Maturity</u>
2008 Public Improvement	05/2008	05/2029	4.00-5.00%	\$ 3,356,600
2009 Public Improvement	05/2009	05/2022	4.00-4.25%	410,000
2010 Public Improvement	05/2010	05/2024	3.50-4.00%	920,000
2011 Public Improvement	09/2011	09/2024	1.00-3.75%	980,000
2012 Public Improvement	06/2012	06/2026	0.80-3.00%	945,000
2013 Public Improvement	04/2013	07/2027	2.00-2.625%	1,835,600
2014 Public Improvement	04/2014	04/2025	1.00-3.00%	1,345,000
2014 Advance Refunding Bond	03/2014	08/2027	1.75-5.00%	625,000
2015 Public Improvement	05/2015	05/2025	2.00-2.15%	1,538,120
2016 Public Improvement	07/2016	07/2031	3.00-3.25%	2,340,000
2019 Public Improvement	07/2019	07/2033	5.00%	4,740,000
2020 Public Improvement	07/2020	07/2035	5.00%	4,500,000
Subtotal Bonds				<u>23,535,320</u>
Add Unamortized Premium				<u>944,791</u>
<b>Total Bonds</b>				<b><u><u>\$24,480,111</u></u></b>

Interest expense on long term debt is calculated as follows:

Interest Paid	\$ 812,073
Plus Amortization of Deferred Charges on Defeased Debt	6,877
Less Amortization of Premium	(35,874)
Less Interest Accrued in Prior Year	(247,419)
Add Interest Accrued in Current Year	<u>324,350</u>
<b>Total</b>	<b><u><u>\$ 860,007</u></u></b>

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 9 Long Term Debt - Continued

#### Future Debt Service Requirements

The following tables summarize the City's future debt service requirements as of December 31, 2020:

Year	Serial Bonds		Total Serial Bonds
	Principal	Interest	
2021	\$ 2,644,320	\$ 910,195	\$ 3,554,515
2022	2,738,260	823,603	3,561,863
2023	2,618,420	732,091	3,350,511
2024	2,708,080	637,898	3,345,978
2025	2,282,040	543,363	2,825,403
2026-2030	7,054,200	1,663,839	8,718,039
2031-2035	3,490,000	432,981	3,922,981
<b>Total</b>	<b>\$ 23,535,320</b>	<b>\$ 5,743,970</b>	<b>\$ 29,279,290</b>

Year	Pension Amortization		Workers' Compensation		Total Pension and Workers' Compensation Amortization
	Principal	Interest	Principal	Interest	
2021	\$ 326,607	\$ 27,720	\$ 20,678	\$ 13,186	\$ 388,191
2022	335,849	18,478	21,307	12,557	388,191
2023	253,626	8,921	21,955	11,909	296,411
2024	108,579	1,794	22,623	11,241	144,237
2026	51,615		23,311	10,553	85,479
2026-2030	256,847		127,632	41,688	426,167
2031-2035	184,390		148,260	21,060	353,710
2036-2040	184,390		61,837	1,919	248,146
2041	21,516				21,516
<b>Total</b>	<b>\$ 1,723,419</b>	<b>\$ 56,913</b>	<b>\$ 447,603</b>	<b>\$ 124,113</b>	<b>\$ 2,352,048</b>

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 9 Long Term Debt - Continued

#### Elmira Water Board Long Term Debt

Long term debt of the Elmira Water Board is summarized as follows as of December 31, 2020:

	Year Ended 12/31/2020		
	Interest Payments	Principal Payments	Balance at 12/31/2020
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
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
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
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
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
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
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.		45,000	81,267
Capital lease paid in 2020.	912	31,925	-
Total Principal and Interest	<b>\$ 101,807</b>	<b>\$472,695</b>	
Total Bonds Payable			2,910,947
Less Current Portion			(436,515)
<b>Total</b>			<b>\$ 2,474,432</b>

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 9 Long Term Debt - Continued**

