

**AUDITED
FINANCIAL STATEMENTS**

**WATER DIVISION -
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK**

DECEMBER 31, 2021

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Water Division of the
Board of Public Utilities of the
City of Jamestown
Jamestown, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Water Division of the Board of Public Utilities of the City of Jamestown, New York (the Division), one of the five divisions comprising a blended component unit of the City of Jamestown, New York, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Division as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Division's proportionate share of the net pension liability – employees' retirement system, the schedule of the Division's pension contributions – employees' retirement system and the schedule of changes in the Division's total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Freed Maxick CPAs, P.C.

Batavia, New York
May 11, 2022

Management's Discussion and Analysis
Water Division Board of Public Utilities
City of Jamestown, New York
Year ended December 31, 2021

The following is a narrative overview and analysis of the Division's financial performance for the year ended December 31, 2021. This section is only an introduction and should be read in conjunction with the Division's financial statements, which immediately follow this section.

Financial Highlights

Following are the financial highlights of the Division for the year ended December 31, 2021:

- The change in net position for 2021 was \$294,539 compared to \$596,560 in 2020. There were no significant operational changes between the 2021 and 2020 fiscal years.
- Total operating revenues decreased \$35,455 when compared to 2020. There was not as significant a consumption recovery related to the COVID-19 pandemic as initially anticipated. This is expected to rebound to more average operational levels in fiscal year 2022 and beyond.
- Administrative and general expenses decreased \$99,627, or 11.3% compared to 2020, largely due to the actuarial decrease in net pension liability, which was measured as of March 31, 2021.
- Transmission and distribution expenses increased by \$211,055 compared to 2020. In 2021, these expenses represent 26.7% of total operating expenses.
- Tax equivalent payments decreased by \$2,548 or approximately 1.0% compared to 2020. Taxes and tax equivalent payments totaling \$1,164,265 in 2021 represent a significant (22.4%) percentage of operating expenses.
- Total year-end cash position was \$2,979,702 compared to \$2,040,926 in 2020. The increase in cash is primarily a result of the Division's portion of a new bond issuance by the City of Jamestown.
- The Lead Service Replacement Revenues were received in 2021 and 2020. These reimbursements for expenses were \$76,284 and \$126,259 in 2021 and 2020, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The Division's basic financial statements are comprised of two components: 1) financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The statement of net position presents information on all of the Division's assets and liabilities and deferred outflows and inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Division is improving or deteriorating.

Condensed Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 4,129,934	\$ 3,195,293	\$ 3,230,461
Capital assets	25,026,328	24,328,711	23,979,508
Other assets	103,681	255,293	122,309
Total assets	<u>29,259,943</u>	<u>27,779,297</u>	<u>27,332,278</u>
 Deferred outflows of resources	 <u>1,366,217</u>	 <u>1,068,897</u>	 <u>440,541</u>
 Current liabilities	 809,017	 859,485	 836,559
Other non-current liabilities	2,329,178	2,395,450	1,845,959
Total liabilities	<u>3,138,195</u>	<u>3,254,935</u>	<u>2,682,518</u>
 Deferred inflows of resources	 <u>1,739,398</u>	 <u>139,231</u>	 <u>232,833</u>
 Net position:			
Investment in capital assets	23,526,069	24,328,711	23,979,508
Unrestricted	2,222,498	1,125,317	877,960
Total net position	<u>\$ 25,748,567</u>	<u>\$ 25,454,028</u>	<u>\$ 24,857,468</u>

The Division's current ratio is 5.1 at the end of 2021 compared to 3.7 in 2020.

The statement of revenues, expenses and changes in net position shows the business-type activity of the Division and provides information regarding income and expenses that affect net position.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 5,448,082	\$ 5,483,537	\$ 5,636,834
Operating expenses	<u>5,189,081</u>	<u>5,016,719</u>	<u>4,904,487</u>
Operating income	259,001	466,818	732,347
Non-operating revenue, net	<u>35,538</u>	<u>129,742</u>	<u>599,360</u>
Change in net position	<u>\$ 294,539</u>	<u>\$ 596,560</u>	<u>\$ 1,331,707</u>

The summary of accounting policies and notes to the financial statements provide additional information that is essential for a full and complete understanding of the information provided in the financial statements. In addition to the basic financial statements, summary of accounting policies and accompanying notes, this report also includes certain supplemental information that may be beneficial to the reader.

Capital Assets

The largest portion of the Division's net position is the investment in capital assets of \$23,526,069 or 80.4% of total assets. The investment in capital assets includes the net book value of buildings, vehicles and equipment less serial bonds payable outstanding as of December 31, 2021 related to capital assets. During 2021 and 2020, the Division added \$1,461,673 and \$2,838,896 respectively, in capital assets. The Division disposed of \$39,124 of assets during 2021 net of construction in progress placed in service.

