

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

**INDUSTRIAL DEVELOPMENT AGENCY
LOAN AUDIT**

April 2007

Alex J. McLaughlin, Comptroller

April 2, 2007

Barbara J. Fiala, County Executive:

The Department of Audit and Control has conducted an audit of the County's agreement with the Broome County Industrial Development Agency. The principal objective of our audit was to ascertain whether any obligation to repay all or part of Broome County's \$1.3 million loan to the Agency has arisen during the period 2000-2005. The scope of our examination was limited to reliance upon the work of the Agency's independent auditors as pertains to the classification and reporting of revenues and expenses to be considered in determining whether an obligation to repay has occurred.

The audit was conducted in accordance with generally accepted auditing standards. Such standards require that the Department of Audit and Control plan and perform the audit to adequately assess the accuracy of the financial records and adequacy of the internal controls and that we examine, on a test basis, sufficient competent and relevant evidence to afford a reasonable basis for our conclusions.

Based on the results of our examination, it is our opinion that no obligation to repay all or part of Broome County's \$1.3 million loan to the Industrial Development Agency has arisen during the period 2000-2005.

Sincerely,

Alex J. McLaughlin
Comptroller

cc: Mark R. Whalen, Chairman of the Legislature
Members of Legislature
Eric S. Denk, Clerk of the Legislature
Richard D'Attilio, Director, Broome County Industrial Development Agency

Background Information:

On February 3, 1988, Broome County entered into an agreement with the Broome County Industrial Development Agency to loan funds that would assist the agency in financing the acquisition and development of the Broome Corporate Park. The agreement does not require repayment unless revenues from the sale of land at the Park exceed certain park expenses outlined in the contract. Over the period 1988-1992, \$1,332,910 was distributed to the agency. None of this amount has ever been repaid.

Prior Audits:

The Department of Audit and Control has performed three prior audits of the Broome County Industrial Development Agency. The audits, released in January of 1993, June of 1994 and January 2001, were related to the status of the funds loaned by the County to the Agency.

In each of the prior audits, the Department of Audit and Control reported that, in our opinion, amounts were due in accordance with the terms of the contracts and that payment should be made to the County.

The Agency took exception to these conclusions and argued that the contract should be clarified and changed with regard to repayment provisions.

Subsequent to the issuance of our January 2001 report, the Agency's agreement with the County was amended. Accordingly, no repayment is now due until the Agency has received income from sales of land in the Broome Corporate Park equal to the aggregate of all expenses incurred by the Agency in connection with the Park. Presently, aggregate expenses exceed aggregate revenues by nearly \$1 million.