

# FINAL OFFICIAL STATEMENT

## NEW ISSUE

## SERIAL BONDS

**RATINGS: UNDERLYING: S&P GLOBAL RATINGS “BBB+” STABLE“ OUTLOOK** See “BOND RATING” herein

**INSURED: S&P GLOBAL RATINGS “AA” STABLE OUTLOOK**

**MOODY’S INVESTORS SERVICE “A2” STABLE OUTLOOK**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.*

*The Bonds will be designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.*

# \$3,975,766

## CITY OF ELMIRA

## CHEMUNG COUNTY, NEW YORK

### GENERAL OBLIGATIONS

CUSIP BASE #: 289587

## \$3,975,766 Public Improvement (Serial) Bonds, 2021

(referred to herein as the “Bonds”)

**Dated: July 15, 2021**

**Due: July 15, 2022-2039**

|      |                     |        |        |     | MATURITIES |                     |        |        |     |      |                     |        |        |     |
|------|---------------------|--------|--------|-----|------------|---------------------|--------|--------|-----|------|---------------------|--------|--------|-----|
| Year | Amount <sup>†</sup> | Rate   | Yield  | CSP | Year       | Amount <sup>†</sup> | Rate   | Yield  | CSP | Year | Amount <sup>†</sup> | Rate   | Yield  | CSP |
| 2022 | \$ 185,766          | 2.000% | 0.300% | ZX8 | 2028       | \$ 210,000          | 2.000% | 1.150% | A56 | 2034 | \$ 235,000*         | 2.000% | 1.800% | B30 |
| 2023 | 185,000             | 2.000  | 0.400  | ZY6 | 2029       | 210,000             | 2.000  | 1.300  | A64 | 2035 | 245,000*            | 2.000  | 1.900  | B48 |
| 2024 | 190,000             | 2.000  | 0.550  | ZZ3 | 2030       | 215,000*            | 2.000  | 1.400  | A72 | 2036 | 250,000*            | 2.000  | 2.000  | B55 |
| 2025 | 195,000             | 2.000  | 0.700  | A23 | 2031       | 220,000*            | 2.000  | 1.500  | A80 | 2037 | 250,000*            | 2.000  | 2.050  | B63 |
| 2026 | 200,000             | 2.000  | 0.850  | A31 | 2032       | 225,000*            | 2.000  | 1.600  | A98 | 2038 | 260,000*            | 2.000  | 2.100  | B71 |
| 2027 | 205,000             | 2.000  | 1.000  | A49 | 2033       | 230,000*            | 2.000  | 1.700  | B22 | 2039 | 265,000*            | 2.125  | 2.150  | B89 |

\* The Bonds are subject to redemption prior to maturity in the years 2030-2039 as described herein under the heading “THE BONDS – Optional Redemption” herein.

\*\* The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (See “APPENDIX – F, BOND INSURANCE AND SPECIMEN BOND INSURANCE POLICY” herein).



The Bonds are general obligations of the City of Elmira, Chemung County, New York (the “City”), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See “THE BONDS - Nature of the Obligation” and “TAX LEVY LIMITATION LAW” herein.

The Bonds will be issued as registered bonds and, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which, will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof except for a necessary odd denomination maturing in 2022 which is or includes \$5,766. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable semi-annually on January 15 and July 15 in each year until maturity commencing January 15, 2022. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about July 15, 2021.

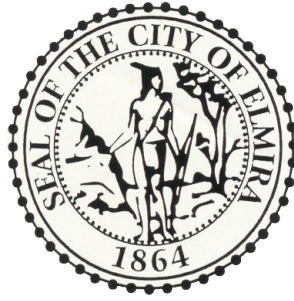
June 29, 2021

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE DISTRICT DATED JUNE 23, 2021 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER, THE REVISION OF THE SECTION ENTITLED “RATING”, THE INCLUSION OF “APPENDIX-F” AND THE REVISION OF THE DATED DATE ON PAGE 41, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

# BAIRD

# CITY OF ELMIRA

## CHEMUNG COUNTY, NEW YORK



### OFFICIALS AND ADVISORS

DANIEL J. MANDELL, JR.  
Mayor

#### THE COUNCIL

NICHOLAS J. GRASSO  
JOSEPH H. DUFFY  
TORY M. KITCHING

BRENT A. STERMER  
MARK A. FRANCHI  
NANETTE M. MOSS

#### CITY OFFICIALS

P. MICHAEL COLLINS  
City Manager

CHARMAIN CATTAN  
City Chamberlain

ANGELA J. WILLIAMS  
City Clerk

JOHN J. RYAN, JR., ESQ.  
Counsel



FISCAL ADVISORS & MARKETING, INC.  
City Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under “APPENDIX F – Bond Insurance and Specimen Municipal Bond Insurance Policy”.

No person has been authorized the City to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT  
OF THE  
CITY OF ELMIRA  
CHEMUNG COUNTY, NEW YORK**

**Relating To**

**\$3,975,766 Public Improvement (Serial) Bonds, 2021**

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Elmira, Chemung County, New York (the “City,” “County,” and “State,” respectively), in connection with the sale by the City of \$3,975,766 principal amount of Public Improvement (Serial) Bonds, 2021 (referred to herein as the “Bonds”).

The factors affecting the City’s financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Bonds and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the City’s overall economic situation and outlook (and all of the specific City-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “COVID-19,” herein.

**THE BONDS**

**Description of the Bonds**

The Bonds will be dated and delivered July 15, 2021 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption."

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for a necessary odd denomination maturing in 2022 which is or includes \$5,766. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable semi-annually on January 15 and July 15 in each year until maturity commencing January 15, 2022. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof except for a necessary odd denomination maturing in 2022 which is or includes \$5,766 and the City will act as paying agent. The Bonds may not be converted into coupon bonds or be registered to bearer.

**Optional Redemption**

The Bonds maturing on or before July 15, 2029 shall not be subject to redemption prior to maturity. The Bonds maturing on or after July 15, 2030 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the City on July 15, 2029 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the Director of Finance. Notice of such call for redemption shall be given by mailing such notice to the registered holders not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

## Purposes of Issue

The Bonds are issued pursuant to the Constitution and statutes of the State including among others, the Local Finance Law and a various City bond ordinances as follows:

| <u>PURPOSE:</u>   | <u>Authorization</u> |               |
|---|----------------------|---------------|
|   | <u>Date</u>          | <u>Amount</u> |
| PAVE NY (NYSDOT) / Streets Program                      | 05/24/21             | \$ 703,966    |
| N. Main Street Bridge Rehabilitation                    | 05/24/21             | 335,600       |
| Purchase of Body Armor                                  | 05/24/21             | 6,500         |
| Sidewalk Improvements                                   | 05/24/21             | 35,000        |
| Park Improvements                                       | 05/24/21             | 90,000        |
| Golf Course Equipment                                   | 05/24/21             | 75,000        |
| Centertown Parking Garage Improvements                  | 05/24/21             | 146,000       |
| Tree removal at the Golf Course                         | 05/24/21             | 50,000        |
| Bridge Improvements                                     | 05/24/21             | 10,000        |
| Storm Sewers and Culvert Maintenance                    | 05/24/21             | 60,000        |
| Building Improvements                                   | 05/24/21             | 425,000       |
| Woodlawn Paving Project                                 | 05/24/21             | 20,000        |
| Fire Headquarters/Station 3 paving back lot             | 05/24/21             | 90,000        |
| Traffic Signal Improvements including control boxes     | 05/24/21             | 21,600        |
| LED Street Lighting and Fuses                           | 05/24/21             | 65,000        |
| Sound System Improvements-Dunn Field                    | 05/24/21             | 45,000        |
| Fire Department Equipment                               | 05/24/21             | 48,000        |
| Garage Inspection for capital improvements              | 05/24/21             | 35,000        |
| Truck Purchases   | 05/24/21             | 1,150,000     |
| VMS sign replacement                                    | 05/24/21             | 15,000        |
| Purchase of Woodlawn Equipment-mowers                   | 05/24/21             | 15,000        |
| Purchase of Fire Department Truck                       | 05/24/21             | 300,000       |
| Purchase of EMS Vehicle                                 | 05/24/21             | 40,000        |
| Purchase of EMS Vehicle                                 | 05/24/21             | 50,000        |
| Purchase of Various Computer Equipment                  | 05/24/21             | 91,100        |
| Purchase of Various Equipment, including police weapons | 05/24/21             | 53,000        |
| Total:  |                      | \$ 3,975,766  |

The proceeds of the Bonds will provide \$3,975,766 in new monies for the aforementioned purposes.

## Nature of the Obligation

Each of the Bonds when duly issued and paid for will constitute a contract between the City and the holder thereof.

Holders of any series of notes or bonds of the City may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the City has power and statutory authorization to levy ad valorem taxes on all real property within the City subject to such taxation by the City, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the City’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the City’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the City of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the City to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

## BOOK-ENTRY-ONLY SYSTEM

If requested, DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE CITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

### **Certificated Bonds**

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof, except for a necessary odd denomination maturing in 2022 which is or includes \$5,766. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the City upon termination of the book-entry-only system. Interest on the Bonds will be payable semi-annually on January 15 and July 15 in each year until maturity commencing January 15, 2022. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date of the Bonds. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the Director of Finance authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

## **THE CITY**

### **General Information**

The City, which is the County Seat for the County of Chemung, is located in the south-central part of the County, surrounded on three sides by the Town of Elmira. It is in the Southern Tier of New York and is a short distance north of the Pennsylvania state line. It is the principal city of the 'Elmira, New York Metropolitan Statistical Area' which encompasses the County of Chemung. The City has a total area of 7.57 square miles, of which, 7.3 square miles is land and 0.27 square miles is water.

The Elmira-Chemung County metropolitan area is a gateway to the Finger Lakes region and is the focal point of industry, business and recreation in the "Twin Tiers" area which is comprised of the New York Counties of Chemung, Steuben, Schuyler and Tioga and the Pennsylvania Counties of Bradford and Tioga. The City lies near the heart of a "Technology Triangle" which is bounded by the Cities of Binghamton (55 miles to the East), Corning (18 miles to the West) and Ithaca (36 miles to the North). In addition, the City falls within the "Ceramic Corridor" which begins in the City and goes west through the City of Corning to the Town of Alfred.



## Population Trends

| <u>Year</u>      | <u>Population</u> |
|------------------|-------------------|
| 1980             | 35,327            |
| 1990             | 33,724            |
| 2000             | 30,940            |
| 2010             | 29,200            |
| 2018 (estimated) | 27,695            |
| 2019 (estimated) | 27,054            |

Although the population of the City has declined, recent rates of decline are comparable to cities with similar demographic characteristics.

Source: U.S. Census Bureau; 2014-2019 American Community Survey 5-Year Estimates.

## Form of City Government

The City began as the Village of Newtown in 1815. In 1828, the name was changed to Elmira. The City was incorporated in 1864, and its original charter was adopted by the New York State Legislature as Chapter 139 of the Laws of 1864. In 1934, the City adopted the City Manager form of government.

The governing body is the Council, composed of a Mayor who is elected at-large and six Council members who are elected by the electors of their respective legislative districts. Historically, the Mayor and Council members served two-year terms. Starting in 2007, resident voters elected a Mayor and Council members for a four-year term commencing January 1, 2008 through December 31, 2011. This change provided stability in government operations and allows for long-range planning and project implementation.

The City Manager serves at the pleasure of the Council. The Corporation Counsel and the City Chamberlain serve at the pleasure of the City Manager. The Council appoints the City Clerk for a four-year term, and appoints the City Assessor for a six-year term. The Police Chief and Fire Chief are appointed by the City Manager for indefinite terms under the regulations and rules of Civil Service.

## Elmira Water Board

The Elmira Water Board (“EWB”) is a municipal water department and a body corporate established by Chapter 535 of the Laws of 1950 which provides water service to much of the County, including the City, and is a separate corporate entity under the Charter of the City. The Charter provides that all real property owned by EWB shall be held in the name of the City. The executive body of the EWB, which manages operations of the Board, consists of five commissioners elected by residents of the City. Indebtedness of the EWB is issued through the City and is general obligation debt of the City. Increases in rates and revenues from water sales are expected to offset any future debt service or operational expense increases.

The Charter of the City of Elmira (the “Charter”) states:

“The water department of the City of Elmira shall consist of a board of five water commissioners to be known as the “Elmira Water Board” which shall be a body corporate and in that name may sue and be sued...”

The Charter further provides that “profits or surplus” resulting from the operation of the water works system may be used by the City for general municipal purposes provided the City Council submits a request to the EWB within a designated time period established by the Charter. Since 2012 the City Council has submitted an annual request to share in the EWB’s “profits or surplus”. Each year the EWB has denied the request. In 2014, the City commenced a legal action against the EWB seeking a judicial determination that the EWB was legally obligated to share its “profits or surplus” with the City. The action is presently pending, and discovery is being conducted.

Operating revenues of EWB 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 inter-fund transfers from other funds are components of non-operating income. EWB is an Enterprise Fund of the City of Elmira. 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.

*Water Board Statement of Activities and Change in Net Position*

**FISCAL YEARS ENDING DECEMBER**

| <b><u>31<sup>ST</sup>:</u></b>   | <b><u>2015</u></b>  | <b><u>2016</u></b>  | <b><u>2017</u></b>  | <b><u>2018</u></b>  | <b><u>2019</u></b>  |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Revenues:  |                     |                     |                     |                     |                     |
| Water Sales  | \$ 8,655,335        | \$ 8,588,098        | \$ 8,380,159        | \$ 8,460,373        | \$ 8,163,530        |
| Other Revenue  | 467,152             | 461,312             | 501,841             | 545,366             | 641,767             |
| Total Revenue  | 9,122,487           | 9,049,410           | 8,882,000           | 9,005,739           | 8,805,297           |
| Total Operating Expenses   | 6,892,824           | 6,964,115           | 7,607,816           | 7,732,282           | 7,694,262           |
| Operating Revenues Over Expenses                                       | 2,229,663           | 2,085,295           | 1,274,184           | 1,273,457           | 1,111,035           |
| Non-Operating Revenues (expenses)                                      |                     |                     |                     |                     |                     |
| Interest Income  | 591                 | 503                 | 596                 | 1,508               | 22,260              |
| Interest Expense   | (199,347)           | (153,064)           | (138,131)           | (125,442)           | (116,302)           |
| Other Income/(expense)   | (13,850)            | (176,616)           | (35,057)            | 69,331              | (10,032)            |
| <b>Change in Net Position</b>  | <b>2,017,057</b>    | <b>1,756,118</b>    | <b>1,101,592</b>    | <b>1,218,854</b>    | <b>1,006,961</b>    |
| Cost Effect of New Accounting Principle<br>(Implementation of GASB 75) | -                   | -                   | -                   | (939,963)           | -                   |
| <b>Net Position at End of Year</b>                                     | <b>\$32,097,142</b> | <b>\$33,853,260</b> | <b>\$34,954,852</b> | <b>\$35,233,743</b> | <b>\$36,240,704</b> |

Source: 2015 through 2019 audited financial statements of the Elmira Water Board. This table itself is not audited.

See also “LITIGATION” section herein for additional information regarding an Environmental Protection Agency directed remediation project.

## **Education**

The Elmira City School District (the “District”) serves approximately 6,500 students from the City and major portions of the Towns of Southport, Elmira, Ashland, Chemung and Baldwin. The District operates as a separate governmental entity with its own taxing authority. The District’s mission emphasizes self-motivation and an education that fosters the students’ ability to make knowledgeable and responsible career and academic choices. The District includes 11 schools: 4 primary elementary schools serving Pre-K-2; 4 intermediate elementary schools serving grades 3-6; 1 middle school serving grade 7; 1 middle school serving grades 8-9; and 1 high school serving grades 10-12. Its Early Childhood Program offers all-day kindergarten and pre-school. The District is considered a small city school district and all of its schools are Title I schools. The District mission is “The Elmira City School District is a dynamic and innovative learning organization dedicated to developing learners of character who value their educational experience and can compete globally and contribute locally by collaborating with students, families, and community partners to provide meaningful opportunities in a safe and engaging environment for all.” In 2000, the District began an \$88 million capital improvement project to modernize and expand facilities and also improve accessibility. Completed buildings have large, modern libraries, bright classrooms and cafeterias. Safety has also been improved with video cameras, door sensors and limited visitor entry at all schools. The technology infrastructure of the district has been upgraded and improved as a result of the “Districtwide Technology 2014” project, upgrading building-to-building speeds to 10gb and improving security, management, and maintenance of the network. The 2018-2021 Goals and Objectives of the Technology Project include providing standardized computer-based instruction and assessment to ensure the preparedness of all students for computer-based testing, and the students’ college- and career-readiness for the 21<sup>st</sup> century.

### *Charter School*

In fall 2015, Elmira’s first public charter school, Finn Academy opened its doors to students for the first time serving initial grades K-3 and 214 students. Since then, additional classes have been added, and now include fourth through sixth grades.

### *Religious Schools*

The Holy Family Catholic Schools serve students from Pre-Kindergarten through Grade 6. Class sizes are limited to 25 students and certified teachers follow teaching guidelines set forth by the New York State Department of Education.

## *Elmira College*

Elmira College is a private, coeducational college established in 1855 as Elmira Female College. Elmira Female College was the nation's first higher educational institution that granted degrees to women equivalent to those granted by male-only colleges in the mid-1800s. Elmira College has changed dramatically since its founding. Today, Elmira College is a non-sectarian, four-year liberal arts college offering undergraduate programs leading principally to the Bachelor of Arts degree. It also offers various associate degrees and a Master of Science degree in education. Through its continuing education program, the college offers a variety of programs on a full and part time basis. Elmira College is one of the world's leading centers commemorating Mark Twain (Samuel Clemens). The college offers a specialized degree in Mark Twain Studies and hosts conferences and lecture series regarding Mark Twain. Furthermore, in April 2021, Elmira College and Elmira native Tommy Hilfiger have announced a partnership to open Tommy Hilfiger Fashion Business School, offering a concentration and a minor in fashion marketing and fashion merchandising. Tommy and siblings Andy and Betsy are working together with the school in this new endeavor. The program is scheduled to start in Fall 2021.

## *Lake Erie College of Osteopathic Medicine*

In July 2019, the New York State Board of Regents granted approval to Lake Erie College of Osteopathic Medicine (LECOM) to open a medical school in Elmira, NY. This makes Elmira one of only 180 cities in the United States with a medical school. LECOM eventually expects to accommodate up to 480 students at its Elmira campus. In addition, LECOM and Elmira College have entered into an agreement whereby LECOM annually will admit to its first year medical school a designated number of Elmira College graduates meeting LECOM's admission standards. LECOM invested nearly \$20 million into the 49,000 square foot project and received a \$3 million grant under the NYS Regional Economic Development Award program. Construction of LECOM's facilities was completed in Spring 2020, and classes began in July 2020. The City is not aware of any impact that COVID19 may have had on LECOM's plans.

## **Health Care**

St. Joseph's Hospital celebrated 100 years of services to the community in 2008. Over 125 medical and technical professionals serve 275 beds. Established in 1888, Arnot-Ogden Medical Center is a non-denominational, nonprofit institution with 296 beds. In late 2006, New York State's Berger Commission issued recommendations as part of an attempt to control health-care costs to hospitals and medical providers statewide. One of the recommendations was that the Arnot-Ogden Medical Center and St. Joseph's Hospital merge. After months of talks between the two hospitals, State Health Commissioner Richard F. Daines announced in November 2007, that he had accepted the hospitals' agreement to establish primary care clinics, possibly at each hospital, to serve Medicaid patients and to use standardized, high-quality treatment practices. Arnot-Ogden Medical Center and St. Joseph's announced in January 2011 that they signed a formal integration agreement to consolidate into a regional healthcare system serving the communities of the Twin Tiers region of New York and Pennsylvania.

The Elmira Psychiatric Center, which employs 320 persons, is a 64-bed facility operated by the State. Chemung County operates a nursing facility which employs about 232 persons and has 200 beds. Additionally, there are over 160 doctors and dentists practicing in the City with a wide range of specialties.

## **Recreation, Entertainment and Culture**

### *Parks*

The City is in the southern part of the Finger Lakes region and is within easy travel of all the Finger Lakes, the closest of which is Seneca Lake, 25 miles away. The area is rich in cultural history and entertainment experiences. City residents enjoy a wide variety of recreational options. The City has 23 parks totaling approximately 203 acres. Eldridge Park, the largest City Park comprised of 57 acres, has recently been transformed into destination for the region with the restoration of the Eldridge Park Carousel and Dance Hall. This effort was initiated by local dentist, Robert Lyon. His efforts were successful in raising more than \$1.5 million, excluding volunteer labor and donations, to undertake the restoration activities. Additional information on the effort can be obtained at [www.eldridgepark.us](http://www.eldridgepark.us). City residents have nearby access to two County Parks and one State Park. One of the County Parks is the location of the world-famous Harris Hill Soaring Site. A visitor can fly in a sailplane, visit the Soaring Museum and take in Harris Hill Park. It has an Olympic-sized pool, miniature golf, go-cart rides, driving range, family picnic areas, and a small amusement park.

The City has also taken a renewed interest in improving its City parks. Since 2010, the Department of Community Development has been working with Arnot-Ogden, St. Joseph's, the Chemung County Health Department and 30 other services providers on a "Creating Healthy Places" Initiative which is being funded by a New York State Department of Health grant. During the five years of this grant, an additional \$300,000 was provided to the City to upgrade playground equipment and amenities at City parks. The City has also utilized Community Development Block Grant (CDBG) and Community Foundation funds as well as \$140,000 from the NYS Office of Parks, Recreation, and Historic Preservation. The focus of these improvements has been to provide playground equipment and park amenities that appeal to more than one age demographic. The revitalization of City parks has enhanced the quality of Elmira's neighborhoods.

## *Promenade Project*

Over the last 5 years, the City of Elmira has worked with the Elmira-Chemung Transportation Council, the Metropolitan Planning Organization (MPO) to develop plans for a multi-use vehicular and pedestrian corridor known as the Promenade Project. The location of the Promenade Project is under and directly adjacent to the Norfolk Southern Railway viaduct extending from Water Street north to Second Street. The main objectives of this project are to transform the viaduct into an attractive and unified welcoming corridor through the City, improve pedestrian infrastructure in the urban core of the downtown district, and improve facilities for both pedestrian and vehicular access. The Elmira Promenade project which resulted in a \$2 million investment in the heart of downtown utilizing Federal Transportation Enhancement funds, created a functional space with pedestrian amenities. Construction on the project began in April 2010 and was completed by Fall 2011. This project which runs adjacent to the Steele Memorial Public Library has motivated the library to look at ways they can enhance the exterior of their facility and utilize the Promenade for programming.

## *Chemung River Master Plan*

The City, in cooperation with the five towns and villages bordering the Chemung River in Chemung County completed a Chemung River Comprehensive Master Plan (the “Master Plan”) in 2008, funded by a Quality Communities Grant and prepared by Haas Landscape Architects. A preliminary draft of the Master Plan was presented to the Community in summer/fall 2007 and a final presentation was made on January 17, 2008. The City also received a State grant through the Local Waterfront Revitalization Program which has enabled two or three of the projects identified in the Master Plan to be designed for construction. Projects that were designed utilizing these funds include the final design and construction documents for Chase-Hibbard Dam Portage Project and the preliminary re-design of Mark Twain Riverfront Park located in the heart of downtown along Water Street. This is consistent with the City’s Comprehensive Master Plan which noted, *“This River is a very important underutilized natural, cultural and economic resource for the City. Significant opportunities exist to make the River a key recreational and open space link to the downtown, residential neighborhoods and the outlying communities.”* Additionally, the Downtown Revitalization Initiative (DRI) has identified as a priority to pursue the construction of some of the design elements from the Mark Twain Riverfront Park re-design. Construction on the Chase-Hibbard Dam Portage was completed in June 2012 and a ribbon cutting was held. This portage will enable paddlers to safely maneuver around the dam in downtown Elmira.

A non-profit, Friends of the Chemung River Watershed, exists to revitalize the Chemung River and assist municipalities in the implementation of projects contained within the Chemung River Comprehensive Master Plan. The Friends of the Chemung River Watershed organization remains a committed and active partner.

## *Lake Street Pedestrian Bridge*

The Lake Street Bridge was constructed in 1960 and has been closed to vehicular and pedestrian traffic since March 2011 due to structural concerns. The City of Elmira applied for and was successfully awarded \$3,132,000 in Transportation Enhancement funding to rehabilitate the bridge to accommodate pedestrians, bicycles, and other non-motorized users. This project was identified in the City’s Comprehensive Master Plan and as a priority project within the Downtown Revitalization Initiative Strategic Investment Plan. The project was awarded \$750,000 of DRI funding. The rehabilitation of Lake Street Bridge as a pedestrian walkway and bicycle passage will open up access to the Chemung River as a viable economic and recreational resource. The project 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 includes structural improvements, landscaping, seating nodes, artistic elements, pavement treatments, and high-quality lighting. Design development has been completed and construction is underway.

## *First Arena and the Elmira Enforcers*

First Arena, a regional sports and entertainment facility, located in the City’s downtown area, was completed in 2000 and became home to the Elmira Jackals Professional Hockey team. For the team’s first seven seasons in the First Arena, the Elmira Jackals played in the United Hockey League (UHL), notably winning the Franchise of the Year award in 2000 and winning the Eastern Conference Championships in 2002 and 2004. Due to changes in the UHL, most of the teams in the league were based in the mid-west, requiring extensive travel and costs for the team. Commencing with the 2007/2008 season, the Elmira Jackals became members of the prestigious East Coast Hockey League (ECHL). Attendance during the six seasons averaged over 3,000 per game. First Arena has two NHL sized ice pads with spectator seating for 4,000 in the main rink area. In concert mode, the venue seats approximately 5,500 and includes twenty-eight luxury suites, a restaurant, a café, and retail space. First Arena hosts family entertainment events, sporting events and trade shows. In 2013, the First Arena and Elmira Jackals were acquired from Michigan-based Mostafa Afr by local business owners Tom Freeman and Nate Cook. During 2014, significant updates were made to the facility including a \$1.5 million state-of-the art scoreboard that can show slow-motion instant replay. Ownership has since transferred to the Chemung County Industrial Development Agency, who has been working to secure a buyer for the facility and identify a new hockey team, as the Elmira Jackals are no longer playing there. In November 2018, Robbie Nichols, a local businessman and experienced sports entrepreneur, signed on to manage First Arena and bring in a new ice hockey franchise, the Elmira Enforcers. The team plays in the Federal Prospects Hockey League.

## *The Elmira Pioneers Baseball Team*

The Elmira Pioneers baseball team competes in the 12-team, New York Collegiate Baseball League (NYCBL). Teams from all over New York State play at the Pioneers Dunn Field, 4,200 seat stadium. The City is responsible for maintaining the field and stadium and receives a share of the proceeds from operations of the team. Dunn Field is named after Edward Joseph Dunn, a developer and businessman who donated the land for the field to the City. Earl Weaver once managed in what was at the time the longest recorded game in professional baseball history at Dunn Field. Dunn Field is a classic old ballpark featuring a covered grandstand, individual seats, box seats, a concourse with vintage pictures of past Elmira baseball players who played in the Major Leagues, and a picnic area. The view from the stadium features mountains, trees and the Chemung River, making it a relaxing and enjoyable atmosphere in which to watch a ballgame and spend time with family. Since July 2013, Elmira College's baseball team has been playing their home games at Dunn Field. Robbie Nichols, who manages First Arena and the Elmira Enforcers, also leases Dunn Field and manages the Elmira Pioneers.

## *Other Clubs, Organizations and Attractions*

There are many other clubs and organizations in or near the City that cover a wide variety of interests ranging from playing the bagpipes to personal health maintenance. For outdoor sports enthusiasts, City anglers fish for many varieties including brook trout and muskies. Diverse wildlife and vegetation also provide a year-round attraction. Golfers have more than 170 holes to play at courses in and around Elmira including the Elmira Country Club, the Corning Country Club, and the City-owned Mark Twain Golf Course (a Donald Ross designed course).

The City is the center of cultural activity in the County. One major attraction is the Clemens Center which opened in 1925 as a vaudeville stage, was transformed in the 1940s to a modern movie house. It continued operation as a movie house until 1976 when it was slated for demolition by the Elmira Urban Renewal Agency as part of the City's 1972 Flood Recovery Effort. In an effort to save the theatre, a group of citizens raised money to renovate it as a state of the art regional performing arts center. It has received several upgrades since. In 1987, Mandeville Hall, a 2,500 square foot theatre was added. In 1999, the Clemens Center undertook a massive renovation that included expansion of the lobby, adding additional elevators, improving the heating, air conditioning and electrical systems of Powers Theatre, creating a more distinctive image with the use of exterior signage and lighting. The Clemens Center completed a \$19 million renovation to make it more competitive to attracting major productions. The main stage in Powers Theater was expanded from 32' to 45' in order to accommodate large-scale touring productions, update the building technology and enlarge the orchestra pit. The majority of the local businesses deem the Clemens Center to be the "jewel of the community", a quality of life attraction that assists them in recruiting employees to the area. The Clemens Center presents international performing artists covering a broad array of programs including Broadway music tours, symphony orchestras, music groups, theater, dance and comedy. Since 1977, the Clemens Center has hosted nine hundred professional performances for over 800,000 patrons and played host to over 2,000 community performances and events. The Clemens Center re-opened the newly renovated Powers Theatre in October 2008 with performances of the Broadway hit *Mama Mia*. Recent Broadway series performances have included noteworthy shows such as *Rent* (2016-2017 season), *A Chorus Line* (2017-2018), *Jersey Boys* (2018-2019) and *Chicago* (2018-2019). The schedule for 2021-2022 starts in Fall 2021 and includes *Cats*, *An Officer and A Gentleman*, *South Pacific*, and two other Broadway shows.

Other attractions include the Arnot Art Museum, which is the foremost center of the City's activity in the visual arts, with changing exhibits of masterpieces from the fourteenth to the twentieth century. The Watson Gallery at Elmira College provides many excellent art shows of both area and national artists. The Chemung County Historical Society offers visitors an opportunity to explore many outstanding exhibits of historical interest in the County. In addition, many area residents participate in activities sponsored by the Elmira Little Theater, Community Arts of Elmira, the Community Concert Association, and the Elmira Choral and Symphony Association.

Mark Twain (Samuel L. Clemens) spent many years of his life and wrote many of his books in the City. In 1869, he became engaged to Olivia Langdon, an Elmira native. One year later, Mark Twain and Olivia were married in the parlor of the Langdon home in the City. For over twenty summers, Mark Twain and Olivia lived at Quarry Farms, a Langdon family home. The Langdon family home was willed to Olivia's sister, Susan Crane. Susan and her husband built Mark Twain his own study for writing solitude just a short distance from their home. It was there that Mark Twain wrote such famous works as *The Adventures of Tom Sawyer*; *The Adventures of Huckleberry Finn*; *Life on the Mississippi*; *A Connecticut Yankee in King Arthur's Court*; *The Prince and the Pauper*; *A Tramp Abroad*; and many short pieces. Mark Twain died in April 1910 and is buried in a public family plot in Woodlawn Cemetery. His legacy continues to this day and the City is a major historical attraction for Twain enthusiasts and passing visitors. His famous study is now located on the Elmira College campus. Trained student guides provide daily tours through the summer and by appointment during the winter. Also located in Elmira College is the Mark Twain Exhibit in Hamilton Hall. It houses Mark Twain-related photographs and memorabilia. A unique bronze statue erected on the Elmira College campus commemorates the special role of the City in Mark Twain's life. Also buried in Woodlawn Cemetery are veterans of the Civil and Spanish American Wars; World Wars I and II; the Korean and Vietnam conflicts; and Union and Confederate soldiers. The Steele Memorial Library and its various branches, operated by Chemung County, serve City residents.

