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**Authorities Budget Office**  
**Review of Accuracy of IDA Projects Reported**  
**Clifton Park Industrial Development Agency**  
**April 30, 2015**

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The Authorities Budget Office (ABO) is authorized by Title 2 of the Public Authorities Law to review and analyze the operations, practices and reports of public authorities, to assess compliance with various provisions of Public Authorities Law and other relevant State statutes, and to make recommendations concerning the reformation and structure of public authorities. The ABO is undertaking a series of reviews of industrial development agencies (IDAs) to determine if each agency is accurately reporting project information in the ABO's Public Authorities Reporting Information System (PARIS) including financial assistance provided to projects and their employment impact.

We reviewed project information reported by the Clifton Park Industrial Development Agency (IDA) in its 2013 Public Authorities Reporting Information System (PARIS) annual report to evaluate whether information reported was accurate and verified by supporting documentation. We also interviewed IDA officials and the Chairman of the IDA board to obtain information on procedures followed and project documents and records. The results and recommendations of our review were discussed with IDA officials.

### **Background**

The Clifton Park Industrial Development Agency (IDA) was created in 1980 under Section 925-p of General Municipal Law. The IDA's mission is to identify, attract, develop, expand, and promote economically sound commerce within the Town of Clifton Park. The IDA assists in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehouse, commercial, research, educational and cultural facilities.

The IDA is governed by an eight member board of directors. Board members are appointed by the Town Board for two year terms and continue to serve until their successors are appointed. The IDA has no full-time employees. The IDA board contracts with two individuals to serve on a part time basis as the IDA's Chief Operating Officer and Chief Financial Officer. In 2013, the IDA paid \$7,800 for these services. Since 2009, the IDA has also had an agreement with Saratoga Economic Development Corporation (SEDC). Under the agreement, SEDC markets the IDA's services, assists businesses owners with submitting applications, and presents those applications to the IDA board. The IDA and SEDC split fees received by the IDA for project applications, and in 2013, the IDA paid SEDC \$17,756 for these services.

For 2013, the IDA reported five active projects that received IDA financial assistance. The IDA reported that all five projects received property tax exemptions under

payment in lieu of taxes (PILOT) agreements. The IDA collected \$168,633 in PILOTs from projects and paid the same amount to the taxing jurisdictions. The IDA reported that the five projects were estimated to create and retain a total of 130 jobs, and that the projects created or retained a total of 303 jobs through December 2013.

## Review Results

### The IDA did not accurately report project costs and tax exemptions for all of its projects.

We compared data reported in PARIS by the IDA for five active projects to supporting documentation and this analysis is shown in the table below.

Project	PARIS Fields	Reported in PARIS	Source Documents	Difference
<b>Ellis Urgent Care</b>	Project Costs	\$11,274,825	\$10,289,825	\$985,000
	Sales Tax Exemptions	\$0	\$6,100	-\$6,100
	Total Property Tax Exemptions	\$0	\$0	\$0
	Total PILOTs Due	\$0	\$0	\$0
	Total PILOTs Paid	\$0	\$0	\$0
<b>DCG Flex Space (Wood Rd)</b>	Project Costs	\$7,610,000	\$7,610,000	\$0
	Sales Tax Exemptions	\$54,205	\$54,205	\$0
	Total Property Tax Exemptions	\$38,686	\$0	\$38,686
	Total PILOTs Due	\$17,891	\$0	\$17,891
	Total PILOTs Paid	\$17,891	\$0	\$17,891
<b>Plank LaSalle Medical</b>	Project Costs	\$3,596,000	N/A	
	Sales Tax Exemptions	\$0	\$0	\$0
	Total Property Tax Exemptions	\$74,448	\$79,716	-\$5,268
	Total PILOTs Due	\$74,448	\$79,716	-\$5,268
	Total PILOTs Paid	\$74,448	\$79,716	-\$5,268
<b>Steam Plant Expansions</b>	Project Costs	\$1,005,800	\$750,000	\$255,800
	Sales Tax Exemptions	\$0	\$0	\$0
	Total Property Tax Exemptions	\$23,245	\$24,890	-\$1,645
	Total PILOTs Due	\$17,603	\$18,848	-\$1,246
	Total PILOTs Paid	\$17,603	\$18,848	-\$1,246
<b>Ushers Road Partners</b>	Project Costs	\$3,050,000	\$3,050,000	\$0
	Sales Tax Exemptions	\$0	\$0	\$0
	Total Property Tax Exemptions	\$65,438	\$70,069	-\$4,631
	Total PILOTs Due	\$65,438	\$70,068	-\$4,630
	Total PILOTs Paid	\$65,438	\$70,068	-\$4,630

As indicated in the table, the IDA was unable to provide the project application for the Plank LaSalle project approved in 2007, and as a result, we were unable to verify the project cost for this project.

Data reported by the IDA for project costs differed from the project costs identified in the project application for two projects (Ellis Urgent Care and Steam Plant Expansions). IDA officials could not explain the reasons for this difference. In addition, the sales tax exemptions claimed and reported by one project (Ellis Urgent Care) were not reported by the IDA. IDA officials indicated that this was an oversight on their part.

