

**DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
POUGHKEEPSIE, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
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DECEMBER 31, 2014 AND 2013

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By <i>GOVERNMENTAL AUDITING STANDARDS:</i>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	20-21

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dutchess County Industrial Development Agency
3 Neptune Road
Poughkeepsie, New York 12601

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Dutchess County Industrial Development Agency ("Agency"), a component unit of Dutchess County, New York, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Agency'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 opinions 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 basic financial statements are free from material misstatement.

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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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Dutchess County Industrial Development Agency, a component unit of Dutchess County, New York, as of December 31, 2014 and 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 4-6, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dutchess County Industrial Development Agency's basic financial statements. The Schedule of Indebtedness and Schedule of Supplemental Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for the number of current full time employees, information upon which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2015, on our consideration of the Dutchess County Industrial Development Agency'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 the Dutchess County Industrial Development Agency's internal control over financial reporting and compliance.

Sedall & Company, CPAs

Poughkeepsie, New York
March 7, 2015

DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2014 AND 2013

The following “Management’s Discussion and Analysis” report (MD&A) provides the reader with an introduction to and overview of the financial activities and performance of the Dutchess County Industrial Development Agency (“Agency”) for the years ended December 31, 2014 and 2013, as mandated by GASB #34. This information should be reviewed in conjunction with the Agency’s audited financial statements.

FINANCIAL OPERATIONS HIGHLIGHTS

There was a decrease in net position in 2014 of \$159,458, and a decrease in net position of \$564,284 in the year 2013.

Application and closing fees increased \$375,095 in 2014. This was primarily the result of an increase in new projects for which administrative fees were required to be charged.

In the year 2014, there were slight decreases in projects and professional services contracts and other expenses.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

<u>REVENUES</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
Administrative and Closing Fees	\$ 475,128	\$ 100,033	\$ 375,095
Interest Earnings	2,485	4,257	(1,772)
Total Revenues	<u>477,613</u>	<u>104,290</u>	<u>373,323</u>
<u>EXPENSES</u>			
Projects and Professional Service Contracts	601,500	630,250	(28,750)
Administrative Expenses	34,895	37,385	(2,490)
Depreciation Expense	676	939	(263)
Total Expenses	<u>637,071</u>	<u>668,574</u>	<u>(31,503)</u>
Change in Net Position	<u>\$ (159,458)</u>	<u>\$ (564,284)</u>	<u>\$ 404,826</u>

DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D.)
DECEMBER 31, 2014 AND 2013

FINANCIAL POSITION SUMMARY

Net position serves as an indicator of the Agency's financial position. The Agency's net position was \$1,603,007 and \$1,762,465 at December 31, 2014 and 2013, respectively. The decrease in net position of \$159,458 is primarily due to an excess of projects and professional service contracts expense over administrative and closing fees revenue.

For details of the Agency's finances, see the accompanying financial statements and notes thereof.

SUMMARY OF NET POSITION

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
Current Assets	\$ 1,613,834	\$ 1,772,366	\$ (158,532)
Capital Assets	923	1,599	(676)
Total Assets	<u>\$ 1,614,757</u>	<u>\$ 1,773,965</u>	<u>\$(159,208)</u>
<u>LIABILITIES</u>			
Current Liabilities	\$ 11,750	\$ 11,500	\$ 250
Total Liabilities	<u>11,750</u>	<u>11,500</u>	<u>250</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	923	1,599	(676)
Unrestricted	<u>1,602,084</u>	<u>1,760,866</u>	<u>(158,782)</u>
Total Net Position	<u>1,603,007</u>	<u>1,762,465</u>	<u>(159,458)</u>
<u>TOTAL LIABILITIES</u>			
<u>AND NET POSITION</u>	<u>\$ 1,614,757</u>	<u>\$ 1,773,965</u>	<u>\$(159,208)</u>

FINANCIAL STATEMENTS

The Agency's financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The Agency is structured as a proprietary fund. It is a component unit of Dutchess County, New York because the County Legislature appoints the Agency's seven-member board. Bonds issued by the Agency are not a liability of the County or the Agency, but remain the sole responsibility of the project developer. See the accompanying notes to the financial statements.

**DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D.)
DECEMBER 31, 2014 AND 2013**

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS

At the January 29, 2015, Dutchess County Economic Development Corporation (“DCEDC”) Annual Meeting, the DCEDC Board voted to support the proposal by County Executive Molinaro to restructure economic development activities in Dutchess County. This new structure includes the dismantling of DCEDC and its current Board. The duties, functions, employees and assets of the DCEDC would transfer to the DCIDA and the current DCEDC Board would become the DC Economic Advisory Council. It is anticipated the process will take between six and nine months.

At the October 21, 2014, DCIDA Board meeting, the Final Authorizing Resolution for Greenway Marketing Corp. for financial assistance in the form of a NYS Department of Economic Development (NYSDED) grant to be administered by the Agency was approved. The \$108,000 grant that was initiated by NYSDDED and the DCIDA will serve as the pass-thru agent to distribute the funds. This five-year project started December 19, 2012, and will end December 18, 2017. DCIDA is working with NYSDDED and Greenway to sign the contracts.

At the October 21, 2014, DCIDA Board meeting, the Final Authorizing Resolution for a PILOT Agreement, Sales Tax Exemption and Mortgage Tax Exemption for Built Parcel Three, LLC/Built Parcel Four, LLC (known as Van Wagner Place) was approved. This \$4,900,000 mixed-use, residential and commercial, project will be across from the Holy Trinity Church in the Town of Poughkeepsie. It is a PILOT agreement that deviates from the Uniform Tax Exemption Policy and was endorsed by the Town of Poughkeepsie, the Arlington Central School District, and the County Executive. The financing has not closed.

At the October 21, 2014, DCIDA Board meeting, the Preliminary Resolution for a PILOT, Sales Tax Exemption and Mortgage Tax Exemption for Mensch Grasmere, a hotel, spa and farm facility was approved. This \$24,000,000 project will renovate the 16,000 square foot Manor House into a regional and national tourism destination facility. The project will be done in stages and will include a hotel with a total of 110 guest rooms, a spa component, a boutique, and a farm/restaurant. The Final Resolution has not yet been approved.

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit Of Dutchess County, New York)
STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,612,709	\$ 1,763,741
Prepaid Expenses	1,125	8,625
Total Current Assets	<u>1,613,834</u>	<u>1,772,366</u>
Non-Current Assets:		
Equipment, Net of Accumulated Depreciation of \$2,193 and \$1,517, respectively	<u>923</u>	<u>1,599</u>
Total Non-Current Assets	<u>923</u>	<u>1,599</u>
TOTAL ASSETS	<u>\$ 1,614,757</u>	<u>\$ 1,773,965</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	<u>\$ 11,750</u>	<u>\$ 11,500</u>
Total Current Liabilities	<u>11,750</u>	<u>11,500</u>
Net Position:		
Net Investment in Capital Assets	923	1,599
Unrestricted	<u>1,602,084</u>	<u>1,760,866</u>
Total Net Position	<u>1,603,007</u>	<u>1,762,465</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,614,757</u>	<u>\$ 1,773,965</u>

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit Of Dutchess County, New York)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

<u>REVENUES</u>	<u>2014</u>	<u>2013</u>
Administrative and Closing Fees	\$ 475,128	\$ 100,033
Interest Income	2,485	4,257
	<hr/>	<hr/>
Total Revenues	477,613	104,290
	<hr/>	<hr/>
 <u>EXPENSES</u>		
Projects and Professional Service Contracts	601,500	630,250
Administrative Expenses	34,895	37,385
Depreciation Expense	676	939
	<hr/>	<hr/>
Total Expenses	637,071	668,574
	<hr/>	<hr/>
Change in Net Position	(159,458)	(564,284)
	<hr/>	<hr/>
Net Position, January 1	1,762,465	2,326,749
	<hr/>	<hr/>
Net Position, December 31	\$ 1,603,007	\$ 1,762,465
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DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit Of Dutchess County, New York)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Receipts from providing services	\$ 475,128	\$ 100,033
Payments to contractors	(628,645)	(673,883)
Interest received	2,485	4,257
Net cash (used) by operating activities	<u>(151,032)</u>	<u>(569,593)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(151,032)	(569,593)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,763,741</u>	<u>2,333,334</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$1,612,709</u></u>	<u><u>\$1,763,741</u></u>
 Reconciliation of change in net position to net cash (used) by operating activities		
Change in net position	\$ (159,458)	\$ (564,284)
Adjustments to Reconcile Change in Net Position		
Net Cash (Used) by Operating Activities:		
Depreciation and Amortization	676	939
Loss on Disposal of Equipment	-	218
Changes in Assets and Liabilities:		
Prepaid Expenses	7,500	(6,966)
Accounts Receivable	-	-
Accounts Payable	<u>250</u>	<u>500</u>
NET CASH (USED)	<u><u>\$ (151,032)</u></u>	<u><u>\$ (569,593)</u></u>

**DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Organization and Summary of Significant Accounting Policies

Organization and Purpose

The Dutchess County Industrial Development Agency in Poughkeepsie, New York (“Agency”) is a public benefit corporation established June 28, 1977, under the mandate of Article 18-A, “New York State Industrial Development Agency Act” of New York State general municipal law. The seven-member board is appointed by the legislature of Dutchess County. Accordingly, the Agency is considered a component unit of Dutchess County, New York.

The Agency was established to promote and assist in acquiring or constructing various business and recreational facilities and, in the process, advance job opportunities, health, general prosperity and economic welfare of the people of Dutchess County.

The Agency’s function is to authorize the issuance of industrial revenue bonds and to provide property, mortgage, and sales tax exemptions in order to promote economic development. The Agency reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The Agency receives application fees from applicants and closing fees from those accepted for industrial revenue financing, such fees are recorded when earned.

Agency administrative fees are recognized upon transfer of property during the accrual period. Closing fees on transfer agreements are recognized when earned. Expenses are recognized when incurred.

The Agency operates from the same offices as the Dutchess County Economic Development Corporation (“DCEDC”). A portion of the contractual expenses are for administrative expenses provided by the DCEDC.

The Reporting Entity

The Agency is considered a component unit of the financial reporting entity known as Dutchess County, New York. Inclusion in the financial reporting entity, Dutchess County, New York, is determined based on financial accountability as defined by GASB Statement No. 14, “The Financial Reporting Entity”. Component units are legally separate entities for which Dutchess County, New York, is financially accountable. The Dutchess County legislature appoints all of the Agency’s Board Members. This level of control meets the criteria for financial accountability as defined by GASB Statement No. 14.

**DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014 AND 2013**

1. Organization and Summary of Significant Accounting Policies (Cont'd.)

Basis of Accounting

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Agency is considered a proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events when these transactions and events occur. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The measurement focus is the flow of economic resources.

Cash and Cash Equivalents

For the purpose of presenting the Statements of Cash Flows, the Agency considers all demand deposits, time and savings accounts and certificates of deposit with an original maturity of three months or less to be cash or cash equivalents.

The Agency has adopted an investment policy in accordance with public authority law which is re-affirmed annually. Such policy defines the Agency's investment objectives, authorization and collateralization procedures and monitoring of compliance with stated policies. As described below, the Agency is in compliance with such policies.

Agency monies are deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposit, time and money market savings accounts and certificates of deposit. Governmental Accounting Standards Board Statement No. 40 *Deposits and Investment Risk Disclosure*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the Agency or its agent in the Agency's name. The Agency's cash balances were fully collateralized with securities held by the Agency's third party custodian and not subject to custodial credit risk.

DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014 AND 2013

1. Organization and Summary of Significant Accounting Policies (Cont'd.)

Use of Estimates

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

Subsequent Events

The Agency evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2014, and through March 7, 2015, the date on which the financial statements were approved for issuance.

A detailed description of subsequent events that were noted for disclosure is included in Note 8.

2. Equipment

Equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. Equipment consisted of computers and other equipment with estimated useful lives of 3-7 years.

Equipment consisted of the following at December 31:

	2014	2013
Computers and Equipment	\$ 3,116	\$ 3,116
Less: Accumulated Depreciation	(2,193)	(1,517)
Net Equipment	\$ 923	\$ 1,599

Depreciation expense amounted to \$676 and \$939 for the years ended December 31, 2014 and 2013, respectively.

