

**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, 2015 AND 2014**

**DUTCHESS COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
(A Component Unit of Dutchess County, New York)  
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DECEMBER 31, 2015 AND 2014**

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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



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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, 2015 and 2014, 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 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, 2015 and 2014, 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, 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 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 1, 2016, on our consideration of the Dutchess County Industrial Development Agency, 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 Industrial Development Agency, a component unit of Dutchess County, New York's internal control over financial reporting and compliance.

*Sedall & Company, CPA's*

Poughkeepsie, New York  
March 1, 2016

**DUTCHESS COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of Dutchess County, New York)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014, 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 2015 of \$167,829, and a decrease in net position in 2014 of \$159,458.

Administrative and closing fees decreased \$330,212 in 2015. This was primarily the result of a decrease in new projects for which fees were required to be charged.

In the year 2015, there were slight decreases in projects and professional services contracts and other expenses.

**SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

<b><u>REVENUES</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>Change</u></b>
Administrative and Closing Fees	\$ 144,916	\$ 475,128	\$ (330,212)
Other Revenue (Note 5)	317,132	-	317,132
Interest Earnings	1,608	2,485	(877)
<b>Total Revenues</b>	<b><u>463,656</u></b>	<b><u>477,613</u></b>	<b><u>(13,957)</u></b>
<b><u>EXPENSES</u></b>			
Projects and Professional Service Contracts	596,578	601,500	(4,922)
Administrative Expenses	34,437	34,895	(458)
Depreciation Expense	470	676	(206)
<b>Total Expenses</b>	<b><u>631,485</u></b>	<b><u>637,071</u></b>	<b><u>(5,586)</u></b>
<b>Change in Net Position</b>	<b><u>\$ (167,829)</u></b>	<b><u>\$ (159,458)</u></b>	<b><u>\$ (8,371)</u></b>

**DUTCHESS COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of Dutchess County, New York)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D.)**  
**DECEMBER 31, 2015 AND 2014**

**FINANCIAL POSITION SUMMARY**

Net position serves as an indicator of the Agency's financial position. The Agency's net position was \$1,435,178 and \$1,603,007 at December 31, 2015 and 2014, respectively. The decrease in net position of \$167,829 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**

<b><u>ASSETS</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>Change</u></b>
Current Assets	\$ 1,446,975	\$ 1,613,834	\$ (166,859)
Capital Assets	453	923	(470)
<b>Total Assets</b>	<b><u>\$ 1,447,428</u></b>	<b><u>\$ 1,614,757</u></b>	<b><u>\$ (167,329)</u></b>
<b><u>LIABILITIES</u></b>			
Current Liabilities	\$ 12,250	\$ 11,750	\$ 500
<b>Total Liabilities</b>	<b><u>12,250</u></b>	<b><u>11,750</u></b>	<b><u>500</u></b>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	453	923	(470)
Unrestricted	<u>1,434,725</u>	<u>1,602,084</u>	<u>(167,359)</u>
<b>Total Net Position</b>	<b><u>1,435,178</u></b>	<b><u>1,603,007</u></b>	<b><u>(167,829)</u></b>
<b><u>TOTAL LIABILITIES</u></b>			
<b><u>AND NET POSITION</u></b>	<b><u>\$ 1,447,428</u></b>	<b><u>\$ 1,614,757</u></b>	<b><u>\$ (167,329)</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)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D.)  
DECEMBER 31, 2015 AND 2014**

**CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS**

At the January 29, 2015, 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 DCLDC and the current DCEDC Board would become the DC Economic Advisory Council. DCEDC is awaiting for final approval from the NYS Attorney General office to dissolve DCEDC.

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 project closed on June 1, 2015

At the September 15, 2015, DCIDA Board meeting, the board approved the extension of time for Approved Sales Tax Exemption – Neptune Capital Investors. L.L.C. 2013 Facility

At the October 20, 2015, DCIDA Board meeting, the board approved the Resolution Authorizing Termination of Overlook-Chelsea LLC 2014 Facility.

At the October 20, 2015, DCIDA Board approved the Resolution Authorizing Termination of IBM Corporation East Fishkill Project Series 2012 due to the transfer of land from International Business Machines (International Business Machines Corporation 2012 Facility) to Global Foundries, U.S. 2, and Placing Property Back on the Tax Rolls.

