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July 2025

Rose Graziano-Moffett, Chairperson
Members of the IDA Board
Poughkeepsie IDA
62 Civic Center Plaza
Poughkeepsie, NY 12601

Report Number: 2021M-168-F

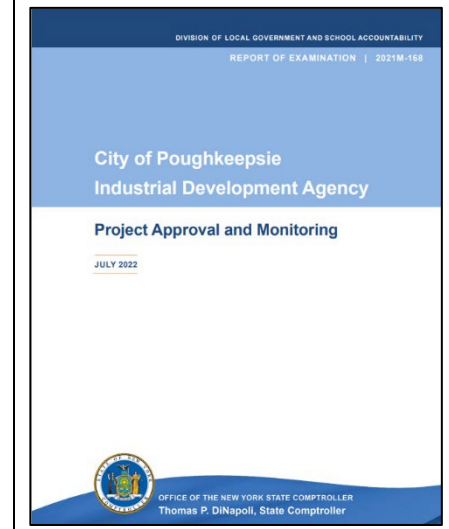
Dear Chairperson Graziano-Moffett and Members of the IDA Board:

One of the Office of the State Comptroller's (OSC's) primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. The Office also works to develop and promote short-term and long-term strategies to enable and encourage industrial development agency (IDA) officials to reduce costs, improve service delivery and to account for and protect their IDA's assets. In accordance with these objectives, we conducted an audit of the City of Poughkeepsie IDA (CPIDA) to assess the IDA's project approval and monitoring. As a result of our audit, we issued a report in July 2022¹ (Figure 1) that identified conditions and opportunities for the IDA management's review and consideration.

To further our policy of providing assistance to local governments, we revisited the IDA in September 2024 to review its progress in implementing our recommendations. Our follow-up review was limited to interviews with IDA personnel and inspections of certain documents related to the issues identified in our report. Based on our limited procedures, we determined that the IDA has made progress implementing corrective action. Of the eight audit recommendations, IDA officials implemented five recommendations, partially implemented one recommendation, and did not implement one recommendation. We could not determine the implementation status for one recommendation because IDA officials have not entered into any new agreements since the initial audit was completed.

Recommendation 1 – Missing Uniform Tax Exemption Policies (UTEs), Applications and Lease Agreements

**Figure 1: CPIDA 2022 OSC
Audit Report**



¹ <https://www.osc.ny.gov/files/local-government/audits/2022/pdf/poughkeepsie-2021-168.pdf>

Make an effort to obtain the missing UTEPs, applications and lease agreements, and retain them for future Boards.

Status of Corrective Action: Fully Implemented

Observations/Findings: The IDA Chairperson made an effort to obtain the missing UTEPs, applications and lease agreements, but was unsuccessful. She told us that she did an exhaustive search, which included contacting City of Poughkeepsie (City) officials, previous IDA counsel and the IDA's IT department; conducting a legal search; and reviewing archived documents. However, the missing documents were from old projects that occurred before she joined the IDA's Board, and her efforts yielded no results.

Recommendation 2 – Cost Benefit Analyses (CBAs)

Ensure that CBAs are performed for all projects to help ensure that CPIDA officials have all the information they need to make appropriate and informed project approval decisions.

Status of Corrective Action: Fully Implemented

Observations/Findings: Four applications were submitted after the audit report's release date of July 8, 2022. We reviewed documents provided by IDA officials and CBA reports identified on the IDA's website and determined that officials performed a CBA for all four of those applications.

Recommendation 3 – Suspension, Discontinuance and Recapture Provisions

Ensure agreements adequately provide for the suspension, discontinuance and recapture of financial assistance benefits provided to each project, if necessary.

Status of Corrective Action: Not Determinable

Observations/Findings: While four projects were in progress since our audit report's release date, none of the projects have reached the stage where an agreement has been developed and signed.

Recommendation 4 – Public Hearing Notices

Ensure public hearing notices are adopted and published in compliance with General Municipal Law (GML).

Status of Corrective Action: Fully Implemented

Observations/Findings: For each of the four projects that were considered, we reviewed the public hearing notices for each project and determined that officials adopted and published public hearing notices in accordance with GML.

Recommendation 5 – Annual Monitoring Procedures

Develop formal procedures to monitor projects' progress yearly in compliance with GML, and document findings in writing.