Economic Factors That Will Affect the Future

A key factor for the Division in the years ahead will be the JBPU's ability to provide increased support related to local economic development and area marketing. The ongoing trend of water consumption reductions must be reversed through a strong local commercial and industrial customer base. Successful business retention and new business recruitment, including but not limited to, territory expansion, will support the other ongoing City of Jamestown efforts related to downtown improvement, the Urban Design Plan, Neighborhood Revitalization, and the Riverwalk Project. The economic outlook for the City of Jamestown remains a very important factor related to the future of the Division, including the Division's ability to continue its annual increase in net position and positive cash flows. In addition to local challenges, the Division is also at risk of significant expense increases due to local, national, and global inflation, supply chain challenges, increased fuel expenses, as well as anticipated changes to New York State testing and specific limit requirements.

Contacting the Water Division Board of Public Utilities' Financial Management

This financial report is designed to provide a general overview of the Division's finances and to show the Division's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance and Customer Accounts Manager, Kelly Hawkins, at PO Box 700, 92 Steele Street, Jamestown, NY 14702-0700.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
STATEMENTS OF NET POSITION
DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,979,702	\$ 2,040,926
Receivables, net	686,565	753,141
Receivables - related parties	65,550	32,711
Inventories	248,585	278,744
Prepaid items	149,532	89,771
Total current assets	<u>4,129,934</u>	<u>3,195,293</u>
OTHER ASSETS:		
Non-utility property	3,847	3,847
Total other assets	<u>3,847</u>	<u>3,847</u>
WATER PLANT:		
In service - at cost	46,056,859	44,595,187
Less: accumulated depreciation	<u>21,030,531</u>	<u>20,266,476</u>
Total water plant	<u>25,026,328</u>	<u>24,328,711</u>
Charges for future benefits	<u>99,834</u>	<u>251,446</u>
Total assets	<u>29,259,943</u>	<u>27,779,297</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	1,347,409	1,023,202
Deferred outflows - OPEB	18,808	45,695
Total deferred outflows of resources	<u>1,366,217</u>	<u>1,068,897</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable:		
Trade	143,217	39,716
Related parties	72,427	87,087
Consumer deposits	149,455	150,230
Other current and accrued liabilities	401,976	582,452
Current maturities of bonds payable	41,942	-
Total current liabilities	<u>809,017</u>	<u>859,485</u>
NONCURRENT LIABILITIES:		
Total OPEB liability	865,025	938,210
Bonds payable, less current maturities	1,458,317	-
Net pension liability	5,836	1,457,240
Total non-current liabilities	<u>2,329,178</u>	<u>2,395,450</u>
Total liabilities	<u>3,138,195</u>	<u>3,254,935</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	1,728,174	55,115
Deferred inflows - OPEB	11,224	84,116
Total deferred inflows of resources	<u>1,739,398</u>	<u>139,231</u>
NET POSITION		
Investment in capital assets	23,526,069	24,328,711
Unrestricted	2,222,498	1,125,317
Total net position	<u>\$ 25,748,567</u>	<u>\$ 25,454,028</u>

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES	\$ 5,448,082	\$ 5,483,537
OPERATING EXPENSES		
Source of supply	24,519	24,947
Power and pumping	683,194	640,047
Transmission and distribution	1,383,384	1,172,329
Consumer accounts	384,439	385,640
Administrative and general	785,225	884,852
Depreciation	764,055	742,091
Taxes	195,047	191,203
Contributions in lieu of taxes	969,218	975,610
Total operating expenses	<u>5,189,081</u>	<u>5,016,719</u>
Operating income	259,001	466,818
NON-OPERATING REVENUES (EXPENSE)		
Grant revenue	76,284	126,259
Interest income	716	3,483
Interest on long-term debt	(30,301)	-
Bond issuance cost	(11,161)	-
Total non-operating revenues, net	<u>35,538</u>	<u>129,742</u>
Change in net position	294,539	596,560
Net position - beginning of year	<u>25,454,028</u>	<u>24,857,468</u>
Net position - end of year	\$ <u>25,748,567</u>	\$ <u>25,454,028</u>

