

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

Watkins Glen, New York

FINANCIAL REPORT

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



Certified Public Accountants | Business Advisors

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Required Supplementary Information	
Management's Discussion and Analysis	4-4c
Basic Financial Statements	
Statement of Net Position	5
Statement of Revenues, Expenses, and Changes in Net Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8-14
Report Required Under <i>Government Auditing Standards</i>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	15-16



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Schuyler County Human Services Development Corporation
Watkins Glen, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Schuyler County Human Services Development Corporation (the Corporation), a nonprofit organization and component unit of the County of Schuyler, New York, which comprise the Statement of Net Position as of December 31, 2021, the related Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Schuyler County Human Services Development Corporation as of December 31, 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 the financial statements in accordance with U.S. GAAP, 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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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

U.S. GAAP require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Corporation's 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 Corporation'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, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 1, 2022

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Schuyler County Human Services Development Corporation (the Corporation), a component unit of the County of Schuyler, New York, was created in 2006 to encourage economic growth in Schuyler County.

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Corporation's financial position as of December 31, 2021, and the results of its operations for the year then ended. The MD&A should be read in conjunction with the audited financial statements and related notes to financial statements of the Corporation, which directly follow the MD&A.

FINANCIAL HIGHLIGHTS

- Total revenues were \$367,546 in 2021 compared to \$427,695 in 2020.
- Total expenses were \$447,557 in 2021 compared to \$318,239 in 2020.
- Total expenses exceeded revenue by \$80,011 in 2021 compared to an excess of revenue of \$109,456 at December 31, 2020.
- The Corporation's net deficit at December 31, 2021 amounted to \$90,841 compared to \$10,830 at December 31, 2020.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements consist of a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; a Statement of Cash Flows; and accompanying notes. These statements provide information on the financial position of the Corporation and the financial activity and results of its operations during the year. A description of these statements follows:

- The Statement of Net Position presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Corporation is improving or deteriorating.
- The Statement of Revenues, Expenses, and Changes in Net Position presents information showing the change in the Corporation's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement include all items that will result in cash received or disbursed in future fiscal periods.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

- The Statement of Cash Flows provides information on the major sources and uses of cash during the year. The Statement of Cash Flows portrays net cash provided or used from operating, noncapital financing, capital financing, and investing activities.

FINANCIAL ANALYSIS OF THE CORPORATION AS A WHOLE

Our analysis below focuses on the net deficit (*Figure 1*) and changes in net deficit (*Figure 2*) of the Corporation's activities.

Figure 1 - Net Position

Condensed Statement of Net Position	Total Corporation		Total Dollar Change
	2021	2020	
Current Assets:			
Cash and Cash Equivalents - Unrestricted	\$ 38,766	\$ 17,408	\$ 21,358
Investments - Restricted	312,994	-	312,994
Accounts Receivable	160	160	-
Total Current Assets	351,920	17,568	334,352
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	12,340	430,019	(417,679)
Capital Assets, Net	3,172,745	3,303,022	(130,277)
Total Assets	3,537,005	3,750,609	(213,604)
Current Liabilities:			
Accrued Interest Payable	20,633	30,292	(9,659)
Bonds Payable in Less Than One Year	230,000	230,000	-
Unamortized Bond Premium	83,672	8,483	75,189
Total Current Liabilities	334,305	268,775	65,530
Noncurrent Liabilities:			
Bonds Payable in More Than One Year	2,865,000	3,405,000	(540,000)
Unamortized Bond Premium	428,541	87,664	340,877
Total Liabilities	3,627,846	3,761,439	(133,593)
Net Position (Deficit):			
Net Investment in Capital Assets (Deficit)	(434,468)	(428,125)	(6,343)
Restricted for Debt Service	325,334	430,019	(104,685)
Unrestricted (Deficit)	18,293	(12,724)	31,017
Total Net Position (Deficit)	\$ (90,841)	\$ (10,830)	\$ (80,011)

Total assets decreased 5.70%. This change stems from the use of cash for the refunding of bonds in the current year. Total liabilities decreased 3.55%. This change is the result of refunding bond transactions as well as normal principal payments, offset by a premium on refunding debt. Total net deficit increased due to excess expenses over revenue, primarily due to refunding bond transactions.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Our analysis in *Figure 2* considers the operations of the Corporation's activities.