The Wings of Eagles Warplane Museum is an educational institution founded to collect, preserve, interpret, and exhibit military aviation memorabilia and to fly military aircraft. The Wings of Eagles Warplane Museum honors the men and women who made sacrifices in defense of their country and in the preservation of world freedom. The National Warplane Museum recently relocated to the Airport Corporate Park. Construction of a new National Warplane Museum facility, a \$2,500,000 project, was completed in 1998. Approximately 80,000 people visit the facility each year. The National Warplane Museum sponsors many events throughout the year including an annual air show.

The Elmira Trolley is a sixty-minute narrated tour of the City. The Elmira Trolley tours the largest neighborhood of Victorian homes, Civil War History, Mark Twain Study and Elmira College.

## **Highways**

### *Southern Tier Expressway/ Interstate-86*

New York State is in the process of converting Route 17 to Interstate 86. This conversion will literally put the Elmira Standard Metropolitan Statistical Area (SMSA) “on the map”. In 2000, a large section of the Southern Tier Expressway (New York Route 17) from a point near Erie, Pennsylvania to just west of the City was converted to interstate highway status as Interstate-86 (I-86). The final design stage of the project from Elmira to Chemung (encompassing approximately 6.5 miles) was completed in 2009 and construction was completed in 2011. Local leaders feel that the completion of I-86 represents the economic future of the Southern Tier. Southern Tier Economic Growth (STEG), the economic development agency for Chemung County responsible for recruiting new business and industry to the area, reports that invariably the first question they hear is how far Elmira is from an interstate interchange. In the past, the fact that the area was not served by an interstate highway frequently ended these conversations. Now STEG keeps these conversations going with information about the interstate. Interstate road access also makes it easier for tourists to enjoy local attractions such as the National Soaring Museum, the National Warplane Museum, state parks, and regional wineries.

### *Route 15 Corridor*

Route 15 is the connecting link between the Southern Tier Expressway and the Appalachian Development Highway System in Pennsylvania. Scheduled improvements and renovations of this corridor are near completion. The improvements are expected to further enhance efficient movement of goods and supplies to and from the City’s industrial base.

### *Commuter Transit*

Local bus transportation is provided by the Chemung County Transit System. A new transportation center opened in 1998. Coach USA provides bus transportation for out-of-town destinations. Coach USA had naming rights for the new Sports and Entertainment Center built in downtown Elmira, formerly known as the Coach USA Center. The Coach USA Center was officially renamed First Arena on October 1, 2003.

### *Air Transportation*

Air transportation is provided by the County-owned Elmira Corning Regional Airport (“ELM”) which continues to lead the way in improving the quality of life for residents throughout the area. ELM is a major influence on the region's economic development strategy and has been the catalyst in bringing new business opportunities to the region. ELM is the only Airport in the Southern Tier with an 8,000-foot runway that can accommodate nearly every commercial aircraft that is currently in operation. From 2005 to 2015, ELM led the State in passenger boardings. Today, ELM can still accommodate as many passengers as the greater Binghamton Airport and the Ithaca Airport combined. ELM continues to offer five Delta flights to Detroit every day and non-stop service through Allegiant Airlines to both Orlando and Tampa, Florida. Allegiant flights from ELM continue to be extremely successful and because of the high load factor, they are adding more daily flights to both destinations. In addition, Allegiant offers seasonal service to Punta Gorda, FL and Myrtle Beach, SC. By January 2020, Allegiant retired their aging fleet of McDonnell Douglas passenger planes and converted to an all-Airbus fleet, and these large jets are in service at ELM.

ELM has undergone significant renovations totaling \$61 million dollars. The upgrades include a 25 percent increase in airport passenger space, two new jet bridges, 300 more parking spaces, a 3,000-square foot bar and restaurant which includes state-of-the-art passenger amenities. The terminal project received \$40 million in State funding. The remaining \$18 million came in the form of Federal Aviation Administration grant funding and Passenger Facility Charges. The project was completed in October 2018.

## *Railroads*

Railroads continue to serve an important purpose to businesses in the City. Rail lines run on the North and South sides of the City. Regional railroad service is provided by Norfolk Southern, the North Susquehanna and Western, and Canadian Pacific (Delaware and Hudson). Six daily freight connections provide hauling to New York City, Hoboken, NJ and Chicago. Several sites adjacent to the railway are being prepared by Edger Enterprises Inc. for development including a spur at the entrance to the City from I-86.

## *High Speed Broadband*

The City of Elmira will be able to benefit from expanded access to high speed broadband connectivity thanks to Southern Tier Network. Southern Tier Network is a not-for-profit Local Development Corporation (LDC) established to build and manage a \$12.2 million regional fiber optic backbone that will enable access to high speed broadband connectivity in Chemung, Schuyler and Steuben counties. Construction began in the spring of 2012 on the 235-mile optical fiber backbone and it was completed on January 15, 2014. This is a project that Southern Tier Regional Planning and Development Board has been spearheading. The mission is to address the broadband needs of un-served areas in the community, facilitate improved services in underserved areas and enhance the overall telecommunications services for the Southern Tier Region. The optical fiber backbone will be open to any viable entity for use in supporting the creation and delivery of technologies and services and will serve as a catalyst for economic development within the City and region. This project will drive new and improved capabilities and make it easier for new telecommunications carriers to get into the area. Construction within the City of Elmira was completed during 2013. The project was funded by Corning Incorporated and the participating counties. Emphasis now is on the “last mile development” and attracting broadband providers to expand the availability of service within the City. As a result, Empire Access has entered the market and is offering business-class fiber optic internet, phone, and security service in the City as an alternative to the legacy service providers.

## **Collective Bargaining Contract Information**

The following table provides a breakdown of the number of City employees represented by collective bargaining agents, the bargaining units that represent them and the dates their agreements expire.

| <u>Number of Employees</u> | <u>Bargaining Unit</u>              | <u>Contract Expiration Date</u> |
|----------------------------|-------------------------------------|---------------------------------|
| 27                         | CSEA                                | 12/31/2022                      |
| 55                         | Firefighters' Local 709             | 12/31/2021 <sup>(1)</sup>       |
| 71                         | Police Benevolent Association (PBA) | 12/31/2023                      |
| 27                         | School Crossing Guards              | 08/31/2022                      |

<sup>(1)</sup> It is anticipated that the Firefighters Local 709 contract negotiations will begin in the late summer of 2021.

Source: City officials.

## **Other Information**

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes for which the Bonds are to be issued, is the General City Law and the Local Finance Law.

The City is in compliance with the procedure for the publication of the estoppel notice with respect to the Bonds as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of this City is past due. On March 15, 2018, an interest payment in the amount of \$27,968.75 was due to be paid to DTC, however, due to a clerical error the City did not make the payment until March 20, 2018, which was five days late.

The fiscal year of the City is the calendar year.

Except for as shown under “STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness” this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

## ECONOMIC DATA

### Major Employers

Some of the major employers located within, or within close proximity to, the City are as follows:

| EMPLOYER                     | EMPLOYEES   | BUSINESS TYPE  | WITHIN CITY  |
|------------------------------|-------------|--|--------------|
| Corning Inc. <sup>(1)</sup>  | 4,500       | Optical Fiber, Components and Ceramic Substrate Mfg. | No           |
| Guthrie Health Care System   | 3,600       | Health Care Services                                 | Some offices |
| Arnot-Ogden Hospital         | 1,322       | Health Care Services                                 | Yes          |
| Elmira City School District  | 1,000-1,499 | Public School  | Yes          |
| Hardinge Brothers, Inc.      | 450-650     | Machine Tool Mfg.                                    | No           |
| St. Joseph's Hospital        | 1,072       | Health Care Services                                 | Yes          |
| County of Chemung            | 1,000-1,499 | Government   | Yes          |
| Elmira Correctional Facility | 500-999     | State Facility                                       | Yes          |
| Anchor Glass Corp.           | 250-499     | Glass Container Mfg.                                 | Yes          |
| City of Elmira               | 200-250     | Government   | Yes          |
| Elmira College               | 462         | Private College                                      | Yes          |
| Kennedy Valve Inc.           | 250-499     | Fire Hydrant Mfg.                                    | Yes          |
| Hilliard Corp.               | 366         | Auto Parts Mfg.                                      | Yes          |
| Trayer Products Inc.         | 100-249     | Auto Parts Mfg.                                      | Yes          |
| F.M. Howell                  | 225         | Manufacturing  | Yes          |

<sup>(1)</sup> Located 18 miles west on I-86.

Source: City officials.

### Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State, and are listed below.

|            | <u>Per Capita Income</u> |                |                | <u>Median Family Income</u> |                |                |
|------------|--------------------------|----------------|----------------|-----------------------------|----------------|----------------|
|            | <u>2000</u>              | <u>2006-10</u> | <u>2015-19</u> | <u>2000</u>                 | <u>2006-10</u> | <u>2015-19</u> |
| City of:   |                          |                |                |                             |                |                |
| Elmira     | \$ 14,495                | \$ 17,399      | \$ 18,207      | \$ 33,592                   | \$ 41,383      | \$ 46,661      |
| County of: |                          |                |                |                             |                |                |
| Chemung    | 18,264                   | 23,457         | 28,778         | 43,994                      | 55,246         | 69,965         |
| State of:  |                          |                |                |                             |                |                |
| New York   | 23,389                   | 30,948         | 39,326         | 51,691                      | 67,405         | 84,385         |

Note: 2016-2020 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2015-2019 American Community Survey data.

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## Unemployment Rate Statistics

The smallest area for which such statistics are available (which includes the City) is Chemung County and the Elmira Metropolitan Statistical Area (the “Elmira MSA”). The information set forth below with respect to the County and the Elmira MSA is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County and the Elmira MSA is necessarily representative of the City, or vice versa.

|                | <u>Annual Average</u> |             |             |             |             |             |             |             |
|----------------|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                | <u>2013</u>           | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| City of Elmira | 10.0%                 | 8.0%        | 7.5%        | 7.5%        | 6.9%        | 6.1%        | 5.5%        | 11.6        |
| Elmira MSA     | 7.9                   | 6.3         | 5.9         | 5.7         | 5.5         | 4.6         | 4.2         | 8.8         |
| Chemung County | 7.9                   | 6.3         | 5.9         | 5.7         | 5.5         | 4.6         | 4.2         | 8.8         |
| New York State | 7.7                   | 6.3         | 5.3         | 4.9         | 4.7         | 4.1         | 4.0         | 10.0        |

|                | <u>2020 Monthly Figures</u> |            |            |            |            |            |
|----------------|-----------------------------|------------|------------|------------|------------|------------|
|                | <u>Jan</u>                  | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> |
| City of Elmira | 10.0%                       | 10.2%      | 9.6%       | 7.9%       | N/A        | N/A        |
| Elmira MSA     | 7.3                         | 7.6        | 6.9        | 6.0        | N/A        | N/A        |
| Chemung County | 7.3                         | 7.6        | 6.9        | 6.0        | N/A        | N/A        |
| New York State | 9.4                         | 9.7        | 8.4        | 7.8        | N/A        | N/A        |

Note: Certain unemployment rates for the months of May and June 2021 are not available as of the date of this Official Statement. Unemployment rates for the foreseeable future are expected to increase substantially over prior periods as a result of the COVID-19 pandemic.

## Economic Development

The City’s economic development strategy is three-fold:

- 1) To maintain and strengthen its economic base;
- 2) To encourage businesses and residents to utilize developable lands within the City; and
- 3) To strengthen the City’s economy by offering economic incentives and assistance for businesses which choose to move to the City.

The success of this strategy primarily rests on the ongoing cooperation among area public and private entities. The City utilizes a unique approach. Instead of competing with adjacent towns and villages for commercial expansion, the City encourages and assists businesses in locating both in and near the City. The City believes the City and region both benefit from business expansion in and near the City. This approach has achieved positive results for both the area and City residents. The City actively participates in several local economic development agencies. Elmira is the eastern anchor of the new I-86 Innovation Corridor Initiative, which extends from Elmira to Hornell. There are twenty-two anchor employers with 10,450 workers within a 15-minute drive of downtown Elmira such as Arnot Health, CAF USA, Chemung Canal Trust Company, Community Bank, Elmira Savings Bank, DeMet’s Candy, Five Star Bank, Guthrie Healthcare, Hardinge, Hilliard Corporation, F.M. Howell, and several others.

A significant development in Economic Development was the announcement in December 2015 by New York State that the Southern Tier Regional Economic Development Council region was one of three winning regions for the Upstate Revitalization Initiative (URI) launched in 2015. The URI commits \$500 million of state economic development resources to the Southern Tier Region for the next five years to assist with up to twenty-percent of significant projects. Additionally, the City of Elmira together with Chemung County submitted a proposal to the Southern Tier Regional Economic Development Council for \$10 million under the Downtown Revitalization Initiative (DRI) in 2016 and it was announced in July 2016 that the City of Elmira was selected as one of the ten DRI communities. Phase 1 of the project was led by the New York State Department of State with participation from Empire State Development and New York State Homes and Community Renewal, the City, a local Planning Committee, and a private sector planning team (Stantec) that was assigned to develop a Strategic Investment Plan. The Strategic Investment Plan was submitted to the State of New York in early March 2017 and the project funding announcement was made on July 5, 2017. Key priority projects identified in the Strategic Investment Plan that received funding include: the West Water Street Mixed-Use Development, funding to invest in privately owned downtown properties, improving downtown zoning, building out Clemens Square, renovating the Lake Street Bridge, renovating the Centertown Parking Garage, and developing a River Boardwalk at Mark Twain Riverfront Park. A total of \$1,550,000 of DRI funding was made available to downtown property owners to make building renovations. This Activate Building Program is being administered by the City’s Department of Community Development and initial project awards were made in April 2018 with projects beginning in the summer of 2018 and extending through December 2021.

## **Elmira Downtown Development, Inc.**

Elmira Downtown Development (“EDD”) is a not-for-profit corporation whose mission is the administration of the City’s 52-block New York State designated Business Improvement District (BID). EDD was formed in 1989 to conform with the major recommendations outlined in the Metropolitan Development Association, Inc. (MDA) report prepared in 1985 to implement a self-sustaining development organization with the sole purpose to encourage growth and development in downtown. EDD plans and manages special events, including concerts, promotions, festivals, holiday celebrations, and a weekly farmers market. EDD hosts an annual Elmira Street Painting Festival which attracts thousands of visitors during a weekend in July to witness the transformation of West Water Street into brilliant works of art enhancements, signage and façade improvements. The EDD office serves as a central communication point between city government officials and downtown constituents, enabling coordinated dissemination of information regarding roadwork, rules and regulations, and special programs. Staff also offers public and media relations assistance and continuing education workshops and seminars to constituents.

Business recruitment responsibilities shifted from EDD to STEG, allowing EDD the opportunity to allocate more time to streetscape improvements through their Operation Green Streets Program, promotional activities and special events.

## **Chemung County Chamber of Commerce**

The Chemung County Chamber of Commerce (“Chamber”) is the County’s official tourism promotion agency. The City and New York State contribute matching funds to the Chamber. The mission of the Chemung County Chamber of Commerce is to represent the business community in the promotion of the prosperity and the quality of life throughout its service area. For 100 years, the Chemung County Chamber of Commerce has been the leading voice of business in the County. Through its efforts in such diverse areas as local, State and Federal legislation, small business concerns tourism promotion and economic development, the Chamber works daily to enhance the economic wellbeing and the quality of life in the County. The Chemung County Chamber of Commerce is one of less than 20 chambers in New York State awarded Accreditation by the United States Chamber of Commerce. This assures that the Chamber meets stringent leadership, program and operational standards set by the national Chamber. The Chamber also sponsors an annual Leadership Chemung Program (designed to develop individuals for future leadership roles in the Chemung County area), Manufacturing Week, Annual Economic Forum, and a Public Affairs Council.

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## Southern Tier Economic Growth, Inc.

Southern Tier Economic Growth, Inc. (“STEG”), a nonprofit corporation, is the primary economic development entity in Chemung County. The Chemung County Industrial Development Agency (“CCIDA”) is STEG’s administrative affiliate. CCIDA is a public benefit corporation. STEG also administers financial incentive programs for the City, such as the City’s Commercial Loan Program (“CCLP”), which assists new and existing businesses in the City with their expansion needs. The CCLP was initially formed by allocating Community Development Block Grant funds (“CDBG”), which the City receives from the U.S. Department of Housing and Urban Development (“HUD”) to the Loan Pool. The revolving loan programs established by the City in 1995 have released loan funds totaling \$4,709,687 in investments to date. This investment has facilitated \$52,083,780 in private investment and created \$699,874.85 of interest income. Since its inception, the revolving loan programs assisted in creating 1,151 full-time and 414 part-time employment positions.

| BUSINESS LOAN PROGRAM |                      |                    |                 |
|-----------------------|----------------------|--------------------|-----------------|
| CONTRIBUTION          | PRIVATE INVESTMENT   | LOAN AMOUNT        | FT JOBS CREATED |
| Pre-2000              | 36,689,429           | 2297,499           | 969             |
| 2000                  | 2,290,000            | 263,000            | 23              |
| 2001                  | 4,620,000            | 645,000            | 60              |
| 2002                  | 309,871              | 83,000             | 19              |
| 2003                  | 776,000              | 216,000            | 22              |
| 2004                  | 60,058               | 20,000             | 1               |
| 2005                  | 1,332,700            | 149,500            | 17              |
| 2006                  | 727,512              | 120,688            | 6               |
| 2007                  | 980,060              | 100,000            | 8               |
| 2008                  | 215,650              | 50,000             | 5               |
| 2009                  | 1,050,000            | 210,000            | 3               |
| 2010                  | 42,000               | 15,000             | 1               |
| 2011                  | 2,225,000            | 330,000            | 6               |
| 2012                  | 160,000              | 30,000             | 1               |
| 2013                  | 250,000              | 30,000             | 2               |
| 2014                  | 0                    | 0                  | 0               |
| 2015                  | 240,000              | 50,000             | 1               |
| 2016                  | 0                    | 0                  | 1               |
| 2017                  | 115,500              | 50,000             | 1               |
| 2018                  | 0                    | 0                  | 0               |
| 2019                  | 0                    | 50,000             | 1               |
| 2020                  | 0                    | 100,000            | 4               |
| <b>Grand Total</b>    | <b>\$ 52,083,780</b> | <b>\$4,809,687</b> | <b>1,151</b>    |

STEG activity for the Loan Program has decreased over time, due mainly to lesser promotion of the program and fluctuations in staff capacity at STEG. Also, STEG and businesses have increasingly utilized funding offered through New York State Empire State Development grants.

The role of STEG was expanded in 2007, to include business recruitment and retention efforts within the City and, in particular, the Central Business District. A portion of the City’s Community Development Block Grant funds are used to fund an Economic Development Specialist whose primary responsibility is urban development and to market the City’s Central Business District. STEG is located in the Commerce Building on East Church Street. The Commerce Building houses the offices of Southern Tier Economic Growth, Inc., the Chemung County Chamber of Commerce, the Chemung County Planning Department, the Elmira-Chemung Transportation Council, and Elmira Downtown Development, Inc. This facility is within one block of both City and County administration offices, further facilitating cooperation among the various economic development partners in the region. STEG welcomed Joseph Roman to the role of president in April 2019.

## **RESTORE NY Grants**

The City has utilized three rounds and nearly \$4 million in Restore NY funds from Empire State Development since 2006 to revitalize downtown properties beginning with the Riverside Suites property located at 231 W. Water Street which turned a vacant property into a mixed-use development with four market rate apartments.

The City was also awarded a \$2.3 million Restore NY grant in the fall of 2008 to rehabilitate three prominent buildings on West Water Street known as the former Rosenbaums, Marvin's and Harold's buildings. These buildings had sat vacant for over 20 years and two of them had undergone substantial deterioration since the grant was awarded in the fall of 2008. Previous developers involved in the project had decided to not move forward due to the national economic downturn and financing difficulties. In July 2014, an emergency situation arose concerning 106-112 W. Water Street (former Rosenbaums) and 114 W. Water Street (former Marvin's building) with the collapse of their roof structures and the front façades. The adjacent Harold's building was also in danger of collapse. The buildings were condemned by the City's Fire Marshal and the City of Elmira had the buildings demolished. The City, STEG, and Chemung County worked collaboratively to identify a redevelopment plan for the site that was consistent with the intent of the Restore NY funding. STEG hired Johnson-Schmidt & Associates Architects to develop a concept for the site which has since been amended by PG West Water Street Inc., who was selected as the project developer. PG West Water Street Inc. substantially completed construction on its new building in 2019. As of 2020, the new market rate apartment building is open to the public with all 52 apartments fully rented and an extensive waitlist. Additionally, commercial space has been rented to Wells Fargo, Labella Associates, and a coffee shop and café. The City of Elmira has a new Grant Disbursement Agreement with Empire State Development which includes the \$2.3 million Restore NY grant and \$4 million of DRI funding. A public parking lot was redesigned and constructed during the summer of 2017 to the north of the project. Additional site improvements to Clemens Square began in 2019 and are expected to carry on into 2021.

In addition, the City was awarded a \$1.25 million Restore NY grant on September 2, 2009. This grant assisted in the stabilization of a vacant, surplus City property which is referred to as the Federal Building. Previously, this building served as a U.S. Post Office and Court House which was built in 1902. The improvements, which were completed in 2011, included exterior masonry re-pointing, a new roof, lead abatement around the windows and re-painting, a new boiler system and upgrades to the electrical systems. In 2017, the Federal Building was sold to local developers. Since then, the new owners have completed renovations and now are operating the building as a mixed-use property.

In 2016, the City of Elmira also applied for and was awarded \$500,000 under Round 4 of the Restore NY Program for the Lake Street Mixed Use Properties Stabilization and Phase 1 Exterior Rehabilitation involving 118-122 and 124-126 Lake Street. This project will be done in partnership with the Chemung County Industrial Development Agency (the "IDA") as they will be providing the required local match. Since receiving grant funds, Arbor Housing and Development has stepped forward to work with the City and IDA on developing a mixed-use project involving the two properties and 414-416 Carroll Street into quality affordable housing which will be targeted towards artists, with artist studios, and potential gallery space. The project was completed in October 2020.

The City of Elmira was also fortunate to receive a Round 5 Restore NY Grant in the amount of \$508,400 for the rehabilitation of 110 and 114 Baldwin Streets by Jim Capriotti, a proven developer. The project will convert 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 Fall 2021.

### **Elmira Urban Renewal Agency, Inc.**

The Elmira Urban Renewal Agency, Inc. ("EURA") was formed in the late 1960s. One of its first objectives was to develop a 40-year urban renewal plan ("40-year Plan") for the City after a major flood occurred in 1972. Using the 40-year Plan as a basis, in 1998 the City Council adopted a new Master Plan and comprehensive Zoning Ordinance. This plan includes a comprehensive inventory of the City's current utilization of properties (residential, industrial, recreational and education areas) for future development and growth. The EURA has been designated by the City to administer its Community Development Block Grant Program (CDBG).

Designated an Entitlement Community by the U.S. Department of Housing and Urban Development in 2019-2020, the City received \$1,236,642 in CDBG dollars and \$331,374 in HOME dollars to undertake programs and activities to help low to moderate income persons in the City or eliminate conditions that create slum and blight. These funding amounts represent a slight decrease from prior year funding levels. The City of Elmira submitted its Five-Year Consolidated Plan for the CDBG and HOME programs in June 2020. The City anticipates collecting an additional approximately \$100,000 in Program Income through loan proceeds received from its Owner-Occupied Housing Rehabilitation Program and STEG Commercial Loan Program. Some of the programs and activities funded by the CDBG/HOME Program include: Owner Occupied Rehabilitation Program, First Time Homebuyers Program; Enhanced Street and Park Improvement Program; local nonprofit programs that operate community centers for youth and services for Elmira senior citizens; Downtown Signage and Façade Program; and the City's Revolving Loan Program which offers low interest loans to businesses. A priority for the next five years under the 2020-2024 Consolidated Plan will be to utilize HOME funding for more neighborhood revitalization and scattered site development working with housing developer, Housing Visions and leveraging Low Income Housing Tax Credits administered by New York State Homes and Community Renewal to improve the

condition of the City's rental housing. Housing Vision's Chemung Crossing Project was awarded funding through New York State Homes and Community Renewal. This over \$14 million neighborhood revitalization project on Elmira's south side which broke ground in June 2017 and includes the historic rehabilitation of two properties, the construction of new buildings resulting in 45 high-quality, energy efficient and affordable residential units and 5,500 square feet of commercial space.

The First Time Homebuyers Program designed to assist low to moderate income families in purchasing their first homes, was initiated in 1994. Since then, over \$4 million of federal funds has been expended for this program. This has resulted in mortgages totaling over \$14 million of which local lenders hold 90%. The program currently offers \$10,000 in down payment and closing cost assistance. Since the program's inception, 460 households have been assisted. A component of this program is pre- and post-purchase counseling, foreclosure prevention and credit counseling services offered by Catholic Charities of Chemung/Schuyler. This program has been successful as evidenced by a foreclosure rate of less than 3%.

The City's Community Development staff are actively involved in seeking and obtaining grants to undertake a variety of projects and activities. These include New York State Department of Environmental Conservation (NYS DEC) funding for investigation and remediation of brownfield sites as well as to expand urban forestry efforts; New York State Department of State (NYS DOS) for waterfront revitalization and brownfield planning; New York State Office of Parks, Recreation and Historic Preservation for Park Improvements and Historic Preservation activities; Empire State Development Corporation for Restore NY; NYSERDA to update the City's Comprehensive Master Plan; and most recently funding for "Zombie" and Vacant Properties which is a partnership with the Code Enforcement Department.

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### **Elmira Housing Authority**

The Elmira Housing Authority (the "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 Housing Authority consists of seven board members. Five members are appointed by the City Manager and two members are tenants elected biannually by qualified public housing tenants. The City conducts the elections and provides the necessary personnel for inspections. The City Council must approve the schedule of compensation negotiated by the Housing Authority for its officers and employees. The Housing Authority received a Capital Fund Grant from HUD in 2012 which funded improvements to three of their facilities; Hoffman Plaza, Flannery Towers and Bragg Towers. The primary funding sources for the Housing Authority are State and federal subsidies and tenant rents. The City is contractually obligated to fund any State projects that are not self-sufficient.

### *Clean Up Complete on Two Former Brownfield Sites*

The City, utilizing grants received from the New York State Department of Economic Development, has completed the remediation of the former American LaFrance and Chemung Foundry Brownfield sites on the City's south side. These sites, totaling approximately 13 acres are currently being marketed for redevelopment by STEG, Inc. In 2008, the City was awarded a grant for \$31,850 through the New York State Brownfield Opportunity Areas Program to complete a Step 1 Pre-Nomination Study that was completed in September of 2009. The City was awarded a Step 2 BOA Grant in the amount of \$239,886 and in September 2012 with assistance from Bergmann Associates, began a comprehensive analysis of the study area and individual Brownfield sites. The study will assist the City in establishing a revitalization plan and implementation strategies for over a 400-acre area located in the south-east quadrant of the City that have been affected by the presence of Brownfield sites including the former American LaFrance and the Chemung Foundry. The project has been branded as the "Southside Rising" project and a project website was launched in fall 2012. A thorough market and housing analysis has been completed for the area. The Brownfield Opportunity Areas Program jointly administered by the New York State Departments of State and Environmental Conservation provides funding for a variety of tools including but not limited to infrastructure studies, market trends analysis, identification of strategic sites, site renderings, and acquisition due diligence. The City of Elmira received official designation of its Brownfield Opportunity Area in August 2016 and looks forward to applying for funding in the future for implementation items as part of the Master Plan that was developed. The City of Elmira utilized the work accomplished under Step 2 of the project to assist Elmira Downtown Development with a New York Main Street grant for South Main Street under the 2014 Consolidated Funding Application. Elmira Downtown Development's New York Main Street application for a \$200,000 grant was successful and during 2015, two properties were revitalized along South Main Street.

See also "LITIGATION" section herein for additional information regarding an Environmental Protection Agency directed remediation project of the City and the Elmira Water Board.

## **Coronavirus Local Fiscal Recovery Funds**

The City has been awarded \$28,270,386 from the Coronavirus Local Fiscal Recovery Fund under the \$1.9 trillion economic stimulus plan known as the American Rescue Plan passed by Congress in March 2021. The funds may be used to mitigate the impact of COVID-19 on the local community in specified ways in accordance with the rules and regulations issued by the Treasury Department. The City has established an internal committee to make recommendations to the City Council regarding the use of the funds. The award will be disbursed to the municipality over two years. Funds must be committed to selected projects by December 2024, and utilized by December 2026, or returned to the Treasury Department.

## **Land Clearing Debris Landfill**

The City experienced significant flood damage as a result of Hurricane Agnes in 1972. As a result, the City established a Land Clearing Debris Landfill at Industrial Park Boulevard in Elmira, and throughout the cleanup process used it to bury the debris from the flood damage. While this landfill is now inactive, in 2019 the City received a request from the NYS Department of Environmental Conservation (DEC) regarding obtaining access to this Land Clearing Debris Landfill Inactive Solid Waste Site to conduct an investigation of the landfill. The investigation has not yet started and could take up to seven years to complete. Depending on the results of the investigation, the City will be responsible for remediation.

## **Other City Initiatives**

In addition to these programs, the City has done much to help businesses and residents utilize developable lands. To that end, the City has conducted an evaluation of all the real property it owns. This review has provided the City with information on optimizing its own real estate needs and strategies for getting abandoned properties back on the tax rolls. This comprehensive review has allowed the City management to strategically implement a property disposition program. Joint tax lien auctions with the County have streamlined the process of reducing the number of City-owned properties. The City aggressively utilizes several economic and residential programs to match City-owned parcels with prospective purchasers, including programs for the rehabilitation and acquisition of property. During 2016, the City began discussions with Chemung County to request from New York State Empire State Development permission to create a Chemung County Land Bank to assist in the development of vacant and abandoned properties and a Chemung County Land Bank received approval in September 2016. The Chemung County Property Development Corporation (Land Bank) has appointed a Board of Directors with the City of Elmira's Director of Community Development serving on the Board. The Land Bank was also awarded funding in the amount of \$893,100 to assist with the hiring of staff, operations, as well as demolitions and rehabilitations of land bank properties. As of January 2021, the Land Bank has demolished seven deteriorated properties within the City and twelve properties have been rehabilitated. All projects have been completed and sold.

The City of Elmira was successful in receiving a \$90,000 grant under NYSEDA's Cleaner, Greener Communities Program for a new Comprehensive Master Plan. The new Comprehensive Master Plan was officially adopted November 28, 2016. The process was led by an experienced consultant team, the City of Elmira, and a 13-member Project Steering Committee composed of residents, private sector leaders, property owners, and planning and zoning representatives. The development of a the Comprehensive Master Plan was also instrumental in positioning the City of Elmira to receive the \$10 million Downtown Revitalization Initiative Action items under that Comprehensive Master Plan are currently being pursued. To facilitate this, DRI funding of \$150,000 was used to update the City's Zoning to more of a form-based code.

## **Empire State Poverty Reduction Initiative**

The 2016 New York State Budget included \$1,000,000 for the City of Elmira under the Empire State Poverty Reduction Initiative. This program has involved the creation of a community task force and work groups. A Phase 1 plan was completed and submitted to the State in 2017. Southern Tier Economic Growth (STEG) has been leading the process including the procurement of the consultant team. Governor Cuomo announced five projects to be funded utilizing \$800,000 of implementation funds under this program which include: 1. Funding to the Chemung County Department of Social Services to hire three community navigators at locations throughout the community to help connect individuals with services; 2. The establishment of a grant fund for entrepreneurs and small business owners; 3. A Housing Revitalization Gap Fund to address the need for safe and affordable rental housing; and 4. Funding to the Chamber of Commerce for a new Entrepreneur Mentoring and Networking Program.