**Elmira Water Board Long Term Debt - Continued**

A summary of changes in noncurrent liabilities is as follows:

	<b>Balance at 12/31/2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 12/31/2020</b>
Bonds	\$ 3,225,450	\$	\$ (395,770)	\$ 2,829,680
Capital Lease	31,925	126,267	(76,925)	81,267
<b>Total</b>	<b>\$ 3,257,375</b>	<b>\$ 126,267</b>	<b>\$ (472,695)</b>	<b>\$ 2,910,947</b>

Long-term debt is presented on the Statement of Net Position as follows:

	<b>2020</b>
Current Portion	\$ 436,515
Noncurrent Portion	2,474,432
<b>Total</b>	<b>\$ 2,910,947</b>

A summary of maturing debt service requirements follows:

	<b>Bonds</b>		<b>Total</b>
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 436,515	\$ 115,933	\$ 552,448
2022	453,809	100,048	553,857
2023	464,943	82,921	547,864
2024	451,920	62,445	514,365
2025	317,960	43,153	361,113
Thereafter	785,800	60,653	846,453
<b>Total</b>	<b>\$ 2,910,947</b>	<b>\$ 465,153</b>	<b>\$ 3,376,100</b>

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### **Note 10 Postemployment Benefits Other Than Pensions (OPEB)**

#### **General Information About the OPEB Plan**

Plan Description - The City provides medical, prescription drug, and life insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The City's plan is a single-employer, defined postemployment benefit plan (the Plan) administered by the City. The Plan consists of a self insured minimum premium traditional indemnity plan, a self insured PPO plan, and a community rated Medicare supplemental plan for eligible retirees and dependents. Benefit provisions are established through negotiations between the City and bargaining units and are renegotiated each three-year period. The City assigns the authority to establish and amend benefit provisions to the City Council for non-bargaining unit employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The City offers the benefit, with related premiums funded partially by participating retirees. Each retiree also pays a portion of any premium covering his or her spouse.

Employees Covered by Benefit Terms - At December 31, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	160
Inactive Employees Entitled to	
but Not Yet Receiving Benefit Payments	-
Active Employees	<u>152</u>
<b>Total</b>	<b><u><u>312</u></u></b>

#### **Total OPEB Liability**

The City's total OPEB liability of \$46,828,660 was measured on January 1, 2020 and determined by an actuarial valuation as that date.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 10* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

#### **Actuarial Assumptions and Other Inputs**

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Single Discount Rate	2.74%
Salary Scale	3.00%
Rate of Inflation	2.74%

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index rate as of the measurement date (or the nearest business day thereto).

The salary scale reflects the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under the Entry Age Normal, Level Percent of Pay actuarial cost method.

Mortality rates were based on RHP-2014 combined mortality, and then adjusted for mortality improvements with Scale MP-2020 mortality improvement scale on a fully generational basis.

Termination and retirement rates are based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, "Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation."

Healthcare Cost Trend Rates were based on the SOA Long-Run Medical Cost Trend Model. The SOA Long-Run Medical Cost Trend Model and its baseline projections are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group. The assumption represents a reasonable medical trend projection for the current plan provisions and demographics of the Retiree Healthcare Plan, and no changes to these baseline assumptions are necessary.

The actuarial assumptions used in the January 1, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 10 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at December 31, 2019</b>	<b>\$ 37,164,543</b>
 <b>Changes for the Year</b>	
Service Cost	1,268,887
Interest Cost	1,536,265
Changes of Benefit Terms	473,641
Differences Between Expected and Actual Experience	2,573,132
Changes in Assumptions	5,739,277
Benefit Payments	(1,927,085)
Net Change	9,664,117
 <b>Balance at December 31, 2020</b>	 <b>\$ 46,828,660</b>

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate:

	<b>1% Decrease (1.74%)</b>	<b>Discount Rate (2.74%)</b>	<b>1% Increase (3.74%)</b>
Total OPEB Liability	\$ 54,410,770	\$ 46,828,660	\$ 40,875,854