Figure 2 - Changes in Net Position

Changes in Net Position	Total Corporation		Total Dollar Change
	2021	2020	
Operating Revenues:			
Rent	\$ 353,128	\$ 407,531	\$ (54,403)
In-Kind Contribution	2,971	3,135	(164)
Non-Operating Revenues:			
Interest	6	10	(4)
Investment Earnings	11,441	17,019	(5,578)
Total Revenues	\$ 367,546	\$ 427,695	\$ (60,149)
Operating Expenses:			
Contractual Expense	\$ 6,855	\$ 7,893	\$ (1,038)
In-Kind Administrative Expense	2,971	3,135	(164)
Depreciation Expense	130,277	130,277	-
Non-Operating Expenses:			
Bond Issuance Costs	290,311	-	290,311
Interest Expense	17,143	176,934	(159,791)
Total Expenses	\$ 447,557	\$ 318,239	\$ 129,318
CHANGE IN NET POSITION	\$ (80,011)	\$ 109,456	\$ (189,467)

Total revenue decreased 14.06% from prior year. This reduction is primarily attributed to a reduction in county rent paid, which was directly affected by a reduction in future debt service obligations based on current year refunding bonds.

Total expenses increased 40.63%. The majority of this increase was due to bond issuance costs for the refunding of debt.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Corporation has invested \$5,026,298 in capital assets, net of accumulated depreciation of \$1,853,553, at December 31, 2021. *Figure 3* shows the changes in the Corporation's capital assets.

**SCHUYLER COUNTY HUMAN SERVICES
DEVELOPMENT CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

*Figure 3
Capital Assets, Net of Depreciation*

Changes in Capital Assets	Total Corporation		Total Dollar Change
	2021	2020	
Land	\$ 40,639	\$ 40,639	\$ -
Land Improvements	59,055	69,760	(10,705)
Buildings and Improvements	3,073,051	3,192,623	(119,572)
Totals	\$ 3,172,745	\$ 3,303,022	\$ (130,277)

Depreciation expense amounted to \$130,277 for the year ended December 31, 2021.

Debt Administration

Figure 4 shows the changes in the Corporation's debt.

*Figure 4
Outstanding Debt*

Changes in Outstanding Debt	Total Corporation		Total Dollar Change
	2021	2020	
Bonds Payable	\$ 3,095,000	\$ 3,635,000	\$ (540,000)

Additional information on the maturities and terms of the Corporation's outstanding debt can be found in the notes to these financial statements.

FACTORS BEARING ON THE CORPORATION'S FUTURE

- There are no known factors expected to have a significant impact on the economic climate of the Corporation in the foreseeable future.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Corporation's clients, investors, and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Schuyler County Administrator at 105 Ninth Street, Watkins Glen, New York 14891.

***SCHUYLER COUNTY HUMAN SERVICES
DEVELOPMENT CORPORATION***

**STATEMENT OF NET POSITION
DECEMBER 31, 2021**

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$	38,766
Investments - Restricted		312,994
Accounts Receivable		160
Total Current Assets		351,920

Noncurrent Assets

Cash and Cash Equivalents - Restricted		12,340
Capital Assets:		
Nondepreciable Capital Assets		40,639
Depreciable Capital Assets, Net of Accumulated Depreciation		3,132,106
Total Capital Assets, Net		3,172,745
Total Noncurrent Assets		3,185,085
Total Assets		3,537,005

LIABILITIES

Current Liabilities

Accrued Interest Payable		20,633
Current Portion of Noncurrent Liabilities:		
Bonds Payable		230,000
Unamortized Bond Premium		83,672
Total Current Liabilities		334,305

Noncurrent Liabilities

Bonds Payable		2,865,000
Unamortized Bond Premium		428,541
Total Noncurrent Liabilities		3,293,541
Total Liabilities		3,627,846

NET POSITION

Net Investment in Capital Assets (Deficit)		(434,468)
Restricted for Debt Service		325,334
Unrestricted		18,293
Total Net Position (Deficit)	\$	(90,841)

See Notes to Financial Statements

***SCHUYLER COUNTY HUMAN SERVICES
DEVELOPMENT CORPORATION***

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

Operating Revenues	
Rent	\$ 353,128
In-Kind Contribution	2,971
	<hr/>
Total Operating Revenues	356,099
	<hr/>
Operating Expenses	
Contractual Expenses	6,855
In-Kind Administrative Expense	2,971
Depreciation Expense	130,277
	<hr/>
Total Operating Expenses	140,103
	<hr/>
Operating Income	215,996
	<hr/>
Non-Operating Revenue (Expense)	
Interest Revenue	6
Investment Earnings	11,441
Bond Issuance Costs	(290,311)
Interest (Expense)	(17,143)
	<hr/>
Total Non-Operating Revenue (Expense)	(296,007)
	<hr/>
Total Net Income - Revenues Over (Expenses)	(80,011)
	<hr/>
Net Position (Deficit), January 1,	(10,830)
	<hr/>
Net Position (Deficit), December 31,	\$ (90,841)
	<hr/> <hr/>

