

FINANCIAL REPORT
Audited
DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
(A Component Unit of Dutchess County, New York)
POUGHKEEPSIE, NEW YORK
December 31, 2018 and 2017

Audited for:

Board of Directors
Dutchess County Local Development Corporation

Audited by:

RBT CPAs, LLP
2678 South Road, Suite 101
Poughkeepsie, NY 12601
(845) 485-5510

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis (Unaudited)	3-5
Financial Statements:	
Statements of Net Position	6
Statements of Revenues, Expenses and Changes in Net Position	7
Statements of Cash Flows	8
Notes to the Financial Statements	9-12
Other Supplementary Information:	
Schedule of Indebtedness	13
Schedule of Supplementary Information	14-15
Other Reporting Required by <i>Government Auditing Standards</i>	
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>	16-17



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dutchess County Local Development Corporation
3 Neptune Road, Suite A21
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 Local Development Corporation ("Corporation"), a component unit of Dutchess County, New York, as of and for the years ended December 31, 2018 and 2017, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 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 opinion.

rbtcpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

340 Madison Avenue
19th Floor
New York, NY 10173
T: (718) 772-0850
F: (718) 772-0851

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Dutchess County Local Development Corporation, a component unit of Dutchess County, New York, as of December 31, 2018 and 2017, and the respective changes in financial position, and 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 3-5, 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 an opinion on the financial statements that collectively comprise the Dutchess County Local Development Corporation, a component unit of Dutchess County, New York'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.

The Schedule of Indebtedness and Schedule of Supplemental Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the number of current full time equivalent jobs, 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, except for the number of full time equivalent jobs, 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 1, 2019, on our consideration of the Dutchess County Local Development Corporation a component unit of Dutchess County, New York'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 Local Development Corporation's internal control over financial reporting and compliance.

RBT CPAs, LLP

Poughkeepsie, NY
March 1, 2019

**DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED
DECEMBER 31, 2018 AND 2017**

The following “Management’s Discussion and Analysis” report (MD&A) provides the reader with an introduction and overview to the financial activities and performance of the Dutchess County Local Development Corporation (“Corporation”) for the years ended December 31, 2018 and 2017, as mandated by GASB 34. This information should be reviewed in conjunction with the Corporation’s audited financial statements.

The Corporation was established in 2010 to provide the authority to issue tax exempt bonds for not-for-profit organizations.

FINANCIAL POSITION SUMMARY

Net position may serve as an indicator of the Corporation’s financial position. The Corporation’s net position was \$3,047,878 and \$2,903,689 at December 31, 2018 and 2017, respectively. The increase in net position of \$144,189 reflects the Corporation’s “profit” for 2018.

For details of the Corporation’s finances, see the accompanying financial statements and notes thereof.

SUMMARY OF NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets			
Current Assets	\$ 3,051,685	\$ 2,919,402	\$ 132,283
Net Capital Assets	56,824	67,547	(10,723)
Total Assets	<u>\$ 3,108,509</u>	<u>\$ 2,986,949</u>	<u>\$ 121,560</u>
Liabilities and Net Position			
Current Liabilities	<u>\$ 60,631</u>	<u>\$ 83,260</u>	<u>\$ (22,629)</u>
Net Position			
Net Investment in Capital Assets	56,824	67,547	(10,723)
Unrestricted	<u>2,991,054</u>	<u>2,836,142</u>	<u>154,912</u>
Total Net Position	<u>3,047,878</u>	<u>2,903,689</u>	<u>144,189</u>
Total Liabilities and Net Position	<u>\$ 3,108,509</u>	<u>\$ 2,986,949</u>	<u>\$ 121,560</u>

FINANCIAL OPERATIONS HIGHLIGHTS

There was an increase in net position of \$144,189 in 2018, due to three new projects closing, and an increase in net position of \$204,699 in 2017, due to three new projects closing.

Administrative and closing fees decreased by \$58,998 in 2018. This was primarily the result of a decrease in the size of new projects for which administrative fees were required to be charged.

Service Contract Revenue increased by \$4,299 in 2018. This was primarily due to an increase in funding provided by the Dutchess County IDA.