See notes to basic financial statements.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,513,883	\$ 5,452,971
Cash paid to suppliers and employees	(3,467,767)	(3,319,312)
Cash paid for taxes and payments in lieu of taxes	(1,164,265)	(1,166,813)
Net cash provided by operating activities	<u>881,851</u>	<u>966,846</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to related parties	(47,499)	(36,112)
Net cash used by financing activities	<u>(47,499)</u>	<u>(36,112)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,500,796)	(1,091,294)
Loss on disposal of assets	39,124	-
Proceeds from grant funding	76,284	126,259
Proceeds from bonds	1,412,000	-
Proceeds from bond premium	88,259	-
Interest and issuance costs paid on long-term debt	(11,163)	-
Net cash provided (used) by capital and related financing activities	<u>103,708</u>	<u>(965,035)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	716	4,948
Proceeds from sale of investments	-	399,938
Net cash provided by investing activities	<u>716</u>	<u>404,886</u>
Net increase in cash and cash equivalents	938,776	370,585
Cash and cash equivalents - beginning	<u>2,040,926</u>	<u>1,670,341</u>
Cash and cash equivalents - ending	<u>\$ 2,979,702</u>	<u>\$ 2,040,926</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 259,001	\$ 466,818
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	764,055	742,091
Decrease (increase) in receivables, net	66,576	(26,343)
Decrease (increase) in prepaid items	(59,761)	4,969
Decrease in inventories	30,159	11,654
Decrease (increase) in charges for future benefits	151,612	(132,984)
Increase in deferred outflows - pension	(324,207)	(705,958)
Decrease in deferred outflows - OPEB	26,887	77,602
Increase (decrease) in accounts payable	103,501	(59,800)
Decrease in consumer deposits	(775)	(4,223)
Increase (decrease) in other current and accrued liabilities	(210,775)	137,131
Decrease in total OPEB liability	(73,185)	(531,408)
Increase (decrease) in net pension liability	(1,451,404)	1,080,899
Increase (decrease) in deferred inflows - pension	1,673,059	(93,621)
Increase (decrease) in deferred inflows - OPEB	<u>(72,892)</u>	<u>19</u>
Net cash provided by operating activities	<u>\$ 881,851</u>	<u>\$ 966,846</u>

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BUSINESS

The Water Division (the Division) of the Board of Public Utilities of the City of Jamestown, New York (the BPU) distributes water to its consumers in and around the City of Jamestown, New York (the City). The Division grants credit for sales made.

The Water Division is one of five divisions that comprise the BPU which is reported as a business-type activity of the City of Jamestown.

B. BASIS OF PRESENTATION

The financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America (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 Division is engaged only in business-type activities as defined in GASB Statement No. 34. The Division applies all applicable GASB pronouncements, as well as, Financial Accounting Standards Board's (FASB) Accounting Standards Codification unless these standards conflict with or contradict GASB pronouncements.

The financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the cash is received or paid. Nonexchange transactions in which the Division gives or receives value without directly receiving or giving equal value in exchange include grants and donations. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Division distinguishes operating revenues and expenses from nonoperating items in its financial statements. Operating revenues and expenses generally result from providing services and delivering goods in connection with the Division's principal on-going operations. The principal operating revenues of the Division's fund are a result of charges to customers for sales and services. Operating expenses include the costs 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.

C. REVENUE RECOGNITION

Customers are billed based on usage. Revenue is recognized based upon billings.

D. CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the Division considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

E. RECEIVABLES

Receivables consists of amounts due from customers and the City for services provided. The Division's policy is to accrue a penalty on past due customer receivables. Receivables are net of an allowance for doubtful accounts of \$33,007 at December 31, 2021 and 2020. Management determines the allowance based on historical experience and analysis of accounts.

F. INVENTORY

Inventory is valued at cost utilizing the average cost method for the Division.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. CAPITAL ASSETS

Water plant assets are stated at cost, which includes salaries and benefits, transportation costs, and overhead. Depreciation of water plant assets are computed using group composite straight-line rates. When water plant assets are retired, their cost, together with the cost of removal less salvage, if any, is charged to accumulated depreciation.

Provision has been made for depreciation of water plant at the straight-line composite rates listed below:

Structures and wells	2.4%
Processing equipment	3.6% - 5.0%
Transmission plant	1.0%
Distribution plant	1.0%
Services	2.0%
General plant:	
Transportation equipment	15.0%
Tools and work equipment	1.5% - 10.0%
Other equipment	5.0% - 7.0%

I. HEALTH INSURANCE

The Water Division of the BPU of the City of Jamestown funds its health costs through self-insured health premiums. The Water Division employs an administrator to manage the self-insurance plan. Monthly premiums, based on prior experience, are deposited in a separate bank account from which the administrator pays out funds for health claims, prescriptions, administration fees, and stop loss insurance premiums. Stop loss coverage is available above \$135,000 per occurrence, effective May 1, 2018.

J. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Division provides health insurance coverage for current and future retirees and their spouses as described at Note 2.I.