At the November 5, 2015, DCIDA Board meeting, the Final Authorizing Resolution for a PILOT Agreement, Sales Tax Exemption and Mortgage Tax Exemption for Jaleli, LLC / Hudson Valley Lighting, Inc. was approved. This \$11,200,000 manufacturing project is located at 151 Airport Drive, Wappingers Falls, NY 12590. It is a PILOT agreement that deviates from the Uniform Tax Exemption Policy and was endorsed by the Town of Wappingers, the Wappingers Central School District, and the County Executive. The project closed on November 5, 2015.



**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit Of Dutchess County, New York)**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2015 AND 2014**

<b><u>ASSETS</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,445,875	\$ 1,612,709
Prepaid Expenses	1,100	1,125
<b>Total Current Assets</b>	<b><u>1,446,975</u></b>	<b><u>1,613,834</u></b>
 <b>Non-Current Assets:</b>		
Equipment, Net of Accumulated Depreciation of \$2,663 and \$2,193, respectively	<u>453</u>	<u>923</u>
<b>Total Non-Current Assets</b>	<b><u>453</u></b>	<b><u>923</u></b>
 <b>TOTAL ASSETS</b>	<b><u><u>\$ 1,447,428</u></u></b>	<b><u><u>\$ 1,614,757</u></u></b>
 <b><u>LIABILITIES AND NET POSITION</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	<u>\$ 12,250</u>	<u>\$ 11,750</u>
<b>Total Current Liabilities</b>	<b><u>12,250</u></b>	<b><u>11,750</u></b>
 <b>Net Position:</b>		
Net Investment in Capital Assets	453	923
Unrestricted	<u>1,434,725</u>	<u>1,602,084</u>
<b>Total Net Position</b>	<b><u>1,435,178</u></b>	<b><u>1,603,007</u></b>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u><u>\$ 1,447,428</u></u></b>	<b><u><u>\$ 1,614,757</u></u></b>

**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, 2015 AND 2014**

<b><u>REVENUES</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Administrative and Closing Fees	\$ 144,916	\$ 475,128
Other Revenue (Note 5)	317,132	-
Interest Income	1,608	2,485
	<u>463,656</u>	<u>477,613</u>
<b>Total Revenues</b>	<u>463,656</u>	<u>477,613</u>
<b><u>EXPENSES</u></b>		
Projects and Professional Service Contracts	596,578	601,500
Administrative Expenses	34,437	34,895
Depreciation Expense	470	676
	<u>631,485</u>	<u>637,071</u>
<b>Total Expenses</b>	<u>631,485</u>	<u>637,071</u>
<b>Change in Net Position</b>	(167,829)	(159,458)
<b>Net Position, January 1</b>	<u>1,603,007</u>	<u>1,762,465</u>
<b>Net Position, December 31</b>	<u><u>\$ 1,435,178</u></u>	<u><u>\$ 1,603,007</u></u>

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit Of Dutchess County, New York)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
Receipts from providing services	\$ 144,916	\$ 475,128
Payments to vendors	(630,490)	(628,645)
Other receipts	317,132	-
Interest received	1,608	2,485
Net cash (used) by operating activities	<u>(166,834)</u>	<u>(151,032)</u>
 <b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (166,834)	 (151,032)
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>1,612,709</u>	 <u>1,763,741</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u><u>\$1,445,875</u></u>	 <u><u>\$1,612,709</u></u>
 <b>Reconciliation of change in net position to net cash (used) by operating activities:</b>		
 Change in net position	 \$ (167,829)	 \$ (159,458)
 Adjustments to Reconcile Change in Net Position		
Net Cash (Used) by Operating Activities:		
Depreciation and Amortization	470	676
 Changes in Assets and Liabilities:		
Prepaid Expenses	25	7,500
Accounts Receivable	-	-
Accounts Payable	<u>500</u>	<u>250</u>
 <b>NET CASH (USED)</b>	 <u><u>\$ (166,834)</u></u>	 <u><u>\$ (151,032)</u></u>

**DUTCHESS COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of Dutchess County, New York)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**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 previously operated from the same offices as the Dutchess County Economic Development Corporation (“DCEDC”). A portion of the contractual expenses were for administrative expenses provided by the DCEDC. In September 2015, the DCEDC staff was transferred to the Dutchess County Local Development Corporation (“DCLDC”). As a result, the Agency will begin contracting with the DCLDC for administrative expenses that were previously 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, 2015 AND 2014**

**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, 2015 AND 2014**

**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, 2015, and through March 1, 2016, 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 7.

