

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
AT THE CONCLUSION OF THE AUDIT**

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

We have audited the financial statements of Schuyler County Human Services Development Corporation (the Corporation), a nonprofit organization, a component unit of the County of Schuyler, New York, for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 17, 2020. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was depreciation expense.

Management's estimate of depreciation expense is based on the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were capital assets and related debt.

The disclosures of capital assets and debt are presented in Notes 3 and 4 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the Corporation's financial statements taken as a whole.

***Disagreements With Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated February 2, 2021.

***Management Consultations With Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the Management’s Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

This information is intended solely for the use of the Board of Directors and management of Schuyler County Human Services Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

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  
February 2, 2021

# **SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION**

**Watkins Glen, New York**

**FINANCIAL REPORT**

**For the Year Ended  
December 31, 2020**



Certified Public Accountants | Business Advisors

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

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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, 2020, 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.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

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, 2020, 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.

***Other Matters***

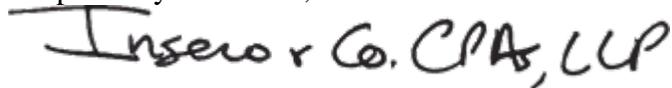
***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-3c be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Schuyler County Human Services Development Corporation's internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
February 2, 2021

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

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, 2020, 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 \$427,695 in 2020 compared to \$416,196 in 2019.
- Total expenses were \$318,239 in 2020 compared to \$329,202 in 2019.
- Total revenues exceeded expenses by \$109,456 in 2020 compared to an excess of revenue of \$86,994 at December 31, 2019.
- The Corporation's net deficit at December 31, 2020 amounted to \$10,830 compared to \$120,286 at December 31, 2019.

### **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, 2020**

- 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*

<i>Condensed Statement of Net Position</i>	<i>Total Corporation</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Current Assets:</i>			
<i>Cash and Cash Equivalents - Unrestricted</i>	\$ 25,010	\$ 17,408	\$ (7,602)
<i>Accounts Receivable</i>	160	160	-
<b><i>Total Current Assets</i></b>	<b>25,170</b>	<b>17,568</b>	<b>(7,602)</b>
<i>Noncurrent Assets:</i>			
<i>Cash and Cash Equivalents - Restricted</i>	413,000	430,019	17,019
<i>Capital Assets, Net</i>	3,433,299	3,303,022	(130,277)
<b><i>Total Assets</i></b>	<b>3,871,469</b>	<b>3,750,609</b>	<b>(120,860)</b>
<i>Current Liabilities:</i>			
<i>Accrued Interest Payable</i>	32,125	30,292	(1,833)
<i>Bonds Payable in Less Than One Year</i>	220,000	230,000	10,000
<i>Unamortized Bond Premium</i>	8,483	8,483	-
<b><i>Total Current Liabilities</i></b>	<b>260,608</b>	<b>268,775</b>	<b>8,167</b>
<i>Noncurrent Liabilities:</i>			
<i>Bonds Payable in More Than One Year</i>	3,635,000	3,405,000	(230,000)
<i>Unamortized Bond Premium</i>	96,147	87,664	(8,483)
<b><i>Total Liabilities</i></b>	<b>3,991,755</b>	<b>3,761,439</b>	<b>(230,316)</b>
<i>Net Position (Deficit):</i>			
<i>Net Investment in Capital Assets (Deficit)</i>	(526,331)	(428,125)	98,206
<i>Restricted for Debt Service</i>	413,000	430,019	17,019
<i>Unrestricted (Deficit)</i>	(6,955)	(12,724)	(5,769)
<b><i>Total Net Position (Deficit)</i></b>	<b>\$ (120,286)</b>	<b>\$ (10,830)</b>	<b>\$ 109,456</b>

The decrease in capital assets, net, was due to depreciation expense. Net investment in capital assets increased because debt associated with these assets decreased more than depreciation expense. The decrease in debt was due to principal paid on the bonds during the year and amortization of bond premium. Deficit net investment in capital assets is the result of outstanding debt issuances in excess of the capital assets financed by the issuances.