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate:

	<b>1% Decrease (5.5% to 2.94%)</b>	<b>Healthcare Cost Trend Rate (6.5% to 3.94%)</b>	<b>1% Increase (7.5% to 4.94%)</b>
Total OPEB Liability	\$ 40,106,250	\$ 46,828,660	\$ 55,609,400

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 10 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2020, the City recognized OPEB expense of \$2,819,750.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 2,138,481	\$ 6,414,364
Changes in Assumptions or Other Inputs	6,378,589	1,726,741
Contributions Subsequent to Measurement Date	2,056,421	-
<b>Total</b>	<b>\$ 10,573,491</b>	<b>\$ 8,141,105</b>

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending December 31,</b>	<b>Amount</b>
2021	\$ (459,043)
2022	(459,043)
2023	(459,043)
2024	578,029
2025	1,175,065
2026 and Thereafter	

**Current Year Activity**

The following is a summary of current year activity:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
OPEB Liability	\$ 37,164,543	\$ 9,664,117	\$ 46,828,660
Deferred Outflows of Resources	(4,024,861)	(6,548,630)	(10,573,491)
Deferred Inflows of Resources	10,493,263	(2,352,158)	8,141,105
<b>Total</b>	<b>\$ 43,632,945</b>	<b>\$ 763,329</b>	<b>\$ 44,396,274</b>

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 10* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

#### **Elmira Water Board (EWB)**

The Elmira Water Board provides medical coverage to eligible employees, retirees, and dependents through a choice of four community rated health plans with Excellus Blue Cross Blue Shield.

#### **EWB - Total OPEB Liability**

The Board recognized a total OPEB liability of \$2,223,658 as of December 31, 2020. The total OPEB liability at December 31, 2020 was measured and determined by an actuarial valuation as of January 1, 2020.

#### **EWB - Actuarial Assumptions and Other Inputs**

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.74%
Salary Scale	3.00%
Rate of Inflation	2.40%
Healthcare Cost Trend Rate	7.00% to 3.94% in 2089
Cost Method	Entry Age Normal

The discount rate is based on an analysis of returns on the Bond Buyer Weekly 20-Bond GO Index.

Mortality rates are based on the sex-distinct RPH-2014 Mortality Tables for employees and health annuitants, adjusted backwards to 2006 with Scale MP-2014, and projected forward with scale MP-2019.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

**Note 11 Interfund Activity**

Individual fund balances as of December 31, 2020 were as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>	<b>Interfund Revenues</b>	<b>Interfund Expenditures</b>
<b>Governmental Funds</b>				
Major Funds:				
General Fund	\$ 72,515	\$ 48,525	\$ 249,078	\$ 2,240,484
Special Grant Fund		65		
Permanent Fund				65,786
Capital Projects Fund	4,180	72,450	94,851	293,373
Non-Major Funds	44,345		2,306,270	50,556
<b>Total</b>	<b>\$ 121,040</b>	<b>\$ 121,040</b>	<b>\$ 2,650,199</b>	<b>\$ 2,650,199</b>

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources, primarily to provide services, which are routine annual events within the budget and accounting process.

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 12 Fund Balances

#### Fund Balance Detail

At December 31, 2020, nonspendable, restricted and assigned fund balances in the governmental funds were as follows:

	<b>General Fund</b>	<b>Permanent Fund</b>	<b>Capital Projects Fund</b>	<b>Non-Major Funds</b>
<b>Nonspendable</b>				
Prepaid Expenses	\$ 128,161	\$	\$	\$
Permanent Fund Principal		3,043,373		
<b>Total Non-Spendable Fund Balance</b>	<b>\$ 128,161</b>	<b>\$ 3,043,373</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Restricted</b>				
Insurance Reserves	\$ 96,846	\$	\$	\$
Capital Projects			3,608,755	
Debt				44,347
<b>Total Restricted Fund Balance</b>	<b>\$ 96,846</b>	<b>\$ -</b>	<b>\$ 3,608,755</b>	<b>\$ 44,347</b>
<b>Assigned</b>				
Appropriated for Next Year's Budget	\$ 450,000	\$	\$	\$
Encumbered for:				
General Governmental Support	6,979			
Public Safety	19,237			
Transportation	10,507			
Home and Community Services	18,399			
Remaining Fund Balance				153,188
<b>Total Assigned Fund Balance</b>	<b>\$ 505,122</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 153,188</b>

