

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A Component Unit of County of Erie, New York)**

**SINGLE AUDIT REPORTING PACKAGE**

**DECEMBER 31, 2023**

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION  
(A Component Unit of County of Erie, New York)

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Buffalo and Erie County Industrial  
Land Development Corporation

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise ILDC'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 ILDC 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 ILDC, 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 these 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 ILDC'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 ILDC'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 ILDC'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 comprise ILDC's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 ILDC'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 ILDC'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 ILDC'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

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION  
(A Component Unit of County of Erie, New York)

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

December 31, 2023

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Buffalo and Erie County Industrial Land Development Corporation (ILDC) was incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of fixed assets by industrial companies locating or expanding in the County of Erie, New York (the County). ILDC is considered a component unit of the County. ILDC also manages a microenterprise revolving loan program on behalf of the County.

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

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of ILDC 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 ILDC's audited financial statements.

In 2023 the ILDC continued to move forward in developing Renaissance Commerce Park in Lackawanna, New York, and the former Angola Airport site in Evans, New York. ILDC constructed a new public road and began work on public water and sewer lines at Renaissance Commerce Park and continued the Master Planning/GEIS process in Evans. Erie County continued to adjust the Microenterprise Loan/Grant Program in response to the COVID-19 pandemic and additional funding.

**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 ILDC owns (assets and deferred outflows of resources) and what ILDC owes (liabilities and deferred inflows of resources). ILDC's assets and deferred outflows of resources less its liabilities and deferred inflows of resources (net position) can be one way to measure ILDC's financial position. Over time, increases or decreases in ILDC'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 – These statements report ILDC'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 ILDC's operating results for the year.
- 3) Statements of Cash Flows – These statements report ILDC's cash flows from operating, capital and related financing, and investing activities, if any.

**Financial Highlights**

- ILDC's net position increased by 3% from \$7,350,000 in 2022 to \$7,586,000 in 2023.
- ILDC experienced an increase in net position of \$236,000 in 2023 compared to a decrease of \$513,000 in 2022.
- Operating revenues increased 313% from \$23,000 in 2022 to \$35,000 in 2023.
- Operating expenses decreased 64% from \$957,000 in 2022 to \$288,000 in 2023.

## Condensed Comparative Financial Statements:

### Balance Sheets at December 31:

| <i>in thousands</i>                       | 2023             | 2022             | \$ Change         | % Change     | 2021             |
|---|------------------|------------------|-------------------|--------------|------------------|
| <b>Assets</b>                             |                  |                  |                   |              |                  |
| Cash                                      | \$ 418           | \$ 1,265         | \$ (847)          | (67%)        | \$ 2,037         |
| Grants receivable                         | 9,191            | 10,212           | (1,021)           | (10%)        | 7,653            |
| Loans receivable, net                     | 485              | 550              | (65)              | (12%)        | 667              |
| Prepaid expenses                          | -                | 32               | (32)              | (100%)       | 1                |
| Capital assets, net                       | 179              | -                | 179               | N/A          | -                |
| Land held for sale                        | 6,875            | 6,867            | 8                 | -            | 7,233            |
| <b>Total assets</b>                       | <b>\$ 17,148</b> | <b>\$ 18,926</b> | <b>\$ (1,778)</b> | <b>(9%)</b>  | <b>\$ 17,591</b> |
| <b>Liabilities</b>                        |                  |                  |                   |              |                  |
| Accounts payable                          | \$ 880           | \$ 824           | \$ 56             | 7%           | \$ 23            |
| Due to affiliate                          | 4,519            | 180              | 4,339             | 2,411%       | 458              |
| Unearned revenue                          | 4,163            | 10,572           | (6,409)           | (61%)        | 9,247            |
| <b>Total liabilities</b>                  | <b>9,562</b>     | <b>11,576</b>    | <b>(2,014)</b>    | <b>(17%)</b> | <b>9,728</b>     |
| <b>Net position</b>                       |                  |                  |                   |              |                  |
| Net investment in capital assets          | 179              | -                | 179               | N/A          | -                |
| Restricted                                | 540              | 608              | (68)              | (11%)        | 652              |
| Unrestricted                              | 6,867            | 6,742            | 125               | 2%           | 7,211            |
| <b>Total net position</b>                 | <b>7,586</b>     | <b>7,350</b>     | <b>236</b>        | <b>3%</b>    | <b>652</b>       |
| <b>Total liabilities and net position</b> | <b>\$ 17,148</b> | <b>\$ 18,926</b> | <b>\$ (1,778)</b> | <b>(9%)</b>  | <b>\$ 10,380</b> |

ILDC's cash balance decreased 67% or \$847,000 in 2023, after a decrease of 38% or \$772,000 in 2022. Both decreases were primarily due to the use of cash for land development activity.

