
**Authority Budget Office
Review Report
St. Johnsville Urban Renewal Agency
October 1, 2009**



The Authority Budget Office (ABO) is authorized by Section 27 of Chapter 766 of the Laws of 2005 (The Public Authorities Accountability Act) to review and analyze the operations, practices and reports of public authorities, and to assess compliance with various provisions of Public Authorities Law and other relevant State statutes. This includes rendering conclusions and opinions regarding the performance of public authorities and to assist these authorities improve management practices and the procedures by which their activities and financial practices are disclosed to the public.

The Authority Budget Office (ABO) is conducting a series of compliance reviews of public authorities that have not filed required reports with the State for 2007 and 2008. The St. Johnsville Urban Renewal Agency (URA) was chosen for this review because it has not filed its Budget, Annual, Audit, Procurement, or Investment Reports.

The purpose of this review was to determine why the URA is delinquent with its reports. We also reviewed its structure and operations to determine whether the URA acts in other ways to promote accountability and transparency in the absence of filing its reports.

Background of Agency

The St. Johnsville URA was created pursuant to Title 79, Article 15-B of General Municipal Law. The URA Board is comprised of five members appointed by the Village Board of Trustees. The URA operates as a separate entity from the Village, but receives services from the Village. The Village Clerk's office is responsible for managing the URA's accounts and loans; however the URA does not reimburse the Village for these services. The Village Deputy Clerk also serves as the Secretary to the URA Board and is paid to take meeting minutes. The URA Board schedules monthly meetings, but if there is no business to discuss no minutes are recorded. The URA owns three vacant properties, two of which comprise the Village's Industrial Park. The URA has no outstanding debt and does not routinely administer grant programs. The URA maintains three accounts with a total balance of approximately \$72,000, and has one outstanding loan of approximately \$5,600.

Failure to Submit Reports

We met with the Village Clerk and Deputy Clerk. Although the ABO had previously notified the Village Clerk, as the URA contact, that the URA was subject to the Public Authorities Accountability Act, continued to provide regular notice that the URA was required to file statutorily required reports, and that the URA was delinquent in submitting these reports, Village officials stated that the URA was unaware of the requirements of the Act. They explained that the Village has reported the URA in the Village's annual financial information that is submitted to the Office of the State Comptroller (OSC), but was never informed that this reporting was insufficient. These officials indicated that, now that they are aware of the requirement to file annual financial information in PARIS, the URA will comply with the Act and report as required. However the ABO received no assurance that the URA would be taking action soon to rectify its delinquent status and file any of its 2008 reports.

Accountability and Transparency Actions

We found that although the meetings of the URA are advertised and minutes are recorded the URA lacks accountability and transparency. The URA does not have by-laws that describe the responsibilities and duties of members and officers, the URA does not adopt a budget, and it has not had an independent audit of its financial operations. Although the URA's finances were included in the Village's 2007 audit, there was insufficient detail of the URA's operations in the audit to provide the necessary assurance that there are no material weaknesses in the operations of the URA. The URA does not utilize the Village's web site to post information on its operations.

The URA maintains a Revolving Loan Fund. Village officials indicated that these funds originated from State and federal grants and are available to provide repayable loans to local businesses. We noted, however, that the URA Board approved a \$5,000 payment to the Village to install light poles at the Village Park, with no indication from Board minutes that this money was to be repaid. Village officials indicated that the \$5,000 is a loan from the URA to the Village and is to be repaid; however the terms have yet to be determined.

Further, the URA recently advertised for contractors to grade and level a portion of its Industrial Park. State grant funds were to be used for this work. Pursuant to an agreement, these funds were maintained by Montgomery County, which requires the URA to submit appropriate documentation of the work performed prior to releasing funds. However, the contractor insisted on payment prior to the URA obtaining the funds from the County. As a result, the URA approved a transfer of funds from the Revolving Loan Fund to the Industrial Park account to pay the contractor. We do not believe that this transaction represented an appropriate use of the Revolving Loan Fund. Although the Village Clerk did reimburse the Loan Fund once the funds were received from the County, there is

no indication from meeting minutes that the Board was made aware that the County funds were received and deposited back into the Revolving Loan Fund.

Given its limited role and activity, the Board should consider whether it is practical to continue the URA as a separate entity subject to the requirements of Public Authorities Law. The Board may wish to consider taking formal action to officially dissolve the URA and to transfer title of its properties and its remaining assets to the Village. If the Village intends to preserve the URA as an active economic development resource, the URA Board and the Village have an obligation to conduct URA business consistent with the requirements of State law.