#### General Fund Restricted Fund Balances

Portions of fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. Balances and activity for the year ended December 31, 2020 of the General Fund restricted reserves were as follows:

<b>General Fund Reserves</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Appropriated</b>	<b>Ending Balance</b>
Insurance Reserve	\$ 313,224	\$	\$ (216,378)	\$ 96,846
<b>Total Restricted Fund Balance</b>	<b>\$ 313,224</b>	<b>\$ -</b>	<b>\$ (216,378)</b>	<b>\$ 96,846</b>

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 12* Fund Balances - Continued**

#### **Elmira Water Board Restricted Net Position**

Certain net assets are restricted by grantors or by law through the Water Board's charter. At December 31, 2020 this amount totaled \$779,271 and consisted of net assets restricted for the Water System Improvement Fund, System Wide Improvement Fund, and Capital Reserve Fund.

### ***Note 13* Judgments and Claims**

The City and/or its agencies are named in several lawsuits, some of which are for substantial amounts. These claims are either adequately covered by insurance through the City's Risk Retention Reserve or, in the opinion of City officials, will not result in material judgments against the City or will not be pursued and, therefore, are not expected to have a material effect on the financial statements. In the past three years, no settlements exceeded insurance coverage.

The City was a member of the Public Entity Trust of New York (PETNY). PETNY became insolvent in 2008. The New York State Worker's Compensation Board did a forensic review of PETNY's operations. During 2016, the City reached a settlement agreement with the New York State Workers' Compensation Board of \$508,946, which will be paid over the next 19 years at a rate of 3%. See Note 9 for further information.

In addition, several major tax certiorari proceedings are pending. This may result in financial exposure to the City of up to \$50,000.

### ***Note 14* Summary of Significant Commitments and Contingencies**

The City receives many different state and federal grants to be used for specific purposes. These grants are generally conditioned on compliance with certain statutory, regulatory, and/or contractual requirements. The City makes every effort to comply with all applicable requirements. However, because these grants are audited from time to time, it is possible the City will be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. City officials do not anticipate material grant-in-aid disallowances, and no provision, therefore, is reflected in the basic financial statements.

The City is a defendant in various lawsuits. Although the outcome of these suits is not presently determinable, in the opinion of the City's Corporation Counsel, the resolution of these matters will not have a material adverse effect on the financial condition or results of operations.

### ***Note 15* Tax Abatements**

For the year ended December 31, 2020, the City was subject to tax abatements negotiated by the Chemung County Industrial Development Agency (IDA), and New York State.

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 15 Tax Abatements - Continued**

The IDA entered into payment in lieu of taxes (PILOT) agreements with businesses within the City of Elmira under New York State General Municipal Law §858. Economic development agreements entered into by the IDA can include the abatement of city, county, other local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which the IDA administer as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

New York State enters into tax agreements with businesses under §581a of the Real Property Tax Law. This gives the owners of residential properties the right to have their properties valued, for real property taxation purposes, by the “capitalization of income” method. Information relevant to disclosure of the programs for the year ended December 31, 2020 is as follows:

	<u>Tax Value</u>	<u>Amount Received</u>	<u>Taxes Abated</u>
<b>Chemung County IDA</b>			
Economic Development	\$ 428,102	\$ 163,132	\$ 264,970
§581a Program	457,947	159,596	298,351
<b>Total</b>	<b><u>\$ 886,049</u></b>	<b><u>\$ 322,728</u></b>	<b><u>\$ 563,321</u></b>

**Note 16 Economic Uncertainty - COVID-19**

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the area in which the City exists. While it is unknown how long these conditions will last and what the complete financial effect will be, the City expects disruptions to businesses and residents, which could negatively impact operating results in future periods.