# **SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

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

***Figure 2 - Changes in Net Position***

<b>Changes in Net Position</b>	<b>Total Corporation</b>		<b>Total Dollar</b>
	<b>2019</b>	<b>2020</b>	<b>Change</b>
			<b>2019 - 2020</b>
<i>Operating Revenues:</i>			
<i>Rent</i>	\$ 413,149	\$ 407,531	\$ (5,618)
<i>In-Kind Contribution</i>	3,029	3,135	106
<i>Nonoperating Revenues:</i>			
<i>Interest</i>	18	10	(8)
<i>Investment Earnings</i>	-	17,019	17,019
<b>Total Revenues</b>	<b>\$ 416,196</b>	<b>\$ 427,695</b>	<b>\$ 11,499</b>
<i>Operating Expenses:</i>			
<i>Contractual Expense</i>	\$ 8,212	\$ 7,893	\$ (319)
<i>In-Kind Administrative Expense</i>	3,029	3,135	106
<i>Depreciation Expense</i>	130,277	130,277	-
<i>Nonoperating Expenses:</i>			
<i>Interest Expense</i>	187,684	176,934	(10,750)
<b>Total Expenses</b>	<b>\$ 329,202</b>	<b>\$ 318,239</b>	<b>\$ (10,963)</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 86,994</b>	<b>\$ 109,456</b>	<b>\$ 22,462</b>

Rent income decreased based on terms of the lease agreement with Schuyler County, partially offset by increased rental rates for other tenants. Investment earnings increased due to cash investment earnings on noncurrent restricted cash.

In-kind administrative expense and contribution provided by Schuyler County for employee services increased based on more time allocated to activities related to the Corporation, along with the addition of some employee allocations.

Total expenses decreased due to a reduction in interest expense. Interest expense decreased in accordance with debt amortization.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The Corporation has invested \$5,026,298 in capital assets, net of accumulated depreciation of \$1,723,276, at December 31, 2020. *Figure 3* shows the changes in the Corporation's capital assets.

# **SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

*Figure 3  
Capital Assets, Net of Depreciation*

<i>Changes in Capital Assets</i>	<i>Total Corporation</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Land</i>	\$ 40,639	\$ 40,639	\$ -
<i>Land Improvements</i>	80,465	69,760	(10,705)
<i>Buildings and Improvements</i>	3,312,195	3,192,623	(119,572)
<b><i>Totals</i></b>	<b>\$ 3,433,299</b>	<b>\$ 3,303,022</b>	<b>\$ (130,277)</b>

Depreciation expense amounted to \$130,277 for the year ended December 31, 2020.

### **Debt Administration**

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

*Figure 4  
Outstanding Debt*

<i>Changes in Outstanding Debt</i>	<i>Total Corporation</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Bonds Payable</i>	\$ 3,855,000	\$ 3,635,000	\$ (220,000)

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**

- The Corporation is in process of refinancing its existing debt.

### **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, 2020**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents - Unrestricted	\$ 17,408	
Accounts Receivable	160	
<b>Total Current Assets</b>	17,568	

**Noncurrent Assets**

Cash and Cash Equivalents - Restricted		430,019
Capital Assets:		
Nondepreciable Capital Assets	40,639	
Depreciable Capital Assets, Net of Accumulated Depreciation	3,262,383	
Total Capital Assets, Net	3,303,022	
<b>Total Noncurrent Assets</b>		3,733,041
<b>Total Assets</b>		3,750,609

**LIABILITIES**

**Current Liabilities**

Accrued Interest Payable		30,292
Current Portion of Noncurrent Liabilities:		
Bonds Payable	230,000	
Unamortized Bond Premium	8,483	
<b>Total Current Liabilities</b>		268,775

**Noncurrent Liabilities**

Bonds Payable		3,405,000
Unamortized Bond Premium	87,664	
<b>Total Noncurrent Liabilities</b>		3,492,664
<b>Total Liabilities</b>		3,761,439

**NET POSITION**

Net Investment in Capital Assets (Deficit)		(428,125)
Restricted for Debt Service	430,019	
Unrestricted (Deficit)	(12,724)	
<b>Total Net Position (Deficit)</b>		\$ (10,830)

*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, 2020**

<b>Operating Revenues</b>	
Rent	\$ 407,531
In-Kind Contribution	3,135
	<hr/>
<b>Total Operating Revenues</b>	410,666
	<hr/>
<b>Operating Expenses</b>	
Contractual Expenses	7,893
In-Kind Administrative Expense	3,135
Depreciation Expense	130,277
	<hr/>
<b>Total Operating Expenses</b>	141,305
	<hr/>
<b>Operating Income</b>	269,361
	<hr/>
<b>Nonoperating Revenue (Expense)</b>	
Interest Revenue	10
Investment Earnings	17,019
Interest (Expense)	(176,934)
	<hr/>
<b>Total Nonoperating Revenue (Expense)</b>	(159,905)
	<hr/>
<b>Total Net Income - Revenues Over (Expenses)</b>	109,456
	<hr/>
Net (Deficit), January 1,	(120,286)
	<hr/>
<b>Net (Deficit), December 31,</b>	<b>\$ (10,830)</b>
	<hr/> <hr/>

