

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

Audited for:

Board of Directors
Dutchess County Industrial Development Agency

Audited by:

RBT CPAs, LLP
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DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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	9-11
Other Supplementary Information:	
Schedule of Indebtedness	12
Schedule of Supplementary Information	13-15
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 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, 2018 and 2017, 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.

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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Opinion

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, 2018 and 2017, 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 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 audits were conducted for the purpose of forming opinion 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 equivalent jobs, information upon which we express no opinion, has been subjected to the auditing procedures applied in the audits 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 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's internal control over financial reporting and compliance.

RBT CPAs, LLP

Poughkeepsie, NY

March 1, 2019

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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 to and overview of the financial activities and performance of the Dutchess County Industrial Development Agency (“Agency”) for the years ended December 31, 2018 and 2017, as mandated by GASB #34. This information should be reviewed in conjunction with the Agency’s audited financial statements.

FINANCIAL POSITION SUMMARY

Net position serves as an indicator of the Agency’s financial position. The Agency’s net position was \$4,399,639 and \$4,428,272 at December 31, 2018 and 2017, respectively. The decrease in net position of \$28,633 is primarily due to an excess of projects and professional service contracts expense over administrative and closing fees revenue.

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

SUMMARY OF NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Change</u>
ASSETS			
Current Assets	\$ 4,414,659	\$ 4,465,292	\$ (50,633)
Total Assets	<u>\$ 4,414,659</u>	<u>\$ 4,465,292</u>	<u>\$ (50,633)</u>
LIABILITIES			
Current Liabilities	\$ 15,020	\$ 37,020	\$ (22,000)
Total Liabilities	<u>15,020</u>	<u>37,020</u>	<u>(22,000)</u>
NET POSITION			
Unrestricted	4,399,639	4,428,272	(28,633)
Total Net Position	<u>4,399,639</u>	<u>4,428,272</u>	<u>(28,633)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,414,659</u>	<u>\$ 4,465,292</u>	<u>\$ (50,633)</u>

FINANCIAL OPERATIONS HIGHLIGHTS

There was a decrease in net position in 2018 of \$28,633, and an increase in net position in 2017 of \$3,481,905. The increase in 2017 was due to fees collected on a large new project, while in 2018 there was a decrease in sizes of projects resulting in less fees being collected.

Administrative and closing fees decreased by \$3,599,735 in 2018, as noted above, this was primarily the result of a decrease in the sizes of the new projects.

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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>
<u>REVENUES</u>			
Administrative and Closing Fees	\$ 512,393	\$ 4,112,128	\$ (3,599,735)
Interest Earnings	74,865	1,752	73,113
Total Revenues	<u>587,258</u>	<u>4,113,880</u>	<u>(3,526,622)</u>
<u>EXPENSES</u>			
Projects and Professional Service Contracts	605,825	624,500	(18,675)
Administrative Expenses	10,066	7,475	2,591
Total Expenses	<u>615,891</u>	<u>631,975</u>	<u>(16,084)</u>
Change in Net Position	<u>\$ (28,633)</u>	<u>\$ 3,481,905</u>	<u>\$ (3,510,538)</u>

FINANCIAL STATEMENTS

The Agency's financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The Agency is structured as a proprietary fund. It is a component unit of Dutchess County, New York because the County Legislature appoints the Agency's seven-member board. Bonds issued through 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.

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS

At the June 27, 2018 DCIDA Board meeting, the Board approved the Final Resolution for T-Rex Hyde Park Owner, LLC (Inn at Bellefield). The project will invest \$30,000,000 to develop a multi-faceted hospitality and tourism destination in the Town of Hyde Park. The project in its entirety will feature a Culinary Manufacturing/Research & Development Center, a Culinary Market Place and Hospitality Zone. The IDA approved Phase I of the project which will consist of the construction of a 133 room Residence Inn by Marriott Hotel as well as overall site preparation including utility infrastructure including water, natural gas, sewer and storm lines and construction of a 15,000 square-foot wastewater treatment plant. The project will receive a Payment-in-Lieu-of-Tax (PILOT), Sales Tax and Mortgage Tax Exemption and will create 30 full time equivalent (FTE) jobs for Phase I.

Also, at the June 27, 2018 DCIDA Board meeting, the Board approved the Final Resolution for 165 Overlook, LLC (Town of LaGrange) authorizing a lease and project agreement providing for a Real Property Tax PILOT, Sales Tax and Mortgage Tax Exemption for an estimated \$23,000,000 project for commercial and residential new construction. The applicant will construct 91 market rate rental housing units in the Town of LaGrange. The project will entail new construction as well as the renovation of an existing barn. The project will create 4 new FTE jobs.