Grants receivable decreased 10% or \$1,021,000 due to grant receipts from the U.S. Department of Commerce Economic Development Administration (EDA) and Erie County during the year. There were no new grants recognized in 2023. In 2022 there was an increase of 33% or \$2,559,000 due mainly to an award of \$2,680,000 from the EDA.

Loans receivable relate to the microenterprise revolving loan fund, known as the Erie County Business Development Fund. Net loans receivable decreased \$65,000 from 2022 to 2023. While there were 8 new loans totaling \$280,000 in 2023, the decrease is due to principal payments received combined with a provision for uncollectible loan expense of \$189,000. The uncollectible loan expense is largely due to loans that are partially forgiven as certain requirements are met. There was a \$117,000 decrease in net loans receivable from 2021 to 2022.

Capital assets consist mainly of an entrance sign at Renaissance Commerce Park in Lackawanna, New York. The sign was constructed and installed in 2023, causing an increase in net capital assets.

Land held for sale consists of 153 acres of land at Renaissance Commerce Park in Lackawanna, New York and 238 acres of land at the former Angola Airport site in Evans, New York. In connection with its economic development purpose, ILDC is working with several partners to return these underutilized properties to productive use. The \$8,000 increase in land held for sale from 2022 to 2023 reflects additional capitalizable costs incurred. The \$366,000 decrease from 2021 to 2022 was due to the sale of 8 acres at the Lackawanna site.

The \$56,000 increase in accounts payable from 2022 to 2023 and the \$801,000 increase from 2021 to 2022 is primarily due to special project construction-related payables outstanding at year end.

The \$4,339,000 or 2,411% increase in the total due to affiliate (ECIDA) from 2022 to 2023 is due to \$4,478,000 of funds borrowed from ECIDA related to land development activities and projects. Repayment will be made from grant funds once received. The \$278,000 decrease from 2021 to 2022 was due to the repayment of \$255,000 with grant proceeds received in 2022.

Unearned revenue relates to grants awarded to the ILDC, for which the related revenue has not yet been recognized. The \$6,409,000 decrease from 2022 to 2023 is due to the recognition of revenue related to grants, and no new grants awarded. The increase from 2021 to 2022 was due to an increase in grants awarded.

### 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 revenue:</b>                           |               |                 |               |               |               |
| Administrative fee revenue                          | \$ 11         | \$ 191          | \$ (180)      | (94%)         | \$ 10         |
| Gain (loss) on land held for sale                   | -             | (181)           | 181           | (100%)        | (146)         |
| Interest from loans and other                       | 24            | 13              | 11            | 85%           | 3             |
| <b>Total revenue</b>                                | <b>35</b>     | <b>23</b>       | <b>12</b>     | <b>52%</b>    | <b>(133)</b>  |
| <b>Operating expenses:</b>                          |               |                 |               |               |               |
| Transfer to ECIDA                                   | 28            | 282             | (254)         | (90%)         | 130           |
| General, administrative, and depreciation           | 71            | 192             | (121)         | (63%)         | 231           |
| Loan loss expense, net of recoveries                | 189           | 483             | (294)         | (61%)         | 74            |
| <b>Total operating expenses</b>                     | <b>288</b>    | <b>957</b>      | <b>(669)</b>  | <b>(70%)</b>  | <b>435</b>    |
| <b>Operating loss before special project grants</b> | <b>(253)</b>  | <b>(934)</b>    | <b>681</b>    | <b>(73%)</b>  | <b>(568)</b>  |
| <b>Special project grants:</b>                      |               |                 |               |               |               |
| Grant revenue                                       | 6,748         | 2,038           | 4,710         | 231%          | 1,814         |
| Grant expense                                       | (6,259)       | (1,617)         | (4,642)       | 287%          | (426)         |
| <b>Total special project grants</b>                 | <b>489</b>    | <b>421</b>      | <b>68</b>     | <b>16%</b>    | <b>1,388</b>  |
| <b>Change in net position</b>                       | <b>\$ 236</b> | <b>\$ (513)</b> | <b>\$ 749</b> | <b>(146%)</b> | <b>\$ 820</b> |

### Revenue Analysis

ILDC is an issuer of tax-exempt bond financing for not-for-profit entities. These bonds are not obligations of ILDC or the County. ILDC receives bond issuance fees from borrowers for providing this service. ILDC has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. Administrative fees decreased in 2023 as a result of no bond issuances. In 2022 there was one bond issuance and ILDC charges for amending documents, which accounted for the increase in fees from 2021.

