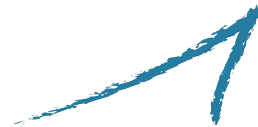


CITY OF ELMIRA

Elmira, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2021**



insero&co

Certified Public Accountants | Business Advisors

CITY OF ELMIRA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, 2021, 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.

We did not audit the financial statements of the Elmira Water Board, which represent 100% of the assets, net position and revenues of the aggregately discretely presented component unit as of December 31, 2021, and the respective changes in financial position, thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Elmira Water Board, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Elmira Water Board were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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; Schedule of the City's Proportionate Share of the Net Pension Liability - NYSLRS Pension Plan; and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary 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 (SEFA), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 GAAS. 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 June 14, 2022, 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
June 14, 2022

CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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, 2021. These management comments provide the benefit of perspective on certain developments that, while they occurred after December 31, 2021, provide relevant context for the 2021 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 \$12,779,175 in capital assets, resulting in an increase in capital assets of \$8,596,999, net of depreciation of \$4,125,828 and net book value of disposals of \$56,348.
- The City's total debt obligations decreased by \$3,304,119 during the current fiscal year. The City did not renew its tax anticipation note, and refunded old debt with new debt at more advantageous interest rates.
- The City's actual revenues and other financing sources exceeded its budgeted revenues and other financing sources in the General Fund by \$2,182,973, while expenses and other financing uses were less than budgeted by \$66,258.
- Total fund balance in the General Fund was \$6,794,791 at December 31, 2021, an increase from a fund balance of \$4,524,510 at December 31, 2020. Unassigned fund balance in the General Fund increased from \$3,794,381 to \$5,737,252.
- General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,270,281 in 2021 and \$2,979,642 in 2020.
- The City was the recipient of \$14,135,193 in Coronavirus State and Local Fiscal Recovery Funds (SLFRF). During the year, the City earned \$1,902,649 of the funds, leaving \$12,232,544 in unearned revenue.
- The City paid amortized NYSLRS costs from 2013 - 2015, totaling \$387,597 for Employees' Retirement System and \$430,604 for Police and Fire Retirement System, totaling \$818,201.

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 5-7) 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 8. 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.

CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

- 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.

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 EWB 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, 2021

Reporting the City's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the City's Major Funds begins on page 8. 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 15 and 16, 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, 2021

THE CITY AS A WHOLE

The City's *combined* net position for the fiscal year ended December 31, 2021 changed from a deficit to a positive net position. Of the City's net position, \$35,284,356 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, \$3,140,221 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>2021</i>	<i>2020</i>	<i>Dollar Change</i>
<i>Current Assets</i>	\$ 25,317,773	\$ 24,278,193	\$ 1,039,580
<i>Noncurrent Assets</i>	17,723,355	5,093,367	12,629,988
<i>Capital Assets</i>	61,055,163	52,458,164	8,596,999
<i>Total Assets</i>	104,096,291	81,829,724	22,266,567
<i>Total Deferred Outflows of Resources</i>	28,896,147	23,119,027	5,777,120
<i>Current Liabilities</i>	15,626,650	18,595,480	(2,968,830)
<i>Noncurrent Liabilities</i>	94,055,337	89,259,382	4,795,955
<i>Total Liabilities</i>	109,681,987	107,854,862	1,827,125
<i>Total Deferred Inflows of Resources</i>	22,266,925	9,234,504	13,032,421
<i>Net Investment in Capital Assets</i>	35,284,356	29,589,852	5,694,504
<i>Restricted</i>	3,140,221	3,330,162	(189,941)
<i>Unrestricted (Deficit)</i>	(37,381,051)	(45,060,629)	7,679,578
<i>Total Net Position (Deficit)</i>	\$ 1,043,526	\$ (12,140,615)	\$ 13,184,141

Total assets increased 27.21%. This increase is the result of the receipt of \$14M in SLFRF funds, of which \$12M remained in cash. In addition, the City's capital outlay exceeded depreciation expense, resulting in an increase in capital assets, net.

CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Total deferred outflows and inflows of resources increased 24.99% and 141.13% , respectively. These changes are primarily the result of changes in assumptions for both the NYSLRS pension plans as well as the City's OPEB plan. These changes resulted in an increase in deferred outflows of resources. In addition, there were differences between projected and actual earnings on NYSLRS pension plan assets, as well as differences between actual and expected experience related to the City's OPEB plan. These resulted in an increase in deferred inflows of resources related to pension plans and a decrease related to the OPEB plan.

Total liabilities increased 1.69%. The increase in current liabilities is due to \$12M in SLFRF funds within unearned revenue, which was offset by the maturity of the City's tax anticipation note. The decrease in noncurrent liabilities was primarily the result of a reduction of the City's proportionate share of the NYSLRS net pension liability of \$11M. This was offset by an increase in the City's OPEB liability.

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

**Figure 2
Changes in Net Position**

Governmental Activities	2021	2020	Dollar Change
REVENUES			
Program Revenues			
<i>Charges for Services</i>	\$ 5,794,032	\$ 5,668,408	\$ 125,624
<i>Operating Grants and Contributions</i>	5,326,448	1,855,467	3,470,981
<i>Capital Grants and Contributions</i>	10,731,996	7,859,964	2,872,032
General Revenues			
<i>Property Taxes and Tax Items</i>	16,680,794	16,201,912	478,882
<i>Nonproperty Taxes and Tax Items</i>	6,952,680	5,919,118	1,033,562
<i>State Sources</i>	5,666,179	3,845,736	1,820,443
<i>Other</i>	935,805	2,062,888	(1,127,083)
Total Revenues	\$ 52,087,934	\$ 43,413,493	\$ 8,674,441
PROGRAM EXPENSES			
<i>General Governmental Support</i>	\$ 4,343,849	\$ 3,207,299	\$ 1,136,550
<i>Public Safety</i>	22,041,938	23,509,575	(1,467,637)
<i>Transportation</i>	4,385,791	4,365,577	20,214
<i>Economic Assistance and Opportunity</i>	1,393,778	576,971	816,807
<i>Culture and Recreation</i>	1,163,276	996,432	166,844
<i>Home and Community Services</i>	4,638,469	3,633,996	1,004,473
<i>Interest on Long-Term Debt</i>	936,692	1,070,824	(134,132)
Total Expenses	\$ 38,903,793	\$ 37,360,674	\$ 1,543,119
CHANGE IN NET POSITION	\$ 13,184,141	\$ 6,052,819	\$ 7,131,322

CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Total revenues increased 19.98% from the prior year. The change stems largely from the following: the City received and recognized SLFRF funds within operating grants and contributions. Additional infrastructure projects were undertaken, mostly reimbursed with state and federal funding within capital grants and contributions. The City received more in New York State AIM payments. During the prior year, the City received \$1.1M from the Elmira Water Board for services performed. This transaction did not reoccur during 2021.

Total expenses increased 4.13% from the prior year. This change stems largely from the following: the City expended SLFRF funding, on premium pay for employees and grants to local businesses and not-for-profits. Salary and benefits as a whole increased. The City's pension expense related to the NYSLRS pension plans decreased, mostly due to the change in the pension plan's fiduciary net position.

Figure 3 and Figure 4 show revenue by source for 2021 and 2020.

