

**ERIE COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**Table of Contents**

December 31, 2023

---

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Balance Sheets

Statements of Revenues, Expenses, and Changes in Net Position

Statements of Cash Flows

Notes to Financial Statements

Supplementary Information

Combining Schedule of Balance Sheets

Combining Schedule of Revenue, Expenses, and Changes in Net Position

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report on Compliance with Section 2925(3)(f) of the New York State Public Authorities Law

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Erie County Industrial Development Agency

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise ECIDA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ECIDA as of December 31, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Basis For Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ECIDA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ECIDA's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ECIDA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ECIDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

GAAP requires that management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ECIDA's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of ECIDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ECIDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ECIDA's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

March 21, 2024

**Management's Discussion and Analysis (unaudited)**

December 31, 2023

---

Erie County Industrial Development Agency (ECIDA) is a public benefit corporation that provides tax incentives, financing programs, international trade assistance, land development, and other economic development services to the City of Buffalo (the City) and Erie County, New York (the County). In accomplishing its mission, ECIDA does not receive any operational funding from Federal, State, County, or local sources. Instead, ECIDA relies primarily upon administrative fees charged to those businesses that utilize its products and services.

As a public benefit corporation, ECIDA is required to comply with accounting standards issued by the Governmental Accounting Standards Board (GASB). Under GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*, ECIDA is required to present management's discussion and analysis (MD&A) to assist readers in understanding ECIDA's financial performance.

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of ECIDA as of and for the years ended December 31, 2023, 2022, and 2021. We encourage readers to consider the information presented here in conjunction with ECIDA's audited financial statements.

**Basic Overview of the Financial Statements**

Included in this report are the following financial statements:

- 1) Balance Sheets - The balance sheets show the reader what ECIDA owns (assets and deferred outflows of resources) and what ECIDA owes (liabilities and deferred inflows of resources). ECIDA's assets and deferred outflows of resources less liabilities and deferred inflows of resources (net position) can be one way to measure ECIDA's financial position. Over time, increases or decreases in ECIDA's net position are an indicator of whether its financial health is improving or deteriorating.
- 2) Statements of Revenues, Expenses, and Changes in Net Position - This statement reports ECIDA's operating and nonoperating revenues by major source along with operating and nonoperating expenses. The difference between total revenues and expenses can be one way to measure ECIDA's operating results for the year.
- 3) Statements of Cash Flows - This statement reports ECIDA's cash flows from operating, capital and related financing, and investing activities.

**Financial Highlights**

- ECIDA's net position decreased by 2% from \$20,638,000 in 2022 to \$20,140,000 in 2023.
- ECIDA experienced a decrease in net position of \$498,000 in 2023 compared to \$228,000 in 2022.
- Administrative fees, a key source of revenue for ECIDA, increased 6% from \$1,656,000 in 2022 to \$1,750,000 in 2023.
- Operating expenses increased 4% from \$2,946,000 in 2022 to \$3,077,000 in 2023.

## Condensed Comparative Financial Statements

### Balance Sheets at December 31:

<i>in thousands</i>	2023	2022	\$ Change	% Change	2021
<b>Assets</b>					
Cash	\$ 13,704	\$ 18,401	\$ (4,697)	(26%)	\$ 18,638
Receivables and other assets	11,234	2,467	8,767	355%	3,121
Capital assets, net	1,507	1,166	341	29%	1,422
Restricted cash	9,777	9,524	253	3%	8,870
<b>Total assets</b>	<b>36,222</b>	<b>31,558</b>	<b>4,664</b>	<b>15%</b>	<b>32,051</b>
<b>Liabilities</b>					
Other liabilities	\$ 5,741	\$ 958	\$ 4,783	499%	\$ 1,614
Funds held on behalf of others	9,516	9,318	198	2%	8,718
<b>Total liabilities</b>	<b>15,257</b>	<b>10,276</b>	<b>4,981</b>	<b>48%</b>	<b>10,332</b>
<b>Deferred inflows of resources – leases</b>	<b>825</b>	<b>644</b>	<b>181</b>	<b>28%</b>	<b>853</b>
<b>Net position</b>					
Net investment in capital assets	985	1,040	(55)	(5%)	1,134
Restricted	11,116	11,332	(216)	(2%)	11,435
Unrestricted	8,039	8,266	(227)	(3%)	8,297
<b>Total net position</b>	<b>20,140</b>	<b>20,638</b>	<b>(498)</b>	<b>(2%)</b>	<b>20,866</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 36,222</b>	<b>\$ 31,558</b>	<b>\$ 4,664</b>	<b>15%</b>	<b>\$ 32,051</b>

