

**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, 2013 AND 2012**

**DUTCHESS COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
 (A Component Unit of Dutchess County, New York)  
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**DECEMBER 31, 2013 AND 2012**

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## 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, 2013 and 2012, 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 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 basic financial statements are free from material misstatement.

#### **Poughkeepsie Office**

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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, 2013 and 2012, 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 4 and 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 opinions on the financial statements that collectively comprise the Dutchess County Industrial Development Agency's basic financial statements. The Schedule of Indebtedness and the 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 the Schedule of Supplemental Information are the responsibility of management and were derived from and related 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 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 Schedule of Indebtedness and the Schedule of Supplemental Information are 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 14, 2014, 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.

*Sedau & Company, CPAs*

Poughkeepsie, New York  
March 14, 2014

**DUTCHESS COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
(A Component Unit of Dutchess County, New York)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2013 AND 2012**

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 year ended December 31, 2013 and 2012, 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 2013 of \$564,284 and there was a decrease in net position of \$54,320 in the year 2012.

Application and closing fees decreased \$177,061 in 2013. This was primarily the result of lower administrative fees that were required to be charged for the new 2013 projects. In 2013, interest earnings decreased by \$132.

In the year 2013, projects and professional services contracts increased \$327,617. This was primarily due to a new contract with the Dutchess County Economic Development Corporation to promote tourism in Dutchess County.

**SUMMARY OF OPERATIONS**

<b><u>REVENUES:</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>OVER/(UNDER)</u></b>
Fees	\$ 100,033	\$277,094	\$ (177,061)
Interest Earnings	4,257	4,389	(132)
<b>Total Revenues</b>	<b>104,290</b>	<b>281,483</b>	<b>(177,193)</b>
<b><u>EXPENSES:</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>OVER/(UNDER)</u></b>
Projects and Professional Service Contracts	\$ 630,250	\$302,633	\$ 327,617
Administrative Expenses	37,385	32,431	4,954
Depreciation Expense	939	739	200
<b>Total Expenses</b>	<b>668,574</b>	<b>335,803</b>	<b>332,771</b>
<b>Change in Net Position</b>	<b>\$ (564,284)</b>	<b>\$ (54,320)</b>	

**DUTCHESS COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
(A Component Unit of Dutchess County, New York)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2013 AND 2012**

**FINANCIAL POSITION SUMMARY**

Net position serves as an indicator of the Agency's financial position. The Agency's net position was \$1,762,465 and \$2,326,749 at December 31, 2013 and 2012, respectively. The decrease in net position of \$564,284 is primarily due to the decrease in application and closing fees revenue from closing fewer projects in 2013 and the increase in projects and professional service contracts expense from the new contract with Dutchess County Economic Development Corporation to promote tourism.

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

**SUMMARY OF FINANCIAL POSITION**

<b><u>ASSETS:</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>OVER/(UNDER)</u></b>
Current Assets	\$ 1,772,366	\$ 2,334,993	\$ (562,627)
Capital Assets	1,599	2,756	(1,157)
<b>Total Assets</b>	<b><u>\$ 1,773,965</u></b>	<b><u>\$ 2,337,749</u></b>	<b><u>\$ (563,784)</u></b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities	\$ 11,500	\$ 11,000	\$ 500
<b>Total Liabilities</b>	<b><u>11,500</u></b>	<b><u>11,000</u></b>	<b><u>500</u></b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	1,599	2,756	(1,157)
Unrestricted	1,760,866	2,323,993	(563,127)
<b>Total Net Position</b>	<b><u>\$ 1,762,465</u></b>	<b><u>\$ 2,326,749</u></b>	<b><u>\$ (564,284)</u></b>

**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)  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2013 AND 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,763,741	\$ 2,333,334
Prepaid Expenses	8,625	1,659
<b>Total Current Assets</b>	<u>1,772,366</u>	<u>2,334,993</u>
<b>Non-Current Assets:</b>		
Equipment, Net of Accumulated Depreciation of \$1,517 and \$29,370, respectively	<u>1,599</u>	<u>2,756</u>
<b>Total Non-Current Assets</b>	<u>1,599</u>	<u>2,756</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 1,773,965</u>	 <u>\$ 2,337,749</u>
 <b><u>LIABILITIES AND NET POSITION</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	<u>\$ 11,500</u>	<u>\$ 11,000</u>
<b>Total Current Liabilities</b>	<u>11,500</u>	<u>11,000</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	1,599	2,756
Unrestricted	<u>1,760,866</u>	<u>2,323,993</u>
<b>Total Net Position</b>	<u>1,762,465</u>	<u>2,326,749</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <u>\$ 1,773,965</u>	 <u>\$ 2,337,749</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, 2013 AND 2012**