We found that the IDA is generally reporting property tax exemptions and PILOT information incorrectly. This is because the IDA is reporting this information for the wrong reporting period. At the time the IDA is compiling data for 2013, the 2014 tax assessments and PILOT notices are being generated. The IDA reports the 2014 property tax values and PILOT data for the 2013 reporting period, rather than the 2013 property tax values and PILOTs.

**The IDA did not accurately report employment information for projects.** We found that the IDA reported incorrect employment information for four of the five projects. For three of the projects, the employment information reported in PARIS was different than the employment information provided in the project application. IDA officials indicated that prior IDA staff had reported incorrect numbers in PARIS for these fixed fields, but could not determine why. In addition, the number of current employees was incorrect for one project (Ellis Urgent Care). IDA officials indicated that they mistakenly reported the 2012 employment figures for this project, rather than the 2013 figures reported by the project.

Project	PARIS Fields	Reported in PARIS	Source Documents	Difference
Ellis Urgent Care	FTEs before IDA Status	0	0	0
	Jobs to be Created	40	40	0
	Jobs to be Retained	0	0	0
	Current Jobs (2013)	86.97	89.43	-2.46
DCG Flex Space (Wood Rd)	FTEs before IDA Status	9	0	9
	Jobs to be Created	60	60	0
	Jobs to be Retained	9	0	9
	Current Jobs (2013)	25	25	0
Plank LaSalle Medical	FTEs before IDA Status	80	N/A	
	Jobs to be Created	0	N/A	
	Jobs to be Retained	0	N/A	
	Current Jobs (2013)	86.5	86.5	0
Steam Plant Expansions	FTEs before IDA Status	32	30	2
	Jobs to be Created	4	8	-4
	Jobs to be Retained	0	30	-30
	Current Jobs (2013)	34	N/A	
Ushers Road Partners	FTEs before IDA Status	0	101	-101
	Jobs to be Created	17	17	0
	Jobs to be Retained	0	101	-101
	Current Jobs (2013)	71	71	0

As indicated in the table, the IDA was unable to provide the project application for the Plank LaSalle project approved in 2007, and as a result, we were unable to verify the employment data for this project. In addition, the IDA was unable to provide us the employment information reported by the Steam Plant project for 2013, and we were unable to verify the current number of jobs for this project.

**The IDA board has not established an adequate process to verify information provided by project owners.** Each year, the IDA requests projects to report the tax exemptions that were claimed for the year. However, the IDA does not require project owners to provide records to verify the amount claimed. For example, project owners are required to annually report the actual sales tax exemptions claimed to the Department of Taxation and Finance on form ST-340. However, the IDA does not obtain copies of the form ST-340 to verify the actual amount of sales tax exemptions claimed by projects. Similarly, the IDA does not require project owners to provide records to verify the number of jobs created by the project. As the result, the IDA has little assurance that the number of jobs reported by the project are accurate.

**The IDA may not be reporting all active projects.** IDAs are required to report all active projects in PARIS. An active project is one in which the authority and the project owner have entered into a written agreement wherein either the IDA board has approved a straight lease, if the project transferred property title to the IDA, if notes and bonds were issued for the project which are either outstanding or retired during the reporting year, or if the project has received tax exemptions or other financial assistance through the IDA in the reporting year. We identified two projects that were approved during 2013 that were not reported as active projects in PARIS for the 2013 reporting period.

One project to construct a new dental office (Dwas Kill Fens LLC) requested property, sales and mortgage recording tax exemptions. The IDA board approved the project in February 2013, and a lease agreement and five-year PILOT agreement was approved in June 2013; PILOT payments were to begin in 2014 and continue through 2019. Additionally, the IDA board approved the project to receive sales tax exemptions for the period of December 2013 through December 2014. However, the IDA did not determine whether this project claimed mortgage recording or sales tax exemptions for 2013.

Another project (5 Fairchild Drive), was to construct a spec building in an existing technology park. The project owner requested property, sales and mortgage recording tax exemptions. The IDA board approved a lease agreement and a five-year PILOT agreement in October 2013; PILOT payments were to begin in 2014 and continue through 2019. Additionally, the IDA board approved the project to receive sales tax exemptions for the period of July 2013 through March 2014. However, the IDA did not determine whether this project claimed mortgage recording or sales tax exemptions for 2013.

**Conclusion:**

The IDA did not report accurate project information in PARIS for project costs, tax exemptions or employment data. While the IDA did not have adequate supporting information for some instances, a majority of the errors were the result of the IDA reporting 2014 values in PARIS for the 2013 reporting year. The errors could have been avoided by the IDA paying better attention to detail while reporting in PARIS. The IDA board of directors is responsible for ensuring that all statutory reporting is accurate, timely and complete. As part of the PARIS annual report submission, it is required that the board discuss and approve the information being submitted. However, it appears that there is no review of project data performed by the IDA board. The board should establish and follow adequate procedures to verify that data reported in PARIS is accurate and supported by source documents. This includes implementing appropriate procedures to verify the tax exemptions and employment data reported by project owners, and that all appropriate projects are reported.