Receivables and other assets include grants receivable, affiliate receivables, leases receivable, prepaid expenses, and venture capital investments. The increase of \$8,767,000 is the result of significant increases in grants receivable and affiliate receivables. ECIDA was awarded three new grants totaling \$4,420,000 in 2023. Affiliate receivables increased from \$644,000 to \$4,869,000 due to funds borrowed by the Buffalo & Erie County Industrial Land Development Corporation (ILDC) for development costs that will be reimbursed through grant agreements. The decrease from 2021 to 2022 was the result of cash received from grant agreements, building leases, and affiliates.

Restricted cash consists primarily of funds held on behalf of others including the Erie County Regional Redevelopment Fund, Buffalo Brownfields Redevelopment Fund, and PILOT Increment Financing (PIF) funds. The \$253,000 or 3% increase from 2022 is primarily due to PILOT and PIF receipts of \$1,836,000 and interest of \$223,000 exceeding required disbursements to municipalities of \$662,000 and eligible project funds of \$1,199,000. Restricted cash also includes \$261,000 for the Railway Trust Fund, which increased \$54,000 from 2022. The \$654,000, or 7%, increase in 2022 over 2021 was due to receipts in excess of required disbursements to municipalities.

The \$4,783,000 increase in other liabilities is due to increases in unearned revenue of \$4,121,000, lease payable of \$395,000, and accounts payable of \$268,000. Unearned revenue is offset by grants receivable and is recognized as special project revenue as eligible activities are performed. ECIDA's office space lease expired during 2023 and a new lease is in effect through July 2027. The lease payable is the present value of lease payments through the end of the lease. The decrease from 2021 to 2022 was due to decreases in accounts payable, unearned revenue, and leases payable.

ECIDA has capitalized the present value of future lease receipts as a lease receivable and deferred inflow of resources. The lease receivable is reduced as cash is received and the deferred inflow of resources is recognized as rental income over the term of the lease contract. The \$181,000 or 28% increase in deferred inflows of resources related to leases is due to a new lease agreement signed in 2023 to extend Buffalo Urban Development Corporation's sublease for a portion of ECIDA's office lease through July 2027.

## Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31:

<i>in thousands</i>	2023	2022	\$ Change	% Change	2021
<b>Operating revenues:</b>					
Administrative fees	\$ 1,750	\$ 1,656	\$ 94	6%	\$ 2,419
Affiliate management fees	287	466	(179)	(38%)	419
Rental and other	475	438	37	8%	405
<b>Total operating revenues</b>	<b>2,512</b>	<b>2,560</b>	<b>(48)</b>	<b>(2%)</b>	<b>3,243</b>
<b>Operating expenses:</b>					
Salaries and benefits	2,035	1,999	36	2%	1,905
General and administrative	794	687	107	16%	564
Depreciation, amortization, and other	248	260	(12)	(5%)	265
<b>Total operating expenses</b>	<b>3,077</b>	<b>2,946</b>	<b>131</b>	<b>4%</b>	<b>2,734</b>
<b>Special project grants:</b>					
Revenues	518	966	(448)	(46%)	5,484
Expenses	(855)	(896)	41	(5%)	(6,228)
<b>Total special project grants</b>	<b>(337)</b>	<b>70</b>	<b>(407)</b>	<b>(581%)</b>	<b>(744)</b>
<b>Operating loss</b>	<b>(902)</b>	<b>(316)</b>	<b>(586)</b>	<b>185%</b>	<b>(235)</b>
Nonoperating revenue (expense), net	404	88	316	359%	40
<b>Change in net position</b>	<b>(498)</b>	<b>(228)</b>	<b>(270)</b>	<b>118%</b>	<b>(195)</b>
Net position – beginning	20,638	20,866	(228)	(1%)	21,098
Restatement – GASB 87	-	-	-	N/A	(37)
<b>Net position – ending</b>	<b>\$ 20,140</b>	<b>\$ 20,638</b>	<b>\$ (498)</b>	<b>(2%)</b>	<b>\$ 20,866</b>

### Revenue Analysis

Administrative fees are primarily collected from the issuance of various forms of tax abatements and tax-exempt financing. Fees for tax abatement are based on the amount of project investment. ECIDA relies on these fees to cover its operating costs; however, the amount of fees collected in any given year is largely dependent upon the local economic climate and the timing between project approval and project commencement. Administrative fees increased \$94,000 or 6% in 2023 primarily due to an increase in the value of induced projects. Administrative fees were collected related to 22 different projects in 2023, down from 25 in 2022. In 2021, administrative fees were collected related to 31 projects.