## New York Main Street Redevelopment Projects

In addition to the above projects, Elmira Downtown Development, Inc. (EDD), the City's Business Improvement District (BID) managing partner has received and administered over \$1 million through the New York Main Street Program. This program provides matching funds for façade improvements and interior renovations. These funds are targeted to three streets within the downtown area, with the majority of the committed work being concentrated on West Water Street. To date, 15 properties have received façade and interior renovations through this program, including New York Sports and Fitness, Roundin' Third Sports Bar, Riverside Suites, the former Werdenbergs, and the Clemens Center, to name a few. New York Main Street funds have resulted in a total investment of public and private funds of \$3.3 million. EDD has also undertaken a significant streetscape enhancement program using New York Main Street funds and which has resulted in the addition of trees, benches, new historic lighting for the City's Mark Twain Riverfront Park and other pedestrian amenities downtown.

In December 2014, EDD was awarded a \$200,000 New York Main Street grant for a South Main Street mixed use project that included building and facade renovations as well as streetscape enhancements. Design and construction work on two key properties was completed in the 2015 construction season. Elmira Downtown Development also made the \$47,000 remaining of the grant available for the Housing Visions Chemung Crossing project, which fits in with the Southside Rising Revitalization Strategy funded under the New York State Brownfield Opportunity Areas Program.

## Housing Visions Chemung Crossing Project

The City of Elmira, utilizing CDBG and HOME funds, is providing assistance to Housing Vision's Chemung Crossing project which is a 45-unit quality, affordable rental housing development with first-floor commercial space on South Main Street. The \$15.1 million Chemung Crossing project broke ground in November 2017 and is a mixed-use scattered site project within the South Main, W. Henry, and Harmon St. neighborhood. The project includes the new construction of six duplexes and the rehabilitation of two historic buildings that will transform a distressed neighborhood. In addition to the \$309,964 of City of Elmira CDBG and HOME funding, the project was financed with a combination of federal and state funds and tax credit programs. All units were constructed using green building practices and incorporated energy efficiency measures that adhere to the EPA Energy Star Guidelines for Energy Star Labeled Homes Program. At the formal ribbon cutting to open the project in November 2019, all 45 units were leased.

## I-86 Corridor Project

The City of Elmira is a participant in the I-86 Corridor Project which is aimed at creating a cohesive economic development blueprint that results in the I-86 Corridor between I-99 and Elmira's Exit 56 becoming the nexus of growth for business expansion and new business development in the Southern Tier. The City is joined with Chemung County, Town of Big Flats, Town and Village of Horseheads, City of Corning, and Corning Enterprises as well as business, educational, and economic development stakeholders.

## Summary of Capital Improvement Program (Project Expenditures)

|                      | <u>2014</u>        | <u>2015</u>        | <u>2016</u>        | <u>2017</u>        | <u>2018</u>        | <u>2019</u>         | <u>2020</u>       |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|-------------------|
| Parks                | \$ 66,000          | \$ 275,000         | \$ 373,869         | \$ 575,641         | \$ 211,264         | \$ 219,862          | 195,074           |
| Transportation       | 4,448,000          | 2,193,000          | 5,291,152          | 2,898,080          | 3,017,461          | 8,320,012           | 5,374,497         |
| Public Safety        | 185,000            | 147,000            | 217,901            | 288,017            | 373,058            | 754,461             | 372,891           |
| Fleet                | 974,400            | 593,500            | 48,916             | 805,438            | 163,359            | 0                   | 351,333           |
| Economic Development | 210,000            | 240,000            | 238,814            | 303,112            | 2,023,902          | 2,057,937           | 3,893,622         |
| General Government   | 125,615            | 137,390            | 309,906            | 738,370            | 521,088            | 502,496             | 407,499           |
| Total                | <u>\$6,009,015</u> | <u>\$3,586,190</u> | <u>\$6,480,558</u> | <u>\$5,608,658</u> | <u>\$6,310,132</u> | <u>\$11,854,768</u> | <u>10,594,916</u> |

Note: The increase in Economic Development Spending for Fiscal Years ending 2018-2020 is due to Restore NY and DRI spending. See "THE CITY - RESTORE NY Grants" herein for additional information.

## Capital Improvement Programs-Summary of Funding Sources

|             | <u>2014</u>        | <u>2015</u>        | <u>2016</u>        | <u>2017</u>        | <u>2018</u>        | <u>2019</u>         | <u>2020</u>       |
|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|-------------------|
| NYS - Other | \$1,305,600        | \$ 934,250         | \$1,227,502        | \$ 1,359,967       | \$ 484,519         | \$3,982,279         | 4,609,562         |
| Federal     | 2,152,915          | 214,000            | 2,259,802          | 869,397            | 2,584,100          | 5,503,138           | 3,146,756         |
| Interfund   | 0                  | 0                  | 0                  | 669,038            | 0                  | 151,439             | 198,496           |
| Other       | 7,500              | 7,500              | 675                | 0                  | 0                  | 271,200             | 1,124,179         |
| Bonding     | 2,543,000          | 2,430,440          | 2,992,579          | 2,710,256          | 3,241,513          | 1,946,712           | 1,593,960         |
| Total       | <u>\$6,009,015</u> | <u>\$3,586,190</u> | <u>\$6,480,558</u> | <u>\$5,608,658</u> | <u>\$6,310,132</u> | <u>\$11,854,768</u> | <u>10,672,953</u> |

The City has worked to improve the infrastructure needs for industry and is focusing on the long-term investment to help future City expansion. Increases in New York State and federal revenue have helped to fund the transportation improvements, which have constituted the highest expenditure category over the past eight years. In 2020, transportation accounted for 39.8% of the capital expenditures budget. These improvements are helping to greatly improve vehicular access within the City. In addition, the increase in the Other category in 2020 is due to work undertaken on a main thoroughfare for which the City was reimbursed by the Elmira Water Board. Note that where bonding is listed as a funding source, a bond ordinance has been adopted by the Council authorizing the issuance of debt for each specific object or purpose to be financed.

## The City as Employer and Provider of Services

The City provides a full range of services to its 27,054 (2019 U.S. Census estimate) residents. Services include Police and Fire departments. The Elmira Police Department received accreditation with the New York State Law Enforcement Accreditation Program (LEAP). In 2009, the Elmira Police Department opened a Regional Public Safety Training Center for the purpose of training regional public safety First Responders. Periodically, the center holds New York State certified classes for both new recruits and seasoned officers continuing their law enforcement training. The center is also used by several of the area Fire Departments for training.

In 2015, the City signed an outsourcing arrangement with Chemung County. The City transferred the employees in the Department of Public Works (DPW) to the County, and now purchases the services from the County. As the County utilizes these resources to serve the entire County, the rate at which the City purchases the services is significantly subsidized. DPW provides traffic control, parking facilities, street lighting, construction, maintenance, and snow removal. In addition, the Division of Building and Grounds operates and maintains city-wide recreational centers and playgrounds. A similar outsourcing arrangement was made in 2016 for the Buildings and Grounds Division. This agreement was terminated and the employees returned to the City on February 1, 2021. Since 2014, the City has reduced its workforce approximately 14.5% while continuing to assure public safety and quality of life for its residents.

The Elmira Urban Renewal Agency ("EURA") employs 5 full-time persons and its offices are located in City Hall. The Agency is responsible for administering the City's Federal Community Development Block Grant and Home awards as well as other special grant programs. Programs and activities funded under the CDBG Program include; Owner Occupied Rehabilitation Program, First Time Homebuyers Program, Enhanced Street and Park Improvement Program, local nonprofit programs for youth and senior citizens, Elmira Downtown Signage and Façade Program and the City of Elmira's Revolving Loan Program which offers low interest loans to businesses. Additionally, the City utilizes a portion of its CDBG funds via contracts with local community service providers who offer a myriad of programs and activities for the low-income population as well as the Code Enforcement Department that performs housing inspections for the First-Time Homebuyer Program and Owner-Occupied Rehabilitation Program.

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## City Employees and Primary Sources of Payroll Funding: 2009-2020

| <u>Year</u> | <u>General Fund</u> | <u>Other</u> | <u>Total</u> |
|-------------|---------------------|--------------|--------------|
| 2010        | 225                 | 19           | 247          |
| 2011        | 224                 | 21           | 242          |
| 2012        | 226                 | 21           | 241          |
| 2013        | 221                 | 21           | 216          |
| 2014        | 221                 | 20           | 275          |
| 2015        | 196                 | 20           | 269          |
| 2016        | 233                 | 11           | 244          |
| 2017        | 213                 | 11           | 224          |
| 2018        | 216                 | 11           | 227          |
| 2019        | 215                 | 11           | 226          |
| 2020        | 195                 | 13           | 208          |

Source: City officials.

## FINANCIAL MATTERS

### Financial Organization

The City Chamberlain is the chief fiscal officer of the City whose responsibility is to receive, disburse and account for all financial transactions of the City.

### Budgetary Procedures

The department and agency heads present their budget requirements for the upcoming fiscal year to the City Manager on or before a date set by the City Manager each year. On or before the 15th day of November, the City Manager presents a proposed budget for the upcoming year along with a budget message. The Council, at a regular or special meeting held after a public hearing, shall by resolution adopt or amend and adopt the budget, which shall there upon become the annual budget of the City for the upcoming fiscal year. The budget cannot be adopted prior to January 1st of the fiscal year covered. The Council must adopt a budget by January 31<sup>st</sup> of the fiscal year to be covered.

The City's adopted 2021 budget can be viewed on the City's website at:

<https://www.cityofelmira.net/wpcontent/uploads/2021/01/2021-BUDGET-ADOPTED.pdf>

### State Aid

The City receives financial assistance from the State, which accounts for approximately 13.5% of the City's revenues for the current fiscal year. If the State should ever experience revenue shortfalls or difficulty in borrowing funds in anticipation of the receipt of State taxes and other revenues to pay State aid to the City and other political subdivisions in the State, the City may be affected by a delay in the receipt of State aid until sufficient State taxes and other revenues have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner again said political subdivisions might be affected by a delay in the payment of State aid.

The City's actual State aid revenues for the years 2014 to 2019, preliminary unaudited figures for 2020, and budgeted for 2021 are listed below:

| <u>Fiscal Year</u> | <u>State Aid Revenues <sup>(1)</sup></u> |
|--------------------|--|
| 2014               | \$ 4,578,801                             |
| 2015               | 4,578,801                                |
| 2016               | 4,578,801                                |
| 2017               | 4,578,801                                |
| 2018               | 4,578,801                                |
| 2019               | 4,578,801                                |
| 2020 (Unaudited)   | 3,663,041                                |
| 2021 (Budgeted)    | 4,578,801                                |

<sup>(1)</sup> Represents Basic State aid.

The City also adopted a multi-year budgetary plan and submitted it to the State as part of the requirement for the additional aid. The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions that eliminate or substantially reduce State aid could have a material adverse effect upon the City requiring either a counter balancing of revenues from other sources to the extent available or a curtailment of expenditures.

## Pension Payments

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non-contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non-contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The City's payments to ERS and PFRS since 2015 have been as follows:

| <u>Year</u>     | <u>ERS</u> | <u>PFRS</u>              |
|-----------------|------------|--------------------------|
| 2015            | \$ 973,006 | \$ 2,693,093             |
| 2016            | 454,562    | 2,372,235                |
| 2017            | 448,967    | 2,332,153                |
| 2018            | 469,790    | 2,335,830                |
| 2019            | 457,574    | 2,280,933                |
| 2020            | 451,207    | 2,510,381                |
| 2020            | 460,013    | 2,614,224                |
| 2021 (Budgeted) | 543,078    | 2,641,346 <sup>(1)</sup> |

<sup>(1)</sup> The City has made payments totaling \$1,758,461 as of May 31, 2021 with the balance to be paid by September 30, 2021.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The City's early retirement incentive in the form of two additional years of free healthcare (no premium contribution required) if an eligible employee retired by the end of 2017 has expired.

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2017 to 2021) is shown below:

| <u>Year</u> | <u>ERS</u> | <u>PFRS</u> |
|-------------|------------|-------------|
| 2017        | 15.5%      | 24.3%       |
| 2018        | 15.3       | 24.4        |
| 2019        | 14.9       | 23.5        |
| 2020        | 14.6       | 23.5        |
| 2021        | 14.6       | 24.4        |

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the City, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The City has participated in the Original Contribution Stabilization Program, and amortized contributions for 2013, 2014 and 2015. However, the City has not amortized any of its contributions since then.

The City does not anticipate that it will amortize future regular pension contributions to the State Retirement System. As part of union negotiations in 2018, the City agreed to grant EFFA enhanced retirement benefits and amortized the past service cost of \$248,156 annually for 10 years.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the City's employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

## Other Post-Employment Benefits

**Healthcare Benefits.** It should also be noted that the City provides post-retirement healthcare benefits to various categories of former employees. These costs may rise substantially in the future. Accounting rule, GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires governmental entities, such as the City, to account for post-retirement healthcare benefits with respect to vested pension benefits. GASB 45 is now fully implemented for all government entities.

**OPEB.** Other Post-Employment Benefits ("OPEB") refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

**GASB 75.** In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended December 31, 2018, the City implemented GASB 75. The implementation of this statement requires municipalities to report Other Post-Employment Benefits ("OPEB") liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

### *Summary of Changes from the Last Valuation*

The following outlines the changes in the Net OPEB Liability for the 2019 and 2020 fiscal years, by source:

#### Net OPEB Liability of the City:

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| Balance at fiscal year beginning January 1:           | 2018                        | 2019                        |
|   | <u>\$ 38,835,361</u>        | <u>\$ 37,164,543</u>        |
| Changes in Net OPEB Liability:                        |                             |                             |
| Service cost  | 1,455,758                   | 1,268,887                   |
| Interest  | 1,352,520                   | 1,536,265                   |
| Changes of benefit terms                              | -                           | 473,641                     |
| Differences between expected and actual experience    | -                           | 2,573,132                   |
| Changes in assumptions or other inputs                | (2,531,747)                 | 5,739,277                   |
| Benefit payments                                      | <u>(1,947,349)</u>          | <u>(1,927,085)</u>          |
| Net Changes   | <u>\$ (1,670,818)</u>       | <u>\$ 9,664,117</u>         |
| <br><b>Balance at fiscal year ending December 31:</b> | <br><b>2019</b>             | <br><b>2020</b>             |
|   | <u><u>\$ 37,164,543</u></u> | <u><u>\$ 46,828,660</u></u> |

Source: GASB 75 Actuarial Valuations of the City. The above tables are not audited.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

The City's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City's finances and could force the City to reduce services, raise taxes or both.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved \$0 towards its OPEB liability. The City funds this liability on a pay-as-you-go basis.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in recent legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if reintroduced.

## **Financial Statements**

The accounting firm, Ciaschi, Dietershagen, Little, Mickelson & Co., LLP, of 401 East State Street, Suite 500, Ithaca, NY 14850 audited the City's financial statement for the period ended December 31, 2019 and may be found as "APPENDIX-F" to this Official Statement. Copies of the audit report are available for public inspection at the City Clerk's office. The City's audited financial statement for fiscal year ended December 31, 2020 is not complete as of the date of this Official Statement. Certain financial information from the draft of the City's financial statement for the fiscal year ended December 31, 2020 are included in "APPENDIX-A" to this Official Statement.

The City complies with the Uniform System of Accounts as prescribed for cities in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units" and codified in Government Accounting, Auditing and Financial Reporting ("GAAFR"), published by the Governmental Accounting Standards Board ("GASB").

Beginning with the fiscal year December 31, 2003 the City is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The City is currently in compliance with Statement No. 34.

## **Investment Policy**

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of a New York public corporation which are made lawful investments by the City pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

The City has adopted an investment policy consistent with the Act.

## **Summary of Financial Results**

### *Fiscal Year Ending December 31, 2015*

The City ended 2015 with an operating deficit of \$2,634,974. The General Fund revenues were \$30,949,995 and the General Fund expenditures were \$33,584,969 which includes an operating transfer out of \$3,167,093 to the Debt Service Fund. The General Fund equity was (\$432,542) at December 31, 2015.

#### *Fiscal Year Ending December 31, 2016*

The City ended 2016 with an operating deficit of \$1,632,538. The General Fund revenues were \$30,300,205 and the General Fund expenditures were \$31,932,743 which includes an operating transfer out of \$3,675,998 to the Debt Service Fund. The General Fund equity was (\$2,540,341) at December 31, 2016.

#### *Fiscal Year Ending December 31, 2017*

The City ended 2017 with an operating deficit of \$562,474. The General Fund revenues were \$31,783,160 and the General Fund expenditures were \$32,345,634 which includes an operating transfer out of \$3,768,240 to the Debt Service Fund. The General Fund equity was (\$3,102,815) at December 31, 2017.

#### *Fiscal Year Ending December 31, 2018*

The 2018 budget included a property tax increase of 17%. Total expenditures were \$31,233,319, including a transfer to debt service of \$3,362,760. Total revenues were \$33,420,113, producing an operating surplus of \$2,186,794 and ending the year with negative fund equity of (\$916,021).

#### *Fiscal Year Ending December 31, 2019*

The 2019 budget included a property tax increase of 0%. Total expenditures were \$31,563,264, including a transfer to debt service of \$3,368,924. Estimated revenues were \$33,599,915, producing an operating surplus of \$2,460,889 and ending the year with positive fund equity of \$1,544,868.

#### *Fiscal Year Ending December 31, 2020 (Unaudited Estimates)*

The 2020 budget included a property tax increase of 1.5%. Total expenditures are projected to be \$30,026,286, including a transfer to debt service of \$2,188,484. Estimated revenues are projected to be \$33,005,928, producing an operating surplus of \$2,979,642 and ending the year with fund equity of \$4,524,510.

#### *Fiscal Year Ending December 31, 2021 (Budgeted)*

The 2021 budget includes a property tax increase of 1.97%. Total expenditures are \$38,444,318, including a transfer to debt service of \$3,554,514. Estimated revenues are \$38,444,318, including a \$450,000 budgeted appropriation of General Fund balance and ending the year with positive fund equity of \$4,074,507.

### **The State Comptroller's Fiscal Stress Monitoring System**

The New York State Comptroller ("OSC") has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the 2013 through 2019 fiscal years of the City are as follows:

| <u>Fiscal Year Ending In</u> | <u>Stress Designation</u>     | <u>Fiscal Score</u> |
|------------------------------|-------------------------------|---------------------|
| 2019                         | No Designation                | 41.3                |
| 2018                         | Significant                   | 68.3                |
| 2017                         | Have not Filed <sup>(1)</sup> | N/A                 |
| 2016                         | Have not Filed <sup>(1)</sup> | N/A                 |
| 2015                         | Have not Filed <sup>(1)</sup> | N/A                 |
| 2014                         | Have not Filed <sup>(1)</sup> | N/A                 |
| 2013                         | No Designation                | 33.8                |

- <sup>(1)</sup> There is currently no available fiscal stress report of the State Comptroller for the City. In order to receive FSMS scores, local governments must report their financial data to OSC. They are required by law to file their Annual Financial Update Reports within 120 days (about four months) of the end of their fiscal year. The FSMS scores reported also include data from late filers who filed within eight months after the end of the fiscal year. In some cases, financial data was filed but was not sufficiently complete to calculate FSMS scores. These filings are deemed “inconclusive” at the time of the FSMS score assignment. The City failed to file their financial data with the State in time to receive a fiscal stress score in the last four reporting years. In cases where local governments, such as the City, did not file its financial data as of the specified snapshot date, that entity is classified as “Have Not Filed”.

For additional details regarding the Fiscal Stress Monitoring System visit the State Comptroller’s official website.

Note: References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

### **New York State Comptroller Reports of Examination**

State Comptroller's Office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller’s office released an audit report of the City on October 30, 2020. The purpose of the audit was to revisit the City in May 2020 to review progress implementing the recommendations from the City’s 2017 audit.

#### Results of Review:

Based on our limited procedures, it appears that the City has made progress implementing corrective action. Of the nine audit recommendations, three recommendations were fully implemented, five recommendations were partially implemented and one recommendation was not implemented.

A copy of the complete report can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website. <http://www1.osc.state.ny.us/auditsearch/auditsearch.cfm>

The State Comptroller’s office released its most recent audit report of the City on August 4, 2017. The purpose of the audit was to examine the City’s financial condition for the fiscal years 2013 – 2015. Key findings and recommendations of the audit report are summarized below:

#### Key Findings:

- Financial information was not reported timely during the fiscal year, and annual financial reports were not filed on time with OSC.
- The City incurred operating deficits from 2013 through 2015 totaling \$4.5 million, and unassigned fund balance that totaled \$1.8 million at the end of 2013 declined to a deficiency of more than \$1.6 million at the end of 2015.
- State aid revenue was not appropriately restricted for revenue anticipation note (RAN) repayment as statutorily required.

#### Key Recommendations:

- Require routine financial reporting during the year and timely filing of annual financial reports.
- Closely monitor the City’s finances, including available fund balance and cash balances, to prevent further decline in financial condition.
- Include appropriations in the subsequent year’s budget to redeem RANs or require that revenues be restricted for repayment.

A copy of the complete report as well as the City’s response to the audit can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website. <http://www1.osc.state.ny.us/auditsearch/auditsearch.cfm>

Note: References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

## TAX INFORMATION

### Property Valuation and Tax Data

| <u>County Tax Roll</u> | <u>Assessment Roll</u> | <u>Assessed Valuation</u> | <u>Equalization Rate</u> | <u>Full Valuation</u> |
|------------------------|------------------------|---------------------------|--------------------------|-----------------------|
| 2016                   | 2015                   | \$571,799,362             | 83.0%                    | \$688,914,894         |
| 2017                   | 2016                   | 570,731,097               | 83.0%                    | 687,627,828           |
| 2018                   | 2017                   | 566,951,702               | 83.0%                    | 683,074,340           |
| 2019                   | 2018                   | 561,236,338               | 81.0%                    | 692,884,368           |
| 2020                   | 2019                   | 560,295,585               | 83.0%                    | 675,054,922           |
| 2021                   | 2020                   | 565,860,981               | 83.0%                    | 681,760,218           |

### Ten Largest Taxpayers – 2020 Assessment Roll

| <u>Taxpayer</u>            | <u>Business Type</u>          | <u>Taxable Assessed Value</u> |
|----------------------------|-------------------------------|-------------------------------|
| NYSEG                      | Public Electric & Gas Utility | \$42,128,672                  |
| Hilliard Corporation       | Manufacturing                 | 5,751,900                     |
| Wegmans Food Markets Inc   | Grocery                       | 5,190,000                     |
| Dewittsburg Housing        | Residential                   | 4,565,000                     |
| James Capriotti            | Property Development / Mgmt   | 4,424,500                     |
| FM Howell & Company        | Manufacturing / Distribution  | 4,241,000                     |
| Pennsylvania Lines LLC     | Transportation / Railroad     | 4,115,794                     |
| McWane Inc                 | Foundry / Manufacturing       | 3,851,000                     |
| Mark Twain Properties LLC  | Residential                   | 3,629,000                     |
| Plainview Assoc Elmira LLC | Hotels                        | 3,000,000                     |

The taxpayers listed above have a total assessed valuation of \$80,896,866 which represents 11.9% of the City's taxable assessed valuation.

There are a few pending tax certiorari cases as of the date of this Official Statement. If the cases were resolved completely in favor of the petitioners, the City's financial exposure is estimated in the range of \$35,000 to \$60,000.

### Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31 for 2016 through 2020 and 2021 projected are as follows:

| Fiscal Year Ending:                 | <u>2016</u>   | <u>2017</u>   | <u>2018</u>   | <u>2019</u>   | <u>2020</u>   | <u>2021</u><br><u>Projected</u> |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------------------------|
| Five-year Average Full Valuation    | \$657,423,687 | \$668,979,423 | \$678,412,770 | \$683,544,138 | \$685,470,001 | \$682,069,104                   |
| Tax Limit - 2% of Five-year Average | 13,148,474    | 13,379,588    | 13,568,255    | 13,670,883    | 13,709,400    | 13,682,017                      |
| Add: Exclusions from Tax Limit      | 3,767,072     | 4,396,743     | 4,220,591     | 4,091,234     | 3,719,561     | 4,055,292                       |
| Total Taxing Power                  | 16,915,546    | 17,776,331    | 17,788,846    | 17,762,117    | 17,428,961    | 17,737,309                      |
| Less Total Levy                     | 12,550,996    | 13,069,742    | 15,157,137    | 14,996,876    | 15,199,232    | 15,795,004                      |
| Tax Margin                          | 4,364,550     | 4,706,589     | 2,631,709     | 2,765,241     | 2,229,729     | 1,942,305                       |
| Tax Limit Exhausted by Levy         | 66.81%        | 64.82%        | 80.60%        | 79.77%        | 83.74%        | 85.80%                          |



## Tax Levies and Collections

The City is on a calendar year ending December 31. The City tax rate is based on an amount per \$1,000 assessed valuation. City Real Property tax invoices are prepared based on an Annual Assessment Roll as of August 10 of the prior year. The City Chamberlain receives substantially all tax payments semi-annually by May 15 and September 15. Late payments made after December 31 of the tax year are purchased by the County as of December 31 of the tax year. The County then initiates collection and foreclosure proceedings for all taxes unpaid at March 31 of the following year under a 1995 foreclosure agreement with the City. After the County attains marketable title to such property, the County includes these properties in its annual auction. Delinquent taxes are subject to a penalty of 5% after May 15 and 5% after September 15 with interest at 12% per annum additional after September 15.

The following table of tax levies and collections indicates a pattern of thorough collections. Furthermore, since 1995 Chemung County has assumed responsibility for unpaid City and School District real property taxes. This procedure has improved the City's collections.

| <u>Fiscal Year</u> | <u>Tax Rate Per \$1,000<br/>Assessed Value</u> | <u>Tax Levy<br/>% Of Limit</u> | <u>Tax<br/>Levy (\$000)</u> | <u>% Collected</u> |
|--------------------|--|--------------------------------|-----------------------------|--------------------|
| 2010               | \$18.34  | 54.7%                          | \$ 10,236                   | 100.0%             |
| 2011               | 18.34  | 52.1                           | 10,443                      | 100.0              |
| 2012               | 18.34  | 52.7                           | 10,396                      | 100.0              |
| 2013               | 18.88  | 44.7                           | 10,805                      | 100.0              |
| 2014               | 20.01  | 50.1                           | 11,440                      | 100.0              |
| 2015               | 20.81  | 58.3                           | 12,065                      | 100.0              |
| 2016               | 21.95  | 60.1                           | 12,550                      | 100.0              |
| 2017               | 22.90  | 64.0                           | 13,083                      | 100.0              |
| 2018               | 26.73  | 80.6                           | 15,157                      | 100.0              |
| 2019               | 26.73  | 79.8                           | 14,997                      | 100.0              |
| 2020               | 27.14  | 83.8                           | 15,199                      | 100.0              |
| 2021               | 27.67  | 84.8                           | 15,658                      | *                  |

\* As of May 17, 2021, 51.6% of the 2021 tax levy has been collected. Normal collections for 2021 taxes continue until March 31, 2022.

## Intergovernmental Cooperation and Sales Tax Revenues

The City has expended a great deal of effort to cultivate favorable relationships with other governments including nearby towns and villages as well as the County. The City has benefited significantly from its efforts.

The City's sales tax revenue is a result of an agreement with the County which provides that from the net proceeds of the first three percent of the County sales tax collected, 36.7% of the monies are paid to the City and other municipalities in the County. The municipalities share this amount in proportion to the municipality's share of the total County population as determined by the 2010 federal census. This agreement guarantees the City a percentage of sales tax revenues, thus securing and enhancing the City's receipt of such revenues.

The City's sales tax revenues for the years under this agreement are as follows:

| <u>Fiscal Year</u> | <u>Sales Tax Revenues</u> |
|--------------------|---------------------------|
| 2011               | 7,754,510                 |
| 2012               | 7,326,890                 |
| 2013               | 6,907,295                 |
| 2014               | 7,248,818                 |
| 2015               | 6,260,465                 |
| 2016               | 5,759,932                 |
| 2017               | 5,531,755                 |
| 2018               | 5,567,960                 |
| 2019               | 5,683,700                 |
| 2020               | 5,387,829                 |
| 2021 (Budgeted)    | 5,500,000                 |

Beginning in 2015, the sales tax agreement with the County reduced the City's share of the total shared from 16.4% to 14.9% in 2015, to 14.0% in 2016, 13.1% in 2017, 12.1% annually from 2018 to 2020. A new agreement has been signed that continues the City's share at 12.1% for 2021. The City's share for 2022 will be adjusted to incorporate the results of the 2020 Census along with a reduced County share allocated to the City and Towns .

The City reached an agreement with the County in 1995 for the County to assume collection of delinquent real property taxes for both the City School District (the “School District”) and City levies. The County continues to assume collection of delinquent School District and City levies. The City’s foreclosure agreement with the County automatically renews each year unless notice of termination is provided by either party six months prior to renewal on January 1.

Various shared service agreements have been reached with the County. Effective January 1, 2003, the City and the other participating municipalities are no longer obligated to pay the County for E-911 Communications System services, resulting in an annual savings to the City of approximately \$300,000. In 2007, the City entered into a shared service with the County for information technology resulting in an overall savings to the City of \$100,000 annually. In addition, Purchasing has been shared with the County for several years and the staff costs (formerly in excess of \$60,000 annually) have been totally absorbed by the County effective in 2015.

The City and County signed an agreement in March 2015 whereby the County has hired 20 former City staff members who were formerly in the Department of Public Works performing the street maintenance, snow removal, fleet maintenance and engineering functions. These staff members now perform those same functions for the City while on the County payroll. The City will pay the County the actual cost of these staff members less \$400,000 for 2015; the City will pay the County \$400,000 less in 2016 than in 2015 and so forth until the cost of these staff members is totally absorbed by the County in 2019.

### **TAX LEVY LIMITATION LAW**

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor, as amended, (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

The City's tax limit (taxing power) is 2% of the 5-year average full valuation. Budgeted tax increases from 2013 to 2019 have been 2.94%, 5.97%, 4.0%, 5.47%, 4.23%, 17.0%, and 0%, respectively. The tax levy for fiscal year ending 2020 was \$15,199,231.54, representing a 1.5% increase. The City Council voted to override the tax cap for the 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021 Budgets.

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

The New York State Constitution limits the power of the City (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the City and its indebtedness (including the Bonds), include the following provisions:

*Purpose and Pledge.* Subject to certain enumerated exceptions, the City shall not give or loan any money or property to or in aid of any individual, private corporation or private undertaking or give or loan its credit to or in aid of any foreign or public corporation. The City may contract indebtedness only for a City purpose and shall pledge its faith and credit for the payment of the principal of any interest thereon.

*Payment and Maturity.* Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment unless the City determines to issue debt amortized on the basis of substantially level or declining annual debt service. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

*Debt Limit.* Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

### Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Charter and the General Municipal Law.

Pursuant to the Local Finance Law and its Charter, the City authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the Common Council, the finance board of the City. Customarily, the Common Council has delegated to the Director of Finance, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that when a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations, and
- (3) An action contesting such validity, is commenced within twenty days after the date of such publication, or,

Such obligations are authorized in violation of the provisions of the Constitution.

The City generally issues its obligations after the time period specified in 3, above has expired with no action filed that has contested validity. It is a procedure that is recommended by Bond Counsel and followed by the City, but it is not an absolute legal requirement.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. The City has authorized bonds for a variety of City objects or purposes.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such bonds outstanding, commencing no later than two years from the date of the first of such bonds and provided that such renewals do not exceed five years beyond the original date of borrowing. (See “Payment and Maturity” under “Constitutional Requirements” herein.)