3. Accounts Payable and Accrued Liabilities

At December 31, 2014, accounts payable and accrued liabilities consisted of \$11,750 of professional audit services incurred for 2014.

DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014 AND 2013

4. Industrial Revenue Bonds

Bonds authorized by the Agency and issued through various lending institutions are designated as special obligations of the Agency and payable solely from the revenues and other assets pledged as collateral against the bonds.

While in most instances the Agency is the holder of legal title to properties acquired with industrial revenue bond financing until such point in time as the construction of property improvements has been completed or satisfaction of the obligation has been effected in full, the Agency does not act as a guarantor in the event of collateralized properties and revenues as specified in the applicable financing agreement are insufficient to meet debt service requirements. Accordingly, recourse on the part of the lending institution against the Agency is limited to collateralization properties and revenues as specified in the body of the applicable financing agreement.

Additionally, in each of these financings, the Agency has assigned all rights to receive certain revenues derived with respect to the facilities it has financed to the holders of the industrial revenue bonds. As a consequence, the Agency does not reflect such bonds or related properties on its financial statements. Industrial revenue bonds authorized by the Agency and outstanding at December 31, 2014 and 2013, totaled \$252,799,361 and \$290,440,526, respectively.

5. Revolving Loan Fund

During 1993, the Agency appropriated \$250,000 to establish a revolving loan fund to be administered by the DCEDC, for the benefit of small business development within the County. In recent years the program had become inactive; during 2008, the amount of \$365,085 was returned to the Agency. This was the original appropriation plus net earnings. In 2008, the Agency made a recoverable grant to the DCEDC of \$300,000 to establish a revolving loan program to fund loans limited to “green loans.” During 2011, the Agency amended its guidelines to remove the “green” restriction and provide eligibility to all small business growth activity. The revolving loan fund’s balance available for new loans at December 31, 2014 and 2013, was \$318,028 and \$315,252, respectively. Outstanding loans extended to small businesses at December 31, 2014 and 2013, were \$13,705 and \$25,045, respectively.

DUTCHESS COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014 AND 2013

6. Transfer Agreement

On March 1, 2013, the Agency and International Business Machines Corporation (“IBM”), entered into an extension of a prior agreement through February 28, 2018. The agreement provided tax incentives for IBM to make certain improvements of approximately \$32,000,000 and assist the company in maintaining and expanding employment levels within the County. The Agency is entitled to an annual administrative fee of .25% of value of property transferred and a variable fee of 1.625% - 3.750% of value property transferred. The latter fee is paid to Dutchess County. The fee rate is linked to the completion of capital improvements and employment levels.

7. Prior Period Information

Certain prior year information pertaining to the Bard College debt supplemental information has been reclassified to conform to current year presentation.

8. Subsequent Event

In January 2015, the DCEDC voted to support a proposal by County Executive Molinaro to restructure economic development activities in Dutchess County. The restructuring will include dissolving the DCEDC, and transferring the duties, functions, employees, and assets of the DCEDC to the Dutchess County Industrial Development Agency. The dissolution and transfer of assets is expected to take place during 2015.

9. New Reporting Standards

In March 2012, GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement requires the re-consideration of reporting of assets and liabilities. The Agency implemented this standard for the year ending December 31, 2013. The implementation of GASB Statement 65 did not have a substantive effect on the Agency’s net position.

GASB has also issued Statements 66-72, none of which are expected to have any substantive effects on the Agency’s net position.

OTHER SUPPLEMENTAL INFORMATION

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
SCHEDULE OF INDEBTEDNESS
December 31, 2014

