



# Delaware County Industrial Development Agency

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## Project Monitoring and Website Transparency

2025M-88 | December 2025

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# Audit Results

## Delaware County Industrial Development Agency



### Audit Objective

### Audit Period

Did Delaware County Industrial Development Agency (DCIDA) officials properly monitor projects and maintain a transparent website?

January 1, 2022 – May 21, 2025

### Understanding the Audit Area

DCIDA provides financial assistance, including tax exemptions (e.g., real property, mortgage recording and sales and use taxes), to businesses to encourage various types of economic and community development. In return for financial assistance, project owners who receive IDA financial assistance generally promise to create new jobs or retain existing jobs in the community and invest in constructing new buildings or renovating existing buildings.

DCIDA records indicate, in calendar year 2024, officials had eight active projects with project costs totaling \$116 million. DCIDA officials should monitor the projects they approved to ensure the efficient use of funds, hold stakeholders accountable and ensure the economic and community development initiatives effectively and transparently achieve their intended goals.

## Audit Summary

DCIDA officials did not properly monitor projects and maintain a transparent website. Without effective monitoring and transparency, DCIDA officials would be unable to identify project deficiencies, assess whether the projects have achieved their intended public benefits, or provide clear accountability to the public.

Although three DCIDA officials told us that the DCIDA Executive Director (Executive Director) made field visits to project sites to monitor their progress, officials could improve their monitoring efforts over job performance, sales and use tax exemptions, mortgage recording tax exemptions and capital investments. DCIDA officials did not:

- Verify whether project owners met agreed-upon job creation and retention goals.
- Track cumulative sales and use tax exemptions or request the Annual Report of Sales and Use Tax Exemptions Claimed (ST-340 forms) filed by the project owners with the New York State (NYS) Department of Taxation and Finance.

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- Obtain affidavits or other available documentation to substantiate the amount of mortgage taxes abated.
  - Verify the actual amounts invested by project owners. Instead, the DCIDA Board (Board) discussed the projects on an ongoing basis and relied on the good faith of the project owners to accurately report benefits and comply with project agreements.

Furthermore, officials did not post 25 of the 56 required<sup>1</sup> documents on DCIDA's website, reducing the level of transparency available to the public.

The report includes two recommendations that, if implemented, will improve DCIDA's project monitoring and website transparency processes. DCIDA officials generally agreed with our findings and indicated they have initiated or plan to initiate corrective action. The DCIDA's response is included in Appendix C.

We conducted this audit pursuant to Article X, Section 5 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the NYS General Municipal Law (GML). Our methodology and standards are included in Appendix D.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of the GML. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in DCIDA's office.

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<sup>1</sup> The ABO requires certain information about an IDA's activities to be made available on their website, in a manner that enables the public to easily find and navigate through it. Our audit references the required documents outlined in ABO Policy Guidance 22-01. The Policy Guidance was superseded in October 2025 by Policy Guidance 25-02, which may differ from previous versions. See: [https://abo.ny.gov/system/files/documents/2025/11/25-02websitetransparencyrequirements\\_0.pdf](https://abo.ny.gov/system/files/documents/2025/11/25-02websitetransparencyrequirements_0.pdf)

# Project Monitoring and Website Transparency: Findings and Recommendations

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Tax exemptions provided through IDAs often result in significant savings to the project owner. For each project that continues to receive financial assistance, or is otherwise active, IDA officials must assess the project's annual progress toward achieving investment and job retention or creation goals, or other project objectives listed in the project's application and project agreement.

In addition, the Authorities Budget Office (ABO) requires certain information about an IDA's activities to be made available on their website, in a manner that enables the public to easily find and navigate through it.

More details on the criteria used in this report, as well as resources we make available to IDA officials that can help officials improve operations (Figure 1), are included in Appendix A.

## Finding 1 – The Board and DCIDA did not properly monitor operational projects.

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The Board and DCIDA officials did not adequately oversee and monitor DCIDA-sponsored projects. DCIDA officials were unable to support that they effectively monitored projects and did not hold project owners accountable for failing to file documentation specified in the project's contract that is needed to confirm each project's employment figures. In addition, DCIDA officials could not support their assertions that they conducted periodic or annual assessments or site visits to evaluate the status of each project.

We reviewed all six projects approved after June 1, 2016, including three that were operational and three that were under construction during our audit period, and identified several areas where the Board could strengthen its monitoring efforts.