Affiliate management fees represent salaries and overhead costs charged to ECIDA affiliates for services that ECIDA's employees provide to these organizations. ECIDA's affiliates include Buffalo & Erie County Regional Development Corporation (RDC), a lending corporation, and ILDC, a land development corporation. Affiliate management fees decreased \$179,000 in 2023 due to a decrease in chargeable hours.

Rental and other income is primarily comprised of rental income for building leases and rental income from the Port Terminal Facility.

### Expense Analysis

Salaries and benefits increased \$36,000, or 2%, in 2023 due to employee raises and a new employee hired in December 2023. In 2022, salaries and benefits increased \$94,000 from 2021 due to employee raises and performance incentives.

General and administrative expenses increased \$107,000 from \$687,000 in 2022 to \$794,000 in 2023 primarily due to refunds of \$176,000 for previously recognized administrative fee revenue. The final project budget or incentive package was below initial estimates and the fee due to ECIDA was reduced accordingly. In 2022, general and administrative expenses increased \$123,000 primarily due to an \$89,000 refund for previously recognized administrative fee revenue.

Net special project grants decreased from net income of \$70,000 in 2022 to a net loss of \$337,000 in 2023. In 2023, grant expenses exceeded grant revenues due to carrying costs related to ILDC properties of \$210,000 and other grants from the Agency's Urban Development Action Grant (UDAG) fund. In 2022, grant revenues mostly equaled grant expenses as ECIDA passed through Erie County funds of \$385,000 to ILDC and \$198,000 of CARES Act funds to RDC.

Net nonoperating revenue increased \$316,000 in 2023 due to higher interest income earned on ECIDA's deposit accounts. Interest income of \$412,000 was offset by \$8,000 of interest expense related to ECIDA's office lease. In 2022, net nonoperating revenue increased \$48,000.

### Budget Analysis

ECIDA prepares an annual budget which was presented and approved by the Board of Directors on October 26, 2022. The following table presents an analysis of ECIDA's performance compared to the approved 2023 budget.

<i>in thousands</i>	Actual	Budget	Variance \$	%
<b>Operating revenues:</b>				
Administrative fees	\$ 1,750	\$ 1,800	\$ (50)	(3%)
Affiliate management fees	287	500	(213)	(43%)
Rental and other	475	504	(29)	(6%)
<b>Total operating revenues</b>	<b>2,512</b>	<b>2,804</b>	<b>(292)</b>	<b>(10%)</b>
<b>Operating expenses:</b>				
Salaries and benefits	2,035	2,096	(61)	(3%)
General and administrative	794	734	60	8%
Depreciation, amortization, and other	248	129	119	92%
<b>Total operating expenses</b>	<b>3,077</b>	<b>2,959</b>	<b>118</b>	<b>4%</b>
Operating loss before special project grants	(565)	(155)	(410)	265%
<b>Special project grants:</b>				
Revenues	518	982	(464)	(47%)
Expenses	(855)	(1,770)	915	(52%)
<b>Total special project grants</b>	<b>(337)</b>	<b>(788)</b>	<b>451</b>	<b>(57%)</b>
Nonoperating revenue, net	404	6	398	6,633%
<b>Change in net position</b>	<b>\$ (498)</b>	<b>\$ (937)</b>	<b>\$ 439</b>	<b>(47%)</b>

### Budget to Actual Analysis

Overall, ECIDA's decrease in net position for 2023 was below the budgeted decrease by \$439,000. Administrative fees were 3% less than the budgeted amount due mainly to timing of tax incentive project closings. Total operating expenses were \$118,000 over budget mostly due to administrative fee refunds discussed previously. Net special project grants had a positive variance of \$451,000. Nonoperating revenue includes interest income on cash deposits and was \$398,000 greater than expected.

### **Economic Factors Impacting ECIDA**

ECIDA relies extensively upon administrative fees to generate the majority of its annual revenue. As a result of current uncertain economic conditions and potential legislative/board actions, ECIDA's ability to generate the administrative fees necessary to support operations may be limited in the future.

### **Requests for Information**

This financial report is designed to provide a general overview of ECIDA's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of ECIDA at (716) 856-6525. General information relating to ECIDA can be found at its website, [www.ecidany.com](http://www.ecidany.com).