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
DECEMBER 31, 2018 AND 2017

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Operating Revenues:			
Administrative and Closing Fees	\$ 267,704	\$ 326,702	\$ (58,998)
Marketing Revenue	124,900	154,672	(29,772)
Service Contract Revenue	681,101	676,802	4,299
Total Operating Revenues	<u>1,073,705</u>	<u>1,158,176</u>	<u>(84,471)</u>
Operating Expenses:			
Administrative Expenses	666,328	634,420	31,908
Professional Fees and Service Contracts	284,195	313,727	(29,532)
Depreciation Expense	13,592	14,741	(1,149)
Total Operating Expenses	<u>964,115</u>	<u>962,888</u>	<u>1,227</u>
Operating Income	<u>109,590</u>	<u>195,288</u>	<u>(85,698)</u>
Non-Operating Revenues (Expenses):			
Interest Income	34,599	6,917	27,682
Other Income	-	2,494	(2,494)
Net Non-Operating Revenues	<u>34,599</u>	<u>9,411</u>	<u>25,188</u>
Change in Net Position	<u><u>\$ 144,189</u></u>	<u><u>\$ 204,699</u></u>	<u><u>\$ (60,510)</u></u>

FINANCIAL STATEMENTS

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

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

At the June 20, 2018 DCLDC Board meeting the Final Resolution Authorizing the Issuance of its Tax-Exempt Revenue Bonds Series 2018 for the benefit of the Culinary Institute of America was approved. The purpose of the bonds is refunding of the Series 2004D and 2006 Bonds issued by the Dormitory Authority of the State of New York (DASNY). The original DASNY bonds were used to finance the construction of the admission building, the parking plaza, and student housing. The 2018 bond will also be used to pay interest rate swap agreement terminations. The total bond amount is \$29,500,000 and the project will retain 520 full time equivalent (FTE) jobs.

At the July 24, 2018 DCLDC Board meeting the Final Resolution Authorizing the Issuance of its Tax-Exempt Revenue Bonds Series 2018 for the benefit of Marist College was approved. The project consists of financing of all or a portion of the improvements to the McCann Recreational Center, the Steel Plant building, and other capital rehabilitation projects on Marist College's campus. The McCann Center project consists of demolition of the existing structure, construction of a 64,000 gross square feet addition, renovations, relocation of utilities and site improvements for traffic circulation and parking modifications. The Steel Plant Building will house a gallery, administrative and instructional space, and serve as the home of the Fashion Program and the Department of Art & Digital Media, both programs of the School of Communications & the Arts. The total bond amount is \$58,211,250 and the project will retain 945 FTE jobs.

**DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
DECEMBER 31, 2018 AND 2017**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (Continued)

At the October 24, 2018 DCLDC Board meeting the Final Resolution Authorizing the Issuance of its Tax-Exempt Revenue Bonds Series 2018 for the benefit of The Community at Brookemeade was approved. The bond issuance will be used to finance the construction of an Adult Day Care Center and waste water treatment center as well as refunding of outstanding debt including existing IDA bonds. The total bond amount is \$28,660,508 and the project will retain 194 FTE jobs and create 24.5 new FTE jobs.

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF NET POSITION
As of December 31

	2018	2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,910,426	\$ 2,741,183
Accounts Receivable	3,100	43,402
Prepaid Expenses	8,705	3,569
Security Deposits	15,011	18,037
Service Contract Receivable	114,443	113,211
Total Current Assets	3,051,685	2,919,402
Non-Current Assets:		
Fixed Assets, Net of Accumulated Depreciation of \$40,443 and \$26,851, respectively	56,824	67,547
Total Non-Current Assets	56,824	67,547
TOTAL ASSETS	\$ 3,108,509	\$ 2,986,949
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 60,631	\$ 44,260
Marketing Revenue Received in Advance	-	39,000
Total Current Liabilities	60,631	83,260
Net Position:		
Net Investment in Capital Assets	56,824	67,547
Unrestricted	2,991,054	2,836,142
Total Net Position	3,047,878	2,903,689
TOTAL LIABILITIES AND NET POSITION	\$ 3,108,509	\$ 2,986,949