**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:

	<b>2015</b>	<b>2014</b>
Computers and Equipment	\$ 3,116	\$ 3,116
Less: Accumulated Depreciation	(2,663)	(2,193)
<b>Net Equipment</b>	<b>\$ 453</b>	<b>\$ 923</b>

Depreciation expense amounted to \$470 and \$676 for the years ended December 31, 2015 and 2014, respectively.

**3. Accounts Payable and Accrued Liabilities**

At December 31, 2015 and 2014, accounts payable and accrued liabilities consisted of professional services incurred of \$12,250 and \$11,750, respectively.

**DUTCHESS COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of Dutchess County, New York)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014, totaled \$234,732,879 and \$252,434,361, respectively.

**5. Revolving Loan Fund**

In 2008, the Agency made a 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. In 2015, as part of the dissolution process of the DCEDC, the program was closed and all funds were returned to the Agency. These funds, totaling \$317,132 were recorded as other revenue on the Agency’s books. The revolving loan fund’s balance available for new loans at December 31, 2015 and 2014, was \$0 and \$318,028, respectively. Outstanding loans extended to small businesses at December 31, 2015 and 2014, were \$0 and \$13,705, respectively.

**DUTCHESS COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of Dutchess County, New York)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2015 AND 2014**

**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 the value of property transferred and a variable fee of 1.625% - 3.750% of the value of 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. Subsequent Events**

The Board of Directors of the DCEDC has elected to dissolve the corporation as of December 31, 2015. All remaining funds will be transferred to Dutchess County Local Development Corporation (DCLDC) in 2016. The DCEDC’s revolving loan fund was returned to the Agency in 2015 as part of this dissolution process.

In January 2016, a resolution was approved authorizing the Agency to enter into a forbearance agreement for one of the entities with outstanding balances on their industrial revenue bonds. The entity is having financial difficulties and is on the verge of bankruptcy. There is no recourse against the Agency if the entity declares bankruptcy.

**8. Prior Period Information**

Certain prior year information pertaining to supplemental indebtedness information has been reclassified to conform to current year presentation.

**9. New Reporting Standards**

GASB has issued Statements 68-80, 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, 2015**

<b>Project Name</b>	<b>Original Issue Amount</b>	<b>Original Issue Date</b>	<b>Interest Rate</b>	<b>Outstanding Balance January 1, 2015</b>	<b>New Issue 2015</b>	<b>Principal Payments 2015</b>	<b>Outstanding Balance December 31, 2015</b>	<b>Final Maturity Date</b>
Anderson Foundation	\$ 9,625,000	5/07	Variable	\$ 5,555,000	\$ -	\$ (570,000)	\$ 4,985,000	5/27
Anderson Foundation	15,000,000	12/07	Variable	10,745,000	-	(680,000)	10,065,000	6/29
Arbor Ridge at Brookmeade	19,845,000	9/07	Variable	8,845,000	-	(95,000)	8,750,000	9/37
Bard College	136,765,000	5/07	4%-5%	128,990,000	-	(1,795,000)	127,195,000	8/46
Brookview, Inc	10,610,000	9/07	Variable	7,840,000	-	(220,000)	7,620,000	9/37
Davies South Terrace	8,600,000	12/07	5.95%	7,197,509	-	(59,962)	7,137,547	6/49
Elant at Fishkill, NY	17,145,000	1/07	5%-5.25%	14,225,000	-	(310,000)	13,915,000	1/37
Elant at Fishkill, NY	2,855,000	1/07	4%	2,855,000	-	(80,000)	2,775,000	1/37
Elant at Fishkill, NY	2,525,000	2/07	4.25%	2,130,000	-	(60,000)	2,070,000	1/37
Lutheran Center	15,720,000	4/05	Variable	12,030,000	-	(12,030,000)	-	3/35
Marist College	20,000,000	11/00	Variable	14,375,000	-	(580,000)	13,795,000	7/31
Marist College	20,000,000	1/08	Variable	17,500,000	-	(470,000)	17,030,000	7/38
Mechtronics	5,100,000	12/10	4.44%	4,341,852	-	(276,520)	4,065,332	12/26
Vassar Hospital	17,195,000	1/11	4.00-5.25%	15,805,000	-	(475,000)	15,330,000	10/34
<b>Totals</b>	<b>\$ 300,985,000</b>			<b>\$ 252,434,361</b>	<b>\$ -</b>	<b>\$ (17,701,482)</b>	<b>\$ 234,732,879</b>	