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget, deficiency and capital notes (see “Details of Outstanding Indebtedness” herein).

#### Debt Outstanding End of Fiscal Year

| <u>Years Ending December 31:</u>         | <u>2016</u>          | <u>2017</u>          | <u>2018</u>          | <u>2019</u>          | <u>2020</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds – General City                     | \$ 25,861,919        | \$ 22,571,510        | \$ 19,538,020        | \$ 21,399,550        | \$ 23,535,320        |
| Elmira Urban Renewal Bonds               | 0                    | 0                    | 0                    | 0                    | 0                    |
| Elmira Water Bonds                       | 4,395,660            | 4,023,490            | 3,689,944            | 3,225,450            | 2,829,680            |
| Pension Obligations <sup>(1)</sup>       | 2,406,689            | 2,109,318            | 2,302,639            | 2,040,800            | 1,723,419            |
| Installment Purchase Debt <sup>(2)</sup> | 536,009              | 93,143               | 60,306               | 31,925               | 81,267               |
| Bond Anticipation Notes                  | 0                    | 3,083,593            | 6,122,005            | 3,499,645            | 0                    |
| Revenue/Tax Anticipation Notes           | <u>4,000,000</u>     | <u>4,000,000</u>     | <u>5,450,000</u>     | <u>5,000,000</u>     | <u>4,750,000</u>     |
| Total Debt Outstanding                   | <u>\$ 37,200,277</u> | <u>\$ 35,881,054</u> | <u>\$ 37,162,914</u> | <u>\$ 35,197,370</u> | <u>\$ 32,919,686</u> |

- (1) Pension obligations represent the supplemental retirement payment for employees under General Municipal Law Section 207a. The amortization of the annual retirement system obligation is for ten years at 8%.
- (2) Elmira Water Board’s (EWB) installment purchase debt in the amount of \$31,925 was paid off as scheduled. EWB entered into a new purchase agreement for a dump truck in the amount of \$126,267, with \$45,000 due at signing. The 12/31/2020 balance of \$81,267 will be paid in full by 12/31/2023.

#### Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by bonds and notes as of June 23, 2021:

| <u>Type of Indebtedness</u>    | <u>Maturity</u>        | <u>Amount</u>        |
|--------------------------------|------------------------|----------------------|
| <u>Bonds</u>                   |                        |                      |
| General City                   | 2021-2035              | \$ 21,931,300        |
| Elmira Water Bonds             | 2021-2029              | 2,703,700            |
| <u>Bond Anticipation Notes</u> |                        |                      |
|                                |                        | <u>0</u>             |
|                                | Total Debt Outstanding | <u>\$ 24,635,000</u> |

Note: The issuance of the Bonds will increase the total debt outstanding by \$3,975,766

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## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared and shown as of June 23, 2021:

Five-Year Average Full Valuation of Taxable Real Property..... \$ 684,080,335  
Debt Limit - 7% thereof ..... 47,885,623

### Inclusions:

Bonds..... \$ 24,635,000  
Bond Anticipation Notes ..... 0  
Total Inclusions..... \$ 24,635,000

### Exclusions:

Water Debt <sup>(1)</sup>..... \$ 2,703,700  
Appropriations..... 1,040,300  
Total Exclusions..... \$ 3,744,000

Total Net Indebtedness..... \$ 20,891,000

Net Debt-Contracting Margin ..... \$ 26,994,623

The percent of debt contracting power exhausted is ..... 43.63%

<sup>(1)</sup> Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Note: The issuance of the Bonds will increase the total debt outstanding by \$3,975,766

## Bonded Debt Service

A schedule of bonded debt service, including the principal of the Bonds, may be found in “APPENDIX – B” to this Official Statement.

## Cash Flow Borrowings

The City has found it necessary to borrow revenue anticipation notes in the past. The ten most recent borrowings of such notes are as follows:

| <u>Fiscal Year</u> | <u>Type</u> | <u>Amount</u> | <u>Issue Date</u> | <u>Due Date</u> | <u>Net Interest Rate %</u> |
|--------------------|-------------|---------------|-------------------|-----------------|----------------------------|
| 2010               | RAN         | \$ 1,000,000  | 11/24/10          | 11/23/11        | 2.25%                      |
| 2012               | RAN         | 1,500,000     | 1/5/12            | 10/5/12         | 1.18                       |
| 2013               | RAN         | 2,500,000     | 1/4/13            | 9/4/13          | 0.87                       |
| 2014               | RAN         | 3,000,000     | 1/3/14            | 10/3/14         | 1.17                       |
| 2014               | RAN         | 3,000,000     | 10/03/14          | 5/28/15         | 0.85                       |
| 2015               | RAN         | 4,000,000     | 8/27/15           | 5/27/16         | 0.60                       |
| 2016               | RAN         | 4,000,000     | 6/10/16           | 5/26/17         | 1.19                       |
| 2017               | RAN         | 4,000,000     | 5/31/17           | 5/25/18         | 2.38                       |
| 2018               | TAN         | 5,450,000     | 5/30/18           | 5/24/19         | 3.50                       |
| 2019               | TAN         | 5,000,000     | 5/30/19           | 5/22/20         | 2.92                       |
| 2020               | TAN         | 4,750,000     | 6/3/20            | 5/27/21         | 4.30                       |

The City has no plans to issue revenue or tax anticipation notes in the 2021 fiscal year.

## Operating Leases

The City entered into three five-year operating leases for two Ford F-250 trucks and a Ford Transit van commencing July 2016 to January 2017, with the leases ending July 2021 – January 2022. The total delivered price for the three vehicles was \$99,230. Leases for three replacement vehicles have been signed. Two of the three replacement vehicles have been received. Monthly payments for the three replacement vehicles will total \$1,416. In addition, the City has entered into leases for three police patrol vehicles and two detective bureau vehicles at a fully-equipped monthly rental rate of \$4,121. The new vehicles will be received in 2021 when ready. Additionally, the City entered into an operating lease for 56 golf carts for the Mark Twain Golf Course commencing November 2020 and ending November 2024 at an annual rental of \$47,758.

## Capital Project Plans

The City considers its capital needs on an annual basis and routinely issues obligations to fund its capital needs in the \$1.5-\$4.0 million range annually. The proceeds of the Bonds will provide new monies for the City's 2021 capital projects.

The Elmira Water Board is contemplating the issuance of bonds in the amount of approximately \$5,870,789 in 2021. The formal authorization to borrow was adopted August 19, 2019. The Board is applying to the NYS Environmental Facilities Corporation ("EFC") for grants and also for potentially issuing short-term and/or long-term obligations through EFC.

The City plans to issue Refunding Bonds in August or September of 2021. The current refunding plan will refund five outstanding bond issues and the estimated budgetary savings to the City is approximately \$650,000.

## Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Bonded indebtedness, including bond anticipation notes, is estimated as of the close of the fiscal year of the respective municipalities, not adjusted to include subsequent bond issues, if any.

| <u>Municipality</u> | <u>Status of Debt as of</u> | <u>Gross Indebtedness</u> <sup>(1)</sup> | <u>Estimated Exclusions</u> | <u>Net Indebtedness</u> | <u>City Share</u> | <u>Applicable Indebtedness</u> |
|---------------------|-----------------------------|--|-----------------------------|-------------------------|-------------------|--------------------------------|
| County of:          |                             |  |                             |                         |                   |                                |
| Chemung             | 9/23/2020 <sup>(4)</sup>    | \$ 58,550,256                            | \$ 6,214,581 <sup>(2)</sup> | \$ 52,335,675           | 16.15%            | \$ 8,452,212                   |
| School District:    |                             |  |                             |                         |                   |                                |
| Elmira              | 5/4/2021 <sup>(5)</sup>     | 67,655,000                               | 63,595,700 <sup>(3)</sup>   | 4,059,300               | 100.00%           | <u>4,059,300</u>               |
| Total:              |                             |  |                             |                         |                   | <u>\$ 12,511,512</u>           |

<sup>(1)</sup> Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

<sup>(2)</sup> Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

<sup>(3)</sup> Estimated State Building aid.

<sup>(4)</sup> Source: County of Chemung Official Statement dated September 23, 2020.

<sup>(5)</sup> Source: Elmira City School District Continuing Disclosure Statement May 4, 2021.

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## Debt Ratios

The following table sets forth certain ratios related to the City's indebtedness as of June 23, 2021:

|  | <u>Amount of<br/>Indebtedness</u> | <u>Per Capita</u> <sup>(a)</sup> | <u>Percentage of<br/>Full Valuation</u> <sup>(b)</sup> |
|--|-----------------------------------|----------------------------------|--|
| Net Direct Indebtedness <sup>(c)</sup>                         | \$ 20,891,000                     | \$ 772.20                        | 3.06%  |
| Net Direct Plus Net<br>Overlapping Indebtedness <sup>(d)</sup> | 33,402,513                        | 1,234.66                         | 4.90%  |

(a) The City's 2018 estimated population is 27,054. (See "THE CITY - Population Trends" herein.)

(b) The City's full valuation of taxable real estate for fiscal year ending 2021 is \$681,760,218. (See "TAX INFORMATION – Property Valuation and Tax Data" herein.)

(c) See "Debt Statement Summary" herein.

(d) The City's applicable share of net overlapping indebtedness is \$12,511,512. (See "Estimated Overlapping Indebtedness" herein.)

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

**General Municipal Law Contract Creditors' Provision.** Each Bond when duly issued and paid for will constitute a contract between the City and the holder thereof. Under current law, provision is made for contract creditors of the City to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

**Execution/Attachment of Municipal Property.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as the City, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds should the City be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds to receive interest and principal from the City could be adversely affected by the restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the City (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

**State Debt Moratorium Law.** There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

**Constitutional Non-Appropriation Provision.** There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

**Default Litigation.** In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See "Nature of Obligation" and "State Debt Moratorium Law" herein.

**No Past Due Debt.** No principal of or interest on City indebtedness is past due. The City has never defaulted in the payment of the principal of and interest on any indebtedness.

## MARKET AND RISK FACTORS

The financial condition of the City as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the City's control. There can be no assurance that adverse events in the State or in other jurisdictions of the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or in other jurisdictions of the country or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The City is dependent in significant part on financial assistance from the State. In several recent years, the City has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE CITY - State Aid" herein).

### COVID -19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak caused the Federal government to declare a national state of



emergency. The State also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. Non-essential businesses in the State have begun to reopen under strict guidelines imposed by the State. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the City's operations and finances is extremely difficult to predict due to the dynamic nature of any public health emergency, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. Additional outbreaks of the COVID-19 pandemic could have a material adverse effect on the State and municipalities and school districts located in the State, including the City. The City is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein).

#### Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

### **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – E".

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any other matters coming to the attention of Bond Counsel after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to and may not be relied upon in connection with any such actions, events or matters.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – E".

## LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City Attorney does not believe, however, that such suits, individually or in the aggregate, if decided adversely to the City, are likely to have a material adverse effect on the financial condition of the City.

For the period from January 1, 2002 to January 1, 2007, the City was a member of the Public Entity Trust of New York ("PETNY"). PETNY became insolvent in 2008. The State Worker's Compensation Board did a forensic review of PETNY's operation. Based upon that review, the Board notified the City that it owed PETNY approximately \$700,000. In 2017, the City and the Board reached a settlement in which the City agreed to pay the Board \$508,946 in monthly payments of \$2,822 over 20 years, including interest at 3% annually.

In 2017, the City and the EWB were notified by the Environmental Protection Agency ("EPA") that an approximate 11-acre pond in Elmira Heights, New York was contaminated, and the EPA directed a remediation project. Nine parties were identified as "responsible parties". The EWB is the owner of approximately one acre of the total acreage, and pursuant to the City Charter, the acre is in the name of the City. The nine parties entered into an agreement apportioning responsibility for the cost of the remediation project. The City and EWB were collectively assigned 9.5% of the projected cost. Clean-up cost is estimated to be approximately \$2 million. With an assigned percentage of 9.5%, the City-EWB exposure is approximately \$190,000. The EWB has agreed to pay 95% of the estimated \$190,000, leaving the City with an exposure of approximately \$9,500. See also "THE CITY – Elmira Water Board" herein.

Since 2012 the City Council has submitted an annual request to share in the EWB's "profits or surplus". Each year the EWB has denied the request. In 2014, the City commenced a legal action against the EWB seeking a judicial determination that the EWB was legally obligated to share its "profits or surplus" with the City. The action is presently pending, and discovery is being conducted. See also "THE CITY – Elmira Water Board" herein.

For general liability purposes other than police liability, the City is self-insured for the first \$500,000 of potential exposure in each case.

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City Attorney is of the opinion, however, that such suits, individually or in the aggregate are not likely to have a material adverse effect on the financial condition of the City. The City is insured separately for police liability with a self-insured retention of \$100,000 in each case. Presently, there is a case pending against the Police department in which the self-insured retention will be totally paid out.

## CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Material Event Notices Certificate, the form of which is attached hereto as "APPENDIX – C, CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS."

The City currently retains Fiscal Advisors & Marketing, Inc. as a dissemination agent to assist the City with filings required under Rule 15c2-12. Such dissemination agent works with the City to help ensure that proper information is filed to the Electronic Municipal Market Access Website ("EMMA") as required under the City's disclosure undertakings. The City has not formally adopted any policies or procedures with regards to continuing disclosure at this time.

### Historical Continuing Disclosure Compliance History

The City has in the previous five years complied, in all material respects, with any previous undertakings entered into thereby pursuant to Securities Exchange Commission Rule 15c2-12; however,

- The City failed to file an event notice relating to a rating upgrade to "A" from "A-" by Standard & Poor's on December 12, 2013. On September 17, 2014, the City filed an event notice to reflect such failure.
- The City was 92 days late in filing its Annual Financial Information and Operating Data for the fiscal year ending December 31, 2015. On September 30, 2016, the City filed its Annual Financial Information and Operating Data for the fiscal year ending December 31, 2015. The City's 2015 Audited Financial Report was filed in a timely manner.
- The City was late in making an interest payment due on March 15, 2018. An interest payment in the amount of \$27,968.75 was due to DTC on March 15, 2018, however, due to a clerical error the payment was not made until March 20, 2018, which was five days late. The City also failed to file a notice of event regarding this late payment in a timely manner. A notice of event regarding the late interest payment was filed on May 11, 2018.

It should also be noted that in a prior official statement of the City where a cash flow borrowing (revenue anticipation note) was included together with a bond issuance in the same official statement, the continuing disclosure undertaking of the bonds inadvertently cross referenced an appendix which referenced the estimated and actual cash flow as part of the set of appendices generally required to be included in the AFIOD that is filed on an annual basis. These estimated and actual cash flow statements are specific to that particular cash flow borrowing and are not typically referenced for inclusion as part of the form of AFIOD that is substantially required for bond disclosure undertakings, and as such the City has not filed such cash flow statements as part of its AFIOD in prior annual disclosure filings and only intends to provide such information only upon request. On May 19, 2020, the City filed a voluntary notice to EMMA to such effect.

### **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a municipal advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the City to the Municipal Advisor may be partially contingent on the successful closing of the Bonds.

### **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the City provided, however; the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

### **BOND RATING**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its rating of "BBB+" with a stable outlook to the Bonds and its rating of "BBB+" with a stable outlook to the City's outstanding general obligation bonds. It is anticipated that S&P will assign a bond rating of "AA (stable outlook)" to the Bonds based upon the issuance by Assured Guaranty Municipal Corp. ("AGM") of its standard form of Municipal Bond Insurance Policy with respect to the Bonds. (See "APPENDIX – F, Bond Insurance and Specimen Municipal Bond Insurance Policy" herein). This rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (877) 772-5436,

Moody's Investors Service ("Moody's") has assigned their rating of "Ba1" with a Stable outlook to the City's outstanding general obligation bonds. It is anticipated that Moody's will assign a bond rating of "A2" (stable outlook)" to the Bonds based upon the issuance by Assured Guaranty Municipal Corp. ("AGM") of its standard form of Municipal Bond Insurance Policy with respect to the Bonds. (See "APPENDIX – F, Bond Insurance and Specimen Municipal Bond Insurance Policy" herein). This rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the Bonds.

### **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information currently available to, the City's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Orrick, Herrington & Sutcliffe LLP, New York, New York Bond Counsel to the City expresses an opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the City.

The Official Statement is submitted only in connection with the sale of the Bonds by the City and may not be reproduced or used in whole or in part for any other purpose.

The City hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the City nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the City disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the City also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City's contact information is as follows: Ms. Charmain Cattan, City Chamberlain, City Hall, 317 East Church Street, Elmira, New York 14901, telephone (607) 737-5658, fax (607) 737-5660, email: [ccattan@cityofelmira.net](mailto:ccattan@cityofelmira.net)

**CITY of ELMIRA**

**Dated: June 29, 2021**

**CHARMAIN CATTAN**  
**City Chamberlain**

GENERAL FUND

Balance Sheets

| Fiscal Year Ending December 31:          | <u>2016</u>          | <u>2017</u>          | <u>2018</u>         | <u>2019</u>          | <u>2020</u><br>DRAFT |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|
| <u>ASSETS</u>                            |                      |                      |                     |                      |                      |
| Cash and Cash Equivalents - Unrestricted | \$ 2,162,240         | \$ 1,368,454         | \$ 2,640,509        | \$ 6,892,143         | \$ 9,026,217         |
| Cash and Cash Equivalents - Restricted   | 313,224              | 347,737              | 349,053             | 345,837              | 96,846               |
| Taxes Receivable, net                    | -                    | -                    | -                   | -                    | -                    |
| Due from Other Funds                     | 983,147              | 3,054,997            | 1,945,909           | 162,104              | 72,515               |
| Due from Self Insurance Fund             | 215,837              | 215,837              | 215,837             | -                    | -                    |
| Due from State and Federal Governments   | -                    | 57,888               | 31,167              | 24,713               | 1,931                |
| Due from Other Governments               | 2,402,854            | 1,697,216            | 3,132,117           | 3,116,301            | 3,373,224            |
| Other Receivables, net                   | 364,617              | 316,182              | 307,423             | 347,366              | 284,662              |
| Prepaid Expenses                         | 1,022,144            | 124,663              | 131,605             | 131,769              | 128,161              |
| TOTAL ASSETS                             | <u>\$ 7,464,063</u>  | <u>\$ 7,182,974</u>  | <u>\$ 8,753,620</u> | <u>\$ 11,020,233</u> | <u>\$ 12,983,556</u> |
| <u>LIABILITIES AND FUND EQUITY</u>       |                      |                      |                     |                      |                      |
| Accounts Payable                         | \$ 400,173           | \$ 489,732           | \$ 662,945          | \$ 482,785           | \$ 662,689           |
| Accrued Liabilities                      | 857,012              | 2,291,301            | 2,278,301           | 2,725,014            | 2,606,012            |
| Due to Other Funds                       | 323,405              | 1,381,222            | 37,472              | 582,621              | 48,525               |
| Due to Other Governments                 | 4,248,199            | 1,958,518            | 1,074,824           | 436,233              | 170,841              |
| Revenue/Tax Anticipation Notes Payable   | 4,000,000            | 4,000,000            | 5,450,000           | 5,000,000            | 4,750,000            |
| Unearned Revenue                         | 175,615              | 165,016              | 166,099             | 248,712              | 220,979              |
| TOTAL LIABILITIES                        | <u>\$ 10,004,404</u> | <u>\$ 10,285,789</u> | <u>\$ 9,669,641</u> | <u>\$ 9,475,365</u>  | <u>\$ 8,459,046</u>  |
| <u>FUND EQUITY</u>                       |                      |                      |                     |                      |                      |
| Nonspendable                             | \$ 1,022,144         | \$ 124,663           | \$ 131,605          | \$ 131,769           | \$ 128,161           |
| Restricted                               | 313,224              | 313,224              | 312,599             | 312,599              | 96,846               |
| Assigned                                 | 270,775              | -                    | -                   | 79,233               | 505,122              |
| Unassigned                               | (4,146,484)          | (3,540,702)          | (1,360,225)         | 1,021,267            | 3,794,381            |
| TOTAL FUND EQUITY                        | <u>(2,540,341)</u>   | <u>(3,102,815)</u>   | <u>(916,021)</u>    | <u>1,544,868</u>     | <u>4,524,510</u>     |
| TOTAL LIABILITIES and FUND EQUITY        | <u>\$ 7,464,063</u>  | <u>\$ 7,182,974</u>  | <u>\$ 8,753,620</u> | <u>\$ 11,020,233</u> | <u>\$ 12,983,556</u> |

Source: 2015-2019 audited financial reports of the City and 2020 draft financial report.  
This Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

| Fiscal Years Ending December 31:  | <u>2015</u>          | <u>2016</u>              | <u>2017</u>           | <u>2018</u>          | <u>2019</u>          |
|---|----------------------|--------------------------|-----------------------|----------------------|----------------------|
| <b>REVENUES</b>   |                      |                          |                       |                      |                      |
| Real Property Taxes   | \$ 12,089,055        | \$ 12,512,661            | \$ 13,187,772         | \$ 15,092,637        | \$ 15,075,022        |
| Real Property Tax Items   | 608,447              | 464,993                  | 878,030               | 739,669              | 907,295              |
| Non-Property Tax Items  | 6,857,352            | 6,289,065                | 6,138,742             | 6,145,752            | 6,182,156            |
| Departmental Income   | 3,196,504            | 3,259,767                | 3,747,209             | 4,355,149            | 4,474,048            |
| Intergovernmental Charges   | 924,816              | 906,857                  | 863,712               | 852,899              | 821,339              |
| Use of Money & Property   | 20,579               | 18,077                   | 65,681                | 28,608               | 57,517               |
| Licenses and Permits  | 179,366              | 175,320                  | 227,511               | 306,052              | 441,620              |
| Fines and Forfeitures   | 173,988              | 200,239                  | 162,387               | 173,610              | 209,265              |
| Sale of Property and Compensation For Loss                                    | 142,617              | 41,412                   | 47,341                | 197,099              | 50,237               |
| Miscellaneous   | 439,976              | 31,357                   | 389,522               | 177,309              | 133,486              |
| Interfund Revenues  | 66,127               | 50,733                   | 62,345                | 188,133              | 70,882               |
| Revenues from State Sources   | 4,955,438            | 6,153,107                | 5,703,380             | 4,995,530            | 5,086,920            |
| Revenues from Federal Sources   | 112,509              | -                        | 144,918               | 96,466               | 90,128               |
| Total Revenues  | <u>\$ 29,766,774</u> | <u>\$ 30,103,588</u>     | <u>\$ 31,618,550</u>  | <u>\$ 33,348,913</u> | <u>\$ 33,599,915</u> |
| <b>EXPENDITURES</b>   |                      |                          |                       |                      |                      |
| General Government Support  | \$ 2,591,869         | \$ 2,899,666             | \$ 2,559,813          | \$ 2,333,796         | \$ 2,167,759         |
| Public Safety   | 12,320,489           | 12,054,251               | 12,236,259            | 12,343,834           | 12,684,276           |
| Transportation  | 2,380,282            | 1,937,809                | 1,502,717             | 1,344,140            | 1,127,369            |
| Economic Assistance and Opportunity   | 129,882              | 131,180                  | 173,803               | 155,527              | 149,111              |
| Culture and Recreation  | 1,101,988            | 1,414,282                | 1,300,381             | 1,168,498            | 832,758              |
| Home and Community Services   | 962,219              | 888,127                  | 936,780               | 894,707              | 974,755              |
| Employee Benefits   | 10,503,761           | 8,559,405                | 9,092,387             | 9,107,833            | 9,309,986            |
| Debt Service  | 427,386              | 372,025                  | 351,383               | 522,224              | 948,326              |
| Total Expenditures  | <u>\$ 30,417,876</u> | <u>\$ 28,256,745</u>     | <u>\$ 28,153,523</u>  | <u>\$ 27,870,559</u> | <u>\$ 28,194,340</u> |
| Excess of Revenues Over (Under) Expenditures                                  | <u>\$ (651,102)</u>  | <u>\$ 1,846,843</u>      | <u>\$ 3,465,027</u>   | <u>\$ 5,478,354</u>  | <u>\$ 5,405,575</u>  |
| Other Financing Sources (Uses):   |                      |                          |                       |                      |                      |
| Issuance of Debt  | 505,854              | -                        | -                     | -                    | -                    |
| Designated fund balance - tax certiorari                                      | -                    | -                        | -                     | -                    | -                    |
| Operating Transfers In  | 677,367              | 196,617                  | 164,610               | 71,200               | 424,238              |
| Operating Transfers Out   | <u>(3,167,093)</u>   | <u>(3,675,998)</u>       | <u>(4,192,111)</u>    | <u>(3,362,760)</u>   | <u>(3,368,924)</u>   |
| Total Other Financing   | <u>(1,983,872)</u>   | <u>(3,479,381)</u>       | <u>(4,027,501)</u>    | <u>(3,291,560)</u>   | <u>(2,944,686)</u>   |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>(2,634,974)</u>   | <u>(1,632,538)</u>       | <u>(562,474)</u>      | <u>2,186,794</u>     | <u>2,460,889</u>     |
| <b>FUND BALANCE</b>   |                      |                          |                       |                      |                      |
| Fund Balance - Beginning of Year  | 2,202,432            | (432,542)                | (2,540,341)           | (3,102,815)          | (916,021)            |
| Prior Period Adjustment   | -                    | (475,261) <sup>(1)</sup> | -                     | -                    | -                    |
| Fund Balance - End of Year  | <u>\$ (432,542)</u>  | <u>\$ (2,540,341)</u>    | <u>\$ (3,102,815)</u> | <u>\$ (916,021)</u>  | <u>\$ 1,544,868</u>  |

(1) For the year ended December 31, 2016, management performed a detailed review of the accounts receivable in the General Fund. As a result, it was determined an allowance for uncollectible accounts should have been established, and the prior year fund balance in the General Fund and Net Position were reduced as a result of this restatement of \$475,261.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending December 31:

|   | 2020                 |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | Adopted<br>Budget    | Final<br>Budget      | Actual<br>DRAFT      |
| <b>REVENUES</b>   |                      |                      |                      |
| Real Property Taxes   | \$ 15,390,562        | \$ 15,390,562        | \$ 15,210,003        |
| Real Property Tax Items   | 479,369              | 479,369              | 991,909              |
| Non-Property Tax Items  | 6,064,697            | 6,064,697            | 5,919,118            |
| Departmental Income   | 4,367,103            | 4,367,103            | 4,464,988            |
| Intergovernmental Charges   | 775,302              | 775,302              | 771,792              |
| Use of Money & Property   | 23,101               | 23,101               | 72,439               |
| Licenses and Permits  | 347,100              | 347,100              | 381,328              |
| Fines and Forfeitures   | 181,500              | 181,500              | 110,645              |
| Sale of Property and Compensation For Loss  | 26,000               | 26,000               | 168,841              |
| Miscellaneous   | 155,000              | 155,000              | 220,377              |
| Interfund Revenues  | 34,000               | 34,000               | 105,226              |
| Revenues from State Sources   | 5,565,303            | 5,064,192            | 4,202,166            |
| Revenues from Federal Sources   | -                    | -                    | 138,018              |
| Total Revenues  | <u>\$ 33,409,038</u> | <u>\$ 32,907,926</u> | <u>\$ 32,756,850</u> |
| <b>EXPENDITURES</b>   |                      |                      |                      |
| General Government Support  | \$ 2,987,055         | \$ 2,987,055         | \$ 2,208,237         |
| Public Safety   | 12,603,821           | 12,603,821           | 12,452,031           |
| Transportation  | 1,401,778            | 1,401,778            | 1,218,312            |
| Economic Assistance and Opportunity   | 356,273              | 303,097              | 441,079              |
| Culture and Recreation  | 926,580              | 926,580              | 633,168              |
| Home and Community Services   | 1,375,188            | 927,252              | 1,004,630            |
| Employee Benefits   | 9,739,583            | 9,446,578            | 9,147,871            |
| Debt Service  | 409,386              | 702,391              | 680,474              |
| Total Expenditures  | <u>\$ 29,799,664</u> | <u>\$ 29,298,552</u> | <u>\$ 27,785,802</u> |
| Excess of Revenues Over (Under)<br>Expenditures   | <u>\$ 3,609,374</u>  | <u>\$ 3,609,374</u>  | <u>\$ 4,971,048</u>  |
| Other Financing Sources (Uses):   |                      |                      |                      |
| Operating Transfers Out   | (3,559,374)          | (3,309,374)          | (2,240,484)          |
| Operating Transfers In  | -                    | -                    | 249,078              |
| Repayment of Obligations  | -                    | -                    | -                    |
| Proceeds of Obligations   | -                    | -                    | -                    |
| Total Other Financing   | <u>(3,559,374)</u>   | <u>(3,309,374)</u>   | <u>(1,991,406)</u>   |
| Excess of Revenues and Other<br>Sources Over (Under) Expenditures<br>and Other Uses (Dedicated Deficit Reduction) | <u>50,000</u>        | <u>300,000</u>       | <u>2,979,642</u>     |
| <b>FUND BALANCE</b>   |                      |                      |                      |
| Fund Balance - Beginning of Year  | (50,000)             | (300,000)            | 1,544,868            |
| Prior Year Encumbrances   | -                    | -                    | -                    |
| Prior Period Adjustment   | -                    | -                    | -                    |
| Fund Balance - End of Year  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 4,524,510</u>  |

Source: 2020 Draft financial statements of the City. This Appendix itself is not audited.

Changes In Fund Equity (Major Funds)

| Fiscal Year Ending December 31:   | <u>2016</u>  | <u>2017</u>    | <u>2018</u>    | <u>2019</u>    | <u>2020</u><br>DRAFT |
|-----------------------------------|--------------|----------------|----------------|----------------|----------------------|
| <u>SPECIAL REVENUE/GRANT FUND</u> |              |                |                |                |                      |
| Fund Equity - Beginning of Year   | \$ 604,683   | \$ 546,020     | \$ 40,158      | \$ 154,657     | \$ 178,947           |
| Prior Period Adjustments (net)    | -            | -              | 136,253        | -              | -                    |
| Revenues & Other Sources          | 1,649,013    | 1,575,545      | 1,264,732      | 1,368,878      | 1,419,957            |
| Expenditures & Other Uses         | 1,707,676    | 2,081,407      | 1,286,486      | 1,344,588      | 1,671,627            |
| Fund Equity - End of Year         | \$ 546,020   | \$ 40,158      | \$ 154,657     | \$ 178,947     | \$ (72,723)          |
| <u>PERMANENT FUND</u>             |              |                |                |                |                      |
| Fund Equity - Beginning of Year   | \$ 2,338,952 | \$ 2,491,281   | \$ 2,618,877   | \$ 2,509,430   | \$ 2,792,841         |
| Prior Period Adjustments (net)    | -            | -              | -              | -              | -                    |
| Revenues & Other Sources          | 245,435      | 217,379        | (10,626)       | 379,818        | 336,175              |
| Expenditures & Other Uses         | 93,106       | 89,783         | 98,821         | 96,407         | 85,643               |
| Fund Equity - End of Year         | \$ 2,491,281 | \$ 2,618,877   | \$ 2,509,430   | \$ 2,792,841   | \$ 3,043,373         |
| <u>CAPITAL PROJECTS FUND</u>      |              |                |                |                |                      |
| Fund Equity - Beginning of Year   | \$ 612,022   | \$ 1,249,529   | \$ (1,460,727) | \$ (3,827,246) | \$ 524,414           |
| Prior Period Adjustments (net)    | -            | -              | 44,597         | 1,293,860      | -                    |
| Revenues & Other Sources          | 7,421,456    | 2,898,402      | 2,730,915      | 15,121,566     | 13,678,992           |
| Expenditures & Other Uses         | 6,783,949    | 5,608,658      | 5,142,031      | 12,063,766     | 10,594,651           |
| Fund Equity - End of Year         | \$ 1,249,529 | \$ (1,460,727) | \$ (3,827,246) | \$ 524,414     | \$ 3,608,755         |

Source: 2015-2019 audited financial reports and 2020 draft financial report of the City.  
This Appendix itself is not audited.