<b><u>REVENUES:</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Administrative and Closing Fees	\$ 100,033	\$ 277,094
Interest Income	4,257	4,389
	<hr/>	<hr/>
<b>Total Revenues</b>	<b>104,290</b>	<b>281,483</b>
	<hr/>	<hr/>
<b><u>EXPENSES:</u></b>		
Projects and Professional Service Contracts	630,250	302,633
Administrative Expenses	37,385	32,431
Depreciation Expense	939	739
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>668,574</b>	<b>335,803</b>
	<hr/>	<hr/>
<b>Change in Net Position</b>	<b>(564,284)</b>	<b>(54,320)</b>
	<hr/>	<hr/>
<b>Net Position, January 1</b>	<b>2,326,749</b>	<b>2,381,069</b>
	<hr/>	<hr/>
<b>Net Position, December 31</b>	<b>\$ 1,762,465</b>	<b>\$ 2,326,749</b>
	<hr/>	<hr/>

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit Of Dutchess County, New York)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities:</b>		
Receipts from providing services	\$ 100,033	\$ 421,179
Payments to contractors	(673,883)	(457,046)
Interest received	4,257	4,389
Net cash (used) by operating activities	<u>(569,593)</u>	<u>(31,478)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Purchase of capital assets	-	(598)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(598)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(569,593)	(32,076)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,333,334</u>	<u>2,365,410</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$1,763,741</u></u>	<u><u>\$2,333,334</u></u>
<b>Reconciliation of change in net position to net cash (used) by operating activities</b>		
Change in net position	\$ (564,284)	\$ (54,320)
Adjustments to Reconcile Change in Net Position		
Net Cash (Used) by Operating Activities:		
Depreciation and Amortization	939	739
Loss on Disposal of Equipment	218	-
Changes in Assets and Liabilities:		
Prepaid Expenses	(6,966)	128
Accounts Receivable	-	144,085
Accounts Payable	<u>500</u>	<u>(122,110)</u>
<b>NET CASH (USED)</b>	<u><u>\$ (569,593)</u></u>	<u><u>\$ (31,478)</u></u>

**DUTCHESS COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
(A Component Unit of Dutchess County, New York)  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
DECEMBER 31, 2013 AND 2012**

**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 Industrial Development Agency 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, 2013 AND 2012**

**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.

**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.

**DUTCHESS COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of Dutchess County, New York)  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2013 AND 2012**

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

**Subsequent Events**

The Agency evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2013 and through March 14, 2014, the date on which the financial statements were approved for issuance.

**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 related computer equipment with estimated useful lives of 3 years.

Equipment consisted of the following at December 31:

	<b>2013</b>	<b>2012</b>
Computer and Equipment	\$ 3,116	\$ 32,126
Less: Accumulated Depreciation	(1,517)	(29,370)
<b>Net Equipment</b>	<b>\$ 1,599</b>	<b>\$ 2,756</b>

Depreciation expense amounted to \$939 and \$739 for the years ended December 31, 2013 and 2012, respectively.

**3. Accounts Payable and Accrued Liabilities**

At December 31, 2013, accounts payable and accrued liabilities consisted of \$11,500 of professional audit services incurred for 2013, which was subsequently paid.

**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.

**DUTCHESS COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of Dutchess County, New York)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2013 AND 2012**

**4. Industrial Revenue Bonds (continued)**

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, 2013 and 2012, totaled \$292,065,526 and \$355,805,663, respectively.

**5. 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 being linked to the completion of capital improvements and employment levels.

**6. Revolving Loan Fund**

During 1993, the Agency appropriated \$250,000 to establish a revolving loan fund to be administered by the Dutchess County Economic Development Corporation (DCEDC), for the benefit of small business development within the County. In recent years the program has 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 balances at December 31, 2013 and 2012, were \$315,252 and \$313,249, respectively. Outstanding loans extended to small businesses at December 31, 2013 and 2012, were \$25,045 and \$36,024, respectively.

**7. 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.

**OTHER SUPPLEMENTAL INFORMATION**

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of Dutchess County, New York)  
**SCHEDULE OF INDEBTEDNESS**  
December 31, 2013