Project Name	Original Issue Amount	Original Issue Date	Interest Rate	Outstanding Balance January 1, 2014	New Issue 2014	Principal Payments 2014	Outstanding Balance December 31, 2014	Final Maturity Date
Anderson Foundation	\$ 9,625,000	5/07	Variable	\$ 6,095,000	\$ -	\$ (540,000)	\$ 5,555,000	5/27
Anderson Foundation	15,000,000	12/07	Variable	11,425,000	-	(680,000)	10,745,000	6/29
Arbor Ridge at Brookmeade	19,845,000	9/07	Variable	8,935,000	-	(90,000)	8,845,000	9/37
Bard College*	136,765,000	5/07	4%-5%	130,695,000	-	(1,705,000)	128,990,000	8/46
Brookview, Inc	10,610,000	9/07	Variable	8,050,000	-	(210,000)	7,840,000	9/37
Davies South Terrace	8,600,000	12/07	5.95%	7,259,307	-	(61,798)	7,197,509	6/49
Elant at Fishkill, NY	17,145,000	1/07	5%-5.25%	14,900,000	-	(330,000)	14,570,000	1/37
Elant at Fishkill, NY	2,855,000	1/07	4%	2,855,000	-	0	2,855,000	1/37
Elant at Fishkill, NY	2,525,000	2/07	4.25%	2,145,000	-	(15,000)	2,130,000	1/37
Lutheran Center	15,720,000	4/05	Variable	12,495,000	-	(465,000)	12,030,000	3/35
Marist College	20,000,000	11/00	Variable	14,930,000	-	(555,000)	14,375,000	7/31
Marist College	20,000,000	1/08	Variable	17,955,000	-	(455,000)	17,500,000	7/38
Mechtronics	5,100,000	12/10	4.44%	4,606,219	-	(264,367)	4,341,852	12/26
St Francis Hospital	28,035,000	3/04	7.25%-7.5%	22,950,000	-	(22,950,000)	-	3/29
St Francis Hospital	9,430,000	6/07	6.70%	8,885,000	-	(8,885,000)	-	3/37
Vassar Hospital	17,195,000	1/11	4.00-5.25%	16,260,000	-	(455,000)	15,805,000	10/34
Totals	<u>\$ 338,450,000</u>			<u>\$ 290,440,526</u>	<u>\$ -</u>	<u>\$ (37,661,165)</u>	<u>\$ 252,779,361</u>	

*PARIS amounts may differ due to software constraints.

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
SCHEDULE OF SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

PROJECTS

	13021002 Adams Fairacre Farms	13020703A Anderson Foundation for Autism, Inc.	13020708A Anderson Foundation for Autism, Inc.	13020706A Arbor Ridge Brookmeade, Inc.	1320704A Bard College	13021304 Bonura Dibrizzi
Real Property Tax Exemptions*:						
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	243,705	-	-	416,520	-	827,638
Mortgage Recording	-	-	-	-	-	-
TOTALS	\$ 243,705	\$ -	\$ -	\$ 416,520	\$ -	\$ 827,638
Payments in Lieu of Taxes (PILOTS):						
County	\$ 12,774	\$ -	\$ -	\$ 32,069	\$ -	\$ 12,736
Local	44,140	-	-	20,999	-	50,688
School	77,496	-	-	17,035	-	64,576
TOTALS	\$ 134,410	\$ -	\$ -	\$ 70,103	\$ -	\$ 128,000
FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:						
# FTEs before IDA status	0	0	327	0	724	119
Original Estimate of Jobs to be Created	155	0	3	24	0	10
Original Estimate of Jobs to be Retained	0	0	327	0	724	119
Current # of FTEs	125	0	580	17	1,323	85
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	206	0
Net Employment Change	125	0	253	17	599	(34)

* Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.

**PARIS amounts may differ due to software constraints.

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
SCHEDULE OF SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

PROJECTS

	13020707A	13029906A	13020709A	13020701A	13020601A	13021406	13021201
	Brookview	Columbia	Davies	13020702A	GPSDC (GAP)	GPSDC (GAP)	Health
	Inc.	SFH	Southeast Terrace	Elant at	New York, Inc.	New York, Inc.	Quest
	Inc.	SFH	Southeast Terrace	Fishkill	New York, Inc.	New York, Inc.	Quest
Real Property Tax Exemptions*:							
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	-	337,621	516,302	-	5,176,605	-	119,003
Mortgage Recording	-	-	-	-	-	-	-
TOTALS	\$ -	\$ 337,621	\$ 516,302	\$ -	\$ 5,176,605	\$ -	\$ 119,003
Payments in Lieu of Taxes (PILOTS):							
County	\$ -	\$ 27,085	\$ 17,258	\$ -	\$ 213,264	\$ -	\$ 5,904
Local	-	137,848	63,218	-	298,599	-	23,592
School	-	172,688	101,706	-	1,218,825	-	30,006
TOTALS	\$ -	\$ 337,621	\$ 182,182	\$ -	\$ 1,730,688	\$ -	\$ 59,502
FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:							
# FTEs before IDA status	0	0	3	302	0	428	0
Original Estimate of Jobs to be Created	20	340	0	0	1,150	700	182
Original Estimate of Jobs to be Retained	0	0	3	302	0	428	0
Current # of FTEs	20	305	3	262	0	844	34
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0
Net Employment Change	20	305	0	(40)	0	416	34

* Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.

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DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
SCHEDULE OF SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

PROJECTS

	130220112 Hudson Baylor	13021202 IBM Corporation	130220113 IBM Corporation	13021301 IBM Corporation	13020502A Lutheran Center	13020801 Marist College	13029901B Marist College
Real Property Tax Exemptions*:							
Sales Tax	\$ -	\$ -	\$ -	\$ 2,578,727	\$ -	\$ -	\$ -
Real Property Tax	193,251	23,312,000	7,824,408	-	-	-	-
Mortgage Recording	-	-	-	-	-	-	-
TOTALS	\$ 193,251	\$ 23,312,000	\$ 7,824,408	\$ 2,578,727	\$ -	\$ -	\$ -
Payments in Lieu of Taxes (PILOTS):							
County	\$ 11,131	\$ 930,654	\$ 357,099	\$ 1,264,082	\$ -	\$ -	\$ -
Local	38,836	1,300,442	1,552,357	-	-	-	-
School	65,605	6,150,193	4,356,900	-	-	-	-
TOTALS	\$ 115,572	\$ 8,381,289	\$ 6,266,356	\$ 1,264,082	\$ -	\$ -	\$ -
FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:							
# FTEs before IDA status	0	0	0	3,561	153	0	0
Original Estimate of Jobs to be Created	49	0	0	0	0	0	16
Original Estimate of Jobs to be Retained	0	0	0	3,561	153	0	0
Current # of FTEs	70	2,846	3,139	3,139	186	0	0
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0
Net Employment Change	70	2,846	3,139	(422)	33	0	0

* Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.

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DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Dutchess County, New York)
SCHEDULE OF SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

PROJECTS

	13021001 Mechtronics Corporation	13021303 Neptune Capital Investors	13021406 Overlook Chelsea	13021401 Parker Hamilton	13020402A St. Francis	13020705A St. Francis	130220111 Vassar Hospital
Real Property Tax Exemptions*:							
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	250,413	-	-	-	-	-	-
Mortgage Recording	-	103,307	-	-	-	-	-
TOTALS	\$ 250,413	\$ 103,307	\$ -	\$ -	\$ -	\$ -	\$ -
Payments in Lieu of Taxes (PILOTS):							
County	\$ 14,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local	53,272	-	-	-	-	-	-
School	87,762	10,331	-	-	-	-	-
TOTALS	\$ 155,244	\$ 10,331	\$ -	\$ -	\$ -	\$ -	\$ -
FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:							
# FTEs before IDA status	34	0	0	26	0	1,225	1,336
Original Estimate of Jobs to be Created	105	25	60	3	0	16	83
Original Estimate of Jobs to be Retained	34	0	0	26	0	1,225	1,336
Current # of FTEs	57	40	0	33	0	1,120	1,675
# of FTE Construction Jobs During Fiscal Year	0	122	0	0	0	0	260
Net Employment Change	23	40	0	7	0	(105)	339

* Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.

**PARIS amounts may differ due to software constraints.

OTHER REPORTING REQUIRED BY
GOVERNMENTAL 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
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Dutchess County Industrial Development Agency
3 Neptune Road
Poughkeepsie, New York 12601

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 business-type activities of the Dutchess County Industrial Development Agency ("Agency"), a component unit of Dutchess County, New York, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Dutchess County Industrial Development Agency'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 Dutchess County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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.

Poughkeepsie Office

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Our consideration of the 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 or significant deficiencies. However, material weaknesses and/or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sedall & Company, CPA's

Poughkeepsie, New York
March 7, 2015