See Notes to the Financial Statements

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION DUTCHESS COUNTY, NEW YORK STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31			2018	2017
Operating Revenues:				
Administrative and Closing Fees	\$	267,704	\$	326,702
Marketing Revenue		124,900		149,172
In Kind Revenue		-		5,500
Service Contract Revenue		681,101		676,802
Total Operating Revenues		1,073,705		1,158,176
Operating Expenses:				
Advertising and Marketing		118,563		93,062
Dues and Subscriptions		13,156		12,661
Employee Training		1,770		2,840
Equipment		1,591		2,653
Insurance		3,772		3,388
In Kind Expense		-		5,500
Miscellaneous		801		448
Office Expense		9,762		5,870
Payroll		327,833		306,948
Payroll - Benefits		75,370		67,960
Payroll - Taxes		29,825		31,560
Professional Fees and Service Contracts		284,195		313,727
Occupancy		60,675		59,328
Telephone		6,021		5,669
Travel		17,189		36,533
Depreciation Expense		13,592		14,741
Total Operating Expenses		964,115		962,888
Operating Income		109,590		195,288
Non-Operating Revenues (Expenses):				
Interest Income		34,599		6,917
Other Income		-		2,494
Net Non-Operating Revenues		34,599		9,411
Change in Net Position		144,189		204,699
Net Position - Beginning		2,903,689		2,698,990
Net Position - Ending	\$	3,047,878	\$	2,903,689

See Notes to the Financial Statements

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF CASH FLOWS

For the Years Ended December 31	2018	2017
Cash Flows from Operating Activities		
Receipts from providing services	\$ 1,073,775	\$ 1,320,972
Payments to contractors	(505,382)	(532,177)
Payments to employees and benefits	(430,880)	(407,507)
Net cash provided by operating activities	137,513	381,288
Cash Flows from Capital Financing Activities:		
Purchase of Fixed Assets	(2,869)	(3,339)
Net cash (used) by capital financing activities	(2,869)	(3,339)
Cash Flows from Non-Capital Financing Activities:		
Cash donations	-	2,494
Net cash provided by non-capital financing activities	-	2,494
Cash Flows from Investing Activities		
Interest income	34,599	6,917
Net cash provided by investing activities	34,599	6,917
Net Increase in Cash and Cash Equivalents	169,243	387,360
Cash and Cash Equivalents - Beginning	2,741,183	2,353,823
Cash and Cash Equivalents - Ending	\$ 2,910,426	\$ 2,741,183
Reconciliation of operating income to net cash provided by operating activities		
Operating Income	\$ 109,590	\$ 195,288
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	13,592	14,741
Changes in Assets and Liabilities:		
Accounts Receivable	40,302	(12,172)
Prepaid Expenses	(5,136)	(1,055)
Security Deposits	3,026	-
Service Contract Receivable	(1,232)	141,468
Accounts Payable and Accrued Liabilities	16,371	4,018
Marketing Revenue Received in Advance	(39,000)	39,000
Net Cash Provided by Operating Activities	\$ 137,513	\$ 381,288
Non-cash transactions consisted of marketing items	\$ -	\$ 5,500

See Notes to the Financial Statements

**DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

1. Organization and Summary of Significant Accounting Policies

Organization and Purpose

The Dutchess County Local Development Corporation (“Corporation”) is a public benefit corporation established in 2010 under section 1411 of the New York not-for profit corporation law to act as an “on behalf of” issuer of conduit tax exempt bonds.

In January 2008, civic facility legislation expired and Industrial Development Agencies no longer had the authority to issue tax exempt bonds or provide other financial assistance to 501(c)(3) organizations. The Corporation was established to address the capital needs of these organizations.

The Corporation’s function is to promote economic development via the issuance of industrial revenue bonds and other means. The Corporation reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The Corporation receives fees from applicants and closing fees from those accepted for industrial revenue financing.

The Corporation also provides marketing services, economic development services, and administrative services through several service contracts.

The Reporting Entity

The Corporation 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, as amended "The Financial Reporting Entity". Component units are legally separate entities for which the County of Dutchess, New York, is financially accountable. The Dutchess County legislature appoints all of the Corporation’s Board Members. This level of control meets the criteria for financial accountability as defined by GASB Statement No. 14.

Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government 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 Corporation 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 Corporation 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 Corporation has adopted an investment policy in accordance with public authority law which is re-affirmed annually. Such policy defines the Corporation’s investment objectives, authorization and collateralization procedures and monitoring of compliance with stated policies. As described below, the Corporation is in compliance with such policies.

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. Organization and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

Corporation monies are deposited in FDIC insured commercial banks or trust companies located within the State. The Corporation 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 Corporation or its agent in the Corporation's name. The Corporation's cash balances were fully collateralized with an irrevocable letter of credit and not subject to custodial credit risk.

Accounts Receivable

The Corporation's accounts receivable consists primarily of receivables for advertising and other marketing services. The Corporation reviews individual accounts based on past history and communication with payors to determine collectability, and has not identified any material uncollectible accounts. Accordingly, no allowance has been recorded as of December 31, 2018 and 2017.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred and totaled \$118,563 and \$93,062 for the years ended December 31, 2018 and 2017, respectively.

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 Corporation evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2018, and through March 1, 2019, the date on which the financial statements were available for issuance.

2. Fixed Assets

Fixed assets are stated at cost, or the estimated fair market value if they are donated, and are depreciated using the straight-line method over the estimated useful lives of the assets. Fixed assets consist of furniture and equipment with estimated useful lives of 2-7 years, and leasehold improvements with useful lives of 15 years.

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

2. Fixed Assets (Continued)

Equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Furniture and Equipment	\$ 89,118	\$ 86,249
Leasehold Improvement	8,149	8,149
Total Cost	<u>97,267</u>	<u>94,398</u>
Less: Accumulated Depreciation	<u>(40,443)</u>	<u>(26,851)</u>
Total Fixed Assets, Net	<u>\$ 56,824</u>	<u>\$ 67,547</u>

For the years ended December 31, 2018 and 2017, depreciation expense amounted to \$13,592 and \$14,741 respectively.

3. Occupancy

The Corporation has a lease agreement for office space from January 1, 2016 through December 31, 2020. Lease expense totaled \$59,266 and \$57,540 for years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments under this agreement are as follows:

2019	61,044
2020	<u>62,876</u>
	<u>\$ 123,920</u>

4. Professional Service Contracts

The Corporation received professional service contract fees from various sources, for the years ended December 31:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Dutchess County - Economic Development Services	\$ 451,500	\$436,471
Dutchess County IDA - Space Usage and Administrative Services	174,000	81,000
Dutchess County IDA - External Marketing Council Match	-	65,000
Dutchess County WIB - Space Usage and Administrative Services	<u>55,601</u>	<u>94,331</u>
Total	<u>\$ 681,101</u>	<u>\$676,802</u>

The marketing match from the Dutchess County Industrial Development Agency is for the purpose of maintaining an extensive marketing program for 2017. The monies are a match to all private marketing revenue contributions received for this purpose up to \$100,000 for 2017. This program did not continue into 2018. Receivables on the service contracts totaled \$114,443 and \$113,211 for the years ended December 31, 2018 and 2017, respectively.

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

5. Local Development Revenue Bonds

Bonds authorized by the Corporation and issued through various lending institutions, are designated as special obligations of the Corporation and payable solely from the revenues and other assets pledged as collateral against the bonds. While in most instances the Corporation is the holder of legal title to properties acquired with local development 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 Corporation does not act as a guarantor in the event of collateralized properties and revenues as specified in the applicable financing agreement that are insufficient to meet debt service requirements. Additionally, in each of these financings, the Corporation 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 Corporation does not reflect such bonds or related properties on its financial statements. Local development revenue bonds authorized by the Corporation and outstanding at December 31, 2018 and 2017, total \$1,031,001,803, and \$967,952,537, respectively.

6. Related Party Transactions

The Corporation has a professional service contract with the Dutchess County Industrial Development Agency. Members of the Board of Directors of the Corporation make up the Board of the Dutchess County Industrial Development Agency. Revenues under the service contract totaled \$174,000 and \$146,000 for the years ended December 31, 2018 and 2017, respectively. Receivables totaled \$0 and \$22,500 for the years ended December 31, 2018 and 2017, respectively.