Figure 3
Revenue by Source - 2021

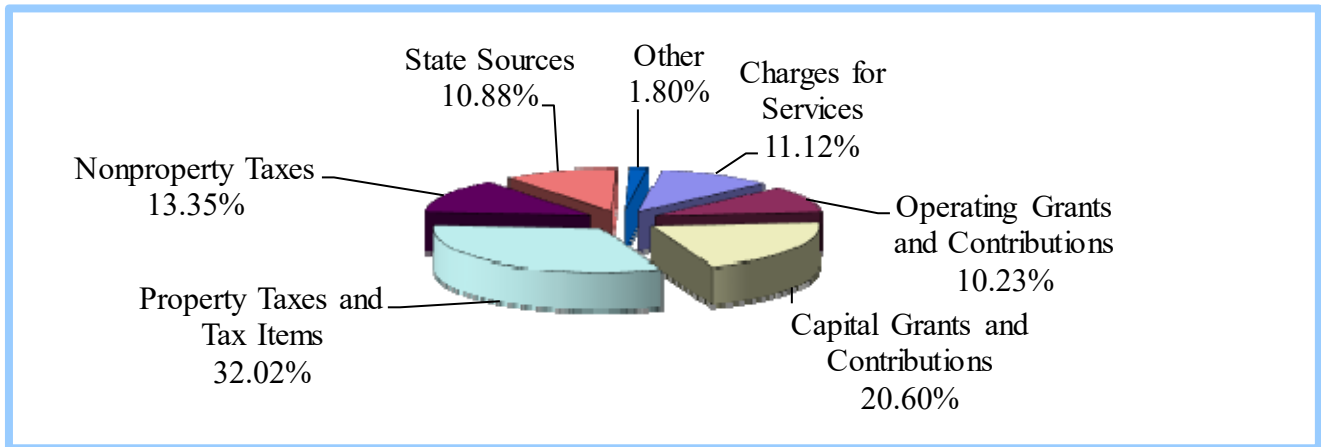
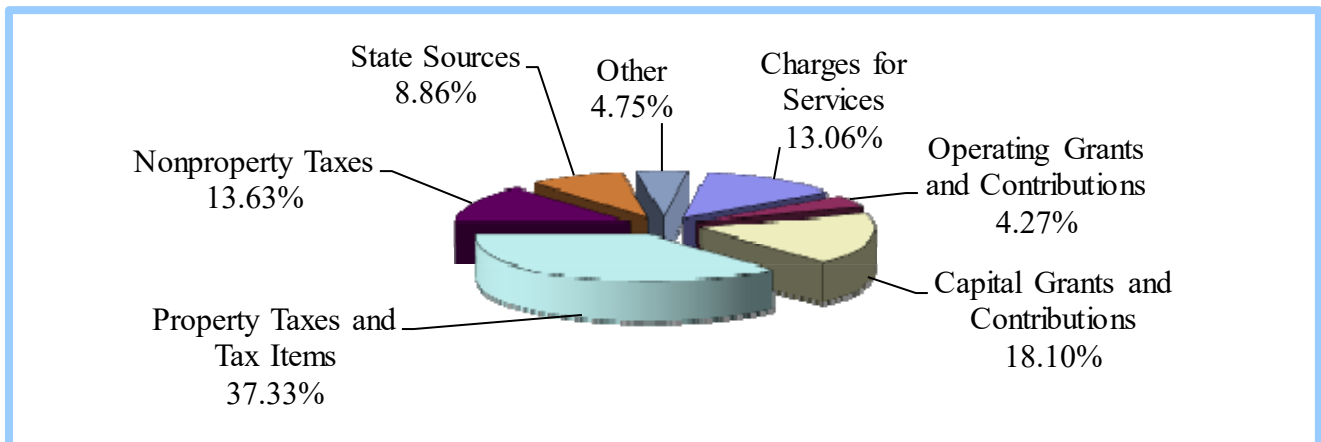


Figure 4
Revenue by Source - 2020

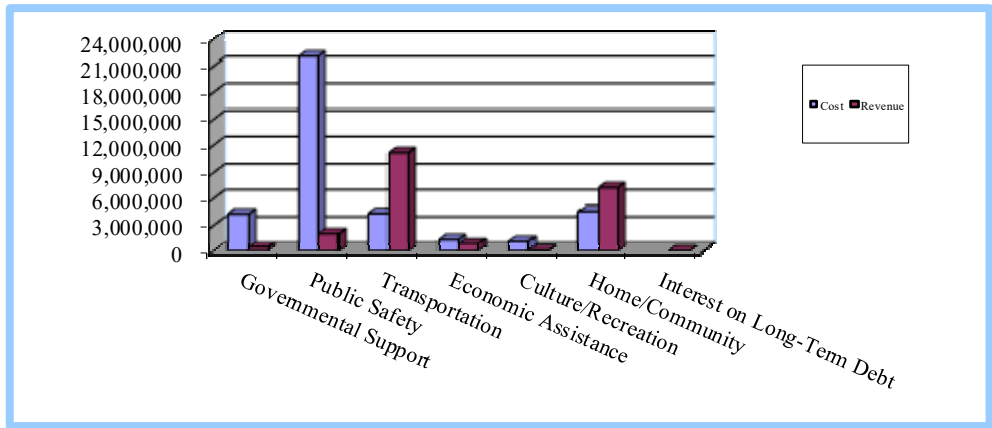


CITY OF ELMIRA

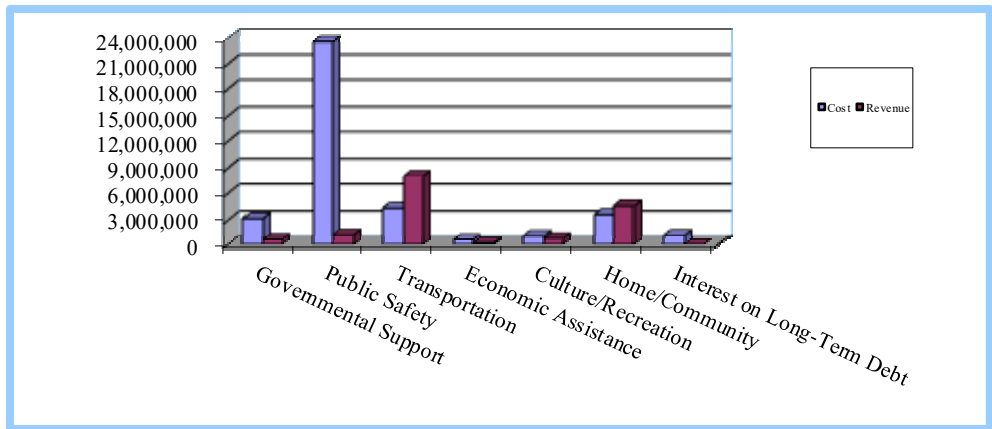
MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

The cost of all Governmental Activities this year was \$38,903,793. 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 \$17,051,317 because some of the cost was paid by those who directly benefited from the programs, \$5,794,032, or by other government and organizations that subsidized certain programs with grants and contributions, \$16,058,444. Overall, the City’s governmental program revenues, including fees for services and grants, were \$21,852,476. The City paid for the remaining “public benefit” portion of Governmental Activities with general revenues of \$30,235,458. 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 - 2021***



***Figure 6
Net Program Cost
Governmental Activities - 2020***



CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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 40.9%. This is largely attributable to revenues over expenditures and other financing uses within the General Fund, as well as the conversion of short term to long term financing within the Capital Projects Fund.

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

Governmental Funds	2021	2020	Dollar Change
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 6,794,791	\$ 4,524,510	\$ 2,270,281
<i>Special Grant Fund</i>	(56,334)	(72,723)	16,389
<i>Capital Projects Fund</i>	5,642,088	3,608,755	2,033,333
<i>Non-Major Governmental Funds</i>	3,543,328	3,240,908	302,420
Totals	\$ 15,923,873	\$ 11,301,450	\$ 4,622,423

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 \$2,182,973 greater than budgeted, based on greater than anticipated sales tax and state sources. Total expenditures and other financing uses were \$66,258 under budget.

CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

*Figure 8
Budgetary Comparison Schedule - General Fund
December 31, 2021*

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Variance Fav.(Unfav.)</i>
REVENUES AND OTHER				
FINANCING SOURCES				
Real Property Taxes and Tax Items	\$ 16,311,045	\$ 16,311,045	\$ 16,680,794	\$ 369,749
Nonproperty Tax Items	6,035,000	6,035,000	6,952,680	917,680
Departmental Income	4,413,925	4,413,925	4,542,352	128,427
State Sources	4,935,818	5,753,841	6,816,543	1,062,702
Other Revenues and Financing Sources	3,711,935	3,711,935	3,866,350	154,415
Total Revenues and Other Financing Sources	\$ 35,407,723	\$ 36,225,746	\$ 38,858,719	\$ 2,632,973
Appropriated Fund Balance	\$ 450,000	\$ 450,000	\$ -	\$ -
EXPENDITURES AND OTHER				
FINANCING USES				
Public Safety	\$ 13,180,849	\$ 13,097,351	\$ 13,097,351	\$ -
Employee Benefits	12,116,469	10,961,534	10,961,534	-
Other Expenditures and Other Financing Uses	10,560,405	12,616,861	12,550,603	66,258
Total Expenditures and Other Financing Uses	\$ 35,857,723	\$ 36,675,746	\$ 36,609,488	\$ 66,258
Excess of Revenues and Other Financing Sources	\$ -	\$ -	\$ 2,249,231	\$ 2,699,231

CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2021, the City had invested in a broad range of capital assets totaling \$132,402,942; offset by accumulated depreciation of \$71,347,779. *Figure 9* shows the changes in the City's capital assets.

Figure 9
Capital Assets, Net of Accumulated Depreciation

<i>Governmental Activities</i>	<i>2021</i>	<i>2020</i>	<i>Dollar Change</i>
<i>Land and Construction in Progress</i>	\$ 734,637	\$ 734,637	\$ -
<i>Buildings</i>	1,243,990	1,346,960	(102,970)
<i>Improvements</i>	2,217,329	2,309,646	(92,317)
<i>Machinery and Equipment</i>	3,231,402	3,691,046	(459,644)
<i>Infrastructure</i>	53,627,805	44,375,875	9,251,930
<i>Totals</i>	\$ 61,055,163	\$ 52,458,164	\$ 8,596,999

Debt Administration

The City's short and long-term debt obligations decreased by 11.3% at December 31, 2021, as shown in *Figure 10*. Of this amount, \$24,416,066 was subject to the constitutional debt limit and represented 51% of the City's statutory debt limit.