SPECIAL GRANT FUND

Balance Sheets

| Fiscal Year Ending December 31:        | <u>2016</u>         | <u>2017</u>         | <u>2018</u>         | <u>2019</u>         | <u>2020</u><br>DRAFT |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|
| <u>ASSETS</u>                          |                     |                     |                     |                     |                      |
| Cash and Short-term Investments        | \$ 296,967          | \$ 35,202           | \$ 102,105          | \$ 22,472           | \$ 993,519           |
| Receivables:                           |                     |                     |                     |                     |                      |
| Rehabilitation Loans                   | 4,174,322           | 2,766,747           | 2,532,221           | 3,577,837           | 2,845,634            |
| Accounts                               | -                   | -                   | -                   | -                   | 344,157              |
| Due from Other Funds                   | -                   | -                   | 1,218               | 89,482              | -                    |
| Due from Other Governments             |                     |                     |                     |                     |                      |
| Due from State and Federal Governments | 1,685,175           | 2,831,628           | 3,534,598           | 2,219,614           | 4,429,954            |
| Prepaid Expenses                       | -                   | -                   | -                   | -                   | -                    |
| Other Assets                           | -                   | -                   | -                   | -                   | -                    |
|  | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>             |
| TOTAL ASSETS                           | <u>\$ 6,156,464</u> | <u>\$ 5,633,577</u> | <u>\$ 6,170,142</u> | <u>\$ 5,909,405</u> | <u>\$ 8,613,264</u>  |
| <u>LIABILITIES AND FUND EQUITY</u>     |                     |                     |                     |                     |                      |
| Accounts Payable                       | \$ 5,770            | \$ 54,861           | \$ 6,041            | \$ 49,127           | \$ 226,071           |
| Accrued Liabilities                    | 25,510              | 157,984             | 134,257             | -                   | -                    |
| Other Liabilities                      | -                   | -                   | -                   | -                   | -                    |
| Due to Other Funds                     | -                   | 136,253             | -                   | -                   | 65                   |
| Due to Other Governments               | -                   | -                   | -                   | -                   | -                    |
| Deferred Revenue                       | 5,579,164           | 5,244,321           | 5,875,187           | 5,681,331           | 5,614,217            |
|  | <u>5,579,164</u>    | <u>5,244,321</u>    | <u>5,875,187</u>    | <u>5,681,331</u>    | <u>5,614,217</u>     |
| TOTAL LIABILITIES                      | <u>5,610,444</u>    | <u>5,593,419</u>    | <u>6,015,485</u>    | <u>5,730,458</u>    | <u>5,840,353</u>     |
| UNAVAILABLE REVENUE                    | -                   | -                   | -                   | -                   | 2,845,634            |
|  | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>2,845,634</u>     |
| <u>FUND EQUITY</u>                     |                     |                     |                     |                     |                      |
| Nonspendable                           | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                 |
| Restricted                             | 546,020             | 40,158              | 154,657             | 178,947             | -                    |
| Assigned                               | -                   | -                   | -                   | -                   | -                    |
| Unassigned                             | -                   | -                   | -                   | -                   | (72,723)             |
|  | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>(72,723)</u>      |
| TOTAL FUND EQUITY                      | <u>546,020</u>      | <u>40,158</u>       | <u>154,657</u>      | <u>178,947</u>      | <u>(72,723)</u>      |
| TOTAL LIABILITIES and FUND EQUITY      | <u>\$ 6,156,464</u> | <u>\$ 5,633,577</u> | <u>\$ 6,170,142</u> | <u>\$ 5,909,405</u> | <u>\$ 8,613,264</u>  |

**SPECIAL GRANT FUND**

**Revenues, Expenditures and Changes in Fund Balance**

| Fiscal Years Ending December 31:  | <u>2016</u>         | <u>2017</u>         | <u>2018</u>         | <u>2019</u>         | <u>2020</u><br>DRAFT |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|
| <b><u>REVENUES</u></b>  |                     |                     |                     |                     |                      |
| Departmental Revenue  | \$ 240,523          | \$ 129,980          | \$ 111,934          | \$ 47,757           | \$ 58,938            |
| Intergovernmental Charges   | -                   | -                   | -                   | -                   | -                    |
| Use of Money & Property   | 22                  | 24                  | -                   | -                   | -                    |
| Sale of Property and Compensation for Loss                                    | -                   | -                   | -                   | -                   | -                    |
| Miscellaneous   | -                   | -                   | 1,218               | (1,218)             | -                    |
| Interfund Revenues, Transfers   | -                   | -                   | -                   | -                   | -                    |
| Proceeds of Obligations   | -                   | -                   | -                   | -                   | -                    |
| Revenues from State & Federal Sources   | <u>1,063,853</u>    | <u>1,445,541</u>    | <u>1,151,580</u>    | <u>1,322,339</u>    | <u>1,361,019</u>     |
| Total Revenues  | <u>\$ 1,304,398</u> | <u>\$ 1,575,545</u> | <u>\$ 1,264,732</u> | <u>\$ 1,368,878</u> | <u>\$ 1,419,957</u>  |
| <b><u>EXPENDITURES</u></b>  |                     |                     |                     |                     |                      |
| General Government Support  | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                 |
| Public Safety   | -                   | -                   | -                   | -                   | -                    |
| Transportation  | -                   | -                   | -                   | -                   | -                    |
| Economic Assistance and Opportunity   | -                   | -                   | -                   | -                   | -                    |
| Culture and Recreation  | -                   | -                   | -                   | -                   | -                    |
| Home and Community Services   | 900,761             | 1,338,875           | 823,188             | 946,883             | 1,671,627            |
| Employee Benefits   | 100,103             | 77,046              | 79,361              | -                   | -                    |
| Debt Service  | <u>362,197</u>      | <u>364,624</u>      | <u>383,937</u>      | <u>397,705</u>      | <u>-</u>             |
| Total Expenditures  | <u>\$ 1,363,061</u> | <u>\$ 1,780,545</u> | <u>\$ 1,286,486</u> | <u>\$ 1,344,588</u> | <u>\$ 1,671,627</u>  |
| Excess of Revenues Over (Under) Expenditures                                  | <u>\$ (58,663)</u>  | <u>\$ (205,000)</u> | <u>\$ (21,754)</u>  | <u>\$ 24,290</u>    | <u>\$ (251,670)</u>  |
| Other Financing Sources (Uses):   |                     |                     |                     |                     |                      |
| Operating Transfers In  | 344,615             | -                   | -                   | -                   | -                    |
| Operating Transfers Out   | <u>(344,615)</u>    | <u>(300,862)</u>    | <u>-</u>            | <u>-</u>            | <u>-</u>             |
| Total Other Financing   | <u>-</u>            | <u>(300,862)</u>    | <u>-</u>            | <u>-</u>            | <u>-</u>             |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>(58,663)</u>     | <u>(505,862)</u>    | <u>(21,754)</u>     | <u>24,290</u>       | <u>(251,670)</u>     |
| <b><u>FUND BALANCE</u></b>  |                     |                     |                     |                     |                      |
| Fund Balance - Beginning of Year  | 604,683             | 546,020             | 176,411             | 154,657             | 178,947              |
| Prior Period Adjustments (net)  | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>             |
| Fund Balance - End of Year  | <u>\$ 546,020</u>   | <u>\$ 40,158</u>    | <u>\$ 154,657</u>   | <u>\$ 178,947</u>   | <u>\$ (72,723)</u>   |

Source: 2015-2019 audited financial reports and 2020 draft financial report of the City.  
This Appendix itself is not audited.

**BONDED DEBT SERVICE**

| Fiscal Year<br>Ending<br>December 31st | Principal     | Interest     | Total         | Principal of<br>this Issue | Total Principal<br>All Issues |
|--|---------------|--------------|---------------|----------------------------|-------------------------------|
| 2021                                   | \$ 2,840,000  | \$ 799,140   | \$ 3,639,140  | \$ -                       | 2,840,000                     |
| 2022                                   | 2,945,000     | 704,338      | 3,649,338     | 185,766                    | 3,130,766                     |
| 2023                                   | 2,825,000     | 608,796      | 3,433,796     | 185,000                    | 3,010,000                     |
| 2024                                   | 2,920,000     | 507,789      | 3,427,789     | 190,000                    | 3,110,000                     |
| 2025                                   | 2,345,000     | 406,766      | 2,751,766     | 195,000                    | 2,540,000                     |
| 2026                                   | 1,750,000     | 329,219      | 2,079,219     | 200,000                    | 1,950,000                     |
| 2027                                   | 1,665,000     | 262,619      | 1,927,619     | 205,000                    | 1,870,000                     |
| 2028                                   | 1,135,000     | 194,494      | 1,329,494     | 210,000                    | 1,345,000                     |
| 2029                                   | 1,170,000     | 141,775      | 1,311,775     | 210,000                    | 1,380,000                     |
| 2030                                   | 650,000       | 101,134      | 751,134       | 215,000                    | 865,000                       |
| 2031                                   | 680,000       | 72,731       | 752,731       | 220,000                    | 900,000                       |
| 2032                                   | 460,000       | 47,000       | 507,000       | 225,000                    | 685,000                       |
| 2033                                   | 480,000       | 24,000       | 504,000       | 230,000                    | 710,000                       |
| 2034                                   | -             | -            | -             | 235,000                    | 235,000                       |
| 2035                                   | -             | -            | -             | 245,000                    | 245,000                       |
| 2036                                   | -             | -            | -             | 250,000                    | 250,000                       |
| 2037                                   | -             | -            | -             | 250,000                    | 250,000                       |
| 2038                                   | -             | -            | -             | 260,000                    | 260,000                       |
| 2039                                   | -             | -            | -             | 265,000                    | 265,000                       |
| TOTALS                                 | \$ 21,865,000 | \$ 4,199,801 | \$ 26,064,801 | \$ 3,975,766               | \$25,840,766                  |

Note: Table above includes long term debt of the Elmira Water Board.

**CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS**

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the City has agreed to provide, or cause to be provided,

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated July 8, 2021 of the City relating to the Bonds under the headings "THE CITY", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than "APPENDIX – C, D & E" and other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2021, and (ii) a copy of the audited financial statements, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2021; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time or, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
  - (a) principal and interest payment delinquencies
  - (b) non-payment related defaults; if material
  - (c) unscheduled draws on debt service reserves reflecting financial difficulties
  - (d) unscheduled draws on credit enhancements reflecting financial difficulties
  - (e) substitution of credit or liquidity providers, or their failure to perform
  - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - (g) modifications to rights of Bondholders; if material
  - (h) bond calls, if material, and tender offers
  - (i) defeasances
  - (j) release, substitution, or sale of property securing repayment of the Bonds; if material
  - (k) rating changes
  - (l) bankruptcy, insolvency, receivership or similar event of the City;

- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) incurrence of a “financial obligation” (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bond holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no “debt service reserves” will be established for the Bonds.

With respect to event (d) the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

The City may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the City determines that any such other event is material with respect to the Bonds; but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The City reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City’s obligations under its continuing disclosure undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, provided that, the City agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

**CITY OF ELMIRA**

**AUDITED FINANCIAL STATEMENTS**

**FOR FISCAL YEAR ENDING DECEMBER 31, 2019**

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

# CITY OF ELMIRA

Elmira, New York

## FINANCIAL REPORT

For the Year Ended  
December 31, 2019



# 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 Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elmira (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Elmira Water Board, a discretely presented component unit, which represent 99% of the assets, net position, and revenues of the aggregately discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Elmira Water Board, are solely based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. The financial statements of the Elmira Water Board were not audited in accordance with *Governmental Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elmira, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the City's Total OPEB Liability and Related Ratios, Schedule of City's Contributions - NYSLRS Pension Plan, the Schedule of the City's Proportionate Share of Net Pension Liability - NYSLRS Pension Plan, and the related notes on pages 4-4m and 58-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2020 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,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
July 23, 2020

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

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, 2019. These management comments provide the benefit of perspective on certain developments that, while they occurred after December 31, 2019, provide relevant context for the 2019 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 \$11,478,081 in capital assets, resulting in an increase in capital assets of \$7,505,702, net of depreciation of \$3,959,954.
- The City's total debt obligations decreased by \$814,970 during the current fiscal year.
- The City's actual revenues and other financing sources exceeded its budgeted revenues and other financing sources in the General Fund by \$2,120,133, while expenses and other financing uses were less than budgeted by \$111,523.
- Total fund balance in the General Fund was \$1,544,868 at December 31, 2019, an increase from a fund balance deficit of \$916,021 at December 31, 2018. Unassigned fund balance in the General Fund increased from a \$1,360,225 deficit to a surplus of \$1,021,267.
- General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,460,889 in 2019 and \$2,186,794 in 2018.

### **USING THIS ANNUAL REPORT**

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

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

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

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 combining statements for those funds that are not considered Major Funds 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 discretely presented component units:

- The Community Development Department (Elmira Urban Renewal Agency) was established to carry out municipal urban renewal programs generally funded by federal grants. Separate audited financial statements are issued for Elmira Urban Renewal Agency, which can be obtained by contacting the City Chamberlain's office at 317 East Church Street, Elmira, New York 14901.
- The Elmira Water Board is a local water company which provides water to various communities in the County of Chemung. Separate audited financial statements are issued for the Elmira Water Board, 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, 2019**

### **Reporting the City's Most Significant Funds**

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

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

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

# CITY OF ELMIRA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

### THE CITY AS A WHOLE

The City's *combined* net position deficit for the fiscal year ended December 31, 2019 decreased 40.86%. The deficit unrestricted net position is largely attributable to the City's OPEB obligations, as well as the City's investment in capital assets. Of the City's net position, \$21,145,343 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, \$4,282,514 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**

|  | <b>Governmental Activities</b> |                        | <b>Dollar Change<br/>2018 - 2019</b> |
|--|--------------------------------|------------------------|--------------------------------------|
|  | <b>2018</b>                    | <b>2019</b>            |                                      |
| <i>Current Assets</i>                      | \$ 18,323,866                  | \$ 19,664,744          | \$ 1,340,878                         |
| <i>Noncurrent Assets</i>                   | 4,571,957                      | 5,491,359              | 919,402                              |
| <i>Capital Assets</i>                      | 38,399,470                     | 45,905,172             | 7,505,702                            |
| <b>Total Assets</b>                        | <b>61,295,293</b>              | <b>71,061,275</b>      | <b>9,765,982</b>                     |
| <i>Pensions</i>                            | 8,213,772                      | 5,400,340              | (2,813,432)                          |
| <i>Postemployment Benefits</i>             | 4,534,117                      | 4,024,861              | (509,256)                            |
| <i>Deferred Charges on Defeased Debt</i>   | 71,402                         | 55,129                 | (16,273)                             |
| <b>Total Deferred Outflow of Resources</b> | <b>12,819,291</b>              | <b>9,480,330</b>       | <b>(3,338,961)</b>                   |
| <i>Current Liabilities</i>                 | 24,684,860                     | 19,499,103             | (5,185,757)                          |
| <i>Noncurrent Liabilities</i>              | 63,008,953                     | 66,396,610             | 3,387,657                            |
| <b>Total Liabilities</b>                   | <b>87,693,813</b>              | <b>85,895,713</b>      | <b>(1,798,100)</b>                   |
| <i>Pensions</i>                            | 7,035,594                      | 2,442,969              | (4,592,625)                          |
| <i>Postemployment Benefits</i>             | 10,313,674                     | 10,493,263             | 179,589                              |
| <b>Total Deferred Inflow of Resources</b>  | <b>17,349,268</b>              | <b>12,936,232</b>      | <b>(4,413,036)</b>                   |
| <i>Net Investment in Capital Assets</i>    | 12,766,530                     | 21,145,343             | 8,378,813                            |
| <i>Restricted</i>                          | 3,047,655                      | 4,282,514              | 1,234,859                            |
| <i>Unrestricted (Deficit)</i>              | (46,742,682)                   | (43,718,197)           | 3,024,485                            |
| <b>Total Net Position (Deficit)</b>        | <b>\$ (30,928,497)</b>         | <b>\$ (18,290,340)</b> | <b>\$ 12,638,157</b>                 |

Total assets increased 15.93%. This change stems from an increase in capital assets, due to capital outlay exceeding depreciation expense.

# **CITY OF ELMIRA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

Deferred outflows of resources decreased 26.05% and deferred inflows of resources decreased 25.44%, primarily due to changes in actuarial assumptions for both pension and OPEB plans as well as the net difference between projected and actual investment earnings of the NYSLRS plan.

Current liabilities decreased 21.01% and noncurrent liabilities increased 5.38%. These changes stem from conversion of short-term financing to long-term financing.

Total net (deficit) decreased 40.86% because revenue exceeded expenses.

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

**Figure 2  
Changes in Net Position**

|                                     | <b>Governmental Activities</b> |                      | <b>Dollar Change</b> |
|-------------------------------------|--------------------------------|----------------------|----------------------|
|                                     | <b>2018</b>                    | <b>2019</b>          | <b>2018 - 2019</b>   |
| <b>REVENUES</b>                     |                                |                      |                      |
| <b>Program Revenues</b>             |                                |                      |                      |
| Charges for Services                | \$ 5,728,834                   | \$ 6,578,675         | \$ 849,841           |
| Operating Grants and Contributions  | 1,514,587                      | 1,798,793            | 284,206              |
| Capital Grants and Contributions    | 4,021,153                      | 9,636,854            | 5,615,701            |
| <b>General Revenues</b>             |                                |                      |                      |
| Property Taxes and Tax Items        | 15,832,306                     | 15,982,317           | 150,011              |
| Nonproperty Taxes and Tax Items     | 6,145,752                      | 6,182,156            | 36,404               |
| State Sources                       | 4,734,844                      | 4,700,594            | (34,250)             |
| Other                               | (451,547)                      | 1,069,343            | 1,520,890            |
| <b>Total Revenues</b>               | <b>\$ 37,525,929</b>           | <b>\$ 45,948,732</b> | <b>\$ 8,422,803</b>  |
| <b>PROGRAM EXPENSES</b>             |                                |                      |                      |
| General Governmental Support        | \$ 3,064,931                   | \$ 2,844,798         | \$ (220,133)         |
| Public Safety                       | 20,391,838                     | 20,524,590           | 132,752              |
| Transportation                      | 4,395,031                      | 4,460,728            | 65,697               |
| Economic Assistance and Opportunity | 173,634                        | 154,617              | (19,017)             |
| Culture and Recreation              | 1,545,400                      | 1,199,683            | (345,717)            |
| Home and Community Services         | 2,770,556                      | 3,040,729            | 270,173              |
| Interest on Long-term Debt          | 1,036,720                      | 1,085,430            | 48,710               |
| <b>Total Expenses</b>               | <b>\$ 33,378,110</b>           | <b>\$ 33,310,575</b> | <b>\$ (67,535)</b>   |
| <b>CHANGE IN NET POSITION</b>       | <b>\$ 4,147,819</b>            | <b>\$ 12,638,157</b> | <b>\$ 8,490,338</b>  |

Total revenues increased 22.45% from the prior year. The change stems largely from an increase in capital grants for various highway and capital projects.



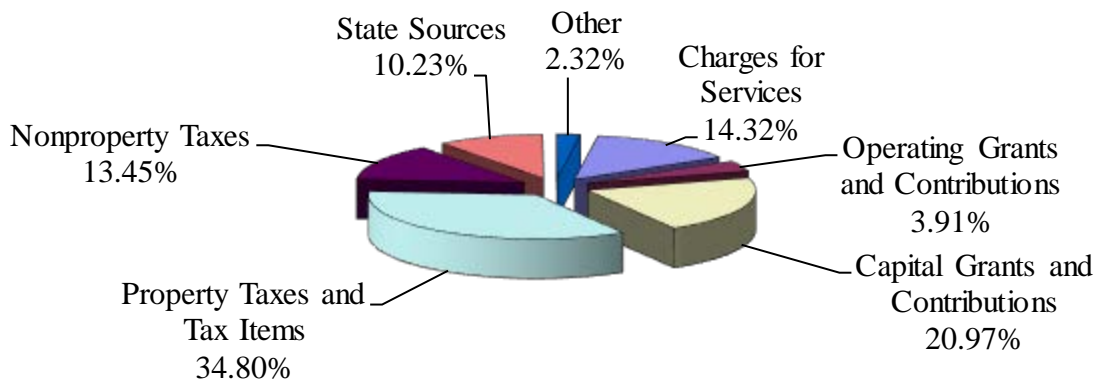
# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

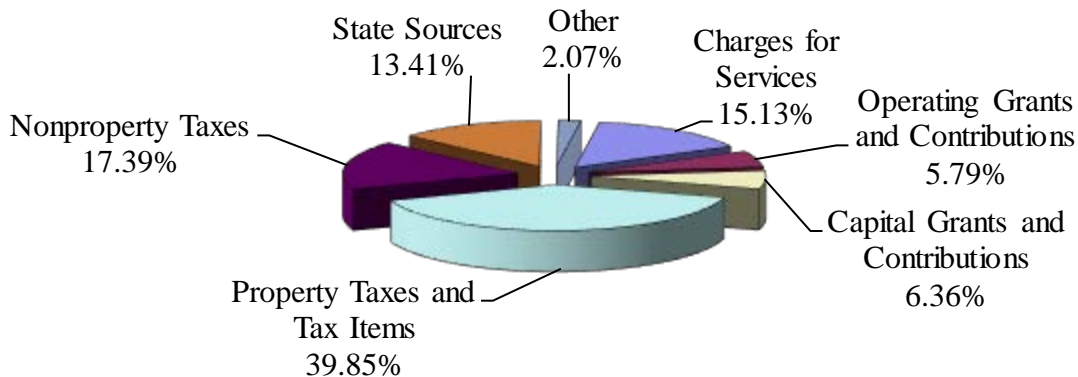
Total expenses decreased .20% from the prior year. This change resulted from the City's initiative to share services with other municipalities and efforts to contain spending.

Figures 3 and 4 show revenue by source for 2019 and 2018.

***Figure 3  
Revenue by Source - 2019***



***Figure 4  
Revenue by Source - 2018***

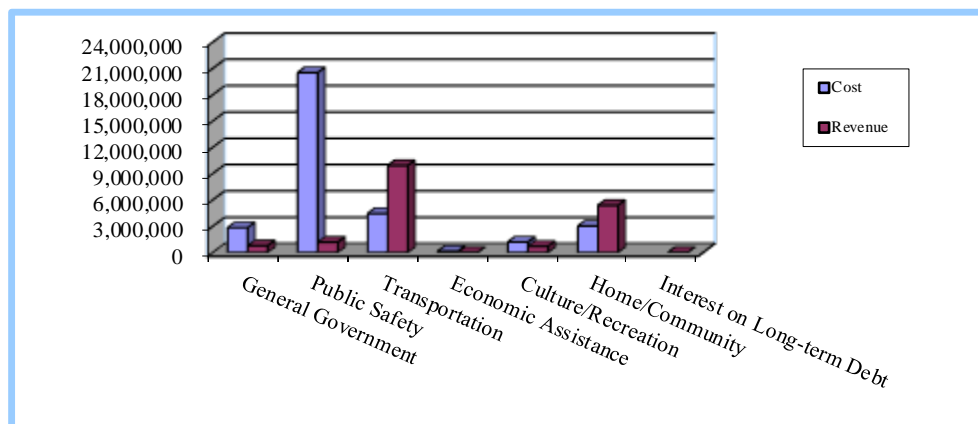


# CITY OF ELMIRA

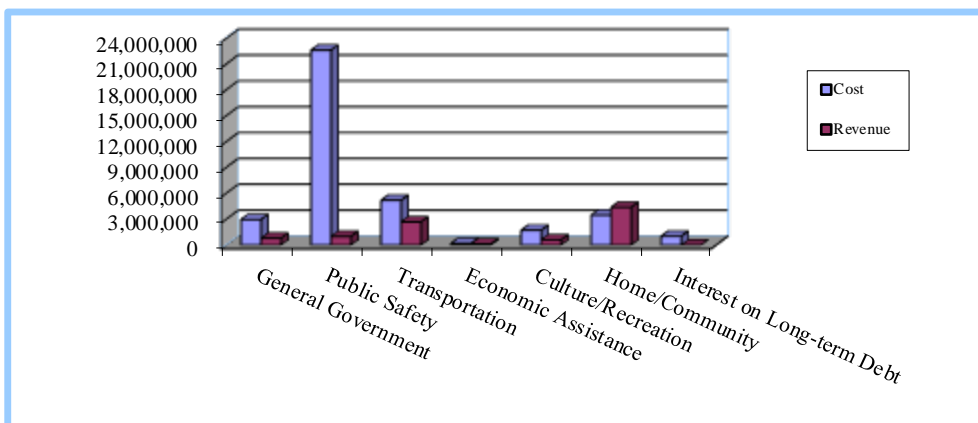
## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

The cost of all Governmental Activities this year was \$33,310,575. 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 \$15,296,253, because some of the cost was paid by those who directly benefited from the programs: \$6,578,675, or by other government and organizations that subsidized certain programs with grants and contributions: \$11,435,647. Overall, the City's governmental program revenues, including fees for services and grants, were \$18,014,322. The City paid for the remaining "public benefit" portion of Governmental Activities with general revenues of \$27,934,410. 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 - 2019**



**Figure 6**  
**Net Program Cost**  
**Governmental Activities - 2018**



# **CITY OF ELMIRA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

### **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 1,034.72%. This is largely attributable to increases in the General and Capital Funds due to revenues and other financing sources exceeding expenditures and other financing uses, and the conversion of short-term to long-term financing.

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

|                                     | <i>2018,<br/>as Restated</i> | <i>2019</i>         | <i>Dollar Change<br/>2018 - 2019</i> |
|-------------------------------------|------------------------------|---------------------|--------------------------------------|
| <i>Major Funds:</i>                 |                              |                     |                                      |
| <i>General Fund</i>                 | \$ (916,021)                 | \$ 1,544,868        | \$ 2,460,889                         |
| <i>Special Grant Fund</i>           | 154,657                      | 178,947             | 24,290                               |
| <i>Permanent Fund</i>               | 2,509,430                    | 2,792,841           | 283,411                              |
| <i>Capital Projects Fund</i>        | (2,533,386)                  | 524,414             | 3,057,800                            |
| <i>Non-Major Governmental Funds</i> | 187,744                      | 544,607             | 356,863                              |
| <b><i>Totals</i></b>                | <b>\$ (597,576)</b>          | <b>\$ 5,585,677</b> | <b>\$ 6,183,253</b>                  |

### **General Fund Budgetary Highlights**

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

Total revenues and other financing sources were \$2,120,133 greater than budgeted, based on greater than anticipated real property and nonproperty tax items. Total expenditures and other financing uses were \$111,523 under budget, based on initiatives related to shared services within the general governmental support function.

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

**Figure 8  
Budgetary Comparison Schedule - General Fund  
December 31, 2019**

|   | <b>Original<br/>Budget</b> | <b>Final Budget</b>  | <b>Actual w/<br/>Encumbrances</b> | <b>Variance<br/>Fav.(Unfav.)</b> |
|---|----------------------------|----------------------|-----------------------------------|----------------------------------|
| <b>REVENUES AND OTHER<br/>FINANCING SOURCES</b>           |                            |                      |                                   |                                  |
| Real Property Taxes and Tax Items                         | \$ 15,891,202              | \$ 15,891,200        | \$ 16,889,612                     | \$ 998,412                       |
| Nonproperty Tax Items                                     | 5,779,945                  | 5,779,944            | 6,182,156                         | 402,212                          |
| Departmental Income                                       | 4,373,231                  | 4,373,231            | 4,474,048                         | 100,817                          |
| State Sources   | 5,007,213                  | 4,863,213            | 5,086,920                         | 223,707                          |
| Other Revenues and Financing Sources                      | 1,138,187                  | 996,432              | 1,391,417                         | 394,985                          |
| <b>Total Revenues and Other Financing<br/>Sources</b>     | <b>\$ 32,189,778</b>       | <b>\$ 31,904,020</b> | <b>\$ 34,024,153</b>              | <b>\$ 2,120,133</b>              |
| <b>Planned Fund Balance</b>                               | <b>\$ (150,000)</b>        | <b>\$ (150,000)</b>  | <b>\$ -</b>                       | <b>\$ -</b>                      |
| <b>EXPENDITURES AND OTHER<br/>FINANCING USES</b>          |                            |                      |                                   |                                  |
| Public Safety   | \$ 12,236,225              | \$ 12,700,097        | \$ 12,700,097                     | \$ -                             |
| Employee Benefits   | 9,206,927                  | 9,331,906            | 9,309,986                         | 21,920                           |
| Other Expenditures and Other Financing Uses               | 10,596,626                 | 9,722,017            | 9,632,414                         | 89,603                           |
| <b>Total Expenditures and Other<br/>Financing Uses</b>    | <b>\$ 32,039,778</b>       | <b>\$ 31,754,020</b> | <b>\$ 31,642,497</b>              | <b>\$ 111,523</b>                |
| <b>Excess of Revenues<br/>and Other Financing Sources</b> | <b>\$ -</b>                | <b>\$ -</b>          | <b>\$ 2,381,656</b>               | <b>\$ 2,231,656</b>              |

# CITY OF ELMIRA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At December 31, 2019, the City had invested in a broad range of capital assets totaling \$109,862,442; offset by accumulated depreciation of \$63,957,270. Figure 9 shows the changes in the City's capital assets.

**Figure 9**  
**Capital Assets, Net of Accumulated Depreciation**

|  | <i>Governmental Activities</i> |                      | <i>Dollar Change</i> |
|--|--------------------------------|----------------------|----------------------|
|  | <i>2018</i>                    | <i>2019</i>          | <i>2018 - 2019</i>   |
| <i>Land and Construction in Progress</i> | \$ 734,637                     | \$ 734,637           | \$ -                 |
| <i>Buildings</i>                         | 1,570,859                      | 1,449,578            | (121,281)            |
| <i>Improvements</i>                      | 1,923,563                      | 2,182,617            | 259,054              |
| <i>Machinery and Equipment</i>           | 3,327,143                      | 3,378,962            | 51,819               |
| <i>Infrastructure</i>                    | 30,843,268                     | 38,159,378           | 7,316,110            |
| <b><i>Totals</i></b>                     | <b>\$ 38,399,470</b>           | <b>\$ 45,905,172</b> | <b>\$ 7,505,702</b>  |

#### Debt Administration

The City's short and long-term debt obligations decreased by 2.62% at December 31, 2019, as shown in Figure 10. Of this amount, \$29,899,195 was subject to the constitutional debt limit and represented 77.9% of the City's statutory debt limit.

**Figure 10**  
**Major Outstanding Debt at Year Ending December 31**

|                                | <i>Governmental Activities</i> |                      | <i>Dollar Change</i> |
|--------------------------------|--------------------------------|----------------------|----------------------|
|                                | <i>2018</i>                    | <i>2019</i>          | <i>2018 - 2019</i>   |
| <i>Serial Bonds</i>            | \$ 19,582,337                  | \$ 21,839,727        | \$ 2,257,390         |
| <i>Bond Anticipation Notes</i> | 6,122,005                      | 3,499,645            | (2,622,360)          |
| <i>Tax Anticipation Notes</i>  | 5,450,000                      | 5,000,000            | (450,000)            |
| <b><i>Totals</i></b>           | <b>\$ 31,154,342</b>           | <b>\$ 30,339,372</b> | <b>\$ (814,970)</b>  |

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

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

### **FUTURE FACTORS**

The City of Elmira is in the midst of a much-needed renaissance, with the investment of millions of dollars of state and private funding. As a result, we are experiencing a facelift and there is a different energy in the City.