See Notes to Financial Statements

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

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

Cash Flows From Operating Activities	
Cash Received from Providing Services	\$ 353,128
Cash Payments - Contractual Expenses	(6,855)
	<u>346,273</u>
Net Cash Provided (Used) by Operating Activities	
Cash Flows From Noncapital Financing Activities	
	<u>-</u>
Cash Flows From Capital and Related Financing Activities	
Bond Principal	(235,000)
Interest Paid	(89,922)
Payment to Escrow	(3,725,472)
Bond Issuance Costs	(290,311)
Bond Proceeds	3,330,000
Bond Premium Proceeds	569,658
	<u>(441,047)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	
Cash Flows From Investing Activities	
Purchase of Investments	(312,994)
Investment Earnings	11,441
	<u>(301,547)</u>
Net Cash Provided (Used) by Investing Activities	
Change in Cash and Cash Equivalents	(396,321)
Cash and Cash Equivalents, January 1,	<u>447,427</u>
Cash and Cash Equivalents, December 31,	\$ 51,106
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	\$ 215,996
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	130,277
	<u>346,273</u>
Net Cash Provided (Used) by Operating Activities	
Supplemental Disclosures	
Noncash Operating Activities	
In-Kind Contribution	\$ 2,971
In-Kind Administrative Expenses	2,971

See Notes to Financial Statements

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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

The financial statements of Schuyler County Human Services Development Corporation (the Corporation), a component unit of the County of Schuyler, New York (the County), have been prepared in conformity with generally accepted accounting principles (U.S. GAAP). The Corporation follows accounting principles promulgated by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Corporation's accounting policies are described below.

Organization and Purpose

The Corporation was created in 2006 by the Schuyler County Board of Legislators under the provisions of §1411 of the Not-For-Profit Corporation Law of New York State for the purpose of encouraging economic growth in Schuyler County. The Corporation is exempt from federal, state, and local income taxes. The Corporation, although established by the Schuyler County Board of Legislators, is a separate entity and operates independently of the County.

Basis of Accounting

The accounts of the Corporation are maintained on the accrual basis of accounting.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments having an original maturity of three months or less to be cash equivalents.

Net Position

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 their use either by 1) external groups such as creditors, grantors, contributors, or laws and 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.”

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

All capital assets 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 are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Capital assets purchased or acquired with an original cost of over \$5,000 and having a useful life of greater than one year are capitalized. The estimated useful lives for capital assets are as follows:

Buildings and Improvements	40 Years
Land Improvements	20 Years

Operating and Nonoperating Revenues and Expenses

The Statement of Revenues, Expenses, and Changes in Net Position distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Corporation's principal ongoing operations. The principal operating revenues of the Corporation are rent and in-kind contributions. Operating expenses for the Corporation include contractual expenses, in-kind expenses, and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income Tax Status

The Corporation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code.

***Note 2* Cash and Investments**

State statutes govern the Corporation's investment policies. In addition, the Corporation has its own written investment policy. Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

***SCHUYLER COUNTY HUMAN SERVICES
DEVELOPMENT CORPORATION***

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 2 **Cash and Investments - Continued**

Collateral is required for demand deposits and certificates of deposit for the Corporation at 105% and 100%, respectively, of all deposits 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 its municipalities and school districts.

Total bank balances, excluding investments, of the Corporation of \$51,106 at December 31, 2021 are covered by FDIC insurance up to \$250,000. As of December 31, 2021, all deposits with financial institutions were either insured or collateralized with securities held by the pledging financial institution in the entities' name.

Restricted cash and cash equivalents and investments at December 31, 2021 consisted of debt service reserve funds in accordance with bond indenture totaling \$325,334.

Permissible investments include obligations of the United States Treasury, United States 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 FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts. Investments are stated at fair value.

The Corporation has few investments and chooses to disclose its investments by specifically identifying each. The Corporation's investment policy for these investments is also governed by New York State statutes.

The Corporation 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 following investments are held by the Corporation:

	Cost	Fair Value	Level
United States Treasury Bill, 0%, Matures 1/27/2022	\$ 312,932	\$ 312,994	(1)

***SCHUYLER COUNTY HUMAN SERVICES
DEVELOPMENT CORPORATION***

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 3 Capital Assets

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

	Balance at 12/31/2020	Additions	Deletions/ Reclassifications	Balance at 12/31/2021
Nondepreciable Capital Assets:				
Land	\$ 40,639	\$ -	\$ -	\$ 40,639
Total Nondepreciable Capital Assets	<u>40,639</u>	<u>-</u>	<u>-</u>	<u>40,639</u>
Depreciable Capital Assets:				
Building and Improvements	4,775,596	-	-	4,775,596
Land Improvements	210,063	-	-	210,063
Total Depreciable Capital Assets	<u>4,985,659</u>	<u>-</u>	<u>-</u>	<u>4,985,659</u>
Total Historical Cost	<u>5,026,298</u>	<u>-</u>	<u>-</u>	<u>5,026,298</u>
Less Accumulated Depreciation				
Building and Improvements	(1,582,973)	(119,572)	-	(1,702,545)
Land Improvements	(140,303)	(10,705)	-	(151,008)
Total Accumulated Depreciation	<u>(1,723,276)</u>	<u>(130,277)</u>	<u>-</u>	<u>(1,853,553)</u>
Governmental Activities Capital Assets, Net	<u>\$3,303,022</u>	<u>\$ (130,277)</u>	<u>\$ -</u>	<u>\$3,172,745</u>

Depreciation expense was \$130,277 for the year ended December 31, 2021.