Figure 10
Major Outstanding Debt at Year Ended December 31,

<i>Governmental Activities</i>	<i>2021</i>	<i>2020</i>	<i>Dollar Change</i>
<i>Serial Bonds</i>	\$ 25,925,992	\$ 24,480,111	\$ 1,445,881
<i>Tax Anticipation Notes</i>	-	4,750,000	(4,750,000)
<i>Totals</i>	\$ 25,925,992	\$ 29,230,111	\$ (3,304,119)

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, 2021

FUTURE FACTORS

The City of Elmira's recovery continued in 2021, despite the pandemic that impacted the State of New York, the nation, and the world. We received the news that we were awarded a \$28.3 Million federal grant under the nation's \$1.9 Trillion American Rescue Plan Act to address the negative impact of the Coronavirus pandemic. This, in conjunction with an additional \$14 Million in state funds awarded to the City from 2016-2021 for development projects through Cities Rise, ADLN, DRI, ESPRI, and RESTORE NY grants, reinforced the revitalization that is underway.

Under the American Rescue Plan (ARP) Act, allocated funds may be used to address municipal infrastructure issues in four eligible use categories according to the U.S. Department of the Treasury's Final Rule. The four eligible use categories are 1) replacing lost public sector revenue; 2) responding to the public health and economic impacts of COVID-19; 3) premium pay; and 4) investing in water / sewer / broadband infrastructure. Of the \$28.3 Million allocated to the City, 50% was disbursed in June 2021. The remaining 50% will be disbursed to the City in mid- 2022. All funds must be obligated by December 31, 2024, and spent by December 31, 2026.

With the initial disbursement of \$14.1 Million, the City undertook or committed to capital investments in public facilities and water / sewer / broadband infrastructure, community grant programs to address the economic impacts of COVID-19 on businesses and non-profits, investments in local housing stock, and premium pay. Planning for the second disbursement is underway now. The City appreciates the flexibility that these funds have afforded us to address significant budget challenges to the pandemic.

Additional community and economic development projects that are underway in 2022 include:

- Anti-Displacement Learning Network (ADLN) - \$1 Million funding to address causes of housing displacement and homelessness.
 - The rehabilitation of approximately 15 -20 multi-unit properties with outstanding open code violations is planned. Funding is available for up to \$10K per unit for an estimated total of \$40K per property. To facilitate the rehabilitation of these properties, relocation of at-risk residents will be undertaken, along with case management and educational programs.
- Cities Rise Grant (Phase 3 \$1 Million)
 - This grant supports innovation around code enforcement policies in order to improve housing conditions and quality.

CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

- Phase 1 (planning and systems support valued at \$10K) was completed in 2018. The Phase 2 grant of \$80K was completed in 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:
 - the development and implementation of an inspection program for single and multi-family rental properties
 - a loan guarantee program for property repairs, and
 - new investments into the Code Department including vehicles and technology.

The program will also fund ongoing community cleanups.

- 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 2022.
 - Lake Street Pedestrian Bridge (\$0.75M DRI)
 - The rehabilitation of Lake Street Bridge as a pedestrian walkway and bicycle passage promotes waterfront activities and creates a continuous connection to the Mark Twain Riverfront Park and to the future proposed Trail system. It serves as an important connection between the North and South sides of Downtown Elmira, while providing public access to the scenic river landscape. The project, including structural improvements, landscaping, seating nodes, artistic elements, pavement treatments, and high-quality lighting, was completed in late 2021. The landscaping is underway, and is slated to be completed in 2022.
 - 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 August 2022.

CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 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.
- 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, has built a new four-story, 115-unit apartment complex at 667 College Avenue, adjacent to the new LECOM site. All units were completed by December 2021.
- RESTORE NY Funding (\$0.5 Million Restore NY)
 - The City of Elmira was fortunate to receive a Round 5 Restore NY Grant for the rehabilitation of 110 and 114 Baldwin Streets by local developer Jim Capriotti. The project has converted the vacant buildings in the heart of Elmira's downtown and DRI focus area into mixed-use. The developer anticipates that the project will be completed in mid-2022.

CITY OF ELMIRA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 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 provided funding for a staff member to document conditions and the locations of vacant, abandoned, and bank-owned properties. This phase concluded in 2019.
 - The Phase 2 grant of \$0.3 Million continued the funding for a code enforcement officer and additional funding for legal research and title searches on vacant properties. Phase 2 was completed in early Spring 2022.

These projects have benefited the City through the stabilization and increase of our tax roll and our financials.

With 2021's financial performance, the City's General Fund balance has increased to \$6,794,791, consisting of non-spendable fund balance of \$139,643, assigned fund balance of \$821,050, and unassigned fund balance of \$5,737,252. In addition, our bond ratings have been upgraded by Standard and Poors (S&P) Global Ratings to BBB+ with a Positive Outlook. This stronger financial rating has facilitated 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, 2021

	Governmental Activities and Primary Government	Component Unit Elmira Water Board
ASSETS		
Current Assets		
Cash and Cash Equivalents, Unrestricted	\$ 6,326,089	\$ 5,999,802
Cash and Cash Equivalents, Restricted	5,271,315	1,373,907
Investments, Unrestricted	150,785	-
Investments, Restricted	900,314	-
Due from State and Federal Governments	7,373,837	-
Due from Other Governments	3,351,715	-
Other Receivables, Net	1,289,701	1,397,369
Loans and Mortgages Receivable, Current Portion	514,374	-
Prepaid Expenses	139,643	308,147
Inventory, Net	-	646,328
Total Current Assets	25,317,773	9,725,553
Noncurrent Assets		
Restricted Cash and Cash Equivalents	12,246,165	-
Investments, Unrestricted	4,340	-
Investments, Restricted	3,348,260	-
Loans and Mortgages Receivable, Long-Term Portion	2,124,590	-
Capital Assets, Non-Depreciable	734,637	533,012
Other Capital Assets, Net of Accumulated Depreciation	60,320,526	33,643,848
Total Noncurrent Assets	78,778,518	34,176,860
Total Assets	104,096,291	43,902,413
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Defeased Debt	155,185	5,574
Other Postemployment Benefits	12,455,898	340,550
Pensions	16,285,064	2,235,260
Total Deferred Outflows of Resources	28,896,147	2,581,384

See Notes to Financial Statements

CITY OF ELMIRA

STATEMENT OF NET POSITION (CONTINUED) DECEMBER 31, 2021

	Governmental Activities and Primary Government	Component Unit Elmira Water Board
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 3,005,118	\$ 117,646
Accrued Liabilities	2,837,318	73,909
Unearned Revenue	6,268,689	-
Due to Other Governments	8,457	-
Interest Payable	319,691	20,160
Current Portion of Long-Term Liabilities:		
Pension Obligations	51,615	-
Bonds and Lease Payable	3,114,455	447,309
Workers' Compensation Liability	21,307	-
Compensated Absences	-	347,430
Total Current Liabilities	15,626,650	1,006,454
Noncurrent Liabilities		
Other Postemployment Benefits Liability	50,615,583	2,232,636
Bonds and Lease Payable	22,811,537	2,042,518
Pension Obligations	801,983	-
Workers' Compensation Liability	405,674	-
Net Pension Liability	4,430,050	9,111
Unearned Revenue	12,232,544	-
Compensated Absences	2,757,966	400,992
Total Noncurrent Liabilities	94,055,337	4,685,257
Total Liabilities	109,681,987	5,691,711
DEFERRED INFLOWS OF RESOURCES		
Pensions	16,477,978	2,686,220
Other Postemployment Benefits	5,788,947	24,124
Total Deferred Inflows of Resources	22,266,925	2,710,344
NET POSITION		
Net Investment in Capital Assets	35,284,356	31,687,033
Restricted	3,140,221	321,990
Unrestricted (Deficit)	(37,381,051)	6,072,719
Total Net Position	\$ 1,043,526	\$ 38,081,742

See Notes to Financial Statements

CITY OF ELMIRA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Component Unit Elmira Water Board	
	Expenses	Charges for Services	Operating Grants and Contributions			Capital Grants and Contributions
FUNCTIONS/PROGRAMS						
Governmental Activities and Primary Government						
General Governmental Support	\$ 4,343,849	\$ 453,330	\$ -	\$ -	\$ (3,890,519)	\$ -
Public Safety	22,041,938	1,822,631	228,298	-	(19,991,009)	-
Transportation	4,385,791	254,058	218,160	10,650,863	6,737,290	-
Economic Assistance and Opportunity	1,393,778	-	865,750	-	(528,028)	-
Culture and Recreation	1,163,276	7,732	-	81,133	(1,074,411)	-
Home and Community Services	4,638,469	3,256,281	4,014,240	-	2,632,052	-
Interest on Debt	936,692	-	-	-	(936,692)	-
Total Governmental Activities	\$ 38,903,793	\$ 5,794,032	\$ 5,326,448	\$ 10,731,996	(17,051,317)	-
Component Unit						
Elmira Water Board	\$ 7,724,817	\$ 8,953,058	\$ -	\$ -	-	1,228,241
Total Component Units	\$ 7,724,817	\$ 8,953,058	\$ -	\$ -	-	1,228,241
GENERAL REVENUES						
Real Property Taxes					16,048,964	-
Real Property Tax Items					631,830	-
Nonproperty Tax Items					6,313,498	-
Utilities Gross Receipts Tax					288,898	-
Franchise Taxes					350,284	-
Use of Money and Property					154,237	10,999
Sale of Property and Compensation for Loss					251,489	-
Miscellaneous Local Sources					530,079	-
(Loss) on Disposal of Assets					-	30,111
State Sources					5,666,179	-
Total General Revenues					30,235,458	41,110
Change in Net Position					13,184,141	1,269,351
Net Position (Deficit) - Beginning					(12,140,615)	36,812,391
Net Position - Ending					\$ 1,043,526	\$ 38,081,742