Between 2016-2020, the City was awarded approximately \$13 Million in state funds for development projects through Cities RISE, DRI, ESPRI, and RESTORE NY grants.

- Using a competitive process, the City of Elmira was awarded \$10 million in NYS Downtown Revitalization Initiative (DRI) funds, for the following projects:
  - 100 West Water Street (Grants: \$4M DRI + \$2M RESTORE NY)
    - This \$14.3 million project included \$4 million DRI funding and \$2 million RESTORE NY funding for mixed-use development, with 51 market-rate apartments, all fully rented, and almost 17,000 sq. ft. of commercial space. Two major commercial tenants have already been secured. The project was completed in Summer 2019.
  - Clemens Square/Riverfront Park/Parking Garage (\$3M DRI)
    - The design phase of this project is underway, with completion anticipated in Winter 2021.
  - Lake Street Pedestrian Bridge (\$0.75M DRI)
    - Bidding to select the prime contractor was completed in Spring 2020, and completion is anticipated in Summer 2021.
  - Activate Buildings (\$1.5M DRI)
    - This grant supports a total of 12 projects with various business owners, providing funds for façade and building improvements to enhance both commercial and residential development. To date, three projects have been completed, with nine projects remaining. These projects are expected to be complete by December 2020.
  - Modernization of Downtown Zoning (\$0.15M DRI)
    - Updates to the City's downtown zoning code are expected to facilitate greater flexibility for mixed-use development. This work commenced in October 2018 and was completed in January 2020. The City Council has forwarded the proposed code updates to the Planning Commission, and is awaiting the Commission's recommendations.

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

- Empire State Poverty Reduction Initiative (ESPRI) met during 2017-2018 and provided \$1 million for efforts to address poverty. The \$1 million supported four initiatives:
  - Funds were utilized for low / moderate housing rehabilitation (\$0.4M)
  - A mentorship program for low / moderate income City residents was created through the Chemung County Chamber of Commerce (\$0.2M)
  - Community Navigators were hired to help connect people to services and opportunities (\$0.2M)
  - A loan/grant program for new business development was developed (\$0.2M)
- The Cities Rise grants support code enforcement and improve housing conditions and quality. Phase 1 consisted of \$10K in non-cash planning and systems support, and was completed in November 2018. Phase 2 represented \$50K in cash support, and was completed November 2019. For Phase 3, the City has been awarded \$1 million for proposed code enforcement projects including staffing, vehicle, and funds for community cleanups. Phase 3 started in Spring 2020 and is currently underway.
- Zombie Vacant Property grants support code enforcement regarding vacant properties. Phase 1, with \$0.15M, was completed in November 2019. Phase 2, with the potential for \$0.2M in funds, started in December 2019 and is currently underway.
- Two Restore NY Projects are underway:
  - The 110-114 Baldwin Street project, with \$0.5M of Restore NY funding, for mixed commercial and residential use, started Fall 2019. It is expected to be complete by Spring 2021.
  - Lake Street's Gerard Block Apartments project, also with \$0.5M of Restore NY funding, for mixed commercial and residential use, started Summer 2019. It is expected to be complete by Spring 2021.

# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

- Other funding, with investments ranging from 2018 - 2021, is complementing NY state investments:
  - Lake Erie College of Osteopathic Medicine (LECOM) was granted approval by the New York State Board of Regents in July 2019 to open a medical school in Elmira, NY. This makes Elmira one of only 180 cities in the United States with a medical school. LECOM eventually expects to accommodate up to 480 students at its Elmira campus. In addition, LECOM and Elmira College have entered into an agreement whereby LECOM annually will admit to its first year medical school a designated number of Elmira College graduates meeting LECOM's admission standards. LECOM invested nearly \$20 million into the 49,000 square foot project, and received a \$3 million grant under the NYS Regional Economic Development Award program. The construction of LECOM's facilities was completed in Spring 2020. While classes are scheduled to begin in July 2020, we do not know the impact that COVID19 may have on these plans.
  - Riedman Companies, a property developer based in Rochester NY, has begun construction of a new 140,000 square foot, four-story, 115-unit apartment complex at 667 College Avenue, adjacent to the new LECOM site. Demolition began in May 2020. They project some apartments will be available to students in late Spring 2021.
  - Vecino Group's \$20 Million project involved 91 units of affordable housing and restoration of deteriorated but historic Jones Court. Of these, 20 units are designated for homeless veterans. Services are housed on the ground floor. The project was completed June 2019.
  - Housing Visions' Chemung Crossing was a \$15.1M project that included NY state funding. It represented 45 units of affordable housing and nearly 5,000 square feet of commercial space involving the historic rehabilitation of two properties and new construction of six duplexes. Phase 1, the duplexes, is complete and accepting applications. Phase 2, the commercial space / historic rehabilitation, was completed Spring 2019.
  - CDS Monarch Housing, a new \$11.87 million 50-unit affordable senior residential development on the City's south side broke ground in October 2017 and was completed December 2018.
  - Culligan Water, a \$1.8 million project, took over the vacant William's Honda dealership site on Madison Avenue within downtown Elmira. This project was completed Summer 2018.
  - Capriotti Row Houses (389-399 West Water Street) was a \$1.2 million project that included NY state funding. This project consisted of 16 new market-rate apartments and commercial space, and was completed in Fall 2018. It is 100% occupied.



# ***CITY OF ELMIRA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

- The Werdenberg Project at Main & Water Streets was a \$700K project that included \$120K in NYS CFA funding. This project encompassed 4 market-rate second floor apartments and just over 4,000 square feet of commercial space, and was completed in 2018.

In the long term, these projects will contribute to the stabilization and increase of the City's tax rolls and our financials.

On the financial front, the City is delighted to report that, with 2019's performance, the prior fund balance deficit has been erased. The positive General Fund equity as of December 31, 2019 is \$1,544,868. In addition, our bond ratings have been upgraded by both Standard and Poors (S&P) Global Ratings and Moody's Investors Service. S&P Global Ratings upgraded the City's general obligation debt to BBB- with a Stable Outlook. Moody's Investors Service upgraded the City's issuer and GOLT ratings two notches to Ba1 with a Stable Outlook. This will improve our access to the financial markets and facilitate improved borrowing costs.

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

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

# CITY OF ELMIRA

## STATEMENT OF NET POSITION DECEMBER 31, 2019

|  | Governmental<br>Activities and<br>Primary<br>Government | Component Units  |   | Total              |
|--|---|--|---|--------------------|
|  |   | Governmental<br>Activities<br>Urban<br>Renewal<br>Agency | Business-type<br>Activities<br>Elmira<br>Water<br>Board |                    |
| <b>ASSETS</b>  |   |  |   |                    |
| <b>Current Assets</b>                                    |   |  |   |                    |
| Cash and Cash Equivalents, Unrestricted                  | \$ 7,145,679  | \$ 3,505   | \$ 5,187,887  | \$ 12,337,071      |
| Cash and Cash Equivalents, Restricted                    | 2,973,394   |  | 1,725,260   | 4,698,654          |
| Due from State and Federal Governments                   | 5,069,167   |  |   | 5,069,167          |
| Due from Other Governments                               | 3,116,842   |  |   | 3,116,842          |
| Other Receivables, Net                                   | 855,858   | 1,000  | 1,055,319   | 1,912,177          |
| Loans and Mortgages Receivable, Current Portion          | 372,035   |  |   | 372,035            |
| Prepaid Expenses   | 131,769   |  | 342,404   | 474,173            |
| Inventory, Net   |   |  | 493,899   | 493,899            |
| <b>Total Current Assets</b>                              | <b>19,664,744</b>                                       | <b>4,505</b>   | <b>8,804,769</b>  | <b>28,474,018</b>  |
| <b>Noncurrent Assets</b>                                 |   |  |   |                    |
| Restricted Cash and Cash Equivalents                     |   | 92,507   |   | 92,507             |
| Investments, Restricted                                  | 2,792,841   |  |   | 2,792,841          |
| Loans and Mortgages Receivable, Long-term Portion        | 2,698,518   |  |   | 2,698,518          |
| Capital Assets, Non-depreciable                          | 734,637   |  | 552,854   | 1,287,491          |
| Other Capital Assets, Net of<br>Accumulated Depreciation | 45,170,535  |  | 32,874,739  | 78,045,274         |
| <b>Total Noncurrent Assets</b>                           | <b>51,396,531</b>                                       | <b>92,507</b>  | <b>33,427,593</b>                                       | <b>84,916,631</b>  |
| <b>Total Assets</b>                                      | <b>71,061,275</b>                                       | <b>97,012</b>  | <b>42,232,362</b>                                       | <b>113,390,649</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                    |   |  |   |                    |
| Deferred Charges on Defeased Debt                        | 55,129  |  |   | 55,129             |
| Postemployment Benefits                                  | 4,024,861   |  | 740,086   | 4,764,947          |
| Pensions   | 5,400,340   |  | 663,578   | 6,063,918          |
| <b>Total Deferred Outflows of Resources</b>              | <b>9,480,330</b>  | <b>-</b>   | <b>1,403,664</b>  | <b>10,883,994</b>  |

*See Notes to Financial Statements*

|  | Governmental<br>Activities and<br>Primary<br>Government | Component Units            |                             | Total                |
|--|---|----------------------------|-----------------------------|----------------------|
|  |   | Governmental<br>Activities | Business-type<br>Activities |                      |
|  |   | Urban<br>Renewal<br>Agency | Elmira<br>Water<br>Board    |                      |
| <b>LIABILITIES</b>                         |   |                            |                             |                      |
| <b>Current Liabilities</b>                 |   |                            |                             |                      |
| Accounts Payable                           | \$ 1,785,319  | \$                         | \$ 139,040                  | \$ 1,924,359         |
| Accrued Liabilities                        | 2,736,741   |                            | 98,670                      | 2,835,411            |
| Unearned Revenue                           | 2,916,845   |                            |                             | 2,916,845            |
| Due to Other Governments                   | 436,233   | 106                        |                             | 436,339              |
| Tax Anticipation Notes Payable             | 5,000,000   |                            |                             | 5,000,000            |
| Bond Anticipation Notes Payable            | 3,499,645   |                            |                             | 3,499,645            |
| Interest Payable                           | 387,456   |                            | 25,896                      | 413,352              |
| Current Portion of Long-term Liabilities:  |   |                            |                             |                      |
| Pension Obligations                        | 316,692   |                            |                             | 316,692              |
| Bonds and Lease Payable                    | 2,400,104   |                            | 427,695                     | 2,827,799            |
| Workers' Compensation Liability            | 20,068  |                            |                             | 20,068               |
| Compensated Absences                       |   |                            | 299,301                     | 299,301              |
| <b>Total Current Liabilities</b>           | 19,499,103  | 106                        | 990,602                     | 20,489,811           |
| <b>Noncurrent Liabilities</b>              |   |                            |                             |                      |
| Other Postemployment Benefits Liability    | 37,164,543  |                            | 2,121,145                   | 39,285,688           |
| Bonds and Lease Payable                    | 19,439,623  |                            | 2,829,680                   | 22,269,303           |
| Pension Obligations                        | 1,723,419   |                            |                             | 1,723,419            |
| Workers' Compensation Liability            | 448,952   |                            |                             | 448,952              |
| Net Pension Liability                      | 5,320,457   |                            | 634,396                     | 5,954,853            |
| Compensated Absences                       | 2,299,616   |                            | 428,543                     | 2,728,159            |
| <b>Total Noncurrent Liabilities</b>        | 66,396,610  | -                          | 6,013,764                   | 72,410,374           |
| <b>Total Liabilities</b>                   | 85,895,713  | 106                        | 7,004,366                   | 92,900,185           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |   |                            |                             |                      |
| Pensions                                   | 2,442,969   |                            | 325,240                     | 2,768,209            |
| Postemployment Benefits                    | 10,493,263  |                            | 65,716                      | 10,558,979           |
| <b>Total Deferred Inflows of Resources</b> | 12,936,232  | -                          | 390,956                     | 13,327,188           |
| <b>NET POSITION</b>                        |   |                            |                             |                      |
| Net Investment in Capital Assets           | 21,145,343  |                            | 30,170,218                  | 51,315,561           |
| Restricted                                 | 4,282,514   |                            | 777,711                     | 5,060,225            |
| Unrestricted (Deficit)                     | (43,718,197)  | 96,906                     | 5,292,775                   | (38,328,516)         |
| <b>Total Net Position (Deficit)</b>        | <b>\$ (18,290,340)</b>                                  | <b>\$ 96,906</b>           | <b>\$ 36,240,704</b>        | <b>\$ 18,047,270</b> |

# CITY OF ELMIRA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

|                                      |                      | Program Revenues    |                     |                     |
|--------------------------------------|----------------------|---------------------|---------------------|---------------------|
|                                      |                      | Charges for         | Operating           | Capital             |
|                                      | Expenses             | Services            | Grants and          | Grants and          |
|                                      |                      |                     | Contributions       | Contributions       |
| <b>FUNCTIONS/PROGRAMS</b>            |                      |                     |                     |                     |
| <b>Governmental Activities and</b>   |                      |                     |                     |                     |
| <b>Primary Government</b>            |                      |                     |                     |                     |
| General Governmental Support         | \$ 2,844,798         | \$ 786,320          | \$                  | \$                  |
| Public Safety                        | 20,524,590           | 1,046,484           | 129,422             | 11,902              |
| Transportation                       | 4,460,728            | 174,710             | 238,828             | 9,521,029           |
| Economic Assistance and Opportunity  | 154,617              |                     |                     |                     |
| Culture and Recreation               | 1,199,683            | 606,185             | 108,204             |                     |
| Home and Community Services          | 3,040,729            | 3,964,976           | 1,322,339           | 103,923             |
| Interest on Debt                     | 1,085,430            |                     |                     |                     |
| <b>Total Governmental Activities</b> | <b>\$ 33,310,575</b> | <b>\$ 6,578,675</b> | <b>\$ 1,798,793</b> | <b>\$ 9,636,854</b> |
| <b>Component Units</b>               |                      |                     |                     |                     |
| Governmental Activities:             |                      |                     |                     |                     |
| Urban Renewal Agency                 | \$                   | \$                  | \$                  | \$                  |
| Business-type Activities:            |                      |                     |                     |                     |
| Elmira Water Board                   | 7,810,564            | 8,805,297           |                     |                     |
| <b>Total Component Units</b>         | <b>\$ 7,810,564</b>  | <b>\$ 8,805,297</b> | <b>\$ -</b>         | <b>\$ -</b>         |

### GENERAL REVENUES

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

### Total General Revenues

Change in Net Position

Net Position (Deficit) - Beginning, as Restated

### Net Position (Deficit) - Ending

*See Notes to Financial Statements*

| Net (Expense)<br>Revenue and<br>Changes in<br>Net Position | Component Units            |                          | Total                |
|--|----------------------------|--------------------------|----------------------|
|  | Governmental               | Business-type            |                      |
|  | Activities                 | Activities               |                      |
|  | Urban<br>Renewal<br>Agency | Elmira<br>Water<br>Board |                      |
| \$ (2,058,478)   | \$                         | \$                       | \$ (2,058,478)       |
| (19,336,782)   |                            |                          | (19,336,782)         |
| 5,473,839  |                            |                          | 5,473,839            |
| (154,617)  |                            |                          | (154,617)            |
| (485,294)  |                            |                          | (485,294)            |
| 2,350,509  |                            |                          | 2,350,509            |
| (1,085,430)  |                            |                          | (1,085,430)          |
| (15,296,253)   |                            |                          | (15,296,253)         |
|  |                            |                          |                      |
|  |                            |                          |                      |
|  |                            | 994,733                  | 994,733              |
|  |                            | 994,733                  | 994,733              |
|  |                            |                          |                      |
| 15,401,231   |                            |                          | 15,401,231           |
| 581,086  |                            |                          | 581,086              |
| 5,683,700  |                            |                          | 5,683,700            |
| 193,013  |                            |                          | 193,013              |
| 305,443  |                            |                          | 305,443              |
| 150,359  | 51                         | 22,260                   | 172,670              |
| 193,261  |                            |                          | 193,261              |
| 725,723  |                            |                          | 725,723              |
|  |                            | (10,032)                 | (10,032)             |
| 4,700,594  |                            |                          | 4,700,594            |
| 27,934,410   | 51                         | 12,228                   | 27,946,689           |
| 12,638,157   | 51                         | 1,006,961                | 13,645,169           |
| (30,928,497)   | 96,855                     | 35,233,743               | 4,402,101            |
| <b>\$ (18,290,340)</b>                                     | <b>\$ 96,906</b>           | <b>\$ 36,240,704</b>     | <b>\$ 18,047,270</b> |

# CITY OF ELMIRA

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2019

|  | Major Funds          |                     |                     |
|--|----------------------|---------------------|---------------------|
|  | Special Revenue Fund |                     |                     |
|  | General Fund         | Special Grant Fund  | Permanent Fund      |
| <b>ASSETS</b>  |                      |                     |                     |
| Cash and Cash Equivalents - Unrestricted                                   | \$ 6,892,143         | \$                  | \$                  |
| Cash and Cash Equivalents - Restricted                                     | 345,837              | 22,472              |                     |
| Temporary Investments - Restricted   |                      |                     | 2,792,841           |
| Due from Other Funds   | 162,104              | 89,482              |                     |
| Due from State and Federal Governments                                     | 24,713               | 2,219,614           |                     |
| Due from Other Governments   | 3,116,301            |                     |                     |
| Other Receivables, Net   | 347,366              | 507,284             |                     |
| Loans Receivable, Net  |                      | 3,070,553           |                     |
| Prepaid Expenses   | 131,769              |                     |                     |
| <b>Total Assets</b>  | <b>\$ 11,020,233</b> | <b>\$ 5,909,405</b> | <b>\$ 2,792,841</b> |
| <b>LIABILITIES</b>   |                      |                     |                     |
| Accounts Payable   | \$ 482,785           | \$ 49,127           | \$                  |
| Accrued Liabilities  | 2,725,014            |                     |                     |
| Due to Other Funds   | 582,621              |                     |                     |
| Due to Other Governments   | 436,233              |                     |                     |
| Tax Anticipation Notes Payable   | 5,000,000            |                     |                     |
| Bond Anticipation Notes Payable  |                      |                     |                     |
| Unearned Revenue   | 248,712              | 2,610,778           |                     |
| <b>Total Liabilities</b>   | <b>9,475,365</b>     | <b>2,659,905</b>    | <b>-</b>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                      |                     |                     |
| Unavailable Revenue  |                      | 3,070,553           |                     |
| <b>FUND BALANCES</b>   |                      |                     |                     |
| Nonspendable   | 131,769              |                     | 2,792,841           |
| Restricted   | 312,599              | 178,947             |                     |
| Assigned   | 79,233               |                     |                     |
| Unassigned   | 1,021,267            |                     |                     |
| <b>Total Fund Balances</b>   | <b>1,544,868</b>     | <b>178,947</b>      | <b>2,792,841</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 11,020,233</b> | <b>\$ 5,909,405</b> | <b>\$ 2,792,841</b> |

*See Notes to Financial Statements*

| <u>Major Funds</u>               |   |   |
|----------------------------------|---|---|
| <u>Capital Projects<br/>Fund</u> | <u>Total<br/>Non-Major<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
| \$                               | \$ 128,987  | \$ 7,021,130                            |
| 2,605,083                        | 2   | 2,973,394                               |
|                                  |   | 2,792,841                               |
| 454,064                          | 641,652   | 1,347,302                               |
| 2,824,840                        |   | 5,069,167                               |
|                                  |   | 3,116,301                               |
|                                  | 1,208   | 855,858                                 |
|                                  |   | 3,070,553                               |
|                                  |   | 131,769                                 |
| <b>\$ 5,883,987</b>              | <b>\$ 771,849</b>                                     | <b>\$ 26,378,315</b>                    |
| \$ 1,251,175                     | \$ 2,232  | \$ 1,785,319                            |
| 6,176                            | 5,551   | 2,736,741                               |
| 602,577                          | 162,104   | 1,347,302                               |
|                                  |   | 436,233                                 |
|                                  |   | 5,000,000                               |
| 3,499,645                        |   | 3,499,645                               |
|                                  | 57,355  | 2,916,845                               |
| 5,359,573                        | 227,242   | 17,722,085                              |
|                                  |   | 3,070,553                               |
|                                  |   | 2,924,610                               |
| 524,414                          | 473,713   | 1,489,673                               |
|                                  | 70,894  | 150,127                                 |
|                                  |   | 1,021,267                               |
| 524,414                          | 544,607   | 5,585,677                               |
| <b>\$ 5,883,987</b>              | <b>\$ 771,849</b>                                     | <b>\$ 26,378,315</b>                    |

# ***CITY OF ELMIRA***

## **RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2019**

**Total Governmental Fund Balances** **\$ 5,585,677**

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

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

|                                   |                     |            |
|-----------------------------------|---------------------|------------|
| Land and Construction in Progress | \$ 734,637          |            |
| Depreciable Capital Assets        | 109,127,805         |            |
| Accumulated Depreciation          | <u>(63,957,270)</u> | 45,905,172 |

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

125,090

The City's proportion of the collective net pension liability is not reported in the funds.

(5,320,457)

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

|   |                     |             |
|---|---------------------|-------------|
| Deferred Charges on Defeased Debt         | \$ 55,129           |             |
| Deferred Outflows of Resources - Pensions | 5,400,340           |             |
| Deferred Outflows of Resources - OPEB     | 4,024,861           |             |
| Deferred Inflows of Resources - Pensions  | (2,442,969)         |             |
| Deferred Inflows of Resources - OPEB      | <u>(10,493,263)</u> | (3,455,902) |

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

|   |                    |              |
|---|--------------------|--------------|
| Other Postemployment Benefits Liability | \$ (37,164,543)    |              |
| Accrued Interest on Long-term Debt      | (387,456)          |              |
| Pension Obligations                     | (2,040,111)        |              |
| Workers' Compensation Liability         | (469,020)          |              |
| Compensated Absences                    | <u>(2,299,616)</u> | (42,360,746) |

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

|               |  |                     |
|---------------|--|---------------------|
| Bonds Payable |  | <u>(21,839,727)</u> |
|---------------|--|---------------------|

**Net (Deficit) of Governmental Activities** **\$ (18,290,340)**

*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, 2019

|   | Major Funds         |                      |                     |
|---|---------------------|----------------------|---------------------|
|   |                     | Special Revenue Fund |                     |
|   | General Fund        | Special Grant Fund   | Permanent Fund      |
| <b>REVENUES</b>                                 |                     |                      |                     |
| Real Property Taxes                             | \$ 15,075,022       | \$                   | \$                  |
| Real Property Tax Items                         | 907,295             |                      |                     |
| Nonproperty Tax Items                           | 6,182,156           |                      |                     |
| Departmental Income                             | 4,474,048           | 47,757               |                     |
| Intergovernmental Charges                       | 821,339             |                      |                     |
| Use of Money and Property                       | 57,517              |                      | 88,600              |
| Licenses and Permits                            | 441,620             |                      |                     |
| Fines and Forfeitures                           | 209,265             |                      |                     |
| Sale of Property and Compensation for Loss      | 50,237              |                      |                     |
| Miscellaneous Local Sources                     | 133,486             | (1,218)              | 291,218             |
| Interfund Revenues                              | 70,882              |                      |                     |
| State Sources                                   | 5,086,920           | -                    |                     |
| Federal Sources                                 | 90,128              | 1,322,339            |                     |
| <b>Total Revenues</b>                           | <b>33,599,915</b>   | <b>1,368,878</b>     | <b>379,818</b>      |
| <b>EXPENDITURES</b>                             |                     |                      |                     |
| General Governmental Support                    | 2,167,759           |                      |                     |
| Public Safety                                   | 12,684,276          |                      |                     |
| Transportation                                  | 1,127,369           |                      |                     |
| Economic Assistance and Opportunity             | 149,111             |                      |                     |
| Culture and Recreation                          | 832,758             |                      |                     |
| Home and Community Services                     | 974,755             | 856,881              | 19,200              |
| Employee Benefits                               | 9,309,986           | 90,002               |                     |
| Debt Service:                                   |                     |                      |                     |
| Principal                                       | 485,883             | 385,000              |                     |
| Interest  | 462,443             | 12,705               |                     |
| Capital Outlay                                  |                     |                      |                     |
| <b>Total Expenditures</b>                       | <b>28,194,340</b>   | <b>1,344,588</b>     | <b>19,200</b>       |
| Excess of Revenues (Expenditures)               | 5,405,575           | 24,290               | 360,618             |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                     |                      |                     |
| Interfund Transfers In                          | 424,238             |                      |                     |
| Interfund Transfers (Out)                       | (3,368,924)         |                      | (77,207)            |
| Premium on Obligations                          |                     |                      |                     |
| Proceeds of Obligations                         |                     |                      |                     |
| BANs Redeemed from Appropriations               |                     |                      |                     |
| <b>Total Other Financing Sources (Uses)</b>     | <b>(2,944,686)</b>  | <b>-</b>             | <b>(77,207)</b>     |
| Net Change in Fund Balances                     | 2,460,889           | 24,290               | 283,411             |
| Fund Balances (Deficit), Beginning, as Restated | (916,021)           | 154,657              | 2,509,430           |
| <b>Fund Balances (Deficit), Ending</b>          | <b>\$ 1,544,868</b> | <b>\$ 178,947</b>    | <b>\$ 2,792,841</b> |

*See Notes to Financial Statements*

| <b>Major Funds</b>           |   |                                 |
|------------------------------|---|---------------------------------|
| <b>Capital Projects Fund</b> | <b>Total Non-Major Governmental Funds</b> | <b>Total Governmental Funds</b> |
| \$                           | \$  | \$ 15,075,022                   |
|                              |   | 907,295                         |
|                              |   | 6,182,156                       |
|                              | 155,449                                   | 4,677,254                       |
|                              |   | 821,339                         |
| 4,512                        | 28  | 150,657                         |
|                              |   | 441,620                         |
|                              |   | 209,265                         |
|                              |   | 50,237                          |
| 271,200                      | 6,037                                     | 700,723                         |
| 151,439                      |   | 222,321                         |
| 3,982,278                    |   | 9,069,198                       |
| 5,503,137                    |   | 6,915,604                       |
| 9,912,566                    | 161,514                                   | 45,422,691                      |
|                              |   | 2,167,759                       |
|                              | 3,216                                     | 12,687,492                      |
|                              |   | 1,127,369                       |
|                              |   | 149,111                         |
|                              |   | 832,758                         |
|                              | 291,548                                   | 2,142,384                       |
|                              | 18,054                                    | 9,418,042                       |
|                              | 2,753,470                                 | 3,624,353                       |
|                              | 590,454                                   | 1,065,602                       |
| 11,639,528                   |   | 11,639,528                      |
| 11,639,528                   | 3,656,742                                 | 44,854,398                      |
| (1,726,962)                  | (3,495,228)                               | 568,293                         |
|                              | 3,446,131                                 | 3,870,369                       |
| (424,238)                    |   | (3,870,369)                     |
|                              | 405,960                                   | 405,960                         |
| 5,000,000                    |   | 5,000,000                       |
| 209,000                      |   | 209,000                         |
| 4,784,762                    | 3,852,091                                 | 5,614,960                       |
| 3,057,800                    | 356,863                                   | 6,183,253                       |
| (2,533,386)                  | 187,744                                   | (597,576)                       |
| <b>\$ 524,414</b>            | <b>\$ 544,607</b>                         | <b>\$ 5,585,677</b>             |

# CITY OF ELMIRA

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

|   |           |                  |
|---|-----------|------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b> | <b>\$</b> | <b>6,183,253</b> |
|---|-----------|------------------|

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and net book value of disposed assets in the current period.

|                                   |                 |           |
|-----------------------------------|-----------------|-----------|
| Capital Outlay                    | \$ 11,478,081   |           |
| Depreciation Expense              | (3,959,954)     |           |
| Net Book Value of Disposed Assets | <u>(12,425)</u> | 7,505,702 |

|   |         |
|---|---------|
| 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. | 538,332 |
|---|---------|

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 | \$ (5,000,000)   |             |
| Principal Payments      | <u>3,415,353</u> | (1,584,647) |

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 | (16,273) |
|---|----------|

Premiums and discounts received on obligations are recorded as other financing sources and uses in the Governmental Funds when received, but are deferred and amortized in the Governmental Activities. This is the amortization of premiums received in previous years.

|                               |               |           |
|-------------------------------|---------------|-----------|
| Premium on Obligations        | \$ (405,960)  |           |
| Amortization of Bond Premiums | <u>10,100</u> | (395,860) |

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 | \$ (13,655)  |          |
| Compensated Absences     | (88,685)     |          |
| Pension Obligations      | <u>5,120</u> | (97,220) |

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 effect current financial resources and are, also, not reported in the Governmental Funds.

|          |                |         |
|----------|----------------|---------|
| Pensions | \$ (477,237)   |         |
| OPEB     | <u>981,973</u> | 504,736 |

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.

|  |           |                                 |
|--|-----------|---------------------------------|
| <b>Change in Net Position of Governmental Activities</b> | <b>\$</b> | <b>134</b>                      |
|  |           | <u><u><b>12,638,157</b></u></u> |

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2019**

|                            | <b><u>Self<br/>Insurance Fund</u></b> |
|----------------------------|---------------------------------------|
| <b>ASSETS</b>              |                                       |
| <b>Current Assets</b>      |                                       |
| Cash and Cash Equivalents  | \$ 124,549                            |
| Due From Other Governments | <u>541</u>                            |
| <b>Total Assets</b>        | <u>125,090</u>                        |
| <b>NET POSITION</b>        |                                       |
| Unrestricted               | <u>125,090</u>                        |
| <b>Total Net Position</b>  | <b><u>\$ 125,090</u></b>              |

*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, 2019**

|   | <b><u>Self<br/>Insurance Fund</u></b> |
|---|---------------------------------------|
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                                       |
| Interest Income                         | <u>\$ 134</u>                         |
| <b>Total Nonoperating Revenues</b>      | <u>134</u>                            |
| Change in Net Position                  | <u>134</u>                            |
| Total Net Position, Beginning           | <u>124,956</u>                        |
| <b>Total Net Position, Ending</b>       | <b><u>\$ 125,090</u></b>              |

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2019**

|  | <b><u>Self<br/>Insurance Fund</u></b> |
|--|---------------------------------------|
| <b>Cash Flows From Operating Activities</b>  |                                       |
| Payments from (to) Other Funds   | <u>\$ (216,378)</u>                   |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <u>(216,378)</u>                      |
| <b>Cash Flows From Investing Activities</b>  |                                       |
| Interest Income Received   | <u>134</u>                            |
| <b>Net Cash Provided (Used) by Investing Activities</b>  | <u>134</u>                            |
| Net Change Cash and Cash Equivalents   | <u>(216,244)</u>                      |
| Cash and Cash Equivalents, Beginning   | <u>340,793</u>                        |
| <b>Cash and Cash Equivalents, Ending</b>   | <b><u>\$ 124,549</u></b>              |
| Reconciliation of Income from Operations<br>to Net Cash Provided (Used) by Operating Activities: |                                       |
| Gain (Loss) from Operations  | <u>\$ -</u>                           |
| (Decrease) Increase Due to Other Funds   | <u>(216,378)</u>                      |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b><u>\$ (216,378)</u></b>            |

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **STATEMENT OF NET POSITION FIDUCIARY FUND DECEMBER 31, 2019**

|  | <b>Custodial<br/>Funds</b> |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Cash and Cash Equivalents - Unrestricted                         | \$ 15,888                  |
| Accounts Receivable  | <u>36,439</u>              |
| <b>Total Assets</b>  | <b><u>\$ 52,327</u></b>    |
| <b>LIABILITIES</b>   |                            |
| Other Liabilities  | <u>\$ 52,327</u>           |
| <b>Total Liabilities</b>   | <b><u>52,327</u></b>       |
| <b>NET POSITION</b>  |                            |
| Restricted for Individuals, Organizations, and Other Governments | <u>-</u>                   |
| <b>Total Liabilities and Net Position</b>                        | <b><u>\$ 52,327</u></b>    |

*See Notes to Financial Statements*

# ***CITY OF ELMIRA***

## **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND DECEMBER 31, 2019**

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

*See Notes to Financial Statements*



# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***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 the State of New York, 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, 2019**

### ***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.

#### **Discretely Presented Component Units**

##### **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, 2019**

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

#### **Discretely Presented Component Units - Continued**

##### **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 considered a Business-type Activity and uses Enterprise Funds. The accounts for this component unit represent activity and balances for the fiscal year ended December 31, 2019. 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. 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, 2019**

### ***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, 2019**

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

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

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

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

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

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***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, i.e. 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, 2019**

### ***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 vests or accumulates, 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, 2019**

### ***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 or Business-type 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, 2019**

### ***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 ten (10) or more continuous years of service for management and twenty (20) years for union members. Police and Fire retirees receive twelve (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, 2019**

### ***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 investments 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, 2019**

### ***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 unassigned 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, 2019**

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

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

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

#### **Interfund Activity**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Proprietary Fund are charged to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. 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, 2019**

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

#### **Restricted Resources**

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

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

#### **Deficit Net Position**

At December 31, 2019, the Government-wide Statement of Net Position had an unrestricted deficit net position of \$43,718,197. 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.