K. ALLOCATION OF ASSETS, LIABILITIES AND EXPENSES RELATED TO PENSION OBLIGATIONS

Total pension obligations including deferred outflows of resources and deferred inflow of resources are allocated by the City to the BPU based on payroll. The BPU further allocates these amounts by division based on the percentage of each Division's payroll to the total BPU payroll. See Note 2.H.

L. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

In addition to assets, the Statements of Net Position include a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Division has two items that qualify for reporting in this category. They are deferred amounts related to pension and OPEB reported in the Statements of Net Position. The deferred amounts are related to pension and OPEB differences between estimated and actual investment earnings, changes in assumptions and other pension and OPEB related changes.

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Division has two items that qualify for reporting in this category. In the Statements of Net Position, the Division reports deferred amounts related to pension and OPEB.

See details of deferred pension outflows and inflows in Note 2.H and deferred OPEB outflows and inflows in Note 2.I.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

M. NET POSITION

Net position is classified into two categories according to availability of assets for satisfaction of the Division's obligations. The Division's net positions are classified as follows:

Investment in capital assets - This represents the Division's total investment in capital assets, net of accumulated depreciation.

Unrestricted - Unrestricted net position represent resources derived from services and other operating revenue.

N. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. ACCOUNTING PRONOUNCEMENTS

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Division, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2 - DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNT

A. DEPOSITS AND INVESTMENTS

The Division's investment policies are governed by State statutes because they are a component unit of the City. Monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The BPU Finance and Customer Accounts Manager is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include demand accounts and certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and municipalities and school districts.

Deposits of the Division were fully insured or collateralized by securities held in the name of the City of Jamestown at December 31, 2021 and 2020.

Investment and Deposit Policy

The Division follows an investment and deposit policy, the overall objective of which is to adequately and safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the City of Jamestown on behalf of the Division.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Division limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a budgetary or economic cycle. The investment policy does not strictly limit the maximum maturity of investments.

Credit Risk

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Division limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Treasury notes. U.S. Treasury notes are rated AAA.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Division will not be able to recover the value of its investments that are in possession of an outside party. U.S. Treasury notes are not subject to custodial risk.

Concentration of credit risk is the risk that the Division has a high percentage of its investments invested in one type of investment. The Division's investment policy requires diversification of investments to avoid unreasonable risk. U.S. Treasury notes are in accordance with the Division's Investment Policy.

B. RECEIVABLES

Major receivables accrued by the Division at December 31:

	<u>2021</u>	<u>2020</u>
General consumers receivables	\$ 719,572	\$ 786,148
Allowance for uncollectible accounts	<u>(33,007)</u>	<u>(33,007)</u>
Total accounts receivable, net	<u>\$ 686,565</u>	<u>\$ 753,141</u>
Receivables - related parties	<u>\$ 65,550</u>	<u>\$ 32,711</u>

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

C. CAPITAL ASSETS

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

	Balance 01/01/2021	Additions	Deletions	Balance 12/31/2021
Land	\$ 181,738	\$ -	\$ -	\$ 181,738
Construction work in progress	502,018	1,500,796	2,001,140	1,674
Springs and wells	1,553,674	-	-	1,553,674
Structures, resevoirs and standpipes	4,570,088	78,210	-	4,648,298
Processing equipment	1,424,708	44,649	837	1,468,520
Mains and accessories:				
Transmission	2,323,838	-	-	2,323,838
Distribution	14,324,774	1,176,439	10,401	15,490,812
Services	7,002,369	91,238	27,886	7,065,721
General plant	12,711,980	610,604	-	13,322,584
Total capital assets	44,595,187	3,501,936	2,040,264	46,056,859
Less accumulated depreciation:				
Springs and wells	1,028,505	67,809	-	1,096,314
Structures, resevoirs and standpipes	2,427,451	70,685	-	2,498,136
Processing equipment	1,058,526	16,886	-	1,075,412
Mains and accessories:				
Transmission	1,073,524	23,244	-	1,096,768
Distribution	3,491,139	150,148	-	3,641,287
Services	2,288,490	143,674	-	2,432,164
General plant	8,898,841	291,609	-	9,190,450
Total accumulated depreciation	20,266,476	764,055	-	21,030,531
Total capital assets, net	\$ 24,328,711	\$ 2,737,881	\$ 2,040,264	\$ 25,026,328

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
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Capital asset activity for the Division for the year ended December 31, 2020 was as follows:

	Balance 01/01/2020	Additions	Deletions	Balance 12/31/2020
Land	\$ 181,738	\$ -	\$ -	\$ 181,738
Construction work in progress	617,759	1,457,976	1,573,717	502,018
Springs and wells	1,553,674	-	-	1,553,674
Structures, resevoirs and standpipes	4,328,795	241,293	-	4,570,088
Processing equipment	1,269,192	155,516	-	1,424,708
Mains and accessories:				
Transmission	2,323,838	-	-	2,323,838
Distribution	13,851,157	478,300	4,683	14,324,774
Services	6,948,958	71,889	18,478	7,002,369
General plant	12,428,782	433,922	150,724	12,711,980
Total capital assets	\$ 43,503,893	\$ 2,838,896	\$ 1,747,602	\$ 44,595,187

	Balance 01/01/2020	Additions	Deletions	Balance 12/31/2020
Land	\$ 181,738	\$ -	\$ -	\$ 181,738
Construction work in progress	617,759	1,457,976	1,573,717	502,018
Springs and wells	1,553,674	-	-	1,553,674
Structures, resevoirs and standpipes	4,328,795	241,293	-	4,570,088
Processing equipment	1,269,192	155,516	-	1,424,708
Mains and accessories:				
Transmission	2,323,838	-	-	2,323,838
Distribution	13,851,157	478,300	4,683	14,324,774
Services	6,948,958	71,889	18,478	7,002,369
General plant	12,428,782	433,922	150,724	12,711,980
Total capital assets	\$ 43,503,893	\$ 2,838,896	\$ 1,747,602	\$ 44,595,187

	Balance 01/01/2020	Additions	Deletions	Balance 12/31/2020
Less accumulated depreciation:				
Springs and wells	\$ 966,726	\$ 61,779	\$ -	\$ 1,028,505
Structures, resevoirs and standpipes	2,362,849	64,602	-	2,427,451
Processing equipment	1,045,111	13,415	-	1,058,526

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Mains and accessories:

Transmission	1,050,280	23,244	-	1,073,524
Distribution	3,348,747	142,392	-	3,491,139
Services	2,146,392	142,098	-	2,288,490
General plant	<u>8,604,280</u>	<u>294,561</u>	<u>-</u>	<u>8,898,841</u>
Total accumulated depreciation	<u>19,524,385</u>	<u>742,091</u>	<u>-</u>	<u>20,266,476</u>
	Balance			Balance
	<u>01/01/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2020</u>
Less accumulated depreciation:				
Springs and wells	\$ 966,726	\$ 61,779	\$ -	\$ 1,028,505
Structures, resevoirs and standpipes	2,362,849	64,602	-	2,427,451
Processing equipment	1,045,111	13,415	-	1,058,526
Mains and accessories:				
Transmission	1,050,280	23,244	-	1,073,524
Distribution	3,348,747	142,392	-	3,491,139
Services	2,146,392	142,098	-	2,288,490
General plant	<u>8,604,280</u>	<u>294,561</u>	<u>-</u>	<u>8,898,841</u>
Total accumulated depreciation	<u>19,524,385</u>	<u>742,091</u>	<u>-</u>	<u>20,266,476</u>
Total capital assets, net	<u>\$ 23,979,508</u>	<u>\$ 2,096,805</u>	<u>\$ 1,747,602</u>	<u>\$ 24,328,711</u>

D. BONDS PAYABLE

The Division issued Series 2021 serial bonds for improvements and replacements of water mains during the year ended December 31, 2021. Bonds payable consist of the following at December 31, 2021:

1.00-4.00% 2021 Water Improvement Bond	\$ 1,412,000
Plus: unamortized premium	<u>88,259</u>
	1,500,259
Less: current maturities	<u>41,942</u>
Total bonds payable, long-term	<u>\$ 1,458,317</u>

The serial bonds are backed by the full faith and credit of the City of Jamestown, New York.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

At December 31, 2021, debt service requirements are as follows:

<u>Year ending:</u>	<u>Serial Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2022	\$ 39,000	\$ 48,397	\$ 2,942	\$ 90,339
2023	38,000	31,156	2,942	72,098
2024	43,000	30,751	2,942	76,693
2025	35,000	29,836	2,942	67,778
2026	41,000	28,316	2,942	72,258
2027-2031	213,000	117,436	14,709	345,145
2032-2036	223,000	90,561	14,709	328,270
2037-2041	250,000	66,511	14,709	331,220
2042-2046	255,000	41,481	14,709	311,190
2047-2051	275,000	14,472	14,713	304,185
Total	<u>\$ 1,412,000</u>	<u>\$ 498,917</u>	<u>\$ 88,259</u>	<u>\$ 1,999,176</u>

E. CHARGES FOR FUTURE BENEFITS

The Division recognizes the expense of compensated absences when paid. Accordingly, the expense has been deferred subject to the provisions of the Topics of Codification 980. Charges for future benefits totaled \$99,834 and \$251,446 for the years ended December 31, 2021 and 2020, respectively.