Job Performance – Aside from the Executive Director conducting periodic site visits, DCIDA officials did not verify whether project owners met agreed-upon job creation and retention goals for the three projects that were operational. Based on self-reported data from project owners, two projects met the job targets and one did not. However, none of the projects were supported by documentation – such as a Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return (NYS-45 form) – to substantiate the reported job figures. As a result, we were unable to verify the accuracy of the data.

Three DCIDA officials told us that the Executive Director periodically visited project sites and spoke with project owners about job creation and retention progress; however, he did not document these visits. Although the Executive Director acknowledged that project owners are contractually required to file NYS-45 forms to support each project's employment figures, officials did not request or obtain these forms, nor did they follow up with project owners to collect them. The Executive Director and two Board members informed us that the Board discussed the project that did not meet its job goals and chose to continue providing financial assistance, citing the project's significant positive impact on the community such as job creation and economic growth. However, these discussions were not documented. Without proper monitoring of key project goals such as job creation, officials lack the information necessary

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to make informed recommendations to the Board regarding the potential recapture or termination of financial assistance. Had officials developed a formal process to oversee and monitor DCIDA-sponsored projects, officials likely would have effectively monitored the operational projects.

Sales and Use Tax Exemptions and Mortgage Recording Tax Exemptions – DCIDA lacked formal procedures to monitor sales and use tax exemptions and mortgage recording tax exemptions for the three projects under construction that received sales and use tax exemptions during the audit period, totaling \$1.2 million, and for the two projects under construction approved for mortgage recording tax exemptions during the audit period, totaling \$226,000. Specifically, DCIDA officials did not track cumulative sales and use tax exemptions or request the Annual Report of Sales and Use Tax Exemptions Claimed (ST-340 forms) required to be filed by the project owners with the NYS Department of Taxation and Finance. At our request, the DCIDA Chief Financial Officer (CFO) requested ST-340 forms from two of the companies. We received and reviewed both of the forms to determine whether the companies had exceeded their allowable sales tax exemption and determined they had not. We were unable to confirm whether the third company exceeded its exemption, as construction began in 2025 and monitoring could not begin until the end of 2025, once the company files its ST-340 form.

Likewise, due to the absence of tracking procedures, DCIDA had no documentation to confirm whether the approved projects utilized the mortgage recording tax exemption. Mortgage recording tax is abated at closing and the Executive Director stated that this was reviewed at that time. However, DCIDA officials did not obtain affidavits or other available documentation to substantiate the amount of mortgage taxes abated as these amounts should be reported to the ABO as part of DCIDA's annual reports.

Furthermore, these exemptions are integral to the success of the projects, thus benefiting the DCIDA and the community. Without such procedures and records, DCIDA officials cannot verify whether sales and use tax exemptions exceeded authorized limits or whether mortgage recording tax exemption benefits were received.

Capital Investments – Project agreements included a combined total of \$53 million in planned capital investments<sup>2</sup> for the three projects that were under construction during the audit period. However, DCIDA officials did not verify the actual amounts invested by project owners or establish procedures that required confirming project owners to make the agreed-upon investments. Without this verification, the Board may be unaware of significant shortfalls in capital investments, potentially depriving the community of intended benefits such as reduced real property taxes for the communities where the projects operate.

The Executive Director and two Board members told us they believed their existing procedures were adequate for effective monitoring. The Executive Director stated that the Board relied on the good faith of the project owners to accurately report benefits and comply with project agreements. However, project agreements require these verification procedures, and given the substantial financial benefits

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<sup>2</sup> Capital investments include the amounts invested in property, construction, machinery and equipment, to become operational according to the terms of the project agreement.

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involved, it is essential for officials to identify and address any project shortfalls to ensure intended outcomes are achieved.

Additionally, although DCIDA's independent auditors required project owners to prepare annual questionnaires – containing information that could aid monitoring – officials and the Board neither reviewed nor requested copies of the questionnaires. Without proper monitoring of key project goals such as job creation, retention and exemption use, officials lack the information necessary to make informed recommendations to the Board regarding the potential recapture or termination of financial assistance.