ILDC sells rehabilitated land as part of its economic development activities. When the sale price of land is greater than the book cost (including land improvements), a gain is recognized, and when the sale price is less than the book cost, a loss is recognized. There were no land sales in 2023. In both 2022 and 2021, the sale price of land sold was less than the cost of land to ILDC.

The \$11,000 increase in interest from loans and other revenue from 2022 to 2023 is due mainly to an increase in loan interest from microenterprise fund loans. The increase from 2021 to 2022 was also due to an increase in loan interest.

### Expense Analysis

The amount transferred to ECIDA each year under the shared services agreement consists of administrative fees for bond issuances plus charges from ECIDA for personnel and overhead. Charges for personnel and overhead are derived from ECIDA employee hours charged for ILDC-related projects. The \$254,000 decrease from 2022 to 2023 is due to no ILDC bonds being issued during the year, combined with a decrease in ECIDA employee hours charged. The increase from 2021 to 2022 related to \$105,000 of administrative fees for bond activity and an increase in ECIDA employee hours charged.

In 2023, general, administrative, and depreciation expenses decreased \$121,000 from \$192,000 to \$71,000, due mainly to decreases in legal and consulting costs and one-time reclassifications of certain expenses in 2023. General, administrative, and depreciation expenses decreased \$39,000 from 2021 to 2022 due to a one-time grant application fee in 2021.



Most of the loans made under the microenterprise loan program are forgivable loans, which may provide up to 50% of loan forgiveness if certain criteria are met. The decrease of \$294,000 in the provision for uncollectible loans from 2022 to 2023 reflects the balances of the outstanding loans that could potentially be forgiven under the terms of the program. There were four loans that were successfully forgiven during 2023. There was an increase in the provision for uncollectible loans of \$409,000 from 2021 to 2022.

Grant revenue increased \$4,710,000 to \$6,748,000 in 2023, from \$2,038,000 in 2022. This was primarily due to \$5,199,000 of grant revenue recognized for sewer construction reimbursable costs at Renaissance Commerce Park. The increase from 2021 to 2022 related to grant revenue in 2022 for engineering and road construction costs at Renaissance Commerce Park.

Grant expenses relate directly to the costs involved with certain projects undertaken by the ILDC and can vary from year to year based on activity. There was a \$4,642,000 increase in grant expenses from 2022 to 2023 due to an increase in grant-eligible project expenses discussed above. A majority of grant expenses are related to the Renaissance Commerce Park project (See Note 3 to the financial statements for more details). The increase from 2021 to 2022 also related to projects at Renaissance Commerce Park.

### Budget Analysis

ILDC 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 ILDC's performance compared to the approved 2023 budget.

| <i>in thousands</i>                                 | Actual        | Budget         | \$ Variance   | % Variance      |
|---|---------------|----------------|---------------|-----------------|
| <b>Operating revenue:</b>                           |               |                |               |                 |
| Administrative fee revenue                          | \$ 11         | \$ -           | \$ 11         | N/A             |
| Gain (loss) on land held for sale                   | -             | 300            | (300)         | (100%)          |
| Interest from loans and other                       | 24            | 13             | 11            | 85%             |
| <b>Total revenue</b>                                | <b>35</b>     | <b>313</b>     | <b>(278)</b>  | <b>(89%)</b>    |
| <b>Operating expenses:</b>                          |               |                |               |                 |
| Transfer to ECIDA                                   | 28            | 190            | (162)         | (85%)           |
| General, administrative, and depreciation           | 71            | 109            | (38)          | (35%)           |
| Loan loss expense, net of recoveries                | 189           | 15             | 174           | 1,160%          |
| <b>Total operating expenses</b>                     | <b>288</b>    | <b>314</b>     | <b>(26)</b>   | <b>(8%)</b>     |
| <b>Operating loss before special project grants</b> | <b>(253)</b>  | <b>(1)</b>     | <b>(252)</b>  | <b>25,200%</b>  |
| <b>Special project grants:</b>                      |               |                |               |                 |
| Grant revenue                                       | 6,748         | 3,206          | 3,542         | 110%            |
| Grant expense                                       | (6,259)       | (3,229)        | (3,030)       | 94%             |
| <b>Total special project grants</b>                 | <b>489</b>    | <b>(23)</b>    | <b>512</b>    | <b>(2,226%)</b> |
| <b>Change in net position</b>                       | <b>\$ 236</b> | <b>\$ (24)</b> | <b>\$ 260</b> | <b>(1,083%)</b> |

Overall, ILDC exceeded its budgeted increase in net position for 2023 by \$260,000. Total revenue was \$278,000, or 89%, below budget due to no sales of property in 2023. Total expenses were \$26,000, or 8%, below budget. Most of the variance is due to the provision for uncollectible loans of \$189,000 not being included in the original budget and transfers to ECIDA being lower than expected. Grant revenue was \$3,542,000 higher than budget, while grant expenses were also \$3,030,000 higher than budget.