**Note 17 Reclassification of Prior Year Presentation**

Certain prior year amounts have been reclassified for consistency with the current year presentation. The Elmira Urban Renewal Agency, which had been reported as a discretely presented component unit, is reported as a blended governmental fund in the current year.

**Note 18 Subsequent Events**

On July 15, 2021, the City issued serial bonds totaling \$3,975,766 at interest rates from 2.00% to 2.125% to finance various equipment and infrastructure improvements. On August 19, 2021, the City issued bonds totaling \$7,340,000 at an interest rate of 4.00% to advance refund previous serial bonds.

# CITY OF ELMIRA

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>					
Real Property Taxes	\$ 15,390,563	\$ 15,390,562	\$ 15,210,003	\$	\$ (180,559)
Real Property Tax Items	479,369	479,369	991,909		512,540
Nonproperty Tax Items	6,064,697	6,064,697	5,919,118		(145,579)
Departmental Income	4,367,103	4,367,103	4,464,988		97,885
Intergovernmental Charges	775,302	775,302	771,792		(3,510)
Use of Money and Property	23,101	23,101	72,439		49,338
Licenses and Permits	347,100	347,100	381,328		34,228
Fines and Forfeitures	181,500	181,500	110,645		(70,855)
Sale of Property and Compensation for Loss	26,000	26,000	168,841		142,841
Miscellaneous Local Sources	155,000	155,000	220,377		65,377
Interfund Revenues	34,000	34,000	105,226		71,226
State Sources	5,565,303	5,064,192	4,202,166		(862,026)
Federal Sources			138,018		138,018
<b>Total Revenues</b>	<b>33,409,038</b>	<b>32,907,926</b>	<b>32,756,850</b>	<b>-</b>	<b>(151,076)</b>
<b>EXPENDITURES</b>					
General Governmental Support	2,987,055	2,753,296	2,208,237	6,979	538,080
Public Safety	12,603,821	12,603,821	12,452,031	19,237	132,553
Transportation	1,401,778	1,401,778	1,218,312	10,507	172,959
Economic Assistance and Opportunity	356,273	441,079	441,079		-
Culture and Recreation	926,580	926,580	633,168		293,412
Home and Community Services	1,375,188	1,023,029	1,004,630	18,399	-
Employee Benefits	9,739,583	9,446,578	9,147,871		298,707
Debt Service:					
Principal	48,950	409,386	387,469		21,917
Interest	360,436	293,005	293,005		-
<b>Total Expenditures</b>	<b>29,799,664</b>	<b>29,298,552</b>	<b>27,785,802</b>	<b>55,122</b>	<b>1,457,628</b>
Excess of Revenues (Expenditures)	3,609,374	3,609,374	4,971,048	(55,122)	1,306,552
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In			249,078		249,078
Interfund Transfers (Out)	(3,559,374)	(3,309,374)	(2,240,484)		1,068,890
<b>Total Other Financing Sources (Uses)</b>	<b>(3,559,374)</b>	<b>(3,309,374)</b>	<b>(1,991,406)</b>	<b>-</b>	<b>1,317,968</b>
Excess of Revenues and Other Financing Sources over (Expenditures) and Other (Uses)	50,000	300,000	2,979,642	<b>\$ (55,122)</b>	<b>\$ 2,624,520</b>
Planned Fund Balance	(50,000)	(300,000)			
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,979,642</b>		
Fund Balance (Deficit), Beginning			1,544,868		
<b>Fund Balance (Deficit), Ending</b>			<b>\$ 4,524,510</b>		

