

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

Watkins Glen, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2022**



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 *Government Auditing Standards*

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, 2022, 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 respective financial position of the Schuyler County Human Services Development Corporation as of December 31, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (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.

Emphasis of a Matter

During the year ended December 31, 2022, the Corporation adopted Government Accounting Standards Board (GASB) Statement No. 87, "Leases." As discussed in Note 9 to the financial statements, assets and deferred inflows of resources as of December 31, 2021 were restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

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 6, 2023, 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,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 6, 2023

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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, 2022, 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.

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.
- 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.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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
	2022	2021	
Current Assets:			
Cash and Cash Equivalents - Unrestricted	\$ 40,295	\$ 38,766	\$ 1,529
Investments - Restricted	313,895	312,994	901
Accounts Receivable	-	160	(160)
Leases Receivable in Less Than One Year	323,952	332,756	(8,804)
Total Current Assets	\$ 678,142	\$ 684,676	\$ (6,534)
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	11,387	12,340	(953)
Capital Assets, Net	3,042,468	3,172,745	(130,277)
Leases Receivable In More Than One Year	1,286,502	1,610,454	(323,952)
Total Assets	\$ 5,018,499	\$ 5,480,215	\$ (461,716)
Current Liabilities:			
Accrued Interest Payable	19,100	20,633	(1,533)
Bonds Payable in Less Than One Year	235,000	230,000	5,000
Unamortized Bond Premium	77,144	83,672	(6,528)
Total Current Liabilities	\$ 331,244	\$ 334,305	\$ (3,061)
Noncurrent Liabilities:			
Bonds Payable in More Than One Year	2,630,000	2,865,000	(235,000)
Unamortized Bond Premium	351,397	428,541	(77,144)
Total Liabilities	\$ 3,312,641	\$ 3,627,846	\$ (315,205)
Leases	1,610,454	1,943,210	(332,756)
Total Deferred Inflows of Resources	\$ 1,610,454	\$ 1,943,210	\$ (332,756)
Net Position (Deficit):			
Net Investment in Capital Assets (Deficit)	(251,073)	(434,468)	183,395
Restricted for Debt Service	325,282	325,334	(52)
Unrestricted	21,195	18,293	2,902
Total Net Position (Deficit)	\$ 95,404	\$ (90,841)	\$ 186,245

Total assets decreased 8.43%. This change stems from the depreciation of capital assets in the current year as well as payments received on leases. Total liabilities decreased 8.69%. This change is the result of normal principal payments. Deferred inflows of resources decreased as rent payments have been received. Net position increased due to excess revenues over expenses.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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
	2022	2021	
Operating Revenues:			
Rent and Interest Income	\$ 358,065	\$ 353,128	\$ 4,937
In-Kind Contribution	3,262	2,971	291
Non-Operating Revenues:			
Interest	9	6	3
Investment Earnings	-	11,441	(11,441)
Total Revenues	\$ 361,336	\$ 367,546	\$ (6,210)
Operating Expenses:			
Contractual Expense	\$ 8,524	\$ 6,855	\$ 1,669
In-Kind Administrative Expense	3,262	2,971	291
Depreciation Expense	130,277	130,277	-
Non-Operating Expenses:			
Bond Issuance Costs	-	290,311	(290,311)
Interest Expense	33,028	17,143	15,885
Total Expenses	\$ 175,091	\$ 447,557	\$ (272,466)
CHANGE IN NET POSITION	\$ 186,245	\$ (80,011)	\$ 266,256

Total revenue decreased 1.69% from prior year. This reduction is primarily attributed to a reduction in investment earnings.

Total expenses decreased 60.88%. The majority of this decrease was due to bond issuance costs on refunding of bonds in the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Corporation has invested \$5,026,298 in capital assets, net of accumulated depreciation of \$1,983,830, at December 31, 2022. *Figure 3* shows the changes in the Corporation's capital assets.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

*Figure 3
Capital Assets, Net of Depreciation*

Changes in Capital Assets	Total Corporation		Total Dollar Change
	2022	2021	
Land	\$ 40,639	\$ 40,639	\$ -
Land Improvements	48,350	59,055	(10,705)
Buildings and Improvements	2,953,479	3,073,051	(119,572)
Totals	\$ 3,042,468	\$ 3,172,745	\$ (130,277)

Depreciation expense amounted to \$130,277 for the year ended December 31, 2022.

