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The Authorities Budget Office Issues Its 2018 Annual Report

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The Authorities Budget Office (ABO) released its annual report on the finances and activities of New York's 578 state and local authorities.

ABO Director Jeff Pearlman states, "The ABO provides the public with valuable information on state and local authorities across New York State. Whether it is procurement, debt, tax abatement or project information, the authorities certify this information to the ABO database, which in turn is made public on OPEN-NY."

"I hope that you find the information provided in this Report to be a useful tool for public analysis. The ABO works to ensure these authorities are held to the highest standards of accountability and transparency to help understand how they are carrying out a public benefit."

Some of the findings and observations presented by the ABO Report include:

- Complaints to the ABO about public authorities are on the rise. The ABO is empowered by its governing statute to "initiate formal investigations in response to complaints or appearances of non-compliance by an authority" under Section 6(2)(d) of Title 2 of the Public Authorities Law. When a complaint form is received, the ABO evaluates the information and performs an initial assessment of the issues raised in the complaint. Based on the results of this preliminary review the ABO evaluates alternatives and determines an appropriate course of action. Should a formal investigation be undertaken, any report resulting from that review is made public.
- The reliability of data reported by local authorities continues to be a significant issue. For example, in a review of a sample of IDA projects, the IDAs' reported inaccurate data reached 75 percent. The continued disregard for the accuracy of the data reported to the public undermines the transparency provisions of Public Authorities Law and brings question to the fiduciary responsibility of authority boards over the data being reported.
- The employment data collected by county and reported to the ABO shows little correlation between a county's change in private sector employment totals between 2012 and 2017 and the

number of projects approved by associated IDAs. This needs further examination to determine a local authority's effectiveness.

- The growth in the number of local development corporations remains an issue. The proliferation of LDCs in recent years has increased the risk for waste and abuse of public funds. The ABO continues its focus on identifying LDCs that meet the definition of a local authority and subjecting those corporations to regulatory, governance and reporting provisions of PAAA and PARA.
- Since October 31, 2017, all bonds of Tobacco Settlement Financing Corporation (TSFC) were retired. TSFC's enabling statute indicates that the authority shall continue to exist until six months after all its liabilities have been met or otherwise discharged. The TSFC reported having \$270,000 in outstanding liabilities, consisting primarily of amounts owed to the State of New York Municipal Bond Bank Agency for administrative services.
- The report cites 129 authorities as non-compliant with the public accountability, transparency and disclosure requirements of state law. This is an increase of 14 non-compliant authorities since 2017. These authorities are subject to additional enforcement action should they remain delinquent filing financial and operating information with the ABO.

The complete ABO Annual Report, and a list of all delinquent authorities, is available at: <https://www.abo.ny.gov/reports/annualreports/ABO2018AnnualReport.pdf>

The Authorities Budget Office was created by Chapter 766 of the Laws of 2005 ("The Public Authorities Accountability Act") and was remade as an independent office pursuant to Chapter 506 of the Laws of 2009 ("The Public Authorities Reform Act"). The mission of the Authorities Budget Office is to make public authorities more accountable and transparent, and to act in the public interest consistent with their intended purpose.

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