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## Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

*Certified Public Accountants and Consultants*

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Frederick J. Ciaschi, C.P.A.

### MANAGEMENT COMMENT LETTER

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

In planning and performing our audit of 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, as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, 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 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.

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

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.

We consider the following deficiencies in the Corporation's internal control to be material weaknesses:

#### **Current Year Findings**

#### **Material Weaknesses**

##### General Ledger Oversight/Bank Statement Reconciliations

##### Finding:

During our current year audit, we noted a significant portion of the Corporation's financial activity was not entered into the accounting records. Additionally, bank accounts were not reconciled to the general ledger system on a monthly basis, resulting in significant differences in general ledger balances.

##### Recommendation:

We recommend all asset and liability accounts be reviewed and reconciled monthly. We also recommend trial balance accounts be reviewed periodically. Additionally, we recommend bank accounts be reconciled regularly to the general ledger and any discrepancies be corrected immediately to ensure accurate and timely financial reporting.

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We will review the status of these comments during our next audit engagement. We are available at any time to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in formulating any corrective action.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Corporation, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Linchi, Dietershagen, Little, Miliken & Company LLP*

March 11, 2015  
Ithaca, New York

**SCHUYLER COUNTY HUMAN SERVICES  
DEVELOPMENT CORPORATION**

**Watkins Glen, New York**

**FINANCIAL REPORT**

**December 31, 2014**

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
TABLE OF CONTENTS  
DECEMBER 31, 2014

Independent Auditor's Report .....	1-2
Required Supplementary Information:	
Management's Discussion and Analysis .....	3-3c
Basic Financial Statements:	
Statement of Net Position .....	4
Statement of Activities .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7-10
Report Required Under Government Auditing Standards:	
Independent Auditor's 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> .....	11-12
Schedule of Findings and Recommendations .....	13

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Frederick J. Ciaschi, C.P.A.

### INDEPENDENT AUDITOR'S 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, a component unit of the County of Schuyler, New York, which comprise the Statement of Net Position as of December 31, 2014, and the related Statements of Activities and Cash Flows for the year then ended, and the related notes to the financial statements.

#### ***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.

#### ***Auditor's 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 auditor's 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.

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## ***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, 2014, and the changes in its net assets 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 through 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 March 11, 2015, 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 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.



March 11, 2015  
Ithaca, New York

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014, and the results of its operations for the year then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A. 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 \$416,788 in 2014 compared to \$421,855 in 2013.
- Total expenses were \$369,645 in 2014 compared to \$381,830 in 2013.
- Total revenues exceeded expenses by \$47,143 in 2014 compared to an excess of revenue of \$40,025 at December 31, 2013.
- The Corporation's net position (deficit) at December 31, 2014 amounted to \$(462,886) compared to \$(510,029) at December 31, 2013.

#### **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 Activities, 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 Activities 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  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2014

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

**FINANCIAL ANALYSIS OF THE CORPORATION AS A WHOLE**

The Corporation's total net deficit for the fiscal year ended December 31, 2014 decreased by \$47,143. Our analysis below focuses on the net deficit (*Figure 1*) and changes in net position (*Figure 2*) of the Corporation's activities.

**Figure 1**

<b>Condensed Statement of Net Position</b>	<b>Business-type Activities and Total Corporation</b>		<b>Total Dollar Change</b>
	<b>2013</b>	<b>2014</b>	<b>2013 - 2014</b>
<i>Current assets:</i>			
Cash - Unrestricted	\$ 21,222	\$ 20,397	\$ (825)
Due from Schuyler County	12,555	10,855	(1,700)
<b>Total Current Assets</b>	<b>33,777</b>	<b>31,252</b>	<b>(2,525)</b>
<i>Noncurrent assets:</i>			
Cash - Restricted	413,000	413,000	-0-
Capital assets, net	4,214,163	4,084,285	(129,878)
<b>Total Assets</b>	<b>4,660,940</b>	<b>4,528,537</b>	<b>(132,403)</b>
<i>Current liabilities:</i>			
Accrued interest payable	40,440	39,377	(1,063)
Bonds payable in less than one year	170,000	175,000	5,000
Unamortized bond premium	8,483	8,483	-0-
<b>Total Current Liabilities</b>	<b>218,923</b>	<b>222,860</b>	<b>3,937</b>
<i>Noncurrent liabilities:</i>			
Bonds payable in more than one year	4,805,000	4,630,000	(175,000)
Unamortized bond premium	147,046	138,563	(8,483)
<b>Total Liabilities</b>	<b>5,170,969</b>	<b>4,991,423</b>	<b>(179,546)</b>
<i>Net investment in capital assets (deficit)</i>	(916,366)	(867,761)	48,605
<i>Restricted for debt service</i>	413,000	413,000	-0-
<i>Unrestricted (deficit)</i>	(6,663)	(8,125)	(1,462)
<b>Total Net Position (Deficit)</b>	<b>\$ (510,029)</b>	<b>\$ (462,886)</b>	<b>\$ 47,143</b>