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
	2022	2021	
Bonds Payable	\$ 2,865,000	\$3,095,000	\$ (230,000)

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, 2022

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$	40,295
Investments - Restricted		313,895
Leases Receivable		323,952
Total Current Assets		678,142

Noncurrent Assets

Cash and Cash Equivalents - Restricted		11,387
Leases Receivable		1,286,502
Capital Assets:		
Nondepreciable Capital Assets		40,639
Depreciable Capital Assets, Net of Accumulated Depreciation		3,001,829
Total Capital Assets, Net		3,042,468
Total Noncurrent Assets		4,340,357

Total Assets		5,018,499
---------------------	--	-----------

LIABILITIES

Current Liabilities

Accrued Interest Payable		19,100
Current Portion of Noncurrent Liabilities:		
Bonds Payable		235,000
Unamortized Bond Premium		77,144
Total Current Liabilities		331,244

Noncurrent Liabilities

Bonds Payable		2,630,000
Unamortized Bond Premium		351,397
Total Noncurrent Liabilities		2,981,397

Total Liabilities		3,312,641
--------------------------	--	-----------

Deferred Inflows of Resources

Leases		1,610,454
--------	--	-----------

NET POSITION

Net Investment in Capital Assets (Deficit)		(251,073)
Restricted for Debt Service		325,282
Unrestricted		21,195
		21,195

Total Net Position (Deficit)	\$	95,404
-------------------------------------	-----------	---------------

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, 2022**

Operating Revenues	
Rent and Interest Income	\$ 358,065
In-Kind Contribution	3,262
	361,327
Total Operating Revenues	
 Operating Expenses	
Contractual Expenses	8,524
In-Kind Administrative Expense	3,262
Depreciation Expense	130,277
	142,063
Total Operating Expenses	
Operating Income	219,264
 Non-Operating Revenue (Expense)	
Interest Revenue	9
Interest (Expense)	(33,028)
	(33,019)
Total Non-Operating Revenue (Expense)	
Total Net Income - Revenues Over (Expenses)	186,245
Net Position (Deficit), January 1,	(90,841)
Net Position , December 31,	\$ 95,404

See Notes to Financial Statements

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash Flows From Operating Activities	
Cash Received From Providing Services	\$ 358,225
Cash Payments - Contractual Expenses	(8,524)
	349,701
Net Cash Provided (Used) by Operating Activities	
Cash Flows From Non-Capital Financing Activities	
	-
Cash Flows From Capital and Related Financing Activities	
Bond Principal	(230,000)
Interest Paid	(118,233)
	(348,233)
Net Cash Provided (Used) by Capital and Related Financing Activities	
Cash Flows From Investing Activities	
Interest and Dividend Income Received	9
Purchase of Investments	(901)
	(892)
Net Cash Provided (Used) by Investing Activities	
Change in Cash and Cash Equivalents	576
Cash and Cash Equivalents, January 1,	51,106
Cash and Cash Equivalents, December 31,	\$ 51,682
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	\$ 219,264
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
(Decrease) in Accounts Receivable	160
Depreciation Expense	130,277
	130,437
Net Cash Provided (Used) by Operating Activities	\$ 349,701
Supplemental Disclosures	
Non-Cash Operating Activities	
In-Kind Contribution	\$ 3,262
In-Kind Administrative Expenses	3,262

See Notes to Financial Statements

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

***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, 2022

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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

Leases

The Corporation determines if an arrangement is or contains a lease at inception. The Corporation records lease receivables and deferred inflows of resources for leases in which they are the lessor, which are initially based on the discounted future minimum lease payments over the term of the lease. The Corporation used the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the Corporation elects to use its incremental borrowing rate in calculating present value of lease payments. The Corporation will recognize short-term lease revenue for these leases on a straight-line basis over the term of the lease.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term of 12 months or less, including renewals, no intangible lease assets or lease obligations are recorded on the Statement of Net Position. The Corporation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liabilities and is included in the lease expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term leases are expensed as incurred.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

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

Operating and Non-Operating Revenues and Expenses

The Statement of Revenues, Expenses, and Changes in Net Position distinguishes operating revenues and expenses from non-operating 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 non-operating 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 New York 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.

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 \$51,683 at December 31, 2022 are covered by FDIC insurance up to \$250,000. As of December 31, 2022, all deposits with financial institutions were either insured or collateralized with securities held by the pledging financial institution in the Corporation's name.

Restricted cash and cash equivalents and investments at December 31, 2022 consisted of debt service reserve funds in accordance with bond indenture totaling \$325,282.