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of Dutchess County, New York)**  
**SCHEDULE OF SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**PROJECTS**

	<b>13021002</b>	<b>13020703A</b>	<b>13020708A</b>	<b>13020706A</b>	<b>1320704A</b>	<b>13021304</b>	<b>13020707A</b>
	<b>Adams Fairacre Farms</b>	<b>Anderson Foundation for Autism, Inc.</b>	<b>Anderson Foundation for Autism, Inc.</b>	<b>Arbor Ridge Brookmeade, Inc.</b>	<b>Bard College</b>	<b>Bonura Dibrizzi</b>	<b>Brookview, Inc.</b>
<b>Real Property Tax Exemptions*:</b>							
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	247,501	-	-	423,150	-	875,342	-
<b>TOTALS</b>	<b>\$ 247,501</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 423,150</b>	<b>\$ -</b>	<b>\$ 875,342</b>	<b>\$ -</b>
<b>Payments in Lieu of Taxes (PILOTS):</b>							
County	\$ 15,460	\$ -	\$ -	\$ 33,616	\$ -	\$ 12,096	\$ -
Local	48,934	-	-	22,105	-	49,344	-
School	93,954	-	-	17,887	-	66,560	-
<b>TOTALS</b>	<b>\$ 158,348</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 73,608</b>	<b>\$ -</b>	<b>\$ 128,000</b>	<b>\$ -</b>
<b>FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:</b>							
# FTEs before IDA status	0	0	327	0	724	119	0
Original Estimate of Jobs to be Created	155	0	3	24	0	10	20
Original Estimate of Jobs to be Retained	0	0	327	0	724	119	0
Current # of FTEs	155	0	683	19	1,172	78	22
# of FTE Construction Jobs During Fiscal Year	0	0	0	1	0	0	1
Net Employment Change	155	0	356	19	448	(41)	22

\* 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, 2015**

**PROJECTS**

	<b>13021501</b>		<b>13020709A</b>		<b>13020701A</b>		<b>13021406</b>		<b>13021201</b>		<b>130220112</b>
	<b>Built</b>	<b>13029906A</b>	<b>Davies</b>	<b>13020702A</b>	<b>GPSDC (GAP)</b>	<b>Health</b>	<b>Quest</b>	<b>Hudson</b>	<b>Baylor</b>	<b>Parcel</b>	<b>3 and 4</b>
	<b>3 and 4</b>	<b>Columbia</b>	<b>Southeast</b>	<b>Elant at</b>	<b>New York, Inc.</b>	<b>Health</b>	<b>Quest</b>	<b>Hudson</b>	<b>Baylor</b>	<b>Parcel</b>	<b>3 and 4</b>
	<b>3 and 4</b>	<b>SFH</b>	<b>Terrace</b>	<b>Fishkill</b>	<b>New York, Inc.</b>	<b>Health</b>	<b>Quest</b>	<b>Hudson</b>	<b>Baylor</b>	<b>Parcel</b>	<b>3 and 4</b>
<b>Real Property Tax Exemptions*:</b>											
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	-	100,720	529,434	-	5,339,151	125,849	-	198,660	-	-	-
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ 100,720</b>	<b>\$ 529,434</b>	<b>\$ -</b>	<b>\$ 5,339,151</b>	<b>\$ 125,849</b>	<b>\$ -</b>	<b>\$ 198,660</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Payments in Lieu of Taxes (PILOTS):</b>											
County	\$ -	\$ 16,758	\$ 18,865	\$ -	\$ 206,054	\$ 5,953	\$ -	\$ 11,227	\$ -	\$ -	\$ -
Local	-	83,962	71,401	-	305,441	24,507	-	40,718	-	-	-
School	-	-	112,578	-	1,215,389	32,465	-	66,861	-	-	-
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ 100,720</b>	<b>\$ 202,844</b>	<b>\$ -</b>	<b>\$ 1,726,884</b>	<b>\$ 62,925</b>	<b>\$ -</b>	<b>\$ 118,806</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:</b>											
# FTEs before IDA status	21	0	3	302	428	0	0	0	0	0	0
Original Estimate of Jobs to be Created	39	340	0	0	700	182	49	49	49	49	49
Original Estimate of Jobs to be Retained	21	0	3	302	428	0	0	0	0	0	0
Current # of FTEs	22	0	3	202	745	47	50	50	50	50	50
# of FTE Construction Jobs During Fiscal Year	1	0	0	0	0	0	0	0	0	0	0
Net Employment Change	1	0	0	(100)	317	47	50	50	50	50	50