## Recommendation

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1. The Board should effectively monitor projects by:

- Requiring project owners to submit NYS-45 forms to verify the reported employment information.
- Requiring project owners to submit ST-340 forms and tracking the information on a cumulative basis to ensure sales and use tax exemptions are not exceeded.
- Establishing procedures for documenting that approved mortgage recording tax exemptions have been used and properly reported.
- Ensuring capital investment information is cumulatively tracked, verified and aligned with project goals.
- Reviewing the project owners' annual questionnaires to assist in project monitoring.

## Finding 2 – DCIDA officials did not maintain a transparent website.

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According to its website, the ABO is committed to the principles of public disclosure and the transparent reporting of public authority financial and management information. We compared the information posted on DCIDA's website to the requirements outlined in the ABO's guidance<sup>3</sup> and determined that DCIDA was not fully compliant with posting all the required documents. Our review focused on confirming whether the required information for the 2022 through 2024 fiscal years was posted. Our review did not include evaluating the quality of the information.

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<sup>3</sup> See supra, Note 1.

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Of the 56 required documents, as of May 16, 2025, 25 (45 percent) were not posted on the website. Additional details about the documents required to be posted on the DCIDA website are provided in Appendix B. Missing items included:

- Board meeting materials, such as agendas, packets and resolutions;
- Committee meeting materials, including schedules, notices, agendas, packets and minutes; and
- Annual assessments detailing the progress of each active project.

The Executive Director acknowledged that, for several years, DCIDA officials have not publicly posted the required information. A new employee was hired on February 3, 2025 to assist with updates.

Not complying with transparency requirements limits public access to important information and reduces overall transparency.

## Recommendation

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2. The Board and DCIDA officials should monitor and regularly update DCIDA's website to ensure that the website is up to date with all required information.



# Appendix A: Profile, Criteria and Resources

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## Profile

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IDAs are established by special act of the State Legislature to advance the job opportunities, economic welfare, health and general prosperity of the people of New York State.

DCIDA was created in 1971 to promote development and economic growth in Delaware County (County) and to assist in attracting industry to the County through bond and sale/leaseback financing programs and other activities. The seven-member Board appointed by the County Legislature governs DCIDA and is responsible for its general management and control, including project monitoring and website transparency.

DCIDA hired Delaware County Economic Development (DCED) to perform administrative services. The DCED Director, appointed by the Board as the Executive Director, and the DCED Administrative Assistant, appointed as DCIDA's CFO, are responsible for managing the day-to-day operations.

## Criteria – Project Monitoring and Website Transparency

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IDAs are required by GML Section 874 to annually assess the progress of each project, which continues to receive financial assistance or is otherwise active, against the goals outlined in the project agreement, including:

- Capital investment in the project,
- Job retention or creation by the project, and
- Tax exemptions provided for the project including sales and use tax exemptions and mortgage recording tax exemptions.

These assessments must be provided to IDA board members to determine whether project goals were met and the community received the intended benefits. The IDA board should clearly define expectations and have written policies and procedures to keep project owners accountable if expectations are not met.

Job Performance – Project agreements should require project owners to submit duplicate copies of their NYS-45 forms so the IDA can verify the job creation and/or retention numbers reported by project owners. GML Section 859-a requires projects owners to certify job retention and creation results annually.

Sales and Use Tax Exemptions – The value of the sales and use tax exemption benefits claimed by the project owners must not exceed the amount granted. Project agreements should require project owners to submit duplicate copies of their ST-340 forms so the IDA can track the sales and use tax exemptions taken to ensure that project owners do not exceed the approved amounts. Before an IDA submits its annual report, the IDA board should review the information to verify its accuracy. GML Section 874

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requires project owners to annually file a statement with the NYS Department of Taxation of the value of all sales and use tax exemptions claimed by the project owners.

Mortgage Recording Tax Exemptions – Mortgage recording tax exemptions, when approved, should be disclosed in project agreements. DCIDA's policy is to grant exemptions as part of the project's closing. A procedure should be established to ensure that exemptions are properly documented and reported.

The ABO is committed to the principles of public disclosure and the transparent reporting of public authority financial and management information. Public authorities are to make specific information available to the public through their own or shared website as outlined in the ABO's guidance.<sup>4</sup>

To assist public authorities to meet their disclosure and reporting obligations, the ABO has developed a checklist of policies, reports and authority information that public authorities must post and maintain on their website. Appendix B lists the ABO's required information.

## Additional Project Monitoring and Website Transparency Resource

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In June 2025, OSC published the 2025 Annual Report of the Performance of IDAs in New York State (Figure 1).

