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**Authority Budget Office  
Review Report  
City of Corning Urban Renewal  
Agency  
August 10, 2009**

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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 City of Corning 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 URA was created by the City in 1967, pursuant to Article 15-B, Title 79 of General Municipal Law. The URA Board is comprised of the Mayor and the eight members of the Corning City Council. Although established as a public benefit corporation, the URA operates much like a department of city government, with city employees performing basic administrative work, such as bookkeeping and managing a loan program. The URA does not reimburse the City for these services. The URA Board has not met since December 2005 and has met only eight times in the past ten years. The URA has no outstanding debt and neither owns any property nor administers any grant programs. The URA does maintain an interest bearing checking account with a balance of approximately \$429,000. A majority of the funds in this account are a result of the City establishing a “land bank” for the URA to purchase and market property for sale and redevelopment. Most recently the funds are used by the City to provide low interest loans to businesses to improve connections to the City’s main water lines. As of June

2009, there were seven loans outstanding with a total balance of approximately \$7,000.

### **Failure to Submit Reports**

We met with the City Manager, Director of Planning and Economic Development and Director of Finance. Although the ABO notified the URA that it was subject to the requirements of the Public Authorities Accountability Act and provides regular notices to public authorities that have not filed statutorily required reports, we were informed that the URA has not been reporting because these individuals were unaware that the Act applied to the URA. They explained that the URA has annually reported its financial information to the Office of the State Comptroller (OSC), as required by General Municipal Law, and was never informed that this reporting was replaced by the Public Authorities Reporting Information System (PARIS). Now that it is aware of the requirement to file annual financial information in PARIS, the City indicated it will comply, beginning with the URA's financial information for the period ending June 30, 2009. However, at this time, the City has not enrolled staff in PARIS for the purpose of entering and reporting information.

### **Accountability and Transparency Actions**

The URA originally adopted a redevelopment strategy for the City of Corning five years ago that was to be financed by the sale of URA properties and funds provided by the City through the "land bank". Over time, the City has taken ownership of this plan to the point where the actions of the URA are now indistinguishable from those of the City Council. Although the URA was created as a separate public body, the Mayor and City Council do not meet as the URA Board to discuss issues that pertain to the URA. As a result, there is little public record of URA actions.

For example, there is no documentation available indicating that the URA Board authorized the City to access the URA bank account or to loan funds from the account so businesses could upgrade connections to the City's water system. Rather, the City Council approved the use of those funds by the City even though the bank account is held in the name of the URA. There is also no record documenting the URA's acquisition of property in 2004 and the sale of that property in 2008. Furthermore, the URA Board has not adopted a budget and does not meet to discuss the use of its more than \$400,000 in available funds. Finally, none of the nine Board members have attended the required training on public authority board governance. These findings indicate a lack of conformance with the accountability, public disclosure and transparency principles codified in the Public Authorities Accountability Act.

If the City intends to preserve the URA as an active economic development resource, the Mayor and City Council have an obligation to conduct URA

business consistent with reporting and other statutory requirements. While the actions of the URA Board lack transparency, we found that the City does include the financial statements of the URA in the City's annual financial audit. The audit identifies the URA as a component unit of the City and provides sufficient detail of the URA's financial position. However, this information is not easily available to the public since it is not posted on the City's official web site and the URA does not maintain its own web site or a separate page on the City's site.