### Economic Factors Impacting ILDC

ILDC relies upon land sales to generate revenue for continued operations, as well as grant revenue from Erie County and other economic development partners to defray the costs associated with land development. As a result of current uncertain economic conditions, ILDC's ability to generate the income necessary to support operations may be limited in the future.

### Requests for Information

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

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION  
(A Component Unit of County of Erie, New York)

**Balance Sheets**

| December 31,                        | 2023                 | 2022                 |
|-------------------------------------|----------------------|----------------------|
| <b>Assets</b>                       |                      |                      |
| <b>Current assets:</b>              |                      |                      |
| Cash                                | \$ 417,701           | \$ 1,265,215         |
| Grants receivable                   | 9,191,179            | 10,212,072           |
| Loans receivable (Note 2)           | 123,071              | 119,854              |
| Prepaid expenses                    | -                    | 31,500               |
|                                     | <u>9,731,951</u>     | <u>11,628,641</u>    |
| <b>Noncurrent assets:</b>           |                      |                      |
| Loans receivable, net (Note 2)      | 362,312              | 429,741              |
| Capital assets                      | 184,285              | 2,925                |
| Accumulated depreciation            | (5,192)              | (2,925)              |
| Land held for sale (Note 4)         | 6,875,104            | 6,867,153            |
|                                     | <u>7,416,509</u>     | <u>7,296,894</u>     |
|                                     | <u>\$ 17,148,460</u> | <u>\$ 18,925,535</u> |
| <b>Liabilities and Net Position</b> |                      |                      |
| <b>Current liabilities:</b>         |                      |                      |
| Accounts payable                    | \$ 880,331           | \$ 824,190           |
| Due to affiliate (Note 5)           | 4,519,375            | 179,722              |
| Unearned revenue                    | 4,163,198            | 10,571,964           |
|                                     | <u>9,562,904</u>     | <u>11,575,876</u>    |
| <b>Net position:</b>                |                      |                      |
| Net investment in capital assets    | 179,093              | -                    |
| Restricted                          | 539,928              | 608,122              |
| Unrestricted                        | 6,866,535            | 6,741,537            |
|                                     | <u>7,585,556</u>     | <u>7,349,659</u>     |
|                                     | <u>\$ 17,148,460</u> | <u>\$ 18,925,535</u> |

See accompanying notes.

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION  
(A Component Unit of County of Erie, New York)

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

| For the years ended December 31,                      | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Operating revenues:</b>                            |                     |                     |
| Administrative fees                                   | \$ 11,200           | \$ 190,700          |
| Loss on land held for sale                            | -                   | (181,324)           |
| Interest from loans and other                         | 24,061              | 13,024              |
| Total operating revenues                              | <u>35,261</u>       | <u>22,400</u>       |
| <b>Operating expenses:</b>                            |                     |                     |
| Transfer to Erie County Industrial Development Agency | 28,194              | 282,224             |
| General and administrative                            | 69,047              | 191,170             |
| Provision for uncollectible loans                     | 189,048             | 482,505             |
| Depreciation  | 2,267               | 650                 |
| Total operating expenses                              | <u>288,556</u>      | <u>956,549</u>      |
| Operating loss before special project grants          | (253,295)           | (934,149)           |
| <b>Special project grants:</b>                        |                     |                     |
| Special project grant revenue                         | 6,747,957           | 2,037,945           |
| Special project grant expense                         | (6,258,765)         | (1,617,073)         |
| Total special project grants                          | <u>489,192</u>      | <u>420,872</u>      |
| Change in net position                                | 235,897             | (513,277)           |
| Net position - beginning                              | <u>7,349,659</u>    | <u>7,862,936</u>    |
| <b>Net position - ending</b>                          | <b>\$ 7,585,556</b> | <b>\$ 7,349,659</b> |

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION  
(A Component Unit of County of Erie, New York)