\* 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, 2015**

**PROJECTS**

	<b>13021202</b>	<b>130220113</b>	<b>13021301</b>	<b>13021502</b>	<b>13020502A</b>	<b>13020801</b>	<b>13029901B</b>
	<b>IBM East</b>	<b>IBM</b>	<b>IBM Transfer</b>	<b>Jaleli, LLC</b>	<b>Lutheran</b>	<b>Marist</b>	<b>Marist</b>
	<b>Fishkill</b>	<b>Poughkeepsie</b>	<b>Agreement</b>	<b>Hudson Valley</b>	<b>Center</b>	<b>College</b>	<b>College</b>
	<b>Fishkill</b>	<b>Poughkeepsie</b>	<b>Agreement</b>	<b>Lighting</b>	<b>Center</b>	<b>College</b>	<b>College</b>
<b>Real Property Tax Exemptions*:</b>							
Sales Tax	\$ -	\$ -	\$ 2,099,733	\$ -	\$ -	\$ -	\$ -
Real Property Tax	6,184,000	8,231,688	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 6,184,000</b>	<b>\$ 8,231,688</b>	<b>\$ 2,099,733</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Payments in Lieu of Taxes (PILOTS):</b>							
County	\$ 988,306	\$ 357,099	\$ 1,025,260	\$ -	\$ -	\$ -	\$ -
Local	1,211,501	1,552,357	-	-	-	-	-
School	-	4,356,900	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 2,199,807</b>	<b>\$ 6,266,356</b>	<b>\$ 1,025,260</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:</b>							
# FTEs before IDA status	0	0	3,503	0	153	0	0
Original Estimate of Jobs to be Created	0	0	0	56	0	0	16
Original Estimate of Jobs to be Retained	0	0	0	0	153	0	0
Current # of FTEs	0	0	3,968	0	149	0	0
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0
Net Employment Change	0	0	465	0	-4	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.

\*\*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, 2015**

**PROJECTS**

	<b>13021001</b>	<b>13021303</b>	<b>13021406</b>	<b>13021401</b>	<b>130220111</b>
	<b>Mechtronics Corporation</b>	<b>Neptune Capital Investors</b>	<b>Overlook Chelsea</b>	<b>Parker Hamilton</b>	<b>Vassar Hospital</b>
<b>Real Property Tax Exemptions*:</b>					
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	245,451	172,938	-	34,736	-
<b>TOTALS</b>	<b>\$ 245,451</b>	<b>\$ 172,938</b>	<b>\$ -</b>	<b>\$ 34,736</b>	<b>\$ -</b>

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

County	\$ 14,606	\$ 828	\$ -	\$ -	\$ -
Local	55,226	3,800	-	-	-
School	87,419	12,666	-	34,736	-
<b>TOTALS</b>	<b>\$ 157,251</b>	<b>\$ 17,294</b>	<b>\$ -</b>	<b>\$ 34,736</b>	<b>\$ -</b>

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

# FTEs before IDA status	34	0	0	26	1,336
Original Estimate of Jobs to be Created	105	25	60	3	83
Original Estimate of Jobs to be Retained	34	0	0	26	1,336
Current # of FTEs	61	44	0	31	1,774
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0
Net Employment Change	27	44	0	5	438

\* 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**  
**GOVERNMENT 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, 2015 and 2014, 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 1, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 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 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. However, material weaknesses 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 1, 2016