The Corporation has a professional service contract with, and is considered to be a component unit of, Dutchess County. Revenues totaled \$451,500 and \$436,471 for the years ended December 31, 2018 and 2017, respectively. Receivables totaled \$114,443 and \$90,711 for the years ended December 31, 2018 and 2017, respectively.

7. New Reporting Standards

In June 2017, GASB issued Statement 87, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Corporation is required to implement this standard for year ended December 31, 2020. The Corporation has not evaluated the effect of GASB 87 on its financial statements.

GASB has also issued Statements 83-86 and 88-90, none of which are expected to have any substantive effects on the Corporation's net position.

OTHER SUPPLEMENTARY INFORMATION

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF CONDUIT INDEBTEDNESS
DECEMBER 31, 2018

Project Name	Original Issue Amount	Original Issue Date	Interest Rate	Outstanding Balance December 31, 2017	New Issues/ Drawdowns 2018	Principal Payments 2018	Outstanding Balance December 31, 2018	Final Maturity Date
Anderson Center Services, Inc. Series 2010	\$ 17,275,000	11/12/10	3.875-6.00%	\$ 13,380,000	\$ -	\$ (710,000)	\$ 12,670,000	2030
Anderson Center Services, Inc Series 2017A	3,830,100	09/06/17	2.6619	3,830,100	-	(407,836)	3,422,264	2027
Anderson Center Services, Inc Series 2017B	8,582,359	12/06/17	2.8985	8,582,359	-	(593,196)	7,989,163	2029
CHF-CIA, LLC Series 2011	15,833,664	06/29/11	2.34%	15,034,731	-	(346,982)	14,687,749	2041
Culinary Institute of America Series 2016 A-1 & A-2	37,040,000	09/01/16	1.64-5.00%	35,695,000	-	(1,490,000)	34,205,000	2026
Culinary Institute of America Series 2018	23,120,000	07/17/18	1.84-3.44%	-	23,120,000	-	23,120,000	2028
Dutchess Community College Series 2011	27,394,000	07/12/11	2.21%	24,657,774	-	(661,694)	23,996,080	2041
Health Quest Inc Series 2010 A&B	55,055,000	12/15/10	3.00-6.82%	33,270,000	-	(3,925,000)	29,345,000	2040
Health Quest Inc Series 2012	27,320,000	12/05/12	1.00-3.80%	16,685,000	-	(1,890,000)	14,795,000	2025
Health Quest Inc Series 2014	54,615,000	05/01/14	1.35-5.90%	49,520,000	-	(1,770,000)	47,750,000	2044
Health Quest Inc Series 2016 A	28,080,000	07/01/16	3.00-5.00%	26,755,000	-	(520,000)	26,235,000	2037
Health Quest Inc Series 2016 B	350,000,000	07/01/16	3.00-5.00%	350,000,000	-	-	350,000,000	2036
Hudson Valley Property Holdings Series 2015 A &B	25,000,000	07/01/15	4.27%	23,610,411	-	(638,648)	22,971,763	2040
Marist College Series 2012A	13,420,000	05/17/12	4.00-5.00%	7,690,000	-	(1,785,000)	5,905,000	2021
Marist College Series 2013A	14,710,000	03/28/13	2.00-4.00%	13,545,000	-	(315,000)	13,230,000	2043
Marist College Series 2013B	33,045,000	09/12/13	Bank Rate	27,953,853	-	(1,623,668)	26,330,185	2035
Marist College Series 2015A	80,885,000	07/01/15	5.00%	80,885,000	-	(1,385,000)	79,500,000	2046
Marist College Series 2016	13,895,237	04/01/16	3.93%	12,680,000	-	(740,000)	11,940,000	2031
Marist College Series 2018	35,790,000	10/04/18	2.13-3.46%	-	35,790,000	-	35,790,000	2048
Millbrook School Series 2013 A&B	23,000,000	08/29/13	3.25%	17,249,382	-	(543,000)	16,706,382	2043
Poughkeepsie Day School Series 2010	3,105,000	12/29/10	4.25%	1,911,167	-	(201,910)	1,709,257	2025
The Community at Brookmeade 2018	25,100,000	12/20/18	4.79%	-	25,100,000	-	25,100,000	2043
Trinity-Pawling School Series 2013	18,830,000	12/02/13	Bank Rate	15,837,760	-	(828,800)	15,008,960	2032
Vassar College Series 2013 A	87,085,000	06/06/13	4.125-5.00%	87,085,000	-	-	87,085,000	2050
Vassar College Rev Refunding Series 2017	102,095,000	04/01/17	2.50-5.00%	102,095,000	-	(585,000)	101,510,000	2046
Totals	\$ 1,124,105,360			\$ 967,952,537	\$ 84,010,000	\$ (20,960,734)	\$ 1,031,001,803	

**DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

PROJECTS						
2010-02	2017-02	2018-03	2011-01	2016-03	2018-01	2011-02
Anderson Center for Autism	Anderson Center for Autism	Community at Brookmeade	CHF- CIA, LLC	Culinary Institute of America	Culinary Institute of America	Dutchess Community College

**FULL-TIME EQUIVALENT JOBS
CREATED AND RETAINED*:**

# FTEs before LDC status	390	327	194	0	550	521	0
Original Estimate of Jobs to be Created	6	0	25	1	0	0	4
Original Estimate of Jobs to be Retained	390	327	194	0	550	521	0
Current # of Tenants	0	0	0	0	0	0	0
Total # of FTEs	502	0	0	3	562	0	7
Jobs Created to Date	112	0	0	3	12	0	7

PROJECTS						
2010-01	2012-02	2014-01	2016-01	2015-2	2012-01	2013-01
Health Quest Systems, Inc. 2010	Health Quest Systems, Inc. 2012	Health Quest Systems, Inc. 2014	A&B Bond H&Q NDH, PHC, VBMC	HV Property Holdings LLC	Marist College 2012A	Marist College 2013A

**FULL-TIME EQUIVALENT JOBS
CREATED AND RETAINED*:**

# FTEs before LDC status	1,707	1,644	691	2,768	231	807	807
Original Estimate of Jobs to be Created	22	0	16	21	0	0	0
Original Estimate of Jobs to be Retained	1,707	1,644	691	2,768	231	807	807
Current # of Tenants	0	0	54	0	0	0	0
Total # of FTEs	1,918	0	716	3,056	510	0	0
Jobs Created to Date	211	0	25	288	279	0	0

*PARIS amounts may differ due to software constraints.

**DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

PROJECTS					
2013-04	2015-01	2016-02	2018-02	2013-05	2010-03
Marist College 2013B	Marist College 2015	Marist College 2016	Marist College 2018	Millbrook School	Pough- keepsie Day School

**FULL-TIME EQUIVALENT JOBS
CREATED AND RETAINED*:**

# FTEs before LDC status	825	992	999	945	112	65
Original Estimate of Jobs to be Created	0	27	0	24	5	0
Original Estimate of Jobs to be Retained	825	992	999	945	112	65
Current # of Tenants	0	0	0	0	0	0
Total # of FTEs	0	1,198	0	0	126	51
Jobs Created to Date	0	206	0	0	14	(14)

PROJECTS		
2013-06	2013-02	2017-01
Trinity Pawling School	Vassar College	Vassar College Refinancing

**FULL-TIME EQUIVALENT JOBS
CREATED AND RETAINED*:**

# FTEs before LDC status	99	97	1,006
Original Estimate of Jobs to be Created	4	2	0
Original Estimate of Jobs to be Retained	99	97	1,006
Current # of Tenants	0	0	0
Total # of FTEs	108	99	1,051
Jobs Created to Date	9	2	45

*PARIS amounts may differ due to software constraints.

OTHER REPORTING REQUIRED by
GOVERNMENT AUDITING STANDARDS



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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**

The Board of Directors
Dutchess County Local Development Corporation
3 Neptune Road, Suite A21
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 Local Development Corporation ("Corporation"), a component unit of Dutchess County, New York, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 1, 2019.

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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.

rbtcpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

340 Madison Avenue
19th Floor
New York, NY 10173
T: (718) 772-0850
F: (718) 772-0851

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.

RBT CPAs, LLP

Poughkeepsie, NY
March 1, 2019