See Notes to Financial Statements

CITY OF ELMIRA

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2021

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Fund Special Grant Fund	Capital Projects Fund		
ASSETS					
Cash and Cash Equivalents - Unrestricted	\$ 6,104,088	\$ -	\$ -	\$ 221,863	\$ 6,325,951
Cash and Cash Equivalents - Restricted	12,343,011	296,553	4,835,897	42,019	17,517,480
Temporary Investments - Unrestricted	30,098	-	-	-	30,098
Temporary Investments - Restricted	-	900,314	-	3,348,260	4,248,574
Due from Other Funds	256,231	10,887	-	52,927	320,045
Due from State and Federal Governments	70,471	4,238,538	3,064,828	-	7,373,837
Due from Other Governments	3,351,715	-	-	-	3,351,715
Other Receivables, Net	568,447	717,909	-	3,345	1,289,701
Loans Receivable, Net	-	2,638,964	-	-	2,638,964
Prepaid Expenses	139,643	-	-	-	139,643
Total Assets	\$ 22,863,704	\$ 8,803,165	\$ 7,900,725	\$ 3,668,414	\$ 43,236,008
LIABILITIES					
Accounts Payable	\$ 719,249	\$ 149,378	\$ 2,134,281	\$ 2,210	\$ 3,005,118
Accrued Liabilities	2,830,665	-	-	6,653	2,837,318
Due to Other Funds	46,200	149,489	124,356	-	320,045
Due to Other Governments	8,457	-	-	-	8,457
Unearned Revenue	12,464,342	5,921,668	-	115,223	18,501,233
Total Liabilities	16,068,913	6,220,535	2,258,637	124,086	24,672,171
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	2,638,964	-	1,000	2,639,964
FUND BALANCES					
Nonspendable	139,643	-	-	3,348,260	3,487,903
Restricted	96,846	-	5,642,088	52,929	5,791,863
Assigned	821,050	-	-	142,139	963,189
Unassigned	5,737,252	(56,334)	-	-	5,680,918
Total Fund Balances	6,794,791	(56,334)	5,642,088	3,543,328	15,923,873
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 22,863,704	\$ 8,803,165	\$ 7,900,725	\$ 3,668,414	\$ 43,236,008

See Notes to Financial Statements

CITY OF ELMIRA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2021

Total Governmental Fund Balances		\$ 15,923,873
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.</p>		
Land and Construction in Progress	\$ 734,637	
Depreciable Capital Assets	131,668,305	
Accumulated Depreciation	<u>(71,347,779)</u>	61,055,163
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
		2,639,964
<p>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.</p>		
		125,165
<p>The City's proportion of the collective net pension liability is not reported in the funds.</p>		
		(4,430,050)
<p>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.</p>		
Deferred Charges on Defeased Debt	\$ 155,185	
Deferred Outflows of Resources - Pensions	16,285,064	
Deferred Outflows of Resources - OPEB	12,455,898	
Deferred Inflows of Resources - Pensions	(16,477,978)	
Deferred Inflows of Resources - OPEB	<u>(5,788,947)</u>	6,629,222
<p>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.</p>		
Other Postemployment Benefits Liability	\$ (50,615,583)	
Accrued Interest on Long-Term Debt	(319,691)	
Pension Obligations	(853,598)	
Workers' Compensation Liability	(426,981)	
Compensated Absences	<u>(2,757,966)</u>	(54,973,819)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds Payable		<u>(25,925,992)</u>
Net (Deficit) of Governmental Activities		<u>\$ 1,043,526</u>

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, 2021

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Fund Special Grant Fund	Capital Projects Fund		
REVENUES					
Real Property Taxes	\$ 15,647,365	\$ -	\$ -	\$ -	\$ 15,647,365
Real Property Tax Items	1,033,429	-	-	-	1,033,429
Nonproperty Tax Items	6,952,680	-	-	-	6,952,680
Departmental Income	4,542,352	68,655	-	153,695	4,764,702
Intergovernmental Charges	798,893	-	-	-	798,893
Use of Money and Property	73,488	833	592	79,938	154,851
Licenses and Permits	279,126	-	-	-	279,126
Fines and Forfeitures	98,486	-	-	-	98,486
Sale of Property and Compensation for Loss	154,142	-	-	-	154,142
Miscellaneous Local Sources	185,185	-	-	344,894	530,079
Interfund Revenues	212,537	-	-	-	212,537
State Sources	6,816,543	150,759	3,472,071	-	10,439,373
Federal Sources	2,064,493	1,960,832	7,259,925	-	11,285,250
Total Revenues	38,858,719	2,181,079	10,732,588	578,527	52,350,913
EXPENDITURES					
General Governmental Support	3,207,050	-	-	99,915	3,306,965
Public Safety	13,090,969	-	-	2,229	13,093,198
Transportation	1,224,704	-	-	-	1,224,704
Economic Assistance and Opportunity	1,026,069	148,724	-	-	1,174,793
Culture and Recreation	701,420	-	-	-	701,420
Home and Community Services	1,715,092	2,015,966	-	291,516	4,022,574
Employee Benefits	10,961,534	-	-	17,272	10,978,806
Debt Service:					
Principal	838,828	-	-	2,644,320	3,483,148
Interest	298,875	-	-	844,667	1,143,542
Capital Outlay	-	-	12,675,021	-	12,675,021
Total Expenditures	33,064,541	2,164,690	12,675,021	3,899,919	51,804,171
Excess of Revenues (Expenditures)	5,794,178	16,389	(1,942,433)	(3,321,392)	546,742
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	-	-	-	3,583,837	3,583,837
Interfund Transfers (Out)	(3,523,897)	-	-	(59,940)	(3,583,837)
Premium on Obligations	-	-	-	674,863	674,863
Proceeds of Obligations	-	-	3,975,766	6,442,000	10,417,766
Payment to Escrow Agent	-	-	-	(7,016,948)	(7,016,948)
Total Other Financing Sources (Uses)	(3,523,897)	-	3,975,766	3,623,812	4,075,681
Net Change in Fund Balances	2,270,281	16,389	2,033,333	302,420	4,622,423
Fund Balances (Deficit), Beginning	4,524,510	(72,723)	3,608,755	3,240,908	11,301,450
Fund Balances (Deficit), Ending	\$ 6,794,791	\$ (56,334)	\$ 5,642,088	\$ 3,543,328	\$ 15,923,873

See Notes to Financial Statements

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, 2021

Net Change in Fund Balances - Total Governmental Funds **\$ 4,622,423**

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	\$ 12,779,175	
Depreciation Expense	(4,125,828)	
Net Book Value of Disposed Assets	(56,348)	8,596,999

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. (206,670)

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	\$ (10,417,766)	
Principal Payments	2,644,320	
Payment to Escrow Agent	7,016,948	(756,498)

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 (17,315)

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 receipt of new premiums and the amortization of premiums received in previous years.

Premium on Obligations	\$ (674,863)	
Amortization of Bond Premiums	109,728	(565,135)

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	\$ 114,437	
Compensated Absences	(187,258)	
Pension Obligations	890,443	817,622

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	\$ 245,034	
OPEB	447,642	692,676

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. 39

Change in Net Position of Governmental Activities **\$ 13,184,141**

See Notes to Financial Statements

CITY OF ELMIRA

STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2021

	<u>Self- Insurance Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 138
Temporary Investments - Unrestricted	<u>125,027</u>
Total Assets	<u>125,165</u>
NET POSITION	
Unrestricted	<u>125,165</u>
Total Net Position	<u><u>\$ 125,165</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, 2021

	<u>Self- Insurance Fund</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	\$ 39
Total Nonoperating Revenues	<u>39</u>
Change in Net Position	<u>39</u>
Total Net Position, Beginning	<u>125,126</u>
Total Net Position, Ending	<u><u>\$ 125,165</u></u>

See Notes to Financial Statements

CITY OF ELMIRA

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Self- Insurance Fund</u>
Cash Flows From Operating Activities	
Payments from (to) Other Funds	\$ -
Net Cash Provided (Used) by Operating Activities	<u>-</u>
Cash Flows From Investing Activities	
Interest Income Received	39
Purchase of Investments	<u>(125,027)</u>
Net Cash Provided (Used) by Investing Activities	<u>(124,988)</u>
Net Change Cash and Cash Equivalents	<u>(124,988)</u>
Cash and Cash Equivalents, Beginning	<u>125,126</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 138</u></u>
Reconciliation of Income From Operations to Net Cash Provided (Used) by Operating Activities:	
Gain (Loss) from Operations	<u>\$ -</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ -</u></u>

See Notes to Financial Statements

CITY OF ELMIRA

STATEMENT OF NET POSITION FIDUCIARY FUND DECEMBER 31, 2021

	Custodial Funds
ASSETS	
Cash and Cash Equivalents - Unrestricted	<u>\$ 60,888</u>
Total Assets	<u><u>\$ 60,888</u></u>
LIABILITIES	
Other Liabilities	<u>\$ 60,888</u>
Total Liabilities	<u>60,888</u>
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	<u>-</u>
Total Liabilities and Net Position	<u><u>\$ 60,888</u></u>