The decrease in capital assets is due to depreciation expense. The decrease in bonds payable is due to principal paid during the year. In addition, bond premium amortizations were recognized. The net of depreciation expense recognized and principal paid resulted in a decrease in the net investment in capital assets (deficit).



SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2014

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

**Figure 2**

<b>Changes in Net Position</b>	<b>Business-type Activities and Total Corporation</b>		<b>Total Dollar Change</b>
	<b>2013</b>	<b>2014</b>	<b>2013 - 2014</b>
Operating revenues:			
<i>Rents</i>	\$ 421,842	\$ 416,777	\$ (5,065)
Nonoperating revenues:			
<i>Interest and dividends</i>	13	11	(2)
<b>Total Revenues</b>	<b>421,855</b>	<b>416,788</b>	<b>(5,067)</b>
Operating expenses:			
<i>Contractual expenses</i>	15,798	9,863	(5,935)
<i>Depreciation and amortization expenses</i>	129,878	129,878	-0-
Nonoperating expenses:			
<i>Interest expense</i>	236,154	229,904	(6,250)
<b>Total Expenses</b>	<b>381,830</b>	<b>369,645</b>	<b>(12,185)</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 40,025</b>	<b>\$ 47,143</b>	<b>\$ 7,118</b>

Interest expense decreased due to a decrease in the principal amount of bonds payable during the year. Rent income decreased due to the decrease in interest expense due during the year ended December 31, 2014, therefore, reducing the rent from Schuyler County. Contractual expenses decreased due to a decrease in professional fees.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

The Corporation had invested \$4,084,285 in capital assets, net of accumulated depreciation of \$941,614, at December 31, 2014.

**Figure 3**

**Capital Assets, Net of Depreciation**

	<b>Business-type Activities and Total Corporation</b>		<b>Total Dollar Change</b>
	<b>2013</b>	<b>2014</b>	<b>2013 - 2014</b>
<i>Land</i>	\$ 40,639	\$ 40,639	\$ -0-
<i>Land improvements</i>	144,272	133,779	(10,493)
<i>Buildings and improvements</i>	4,029,252	3,909,867	(119,385)
<b>Totals</b>	<b>\$ 4,214,163</b>	<b>\$ 4,084,285</b>	<b>\$ (129,878)</b>

Depreciation expense amounted to \$129,878 for the year ended December 31, 2014.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2014

**Debt Administration**

Debt, considered a liability of the Corporation, amounted to \$4,805,000 at December 31, 2014, as shown in Figure 4.

**Figure 4**

<b>Outstanding Debt</b>	<b>Business-type Activities and Total Corporation</b>		<b>Total Dollar Change</b>
	<b>2013</b>	<b>2014</b>	<b>2013 - 2014</b>
<i>Bonds payable</i>	\$ 4,975,000	\$ 4,805,000	\$ (170,000)

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 an impact on the economic climate of the community 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, 2014

**ASSETS**

Current Assets:

Cash - Unrestricted	\$ 20,397
Due from Schuyler County	10,855
	<hr/>
Total Current Assets	31,252

Noncurrent Assets:

Capital Assets:

Nondepreciable capital assets	40,639
Depreciable capital assets, net of accumulated depreciation	4,043,646
	<hr/>
Total Capital Assets, Net	4,084,285

Cash - Restricted	413,000
	<hr/>

Total Noncurrent Assets	4,497,285
	<hr/>

Total Assets	4,528,537
	<hr/>

**LIABILITIES**

Current Liabilities:

Accrued interest payable	39,377
Current portion of noncurrent liabilities:	
Bonds payable	175,000
Unamortized bond premium	8,483
	<hr/>
Total Current Liabilities	222,860

Noncurrent Liabilities:

Bonds payable	4,630,000
Unamortized bond premium	138,563
	<hr/>
Total Noncurrent Liabilities	4,768,563