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.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 2 Cash and Investments - Continued

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 U.S. GAAP. 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 9/07/2023	\$ 312,932	\$ 313,895	(1)

Note 3 Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance at December 31, 2021	Additions	Deletions/ Reclassifications	Balance at December 31, 2022
Non-Depreciable Capital Assets				
Land	\$ 40,639	\$ -	\$ -	\$ 40,639
Total Non-Depreciable Capital Assets	40,639	-	-	40,639
Depreciable Capital Assets				
Building and Improvements	4,775,596	-	-	4,775,596
Land Improvements	210,063	-	-	210,063
Total Depreciable Capital Assets	4,985,659	-	-	4,985,659
Total Historical Cost	5,026,298	-	-	5,026,298
Less Accumulated Depreciation				
Building and Improvements	(1,702,545)	(119,572)	-	(1,822,117)
Land Improvements	(151,008)	(10,705)	-	(161,713)
Total Accumulated Depreciation	(1,853,553)	(130,277)	-	(1,983,830)
Governmental Activities Capital Assets, Net	\$ 3,172,745	\$ (130,277)	\$ -	\$ 3,042,468

Depreciation expense was \$130,277 for the year ended December 31, 2022.

**SCHUYLER COUNTY HUMAN SERVICES
DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 4 Debt

Summary of Debt

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

<u>Description</u>	<u>Original Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Final Maturity</u>	<u>Balance December 31, 2022</u>
Serial Bonds:					
2021 Refunding Bonds	3/2021	\$ 3,330,000	4%	5/2032	\$ 2,865,000

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, 2022:

	<u>Balance January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31,</u>	<u>Amount Due Within One Year</u>
Serial Bonds	\$ 3,095,000	\$ -	\$ (230,000)	\$ 2,865,000	\$ 235,000
Unamortized Bond Premium	512,213	-	(83,672)	428,541	77,144
Total	\$ 3,607,213	\$ -	\$ (313,672)	\$ 3,293,541	\$ 312,144

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	\$ 118,233
Amortization of Premium	(83,672)
Less: Prior Year Accrued Interest	(20,633)
Add: Current Year Accrued Interest	<u>19,100</u>
Total	<u>\$ 33,028</u>

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 \$3,165,000 at December 31, 2022.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 4 Debt - Continued

Debt Service Requirements

The following table summarizes the Corporation's future debt service requirements as of December 31, 2022:

<u>Year</u>	<u>Corporation Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	280,000	68,600	348,600
2028-2032	1,575,000	162,300	1,737,300
Total	<u>\$2,865,000</u>	<u>\$ 610,500</u>	<u>\$3,475,500</u>

Note 5 Leases Receivable

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. Leases Receivable as of December 31, 2022 are as follows:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Discount Rate</u>	<u>Balance December 31,</u>
County Lease	2/1/2021	5/1/2032	4%	\$ 1,469,596
Cornell Cooperative Extension of Schuyler County	1/1/2022	12/31/2023	4%	34,282
Schuyler Head Start, Inc.	1/1/2022	12/31/2023	4%	89,016
Chemung Schuyler Steuben Workforce New York, Inc.	1/1/2022	12/31/2023	4%	13,784
Schuyler ARC	1/1/2022	12/31/2023	4%	3,776
Total				<u>\$ 1,610,454</u>

Total Lease Receivables

The following is a summary of the future lease receivables:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 323,952	\$ 14,940	\$ 338,892
2024	178,152	22,244	200,396
2025	168,617	28,642	197,259
2026	155,198	33,624	188,822
2027	150,146	39,838	189,984
2028-2032	634,389	265,772	900,161
Total	<u>\$1,610,454</u>	<u>\$ 405,060</u>	<u>\$2,015,514</u>

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 6 Transactions with Primary Government

The Corporation is considered a component unit of the County. The Chairman of the Schuylers 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, 2022, the County paid \$212,255 to the Corporation in rent and interest. 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, 2022 included in-kind administrative contributions from the County, amounting to \$3,262.

Note 7 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 8 Stewardship, Compliance, and Accountability

Deficit Net Position

At December 31, 2022, the Statement of Net Position had a net investment in capital assets (deficit) of \$251,073. 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.

Note 9 Restatement

During the year, the Corporation adopted GASB Statement No. 87. The Corporation's December 31, 2021 balances have been restated to reflect the following:

Net Position (Deficit) as Previously Reported	\$	(90,841)
GASB 87 Implementation		
Lease Receivable		1,943,210
Deferred Inflows of Resources - Leases		(1,943,210)
		(1,943,210)
Net Position (Deficit) as Restated	\$	(90,841)
		(90,841)



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, 2022, 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 6, 2023.

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 Corporation'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.

Report on 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 Corporation'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 Corporation'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 6, 2023