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

**Figure 1: OSC Publication**

*Performance of Industrial Development Agencies in  
New York State*



**Performance of Industrial  
Development Agencies in  
New York State**

2025 Annual Report

(Data for Fiscal Year Ending 2023)

June 2025

<https://www.osc.ny.gov/files/local-government/publications/pdf/ida-performance-report-2025.pdf>

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<sup>4</sup> Ibid

# Appendix B: Website Transparency Checklist

**Figure 2: Review of DCIDA's Website Compared to ABO Guidance**

Information Posted on DCIDA's Website as of May 16, 2025
<ul style="list-style-type: none"> <li>• Mission statement</li> <li>• Enabling statute</li> <li>• By-laws</li> <li>• Policies: <ul style="list-style-type: none"> <li>o Code of ethics</li> <li>o Conflict of interest policy</li> <li>o Policies for the procurement of all goods and services</li> <li>o Investment policies</li> <li>o Uniform tax exemption policy</li> <li>o Recapture policy - including policies for return of all or part of the financial assistance provided in the form of payments in lieu of taxes (PILOTs) and tax exemptions, when a material violation occurs</li> <li>o Property acquisition policies</li> <li>o Property disposition policies</li> <li>o Uniform evaluation criteria and selection policy</li> </ul> </li> <li>• List of IDA board members - including appointing entity, appointment dates, and term (partial)</li> <li>• Each IDA board member's current employment and professional background</li> <li>• Board: <ul style="list-style-type: none"> <li>o Meeting schedule</li> <li>o Meeting notice</li> <li>o Meeting minutes</li> </ul> </li> <li>• Listing of committees and members</li> <li>• Board meeting webcasting and video recordings</li> <li>• Annual budget report and details of four-year financial plan</li> <li>• Annual independent certified financial audit</li> <li>• Independent auditor's report on internal controls over financial reporting</li> <li>• Independent audit management letter</li> <li>• List of grants provided - including grant recipient's name and address, the purpose of the grant, date awarded and amount awarded</li> <li>• List of loans provided - including borrower's name and address, loan purpose, date awarded, amount issued, term of the loan, repayment status, principal repaid and amount outstanding as of the end of the fiscal year</li> <li>• List of bonds issued - including bond recipient's name, amount of bonds issued, purpose of bonds and current amount outstanding as of the end of the fiscal year</li> <li>• List of active IDA projects, including the current year's financial assistance (tax exemptions received and PILOT payments made) and existing jobs</li> <li>• List of real property owned by the authority</li> <li>• Annual procurement report</li> <li>• Annual investment report - including the investment audit results and management letter, record of investment income, list of fees paid for investment services and explanation of any amendments to the investment policy</li> <li>• Fee schedules (if applicable) of any service or administrative fees charged</li> </ul>

**Figure 3: Review of DCIDA's Website Compared to ABO Guidance**

Information Not Posted on DCIDA's Website as of May 16, 2025

- Whistleblower policy
- Organization chart - including, at a minimum, the IDA's executive structure and major organizational units
- Report on operations and accomplishments - including a description of the authority's operations, completed and active projects, as well as any material changes in authority operations and programs
- Executive management team - including professional background and qualifications
- Authority performance measures
- Annual performance evaluation indicating status of performance measures
- Authority schedule of debt (including conduit debt)
- Management's assessment of the authority's internal control structure and procedures - including a description of operating and financial risks and any policies to mitigate risk
- Board:
  - o Agendas
  - o Packets
  - o Resolutions
- Committee:
  - o Meeting schedule
  - o Meeting notice
  - o Meeting agendas
  - o Meeting packets
  - o Minutes
  - o Webcasting and video recordings
- Assessment of the progress of each active project
- Standard application form
- Applications for all active projects
- Resolutions for all active projects
- Project agreements - including PILOT agreements (if applicable) for all active projects
- Policies for the suspension, discontinuance or modification of financial assistance
- Real property transactions
- Authority's procurement officer

# Appendix C: Response From DCIDA Officials

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DELAWARE COUNTY  
Industrial Development Agency  
One Courthouse Square, Suite 4; Delhi, New York 13753  
Phone: (607) 832-5123 Fax: (607) 832-6041

December 5, 2025

Division of Local Government &  
School Accountability  
Office of NYS Comptroller  
110 State Street  
Albany, NY 12236

Delaware County IDA  
Project Monitoring and Website Transparency  
2025M - 88

On behalf of the Delaware County Industrial Development Agency, I submit the following to serve as both our audit response and corrective action plan.