Project Name	Original Issue Amount	Original Issue Date	Interest Rate	Outstanding Balance		New Issue 2013	Principal Payments 2013	Outstanding Balance December 31, 2013	Final Maturity Date
				January 1, 2013					
Anderson Foundation	\$ 9,625,000	5/07	Variable	\$ 6,615,000	\$ -	\$ 520,000	\$ 6,095,000	5/27	
Anderson Foundation	15,000,000	12/07	Variable	12,105,000	-	680,000	11,425,000	6/29	
Arbor Ridge at Brookmeade	19,845,000	9/07	Variable	9,020,000	-	85,000	8,935,000	9/37	
Bard College	136,765,000	5/07	4%-5%	132,450,000	-	130,000	132,320,000	8/46	
Brookview, Inc	10,610,000	9/07	Variable	8,250,000	-	200,000	8,050,000	9/37	
Davies South Terrace	8,600,000	12/07	5.95%	7,317,543	-	58,236	7,259,307	6/49	
Elant at Fishkill, NY	17,145,000	1/07	5%-5.25%	15,295,000	-	395,000	14,900,000	1/37	
Elant at Fishkill, NY	2,855,000	1/07	4%	2,855,000	-	-	2,855,000	1/37	
Elant at Fishkill, NY	2,525,000	2/07	4.25%	2,355,000	-	210,000	2,145,000	1/37	
Elant at Fishkill, NY	15,720,000	4/05	Variable	12,945,000	-	450,000	12,495,000	3/35	
Lutheran Center	10,500,000	8/98	Variable	6,835,000	-	6,835,000	-	12/13	
Marist College	15,000,000	1/99	Variable	10,400,000	-	10,400,000	-	12/13	
Marist College	20,000,000	11/00	Variable	15,460,000	-	530,000	14,930,000	7/31	
Marist College	20,000,000	3/05	Variable	17,085,000	-	17,085,000	-	12/13	
Marist College	20,000,000	1/08	Variable	18,395,000	-	440,000	17,955,000	7/38	
Mechtronics	5,100,000	12/10	4.44%	4,858,971	-	252,752	4,606,219	12/26	
Millbrook School	8,000,000	1/08	4.33%	7,739,149	-	7,739,149	-	12/13	
St Francis Hospital	28,035,000	3/04	7.25%-7.5%	23,690,000	-	740,000	22,950,000	3/29	
St Francis Hospital	9,430,000	6/07	6.70%	9,035,000	-	150,000	8,885,000	3/37	
Trinity Pawling School	5,800,000	2/98	Variable	2,300,000	-	2,300,000	-	12/13	
Trinity Pawling School	17,200,000	10/02	Variable	14,105,000	-	14,105,000	-	12/13	
Vassar Hospital	17,195,000	1/11	4.00-5.25%	16,695,000	-	435,000	16,260,000	10/34	
<b>Totals</b>	<b>\$ 414,950,000</b>			<b>\$ 355,805,663</b>	<b>\$ -</b>	<b>\$ 63,740,137</b>	<b>\$ 292,065,526</b>		

See Independent Auditors' Report



**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of Dutchess County, New York)  
**SCHEDULE OF SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

		PROJECTS				
	13021002	13020703A	13020708A	13020706A	1320704A	13028699
	Adams Fairacre Farms	Anderson Foundation for Autism, Inc.	Anderson Foundation for Autism, Inc.	Arbor Ridge Brookmeade, Inc.	Bard College	Bondib Hotels
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	267,368	-	-	401,505	-	580,134
	-	-	-	-	-	-
<b>TOTALS</b>	\$ 267,368	\$ -	\$ -	\$ 401,505	\$ -	\$ 580,134
	\$ 12,086	\$ -	\$ -	\$ 30,274	\$ -	\$ 16,180
Local	46,353	-	-	20,267	-	59,982
School	75,245	-	-	16,224	-	76,850
<b>TOTALS</b>	\$ 133,684	\$ -	\$ -	\$ 66,765	\$ -	\$ 153,012

**Real Property Tax Exemptions\*:**

Sales Tax  
Real Property Tax  
Mortgage Recording

**Payments in Lieu of Taxes (PILOTS)\*:**

County  
Local  
School

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

# FTEs before IDA status  
Original Estimate of Jobs to be Created  
Original Estimate of Jobs to be Retained  
Current # of FTEs  
# of FTE Construction Jobs During Fiscal Year  
Net Employment Change

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

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of Dutchess County, New York)  
**SCHEDULE OF SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

		PROJECTS					
	13020707A Brookview Inc.	13029906A Columbia SFH	13020709A Davies Southeast Terrace	13020701A 13020702A Elant at Fishkill	13020601A GPSDC (GAP) New York, Inc.	13021201 Health Quest	130220112 Hudson Baylor
Real Property Tax Exemptions*:							
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	-	-	491,646	-	4,729,498	366,482	184,344
Mortgage Recording	-	-	-	-	-	-	-
<b>TOTALS</b>	\$ -	\$ -	\$ 491,646	\$ -	\$ 4,729,498	\$ 366,482	\$ 184,344
Payments in Lieu of Taxes (PILOTS)*:							
County	\$ -	\$ -	\$ 17,055	\$ -	\$ 219,650	\$ 5,608	\$ 10,534
Local	-	-	61,325	-	266,210	20,809	37,809
School	-	-	103,054	-	1,212,202	26,693	61,902
<b>TOTALS</b>	\$ -	\$ -	\$ 181,434	\$ -	\$ 1,698,062	\$ 53,110	\$ 110,245