*See Notes to Required Supplementary Information*

# ***CITY OF ELMIRA***

## **SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 1,268,887	\$ 1,455,758	\$ 1,505,050
Interest Cost	1,536,265	1,352,520	1,786,296
Changes of Benefit Terms	473,641	-	-
Differences Between Expected and Actual Experience	2,573,132	-	(12,263,329)
Changes in Assumptions or Other Inputs	5,739,277	(2,531,747)	3,075,760
Benefit Payments	(1,927,085)	(1,947,349)	(2,039,700)
	9,664,117	(1,670,818)	(7,935,923)
Total OPEB Liability - Beginning	37,164,543	38,835,361	46,771,824
<b>Total OPEB Liability - Ending</b>	<b>\$ 46,828,660</b>	<b>\$ 37,164,543</b>	<b>\$ 38,835,361</b>
 Covered Employee Payroll	 \$ 11,273,138	 \$ 13,581,624	 \$ 10,858,870
 Total OPEB Liability as a Percentage of Covered Payroll	 <b>415%</b>	 274%	 358%

*Changes of Assumptions:* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect for this period is 2.74%.

\* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

*See Notes to Required Supplementary Information*

2017	2016	2015	2014	2013	2012	2011
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<b>\$ 46,771,824</b>	<b>\$ *</b>	<b>\$ *</b>	<b>\$ *</b>	<b>\$ *</b>	<b>\$ *</b>	<b>\$ *</b>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*

# ***CITY OF ELMIRA***

## **SCHEDULE OF CITY'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Employees' Retirement System</b>			
Contractually Required Contribution	\$ 422,579	\$ 510,106	\$ 485,777
Contributions in Relation to the Contractually Required Contribution	(422,579)	(510,106)	(485,777)
Contribution Deficiency (Excess)	-	-	-
City's Covered Employee Payroll	5,034,574	4,600,088	4,492,889
Contributions as a Percentage of Covered Employee Payroll	8.4%	11.1%	10.8%
 <b>Police and Fire Retirement System</b>			
Contractually Required Contribution	2,648,839	2,337,055	2,313,204
Contributions in Relation to the Contractually Required Contribution	(2,648,839)	(2,337,055)	(2,313,204)
Contribution Deficiency (Excess)	-	-	-
City's Covered Employee Payroll	9,587,652	9,721,225	9,503,939
Contributions as a Percentage of Covered Employee Payroll	27.6%	24.0%	24.3%

*See Notes to Required Supplementary Information*

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 691,934	\$ 967,005	\$ 868,141	\$ 947,134	\$ 1,185,963	\$ 1,099,263	\$ 726,097
(691,934)	(967,005)	(868,141)	(947,134)	(1,185,963)	(1,099,263)	(726,097)
-	-	-	-	-	-	-
5,279,293	4,428,674	4,911,729	4,923,439	6,619,513	6,577,716	6,335,467
13.1%	21.8%	17.7%	19.2%	17.9%	16.7%	11.5%
2,478,784	2,379,966	2,221,609	1,557,403	2,430,186	1,946,896	1,611,439
(2,478,784)	(2,379,966)	(2,221,609)	(1,557,403)	(2,430,186)	(1,946,896)	(1,611,439)
-	-	-	-	-	-	-
9,645,059	9,649,224	9,746,611	10,150,265	9,647,130	9,557,784	9,088,633
25.7%	24.7%	22.8%	15.3%	25.2%	20.4%	17.7%

# ***CITY OF ELMIRA***

## **SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Employees' Retirement System</b>			
City's Proportion of the Net Pension Liability	<b>0.0086153%</b>	0.0092558%	0.0089123%
City's Proportionate Share of the Net Pension Liability	<b>\$ 2,281,435</b>	\$ 655,806	\$ 287,638
City's Covered Employee Payroll During the Measurement Period	<b>2,656,498</b>	2,618,184	2,547,382
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	<b>85.88%</b>	25.05%	11.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<b>86.4%</b>	96.3%	98.2%
<b>Police and Fire Retirement System</b>			
City's Proportion of the Net Pension Liability	<b>0.2617514%</b>	0.2781440%	0.2746841%
City's Proportionate Share of the Net Pension Liability	<b>\$ 13,990,448</b>	\$ 4,664,651	\$ 2,776,389
City's Covered Employee Payroll During the Measurement Period	<b>9,693,873</b>	9,777,551	9,412,735
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	<b>144.32%</b>	47.71%	29.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<b>84.9%</b>	95.1%	96.9%