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**Balance Sheets**

December 31,	2023	2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 13,704,390	\$ 18,400,853
Receivables		
Affiliates	4,819,703	471,011
Grants	4,869,218	644,183
Leases	215,555	200,724
Other	134,930	111,376
Prepaid expenses	78,600	89,319
	<u>23,822,396</u>	<u>19,917,466</u>
<b>Noncurrent assets:</b>		
Leases receivable	609,283	443,203
Capital assets, net (Note 4)	1,506,504	1,166,361
Other assets	506,886	506,886
Restricted cash	9,777,101	9,524,124
	<u>12,399,774</u>	<u>11,640,574</u>
	<u>\$ 36,222,170</u>	<u>\$ 31,558,040</u>
<b>Liabilities and Net Position</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 304,991	\$ 37,003
Lease payable	136,321	126,166
Accrued expenses	150,339	151,856
Unearned revenue	4,764,541	643,647
	<u>5,356,192</u>	<u>958,672</u>
<b>Noncurrent liabilities:</b>		
Lease payable	385,321	-
Funds held on behalf of others	9,516,218	9,317,525
	<u>9,901,539</u>	<u>9,317,525</u>
<b>Deferred inflows of resources:</b>		
Deferred inflows of resources related to leases	824,838	643,927
<b>Net position:</b>		
Net investment in capital assets	984,862	1,040,195
Restricted	11,116,183	11,331,382
Unrestricted	8,038,556	8,266,339
	<u>20,139,601</u>	<u>20,637,916</u>
	<u>\$ 36,222,170</u>	<u>\$ 31,558,040</u>

See accompanying notes.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**Statements of Revenues, Expenses, and Changes in Net Position**

For the years ended December 31,	2023	2022
<b>Operating revenues:</b>		
Administrative fees	\$ 1,749,882	\$ 1,656,279
Affiliate management fees	286,799	465,692
Rental income	316,002	308,450
Other	159,191	129,643
Total operating revenues	<u>2,511,874</u>	<u>2,560,064</u>
<b>Operating expenses:</b>		
Salaries and benefits	2,035,058	1,999,345
General and administrative	794,392	687,125
Depreciation and amortization	204,228	258,776
Other	43,207	1,354
Total operating expenses	<u>3,076,885</u>	<u>2,946,600</u>
Operating loss before special project grants	<u>(565,011)</u>	<u>(386,536)</u>
<b>Special project grants:</b>		
Revenues	517,991	965,710
Expenses	(855,228)	(895,280)
	<u>(337,237)</u>	<u>70,430</u>
Operating loss	<u>(902,248)</u>	<u>(316,106)</u>
<b>Nonoperating revenues:</b>		
Interest income	412,432	102,271
Interest expense	(8,499)	(14,419)
	<u>403,933</u>	<u>87,852</u>
Change in net position	<u>(498,315)</u>	<u>(228,254)</u>
Net position - beginning	<u>20,637,916</u>	<u>20,866,170</u>
<b>Net position - ending</b>	<u>\$ 20,139,601</u>	<u>\$ 20,637,916</u>

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**Statements of Cash Flows**

For the years ended December 31,	2023	2022
<b>Operating activities:</b>		
Cash from fees and rental income	\$ 2,065,884	\$ 1,964,729
Cash from special project grants	413,850	955,653
Cash received from (paid to) other sources	(3,926,256)	880,247
Payments to employees, suppliers, and other	(2,595,467)	(3,011,366)
Payments for special project grants	(855,228)	(895,280)
<b>Net operating activities</b>	<b>(4,897,217)</b>	<b>(106,017)</b>
<b>Capital and related financing activities:</b>		
Purchases of capital assets	(11,643)	(2,959)
Principal payments on leases	(137,252)	(162,214)
Interest payments on leases	(8,499)	(14,419)
Interest received on leases	43,976	42,673
<b>Net capital and related financing activities</b>	<b>(113,418)</b>	<b>(136,919)</b>
<b>Investing activities:</b>		
Change in restricted cash, net	(54,284)	(54,183)
Interest received	368,456	59,598
<b>Net investing activities</b>	<b>314,172</b>	<b>5,415</b>
<b>Net change in cash</b>	<b>(4,696,463)</b>	<b>(237,521)</b>
Cash - beginning	18,400,853	18,638,374
Cash - ending	\$ 13,704,390	\$ 18,400,853
<b>Reconciliation of operating loss to net cash flows from operating activities:</b>		
Operating loss	\$ (902,248)	\$ (316,106)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	204,228	258,776
Changes in other assets and liabilities:		
Receivables	(8,597,281)	504,202
Prepaid expenses	10,719	(59,772)
Accounts payable	267,988	(265,015)
Accrued expenses	(1,517)	1,245
Unearned revenue	4,120,894	(229,347)
<b>Net operating activities</b>	<b>\$ (4,897,217)</b>	<b>\$ (106,017)</b>

See accompanying notes.