At the August 7, 2018 DCIDA Board meeting, the Board approved the Final Resolution for MHTC Development, LLC (Eastdale Village). The project will invest \$88,943,891 to develop a new town center in the Town of Poughkeepsie to be known as Eastdale Village. The development is designed to meet the goals of the Town as outlined in the Town Plan and Zoning code. The mixed use development will include approximately 390 residential rental units and approximately 100,000 square feet of mixed use commercial spaces including medical, professional and general offices, personal service businesses, child care facilities, food services and general retail. Necessary infrastructure improvements of water, sewer, storm water, electric, gas to the site, as well as required improvements to the State Highway system for access to the site will also be constructed as part of the project. The project will receive a PILOT, Sales and Mortgage Tax Exemption and will create 31 FTE jobs.

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

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS (Continued)

At the September 18, 2018 DCIDA Board meeting, the Board approved the Final Resolution for Asahishuzo International Co, Ltd. (Town of Hyde Park) authorizing a lease and project agreement providing for a Real Property Tax PILOT, Mortgage and Sales Tax Exemption for an approximately \$26,401,000 project for construction and re-development at 5 Saint Andrews Road for a Sake Brewery and associated tourism elements. Asahishuzo International Co. Ltd. proposes to repurpose a former grocery store and convert it to accommodate a Sake Brewery, manufacturing and distribution facility. The project will also entail the construction of new accessory buildings to support the manufacturing process. The project will also have tourism elements that include a tasting room, public spaces, and landscaping consistent with Japanese philosophy. The project will create 37 new FTE jobs.

At the October 24, 2018 DCIDA Board meeting, the Board approved the Final Resolution Authorizing a Payment-in-Lieu-of-Tax Agreement and Sales Tax Exemption for Hatfield Metal Fab, Inc. The applicant will expand its current facility by 30,000 square feet to house a welding and machining area to enable Hatfield Metals to take on larger projects and to remain competitive. Once completed, the project will create 12 FTE jobs for a total of 64 FTE jobs.

Also, at the October 24, 2018 DCIDA Board meeting, the Board approved the Final Resolution to increase and extend the Sales Tax Exemption on approximately \$15,000,000 of purchases on new equipment with GPSDC (New York), Inc. The increase is requested due to unanticipated project cost over-runs and the decision to install more advanced and efficient equipment. The project is expected to have a total of 1,128 FTE jobs once completed.

At the December 18, 2018 DCIDA Board meeting, the Board approved the Final Resolution for International Business Machines Corporation (Town of Poughkeepsie). Authorizing an Equipment Lease and Project Agreement providing for Sales and Use Tax Exemption on \$105,000,000 of New Equipment. The acquisition, leasing and installation of certain interest in personal property would consist of computer hardware, computer software and other related equipment used for the purpose of data processing, networking and other information technology services. In addition, there would be infrastructure upgrades for continued data center viability and potential new projects. The sale tax abatement would help assure continued investment in the data center and assist with making the location competitive with other IBM locations, such as Raleigh, SC and Dallas, TX as well as other data center companies and ensure the retention of the existing 3,160 FTE jobs in Dutchess County.

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF NET POSITION
As of December 31

	2018	2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 4,413,565	\$ 4,464,237
Prepaid Expenses	1,094	1,055
Total Current Assets	4,414,659	4,465,292
TOTAL ASSETS	\$ 4,414,659	\$ 4,465,292
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 15,020	\$ 37,020
Total Current Liabilities	15,020	37,020
Net Position:		
Unrestricted	4,399,639	4,428,272
Total Net Position	4,399,639	4,428,272
TOTAL LIABILITIES AND NET POSITION	\$ 4,414,659	\$ 4,465,292

See Notes to Financial Statements

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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	\$ 512,393	\$ 4,112,128
Total Operating Revenues	512,393	4,112,128
Operating Expenses:		
Projects and Professional Service Contracts	605,825	624,500
Administrative Expenses	10,066	7,475
Total Operating Expenses	615,891	631,975
Operating Income/(Loss)	(103,498)	3,480,153
Non-Operating Revenues:		
Interest Income	74,865	1,752
Net Non-Operating Revenues	74,865	1,752
Change in Net Position	(28,633)	3,481,905
Net Position, Beginning	4,428,272	946,367
Net Position, Ending	\$ 4,399,639	\$ 4,428,272