*See Notes to Required Supplementary Information*

<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0129363%	0.0181458%	0.0184513%
\$ 1,215,527	\$ 3,014,544	\$ 623,330
4,079,676	4,900,635	4,944,661
29.79%	61.51%	12.61%
94.7%	90.7%	97.9%
0.2852966%	0.3135428%	0.3048065%
\$ 5,913,205	\$ 9,283,335	\$ 839,009
9,722,501	9,624,798	10,112,051
60.82%	96.45%	8.30%
93.5%	90.2%	99.0%

# ***CITY OF ELMIRA***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2020**

### ***Note 1* Budgetary Data**

**Budget Policies** - The budget policies are as follows:

- No later than November 15, the City Manager submits a tentative budget to the City Council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds, except for the Special Grant, Agency, and Risk Retention Funds.
- After public hearings are conducted to obtain taxpayer comments, no later than the first meeting in March, the City Council adopts the budget.
- All modifications of the budget must be approved by the City Council.
- Budgetary controls are established for the Capital Projects and Special Grant Funds through resolutions authorizing individual projects, which remain in effect for the life of the project.

#### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the Governmental Funds. Encumbrances are reported as reservations of fund balances, as they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

#### **Budget Basis of Accounting**

Except as indicated below, budgets are adopted annually on a basis consistent with U.S. GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreement, which covers a period other than the City's fiscal year.

### ***Note 2* Reconciliation of the General Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis, as encumbrances are presented in a separate column and are not included in the actual results at December 31, 2020.

### ***Note 3* Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflected the effect of changes in the discount rate each period. The following are the discount rates in each period.

2020 - 2.74%

2019 - 4.10%

# ***CITY OF ELMIRA***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2020**

**Note 4 Schedule of the City's Proportionate Share of the Net Pension Liability**

The Schedule of the City's Proportionate Share of the Net Pension Liability, required supplementary information, presents six years of information. This schedule will present ten years of information as it becomes available from the pension plans.

**Note 5 Schedule of City's Contributions - NYSLRS Pension Plans and Schedules of the City's Proportionate Share of the Net Pension Liability**

**NYSLRS**

**Changes in Benefit Terms**

There were no significant legislative changes in benefits for the April 1, 2019 actuarial valuation.

**Changes of Assumptions**

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation. The salary scales for both plans used in the April 1, 2018 actuarial valuation increased by 10%. The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2020. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	3.8% in ERS, 4.5% in PFRS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Mayor and Members of the City Council  
City of Elmira  
Elmira, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elmira (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 24, 2021. Our report includes a reference to other auditors who audited the financial statements of the Elmira Water Board, as described in our report on the City's financial statements. The financial statements of the Elmira Water Board were not audited in accordance with *Governmental Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
August 24, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

Mayor and Members of the City Council  
City of Elmira  
Elmira, New York

**Report on Compliance for Each Major Federal Program**

We have audited the City of Elmira's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
August 24, 2021