*See Notes to Financial Statements*

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Cash Flows From Operating Activities</b>	
Cash Received from Providing Services	\$ 407,531
Cash Payments - Contractual Expenses	(7,893)
	<u>399,638</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	
<b>Cash Flows From Noncapital Financing Activities</b>	
	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Cash Payments - Bond Principal	(220,000)
Cash Payments - Interest Expense	(187,250)
	<u>(407,250)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	
<b>Cash Flows From Investing Activities</b>	
Interest and Dividend Income Received	10
Investment Earnings	17,019
	<u>17,029</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	
Change in Cash and Cash Equivalents	9,417
Cash and Cash Equivalents, January 1,	438,010
	<u>447,427</u>
<b>Cash and Cash Equivalents, December 31,</b>	
<b>Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income	\$ 269,361
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	130,277
	<u>399,638</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	
<b>Supplemental Disclosures</b>	
<b>Noncash Operating Activities</b>	
In-Kind Contribution	\$ 3,135
In-Kind Administrative Expenses	3,135

*See Notes to Financial Statements*

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***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, 2020**

### ***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, 2020**

**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 of the Corporation of \$447,452 at December 31, 2020 are covered by FDIC insurance up to \$250,000. As of December 31, 2020, 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 at December 31, 2020 consisted of debt service reserve funds in accordance with bond indenture. These funds are held at BNY Mellon in the form of Dreyfus Treasury Cash Management shares.

**Note 3 Capital Assets**

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Balance at 12/31/2019</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Balance at 12/31/2020</u>
Nondepreciable Capital Assets:				
Land	\$ 40,639	\$	\$	\$ 40,639
Total Nondepreciable 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	(1,463,401)	(119,572)		(1,582,973)
Land Improvements	(129,598)	(10,705)		(140,303)
Total Accumulated Depreciation	(1,592,999)	(130,277)	-	(1,723,276)
Governmental Activities Capital Assets, Net	<u>\$3,433,299</u>	<u>\$ (130,277)</u>	<u>\$ -</u>	<u>\$3,303,022</u>

Depreciation expense was \$130,277 for the year ended December 31, 2020.

**SCHUYLER COUNTY HUMAN SERVICES  
DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Note 4 Debt**

**Summary of Debt**

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

<b>Description</b>	<b>Original Date of Issue</b>	<b>Original Amount</b>	<b>Interest Rate</b>	<b>Date of Final Maturity</b>	<b>Balance December 31, 2020</b>
Serial Bonds:					
2007 Tax-exempt Revenue Bonds	4/2007	\$ 5,725,000	3.5% - 5.0%	5/2032	\$ 3,635,000

**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, 2020:

	<b>Balance January 1,</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31,</b>	<b>Amount Due Within One Year</b>
Serial Bonds	\$ 3,855,000	\$	\$ (220,000)	\$ 3,635,000	\$ 230,000
Unamortized Bond Premium	104,630		(8,483)	96,147	8,483
<b>Total</b>	<b><u>\$ 3,959,630</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (228,483)</u></b>	<b><u>\$ 3,731,147</u></b>	<b><u>\$ 238,483</u></b>

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	\$ 187,250
Amortization of Premium	(8,483)
Less: Prior Year Accrued Interest	(32,125)
Add: Current Year Accrued Interest	<u>30,292</u>
<b>Total</b>	<b><u>\$ 176,934</u></b>

# **SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

**Note 4 Debt - Continued**

**Debt Service Requirements**

The following table summarizes the Corporation's future debt service requirements as of December 31, 2020:

<b>Year</b>	<b>Corporation Serial Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
2021	\$ 230,000	\$ 176,000	\$ 406,000
2022	240,000	164,250	404,250
2023	250,000	152,000	402,000
2024	265,000	139,125	404,125
2025	280,000	125,500	405,500
2026-2030	1,610,000	399,500	2,009,500
2031-2032	760,000	38,500	798,500
<b>Total</b>	<b>\$3,635,000</b>	<b>\$1,194,875</b>	<b>\$4,829,875</b>

**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 \$407,531 for the year ended December 31, 2020.

**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 April 25 and October 25 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, 2020, the County paid \$264,540 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, 2020 included in-kind administrative contributions from the County, amounting to \$3,135.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

***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.



**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, 2020, and the related notes to the financial statements, which collectively comprise the County of Schuyler, New York's basic financial statements, and have issued our report thereon dated February 2, 2021.

***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
February 2, 2021