See Notes to Financial Statements

CITY OF ELMIRA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Fire and Police Deposits	\$ 49,248
Other Deposits	<u>7,296</u>
Total Additions	<u>56,544</u>
DEDUCTIONS	
Fire Insurance Tax	<u>56,544</u>
Total Deductions	<u>56,544</u>
Excess of Additions (Deductions)	<u>-</u>
Net Position, Beginning of Year	<u>-</u>
Net Position, End of Year	<u><u>\$ -</u></u>

See Notes to Financial Statements

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

***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, 2021

***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, 2021

***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, 2021. 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, 2021

***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, 2021

***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.

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.
- 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.
- 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, 2021

***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, 2021

***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, 2021

***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, 2021

***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, 2021

***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, 2021

***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, 2021

***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 police seizure and cemetery maintenance funds, aggregated, and reported in the Miscellaneous Special Revenue Fund, Police Seizure Fund, and Permanent Fund.
- 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, 2021

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

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position 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 Statement of Net Position 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, 2021, the Government-Wide Statement of Net Position had an unrestricted deficit net position of \$37,381,051. 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, 2021, the Special Grant Fund had a deficit fund balance of \$56,334. 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, 2021

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, 2021 was \$22,969,372.

Total financial institution (bank) balances for the discretely presented component unit at December 31, 2021 were as follows:

Component Unit	Bank Balances	Carrying Value
Elmira Water Board	Unavailable	\$ 7,373,709

Investments are stated at cost plus accrued interest.

The following investments are held by the City:

Investments	Cost	Fair Value	Description
General Fund	\$ 30,098	\$ 30,098	Certificate of Deposit
Special Grant Fund	900,314	900,314	Certificate of Deposit
Self Insurance Fund	125,027	125,027	Certificate of Deposit
Permanent Fund	2,908,343	3,348,260	See Below
Total	\$ 3,963,782	\$ 4,403,699	

The Woodlawn Cemetery Commission maintains a non-expendable Permanent Fund, which is reported as a Non-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.

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

Note 3 Cash and Investments - Continued

The City has the following recurring fair value measurements as of December 31, 2021:

<u>Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Level</u>
Cash, Money Market Funds, and Government Obligations	\$ 90,517	\$ 90,517	(1)
Certificates of Deposit	1,055,439	1,055,439	(2)
Equities	988,139	1,429,282	(1)
Mutual Funds	<u>1,829,687</u>	<u>1,828,461</u>	(1)
Total	<u>\$ 3,963,782</u>	<u>\$ 4,403,699</u>	

Restricted Cash and Investments

City of Elmira

Restricted cash and investments include:

<u>Restricted</u>	<u>Cash</u>	<u>Investments</u>
Insurance Reserve	\$ 96,846	\$ -
Coronavirus State and Local Fiscal Recovery Funds	12,246,165	-
Home and Community	338,572	-
Debt Service	6,729	-
Capital Projects	4,829,168	-
Cities Rise		900,314
Subtotal	<u>17,517,480</u>	-
Cemetery Maintenance	-	<u>3,348,260</u>
Total	<u>\$ 17,517,480</u>	<u>\$ 4,248,574</u>

Elmira Water Board

Restricted cash represents unspent note proceeds and funds set aside for future capital expenditures, debt service, and retirement or postemployment benefit contributions. Certain restricted cash funds are restricted by grantors or by law through the Water Board's charter. At December 31, 2021 restricted cash totaled \$1,373,907, of which \$321,990 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, 2021:

Water System Improvement Fund	\$ 40,355
New York State Employee's Retirement Reserve Fund	404,045
Employee Benefit Reserve Fund	147,147
Capital Reserve Fund	281,635
Debt Service Fund	<u>500,725</u>
Total	<u>\$ 1,373,907</u>

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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.

Note 5 Due From State and Federal Government

Due from state and federal governments at December 31, 2021 are as follows:

Highway Project Reimbursements	\$ 3,064,828
Community Development Block Grant	2,625,010
LEAD Hazard Grant	804,435
Home Investment Partnership Program	809,093
Other	<u>70,471</u>
Total	<u><u>\$ 7,373,837</u></u>

Note 6 Capital Assets

A summary of changes in the City's capital assets at December 31, 2021 follows:

Governmental Activities	Balance at 12/31/2020	Additions	Deletions/ Reclassifications	Balance at 12/31/2021
Non-Depreciable Capital Assets				
Land	\$ 734,637	\$ -	\$ -	\$ 734,637
Total Non-Depreciable Capital Assets	<u>734,637</u>	<u>-</u>	<u>-</u>	<u>734,637</u>
Depreciable Capital Assets				
Buildings	14,044,782	-	-	14,044,782
Improvements	3,667,670	47,988	-	3,715,658
Machinery and Equipment	16,407,536	248,713	(444,638)	16,211,611
Infrastructure	85,213,780	12,482,474	-	97,696,254
Total Depreciable Capital Assets	<u>119,333,768</u>	<u>12,779,175</u>	<u>(444,638)</u>	<u>131,668,305</u>
Total Historical Cost	<u>120,068,405</u>	<u>12,779,175</u>	<u>(444,638)</u>	<u>132,402,942</u>
Less Accumulated Depreciation				
Buildings	(12,697,822)	(102,970)	-	(12,800,792)
Improvements	(1,358,024)	(148,527)	8,222	(1,498,329)
Machinery and Equipment	(12,716,490)	(643,787)	380,068	(12,980,209)
Infrastructure	(40,837,905)	(3,230,544)	-	(44,068,449)
Total Accumulated Depreciation	<u>(67,610,241)</u>	<u>(4,125,828)</u>	<u>388,290</u>	<u>(71,347,779)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 52,458,164</u></u>	<u><u>\$ 8,653,347</u></u>	<u><u>\$ (56,348)</u></u>	<u><u>\$ 61,055,163</u></u>

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

Note 6 Capital Assets - Continued

Depreciation expense was charged to functions as follows:

Governmental Activities

General Governmental Support	\$ 94,356
Public Safety	396,968
Transportation	3,064,653
Economic Assistance and Opportunity	163,181
Culture and Recreation	305,613
Home and Community Services	101,057

Total	\$ 4,125,828
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A summary of changes in the Elmira Water Board's capital assets follows:

Type	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
Non-Depreciable Capital Assets				
Land	\$ 510,227	\$ -	\$ -	\$ 510,227
Construction in Progress	2,106	244,155	(223,476)	22,785
Total Non-Depreciable Capital Assets	512,333	244,155	(223,476)	533,012
Depreciable Capital Assets				
Source of Supply	4,351,845	-	-	4,351,845
Power and Pumping	4,140,885	3,668	-	4,144,553
Purification and Treatment	16,078,052	47,267	(23,280)	16,102,039
Distribution	36,167,631	627,345	(124,802)	36,670,174
Other	4,392,197	201,384	(84,539)	4,509,042
Total Depreciable Capital Assets	65,130,610	879,664	(232,621)	65,777,653
Less Accumulated Depreciation	(31,136,782)	(1,201,020)	203,997	(32,133,805)
Elmira Water Board Capital Assets, Net	\$ 34,506,161	\$ (77,201)	\$ (252,100)	\$ 34,176,860

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

***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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Summary of Significant Accounting Policies

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.

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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:

	2021	2020	2019
ERS	\$ 472,095	\$ 422,579	\$ 510,106
PFRS	2,666,188	2,648,839	2,337,055
ERS - EWB	412,660	367,218	356,432

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

At December 31, 2021, 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, 2021. 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.

	ERS	PFRS
Actuarial Valuation Date	4/1/2020	4/1/2020
Net Pension Liability	\$ 99,573,957	\$ 1,736,275,954
City's Proportionate Share of the Plan's Total Net Pension Liability	9,042	4,421,008
City's Share of the Net Pension Liability	0.0090807%	0.2546259%
Elmira Water Board's Proportionate Share of the Plan's Total Net Pension Liability	9,111	-
Elmira Water Board's Share of the Net Pension Liability	0.0091497%	-

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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, 2021, the City recognized pension expense of \$171,675 for ERS and \$2,092,393 for PFRS in the Government-Wide financial statements. The Elmira Water Board recognized pension expense of \$171,850 for ERS.

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

	City - ERS	City - PFRS	EWB - ERS
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	\$ 110,427	\$ 980,998	\$ 111,267
Changes in Assumptions	1,662,533	10,861,939	1,675,169
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	56,486	16,036	36,164
City's Contributions Subsequent to the Measurement Date	410,888	2,185,757	412,660
Total Deferred Outflows of Resources	\$ 2,240,334	\$ 14,044,730	\$ 2,235,260
Deferred Inflows of Resources			
Changes in Assumptions	\$ 31,356	\$ -	\$ 31,594
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,597,397	12,999,716	2,617,138
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	53,687	795,822	37,488
Total Deferred Inflows of Resources	\$ 2,682,440	\$ 13,795,538	\$ 2,686,220

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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, 2022. 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>
2022	\$(171,884)	\$ (780,859)	\$ (172,926)
2023	(48,792)	(252,752)	(48,958)
2024	(139,101)	(585,059)	(141,129)
2025	(493,217)	(2,422,893)	(500,607)
2026	-	2,104,998	-
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, 2021	March 31, 2021
Actuarial Valuation Date	April 1, 2020	April 1, 2020
Investment Rate of Return	5.9%	5.9%
Salary Increases	4.4%	6.2%
Cost of Living Adjustments	1.4%	1.4%
Inflation Rate	2.7%	2.7%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Actuarial Assumptions - Continued

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.