**Statements of Cash Flows**

| For the years ended December 31,   | 2023                | 2022                |
|--|---------------------|---------------------|
| <b>Operating activities:</b>   |                     |                     |
| Administrative fees  | \$ 11,200           | \$ 190,700          |
| Receipts from (payments to) Erie County Industrial Development Agency                        | 4,311,459           | (560,613)           |
| Principal and interest on loans and other  | 179,225             | 82,635              |
| Loans awarded  | (280,000)           | (435,000)           |
| Proceeds from sale of land   | -                   | 207,250             |
| Purchase of land held for sale   | (7,951)             | (22,214)            |
| Payments to vendors  | (850,727)           | (227,807)           |
| Special project grant receipts   | 1,360,084           | 803,979             |
| Special project grant disbursements  | (5,389,444)         | (810,492)           |
| <b>Net operating activities</b>  | <b>(666,154)</b>    | <b>(771,562)</b>    |
| <b>Capital and related financing:</b>  |                     |                     |
| Purchases of capital assets  | (181,360)           | -                   |
| Cash - beginning   | 1,265,215           | 2,036,777           |
| Cash - ending  | \$ 417,701          | \$ 1,265,215        |
| Reconciliation of change in net position to net cash flows                                   |                     |                     |
| from operating activities:   |                     |                     |
| Change in net position   | \$ 235,897          | \$ (513,277)        |
| Adjustments to reconcile change in net position to net cash flows from operating activities: |                     |                     |
| Loss on land held for sale   | -                   | 181,324             |
| Provision for uncollectible loans  | (189,048)           | (482,505)           |
| Depreciation   | 2,267               | 650                 |
| Changes in other assets and liabilities:   |                     |                     |
| Grants receivable  | 1,020,893           | (2,558,977)         |
| Loans receivable   | 253,260             | 599,621             |
| Prepaid expenses   | 31,500              | (31,500)            |
| Land held for sale   | (7,951)             | 185,036             |
| Accounts payable   | 56,141              | 801,444             |
| Due to affiliate   | 4,339,653           | (278,389)           |
| Unearned revenue   | (6,408,766)         | 1,325,011           |
| <b>Net operating activities</b>  | <b>\$ (666,154)</b> | <b>\$ (771,562)</b> |

See accompanying notes.

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies:

#### Nature of Organization

Buffalo and Erie County Industrial Land Development Corporation (ILDC) was incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of fixed assets by industrial companies locating or expanding in the County of Erie, New York (the County). ILDC manages a microenterprise revolving loan program which is dedicated to improving economic conditions in the County.

ILDC has related party relationships with Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel. 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.

In accordance with accounting standards, ILDC is considered a component unit of the County. The County, acting by and through the County Executive, is the sole member of ILDC and is financially accountable for it; as a result, ILDC is included in the financial statements of the County as a discretely presented component unit.

#### Basis of Presentation

The financial statements 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 (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### Measurement Focus

ILDC 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. ILDC'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.

ILDC'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, including interest earned on revolving loan funds, and payments made to purchase those goods or services or special project grants whose purpose aligns with the primary mission of ILDC. Grants receivable and unearned revenue are recognized at the time awarded and are recognized as revenue when all eligibility requirements imposed by the provider have been satisfied. ILDC receives special project grants from various Federal, State, and County governments.

#### 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 New York State (the State) laws and as established by ILDC'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, ILDC’s deposits may not be returned to it. At December 31, 2023, ILDC’s bank deposits were fully collateralized by FDIC coverage and securities held by the pledging bank’s agent in ILDC’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.

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Interest accrual stops when management adjusts a loan reserve to 50% or more of the loan’s outstanding balance.

**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                         |

**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 and deferred outflows of resources reduced by related liabilities. Restrictions are imposed by external organizations such as federal or state laws and include amounts maintained in the Erie County Business Development Fund (Erie County BDF) (Note 2).
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the restricted component of net position and therefore are available for general use.

**Tax-Exempt Bond Transactions**

ILDC is an issuer of tax-exempt bond financing for not-for-profit entities which meet the definition of conduit debt obligations. These bonds are obligations of the borrower and secured by the assets they finance. ILDC receives administrative fees from the borrower for providing bond issues which are recognized according to the terms of the fee agreement. ILDC also has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. At December 31, 2023, previously issued bonds have an aggregate outstanding principal amount payable of \$304,864,803, none of which is recognized as a liability of ILDC.

ILDC transferred \$10,000 and \$105,000 in administrative fees to ECIDA in 2023 and 2022.

**Income Taxes**

Although the financial statements are required to be reported as a governmental entity, ILDC is a 501(c)(3) not-for-profit organization for income tax purposes and is exempt from income taxes under §501(a) of the Internal Revenue Code.

**2. Loans Receivable:**

The microenterprise revolving loan program was originally funded through a Community Development Block Grant (CDBG). Loans receivable maintained in the Erie County BDF are restricted pursuant to the original grant terms.

Loans made to local businesses from the Erie County BDF complement private financing at an interest rate of 2% with varying repayment terms. In 2022, ILDC began to provide microenterprise forgivable loans that may provide up to 50% of loan forgiveness if certain criteria are met by the borrower.