F. OTHER CURRENT AND ACCRUED LIABILITIES

Other current and accrued liabilities consist of the following at December 31,:

	<u>2021</u>	<u>2020</u>
Compensated absences	\$ 99,834	\$ 251,446
Accrued wages	66,061	36,113
Accrued interest	30,299	-
Consumer credit payable	23,436	24,582
Health insurance liability	157,153	246,012
Collections liability	23,779	23,779
Health flex plan	1,414	520
	<u>\$ 401,976</u>	<u>\$ 582,452</u>

G. RELATED PARTY TRANSACTIONS

In regular course of business, the Division enters into transactions with the various other BPU divisions. These transactions arise primarily from construction activity performed for other divisions and services provided between divisions.

The Division made payment in lieu of taxes to the City of Jamestown in the amount of \$969,218 and \$975,610 for years ended December 31, 2021 and 2020, respectively. This payment is calculated based on 18% of sales of the Division.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

H. PENSION OBLIGATIONS

New York State and Local Retirement System

Plan Description

The Division participates in the New York State and Local Employees' Retirement System (ERS), which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit retirement system. 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 fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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 Division also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefit's provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy

The System is noncontributory, except for employees who joined the System after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 who generally contribute three percent (3%) to three- and one-half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under Tier VI vary based on a sliding salary scale.

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 31st.

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

At December 31, 2021, the Division reported the following liability for its proportionate share of the net pension liability to the System. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020. The Division's proportion of the net pension liability was based on a projection of the Division's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the City.

Measurement date	<u>03/31/2021</u>	<u>03/31/2020</u>
Net pension liability	\$ 5,836	\$ 1,457,240
Division's portion of the Plan's total net pension liability	0.0058608 %	0.0055031 %
Change in proportion since the prior measurement date	0.0003578	0.0001915
Pension expense at December 31, 2021	\$ 129,372	\$ 490,577

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
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NOTES TO BASIC FINANCIAL STATEMENTS**

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

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 71,272	\$ -	\$ 85,764	\$ 25,336
Change of assumptions	1,073,026	20,238	29,342	-
Net difference between projected and actual earnings on pension plan investments	-	1,676,402	747,052	-
Changes in proportion and differences between the Division's contributions and proportionate share of contributions	13,375	31,534	756	29,779
Division's contributions subsequent to the measurement date	189,736	-	160,288	-
Total	\$ 1,347,409	\$ 1,728,174	\$ 1,023,202	\$ 55,115

Division contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending March 31:

2022	\$ (109,471)
2023	(42,133)
2024	(95,462)
2025	(323,435)
2026	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of the March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation used the following actuarial assumptions:

	2021	2020
Inflation	2.7 %	2.5 %
Salary increases	4.4	4.2
Investment rate of return (net of investment expense, including inflation)	5.9	6.8
Cost of living adjustments	1.4	1.3

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 and 2020 are summarized below:

Asset Class:	2021		2020	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.0 %	4.1 %	36.0 %	4.6 %
International equity	15.0	6.3	14.0	6.4
Private equity	10.0	6.8	10.0	7.5
Real estate	9.0	5.0	10.0	5.6
Absolute return strategies	0.0	0.0	2.0	3.8
Opportunistic portfolio	3.0	4.5	3.0	5.7
Credit	4.0	3.6	0.0	0.0
Real assets	3.0	6.0	3.0	5.3
Bonds and mortgages	23.0	0.0	17.0	1.3
Cash	1.0	0.5	1.0	-0.3
Inflation-indexed bonds	0.0	0.0	4.0	1.3
Total	100.0 %		100.0 %	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% (6.8%- 2020). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following tables present the Division's allocated share of the City's proportionate share of the net pension liability calculated using the discount rate of 5.9% (6.8%- 2020), as well as what the Division's allocated share of the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2021		
	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Division's proportionate share of the net pension liability/(asset)	\$ 1,619,808	\$ 5,836	\$ (1,482,624)

	2020		
	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Division's proportionate share of the net pension liability/(asset)	\$ 2,674,446	\$ 1,457,240	\$ 336,187

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021 were as follows:

	<u>(Dollars in Thousands)</u>	
	<u>2021</u>	<u>2020</u>
Employers' total pension liability	\$ 220,680,157	\$ 194,596,261
Plan net position	220,580,583	168,115,682
Employers' net pension liability	<u>\$ 99,574</u>	<u>\$ 26,480,579</u>
Ratio of plan net position to the employers' total pension liability	99.95%	86.39%

Prepays to the Pension Plan

Employer contributions are paid annually based on the System fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2021 represent a three-month portion of employer contributions for the Plan year April 1, 2021 through March 31, 2022. Prepaid retirement contributions amounted to \$59,498 and \$53,429 as of December 31, 2021 and 2020, respectively.

I. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The BPU, administers the Jamestown Board of Public Utilities Retiree Medical and Prescription Drug Plan (the Plan) as a single-employer defined benefit OPEB. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the BPU subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the Board pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The Board currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Division.

The following employees were covered by the benefit terms at December 31:

	<u>2021</u>	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefit payments	23	23
Active employees	13	13
Total	<u>36</u>	<u>36</u>

The Division's total OPEB liability of \$865,025 was measured as of October 1, 2021, and was determined by an interim actuarial valuation as of December 31, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 interim actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2021</u>	<u>2020</u>
Inflation	2.37 %	2.11 %
Salary increases	3.44 %	3.11 %
Discount rate	2.19 %	2.41 %
Healthcare cost trend rates	4.37 %	4.00 %
Retirees' share of benefit-related costs	20.00-70.00 %	20.00-70.00 %

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

The discount rate was based on the Fidelity Municipal General Obligation AA 20-year Bond rate as of the measurement date.

Mortality rates for retirees and surviving spouses were based on the Pub-2010 public retirement plans mortality tables, headcount-weighted, distinct for teachers, general, and safety, without separate contingent survivor mortality, fully generational using Mortality Improvement Scale MP-2021.

Retirement and termination assumptions reflect general published tables based on large-scale retirement plan population data. The Plan's estimated termination and retirement experience is then analyzed, and the base table is adjusted accordingly as necessary. No formal experience study is prepared for this plan.

<u>Changes in the Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at January 1, 2021	\$ 938,210
Changes for the year:	
Service cost	16,646
Interest	21,522
Changes of benefit terms	(25,409)
Differences between expected and actual experience	(33,673)
Changes in assumptions or other inputs	9,549
Benefit payments	<u>(61,820)</u>
Net changes	<u>(73,185)</u>
Balance at December 31, 2021	<u>\$ 865,025</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.41% in 2020 to 2.19%, effective December 31, 2021, the salary scale changed from 3.11% in 2020 to 3.44% effective December 31, 2021 and the mortality rate updated to MP-2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Division, as well as what the Division's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

	<u>2021</u>		
	<u>1% Decrease (1.19%)</u>	<u>Discount Rate (2.19%)</u>	<u>1% Increase (3.19%)</u>
Total OPEB liability	\$ <u>924,318</u>	\$ <u>865,025</u>	\$ <u>810,521</u>
	<u>2020</u>		
	<u>1% Decrease (1.41%)</u>	<u>Discount Rate (2.41%)</u>	<u>1% Increase (3.41%)</u>
Total OPEB liability	<u>\$ 1,005,121</u>	<u>\$ 938,210</u>	<u>\$ 877,047</u>

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Division, as well as what the Division's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	2021		
	1% Decrease (5.10% decreasing to 3.37%)	Healthcare Cost Trend Rates (6.10% decreasing to 4.37%)	1% Increase (7.10% decreasing to 5.37%)
Total OPEB liability	\$ 794,364	\$ 865,025	\$ 944,036

	2020		
	1% Decrease (3.00% increasing to 3.08%)	Healthcare Cost Trend Rates (4.00% increasing to 4.08%)	1% Increase (5.00% increasing to 5.08%)
Total OPEB liability	\$ 867,927	\$ 938,210	\$ 1,016,665

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

The Division recognized OPEB expense of \$(75,164) and \$(326,550) for the years ended December 31, 2021 and 2020, respectively. OPEB expense reflects the costs to the OPEB plan incurred during the year, including the service cost, interest cost, immediate recognition of the impact of all plan provision changes, and the amortization of gains and losses due to experience or changes in the assumptions. Total benefit payments for the years ended December 31, 2021 and 2020 were \$61,820 and \$132,587, respectively. At December 31, 2021 and 2020, the Division reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,224	\$ -	\$ 84,116
Changes of assumptions or other inputs	3,183	-	12,276	-
Contributions subsequent to the measurement date	15,625	-	33,419	-
Total	\$ 18,808	\$ 11,224	\$ 45,695	\$ 84,116

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:

2022	\$ (8,041)
Thereafter	-

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 11, 2022 which is the date the financial statements are available for issuance and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
SCHEDULE OF THE DIVISION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS***