See Notes to Financial Statements

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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	\$ 512,393	\$ 4,112,128
Payments to vendors	(637,930)	(640,716)
Net cash provided by/(used in) operating activities	(125,537)	3,471,412
Cash Flows From Investing Activities:		
Interest income	74,865	1,752
Net cash provided by investing activities	74,865	1,752
Net Increase/(Decrease) in Cash and Cash Equivalents	(50,672)	3,473,164
Cash and Cash Equivalents - Beginning	4,464,237	991,073
Cash and Cash Equivalents - Ending	\$ 4,413,565	\$ 4,464,237

**Reconciliation of operating income (loss) to net cash provided by
(used in) operating activities:**

Operating Income/(Loss)	\$ (103,498)	\$ 3,480,153
Changes in Assets and Liabilities:		
Prepaid Expenses	(39)	781
Accounts Payable	(22,000)	(9,522)
Net Cash Provided by/(Used in) Operating Activities	\$ (125,537)	\$ 3,471,412

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 terms 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, to private entities, 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.

The Agency contracts with the Dutchess County Local Development Corporation (“DCLDC”) for administrative services.

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,” as amended. 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, as amended.

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.

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

Cash and Cash Equivalents (Continued)

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.

Subsequent Events

The Agency 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. Accounts Payable and Accrued Liabilities

At December 31, 2018 and 2017, accounts payable and accrued liabilities consisted primarily of professional services incurred of \$15,020 and \$37,020, respectively.

3. 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 that the properties and revenues specified as collateral 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 those properties and revenues specified as collateral 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, 2018 and 2017, totaled \$157,456,856 and \$179,536,535, respectively.

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

4. 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.

5. Related Party Transactions

Members of the board of directors of the Agency make up the board of the Dutchess County Local Development Corporation (“DCLDC”), therefore the two entities are considered related parties. The Agency has a professional service contract with the DCLDC. Expenses under the service contract totaled \$150,000 and \$140,000 for the years ended December 31, 2018 and 2017, respectively. Payables totaled \$0 and \$22,500 for the years ended December 31, 2018 and 2017, respectively.

6. New Reporting Standards

GASB has issued Statements 83-90, none of which are expected to have any substantive effects on the Agency’s net position.

OTHER SUPPLEMENTARY INFORMATION

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDEBTEDNESS
DECEMBER 31, 2018**

Project Name	Original Issue Amount	Original Issue Date	Interest Rate	Outstanding Balance December 31, 2017	New Issue 2018	Principal Payments 2018	Outstanding Balance December 31, 2018	Final Maturity Date
Arbor Ridge at Brookmeade	\$ 19,845,000	9/07	Variable	\$ 8,010,000	\$ -	\$ (8,010,000)	\$ -	9/37 *
Bard College	136,765,000	5/07	4.00%-5.00%	123,335,000	-	(2,075,000)	121,260,000	8/46
Brookview, Inc	10,610,000	9/07	Variable	7,145,000	-	(7,145,000)	-	9/37 *
Davies South Terrace	8,600,000	12/07	5.95%	6,994,828	-	(77,972)	6,916,856	6/49
Marist College	20,000,000	1/08	Variable	16,035,000	-	(525,000)	15,510,000	7/38
Mechtronics	5,100,000	12/10	4.44%	3,701,707	-	(3,701,707)	-	12/26 **
Vassar Hospital	17,195,000	1/11	4.00-5.25%	14,315,000	-	(545,000)	13,770,000	4/34
Totals	\$ 218,115,000			\$ 179,536,535	\$ -	\$ (22,079,679)	\$ 157,456,856	

* Bonds were refunded prior to December 31, 2018 through Dutchess County Local Development Corporation.

** Property was sold prior to December 31, 2018 and debt was paid.

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018**

	PROJECTS						
	13021002 Adams Fairacre Farms	13020706A Arbor Ridge Brookmeade, Inc.	1320704A Bard College	13021304 Bonura Dibrizzi	13021501 Built Parcel 3 and 4	13021601 Cardinal Court	13021603 Cricket Valley Energy Center
Real Property Tax Exemptions*:							
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	***
Real Property Tax	257,590	443,333	-	1,016,134	194,066	-	71,124
TOTALS	\$ 257,590	\$ 443,333	\$ -	\$ 1,016,134	\$ 194,066	\$ -	\$ 71,124
Payments in Lieu of Taxes (PILOTS):							
County	\$ 22,302	\$ 39,851	\$ -	\$ 10,221	\$ 6,133	\$ -	\$ 117,363
Local	37,548	24,653	-	58,047	30,942	-	148,932
School	148,796	20,706	-	59,732	59,958	-	733,705
TOTALS	\$ 208,646	\$ 85,210	\$ -	\$ 128,000	\$ 97,033	\$ -	\$ 1,000,000
FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:							
# FTEs before IDA status	0	0	724	119	21	0	0
Original Estimate of Jobs to be Created	155	24	0	10	39	2	26
Original Estimate of Jobs to be Retained	0	0	724	119	21	0	0
Current # of FTEs	252	23	908	74	51	4	3
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	31	1,061
Net Employment Change	252	23	184	(45)	30	4	3

* 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.