ILDC previously provided a \$750,000 forgivable loan to a borrower. The entire balance of the loan will be forgiven in installments of \$150,000 from 2025 through 2029 as long as the borrower meets certain job creation and retention requirements as set forth in the agreement. The balance of the loan is included in loans receivable and fully recognized in the allowance for uncollectible loans. The following is a summary of the loans receivable:

|                      | 2023              | 2022              |
|----------------------|-------------------|-------------------|
| Current status       | \$ 1,914,515      | \$ 1,856,179      |
| Less allowance       | 1,429,132         | 1,306,584         |
|                      | 485,383           | 549,595           |
| Less current portion | 123,071           | 119,854           |
|                      | <u>\$ 362,312</u> | <u>\$ 429,741</u> |

Following is a summary of the activity in the allowance for uncollectible loans:

|                                 | 2023                | 2022                |
|---------------------------------|---------------------|---------------------|
| Balance, beginning of year      | \$ 1,306,584        | \$ 824,079          |
| Additions charged to operations | 189,048             | 482,505             |
| Reduction in allowances         | (66,500)            | -                   |
|                                 | <u>\$ 1,429,132</u> | <u>\$ 1,306,584</u> |

Scheduled maturities, net of allowances, for the next five years and thereafter are as follows:

|            | Principal         | Interest         |
|------------|-------------------|------------------|
| 2024       | \$ 123,071        | \$ 19,412        |
| 2025       | 130,007           | 17,826           |
| 2026       | 122,007           | 14,859           |
| 2027       | 76,258            | 8,255            |
| 2028       | 29,364            | 3,599            |
| Thereafter | 4,676             | 487              |
|            | <u>\$ 485,383</u> | <u>\$ 64,438</u> |

### 3. Special Project Grants:

Special project grants are comprised of the following:

#### **Bethlehem Phase II**

In connection with Phase II of the Renaissance Commerce Park redevelopment, ILDC authorized the execution of a \$1,755,000 grant from Empire State Development (ESD) as Phase I of a capital grant under the Buffalo Billion II Initiative. Proceeds from this grant are used to acquire additional vacant Brownfield property at Renaissance Commerce Park, purchase a right-of-way along the eastern edge of the property, and plan for the Lackawanna-Woodlawn State Park Shoreline trail.

Phase II of the capital grant in the amount of \$7,695,000 under the Buffalo Billion II initiative was authorized by ILDC in 2021. Proceeds from this grant are used toward the design and construction of infrastructure improvements including additional environmental remediation, construction of new roads, and installation of utility corridors.

#### **Bethlehem EDA**

In 2022, ILDC authorized a \$2,680,000 grant from the U.S. Department of Commerce Economic Development Administration (EDA). Proceeds from this grant are used for the construction of water and sewer systems to facilitate development of land at Renaissance Commerce Park.

#### **Angola Agribusiness Park**

ILDC previously received grants from National Grid for \$354,000 and Erie County for \$230,000 for the development of an agribusiness park at the former Angola Airport in Angola, New York. In 2022, ILDC also received a grant from ESD for \$250,000 for this project.

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

|                          | 2023                | 2022                 |
|--------------------------|---------------------|----------------------|
| Bethlehem Phase II       | \$ 6,695,000        | \$ 6,695,000         |
| Bethlehem EDA            | 1,809,107           | 2,680,000            |
| Angola Agribusiness Park | 687,072             | 687,072              |
| Other                    | -                   | 150,000              |
|                          | <u>\$ 9,191,179</u> | <u>\$ 10,212,072</u> |

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

|                          | 2023                | 2022                 |
|--------------------------|---------------------|----------------------|
| Bethlehem Phase II       | \$ 3,692,057        | \$ 7,297,293         |
| Bethlehem EDA            | 32,267              | 2,590,483            |
| Angola Agribusiness Park | 431,096             | 526,410              |
| Other                    | 7,778               | 157,778              |
|                          | <u>\$ 4,163,198</u> | <u>\$ 10,571,964</u> |

#### 4. Land Held for Sale

Land held for sale is recorded at net realizable value based on assessment of the fair value of each project. The net realizable value as of December 31, 2023 and 2022 amounted to \$6,875,104 and \$6,867,153, respectively.

