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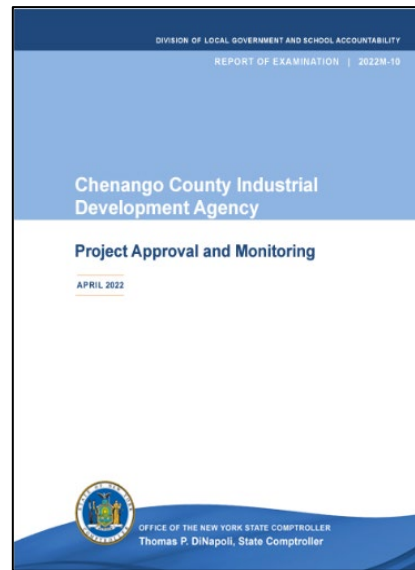
December 2024

Salvatore Testani, President and Chief Executive Officer  
Chenango County Industrial Development Agency  
15 South Broad Street  
Norwich, NY 13815

Report Number: 2022M-10-F

Dear President Testani and Members of the Board of Directors:

One of the Office of the State Comptroller's (OSC's) primary objectives is to identify areas where industrial development agency officials can improve their operations and provide guidance and services that will assist them in making those improvements. OSC also works to develop and promote short-term and long-term strategies to enable and encourage agency officials to reduce costs, improve service delivery and to account for and protect their agency's assets. In accordance with these objectives, we conducted an audit of the Chenango County Industrial Development Agency (CCIDA) to determine whether the Board of Directors (Board) evaluated projects prior to approval and subsequently monitored the performance of businesses that received financial benefits. As a result of our audit, we issued a report, dated April 22, 2022, identifying certain conditions and opportunities for CCIDA management's review and consideration. In response to the audit, officials filed a corrective action plan (CAP) with our Office on June 20, 2022. The CAP identified the actions officials took or planned to take to implement the audit recommendations.



To further our policy of providing assistance to local governments, we revisited CCIDA in November 2024 to review the progress in implementing our recommendations. Our follow-up review was limited to interviews with CCIDA personnel and inspection of certain documents related to the issues identified in our report. Although CCIDA's CAP indicated that officials took corrective action or planned to take corrective action on or before June 2022, we determined that, of the 10 audit recommendations, CCIDA officials fully implemented one recommendation, partially implemented one recommendation and did not implement eight recommendations.

**Recommendation 1 – Uniform Evaluation Criteria (UEC) and Uniform Tax Exemption Policy (UTEP)**

The Board should adopt, by resolution, uniform evaluation criteria for each category of projects for which financial assistance is available. Revise the UTEP to include details on the standard tax abatement schedule, the different types of projects CCIDA provides assistance to and the required language regarding appraisals.

Status of Corrective Action: Fully Implemented

Observations/Findings: The Board adopted a revised UTEP on February 21, 2024 which included UEC for each category of projects for which financial assistance was available, as well as details on the standard tax abatement schedule, the different types of projects CCIDA provides assistance to and the required language regarding appraisals.

**Recommendation 2 – Cost-Benefit Analysis (CBA)**

The Board should ensure Commerce Chenango, Inc. staff prepare complete and meaningful CBAs for the Board’s consideration in evaluating project applications.

Status of Corrective Action: Not Implemented

Observations/Findings: The Director told us that he has not completed the CBA packet for the three projects currently in the evaluation process as of November 4, 2024. For the one project approved since our last audit, we were unable to determine whether the CBA was completed by Commerce Chenango, Inc. staff or the project owner.

**Recommendation 3 – Capital Investment Tracking**

The Board should ensure capital investment information is cumulatively tracked and compared to project goals as stated in applications.

Status of Corrective Action: Not Implemented

Observations/Findings: We reviewed the most recent annual questionnaire that officials sent to each project owner. Although the questionnaire was updated to include questions about capital investments for the year, the Director and Program and Events Manager (Manager) told us that they did not request documentation supporting the capital investments made during the year or track and record the capital investments reported once they received the completed questionnaires from the project owners.

#### **Recommendation 4 – Energy Generation**

The Board should verify and monitor energy generating capacity and community distributed generation (CDG) to project goals as stated in the project applications.

Status of Corrective Action: Not Implemented

Observations/Findings: Although CCIDA’s annual questionnaire to project owners was updated to include questions about energy generating capacity and CDG for the year, the Director and Manager told us that they did not request documentation supporting the energy generation made during the year or track and monitor the energy generation reported to goals stated in the project application once they received the completed questionnaires from the project owners.

#### **Recommendation 5 – Job Creation and Retention**

The Board should require businesses to submit quarterly payroll tax forms with their annual questionnaires to verify the employment information reported.

Status of Corrective Action: Not Implemented

Observations/Findings: Although the annual questionnaire to project owners was updated to include questions about the number of jobs created and retained for the year and requested copies of New York State Wage Reporting and Unemployment Insurance Returns, the Director and Manager told us that they did not track and monitor the reported amounts to goals stated in the project application once they received the completed questionnaires from the project owners.

#### **Recommendation 6 – Sales Tax Exemptions**

The Board should require businesses to submit annual sales and use tax exemptions (ST-340) forms with their annual questionnaires and track the information on a cumulative basis to help ensure sales tax exemptions are not exceeded.

Status of Corrective Action: Not Implemented

Observations/Findings: Although the annual questionnaire to project owners was updated to include questions about sales tax exemptions received for the year and requested copies of ST-340 forms, the Director and Manager told us that they did not cumulatively track and monitor the reported amounts to ensure sales tax exemptions were not exceeded once they received the completed questionnaires from the project owners.

### **Recommendation 7 – Mortgage Tax Exemptions**

The Board should establish procedures for documenting that approved mortgage tax exemptions have been used and properly reported.

Status of Corrective Action: Not Implemented

Observations/Findings: The Director and Manager told us that they did not establish procedures for documenting that approved mortgage tax exemptions had been used and properly reported.

### **Recommendation 8 – Payment in Lieu of Taxes (PILOT) Billing**

The Board should implement procedures to track PILOT amounts billed and received to ensure that PILOT bills are accurately prepared and PILOT amounts are being received in a timely manner by all affected tax jurisdictions.

Status of Corrective Action: Not Implemented

Observations/Findings: The Director of Finance told us that she tracked annual fees owed to CCIDA; however, she did not track PILOT amounts billed for and received by affected jurisdictions.

### **Recommendation 9 – Administrative Services Contract**

The Board should ensure the contract for administrative services includes an understanding of all services to be provided to comply with relevant laws and regulations and the roles and responsibilities of the parties.

Status of Corrective Action: Not Implemented

Observations/Findings: The 2023-2025 Administrative Support and Services Agreement includes a general list of services to be provided but lacks a detailed outline of all services required to comply with relevant laws and regulations and the parties' roles and responsibilities.

### **Recommendation 10 – Training**

The Board should continue attending training to become familiar with the various oversight responsibilities and periodically attend training to remain current on the statutory requirements and regulatory environment.

Status of Corrective Action: Partially Implemented

Observations/Findings: Of the seven current Board members that were required to attend training, three members attended training that included training on oversight responsibilities and statutory requirements, and two members registered for training that was subsequently canceled

by the organizer. The remaining two Board members did not respond to inquiries about training attendance.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues with CCIDA officials. We encourage CCIDA 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 Lucas S. Armstrong, Chief of Municipal Audits of our Binghamton Regional Office, at (607) 721-8306.

Sincerely,

Robin L. Lois, CPA  
Deputy Comptroller