### ***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. City monies must be deposited in FDIC insured commercial banks or trust companies located within the state designated as official depositories of the City. The City is authorized to use demand accounts and certificates of deposit. 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, 2019**

### ***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, 2019, was \$10,776,734.

Total financial institution (bank) balances for the discretely presented component units at December 31, 2019, were as follows:

| <u>Component Unit</u> | <u>Bank<br/>Balances</u> | <u>Carrying<br/>Value</u> |
|-----------------------|--------------------------|---------------------------|
| Urban Renewal Agency  | \$ 96,012                | \$ 96,012                 |
| Elmira Water Board    | Unavailable              | \$ 6,913,147              |

Investments are stated at cost plus accrued interest.

The following investments are held by the City:

| <u>Major Funds</u> | <u>Cost</u>         | <u>Fair Value</u>   | <u>Description</u> |
|--------------------|---------------------|---------------------|--------------------|
| Permanent Fund     | <u>\$ 2,506,503</u> | <u>\$ 2,792,841</u> | See Below          |

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

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### **Note 3 Cash and Investments - Continued**

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

The City has the following recurring fair value measurements as of December 31, 2019:

| <b>Permanent Fund</b>                                   | <b>Cost</b>         | <b>Fair Value</b>   | <b>Level</b> |
|---|---------------------|---------------------|--------------|
| Cash, Money Market Funds,<br>and Government Obligations | \$ 150,520          | \$ 150,520          | (1)          |
| Corporate Bonds   | 99,198              | 101,720             | (2)          |
| Equities  | 939,775             | 1,226,605           | (1)          |
| Mutual Funds  | 1,317,010           | 1,313,996           | (1)          |
| <b>Total</b>  | <b>\$ 2,506,503</b> | <b>\$ 2,792,841</b> |              |

### **Restricted Cash and Investments**

#### **City of Elmira**

Restricted cash and investments include:

| <b>Restricted for</b>              | <b>Cash</b>         | <b>Investments</b>  |
|------------------------------------|---------------------|---------------------|
| General Fund - Insurance Reserve   | \$ 312,599          | \$ -                |
| General Fund - Police Seizure      | 33,238              | -                   |
| Special Grant - Home and Community | 22,472              | -                   |
| Debt Service                       | 440,463             | -                   |
| Capital Projects                   | 2,164,622           | -                   |
| Subtotal                           | 2,973,394           | -                   |
| Cemetery Maintenance               | -                   | 2,792,841           |
| <b>Total</b>                       | <b>\$ 2,973,394</b> | <b>\$ 2,792,841</b> |

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***Note 3*     Cash and Investments - Continued**

#### **Restricted Cash and Investments - Continued**

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

Restricted cash represents unspent note proceeds and funds set aside for future capital expenditures, debt service, and retirement contributions. Certain restricted cash funds are restricted by grantors or by law through the Water Board's charter. At December 31, 2019 restricted cash totaled \$1,725,260, of which \$777,711 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, 2019:

|   |                                   |
|---|-----------------------------------|
| Water System Improvement Fund                     | \$ 40,228                         |
| New York State Employee's Retirement Reserve Fund | 367,339                           |
| Employee Benefit Reserve Fund                     | 43,731                            |
| System Wide Improvement Fund                      | 456,734                           |
| Capital Reserve Fund                              | 280,749                           |
| Debt Service Fund                                 | <u>536,479</u>                    |
| <b>Total</b>                                      | <b><u><u>\$ 1,725,260</u></u></b> |

### ***Note 4*     Property Taxes**

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

### ***Note 5*     Due from State and Federal Government**

Due from state and federal governments at December 31, 2019 are as follows:

|                                       |                                   |
|---------------------------------------|-----------------------------------|
| Highway Project Reimbursements        | \$ 2,661,292                      |
| Community Development Block Grant     | 1,003,306                         |
| Affordable Housing Corporation Grants | 693,260                           |
| Home Investment Partnership Program   | 523,048                           |
| DRI                                   | 163,548                           |
| Other                                 | <u>24,713</u>                     |
| <b>Total</b>                          | <b><u><u>\$ 5,069,167</u></u></b> |



# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

### **Note 6 Capital Assets**

A summary of changes in the City's capital assets at December 31, 2019 follows:

| <b>Governmental Activities</b>                         | <b>Balance at<br/>12/31/2018</b> | <b>Additions</b>           | <b>Deletions/<br/>Reclassifications</b> | <b>Balance at<br/>12/31/2019</b> |
|--|----------------------------------|----------------------------|---|----------------------------------|
| <b>Non-Depreciable Capital Assets</b>                  |                                  |                            |   |                                  |
| Land   | \$ 734,637                       | \$                         | \$                                      | \$ 734,637                       |
| <b>Total Non-Depreciable<br/>Capital Assets</b>        | <u>734,637</u>                   | <u>-</u>                   | <u>-</u>                                | <u>734,637</u>                   |
| <b>Depreciable Capital Assets</b>                      |                                  |                            |   |                                  |
| Buildings  | 14,044,782                       |                            |   | 14,044,782                       |
| Improvements   | 2,999,734                        | 396,271                    |   | 3,396,005                        |
| Machinery and Equipment                                | 15,112,236                       | 776,413                    | (464,701)                               | 15,361,180                       |
| Infrastructure   | 66,020,441                       | 10,305,397                 |   | 76,325,838                       |
| <b>Total Depreciable Capital Assets</b>                | <u>98,177,193</u>                | <u>11,478,081</u>          | <u>(464,701)</u>                        | <u>109,127,805</u>               |
| Total Historical Cost                                  | <u>98,911,830</u>                | <u>11,478,081</u>          | <u>(464,701)</u>                        | <u>109,862,442</u>               |
| <b>Less Accumulated Depreciation</b>                   |                                  |                            |   |                                  |
| Buildings  | (12,473,923)                     | (121,281)                  |   | (12,595,204)                     |
| Improvements   | (1,076,171)                      | (137,217)                  |   | (1,213,388)                      |
| Machinery and Equipment                                | (11,785,093)                     | (712,169)                  | 452,276                                 | (11,982,218)                     |
| Infrastructure   | (35,177,173)                     | (2,989,287)                |   | (38,166,460)                     |
| <b>Total Accumulated Depreciation</b>                  | <u>(60,512,360)</u>              | <u>(3,959,954)</u>         | <u>452,276</u>                          | <u>(63,957,270)</u>              |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <u><b>\$ 38,399,470</b></u>      | <u><b>\$ 7,518,127</b></u> | <u><b>\$ (12,425)</b></u>               | <u><b>\$ 45,905,172</b></u>      |

Depreciation expense was charged to functions as follows:

|                                     |                            |
|-------------------------------------|----------------------------|
| <b>Governmental Activities</b>      |                            |
| General Governmental Support        | \$ 94,427                  |
| Public Safety                       | 305,201                    |
| Transportation                      | 3,203,387                  |
| Economic Assistance and Opportunity | 70,774                     |
| Culture and Recreation              | 200,849                    |
| Home and Community Services         | <u>85,316</u>              |
| <b>Total</b>                        | <u><b>\$ 3,959,954</b></u> |

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

**Note 6 Capital Assets - Continued**

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

| Type  | Balance at<br>12/31/2018 | Additions           | Deletions          | Balance at<br>12/31/2019 |
|---|--------------------------|---------------------|--------------------|--------------------------|
| <b>Non-Depreciable Capital Assets</b>         |                          |                     |                    |                          |
| Land  | \$ 510,227               | \$                  | \$                 | \$ 510,227               |
| Construction in Progress                      | 16,672                   | 25,955              |                    | 42,627                   |
| <b>Total Non-Depreciable Capital Assets</b>   | 526,899                  | 25,955              | -                  | 552,854                  |
| <b>Depreciable Capital Assets</b>             |                          |                     |                    |                          |
| Source of Supply                              | 4,351,845                |                     |                    | 4,351,845                |
| Power and Pumping                             | 4,081,762                | 59,123              |                    | 4,140,885                |
| Purification and Treatment                    | 15,977,946               | 50,710              |                    | 16,028,656               |
| Distribution                                  | 33,714,068               | 825,960             | (49,485)           | 34,490,543               |
| Other   | 4,117,074                | 148,607             | (80,259)           | 4,185,422                |
| <b>Total Depreciable Capital Assets</b>       | 62,242,695               | 1,084,400           | (129,744)          | 63,197,351               |
| Less Accumulated Depreciation                 | (29,055,410)             | (1,360,862)         | 93,660             | (30,322,612)             |
| <b>Elmira Water Board Capital Assets, Net</b> | <b>\$ 33,714,184</b>     | <b>\$ (250,507)</b> | <b>\$ (36,084)</b> | <b>\$ 33,427,593</b>     |

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

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

#### **Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS)**

The City participates in the New York State and Local Employees' Retirement System which include the New York State and Local Employees' Retirement System plan (ERS) and the New York State Local Police and Fire Retirement System plan (PFRS). These plans are cost-sharing multiple-employer defined benefit pension plans (System). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

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

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

# **CITY OF ELMIRA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

**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:

|           | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|-----------|-------------|-------------|-------------|
| ERS       | \$ 510,106  | \$ 485,777  | \$ 691,934  |
| PFRS      | 2,337,055   | 2,313,204   | 2,478,784   |
| ERS - EWB | 356,432     | 347,826     | 336,119     |

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

At December 31, 2019, 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, 2019. 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.

|   | <u>ERS</u>       | <u>PFRS</u>      |
|---|------------------|------------------|
| Actuarial Valuation Date                    | 4/1/2019         | 4/1/2019         |
| Net Pension Liability                       | \$ 7,085,304,242 | \$ 1,677,063,145 |
| City's Proportionate Share of the           |                  |                  |
| Plan's Total Net Pension Liability          | 655,806          | 4,664,651        |
| City's Share of the Net Pension Liability   | 0.0092558%       | 0.2781440%       |
| Elmira Water Board's Proportionate Share of |                  |                  |
| the Plan's Total Net Pension Liability      | 634,396          |                  |
| Elmira Water Board's Share of the           |                  |                  |
| Net Pension Liability                       | 0.0089537%       |                  |

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

**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, 2019, the City recognized pension expense of \$382,077 for ERS and \$2,856,743 for PFRS in the Government-wide financial statements. The Elmira Water Board recognized pension expense of \$364,343 for ERS.

At December 31, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>City - ERS</u>        | <u>City - PFRS</u>         | <u>EWB - ERS</u>         |
|---|--------------------------|----------------------------|--------------------------|
| <b>Deferred Outflows of Resources</b>   |                          |                            |                          |
| Differences Between Expected and Actual Experience  | \$ 129,142               | \$ 1,133,173               | \$ 124,926               |
| Changes in Assumptions  | 164,843                  | 1,694,792                  | 159,461                  |
| Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions | 22,707                   | 31,085                     | 22,759                   |
| City's Contributions Subsequent to the Measurement Date   | <u>361,462</u>           | <u>1,863,136</u>           | <u>356,432</u>           |
| <b>Total Deferred Outflows of Resources</b>   | <u><b>\$ 678,154</b></u> | <u><b>\$ 4,722,186</b></u> | <u><b>\$ 663,578</b></u> |
| <b>Deferred Inflows of Resources</b>  |                          |                            |                          |
| Differences Between Expected and Actual Experience  | \$ 44,023                | \$ 498,029                 | \$ 42,586                |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments                     | 168,316                  | 934,216                    | 162,821                  |
| Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions | <u>125,101</u>           | <u>673,284</u>             | <u>119,833</u>           |
| <b>Total Deferred Inflows of Resources</b>  | <u><b>\$ 337,440</b></u> | <u><b>\$ 2,105,529</b></u> | <u><b>\$ 325,240</b></u> |

# **CITY OF ELMIRA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### **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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending</u> | <u>City - ERS</u> | <u>City - PFRS</u> | <u>EWB - ERS</u> |
|--------------------|-------------------|--------------------|------------------|
| 2020               | \$ 92,742         | \$ 733,715         | \$ 89,685        |
| 2021               | (172,174)         | (372,036)          | (166,825)        |
| 2022               | (33,387)          | (128,192)          | (31,164)         |
| 2023               | 92,071            | 443,962            | 90,210           |
| 2024               |                   | 76,072             |                  |
| 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, 2019 | March 31, 2019 |
| Actuarial Valuation Date   | April 1, 2018  | April 1, 2018  |
| Investment Rate of Return  | 7.0%           | 7.0%           |
| Salary Increases           | 4.2%           | 5.0%           |
| Cost of Living Adjustments | 1.3%           | 1.3%           |
| Inflation Rate             | 2.5%           | 2.5%           |

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

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

#### **Actuarial Assumptions - Continued**

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

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

|                            | <b><u>ERS and PFRS</u></b> |
|----------------------------|----------------------------|
| Measurement Date           | March 31, 2019             |
| <b>Asset Type</b>          |                            |
| Domestic Equities          | 4.6%                       |
| International Equities     | 6.4%                       |
| Real Estate                | 5.6%                       |
| Private Equity/Alternative | 7.5%                       |
| Absolute Return Strategies | 3.8%                       |
| Opportunistic Portfolio    | 5.7%                       |
| Real Assets                | 5.3%                       |
| Cash                       | (0.3)%                     |
| Inflation-indexed Bonds    | 1.3%                       |
| Mortgages and Bonds        | 1.3%                       |

#### **Discount Rate**

The discount rate used to calculate the total pension liability was 7.0%. 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, 2019

**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 7.0%, 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate:

|   |                    | <b>Current</b>    |                    |
|---|--------------------|-------------------|--------------------|
|   | <b>1% Decrease</b> | <b>Assumption</b> | <b>1% Increase</b> |
| <b>ERS</b>  | <b>(6.0%)</b>      | <b>(7.0%)</b>     | <b>(8.0%)</b>      |
| EWB Proportionate Share of the Net Pension Liability    | \$ 2,773,679       | \$ 634,396        | \$ (1,162,754)     |
| City's Proportionate Share of the Net Pension Liability | 2,867,289          | 655,806           | 3,270,135          |
|   |                    |                   |                    |
|   |                    | <b>Current</b>    |                    |
|   | <b>1% Decrease</b> | <b>Assumption</b> | <b>1% Increase</b> |
| <b>PFRS</b>   | <b>(6.0%)</b>      | <b>(7.0%)</b>     | <b>(8.0%)</b>      |
| City's Proportionate Share of the Net Pension Liability | \$ 16,857,352      | \$ 4,664,651      | \$ (5,517,669)     |

**Pension Plan Fiduciary Net Position**

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

|  | <b>Dollars in Thousands</b> |                     |
|--|-----------------------------|---------------------|
|  | <b>ERS</b>                  | <b>PFRS</b>         |
| Measurement Date   | March 31, 2019              | March 31, 2019      |
| Employers' Total Pension Liability                                   | \$ 189,803,429              | \$ 34,128,100       |
| Plan Net Position  | (182,718,124)               | (32,451,037)        |
| <b>Employers' Net Pension Liability</b>                              | <b>\$ 7,085,305</b>         | <b>\$ 1,677,063</b> |
| Ratio of Plan Net Position to the Employers' Total Pension Liability | 96.3%                       | 95.1%               |



# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

**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<sup>st</sup>. Accrued retirement contributions as of December 31, 2019 represent the projected employer contribution for the period of April 1, 2019 through December 31, 2019 based on estimated wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2019 amounted to \$0- for ERS and \$1,863,137 for PFRS, which is reported within accrued liabilities.

**Current Year Activity**

The following is a summary of current year activity:

| <b>City - ERS</b>              | <b>Beginning<br/>Balance</b> | <b>Change</b>             | <b>Ending<br/>Balance</b>  |
|--------------------------------|------------------------------|---------------------------|----------------------------|
| Net Pension Liability          | \$ (287,638)                 | \$ (368,168)              | \$ (655,806)               |
| Deferred Outflows of Resources | 1,096,644                    | (418,490)                 | 678,154                    |
| Deferred Inflows of Resources  | (1,083,130)                  | 745,690                   | (337,440)                  |
| <b>Total</b>                   | <b><u>\$ (274,124)</u></b>   | <b><u>\$ (40,968)</u></b> | <b><u>\$ (315,092)</u></b> |

| <b>PFRS</b>                    | <b>Beginning<br/>Balance</b> | <b>Change</b>              | <b>Ending<br/>Balance</b>    |
|--------------------------------|------------------------------|----------------------------|------------------------------|
| Net Pension Liability          | \$ (2,776,389)               | \$ (1,888,262)             | \$ (4,664,651)               |
| Deferred Outflows of Resources | 7,117,128                    | (2,394,942)                | 4,722,186                    |
| Deferred Inflows of Resources  | (5,952,464)                  | 3,846,935                  | (2,105,529)                  |
| <b>Total</b>                   | <b><u>\$ (1,611,725)</u></b> | <b><u>\$ (436,269)</u></b> | <b><u>\$ (2,047,994)</u></b> |

| <b>EWB - ERS</b>               | <b>Beginning<br/>Balance</b> | <b>Change</b>            | <b>Ending<br/>Balance</b>  |
|--------------------------------|------------------------------|--------------------------|----------------------------|
| Net Pension Liability          | \$ (278,322)                 | \$ (356,074)             | \$ (634,396)               |
| Deferred Outflows of Resources | 1,039,110                    | (375,532)                | 663,578                    |
| Deferred Inflows of Resources  | (1,048,936)                  | 723,696                  | (325,240)                  |
| <b>Total</b>                   | <b><u>\$ (288,148)</u></b>   | <b><u>\$ (7,910)</u></b> | <b><u>\$ (296,058)</u></b> |

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***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. TANs of \$5,000,000, at an interest rate of 3.0% maturing on May 22, 2020, and BANs of \$3,499,645 at an interest rate of 3.0% maturing on July 10, 2020, were outstanding at December 31, 2019.

Changes in short-term debt are as follows:

|              | <b>Payable at<br/>12/31/2018</b> | <b>Issued</b>              | <b>Redeemed</b>               | <b>Payable at<br/>12/31/2019</b> |
|--------------|----------------------------------|----------------------------|-------------------------------|----------------------------------|
| BANs         | \$ 6,122,005                     | \$ 3,499,645               | \$ (6,122,005)                | \$ 3,499,645                     |
| TANs         | 5,450,000                        | 5,000,000                  | (5,450,000)                   | 5,000,000                        |
| <b>Total</b> | <b><u>\$ 11,572,005</u></b>      | <b><u>\$ 8,499,645</u></b> | <b><u>\$ (11,572,005)</u></b> | <b><u>\$ 8,499,645</u></b>       |

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

|                                      |                          |
|--------------------------------------|--------------------------|
| Interest Paid                        | \$ 402,750               |
| Less Interest Accrued in Prior Year  | (221,055)                |
| Add Interest Accrued in Current Year | <u>140,037</u>           |
| <b>Total</b>                         | <b><u>\$ 321,732</u></b> |

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

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

#### **Constitutional Debt Limit**

At December 31, 2019, the total outstanding indebtedness of the City, including the Elmira Water Board, aggregated to \$35,665,701. Of this amount, \$29,899,195 was subject to the City's constitutional debt limit, and represented approximately 77.9% of its debt limit.

#### **Serial Bonds**

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

#### **Other Long-term Liabilities**

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

- Compensated absences represent the value of earned and unused portion of the liability for compensated absences. The liability is liquidated in the General, Special Grant, and Miscellaneous Special Revenue Funds.
- Pension obligations represent the supplemental retirement payment for employees under General Municipal Law §207a: \$955,853; the amortization of the annual retirement system obligation: \$1,084,258, and are liquidated in the General Fund. The amortization of the annual retirement system obligation is for 10 years at 8%.
- Workers' compensation liability represents the City's share of the Public Entity Trust of New York deficit. The amortization of the liability is for 20 years at 3%. This liability is liquidated in the General Fund.

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

### **Note 9      Long Term Debt - Continued**

#### **Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2019:

|                                    | <b>Payable at<br/>12/31/2018</b> | <b>Additions</b>           | <b>Deletions</b>             | <b>Payable at<br/>12/31/2019</b> | <b>Amount Due<br/>Within One<br/>Year</b>  |
|------------------------------------|----------------------------------|----------------------------|------------------------------|----------------------------------|--|
| Bonds                              | \$ 19,538,020                    | \$ 5,000,000               | \$ (3,138,470)               | \$ 21,399,550                    | \$ 2,364,230                               |
| Unamortized Premium                | 44,317                           | 405,960                    | (10,100)                     | 440,177                          | 35,874                                     |
| <b>Total Bonds</b>                 | <u>19,582,337</u>                | <u>5,405,960</u>           | <u>(3,148,570)</u>           | <u>21,839,727</u>                | <u>2,400,104</u>                           |
| <br>Pension Obligations - §207     | 960,973                          | 44,963                     | (50,083)                     | 955,853                          | 50,640                                     |
| Pension Obligations - Amortization | 1,341,666                        |                            | (257,408)                    | 1,084,258                        | 266,052                                    |
| Workers' Compensation Liability    | 488,495                          |                            | (19,475)                     | 469,020                          | 20,068                                     |
| Compensated Absences               | <u>2,210,931</u>                 | <u>88,685</u>              |                              | <u>2,299,616</u>                 |  |
| <br><b>Total</b>                   | <u><b>\$ 24,584,402</b></u>      | <u><b>\$ 5,539,608</b></u> | <u><b>\$ (3,475,536)</b></u> | <u><b>\$ 26,648,474</b></u>      | <u><b>\$ 2,736,864</b></u>                 |
|                                    | <b>Beginning<br/>Balance</b>     | <b>Issued</b>              | <b>Redeemed</b>              | <b>Ending<br/>Balance</b>        | <b>Amounts<br/>Due Within<br/>One Year</b> |
| Deferred Charges on Defeased Debt  | \$ (71,402)                      | \$                         | \$ 16,273                    | \$ (55,129)                      | \$ (11,081)                                |
| <br><b>Total</b>                   | <u><b>\$ (71,402)</b></u>        | <u><b>\$ -</b></u>         | <u><b>\$ 16,273</b></u>      | <u><b>\$ (55,129)</b></u>        | <u><b>\$ (11,081)</b></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, 2019**

### ***Note 9* Long Term Debt - Continued**

#### **Summary of Serial Bonds**

As of December 31, 2019, serial bonds, including issue and maturity dates and interest rates, consisted of the following:

| <b>Description of Issue</b> | <b>Date of Issue</b> | <b>Final Maturity</b> | <b>Interest Rate</b> | <b>Payable to Maturity</b>         |
|-----------------------------|----------------------|-----------------------|----------------------|------------------------------------|
| 2008 Public Improvement     | 05/2008              | 05/2029               | 4.00-5.00%           | \$ 3,653,700                       |
| 2009 Public Improvement     | 05/2009              | 05/2022               | 4.00-4.25%           | 605,000                            |
| 2010 Public Improvement     | 05/2010              | 05/2024               | 3.50-4.00%           | 1,125,000                          |
| 2011 Public Improvement     | 09/2011              | 09/2024               | 1.00-3.75%           | 1,205,000                          |
| 2012 Public Improvement     | 06/2012              | 06/2026               | 0.80-3.00%           | 1,085,000                          |
| 2013 Public Improvement     | 04/2013              | 07/2027               | 2.00-2.625%          | 2,072,200                          |
| 2014 Public Improvement     | 04/2014              | 04/2025               | 1.00-3.00%           | 1,595,000                          |
| 2014 Advance Refunding Bond | 03/2014              | 08/2027               | 1.75-5.00%           | 710,000                            |
| 2015 Public Improvement     | 05/2015              | 05/2025               | 2.00-2.15%           | 1,828,650                          |
| 2016 Public Improvement     | 07/2016              | 07/2031               | 3.00-3.25%           | 2,520,000                          |
| 2019 Public Improvement     | 07/2019              | 07/2033               | 5.00%                | 5,000,000                          |
| Subtotal Bonds              |                      |                       |                      | <u>21,399,550</u>                  |
| Add Unamortized Premium     |                      |                       |                      | <u>440,177</u>                     |
| <b>Total Bonds</b>          |                      |                       |                      | <b><u><u>\$ 21,839,727</u></u></b> |

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

|  |                                 |
|--|---------------------------------|
| Interest Paid  | \$ 662,852                      |
| Plus Amortization of Deferred Charges on Defeased Debt | 16,273                          |
| Less Amortization of Premium                           | (10,100)                        |
| Less Interest Accrued in Prior Year                    | (152,746)                       |
| Add Interest Accrued in Current Year                   | <u>247,419</u>                  |
| <b>Total</b>   | <b><u><u>\$ 763,698</u></u></b> |

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

### *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, 2019:

| <b>Year</b>  | <b>Serial Bonds</b>  |                     | <b>Total Serial Bonds</b> |
|--------------|----------------------|---------------------|---------------------------|
|              | <b>Principal</b>     | <b>Interest</b>     |                           |
| 2020         | \$ 2,364,230         | \$ 760,144          | \$ 3,124,374              |
| 2021         | 2,429,320            | 690,195             | 3,119,515                 |
| 2022         | 2,518,260            | 609,353             | 3,127,613                 |
| 2023         | 2,388,420            | 528,841             | 2,917,261                 |
| 2024         | 2,468,080            | 446,148             | 2,914,228                 |
| 2025-2029    | 6,961,240            | 1,231,068           | 8,192,308                 |
| 2030-2033    | 2,270,000            | 244,865             | 2,514,865                 |
| <b>Total</b> | <b>\$ 21,399,550</b> | <b>\$ 4,510,614</b> | <b>\$ 25,910,164</b>      |

| <b>Year</b>  | <b>Pension Amortization</b> |                  | <b>Workers' Compensation</b> |                   | <b>Total Pension Amortization and Workers' Compensation</b> |
|--------------|-----------------------------|------------------|------------------------------|-------------------|---|
|              | <b>Principal</b>            | <b>Interest</b>  | <b>Principal</b>             | <b>Interest</b>   |   |
| 2020         | \$ 316,692                  | \$ 36,660        | \$ 20,068                    | \$ 13,796         | \$ 387,216  |
| 2021         | 326,607                     | 27,720           | 20,678                       | 13,186            | 388,191   |
| 2022         | 335,849                     | 18,478           | 21,307                       | 12,557            | 388,191   |
| 2023         | 253,626                     | 8,921            | 21,955                       | 11,909            | 296,411   |
| 2024         | 108,579                     | 1,794            | 22,623                       | 11,241            | 144,237   |
| 2025-2029    | 258,075                     |                  | 123,865                      | 45,455            | 427,395   |
| 2030-2034    | 197,899                     |                  | 143,884                      | 25,436            | 367,219   |
| 2035-2039    | 184,390                     |                  | 94,640                       | 4,328             | 283,358   |
| 2040-2041    | 58,394                      |                  |                              |                   | 58,394  |
| <b>Total</b> | <b>\$ 2,040,111</b>         | <b>\$ 93,573</b> | <b>\$ 469,020</b>            | <b>\$ 137,908</b> | <b>\$ 2,740,612</b>   |

# CITY OF ELMIRA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

### **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, 2019:

|  | <b>Year Ended 12/31/2019</b> |                               |                                  |
|--|------------------------------|-------------------------------|----------------------------------|
|  | <b>Interest<br/>Payments</b> | <b>Principal<br/>Payments</b> | <b>Balance at<br/>12/31/2019</b> |
| Bond payable in annual installments varying from \$95,000 to \$110,000 through November 2024 plus interest varying from 4.72% to 4.87%, payable semi-annually.                     | \$ 14,865                    | \$ 95,000                     | \$ 515,000                       |
| Bond payable in annual installments varying from \$115,000 to \$155,000 through August 2027 plus interest varying from 2.25% to 5.00%, payable semi-annually. (Refinanced in 2014) | 39,894                       | 115,000                       | 1,045,000                        |
| Bond payable in annual installments varying from \$30,000 to \$35,000 through November 2024 plus interest varying from 6.01% to 6.18%, payable semi-annually. (Refinanced in 2012) | 3,579                        | 30,000                        | 165,000                          |
| Bond payable in annual installments varying from \$10,000 to \$15,000 through August 2019 plus interest at 1.75%, payable semi-annually. (Refinanced in 2014)                      | 175                          | 10,000                        | -                                |
| Bond payable in annual installments varying from \$70,000 to \$107,400 through May 2029 plus interest varying from 4.25% to 5.00%, payable semi-annually.                          | 43,798                       | 70,000                        | 896,300                          |
| Bond payable in annual installments varying from \$32,800 to \$39,600 through July 2027 plus interest varying from 2.00% to 2.63%, payable semi-annually.                          | 7,046                        | 32,800                        | 292,800                          |
| Bond payable in annual installments varying from \$48,730 to \$54,560 through May 2025 plus interest varying from 2.00% to 2.125%, payable semi-annually.                          | 6,849                        | 48,730                        | 311,350                          |
| Capital lease payable in annual installments of \$32,837 including interest at 2.855% through July 2020. Collateralized by certain equipment.                                      | 1,797                        | 31,039                        | 31,925                           |
| Total Principal and Interest   | <b>\$ 118,003</b>            | <b>\$ 432,569</b>             |                                  |
| Total Bonds Payable  |                              |                               | 3,257,375                        |
| Less Current Portion   |                              |                               | (427,695)                        |
| <b>Total</b>   |                              |                               | <b>\$ 2,829,680</b>              |

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***Note 9*      Long Term Debt - Continued**

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

A summary of changes in noncurrent liabilities is as follows:

|               | <b>Balance at<br/>12/31/2018</b> | <b>Additions</b>   | <b>Deletions</b>           | <b>Balance at<br/>12/31/2019</b> |
|---------------|----------------------------------|--------------------|----------------------------|----------------------------------|
| Bonds         | \$ 3,626,980                     | \$                 | \$ (401,530)               | \$ 3,225,450                     |
| Capital Lease | 62,964                           |                    | (31,039)                   | 31,925                           |
| <b>Total</b>  | <b><u>\$ 3,689,944</u></b>       | <b><u>\$ -</u></b> | <b><u>\$ (432,569)</u></b> | <b><u>\$ 3,257,375</u></b>       |

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

|                    | <b>2019</b>                |
|--------------------|----------------------------|
| Current Portion    | \$ 427,695                 |
| Noncurrent Portion | <u>2,829,680</u>           |
| <b>Total</b>       | <b><u>\$ 3,257,375</u></b> |

A summary of maturing debt service requirements follows:

|              | <b>Bonds</b>               |                          |                            |
|--------------|----------------------------|--------------------------|----------------------------|
| <b>Year</b>  | <b>Principal</b>           | <b>Interest</b>          | <b>Total</b>               |
| 2020         | \$ 427,695                 | \$ 126,655               | \$ 554,350                 |
| 2021         | 410,680                    | 112,049                  | 522,729                    |
| 2022         | 426,740                    | 97,398                   | 524,138                    |
| 2023         | 436,580                    | 81,565                   | 518,145                    |
| 2024         | 451,920                    | 62,445                   | 514,365                    |
| Thereafter   | <u>1,103,760</u>           | <u>103,806</u>           | <u>1,207,566</u>           |
| <b>Total</b> | <b><u>\$ 3,257,375</u></b> | <b><u>\$ 583,918</u></b> | <b><u>\$ 3,841,293</u></b> |



# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***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, 2019, the following employees were covered by the benefit terms:

|  |                   |
|--|-------------------|
| Inactive Employees or Beneficiaries    |                   |
| Currently Receiving Benefit Payments   | 159               |
| Inactive Employees Entitled to         |                   |
| but Not Yet Receiving Benefit Payments | -                 |
| Active Employees                       | <u>154</u>        |
| Total                                  | <u><u>313</u></u> |

#### **Total OPEB Liability**

The City's total OPEB liability of \$37,164,543 was measured on January 1, 2019 and determined by an actuarial valuation as of January 1, 2018.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

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

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

The total OPEB liability in the January 1, 2018 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 | 4.1% |
| Salary Scale         | 3.0% |
| Rate of Inflation    | 2.4% |

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

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

Mortality rates were based on RHP-2014 combined mortality, and then adjusted for mortality improvements with Scale MP-2018 mortality improvement scale on a fully generational basis.