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, 2021
Asset Type	
Domestic Equities	4.1%
International Equities	6.3%
Real Estate	5.0%
Private Equities	6.8%
Opportunistic Portfolio/ARC	4.5%
Real Assets	6.0%
Cash	0.5%
Credit	3.6%

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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, 2021

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 5.9%, 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:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
EWB Proportionate Share of the Net Pension Liability	\$ 2,528,786	\$ 9,111	\$ (2,314,619)
City's Proportionate Share of the Net Pension Liability	2,509,711	9,042	(2,297,160)
PFRS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
City's Proportionate Share of the Net Pension Liability	\$ 18,800,618	\$ 4,421,008	\$ (7,481,593)

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:

	Dollars in Thousands	
	ERS	PFRS
Measurement Date	March 31, 2021	March 31, 2021
Employers' Total Pension Liability	\$ 220,680,157	\$ 41,236,775
Plan Net Position	(220,580,583)	(39,500,500)
Employers' Net Pension Liability	\$ 99,574	\$ 1,736,275
Ratio of Plan Net Position to the Employers' Total Pension Liability	99.9%	95.8%

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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, 2021 represent the projected employer contribution for the period of April 1, 2021 through December 31, 2021 based on estimated wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2021 amounted to \$-0- for ERS and \$2,186,768 for PFRS, which is reported within accrued liabilities.

Current Year Activity

The following is a summary of current year activity:

<u>City - ERS</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
Net Pension Liability	\$ 2,281,435	\$ (2,272,393)	\$ 9,042
Deferred Outflows of Resources	(1,751,197)	(489,137)	(2,240,334)
Deferred Inflows of Resources	129,263	2,553,177	2,682,440
Total	\$ 659,501	\$ (208,353)	\$ 451,148

<u>PFRS</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
Net Pension Liability	\$ 13,990,448	\$ (9,569,440)	\$ 4,421,008
Deferred Outflows of Resources	(10,746,087)	(3,298,643)	(14,044,730)
Deferred Inflows of Resources	964,136	12,831,402	13,795,538
Total	\$ 4,208,497	\$ (36,681)	\$ 4,171,816

<u>EWB - ERS</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
Net Pension Liability	\$ 2,357,035	\$ (2,347,924)	\$ 9,111
Deferred Outflows of Resources	(1,782,622)	(452,638)	(2,235,260)
Deferred Inflows of Resources	125,308	2,560,912	2,686,220
Total	\$ 699,721	\$ (239,650)	\$ 460,071

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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.

Changes in short-term debt are as follows:

	Payable at 12/31/2020	Issued	Redeemed	Payable at 12/31/2021
TANs	\$ 4,750,000	\$ -	\$ (4,750,000)	\$ -
Total	\$ 4,750,000	\$ -	\$ (4,750,000)	\$ -

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

Interest Paid	\$ 186,833
Less Interest Accrued in Prior Year	(109,778)
Add Interest Accrued in Current Year	-
Total	\$ 77,055

Note 9 Long Term Debt

Constitutional Debt Limit

At December 31, 2021, the total outstanding indebtedness of the City, including the Elmira Water Board, aggregated to \$26,816,198. Of this amount, \$24,416,066 was subject to the City's constitutional debt limit, and represented approximately 51% 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.

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

Note 9 Long Term Debt - Continued

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: \$853,598; the amortization of the annual retirement system obligation is liquidated in the General Fund.
- 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.

Changes in Long Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

	<u>Payable at 12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Payable at 12/31/2021</u>	<u>Amount Due Within One Year</u>
Bonds	\$ 23,535,320	\$ 10,417,766	\$ (9,537,020)	\$ 24,416,066	\$ 2,870,526
Unamortized Premium	944,791	674,863	(109,728)	1,509,926	243,929
Total Bonds	<u>24,480,111</u>	<u>11,092,629</u>	<u>(9,646,748)</u>	<u>25,925,992</u>	<u>3,114,455</u>
Pension Obligations - §207	905,213	-	(51,615)	853,598	51,615
Pension Obligations - Amortization	818,206	-	(818,206)	-	-
Workers' Compensation Liability	447,603	-	(20,622)	426,981	21,307
Compensated Absences	2,570,708	187,258	-	2,757,966	-
Total	<u>\$ 29,221,841</u>	<u>\$ 11,279,887</u>	<u>\$ (10,537,191)</u>	<u>\$ 29,964,537</u>	<u>\$ 3,187,377</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	\$ (48,252)	\$ (124,248)	\$ 17,315	\$ (155,185)	\$ (41,261)
Total	<u>\$ (48,252)</u>	<u>\$ (124,248)</u>	<u>\$ 17,315</u>	<u>\$ (155,185)</u>	<u>\$ (41,261)</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, 2021

Note 9 Long Term Debt - Continued

Changes in Long Term Liabilities - Continued

During August 2021, the City issued \$6,442,000 in general obligation bonds, with interest rates of 2% to 4%. The City issued the bonds to advance refund the \$6,892,700 of outstanding various general obligation bonds with interest rates ranging from 2% to 5%. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited into an irrevocable trust to provide all future debt service on the refunded portion of the bonds. As a result, the \$6,892,700 in bonds is considered defeased and the liability has been removed from the financials statements. The outstanding principal of the defeased bonds was \$6,892,700 at December 31, 2021.

Summary of Serial Bonds

As of December 31, 2021, 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>
2009 Public Improvement	05/2009	05/2022	4.00-4.25%	\$ 210,000
2014 Public Improvement	04/2014	04/2025	1.00-3.00%	1,090,000
2014 Advance Refunding Bond	03/2014	08/2027	1.75-5.00%	545,000
2015 Public Improvement	05/2015	05/2025	2.00-2.15%	1,243,300
2016 Public Improvement	07/2016	07/2031	3.00-3.25%	2,155,000
2019 Public Improvement	07/2019	07/2033	5.00%	4,470,000
2020 Public Improvement	07/2020	07/2035	5.00%	4,285,000
2021 Advance Refunding Bond	08/2021	05/2029	2.00-4.00%	6,442,000
2021 Public Improvement	07/2021	01/2039	2.00-2.125%	3,975,766
Subtotal Bonds				<u>24,416,066</u>
Add Unamortized Premium				<u>1,509,926</u>
Total Bonds				<u><u>\$ 25,925,992</u></u>

Interest expense on long term debt is calculated as follows:

Interest Paid	\$ 956,709
Plus Amortization of Deferred Charges on Defeased Debt	17,315
Less Amortization of Premium	(109,728)
Less Interest Accrued in Prior Year	(324,350)
Add Interest Accrued in Current Year	<u>319,691</u>
Total	<u><u>\$ 859,637</u></u>

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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, 2021:

Year	Serial Bonds		Total Serial Bonds
	Principal	Interest	
2022	\$ 2,870,526	\$ 868,149	\$ 3,738,675
2023	2,736,820	779,612	3,516,432
2024	2,826,880	689,536	3,516,416
2025	2,421,240	594,050	3,015,290
2026	1,882,200	512,212	2,394,412
2027-2031	7,248,400	1,595,880	8,844,280
2032-2036	3,655,000	418,306	4,073,306
2037-2039	775,000	32,292	807,292
Total	\$ 24,416,066	\$ 5,490,037	\$ 29,906,103

Year	Pension Obligations - §207		Workers' Compensation		Total Pension and Workers' Compensation Amortization
	Principal	Interest	Principal	Interest	
2022	\$ 51,615	\$ -	\$ 21,307	\$ 12,557	\$ 85,479
2023	51,615	-	21,955	11,909	85,479
2024	51,615	-	22,623	11,241	85,479
2025	51,615	-	23,311	10,553	85,479
2026	51,615	-	24,020	9,844	85,479
2027-2031	242,110	-	131,514	37,806	411,430
2032-2036	184,390	-	152,769	16,551	353,710
2037-2041	169,023	-	29,482	466	198,971
Total	\$ 853,598	\$ -	\$ 426,981	\$ 110,927	\$ 1,391,506

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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, 2021:

	<u>Year Ended 12/31/2021</u>		
	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Balance at 12/31/2021</u>
Bond payable in annual installments varying from \$105,000 to \$110,000 through November 2024 plus interest varying from 4.795% to 4.865%, payable semi-annually.	\$ 4,557	\$ 100,000	\$ 320,000
Bond payable in annual installments varying from \$120,000 to \$155,000 through August 2027 plus interest varying from 2.75% to 5.00%, payable semi-annually (Refinanced in 2014).	35,294	120,000	810,000
Bond payable in annual installments varying from \$35,000 through November 2024 plus interest varying from 6.13% to 6.18%, payable semi-annually (Refinanced in 2012).	2,010	30,000	105,000
Refunded bond payable in annual installments varying from \$78,000 to \$96,000 through May 2029 plus interest of 4.00%, payable semi-annually.	5,260	-	697,000
Refunded bond payable in annual installments varying from \$30,600 to \$36,600 through May 2027 plus interest varying from 2.00% to 4.00%, payable semi-annually.	1,481	-	201,000
Bond payable in annual installments varying from \$51,640 to \$54,560 through May 2025 plus interest varying from 2.00% to 2.13%, payable semi-annually.	4,870	51,180	211,700
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.	3,884	25,835	55,432
Total Principal and Interest	<u>\$ 57,356</u>	<u>\$ 327,015</u>	
Total Bonds Payable			2,400,132
Unamortized Bond Premium			89,695
Less Current Portion			<u>(447,309)</u>
Total			<u>\$ 2,042,518</u>

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

Note 9 Long Term Debt - Continued

Elmira Water Board Long Term Debt - Continued

A summary of changes in noncurrent liabilities is as follows:

	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
Bonds	\$ 2,829,680	\$ 898,000	\$ (1,382,980)	\$ 2,344,700
Bond Premium	-	89,695	-	89,695
Capital Lease	81,267	-	(25,835)	55,432
Total	\$ 2,910,947	\$ 987,695	\$ (1,408,815)	\$ 2,489,827

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

	2021
Current Portion	\$ 447,309
Noncurrent Portion	2,042,518
Total	\$ 2,489,827

A summary of maturing debt service requirements follows:

	Bonds		
Year	Principal	Interest	Total
2022	\$ 447,309	\$ 92,263	\$ 539,572
2023	456,543	76,168	532,711
2024	443,120	56,827	499,947
2025	308,760	37,808	346,568
2026	267,800	25,639	293,439
Thereafter	476,600	23,377	499,977
Total	\$ 2,400,132	\$ 312,082	\$ 2,712,214

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

***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, 2021, 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>
Total	<u><u>312</u></u>

Total OPEB Liability

The City's total OPEB liability of \$50,615,583 was measured on January 1, 2021 and determined by an actuarial valuation as of January 1, 2020.

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

***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	2.12%
Salary Scale	3.00%
Rate of Inflation	2.12%
Marital Assumption	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	6.5% for 2021, decreasing to an ultimate rate of 3.94% for 2090 and later years

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 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.

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 (June 2019)."

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, 2021

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2020	\$ 46,828,660
Changes for the Year	
Service Cost	1,795,737
Interest Cost	1,304,135
Changes of Benefit Terms	(1,825,018)
Differences Between Expected and Actual Experience	-
Changes in Assumptions	4,568,490
Benefit Payments	(2,056,421)
Net Change	3,786,923
Balance at December 31, 2021	\$ 50,615,583

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

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:

	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB Liability	\$ 59,543,033	\$ 50,615,583	\$ 43,706,154

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:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 42,367,086	\$ 50,615,583	\$ 61,580,657

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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, 2021, the City recognized OPEB expense of \$1,587,515.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,703,830	\$ 4,464,709
Changes in Assumptions or Other Inputs	8,716,911	1,324,238
Contributions Subsequent to Measurement Date	2,035,157	-
Total	\$ 12,455,898	\$ 5,788,947

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

Fiscal Year Ending December 31,	Amount
2022	\$ 312,661
2023	312,661
2024	1,349,733
2025	1,946,769
2026	709,970
2027 and Thereafter	-

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 46,828,660	\$ 3,786,923	\$ 50,615,583
Deferred Outflows of Resources	(10,573,491)	(1,882,407)	(12,455,898)
Deferred Inflows of Resources	8,141,105	(2,352,158)	5,788,947
Total	\$ 44,396,274	\$ (447,642)	\$ 43,948,632

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

***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 \$2,232,636 as of December 31, 2021. The total OPEB liability at December 31, 2021 was measured at January 1, 2021 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	2.12%
Salary Scale	3.00%
Rate of Inflation	2.40%
Healthcare Cost Trend Rate	6.50% 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, 2021

Note 11 Interfund Activity

Individual fund balances as of December 31, 2021 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
Governmental Funds				
Major Funds:				
General Fund	\$ 256,231	\$ 46,200	\$ -	\$ 3,523,897
Special Grant Fund	10,887	149,489	-	-
Capital Projects Fund	-	124,356	-	-
Non-Major Funds	<u>52,927</u>	<u>-</u>	<u>3,583,837</u>	<u>59,940</u>
Total	<u>\$ 320,045</u>	<u>\$ 320,045</u>	<u>\$ 3,583,837</u>	<u>\$ 3,583,837</u>

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, 2021

Note 12 Fund Balances

Fund Balance Detail

At December 31, 2021, nonspendable, restricted, and assigned fund balances in the governmental funds were as follows:

	General Fund	Capital Projects Fund	Non-Major Funds
Nonspendable			
Prepaid Expenses	\$ 139,643	\$ -	\$ -
Permanent Fund Principal	-	-	3,348,260
Total Non-Spendable Fund Balance	\$ 139,643	\$ -	\$ 3,348,260
Restricted			
Insurance Reserves	\$ 96,846	\$ -	\$ -
Capital Projects	-	5,642,088	-
Other Restricted Fund Balance	-	-	46,200
Debt	-	-	6,729
Total Restricted Fund Balance	\$ 96,846	\$ 5,642,088	\$ 52,929
Assigned			
Appropriated for Next Year's Budget	\$ 800,000	\$ -	\$ -
Encumbered for:			
Public Safety	6,382	-	-
Transportation	10,561	-	-
Home and Community Services	4,107	-	-
Remaining Fund Balance	-	-	142,139
Total Assigned Fund Balance	\$ 821,050	\$ -	\$ 142,139

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, 2021 of the General Fund restricted reserves were as follows:

General Fund Reserves	Beginning Balance	Additions	Appropriated	Ending Balance
Insurance Reserve	\$ 96,846	\$ -	\$ -	\$ 96,846
Total Restricted Fund Balance	\$ 96,846	\$ -	\$ -	\$ 96,846

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

***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, 2021, this amount totaled \$321,990 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.

***Note 15* Tax Abatements**

For the year ended December 31, 2021, the City was subject to tax abatements negotiated by the Chemung County Industrial Development Agency (IDA) and New York State.

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.

CITY OF ELMIRA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

Note 15 Tax Abatements - Continued

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, 2021 is as follows:

	<u>Tax Value</u>	<u>Amount Received</u>	<u>Taxes Abated</u>
Chemung County IDA			
Economic Development	\$ 348,191	\$ 162,162	\$ 186,029
§581a Program	565,509	162,385	403,124
Total	<u><u>\$ 913,700</u></u>	<u><u>\$ 324,547</u></u>	<u><u>\$ 589,153</u></u>

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 Coronavirus State and Local Fiscal Recovery Funds

During 2021, the City was the recipient of \$14,135,193 of Coronavirus State and Local Fiscal Recovery Funds as part of the American Rescue Plan. During the year the City earned \$1,902,649, leaving \$12,232,544 of unearned revenue. These funds are accounted for and reported within the General Fund.

Note 18 Subsequent Events

On June 2, 2022, the City issued serial bonds totaling \$2,989,262 at interest rates from 3.375% to 4% to finance various equipment and infrastructure improvements.

CITY OF ELMIRA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Encumbrances	Variance
REVENUES					
Real Property Taxes	\$ 15,850,004	\$ 15,850,004	\$ 15,647,365	\$ -	\$ (202,639)
Real Property Tax Items	461,041	461,041	1,033,429	-	572,388
Nonproperty Tax Items	6,035,000	6,035,000	6,952,680	-	917,680
Departmental Income	4,413,925	4,413,925	4,542,352	-	128,427
Intergovernmental Charges	783,560	783,560	798,893	-	15,333
Use of Money and Property	38,857	38,857	73,488	-	34,631
Licenses and Permits	636,600	636,600	279,126	-	(357,474)
Fines and Forfeitures	100,000	100,000	98,486	-	(1,514)
Sale of Property and Compensation for Loss	11,001	11,001	154,142	-	143,141
Miscellaneous Local Sources	145,000	145,000	185,185	-	40,185
Interfund Revenues	-	-	212,537	-	212,537
State Sources	4,935,818	5,753,841	6,816,543	-	1,062,702
Federal Sources	1,996,917	1,996,917	2,064,493	-	67,576
Total Revenues	35,407,723	36,225,746	38,858,719	-	2,632,973
EXPENDITURES					
General Governmental Support	2,776,781	3,207,050	3,207,050	-	-
Public Safety	13,180,849	13,097,351	13,090,969	6,382	-
Transportation	1,478,877	1,235,265	1,224,704	10,561	-
Economic Assistance and Opportunity	225,231	1,043,254	1,026,069	-	17,185
Culture and Recreation	769,218	701,420	701,420	-	-
Home and Community Services	985,306	1,719,199	1,715,092	4,107	-
Employee Benefits	12,116,469	10,961,534	10,961,534	-	-
Debt Service:					
Principal	29,780	847,981	838,828	-	9,153
Interest	313,698	333,968	298,875	-	35,093
Total Expenditures	31,876,209	33,147,022	33,064,541	21,050	61,431
Excess of Revenues (Expenditures)	3,531,514	3,078,724	5,794,178	(21,050)	2,694,404
OTHER FINANCING SOURCES (USES)					
Interfund Transfers (Out)	(3,981,514)	(3,528,724)	(3,523,897)	-	4,827
Total Other Financing Sources (Uses)	(3,981,514)	(3,528,724)	(3,523,897)	-	4,827
Excess of Revenues and Other Financing Sources over (Expenditures) and Other (Uses)	(450,000)	(450,000)	2,270,281	\$ (21,050)	\$ 2,699,231
Appropriated Fund Balance	450,000	450,000			
Net Change in Fund Balance	\$ -	\$ -	2,270,281		
Fund Balance (Deficit), Beginning			4,524,510		
Fund Balance (Deficit), Ending			\$ 6,794,791		