Status of Corrective Action: Not Implemented

Observations/Findings: The Chairperson told us that the IDA's corrective action plan (CAP) was the formal procedure to monitor projects' progress yearly in compliance with GML. The CAP states that "the board will meet in formal session, and go into executive session as needed, to review each projects' annual report in conjunction with the CFO prior to the submission of the annual Public Authorities Reporting Information System (PARIS) Report." However, the information submitted in the CAP as a response to the 2022 audit report is not the same as developing formal procedures.

We reviewed the Board's meeting minutes, which indicated that the Board reviewed the projects, but did not indicate the results of the review. Based on our review of Board meeting minutes and discussions with the Chairperson, we determined that because the Board did not identify any problematic issues with the projects' progress, it did not develop any written findings. However, the results of the Board's review, whether positive or negative, should be documented in writing.

Recommendation 6 – Project Owners' Financial Information

Work with the City and the other taxing jurisdictions to request the project owners' financial information to review to ensure that they are receiving the proper payments in lieu of taxes (PILOTs) amounts.

Status of Corrective Action: Partially Implemented

Observations/Findings: We reviewed documents provided by IDA officials and confirmed that they are receiving project owners' financial information to review to ensure that they are receiving the proper PILOT amounts. However, after reviewing the 2024 payment information for the IDA's nine projects that have PILOT agreements, we question whether the IDA was receiving the proper PILOT payment amounts for one project.

Specifically, according to the contract terms contained in the PILOT agreement, the PILOT payment for this project was calculated incorrectly. When we presented this issue to the Chairperson, she could not explain how the IDA calculated the amount due for this PILOT payment. Instead, the Chairperson provided us with an email from a City official stating that the amount due under the PILOT agreement did not increase, because the overall tax rate decreased. However, according to the language set forth in the PILOT agreement, the annual percentage increase of the PILOT payment shall be calculated based upon the annual tax increase applicable to the actual tax payment which would be due but for the IDA involvement.

Therefore, as we understand the PILOT agreement, the annual payable amount should have been calculated based on the change in the actual tax payment, rather than on the change in the overall

tax rate. Because the assessment increased in 2023, it caused the actual taxes to increase by approximately 20 percent, even though the tax rate decreased. As a result, according to the agreement, the PILOT payment should have increased by 7 percent (Figure 2).

Figure 2: Change in PILOT Payment Calculation						
Year	Assessment Amount	Tax Rate	Total Tax	Tax Increase/Decline	PILOT Payment Increase	Carried Forward to Following Year
2022	\$12,600,000	4.06%	\$511,168.14	Used to calculate the 2023 and 2024 PILOT Payments		
2023	\$16,380,000	3.76%	\$616,028.87	20.5%	7%	13.5%
2024	\$16,380,000	3.33%	\$545,408.14	-11.5%	7%	6.5%

Recommendation 7 – PILOT Reports and Penalties

Ensure the City provides the Board with periodic PILOT payment reports and that penalties are assessed for payments made 30 or more days late.

Status of Corrective Action: Fully Implemented

Observations/Findings: We reviewed documents submitted by the IDA and determined that the City has been providing the IDA Board with periodic PILOT payment reports. In addition, penalties have been assessed for payments made 30 or more days late. For example, we reviewed one of the projects with a payment that was four months late and determined that the penalty was accurately assessed according to the PILOT agreement.

Recommendation 8 – PARIS Annual Reports

Ensure that PARIS annual reporting information submitted is reviewed and verified to ensure accuracy.

Status of Corrective Action: Fully Implemented

Observations/Findings: We reviewed emails between the Chairperson and an independent auditor and the Board’s meeting minutes and determined that IDA officials have been reviewing the PARIS annual reporting information for accuracy before it is submitted to OSC. The Chairperson provided us with an email chain showing that she and an independent auditor reviewed and approved the IDA’s 2023 PARIS report. In addition, the Board’s meeting minutes documented that the 2023 PARIS report was discussed and adopted by the Board before it was submitted to OSC.

During our review, we discussed the basis for our recommendations, and the operational considerations relating to these issues, with IDA officials. We encourage IDA officials to continue their efforts to fully implement our recommended improvements.

Thank you for the courtesies and cooperation extended to our auditors during this review. If you have any further questions, please contact James L. Latainer, Chief of Municipal Audits of our Newburgh Regional Office at (845) 567-0858.

Sincerely,

Robin L. Lois, CPA
Deputy Comptroller