In February 2017, ILDC entered into a funding agreement with ECIDA to accept \$6,700,000 in the form of a partially refundable grant from ECIDA's U.S. Department of Housing and Urban Development Urban Development Action Grant (UDAG) reflow fund in connection with a Brownfield reclamation and redevelopment project at Renaissance Commerce Park in Lackawanna, New York. \$5,700,000 of the grant was earmarked for the purchase of real property, with the remaining \$1,000,000 to be used for carrying costs during and after property acquisition. Additional funding of up to \$700,000 for property acquisition was granted from ECIDA's UDAG reflow fund in September 2017. The initial \$1,000,000 for carrying costs was exhausted during 2023 and ECIDA approved additional funding for necessary carrying costs. As of December 31, 2023 and 2022, \$6,338,416 of the \$6,400,000 total amount granted has been spent on real property. As of December 31, 2023 and 2022, \$1,093,297 and \$929,235 for carrying costs was utilized, respectively.

In connection with the Phase I land purchase, ILDC accepted a \$2,780,000 grant from ESD. Proceeds from this grant were used to reimburse ECIDA. In addition, ILDC resolved to remit to ECIDA 50% of the net proceeds received upon the future sale of portions of land at Renaissance Commerce Park acquired using ECIDA grant funds, the aggregate of which is not to exceed \$6,700,000. As of December 31, 2023 and 2022, \$3,363,125 in reimbursements have been made to ECIDA.

In December 2018, ILDC entered into a funding agreement with the ECIDA to accept \$1,200,000 in the form of a partially refundable grant from ECIDA's UDAG reflow fund in connection with a redevelopment project at the former Angola Airport site in Angola, New York. \$900,000 of the grant was designated for the purchase of real property, with the remaining \$300,000 to be used for carrying costs during and after property acquisition. As of December 31, 2023 and 2022, \$855,084 of the \$900,000 granted for the purchase of real property was utilized. As of December 31, 2023 and 2022, \$164,722 and \$118,452 of the \$300,000 granted for carrying costs was utilized.

#### 5. Related Party Transactions:

ECIDA historically allocated a portion of its personnel and overhead costs to ILDC which amounted to \$177,224 in 2022. In 2023, ECIDA chose to discontinue allocation of personnel and overhead costs to ILDC unless a corresponding revenue source is identified. The amount outstanding to ECIDA at December 31, 2023 and 2022 related to these costs amounted to \$41,605 and \$179,722. In 2023, the ECIDA Board of Directors authorized ILDC to utilize ECIDA's UDAG funding for cash flow purposes while project reimbursements are processed. At December 31, 2023, ECIDA provided a total of \$4,477,770 for this purpose. Amounts due to ECIDA totaled \$4,519,375 and \$179,722 at December 31, 2023 and 2022.

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 and are included in special project grant revenue in the accompanying statements of revenues, expenses, and changes in net position.



BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION  
(A Component Unit of County of Erie, New York)

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

December 31, 2023

|                                     | Operating            | Erie County<br>BDF Program | Total                |
|-------------------------------------|----------------------|----------------------------|----------------------|
| <b>Assets</b>                       |                      |                            |                      |
| <b>Current assets:</b>              |                      |                            |                      |
| Cash                                | \$ 320,649           | \$ 97,052                  | \$ 417,701           |
| Grants receivable                   | 9,191,179            | -                          | 9,191,179            |
| Loans receivable                    | -                    | 123,071                    | 123,071              |
|                                     | <u>9,511,828</u>     | <u>220,123</u>             | <u>9,731,951</u>     |
| <b>Noncurrent assets:</b>           |                      |                            |                      |
| Loans receivable, net               | -                    | 362,312                    | 362,312              |
| Capital assets                      | 184,285              | -                          | 184,285              |
| Accumulated depreciation            | (5,192)              | -                          | (5,192)              |
| Land held for sale                  | 6,875,104            | -                          | 6,875,104            |
|                                     | <u>7,054,197</u>     | <u>362,312</u>             | <u>7,416,509</u>     |
|                                     | <u>\$ 16,566,025</u> | <u>\$ 582,435</u>          | <u>\$ 17,148,460</u> |
| <b>Liabilities and Net Position</b> |                      |                            |                      |
| <b>Current liabilities:</b>         |                      |                            |                      |
| Accounts payable                    | \$ 879,429           | \$ 902                     | \$ 880,331           |
| Due to affiliate                    | 4,477,770            | 41,605                     | 4,519,375            |
| Unearned revenue                    | 4,163,198            | -                          | 4,163,198            |
|                                     | <u>9,520,397</u>     | <u>42,507</u>              | <u>9,562,904</u>     |
| <b>Net position:</b>                |                      |                            |                      |
| Net investment in capital assets    | 179,093              | -                          | 179,093              |
| Restricted                          | -                    | 539,928                    | 539,928              |
| Unrestricted                        | 6,866,535            | -                          | 6,866,535            |
|                                     | <u>7,045,628</u>     | <u>539,928</u>             | <u>7,585,556</u>     |
|                                     | <u>\$ 16,566,025</u> | <u>\$ 582,435</u>          | <u>\$ 17,148,460</u> |