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

# FTEs before IDA status	0	0	3	302	0	0	0
Original Estimate of Jobs to be Created	20	340	0	0	1,150	182	49
Original Estimate of Jobs to be Retained	0	0	3	302	0	0	0
Current # of FTEs	20	140	3	239	451	34	60
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0
Net Employment Change	20	140	0	(63)	451	34	60

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

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of Dutchess County, New York)  
**SCHEDULE OF SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	PROJECTS						
	13029804A IBM Corporation	13021202 IBM Corporation	130220113 IBM Corporation	13021301 IBM Corporation	13020502A Lutheran Center	13020301A Marist College	13020801 Marist College
Real Property Tax Exemptions*:							
Sales Tax	\$ 1,929,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	-	7,409,443	21,464,000	-	-	-	-
Mortgage Recording	-	-	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 1,929,346</b>	<b>\$ 7,409,443</b>	<b>\$ 21,464,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Payments in Lieu of Taxes (PILOTS)*:							
County	\$ 871,317	\$ 357,099	\$ 957,551	\$ -	\$ -	\$ -	\$ -
Local	-	1,552,357	1,338,026	-	-	-	-
School	-	4,356,900	6,476,622	-	-	-	-
<b>TOTALS</b>	<b>\$ 871,317</b>	<b>\$ 6,266,356</b>	<b>\$ 8,772,199</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

# FTEs before IDA status	11,345	0	0	3,503	153	0	0
Original Estimate of Jobs to be Created	0	0	0	0	0	16	0
Original Estimate of Jobs to be Retained	11,345	0	0	0	153	0	0
Current # of FTEs	6,399	0	0	3,082	185	0	0
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0
Net Employment Change	(4,946)	0	0	(421)	32	0	0

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

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of Dutchess County, New York)  
**SCHEDULE OF SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

		PROJECTS					
	13029802A	13029901A	13029901B	13029901C	13021001	13020802	13021303
	Marist College	Marist College	Marist College	Marist College	Mechtronics Corporation	Millbrook School Inc.	Neptune Capital Investors
Real Property Tax Exemptions*:							
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	-	-	-	-	235,620	-	-
Mortgage Recording	-	-	-	-	-	-	-
<b>TOTALS</b>	\$ -	\$ -	\$ -	\$ -	\$ 235,620	\$ -	\$ -
Payments in Lieu of Taxes (PILOTS)*:							
County	\$ -	\$ -	\$ -	\$ -	\$ 10,706	\$ -	\$ -
Local	-	-	-	-	42,612	-	-
School	-	-	-	-	81,639	-	-
<b>TOTALS</b>	\$ -	\$ -	\$ -	\$ -	\$ 134,957	\$ -	\$ -

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

# FTEs before IDA status	589	0	0	0	34	87	0
Original Estimate of Jobs to be Created	11	11	16	7	105	2	25
Original Estimate of Jobs to be Retained	589	0	0	0	34	87	0
Current # of FTEs	818	0	0	0	51	113	0
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	15	75
Net Employment Change	229	0	0	0	17	26	0

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

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
 (A Component Unit of Dutchess County, New York)  
**SCHEDULE OF SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

		PROJECTS				
		13020402A	13020705A	13029801A	13020201A	130220111
		St. Francis	St. Francis	Trinity	Trinity	Vassar Hospital
			Pawling School	Pawling School	Pawling School	
Real Property Tax Exemptions*:						
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	-	-	-	-	-	-
Mortgage Recording	-	-	-	-	-	-
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Payments in Lieu of Taxes (PILOTS)*:						
County	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local	-	-	-	-	-	-
School	-	-	-	-	-	-
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

# FTEs before IDA status	0	1,225	85	0	1,336
Original Estimate of Jobs to be Created	0	16	4	0	83
Original Estimate of Jobs to be Retained	0	1,225	85	0	1,336
Current # of FTEs	0	962	99	0	1,534
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0
Net Employment Change	0	(263)	14	0	198

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

**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, 2013 and 2012, 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 14, 2014.

**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.

Our consideration of the internal control over financial reporting 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 Dutchess County Industrial Development 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*.

We noted certain other matters that we reported to management of the Dutchess County Industrial Development Agency, in a separate letter dated March 14, 2014.

### **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 entity'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.

*Sedare & Company, CPAs*

Poughkeepsie, New York  
March 14, 2014