Total Liabilities	4,991,423
	<hr/>

**NET POSITION**

Net investment in capital assets (deficit)	(867,761)
Restricted for debt service	413,000
Unrestricted (deficit)	(8,125)
	<hr/>
Total Net Position (Deficit)	\$ (462,886)
	<hr/>

See Independent Auditor's Report and Notes to Financial Statements

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

Operating Revenues:	
Rent	\$ <u>416,777</u>
Total Operating Revenues	<u>416,777</u>
Operating Expenses:	
Contractual expenses	9,863
Depreciation	<u>129,878</u>
Total Operating Expenses	<u>139,741</u>
Operating Income	<u>277,036</u>
Nonoperating Income (Expense):	
Interest and dividends	11
Interest (expense)	<u>(229,904)</u>
Total Nonoperating (Expense)	<u>(229,893)</u>
Total Net Income - Revenues Over (Expenses)	47,143
Net Position (Deficit), January 1, 2014	<u>(510,029)</u>
Net Position (Deficit), December 31, 2014	\$ <u><u>(462,886)</u></u>

See Independent Auditor's Report and Notes to Financial Statements

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash Flows from Operating Activities:	
Cash received from providing services	\$ 418,477
Cash payments - Contractual expenses	<u>(9,863)</u>
Net Cash Provided by Operating Activities	<u>408,614</u>
Cash Flows from Noncapital Financing Activities:	<u>-0-</u>
Cash Flows from Capital and Related Financing Activities:	
Cash payments - Bond principal	(170,000)
Cash payments - Interest expense	<u>(239,450)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(409,450)</u>
Cash Flows from Investing Activities:	
Interest and dividend income received	<u>11</u>
Net Cash Provided by Investing Activities	<u>11</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(825)
Cash and Cash Equivalents, January 1, 2014	<u>434,222</u>
Cash and Cash Equivalents, December 31, 2014	<u><u>\$ 433,397</u></u>
Reconciliation of net income to net cash provided by operating activities:	
Operating income	\$ 277,036
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	129,878
Decrease in due from Schuyler County	<u>1,700</u>
Net Cash Provided by Operating Activities	<u><u>\$ 408,614</u></u>

See Independent Auditor's Report and Notes to Financial Statements

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

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 (GAAP). The Corporation follows accounting principles promulgated by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing 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 Section 1411 of the Not-For-Profit Corporation Law of the State of New York 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 its 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."

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.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2014

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. Business-type 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 business-type capital assets are as follows:

Buildings and improvements	40 years
Land improvements	20 years

Income Tax Status

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, the Corporation is subject to routine audits by taxing jurisdictions. While there are no current audits in progress for any tax periods, the Corporation's open audit periods are 2011 through 2013.

Subsequent Events

Management has evaluated the effects of events subsequent to December 31, 2014, and through March 11, 2015, which is the date the financial statements were available to be issued.

**Note 2 - Detail Notes**

**A. Assets**

**1. Cash and Investments**

The Corporation maintains its cash balances at a local financial institution. From time to time, these balances may exceed the limit insured by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of FDIC insurance in 2014 amounted to \$-0-.

Restricted cash and cash equivalents at December 31, 2014 consisted of debt service reserve funds, in accordance with bond indenture.

**2. Capital Assets**

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance at 12/31/13	Additions	Deletions	Balance at 12/31/14
<b>Non-depreciable Capital Assets:</b>				
Land	\$ 40,639	\$	\$	\$ 40,639
Total Non-depreciable Capital Assets	40,639	-0-	-0-	40,639
<b>Depreciable Capital Assets:</b>				
Building and improvements	4,775,409			4,775,409
Land improvements	209,851			209,851
Total Depreciable Capital Assets	4,985,260	-0-	-0-	4,985,260
Total Historical Cost	5,025,899	-0-	-0-	5,025,899
<b>Less Accumulated Depreciation:</b>				
Building and improvements	(746,157)	(119,385)		(865,542)
Land improvements	(65,579)	(10,493)		(76,072)
Total Accumulated Depreciation	(811,736)	(129,878)	-0-	(941,614)
Governmental Activities Capital Assets, Net	\$ 4,214,163	\$ (129,878)	\$ -0-	\$ 4,084,285

Depreciation expense amounted to \$129,878 for the year ended December 31, 2014.