# CITY OF ELMIRA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor No.	Passed Through to Subrecipients	Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grants				
Entitlement Grants Cluster:				
Community Development Block Grants/ Entitlement Grants				
	14.218	N/A	\$ 174,353	\$ 1,072,298
COVID - Community Development Block Grants/ Entitlement Grants				
	14.218	N/A	<u>                    </u>	<u>38,592</u>
Total Community Development Block Grants Entitlement Grants Cluster				
			174,353	1,110,890
Home Investment Partnerships Programs				
	14.239	N/A	<u>                    </u>	<u>198,419</u>
<b>Total U.S. Department of Housing and Urban Development</b>				
			<u>174,353</u>	<u>1,309,309</u>
<b>U.S. Department of Justice</b>				
Passed through Office of Victim Services				
Crime Victim Assistance				
	16.575	C100123	<u>                    </u>	<u>88,378</u>
<b>Total U.S. Department of Justice</b>				
			<u>                    </u>	<u>88,378</u>
<b>U.S. Department of Homeland Security</b>				
Passed through NYS Division of Homeland Security and Emergency Services:				
Assistance to Firefighters Grant				
	97.044	EMW-2018-FO-05772	<u>                    </u>	<u>49,640</u>
<b>Total U.S Department of Homeland Security</b>				
			<u>                    </u>	<u>49,640</u>
<b>U.S. Department of Transportation</b>				
Passed Through NYS Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction				
	20.205	D034657	<u>                    </u>	<u>159,763</u>
Highway Planning and Construction				
	20.205	D035293	<u>                    </u>	<u>487,307</u>
Highway Planning and Construction				
	20.205	D036102	<u>                    </u>	<u>206,914</u>
Highway Planning and Construction				
	20.205	D035503	<u>                    </u>	<u>575</u>
Highway Planning and Construction				
	20.205	D035504	<u>                    </u>	<u>1,856,942</u>
Highway Planning and Construction				
	20.205	D035708	<u>                    </u>	<u>385,615</u>
<b>Total Highway Planning and Construction Cluster and U.S. Department of Transportation</b>				
			<u>                    </u>	<u>3,097,116</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 174,353</u></u>	<u><u>\$ 4,544,443</u></u>

N/A - Indicates Direct Award

*See Notes to Schedule of Expenditure of Federal Awards*

# CITY OF ELMIRA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2020

**Note 1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal awards programs administered by the City, an entity as defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the SEFA.

**Note 2 Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

**Note 3 Indirect Cost Rate**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The City has not elected to use the 10% de minimus cost rate.

**Note 4 Matching Costs**

Matching costs, such as the City's share of certain program costs, are not included in the reported expenditures.

**Note 5 Revolving Loan Programs**

The City operates a revolving loan program utilizing federal financial assistance received under current and prior Community Development Block Grants (CDBG) and prior Home Investment Partnership Programs (HOME). Loans outstanding at December 31, 2020 under these programs, reported as part of loans receivable in the City's basic financial statements, are as follows:

Loans Receivable - CDBG	\$ 1,178,311
Loans Receivable - AHC	571,136
Loans Receivable - HOME	<u>1,096,187</u>
Total Loans Receivable	2,845,634
Less: Allowance for Uncollectible Accounts	<u>-</u>
<b>Net Loans Receivable</b>	<b><u><u>\$ 2,845,634</u></u></b>

**Note 6 Other Disclosures**

Insurance is carried to cover vehicles purchased with federal funds. Other equipment purchased with federal funds has only a nominal value and is covered by the City's casualty insurance policies. There was no noncash assistance provided to the City.

# CITY OF ELMIRA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2020

### Section I Summary of Auditors' Results

#### Financial Statements

Type of Auditors' Report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes  no

Significant deficiency(ies) identified that are not  
considered to be material weakness(es)?

\_\_\_ yes  none reported

Noncompliance material to financial statements noted?

\_\_\_ yes  no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_ yes  no

Significant deficiency(ies) identified that  
are not considered to be material weakness(es)?

\_\_\_ yes  none reported

Type of Auditors' Report issued on compliance  
for major programs

Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with §2 CFR 200.516(a)  
of OMB Uniform Guidance?

\_\_\_ yes  no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

20.205

Highway Planning and Construction Cluster

14.218

Community Development Block Grants - Entitlement Grants Cluster

Dollar threshold used to distinguish between  
type A and type B programs

\$750,000

Auditee qualified as low-risk auditee

\_\_\_ yes  no

### Section II Financial Statement Findings: None.

### Section III Federal Award Findings and Questioned Costs: None.

# ***CITY OF ELMIRA***

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020**

### **Audit Reference Number**

2019-001    Restatement - Resolved

***CITY OF ELMIRA***

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2020**

None