**Notes to Financial Statements**

---

**1. Summary of Significant Accounting Policies:**

**Nature of Organization**

Erie County Industrial Development Agency (ECIDA) was created in 1970 by an act of the Legislature of the State of New York (the State) for the purpose of encouraging financially sound companies to establish themselves and prosper in Erie County (the County).

ECIDA has related party relationships with Buffalo and Erie County Industrial Land Development Corporation (ILDC) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel and RDC currently shares a common board with ECIDA. These entities share the same mission, which is to provide the resources that encourage investment, innovation, workforce development, and international trade resulting in a successful business climate focused on growth, economic stability, job creation, and job retention for businesses and individuals which improves the quality of life for the residents of the region.

**Basis of Presentation**

The financial statements of ECIDA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Financial Reporting Entity**

In evaluating how to define ECIDA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in ECIDA's reporting entity is based on accounting standards which consider legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no additional entities included in ECIDA's financial statements.

**Measurement Focus**

ECIDA reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. ECIDA's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

ECIDA's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include interest income, interest expense, and grants resulting from nonexchange transactions. Grants are recognized as receivable and unearned revenue at the time awarded and as revenue when all eligibility requirements imposed by the provider have been satisfied. ECIDA receives special project grants from various Federal, State, and County sources.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash**

Cash management is governed by State laws and as established by ECIDA's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit management to use demand accounts and certificates of deposit for daily operating funds. Investments are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that, in the event of a bank failure, ECIDA’s deposits may not be returned to it. At December 31, 2023 and 2022, ECIDA’s bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution’s agent in ECIDA’s name.

**Loans Receivable**

Loans receivable are stated at the principal amount outstanding, net of an allowance for uncollectible loans. The allowance method is used to compute the provision for uncollectible loans.

Determination of the balance of the allowance for uncollectible loans is based on an analysis of the loan portfolio and reflects an amount that, in management’s judgment, is adequate to provide for potential loan losses. Loans are written off when, in management’s judgment, no legal recourse is available to collect the amount owed.

ECIDA previously provided a loan to a manufacturing company that would be forgiven as the company met certain criteria. At December 31, 2023 and 2022, the entire loan is reserved with \$100,000 installments forgiven annually through 2026 as the borrower satisfies the loan requirements.

**Capital Assets**

Capital assets are recorded at cost. Depreciation is provided over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds to determine which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Buildings and improvements	\$ 1,000	5 - 40
Furniture and equipment	\$ 1,000	3 - 10

*Rental Property:*

In 1989, ECIDA developed a public warehouse and trans-shipment facility (the Port Terminal Facility) at the Gateway Metroport facility in the City of Lackawanna. The Port Terminal Facility provides enclosed storage facilities and materials handling services for the trans-shipment of goods by water, rail, and truck. The facility is owned by ECIDA and is operated by Gateway Trade Center, Inc. Port Terminal Facility rental property assets are fully depreciated. ECIDA receives a percentage of annual Excess Cash Flow, as defined, from the operations at the Port Terminal Facility.

ECIDA also owns its former office space at 143 Genesee Street. This property is recorded at cost and leased to a third party (Note 7).

**Other Assets**

Other assets include venture capital investments made by ECIDA in order to spur local economic growth. Venture capital investments are recorded at the lesser of cost or fair market value as determined by management’s estimates based on available financial information.

**Net Position**

Net position consists of the following components:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities. Restrictions are imposed by the U.S. Department of Housing and Urban Development’s Urban Development Action Grant (UDAG) program.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by ECIDA.

**Tax Incentive Transactions**

ECIDA maintains an economic development incentive program to provide sales, property, and/or mortgage recording tax benefits for qualified construction, renovation, or expansion projects or other economic development activities within Erie County. Under this program, ECIDA may take title to or a leasehold interest in the real and/or personal property involved in the project for the term of the incentive period. ECIDA simultaneously leases the property under a lease agreement to the company undertaking the project (lessee). ECIDA receives administrative fees from the lessee for providing these tax incentives which are recognized according to the terms of the fee agreement.