	Year Ended December 31,						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Measurement date	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
City's proportion of the net pension liability	0.0600616%	0.0604838%	0.0614446%	0.0602267%	0.0584473%	0.0569336%	0.0584115%
Division's proportion of the net pension liability	0.0052542%	0.0052911%	0.0059380%	0.0058203%	0.0053116%	0.0055031%	0.0058608%
Division's allocated share of the City's proportionate share of the net pension liability	\$ <u>151,699</u>	\$ <u>849,240</u>	\$ <u>512,251</u>	\$ <u>187,847</u>	\$ <u>376,341</u>	\$ <u>1,457,240</u>	\$ <u>5,836</u>
Division's covered payroll	\$ 1,135,957	\$ 1,290,532	\$ 1,366,802	\$ 1,544,182	\$ 1,423,766	\$ 1,422,104	\$ 1,406,252
Division's allocated share of the City's proportionate share of the net pension liability as a percentage of its covered payroll	13.35%	65.81%	37.48%	12.16%	26.43%	102.47%	0.42%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	90.70%	94.70%	98.20%	96.30%	86.40%	99.95%

* This Schedule is intended to show information for ten years. Additional years will be included as they become available.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
SCHEDULE OF THE DIVISION'S PENSION CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2012</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>	<u>2021</u>
Contractually required contribution	\$ 272,741	\$ 195,069	\$ 183,918	\$ 183,918	\$ 200,402	\$ 206,602	\$ 220,860	\$ 195,881	\$ 209,258	\$ 231,924
Contributions in relation to the contractually required contribution	<u>272,741</u>	<u>195,069</u>	<u>183,918</u>	<u>183,918</u>	<u>200,402</u>	<u>206,602</u>	<u>220,860</u>	<u>195,881</u>	<u>209,258</u>	<u>231,924</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Division's covered payroll	\$ 1,003,488	\$ 911,947	\$ 1,137,541	\$ 1,265,649	\$ 1,173,298	\$ 1,330,814	\$ 1,169,075	\$ 1,308,331	\$ 1,537,111	\$ 1,648,064
Contributions as a percentage of covered payroll	27.18%	21.39%	16.17%	14.53%	17.08%	15.52%	18.89%	14.97%	13.61%	14.07%

The notes to the required supplementary information are an integral part of this schedule.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
SCHEDULE OF CHANGES IN THE DIVISION'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS***

	Year Ended December 31,			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Total OPEB Liability</u>				
Service cost	\$ 23,848	\$ 26,961	\$ 23,862	\$ 16,646
Interest	58,571	65,361	37,425	21,522
Changes of benefit terms	-	(303,169)	(244,587)	(25,409)
Differences between expected and actual experience	142,557	(168,194)	(252,348)	(33,673)
Changes of assumptions or other inputs	(41,598)	169,057	36,827	9,549
Benefit payments	<u>(142,699)</u>	<u>(153,391)</u>	<u>(132,587)</u>	<u>(61,820)</u>
Net change in total OPEB liability	40,679	(363,375)	(531,408)	(73,185)
Total OPEB liability - beginning	<u>1,789,314</u>	<u>1,832,993</u>	<u>1,469,618</u>	<u>938,210</u>
Total OPEB liability - ending	<u>\$ 1,829,993</u>	<u>\$ 1,469,618</u>	<u>\$ 938,210</u>	<u>\$ 865,025</u>
Covered-employee payroll	\$ 899,335	\$ 899,335	\$ 928,294	\$ 960,227
Total OPEB liability as a percentage of covered-employee payroll	203.48%	163.41%	101.07%	90.09%

* This Schedule is intended to show information for ten years. Additional years will be included as they become available.

**WATER DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN, NEW YORK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 1 - FACTORS AFFECTING TRENDS IN THE RETIREMENT SYSTEM PENSION

The Division's proportionate share of the net pension liability of the pension system is significantly dependent on the performance of the stock market and the funds that the retirement system invests in. The discount rate in effect at each measurement date is as follows:

<u>Year ended March 31:</u>	<u>ERS</u>
2021	5.90%
2020	6.80%
2019	7.00%
2018	7.00%
2017	7.00%
2016	7.00%
2015	7.50%

NOTE 2 - FACTORS AFFECTING TRENDS IN RETIREE HEALTH PLAN (OPEB)

The Division's retiree health plans most significant factors and assumptions affecting the total OPEB liability are as follows:

<u>Year Ended December 31:</u>	<u>Long-Term Bond Rate</u>	<u>Salary Scale</u>	<u>Single Discount Rate</u>	<u>Ultimate Healthcare Cost Trend Rate</u>
2021	2.19%	3.44%	2.19%	4.37%
2020	2.41%	3.11%	2.41%	4.08%
2019	2.75%	3.22%	2.75%	4.18%
2018	3.83%	3.36%	3.83%	4.32%