I would first like to acknowledge the performance, diligence and affability of the audit team, whose efforts were informative and constructive and will help guide us in improving the manner in which we document our project successes, while enhancing our ability to better communicate the same with our community constituents.

The purpose of the audit was to determine the degree to which the Delaware County IDA properly monitored its projects and maintained a transparent website. The audit resulted in two findings; each summarized below along with the IDA's corrective actions to address the concerns.

## **Finding #1 – The Board and DCIDA did not properly monitor operational projects.**

The Delaware County IDA fully acknowledges that current documentation of project results did not meet the standards sought by the NYS Comptroller's Office, although as acknowledged within the audit, the IDA Board members interviewed as part of the audit believed that the monitoring information made available allowed for proper analysis of outcomes.

Prior to the completion of the audit, the Delaware County IDA relied upon the maintenance of strong relationships and open communication with our project businesses in order to monitor job creation achievements, the results of which were regularly communicated to the IDA Board. Businesses were also required to complete annual questionnaires supplied by and returned directly to the IDA's independent audit firm. However, the IDA does not contest the findings of the audit that we could not produce documentation of independent verification of those achievements, such as are available on NYS 45 forms required to be submitted to the State by businesses on a quarterly basis.

The same finding also extended to the monitoring of project sales tax exemptions and mortgage recording tax

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**DELAWARE COUNTY**  
**Industrial Development Agency**  
One Courthouse Square, Suite 4; Delhi, New York 13753  
Phone: (607) 832-5123 Fax: (607) 832-6041

exemptions. Prior to the completion of the audit, the IDA would analyze the projected benefit of such exemptions in contrast to the investment and job creation goals of the project to determine the public cost and benefit of such exemptions. The IDA would weigh the benefits against the costs prior to project approval.

Businesses receiving sales tax exemptions are required to report the amount of those exemptions to New York State annually through ST-340 forms. Prior to the audit, it was our misunderstanding that our responsibility was to make sure businesses filed the requisite form with the State. However, through the audit we came to understand that having the IDA also receive such documentation enhances the IDA's ability to evaluate projects on an ongoing basis. Similar to the above, the IDA needs to also do a better job in terms of documenting the actual amount of mortgage recording tax exemptions.

**Corrective Actions For Finding #1**

The Delaware County IDA will take the following corrective actions in regard to project monitoring;

1. The IDA will amend its future project agreements to clarify that all project businesses are required to provide duplicate copies of their NYS 45 Forms and ST-340 forms, as well as copies of their tax returns or audited financial statements, to the IDA. This change will be communicated by letter from the IDA to our legal council immediately, to apply to all future projects.
2. The chief financial officer for the IDA will obtain the publicly available copy of mortgage filings to better document mortgage recording tax exemptions. Such copies to be downloaded upon filing.
3. The executive director of the IDA will send a form to each project business at the close of the year requiring the business to report on, and attest to, project monitoring benchmarks including the amount of investment, employment levels and value of exemptions received, as well as documentation thereof including NYS 45 forms, ST-340 forms and tax returns or audited financial statements. This process will commence with the 2025 reporting year.
4. The executive director of the IDA will formally present an assessment of each active project to the IDA Board on an annual basis. Such presentation to occur upon receipt of the required information in the succeeding year. This process will commence with the 2025 reporting year.

**Finding #2 – DCIDA officials did not maintain a transparent website.**

The Delaware County IDA fully acknowledges that from 2022 through 2024 the IDA website did not meet the requirements for having all 56 required documents and categories thereof posted on its website. During this time period the IDA lacked the staff capacity to successfully publish and maintain an independent website. In February of 2025, a new staff member was added who had such capacity; initiating the creation of a new independent website and obtaining 55% compliance within three months. Those efforts have continued, and to its knowledge, the IDA is currently substantially compliant with website transparency requirements.

