

Assessment of the Effectiveness of
IDA Internal Control Structure & Procedures- 2014

- In 2014 the Orange County IDA operated in compliance with the NYS General Municipal Law, the Public Authorities Accountability Act and other relevant statutes.
- At the IDA annual meeting in January 2014, an Executive Director, Chief Financial Officer, Contract Officer and Audit & Governance Committees were appointed as required by law. The Audit & Governance Committees meet prior to the scheduled IDA monthly meetings as necessary. In addition, the IDA appointed an Associate Executive Director.
- The Chief Financial Officer is the retired County Treasurer who issues monthly financial reports. The IDA's 2014 Annual Audit was received and submitted on time as was the IDA's projected 2014 budget. Investment monies are in Certificates of Deposit which are awarded to the highest bidder.
- In 2014 the IDA celebrated the 5th anniversary of the establishment of its successful Orange County Business Accelerator. The Business Accelerator received official certification from New York State's Empire State Development as a New York State Business Incubator and received a 3 year \$125,000 per year grant to expand business support services to young firms. With the initial funds, the Business Accelerator launched a Summer Student Bandbox program designed to provide specific business training to young entrepreneurs enrolled in courses at SUNY Orange. The IDA is working with SUNY Orange to have the Business Accelerator become a tax-free zone under the StartUp New York plan.

The Business Accelerator was funded by the IDA in the amount of \$699,770 in 2014. The Business Accelerator occupies the entire first floor of a building at Stewart International Airport. It offers entrepreneurs a mentoring environment for management, marketing, legal and accounting services and critical venture capital. The Business Accelerator offers subsidized rent, computer services, broadband, wireless, video-conferencing and everything else to get a fledgling business underway. The IDA's return-on-investment comes in the form of good jobs and tax ratable from new buildings. Since its inception, the Business Accelerator has served 43 companies that have created 125 new jobs.

- In 2014, the IDA's accounting firm completed an audit of IBM after that firm indicated that it had made an overpayment to the IDA under a 2009 Agreement. The audit confirmed that IBM had overpaid the IDA for the period June 1, 2010 through May 31, 2011. The IDA commissioned its accounting firm to audit three additional years of IBM payments the result of which is expected in 2015. The IDA expects to conduct further audits of recipients of IDA benefits in 2015.

- In 2014, a company named Breonics remained in business in Albany, NY having re-located there from Orange County. Breonics has been awarded Federal NIH grants in the millions of dollars to pursue its biotech business involving transplants of human organs. The IDA had brought legal action against Breonics and in 2007 was awarded a judgment, which resulted in a post-judgment settlement of \$233,083 in favor of the IDA. An initial payment of \$10,000 was received in January, 2009. There has been no further financial recovery in 2014, however, discussions with Breonics have begun anew and the IDA is hopeful that it will be able to recover the funds in 2015.
- In January, 2014 the IDA retained the services of its former Chairman to perform the duties of its Executive Director. The IDA also created the position of Associate Executive Director and promoted its Administrative Assistant to fill that position. Both individuals provided outstanding service to the IDA in 2014.
- The IDA website is current and contains all information required by the Public Authorities Accountability Act. The IDA's new website was launched in early 2014 and provides a new look and a much more user friendly experience.
- The IDA met every month except May in 2014 in open meeting. Formal resolutions were presented and adopted. Minutes were kept and posted on the website.
- The IDA Executive Director and attorney attended all public hearings. Stenographic transcripts are made of all public hearings.
- IDA economic development funds were disbursed pursuant to resolution and written agreements.
- In summary, the internal control structure and procedures of the Orange County IDA are excellent and in compliance with State law.