***Sales tax amounts were unavailable at the time of the audit.

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2018**

	13020709A						
	Davies	13021602	13021604	13021406	13021701	13021201	130220113
	Southeast	Eastdale	Empire	GPSDC (GAP)	GPSDC (GAP)	Health	IBM
	Terrace	MHTC	Hotel Development	New York, Inc.	New York, Inc.	Quest	Poughkeepsie
Real Property Tax Exemptions*:							
Sales Tax	\$ -	***	***	\$ -	\$ 2,129,318	\$ -	\$ -
Real Property Tax	487,815	-	-	5,488,847	-	159,751	8,799,191
TOTALS	\$ 487,815	\$ -	\$ -	\$ 5,488,847	\$ 2,129,318	\$ 159,751	\$ 8,799,191
Payments in Lieu of Taxes (PILOTS):							
County	\$ 19,747	\$ -	\$ -	\$ 191,331	\$ -	\$ 11,976	\$ 357,099
Local	73,745	-	-	312,508	-	43,017	1,552,357
School	115,862	-	-	1,222,397	-	72,808	4,356,900
TOTALS	\$ 209,354	\$ -	\$ -	\$ 1,726,236	\$ -	\$ 127,801	\$ 6,266,356
FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:							
# FTEs before IDA status	3	0	0	428	0	0	0
Original Estimate of Jobs to be Created	0	31	18	700	0	182	0
Original Estimate of Jobs to be Retained	3	0	0	428	0	0	0
Current # of FTEs	3	0	1	1,325	0	1,918	0
# of FTE Construction Jobs During Fiscal Year	0	21	70	0	0	0	0
Net Employment Change	0	0	1	897	0	1,918	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.

***Sales tax amounts were unavailable at the time of the audit.

**DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2018**

	<u>13021301</u> <u>IBM Transfer</u> <u>Agreement</u>	<u>13021502</u> <u>Jaleli, LLC</u> <u>Hudson Valley</u> <u>Lighting</u>	<u>13020801</u> <u>Marist</u> <u>College</u>	<u>13021303</u> <u>Neptune</u> <u>Capital</u> <u>Investors</u>	<u>13021401</u> <u>Parker</u> <u>Hamilton</u>	<u>13020707A</u> <u>Terraces at</u> <u>Brookmeade</u>	<u>13021804</u> <u>T-Rex</u> <u>Brookmeade</u>	<u>130220111</u> <u>Vassar</u> <u>Hospital</u>
Real Property Tax Exemptions*:								
Sales Tax	\$ 3,787,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,280	\$ -
Real Property Tax	-	297,053	-	474,148	64,879	-	-	-
TOTALS	<u>\$ 3,787,102</u>	<u>\$ 297,053</u>	<u>\$ -</u>	<u>\$ 474,148</u>	<u>\$ 64,879</u>	<u>\$ -</u>	<u>\$ 24,280</u>	<u>\$ -</u>
Payments in Lieu of Taxes (PILOTS):								
County	\$ -	\$ 16,284	\$ -	\$ 5,129	\$ 5,292	\$ -	\$ -	\$ -
Local	-	29,716	-	25,879	23,939	-	-	-
School	-	213,111	-	112,019	33,498	-	-	-
TOTALS	<u>\$ -</u>	<u>\$ 259,111</u>	<u>\$ -</u>	<u>\$ 143,027</u>	<u>\$ 62,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED**:								
# FTEs before IDA status	3,561	0	0	0	26	0	0	1,336
Original Estimate of Jobs to be Created	0	56	0	25	3	20	30	83
Original Estimate of Jobs to be Retained	0	0	0	0	26	0	0	1,336
Current # of FTEs	3,437	87	1,198	209	95	23	0	1,918
# of FTE Construction Jobs During Fiscal Year	8	0	0	0	0	0	5	0
Net Employment Change	(124)	87	1,198	209	69	23	0	582

* 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



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**

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, 2018 and 2017, 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, 2019.

Internal Control Over Financial Reporting

In planning and performing our audits 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 opinion 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.

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 audits 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 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 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.

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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.

RBT CPAs, LLP

Poughkeepsie, NY
March 1, 2019