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION  
(A Component Unit of County of Erie, New York)

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

For the year ended December 31, 2023

|   | Operating           | Erie County<br>BDF Program | Total               |
|---|---------------------|----------------------------|---------------------|
| <b>Operating revenues:</b>                            |                     |                            |                     |
| Administrative fees                                   | \$ 11,200           | \$ -                       | \$ 11,200           |
| Interest from loans and other                         | 3,695               | 20,366                     | 24,061              |
| Total operating revenues                              | 14,895              | 20,366                     | 35,261              |
| <b>Operating expenses:</b>                            |                     |                            |                     |
| Transfer to Erie County Industrial Development Agency | -                   | 28,194                     | 28,194              |
| General and administrative                            | 68,729              | 318                        | 69,047              |
| Provision for uncollectible loans                     | -                   | 189,048                    | 189,048             |
| Depreciation  | 2,267               | -                          | 2,267               |
| Total operating expenses                              | 70,996              | 217,560                    | 288,556             |
| Operating loss before special project grants          | (56,101)            | (197,194)                  | (253,295)           |
| <b>Special project grants:</b>                        |                     |                            |                     |
| Special project grant revenue                         | 6,618,957           | 129,000                    | 6,747,957           |
| Special project grant expense                         | (6,258,765)         | -                          | (6,258,765)         |
| Total special project grants                          | 360,192             | 129,000                    | 489,192             |
| Change in net position                                | 304,091             | (68,194)                   | 235,897             |
| Net position - beginning                              | 6,741,537           | 608,122                    | 7,349,659           |
| <b>Net position - ending</b>                          | <b>\$ 7,045,628</b> | <b>\$ 539,928</b>          | <b>\$ 7,585,556</b> |

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION  
(A Component Unit of County of Erie, New York)

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**Supplementary Information**  
**Schedule of Expenditures of Federal Awards**

For the year ended December 31, 2023

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| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>        | <u>Assistance<br/>Listing<br/>Number</u> | <u>Grant<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|--|-------------------------|---------------------------------|
| <u>U.S. Department of Commerce:</u>                              |  |                         |                                 |
| Investments for Public Works and Economic Development Facilities | 11.300                                   | 01-79-15063             | \$ 2,559,506                    |
| <u>U.S. Department of Housing and Urban Development:</u>         |  |                         |                                 |
| Passed through Erie County Industrial Development Agency         |  |                         |                                 |
| Community Development Block Grants                               | 14.218                                   | N/A                     | <u>129,000</u>                  |
|  |  |                         | <u>\$ 2,688,506</u>             |

**Notes to Schedule of Expenditures of Federal Awards**

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

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs administered by Buffalo and Erie County Industrial Land Development Corporation (ILDC), an entity as defined in Note 1 to ILDC's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the SEFA.

**Basis of Accounting**

ILDC uses the accrual basis of accounting for each federal program, consistent with the financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with ILDC's financial reporting system.

**Indirect Costs**

ILDC has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**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  
Buffalo and Erie County Industrial  
Land Development Corporation

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 Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise ILDC'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 ILDC'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 ILDC's internal control. Accordingly, we do not express an opinion on the effectiveness of ILDC'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 ILDC'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 ILDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ILDC'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 FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors  
Buffalo and Erie County Industrial  
Land Development Corporation

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the compliance of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of ILDC's major federal programs for the year ended December 31, 2023. ILDC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, ILDC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of ILDC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of ILDC's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to ILDC's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ILDC's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ILDC's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 ILDC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ILDC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ILDC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Symaden & McCormick, LLP*

March 21, 2024

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION  
 (A Component Unit of County of Erie, New York)

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**Schedule of Findings and Questioned Costs**

For the year ended December 31, 2023

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**Section I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

| Name of Federal Program of Cluster                               | Assistance Listing Number | Amount              |
|--|---------------------------|---------------------|
| Investments for Public Works and Economic Development Facilities | 11.300                    | <u>\$ 2,559,506</u> |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**Section II. Financial Statement Findings**

No matters were reported.

**Section III. Federal Award Findings and Questioned Costs**

No matters were reported.

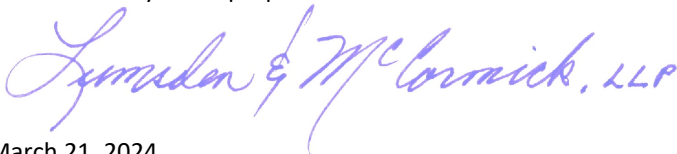
**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

The Board of Directors  
Buffalo and Erie County Industrial  
Land Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, 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 ILDC 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 ILDC'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