**SCHUYLER COUNTY HUMAN SERVICES
DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 4 Debt

Summary of Debt

The following is a statement of serial bonds with a corresponding maturity schedule:

Description	Original Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Balance December 31, 2021
Serial Bonds:					
2021 Refunding Bonds	3/2021	\$ 3,330,000	4%	5/2032	\$ 3,095,000

Changes in Indebtedness and Unamortized Bond Premium

The following represents changes in the Corporation's indebtedness and unamortized bond premium during the year ended December 31, 2021:

	Balance January 1,	Additions	Deletions	Balance December 31,	Amount Due Within One Year
Serial Bonds	\$ 3,635,000	\$3,330,000	\$ (3,870,000)	\$ 3,095,000	\$ 230,000
Unamortized Bond Premium	96,147	575,333	(159,267)	512,213	83,672
Total	\$ 3,731,147	\$ 3,905,333	\$ (4,029,267)	\$ 3,607,213	\$ 313,672

Interest paid on serial bonds varies from year to year in accordance with interest rates specified in the bond agreement. Interest expense is shown below:

Interest Paid, Cash	\$ 89,922
Amortization of Premium	(63,120)
Less: Prior Year Accrued Interest	(30,292)
Add: Current Year Accrued Interest	20,633
Total	\$ 17,143

During March 2021, the Corporation issued \$3,330,000 in general obligation bonds, with interest rates of 4%. The Corporation issued the bonds to advance refund the \$3,635,000 of outstanding various general obligation bonds with interest rates ranging from 3.5% to 4.4%. The Corporation used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$3,635,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$3,405,000 at December 31, 2021.

***SCHUYLER COUNTY HUMAN SERVICES
DEVELOPMENT CORPORATION***

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 4 Debt - Continued

Debt Service Requirements

The following table summarizes the Corporation's future debt service requirements as of December 31, 2021:

Year	Corporation Serial Bonds		Total
	Principal	Interest	
2022	\$ 230,000	\$ 119,200	\$ 349,200
2023	235,000	109,900	344,900
2024	250,000	100,200	350,200
2025	260,000	90,000	350,000
2026	265,000	79,500	344,500
2027-2031	1,515,000	224,100	1,739,100
2032	340,000	6,800	346,800
Total	\$3,095,000	\$ 729,700	\$3,824,700

Note 5 Leases

The Corporation's primary source of income is from the leasing of its facility. In addition to the lease with Schuyler County, there are additional leases with governmental agencies and nonprofit organizations. These leases are for one year and may be extended upon written notice 60 days prior to the end of the lease term. Rents are due monthly and are based on square-footage utilized by lessee. Rent income totaled \$353,128 for the year ended December 31, 2021.

Note 6 Transactions with Primary Government

The Corporation is considered a component unit of the County. The Chairman of the Schuyler County Board of Legislators appoints all voting and non-voting Directors of the Corporation. In addition, the Corporation primarily benefits the County. The Corporation leases office space to the County. Payments are due May 1 and November 1 of each year and are based on scheduled lease payments less the sum of the savings account balance on the payment dates, less \$1,000. During the year ended December 31, 2021, the County paid \$207,158 to the Corporation in rent. The County owed \$-0- on its lease commitment at year end.

In addition, the Corporation's records are maintained by County employees at no charge to the Corporation. In-kind administrative expenses incurred by the Corporation for the year ended December 31, 2021 included in-kind administrative contributions from the County, amounting to \$2,971.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

Note 7 **Uncertainty**

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 geographical area in which the Corporation operates. While it is unknown how long these conditions will last and what the complete financial effect will be, the Corporation expects to experience disruptions to its programs, and funding sources, which could negatively impact operating results in future periods.

Note 8 **Contingencies**

The Corporation is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Note 9 **Stewardship, Compliance and Accountability**

Deficit Net Position

At December 31, 2021, the Statement of Net Position had a net investment in capital assets (deficit) of \$434,468. This is the result of debt in excess of capital assets, net. This deficit is expected to be eliminated as debt balances are paid down.



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*

To the Board of Directors of
Schuyler County Human Services Development Corporation
Watkins Glen, 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 Schuyler County Human Services Development Corporation (the Corporation), a nonprofit organization and component unit of the County of Schuyler, New York, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 1, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 1, 2022