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## DELAWARE COUNTY

### Industrial Development Agency

One Courthouse Square, Suite 4; Delhi, New York 13753

Phone: (607) 832-5123 Fax: (607) 832-6041

#### **Corrective Actions For Finding #2**

The Delaware County IDA will take the following corrective actions in regard to website transparency;

1. The executive director, chief financial officer and staff member responsible for the maintenance of the IDA website will meet quarterly to review the website in relation to the transparency requirements and take whatever action is necessary to ensure full compliance. This process has already begun.
2. In the first quarter of 2026, the IDA website will be redesigned and remapped to better facilitate interested parties in being able to find and access the required documents posted therein.

The audit response and corrective action plan, as presented here, was reviewed and approved by the IDA Board of Directors on December 5, 2025.

Sincerely,

Glenn Nealis  
Executive Director

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# Appendix D: Audit Methodology and Standards

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We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We reviewed the current projects reported to the ABO for 2023 and judgmentally selected the six projects approved after June 1, 2016, which included three projects in operation and three projects under construction. We selected projects approved after June 1, 2016 because, in June 2016, new legislation became effective to increase the accountability and improve the efficiency and transparency of IDA operations.
- We interviewed the Executive Director, the CFO, two Board members and the staff member who was responsible for updating DCIDA's website. We reviewed the Board meeting minutes to gain an understanding of DCIDA's operations and procedures regarding project monitoring and website transparency.
- We reviewed the three projects approved after June 1, 2016 and in operation during our audit period to evaluate whether job goals were met.
- We reviewed the three projects under construction during the audit period to determine whether officials had procedures to monitor sales and use tax exemptions and mortgage recording tax exemptions, and to determine which documents officials requested from project owners as required by the project agreements. We also requested current sales and use tax forms from the Executive Director for two of the three projects that received sales and use tax exemptions during the audit period to determine whether the companies exceeded the allowable sales tax exemption. In addition, we reviewed these three projects to determine whether officials had procedures in place to verify actual amounts invested by project owners.
- We reviewed Board meeting minutes, closing documents and project agreements to determine which of the three projects under construction agreed to sales and use tax exemptions and mortgage recording tax exemptions and whether they were granted and the exemptions taken matched the agreed-upon amount.
- We inquired about the 2022, 2023 and 2024 annual questionnaires from the independent auditors to determine whether they were being used to monitor the projects or were only used to provide the information summarized for the annual ABO reports and audited financial reports.
- We compared the information on DCIDA's website to the ABO's Policy Guidance No. 22-01 to determine whether information was posted to the website in accordance with the guidance.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.



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Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

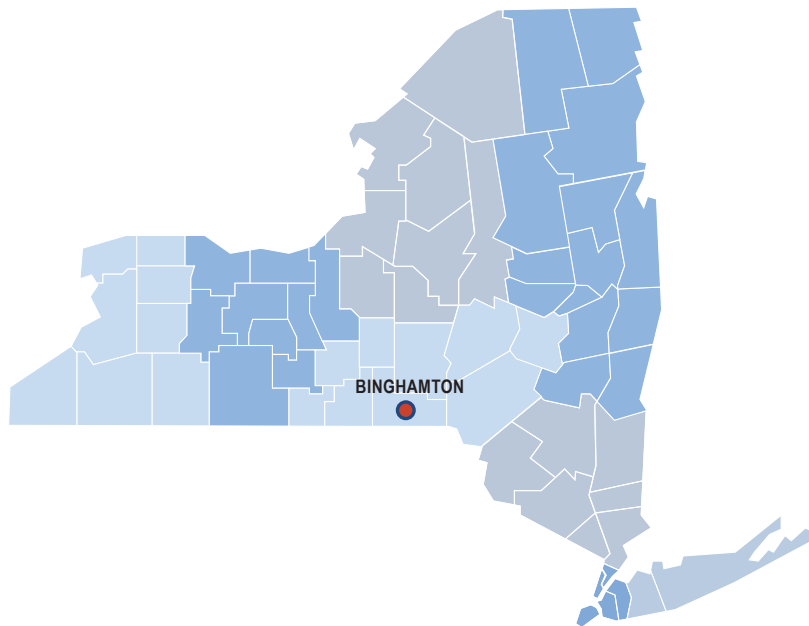
## Contact

**BINGHAMTON REGIONAL OFFICE** – Lucas S. Armstrong, Chief of Municipal Audits

State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417

Tel (607) 721-8306 • Fax (607) 721-8313 • Email: [Muni-Binghamton@osc.ny.gov](mailto:Muni-Binghamton@osc.ny.gov)

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