ECIDA is an issuer of tax-exempt bond financing for qualified manufacturers and low-income housing projects which meet the definition of conduit debt obligations. These bonds are obligations of the borrower and secured by the assets they finance. ECIDA receives bond issuance fees from the borrower for providing this service which is recognized according to the terms of the fee agreement. ECIDA also has a shared services agreement with ILDC under which administrative and staffing services are provided to ILDC in connection with its bond issuances to nonprofit organizations in exchange for the related bond issuance fees received by ILDC. At December 31, 2023 and 2022, previously issued bonds have an aggregate outstanding balance of \$574,130,953 and \$540,645,622, none of which is recognized as a liability of ECIDA.

ECIDA received \$10,000 and \$105,000 in administrative fees from ILDC in 2023 and 2022.

**2. Special Project Grants:**

*Bethlehem Shoreline Enhancement* – ECIDA received a grant from New York State Department of State in the amount of \$122,825 in June 2020 to support the construction and administration of Shoreline Trail enhancements on the former Bethlehem Steel property.

*Bethlehem Water and Sewer Design* – ECIDA received a grant from Erie County in the amount of \$700,000 in July 2020 to support the design, engineering, and construction administration of water and sewer utility extensions and upgrades on the former Bethlehem Steel property.

*Bethlehem Railroad Relocation* – ECIDA received a grant from Erie County in the amount of \$600,000 in June 2023 to support the relocation of rail infrastructure at the former Bethlehem Steel Property.

*Buffalo Southern Railroad* – ECIDA received a \$1,703,553 grant from New York State Department of Transportation (NYSDOT) in January 2023 and a \$250,000 grant from Erie County in July 2023 to support the restoration of five bridges and seven miles of track on the Buffalo Southern Railroad.

*DL&W Lancaster Industrial Track Improvement* – ECIDA received a \$1,616,470 grant from NYSDOT in April 2023 and a \$250,000 grant from Erie County in September 2023 to support the restoration of the DL&W Lancaster Industrial Track.

The following is a summary of grants receivable at December 31:

	2023	2022
Bethlehem Shoreline Enhancement	\$ 92,119	\$ 92,119
Bethlehem Water and Sewer Design	356,936	545,566
Buffalo Southern Railroad - 2017 PFRAP Rail Improvement	140	140
Sumitomo Dunlop Rail - PFRAP	-	6,358
Bethlehem Railroad Relocation	600,000	-
Buffalo Southern Railroad	1,953,553	-
DL&W Lancaster Industrial Track Improvement	1,866,470	-
	<u>\$ 4,869,218</u>	<u>\$ 644,183</u>

The following is a summary of unearned revenue at December 31:

	2023	2022
Bethlehem Shoreline Enhancement	\$ 77,652	\$ 108,152
Bethlehem Water and Sewer Design	267,335	535,495
Bethlehem Railroad Relocation	600,000	-
Buffalo Southern Railroad	1,953,084	-
DL&W Lancaster Industrial Track Improvement	1,866,470	-
	<u>\$ 4,764,541</u>	<u>\$ 643,647</u>

**3. Funds Held on Behalf of Others:**

ECIDA holds cash for various development activities. ECIDA disburses these funds when given the appropriate authorization. The funds include:

	2023	2022
Erie County Regional Redevelopment Fund	\$ 1,624,407	\$ 1,820,634
Buffalo Brownfields Redevelopment Fund	236,191	452,106
Jemal’s Seneca Fund	794,606	427,340
Seneca Street Corridor Fund	3,086,042	2,387,879
Main Street Improvement Fund	3,774,972	4,229,566
	<u>\$ 9,516,218</u>	<u>\$ 9,317,525</u>

Restricted cash also includes \$260,883 and \$206,599 as of December 31, 2023 and 2022, respectively, for the Railway Trust Fund for activities related to two Erie County shortline railroads.