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

Healthcare Cost Trend Rates were based on the SOA Long-Run Medical Cost Trend Model. The SOA Long-Run Medical Cost Trend Model and its baseline projections are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group. The schedule 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, 2018 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, 2019

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

#### **Changes in the Total OPEB Liability**

|  | <b>Total OPEB<br/>Liability</b> |
|--|---------------------------------|
| <b>Balance at December 31, 2018</b>                | <b>\$ 38,835,361</b>            |
| <b>Changes for the Year</b>                        |                                 |
| Service Cost                                       | 1,455,758                       |
| Interest Cost                                      | 1,352,520                       |
| Changes of Benefit Terms                           | -                               |
| Differences Between Expected and Actual Experience | -                               |
| Changes in Assumptions                             | (2,531,747)                     |
| Benefit Payments                                   | (1,947,349)                     |
| Net Change   | (1,670,818)                     |
| <b>Balance at December 31, 2019</b>                | <b>\$ 37,164,543</b>            |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.44% percent in 2018 to 4.1% in 2019.

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 (3.1%) or 1-percentage-point higher (5.1%) than the current discount rate:

|                      | <b>1% Decrease<br/>(3.1%)</b> | <b>Discount Rate<br/>(4.1%)</b> | <b>1% Increase<br/>(5.1%)</b> |
|----------------------|-------------------------------|---------------------------------|-------------------------------|
| Total OPEB Liability | \$ 41,097,163                 | \$ 37,164,543                   | \$ 33,750,450                 |

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 1-percentage point higher than the current healthcare cost trend rate:

|                      | <b>1% Decrease<br/>(2.9% to 9.0%)</b> | <b>Healthcare Cost<br/>Trend Rate<br/>(3.9% to 10.0%)</b> | <b>1% Increase<br/>(4.9% to 11.0%)</b> |
|----------------------|---------------------------------------|---|--|
| Total OPEB Liability | \$ 32,784,799                         | \$ 37,164,543   | \$ 42,458,721                          |

# **CITY OF ELMIRA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### **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, 2019, the City recognized OPEB expense of \$945,112.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences Between Expected and Actual Experience | \$ -  | \$ 8,364,019                                 |
| Changes in Assumptions or Other Inputs             | 2,097,776                                     | 2,129,244                                    |
| Contributions Subsequent to Measurement Date       | 1,927,085                                     | -  |
| <b>Total</b>                                       | <b>\$ 4,024,861</b>                           | <b>\$ 10,493,263</b>                         |

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Fiscal Year Ending December 31,</b> | <b>Amount</b>  |
|--|----------------|
| 2020                                   | \$ (1,863,166) |
| 2021                                   | (1,863,166)    |
| 2022                                   | (1,863,166)    |
| 2023                                   | (1,863,166)    |
| 2024                                   | (826,094)      |
| 2025 and Thereafter                    | (116,729)      |

#### **Current Year Activity**

The following is a summary of current year activity:

|                                | <b>Beginning<br/>Balance</b> | <b>Change</b>       | <b>Ending<br/>Balance</b> |
|--------------------------------|------------------------------|---------------------|---------------------------|
| OPEB Liability                 | \$ 38,835,361                | \$ (1,670,818)      | \$ 37,164,543             |
| Deferred Outflows of Resources | (4,534,117)                  | 509,256             | (4,024,861)               |
| Deferred Inflows of Resources  | 10,313,674                   | 179,589             | 10,493,263                |
| <b>Total</b>                   | <b>\$ 44,614,918</b>         | <b>\$ (981,973)</b> | <b>\$ 43,632,945</b>      |

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***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 \$2,121,145 as of December 31, 2019. The total OPEB liability at December 31, 2019 was measured and determined by an actuarial valuation as of January 1, 2019.

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

The total OPEB liability in the January 1, 2019 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              | 4.10%                  |
| Salary Scale               | 3.00%                  |
| Rate of Inflation          | 2.20%                  |
| Healthcare Cost Trend Rate | 4.40% to 4.03% in 2088 |
| 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-2017.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***Note 11* Interfund Activity**

Individual fund balances as of December 31, 2019 were as follows:

|                           | <u><b>Interfund<br/>Receivables</b></u> | <u><b>Interfund<br/>Payables</b></u> | <u><b>Interfund<br/>Revenues</b></u> | <u><b>Interfund<br/>Expenditures</b></u> |
|---------------------------|---|--------------------------------------|--------------------------------------|--|
| <b>Governmental Funds</b> |   |                                      |                                      |  |
| Major Funds:              |   |                                      |                                      |  |
| General Fund              | \$ 162,104                              | \$ 582,621                           | \$ 424,238                           | \$ 3,368,924                             |
| Special Grant Fund        | 89,482                                  |                                      |                                      |  |
| Permanent Fund            |   |                                      |                                      | 77,207                                   |
| Capital Projects Fund     | 454,064                                 | 602,577                              |                                      | 424,238                                  |
| Non-Major Funds           | <u>641,652</u>                          | <u>162,104</u>                       | <u>3,446,131</u>                     |  |
| <b>Total</b>              | <u><b>\$ 1,347,302</b></u>              | <u><b>\$ 1,347,302</b></u>           | <u><b>\$ 3,870,369</b></u>           | <u><b>\$ 3,870,369</b></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, 2019

### Note 12 Fund Balances

#### Fund Balance Detail

At December 31, 2019, nonspendable, restricted and assigned fund balances in the governmental funds were as follows:

|   | General<br>Fund          | Special<br>Grant Fund    | Permanent<br>Fund          | Capital<br>Projects<br>Fund | Non-Major<br>Funds       |
|---|--------------------------|--------------------------|----------------------------|-----------------------------|--------------------------|
| <b>Nonspendable</b>                         |                          |                          |                            |                             |                          |
| Prepaid Expenses                            | \$ 131,769               | \$                       | \$                         | \$                          | \$                       |
| Permanent Fund Principal                    |                          |                          | 2,792,841                  |                             |                          |
| <b>Total Non-Spendable<br/>Fund Balance</b> | <b><u>\$ 131,769</u></b> | <b><u>\$ -</u></b>       | <b><u>\$ 2,792,841</u></b> | <b><u>\$ -</u></b>          | <b><u>\$ -</u></b>       |
| <b>Restricted</b>                           |                          |                          |                            |                             |                          |
| Insurance Reserves                          | \$ 312,599               | \$                       | \$                         | \$                          | \$                       |
| Home and Community Service                  |                          | 178,947                  |                            |                             |                          |
| Capital Projects                            |                          |                          |                            | 524,414                     |                          |
| Other Restricted Fund Balance               |                          |                          |                            |                             | 33,238                   |
| Debt  |                          |                          |                            |                             | 440,475                  |
| <b>Total Restricted<br/>Fund Balance</b>    | <b><u>\$ 312,599</u></b> | <b><u>\$ 178,947</u></b> | <b><u>\$ -</u></b>         | <b><u>\$ 524,414</u></b>    | <b><u>\$ 473,713</u></b> |
| <b>Assigned</b>                             |                          |                          |                            |                             |                          |
| Encumbered for:                             |                          |                          |                            |                             |                          |
| General Governmental Support                | \$ 10,910                | \$                       | \$                         | \$                          | \$                       |
| Public Safety                               | 15,821                   |                          |                            |                             |                          |
| Transportation                              | 500                      |                          |                            |                             |                          |
| Home and Community Services                 | 52,002                   |                          |                            |                             |                          |
| Remaining Fund Balance                      |                          |                          |                            |                             | 70,894                   |
| <b>Total Assigned Fund Balance</b>          | <b><u>\$ 79,233</u></b>  | <b><u>\$ -</u></b>       | <b><u>\$ -</u></b>         | <b><u>\$ -</u></b>          | <b><u>\$ 70,894</u></b>  |

#### General Fund Restricted Fund Balances

Portions of fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. Balances and activity for the year ended December 31, 2019 of the General Fund restricted reserves were as follows:

| General Fund<br>Reserves             | Beginning<br>Balance     | Additions          | Appropriated       | Ending<br>Balance        |
|--------------------------------------|--------------------------|--------------------|--------------------|--------------------------|
| Insurance Reserve                    | \$ 312,599               | \$                 | \$                 | \$ 312,599               |
| <b>Total Restricted Fund Balance</b> | <b><u>\$ 312,599</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 312,599</u></b> |

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***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, 2019 this amount totaled \$777,711 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 \$200,000.

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

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

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



# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

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

For the year ended December 31, 2019, 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.

New York State enters into tax agreements with businesses under §581-a 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, 2019 is as follows:

|                           | <b><u>Tax Value</u></b>  | <b><u>Amount<br/>Received</u></b> | <b><u>Taxes Abated</u></b> |
|---------------------------|--------------------------|-----------------------------------|----------------------------|
| <b>Chemung County IDA</b> |                          |                                   |                            |
| Economic Development      | \$ 248,284               | \$ 211,658                        | \$ 36,626                  |
| 581-a Program             | <u>279,050</u>           | <u>83,902</u>                     | <u>195,148</u>             |
| <b>Total</b>              | <b><u>\$ 527,334</u></b> | <b><u>\$ 295,560</u></b>          | <b><u>\$ 231,774</u></b>   |

### ***Note 16* Subsequent Events**

On June 3, 2020, the City issued \$4,750,000 in tax anticipation notes at an interest rate of 4.0%.

On July 9, 2020, the City issued \$4,500,000 in public improvement bonds at an interest rate of 5%.

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.

# ***CITY OF ELMIRA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***Note 17*    Restatement**

During the year, City management corrected an error in the Capital Projects Fund and Governmental Activities opinion units to match reimbursable revenue with expenditures.

The City's December 31, 2018 net position (deficit) has been restated to reflect the following:

|   |                                      |
|---|--------------------------------------|
| <b>Net Position (Deficit) Beginning of Year</b>     | <b>\$ (32,222,357)</b>               |
| <b>Changes in Net Position</b>                      |                                      |
| Correction of an Error                              | <u>1,293,860</u>                     |
| <b>Net (Deficit) Beginning of Year, as Restated</b> | <b><u><u>\$ (30,928,497)</u></u></b> |

# CITY OF ELMIRA

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

|  | Original<br>Budget | Final<br>Budget    | Actual              | Encumbrances       | Variance            |
|--|--------------------|--------------------|---------------------|--------------------|---------------------|
| <b>REVENUES</b>  |                    |                    |                     |                    |                     |
| Real Property Taxes  | \$ 14,996,876      | \$ 14,996,876      | \$ 15,075,022       | \$                 | \$ 78,146           |
| Real Property Tax Items  | 447,163            | 447,162            | 907,295             |                    | 460,133             |
| Nonproperty Tax Items  | 5,779,945          | 5,779,944          | 6,182,156           |                    | 402,212             |
| Departmental Income  | 4,373,231          | 4,373,231          | 4,474,048           |                    | 100,817             |
| Intergovernmental Charges  | 785,854            | 644,098            | 821,339             |                    | 177,241             |
| Use of Money and Property  | 22,501             | 22,501             | 57,517              |                    | 35,016              |
| Licenses and Permits   | 317,200            | 317,200            | 441,620             |                    | 124,420             |
| Fines and Forfeitures  | 194,795            | 194,795            | 209,265             |                    | 14,470              |
| Sale of Property and Compensation for Loss   | 26,000             | 26,000             | 50,237              |                    | 24,237              |
| Miscellaneous Local Sources  | 185,000            | 185,000            | 133,486             |                    | (51,514)            |
| Interfund Revenues   | 54,000             | 54,000             | 70,882              |                    | 16,882              |
| State Sources  | 5,007,213          | 4,863,213          | 5,086,920           |                    | 223,707             |
| Federal Sources  |                    |                    | 90,128              |                    | 90,128              |
| <b>Total Revenues</b>  | <b>32,189,778</b>  | <b>31,904,020</b>  | <b>33,599,915</b>   | <b>-</b>           | <b>1,695,895</b>    |
| <b>EXPENDITURES</b>  |                    |                    |                     |                    |                     |
| General Governmental Support   | 2,955,069          | 2,178,669          | 2,167,759           | 10,910             | -                   |
| Public Safety  | 12,236,225         | 12,700,097         | 12,684,276          | 15,821             | -                   |
| Transportation   | 1,331,335          | 1,127,869          | 1,127,369           | 500                | -                   |
| Economic Assistance and Opportunity  | 153,207            | 153,207            | 149,111             |                    | 4,096               |
| Culture and Recreation   | 933,456            | 868,648            | 832,758             |                    | 35,890              |
| Home and Community Services  | 1,018,625          | 1,026,757          | 974,755             | 52,002             | -                   |
| Employee Benefits  | 9,206,927          | 9,331,906          | 9,309,986           |                    | 21,920              |
| Debt Service:  |                    |                    |                     |                    |                     |
| Principal  | 48,950             | 485,883            | 485,883             |                    | -                   |
| Interest   | 512,060            | 512,060            | 462,443             |                    | 49,617              |
| <b>Total Expenditures</b>  | <b>28,395,854</b>  | <b>28,385,096</b>  | <b>28,194,340</b>   | <b>79,233</b>      | <b>111,523</b>      |
| Excess of Revenues (Expenditures)  | 3,793,924          | 3,518,924          | 5,405,575           | (79,233)           | 1,807,418           |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                    |                    |                     |                    |                     |
| Interfund Transfers In   |                    |                    | 424,238             |                    | 424,238             |
| Interfund Transfers (Out)  | (3,643,924)        | (3,368,924)        | (3,368,924)         |                    | -                   |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(3,643,924)</b> | <b>(3,368,924)</b> | <b>(2,944,686)</b>  | <b>-</b>           | <b>424,238</b>      |
| Excess of Revenues and Other Financing Sources<br>over (Expenditures) and Other (Uses) | 150,000            | 150,000            | 2,460,889           | <b>\$ (79,233)</b> | <b>\$ 2,231,656</b> |
| Planned Fund Balance   | (150,000)          | (150,000)          |                     |                    |                     |
| <b>Net Change in Fund Balance</b>  | <b>\$ -</b>        | <b>\$ -</b>        | <b>2,460,889</b>    |                    |                     |
| Fund Balance (Deficit), Beginning  |                    |                    | (916,021)           |                    |                     |
| <b>Fund Balance (Deficit), Ending</b>  |                    |                    | <b>\$ 1,544,868</b> |                    |                     |

*See Notes to Required Supplementary Information*

# ***CITY OF ELMIRA***

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

|   | <b>2019</b>                 | <b>2018</b>                 | <b>2017</b>              |
|---|-----------------------------|-----------------------------|--------------------------|
| Service Cost  | \$ 1,455,758                | 1,505,050                   | \$ *                     |
| Interest Cost   | 1,352,520                   | 1,786,296                   | *                        |
| Changes of Benefit Terms                                | -                           | -                           | *                        |
| Differences Between Expected and Actual Experience      | -                           | (12,263,329)                | *                        |
| Changes in Assumptions or Other Inputs                  | (2,531,747)                 | 3,075,760                   | *                        |
| Benefit Payments  | (1,947,349)                 | (2,039,700)                 | *                        |
|   | <u>(1,670,818)</u>          | <u>(7,935,923)</u>          | *                        |
| Total OPEB Liability - Beginning                        | <u>38,835,361</u>           | <u>46,771,824</u>           | *                        |
| <b>Total OPEB Liability - Ending</b>                    | <b><u>\$ 37,164,543</u></b> | <b><u>\$ 38,835,361</u></b> | <b><u>46,771,824</u></b> |
| Covered Employee Payroll                                | \$ 13,581,624               | 10,858,870                  | \$ *                     |
| Total OPEB Liability as a Percentage of Covered Payroll | <b>274%</b>                 | 358%                        | *                        |

*Changes of Assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect for this period is 4.10%

\* 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*

| 2016        | 2015        | 2014        | 2013        | 2012        | 2011        | 2010        |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$ *        | \$ *        | \$ *        | \$ *        | \$ *        | \$ *        | \$ *        |
| *           | *           | *           | *           | *           | *           | *           |
| *           | *           | *           | *           | *           | *           | *           |
| *           | *           | *           | *           | *           | *           | *           |
| *           | *           | *           | *           | *           | *           | *           |
| *           | *           | *           | *           | *           | *           | *           |
| *           | *           | *           | *           | *           | *           | *           |
| *           | *           | *           | *           | *           | *           | *           |
| *           | *           | *           | *           | *           | *           | *           |
| <hr/>       | <hr/>       | <hr/>       | <hr/>       | <hr/>       | <hr/>       | <hr/>       |
| \$ *        | \$ *        | \$ *        | \$ *        | \$ *        | \$ *        | \$ *        |
| <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| \$ *        | \$ *        | \$ *        | \$ *        | \$ *        | \$ *        | \$ *        |
| *           | *           | *           | *           | *           | *           | *           |

# ***CITY OF ELMIRA***

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

|   | <u><b>2019</b></u> | <u><b>2018</b></u> | <u><b>2017</b></u> |
|---|--------------------|--------------------|--------------------|
| <b>Employees' Retirement System</b>                                     |                    |                    |                    |
| Contractually Required Contribution                                     | \$ <b>510,106</b>  | \$ 485,777         | \$ 691,934         |
| Contributions in Relation to the Contractually<br>Required Contribution | <b>(510,106)</b>   | (485,777)          | (691,934)          |
| Contribution Deficiency (Excess)  | -                  | -                  | -                  |
| City's Covered - Employee Payroll                                       | <b>4,600,088</b>   | 4,492,889          | 5,279,293          |
| Contributions as a Percentage of Covered -<br>Employee Payroll          | <b>11.1%</b>       | 10.8%              | 13.1%              |
| <br><b>Police and Fire Retirement System</b>                            |                    |                    |                    |
| Contractually Required Contribution                                     | <b>2,337,055</b>   | 2,313,204          | 2,478,784          |
| Contributions in Relation to the Contractually<br>Required Contribution | <b>(2,337,055)</b> | (2,313,204)        | (2,478,784)        |
| Contribution Deficiency (Excess)  | -                  | -                  | -                  |
| City's Covered - Employee Payroll                                       | <b>9,721,225</b>   | 9,503,939          | 9,645,059          |
| Contributions as a Percentage of Covered -<br>Employee Payroll          | <b>24.0%</b>       | 24.3%              | 25.7%              |

(1) Elmira Water Board Portion Not Reported, as Information Is Not Readily Available

*See Notes to Required Supplementary Information*

| <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b>  | <b>2012</b>  | <b>2011</b> | <b>2010</b> |
|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
| \$ 967,005  | \$ 868,141  | \$ 947,134  | \$ 1,185,963 | \$ 1,099,263 | \$ 726,097  | \$ 492,266  |
| (967,005)   | (868,141)   | (947,134)   | (1,185,963)  | (1,099,263)  | (726,097)   | (492,266)   |
| -           | -           | -           | -            | -            | -           | -           |
| 4,428,674   | 4,911,729   | 4,923,439   | 6,619,513    | 6,577,716    | 6,335,467   | 6,095,363   |
| 21.8%       | 17.7%       | 19.2%       | 17.9%        | 16.7%        | 11.5%       | 8.1%        |
| 2,379,966   | 2,221,609   | 1,557,403   | 2,430,186    | 1,946,896    | 1,611,439   | 1,400,036   |
| (2,379,966) | (2,221,609) | (1,557,403) | (2,430,186)  | (1,946,896)  | (1,611,439) | (1,400,036) |
| -           | -           | -           | -            | -            | -           | -           |
| 9,649,224   | 9,746,611   | 10,150,265  | 9,647,130    | 9,557,784    | 9,088,633   | 9,081,986   |
| 24.7%       | 22.8%       | 15.3%       | 25.2%        | 20.4%        | 17.7%       | 15.4%       |

# ***CITY OF ELMIRA***

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

|   | <u><b>2019</b></u> | <u><b>2018</b></u> | <u><b>2017</b></u> |
|---|--------------------|--------------------|--------------------|
| <b>Employees' Retirement System</b>   |                    |                    |                    |
| City's Proportion of the Net Pension Liability  | <b>0.0092558%</b>  | 0.0089123%         | 0.0129363%         |
| City's Proportionate Share of the Net Pension Liability   | <b>\$ 655,806</b>  | \$ 287,638         | \$ 1,215,527       |
| City's Covered-employee Payroll During the Measurement Period   | <b>2,618,184</b>   | 2,547,382          | 4,079,676          |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll | <b>25.05%</b>      | 11.29%             | 29.79%             |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                              | <b>96.3%</b>       | 98.2%              | 94.7%              |
| <br><b>Police and Fire Retirement System</b>  |                    |                    |                    |
| City's Proportion of the Net Pension Liability  | <b>0.2781440%</b>  | 0.2746841%         | 0.2852966%         |
| City's Proportionate Share of the Net Pension Liability   | <b>4,664,651</b>   | 2,776,389          | 5,913,205          |
| City's Covered-employee Payroll During the Measurement Period   | <b>9,777,551</b>   | 9,412,735          | 9,722,501          |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll | <b>47.71%</b>      | 29.50%             | 60.82%             |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                              | <b>95.1%</b>       | 96.9%              | 93.5%              |

*See Notes to Required Supplementary Information*



| <b>2016</b>  | <b>2015</b> |
|--------------|-------------|
| 0.0181458%   | 0.0184513%  |
| \$ 3,014,544 | \$ 623,330  |
| 4,900,635    | 4,944,661   |
| 61.51%       | 12.61%      |
| 90.7%        | 97.9%       |
| 0.3135428%   | 0.3048065%  |
| 9,283,335    | 839,009     |
| 9,624,798    | 10,112,051  |
| 96.45%       | 8.30%       |
| 90.2%        | 99.0%       |

# ***CITY OF ELMIRA***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019**

### ***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 generally accepted accounting principles. 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, 2019.

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

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

2019 - 4.10%

2018 - 3.44%

# ***CITY OF ELMIRA***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019**

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

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

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

**NYSLRS**

**Changes in Benefit Terms**

There were no significant legislative changes in benefits.

**Changes of Assumptions**

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2018 actuarial valuation.

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

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2019. 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     | 5-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.   |
| Inflation                  | 2.5%  |
| Salary Scale               | 3.8% in ERS, 4.5% in PFRS, indexed by service.  |
| Investment Rate of Return  | 7.0% compounded annually, net of investment expenses, including inflation.  |
| Cost of Living Adjustments | 1.3% annually.  |



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elmira (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 23, 2020. Our report includes a reference to other auditors who audited the financial statements of the Elmira Water Board, as described in our report on the City's financial statements. The financial statements of the Elmira Water Board were not audited in accordance with *Governmental Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

INSERO & Co. CPAs, LLP

The Highest Standard | (800) 232-9547 | [www.inserocpa.com](http://www.inserocpa.com)

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency [2019-001].

### **City of Elmira's Response to Findings**

City of Elmira's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. City of Elmira's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 determination of financial statement amounts. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
July 23, 2020



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

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

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

We have audited the City of Elmira's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

## **Report on Internal Control over Compliance**

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

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

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
July 23, 2020

# CITY OF ELMIRA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

| Federal Grantor/Pass - Through Grantor<br>Program Title  | Federal<br>CFDA # | Pass - Through<br>Grantor No. | Passed Through<br>to Subrecipients | Expenditures        |
|--|-------------------|-------------------------------|------------------------------------|---------------------|
| <b>U.S. Department of Housing and Urban Development</b>  |                   |                               |                                    |                     |
| Community Development Block Grants   |                   |                               |                                    |                     |
| Entitlement Grants Cluster:  |                   |                               |                                    |                     |
| Community Development Block Grants/<br>Entitlement Grants  | 14.218            | N/A                           | \$ 145,624                         | \$ 606,483          |
| Total Community Development Block Grants<br>Entitlement Grants Cluster                           |                   |                               | 145,624                            | 606,483             |
| \$108 Loan Guarantee Program   | 14.248            | N/A                           |                                    | 397,705             |
| Home Investment Partnerships Programs  | 14.239            | N/A                           |                                    | 339,862             |
| <b>Total U.S. Department of Housing and Urban Development</b>                                    |                   |                               | 145,624                            | 1,344,050           |
| <b>U.S. Department of Justice</b>  |                   |                               |                                    |                     |
| Passed through Office of Victim Services   |                   |                               |                                    |                     |
| Crime Victim Assistance  | 16.575            | C100123                       |                                    | 90,128              |
| <b>Total U.S. Department of Justice</b>  |                   |                               |                                    | 90,128              |
| <b>U.S. Department of Transportation</b>   |                   |                               |                                    |                     |
| Passed Through NYS Department of Transportation:   |                   |                               |                                    |                     |
| Highway Planning and Construction Cluster:   |                   |                               |                                    |                     |
| Highway Planning and Construction  | 20.205            | D034657                       |                                    | 3,489,036           |
| Highway Planning and Construction  | 20.205            | D035293                       |                                    | 101,979             |
| Highway Planning and Construction  | 20.205            | D035294                       |                                    | 7,799               |
| Highway Planning and Construction  | 20.205            | D035503                       |                                    | 1,225,976           |
| Highway Planning and Construction  | 20.205            | D035504                       |                                    | 518,008             |
| Highway Planning and Construction  | 20.205            | D035708                       |                                    | 160,339             |
| <b>Total Highway Planning and Construction Cluster and<br/>U.S. Department of Transportation</b> |                   |                               | -                                  | 5,503,137           |
| <b>Total Expenditures of Federal Awards</b>  |                   |                               | <b>\$ 145,624</b>                  | <b>\$ 6,937,315</b> |

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, 2019**

### ***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, i.e., 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, 2019 under these programs, reported as part of loans receivable in the City's basic financial statements, are as follows:

|  |                                   |
|--|-----------------------------------|
| Loans Receivable - CDBG                    | \$ 1,854,245                      |
| Loans Receivable - AHC                     | 693,260                           |
| Loans Receivable - HOME                    | <u>523,048</u>                    |
| Total Loans Receivable                     | 3,070,553                         |
| Less: Allowance for Uncollectible Accounts | <u>-</u>                          |
| <b>Net Loans Receivable</b>                | <b><u><u>\$ 3,070,553</u></u></b> |

### ***Note 6* Other Disclosures**

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

# ***CITY OF ELMIRA***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2019**

### **Section I - Summary of Auditors' Results**

#### Financial Statements

Type of Auditors' Report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes √ no

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

√ yes \_\_\_ none reported

Noncompliance material to financial statements noted?

\_\_\_ yes √ no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_ yes √ no

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

\_\_\_ yes √ none reported

Type of Auditors' Report issued on compliance  
for major programs:

Unmodified

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

\_\_\_ yes √ no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

20.205

Highway Planning and Construction

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

\$750,000

Auditee qualified as low-risk auditee

\_\_\_ yes √ no

# ***CITY OF ELMIRA***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2019**

### **Section II - Financial Statement Findings**

#### 2019-001 - Restatement

**Condition:**

During our current year audit, the Capital Projects Fund was restated to correct a significant error to match reimbursable revenue with expenditures.

**Criteria:**

State matching grant revenue should be recorded in the same period as the expenditures.

**Cause/Effect:**

State matching grant revenue was received via automated clearing house payment within the City's Community Development Fund bank account. Funds were subsequently transferred to the Capital Projects Fund, without being earmarked as a reimbursement receipt.

**Recommendation:**

We recommend reconciliations be kept tracking all expenditures and requests for reimbursement to ensure proper matching of revenues and expenditures.

**Management Response:**

Management tracks expenditures and requests for reimbursement. However, this error occurred at the start of 2019, following a period of significant staff turnover. As a result, a rule that impacts the recognition of General Fund revenues and receivables was inadvertently applied to the Capital Projects Fund. Staff has been trained and mechanisms put in place to ensure proper matching of revenues and expenditures so that this may be avoided in the future.

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

## FORM OF BOND COUNSEL'S OPINION

July 15, 2021

City of Elmira,  
Chemung County,  
State of New York

Re: City of Elmira, Chemung County, New York  
\$3,975,766 Public Improvement (Serial) Bonds, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$3,975,766 Public Improvement (Serial) Bonds, 2021 (the "Obligations"), of the City of Elmira, Chemung County, New York (the "Obligor"), dated July 15, 2021, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of two hundredths per centum (2.00%) per annum as to bonds maturing in 2022 to 2038 both inclusive and bearing interest at the rate of two hundredths and one hundred twenty five thousandths per centum (2.125%) per annum as to bonds maturing in 2039, payable semi-annually on January 15 and July 15 commencing January 15, 2022, and maturing in the amount of \$185,766 on July 15, 2022, \$185,000 on July 15, 2023, \$190,000 on July 15, 2024, \$195,000 on July 15, 2025, \$200,000 on July 15, 2026, \$205,000 on July 15, 2027, \$210,000 on July 15, 2028, \$210,000 on July 15, 2029, \$215,000 on July 15, 2030, \$220,000 on July 15, 2031, \$225,000 on July 15, 2032, \$230,000 on July 15, 2033, \$235,000 on July 15, 2034, \$245,000 on July 15, 2035, \$250,000 on July 15, 2036, \$250,000 on July 15, 2037, \$260,000 on July 15, 2038, and \$265,000 on July 15, 2039.

The Obligations maturing on or before July 15, 2029 shall not be subject to redemption prior to maturity. The Obligations maturing on or after July 15, 2030 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the City on July 15, 2029 or on any date thereafter at par, plus accrued interest to the date of redemption.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

## BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY

### **BOND INSURANCE POLICY**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included herein this Appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **ASSURED GUARANTY MUNICIPAL CORP.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

#### *Current Financial Strength Ratings*

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

#### *Capitalization of AGM*

At March 31, 2021:

- The policyholders' surplus of AGM was approximately \$2,805 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$959 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,121 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

#### *Merger of MAC into AGM*

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

#### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "APPENDIX F, BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### *Miscellaneous Matters*

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "APPENDIX F, BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY".



## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the



United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100