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service Cost	\$ 1,795,737	\$ 1,268,887	\$ 1,455,758	\$ 1,505,050	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	1,304,135	1,536,265	1,352,520	1,786,296	*	*	*	*	*	*
Changes of Benefit Terms	(1,825,018)	473,641	-	-	*	*	*	*	*	*
Differences Between Expected and Actual Experience	-	2,573,132	-	(12,263,329)	*	*	*	*	*	*
Changes in Assumptions or Other Inputs	4,568,490	5,739,277	(2,531,747)	3,075,760	*	*	*	*	*	*
Benefit Payments	(2,056,421)	(1,927,085)	(1,947,349)	(2,040,240)	*	*	*	*	*	*
	<u>3,786,923</u>	<u>9,664,117</u>	<u>(1,670,818)</u>	<u>(7,936,463)</u>	*	*	*	*	*	*
Total OPEB Liability - Beginning	<u>46,828,660</u>	<u>37,164,543</u>	<u>38,835,361</u>	<u>46,771,824</u>	*	*	*	*	*	*
Total OPEB Liability - Ending	<u>\$ 50,615,583</u>	<u>\$ 46,828,660</u>	<u>\$ 37,164,543</u>	<u>\$ 38,835,361</u>	<u>\$ 46,771,824</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 12,380,982	\$ 11,273,138	\$ 13,581,624	\$ 10,858,870	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	409%	415%	274%	358%	*	*	*	*	*	*
Discount Rate	2.12%	2.74%	4.10%	3.44%						

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 2.12%.

** 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

CITY OF ELMIRA

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Employees' Retirement System										
Contractually Required Contribution	\$ 472,095	\$ 422,579	\$ 510,106	\$ 485,777	\$ 691,934	\$ 967,005	\$ 868,141	\$ 947,134	\$ 1,185,963	\$ 1,099,263
Contributions in Relation to the Contractually Required Contribution	(472,095)	(422,579)	(510,106)	(485,777)	(691,934)	(967,005)	(868,141)	(947,134)	(1,185,963)	(1,099,263)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
City's Covered Employee Payroll	5,425,266	5,034,574	4,600,088	4,492,889	5,279,293	4,428,674	4,911,729	4,923,439	6,619,513	6,577,716
Contributions as a Percentage of Covered Employee Payroll	8.7%	8.4%	11.1%	10.8%	13.1%	21.8%	17.7%	19.2%	17.9%	16.7%
Police and Fire Retirement System										
Contractually Required Contribution	2,666,188	2,648,839	2,337,055	2,313,204	2,478,784	2,379,966	2,221,609	1,557,403	2,430,186	1,946,896
Contributions in Relation to the Contractually Required Contribution	(2,666,188)	(2,648,839)	(2,337,055)	(2,313,204)	(2,478,784)	(2,379,966)	(2,221,609)	(1,557,403)	(2,430,186)	(1,946,896)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
City's Covered Employee Payroll	9,694,111	9,587,652	9,721,225	9,503,939	9,645,059	9,649,224	9,746,611	10,150,265	9,647,130	9,557,784
Contributions as a Percentage of Covered Employee Payroll	27.5%	27.6%	24.0%	24.3%	25.7%	24.7%	22.8%	15.3%	25.2%	20.4%

See Notes to Required Supplementary Information

CITY OF ELMIRA

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

	2021	2020	2019	2018	2017	2016	2015
Employees' Retirement System							
City's Proportion of the Net Pension Liability	0.0090807%	0.0086153%	0.0092558%	0.0089123%	0.0129363%	0.0181458%	0.0184513%
City's Proportionate Share of the Net Pension Liability	\$ 9,042	\$ 2,281,435	\$ 655,806	\$ 287,638	\$ 1,215,527	\$ 3,014,544	\$ 623,330
City's Covered Employee Payroll During the Measurement Period	2,764,158	2,656,498	2,618,184	2,547,382	4,079,676	4,900,635	4,944,661
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.33%	85.88%	25.05%	11.29%	29.79%	61.51%	12.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
Police and Fire Retirement System							
City's Proportion of the Net Pension Liability	0.2546259%	0.2617514%	0.2781440%	0.2746841%	0.2852966%	0.3135428%	0.3048065%
City's Proportionate Share of the Net Pension Liability	\$ 4,421,008	\$ 13,990,448	\$ 4,664,651	\$ 2,776,389	\$ 5,913,205	\$ 9,283,335	\$ 839,009
City's Covered Employee Payroll During the Measurement Period	9,691,825	9,693,873	9,777,551	9,412,735	9,722,501	9,624,798	10,112,051
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	45.62%	144.32%	47.71%	29.50%	60.82%	96.45%	8.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%

See Notes to Required Supplementary Information

CITY OF ELMIRA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

***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, 2021.

***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.

CITY OF ELMIRA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

***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, 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, 2020 actuarial valuation.

Changes of Assumptions

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, ERS and 6.2% PFRS, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

2020: 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.

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: 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.

CITY OF ELMIRA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

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

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2019 actuarial valuation determines the employer rates for contributions payable in fiscal year 2021. 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	4.2% in ERS, 5.0% 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.
Active Member Decrements	Based upon FY 2011-2015 experience
Pensioner Mortality	Gender/Collar specific tables based upon FY 2011-2015 experience
Mortality Improvement	Society of Actuaries' Scale MP-2018



**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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 14, 2022. 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*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Elmira Water Board.

Report on 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 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.

Report on 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
June 14, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT 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

Opinion on Each Major Federal Program

We have audited the City of Elmira's (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 14, 2022

CITY OF ELMIRA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor No.	Passed Through to Subrecipients	Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grants				
Entitlement Grants Cluster:				
Community Development Block Grants/ Entitlement Grants				
	14.218	N/A	\$ 157,250	\$ 1,175,408
COVID - Community Development Block Grants/ Entitlement Grants				
	14.218	N/A	357,075	357,075
Total Community Development Block Grants Entitlement Grants Cluster				
			514,325	1,532,483
Home Investment Partnerships Programs				
	14.239	N/A	-	220,702
Lead Based Paint Hazard Control Program				
	14.900	N/A	-	334,923
Total U.S. Department of Housing and Urban Development				
			514,325	2,088,108
U.S. Department of Justice				
Passed through Office of Victim Services				
Crime Victim Assistance				
	16.575	C10948GG	-	112,204
Total U.S. Department of Justice				
			-	112,204
U.S. Department of Homeland Security				
Passed through NYS Division of Homeland Security and Emergency Services:				
Assistance to Firefighters Grant				
	97.044	EMW-2018-FO-05772	-	49,640
Total U.S. Department of Homeland Security				
			-	49,640
U.S. Department of Treasury				
COVID State and Local Fiscal Recovery Funds				
	27.027	N/A	-	1,913,404
Total U.S. Department of Treasury				
			-	1,913,404
U.S. Department of Transportation				
Passed Through NYS Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction				
	20.205	D035293	-	1,514,225
Highway Planning and Construction				
	20.205	D036102	-	2,495,261
Highway Planning and Construction				
	20.205	D035294	-	597,035
Highway Planning and Construction				
	20.205	D035504	-	192,546
Highway Planning and Construction				
	20.205	D035708	-	2,460,858
Total Highway Planning and Construction Cluster and U.S. Department of Transportation				
			-	7,259,925
Total Expenditures of Federal Awards			\$ 514,325	\$ 11,423,281

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, 2021

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, 2021 under these programs, reported as part of loans receivable in the City's basic financial statements, are as follows:

Loans Receivable - CDBG	\$ 1,216,541
Loans Receivable - AHC	419,839
Loans Receivable - HOME	<u>1,002,584</u>
Total Loans Receivable	2,638,964
Less: Allowance for Uncollectible Accounts	<u>-</u>
Net Loans Receivable	<u><u>\$ 2,638,964</u></u>

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, 2021

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:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Funds</u>
<u>14.218</u>	<u>Community Development Block Grants - Entitlement Grants Cluster</u>
<u>14.900</u>	<u>Lead Based Paint Hazard Control Program</u>
<u>20.205</u>	<u>Highway Planning and Construction Cluster</u>

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.