#### 4. Capital Assets:

	Balance January 1, 2023	Increases	Retirements/ Reclassifications	Balance December 31, 2023
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Depreciable capital assets:				
Land improvements	1,109,345	-	-	1,109,345
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	470,145	11,643	-	481,788
Total depreciable assets	4,326,979	11,643	-	4,338,622
Less accumulated depreciation:				
Land improvements	(934,700)	(30,033)	-	(964,733)
Buildings	(2,062,507)	(36,043)	-	(2,098,550)
Furniture and equipment	(441,423)	(15,433)	-	(456,856)
Total accumulated depreciation	(3,438,630)	(81,509)	-	(3,520,139)
Total depreciable assets, net	888,349	(69,866)	-	818,483
Right-to-use lease assets:				
Building	737,415	532,728	(737,415)	532,728
Accumulated amortization	(626,803)	(122,719)	737,415	(12,107)
Total right-to-use assets, net	110,612	410,009	-	520,621
	\$ 1,166,361	\$ 340,143	\$ -	\$ 1,506,504
	Balance January 1, 2022	Increases	Retirements/ Reclassifications	Balance December 31, 2022
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Depreciable capital assets:				
Land improvements	1,106,386	2,959	-	1,109,345
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	470,145	-	-	470,145
Total depreciable assets	4,324,020	2,959	-	4,326,979
Less accumulated depreciation:				
Land improvements	(879,876)	(54,824)	-	(934,700)
Buildings	(2,026,464)	(36,043)	-	(2,062,507)
Furniture and equipment	(420,997)	(20,426)	-	(441,423)
Total accumulated depreciation	(3,327,337)	(111,293)	-	(3,438,630)
Total depreciable assets, net	996,683	(108,334)	-	888,349
Right-to-use lease assets:				
Building	737,415	-	-	737,415
Accumulated amortization	(479,320)	(147,483)	-	(626,803)
Total right-to-use assets, net	258,095	(147,483)	-	110,612
	\$ 1,422,178	\$ (255,817)	\$ -	\$ 1,166,361

**5. Related Party Transactions:**

ECIDA historically allocated a portion of personnel and rental costs to its affiliates, RDC and ILDC. In 2023, ECIDA chose to discontinue allocation of personnel and overhead costs to ILDC unless a corresponding revenue source is identified. ECIDA earned \$286,799 and \$465,692 in affiliate management fees for the years ended December 31, 2023 and 2022. Management fees and receivables by affiliate are as follows:

	Management Fees		Receivables	
	2023	2022	2023	2022
RDC	\$ 286,799	\$ 288,468	\$ 300,328	\$ 291,289
ILDC	-	177,224	4,519,375	179,722
	<u>\$ 286,799</u>	<u>\$ 465,692</u>	<u>\$ 4,819,703</u>	<u>\$ 471,011</u>

In 2023, ECIDA provided ILDC with \$4,477,770 to temporarily finance various projects. These funds are expected to be repaid when ILDC receives reimbursement from grant sources.

In 2023 and 2022, Erie County provided \$129,000 and \$385,000, respectively, to ECIDA as a subrecipient of Community Development Block Grant funds. These funds were then transferred to ILDC for its Erie County BDF loan program. These amounts are included in special project grant revenues and expenses in the accompanying statements of revenues, expenses, and changes in net position.

**6. Leases:**

ECIDA, as lessee, entered into a non-cancelable lease for office space through July 31, 2027 and recognized a right-to-use lease asset at the present value of \$532,728 using a discount rate of 5%. The lease requires annual minimum payments of \$159,307 and utility charges that are determined on an annual basis. Principal and interest due in 2024 total \$136,321 and \$22,986, respectively.

ECIDA entered into a sublease agreement with Buffalo Urban Development Corporation for a portion of their office space through July 31, 2027. ECIDA recognized \$24,291 and \$23,153 in gross rental income, including interest at 5.0%, in 2023 and 2022. Annual receipts are expected to total \$21,046, plus utilities, through 2027.

ECIDA, as lessor, has entered into a non-cancelable lease for its former office through July 31, 2027. ECIDA recognized \$231,700 and \$220,386 in gross rental income, including interest at 5.0%, in 2022 and 2021. Annual receipts are expected to total \$230,856, plus utilities, through 2027.

**7. Pension:**

ECIDA maintains a defined contribution simplified employee pension (SEP) plan covering all of its employees. Employees are eligible to participate six months after employment, with employer contributions vesting immediately. During 2023 and 2022, ECIDA made discretionary contributions of 12% of eligible employees’ salaries. ECIDA’s expense for contributing to the plan for the years ended December 31, 2023 and 2022 amounted to \$177,368 and \$162,663 respectively. Employees are also permitted to participate in the New York State Deferred Compensation Plan but ECIDA does not make contributions to this plan.