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2014

B. Debt

1. 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,
Serial Bonds:					
2007 Tax-exempt revenue bonds	4/2007	\$ <u>5,725,000</u>	3.5%-5.0%	5/2032	\$ <u>4,805,000</u>

2. 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, 2014:

	Balance January 1,	Additions	Deletions	Balance December 31,	Amount Due Within One Year
Serial Bonds	\$ <u>4,975,000</u>	\$ <u>-0-</u>	\$ <u>(170,000)</u>	\$ <u>4,805,000</u>	\$ <u>175,000</u>
Unamortized bond premium	\$ <u>155,529</u>	\$ <u>-0-</u>	\$ <u>(8,483)</u>	\$ <u>147,046</u>	\$ <u>8,483</u>

The Corporation paid \$239,450 in interest on bonds during the year. Interest paid on the serial bonds varies from year to year, in accordance with the interest rates specified in the bond agreement.

Cash paid	\$ 239,450
Less: prior year accrued interest	(40,440)
Add: current year accrued interest	39,377
Less: amortization of bond premium	<u>(8,483)</u>
Total Interest Expense	\$ <u>229,904</u>

3. Debt Service Requirements

The following table summarizes the Corporation's future debt service requirements as of December 31, 2014:

Year	Corporation Serial Bonds		Total
	Principal	Interest	
2015	\$ 175,000	\$ 232,981	\$ 407,981
2016	180,000	226,100	406,100
2017	190,000	217,750	407,750
2018	200,000	208,000	408,000
2019	205,000	197,875	402,875
2020-2024	1,205,000	818,625	2,023,625
2025-2029	1,535,000	478,125	2,013,125
2030-2032	1,115,000	85,375	1,200,375
Total	\$ <u>4,805,000</u>	\$ <u>2,464,831</u>	\$ <u>7,269,831</u>



SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 3 - Leases

The Corporation's primary source of income is from the leasing of its facility. In addition to the lease with Schuyler County (see Note 4), there are additional leases with governmental agencies and not-for-profit 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.

Note 4 - Transactions with Primary Government

The Corporation is considered a component unit of the County because 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 Schuyler County. The lease amount is due April 25 and October 25 of each year and is 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, 2014, the County paid \$299,085 and owed \$10,855 on their lease rental commitment at year end.

In addition, the Corporation's records are maintained by County employees at no charge to the Corporation.

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John H. Dietershagen, C.P.A.  
Jerry E. Mickelson, C.P.A.  
Thomas K. Van Derzee, C.P.A.  
Debbie Conley Jordan, C.P.A.  
Patrick S. Jordan, C.P.A.  
Duane R. Shoen, C.P.A.  
Lesley L. Horner, C.P.A.  
D. Leslie Spurgin, C.P.A.

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## Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

*Certified Public Accountants and Consultants*

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Frederick J. Ciaschi, C.P.A.

### INDEPENDENT AUDITOR'S 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, a component unit of the County of Schuyler, New York, which comprise the Statement of Net Position as of December 31, 2014, and the related Statements of Activities, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2015.

#### **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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Corrected Misstatements, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Recommendations to be material weaknesses.

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### **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*.

### **The Corporation's Response to Findings**

The Corporation's response to the findings identified in our audit is described in the accompanying Schedule of Corrected Misstatements. The Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

A handwritten signature in black ink that reads "Lisa Dietershagen, Little, Minkler & Company, CPA". The signature is written in a cursive, flowing style.

March 11, 2015  
Ithaca, New York

SCHUYLER COUNTY HUMAN SERVICES DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**Financial Statement Findings:**

2014-001 - General Ledger Oversight

Condition/Cause:

During our current year audit, we noted a significant portion of the Corporation's financial activity was not entered into the accounting records. Additionally, bank accounts were not being reconciled to the general ledger system on a monthly basis, resulting in significant differences in general ledger balances.

Criteria:

It is the responsibility of the Corporation to provide accurate and timely information. Additionally, bank statements should be reconciled to the general ledger accounting system monthly as a safeguard to asset control.

Effect:

These items result in material errors in financial information created from the accounting system. Significant time was required at year end to correct these misstatements. This decreases the Corporation's control over safeguarding of assets.

Recommendation:

We recommend all asset and liability accounts be reviewed and reconciled monthly. We also recommend trial balance accounts be reviewed periodically. Additionally, we recommend bank accounts be reconciled regularly to the general ledger and any discrepancies be corrected immediately to ensure accurate and timely financial reporting.