**8. Risk Management:**

ECIDA purchases commercial insurance for various risks of loss due to torts, theft, damage, injuries to employees, and natural disasters in addition to insurance purchased to indemnify directors and officers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**9. Commitments and Contingencies:**

**Grants**

ECIDA receives financial assistance from federal, state, and local agencies in the form of grants and fiduciary agreements. Managing these funds generally requires compliance with the terms and conditions specified in the agreements and may be subject to audit by the grantor agencies. Disallowed claims resulting from such audits could become a liability of ECIDA. Based on prior experience, management expects any such amounts to be immaterial.

**Litigation**

ECIDA is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of ECIDA.

**Supplementary Information**  
**Combining Schedule of Balance Sheets**

December 31, 2023

	General Account	UDAG Account	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$ 7,472,224	\$ 6,232,166	\$ 13,704,390
Receivables			
Affiliates	341,933	4,477,770	4,819,703
Grants	4,869,218	-	4,869,218
Leases	215,555	-	215,555
Other	134,930	-	134,930
Prepaid expenses	78,600	-	78,600
	<u>13,112,460</u>	<u>10,709,936</u>	<u>23,822,396</u>
<b>Noncurrent assets:</b>			
Leases receivable	609,283	-	609,283
Capital assets, net	1,506,504	-	1,506,504
Other assets	100,639	406,247	506,886
Restricted cash	9,777,101	-	9,777,101
	<u>11,993,527</u>	<u>406,247</u>	<u>12,399,774</u>
	<u>\$ 25,105,987</u>	<u>\$ 11,116,183</u>	<u>\$ 36,222,170</u>
<b>Liabilities and Net Position</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 304,991	\$ -	\$ 304,991
Lease payable	136,321	-	136,321
Accrued expenses	150,339	-	150,339
Unearned revenue	4,764,541	-	4,764,541
	<u>5,356,192</u>	<u>-</u>	<u>5,356,192</u>
<b>Noncurrent liabilities:</b>			
Lease payable	385,321	-	385,321
Funds held on behalf of others	9,516,218	-	9,516,218
	<u>9,901,539</u>	<u>-</u>	<u>9,901,539</u>
<b>Deferred inflows of resources:</b>			
Deferred inflows of resources related to leases	824,838	-	824,838
<b>Net position:</b>			
Net investment in capital assets	984,862	-	984,862
Restricted	-	11,116,183	11,116,183
Unrestricted	8,038,556	-	8,038,556
	<u>9,023,418</u>	<u>11,116,183</u>	<u>20,139,601</u>
	<u>\$ 25,105,987</u>	<u>\$ 11,116,183</u>	<u>\$ 36,222,170</u>

**Supplementary Information**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**

For the year ended December 31, 2023

	General Account	UDAG Account	Total
<b>Operating revenues:</b>			
Administrative fees	\$ 1,749,882	\$ -	\$ 1,749,882
Affiliate management fees and rental income	286,799	-	286,799
Rental income	316,002	-	316,002
Other	159,191	-	159,191
Total operating revenues	2,511,874	-	2,511,874
<b>Operating expenses:</b>			
Salaries and benefits	2,035,058	-	2,035,058
General and administrative	765,417	28,975	794,392
Depreciation and amortization	204,228	-	204,228
Other	43,207	-	43,207
Total operating expenses	3,047,910	28,975	3,076,885
Operating loss before special project grants	(536,036)	(28,975)	(565,011)
<b>Special project grants:</b>			
Revenues	517,991	-	517,991
Expenses	(469,897)	(385,331)	(855,228)
	48,094	(385,331)	(337,237)
Operating loss	(487,942)	(414,306)	(902,248)
<b>Nonoperating revenues:</b>			
Interest income	213,325	199,107	412,432
Interest expense	(8,499)	-	(8,499)
	204,826	199,107	403,933
Change in net position	(283,116)	(215,199)	(498,315)
Net position - beginning	9,306,534	11,331,382	20,637,916
<b>Net position - ending</b>	<b>\$ 9,023,418</b>	<b>\$ 11,116,183</b>	<b>\$ 20,139,601</b>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Erie County Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, as of and for the year December 31, 2023, and the related notes to the financial statements, which collectively comprise ECIDA's basic financial statements, and have issued our report thereon dated March 21, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ECIDA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ECIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of ECIDA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ECIDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ECIDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ECIDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

March 21, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

The Board of Directors  
Erie County Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and we have issued our report thereon dated March 21, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that ECIDA failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2023. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding ECIDA's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.



March 21, 2024