

CENTRAL NEW YORK REGIONAL
MARKET AUTHORITY

FINANCIAL STATEMENTS
March 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

Report on the Financial Statements

We have audited the accompanying financial statements of **CENTRAL NEW YORK REGIONAL MARKET AUTHORITY** (the Authority), which comprise the statements of net position as of March 31, 2013 and 2012, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 to 8, be presented to supplement the basic financial statements. Such information, 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central New York Regional Market Authority's basic financial statements. The Schedule of Operating Expenses on page 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Information – Continued

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DERMODY, BURKE & BROWN

DERMODY, BURKE & BROWN, CPAs, LLC

Auburn, NY

June 18, 2013

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2013 and 2012

Introduction

Central New York Regional Market Authority's Management's Discussion and Analysis for the year ended March 31, 2013 provides an introduction to the major activities that had an effect on the operations of the Authority and it also addresses the financial performance and status of the Authority. The information contained within the Management's Discussion and Analysis (MD&A) should be used and considered in conjunction with all of the information contained within the 2013 financial report, which follows this report.

Financial Highlights

The Authority's net position increased by approximately \$206,000 as a result of this year's operations.

The undesignated net position also decreased from \$922,542 to \$61,689. This decrease of approximately \$860,000 is due to the construction done at the Authority in the current year, which utilized undesignated cash balances to pay for construction expenditures.

Using this Annual Statement

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The Central New York Regional Market Authority is treated as a Proprietary Fund for auditing purposes. It has in the past and will continue to use the accrual basis of accounting. The accrual basis of accounting provides both *short-term* and *long-term* information about the Authority's *overall* financial status.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2013 and 2012

Statements of Net Position

TABLE 1

	2013	2012
ASSETS		
Cash	\$ 162,159	\$ 1,019,342
Accounts Receivable	13,085	2,827
Property, Plant and Equipment, Net	6,006,593	4,835,284
Closing Costs, Net	<u>9,686</u>	<u>10,963</u>
TOTAL ASSETS	<u><u>\$ 6,191,523</u></u>	<u><u>\$ 5,868,416</u></u>
LIABILITIES		
Current Portion of Long-Term Debt	\$ 32,515	\$ 31,320
Accounts Payable and Accrued Liabilities	172,736	35,427
Deferred Revenue	23,396	12,816
Security Deposit Reserve	62,790	62,347
Long-Term Debt, Net of Current Portion	<u>563,670</u>	<u>596,121</u>
Total Liabilities	855,107	738,031
NET POSITION		
Invested in Capital Assets, Net of Related Debt	5,274,727	4,207,843
Unrestricted Net Position	<u>61,689</u>	<u>922,542</u>
Total Net Position	<u><u>5,336,416</u></u>	<u><u>5,130,385</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 6,191,523</u></u>	<u><u>\$ 5,868,416</u></u>

Total assets increased approximately \$323,000 in 2013 as a result of the following:

- Property, plant and equipment increased due to the upgrades to the rear docks of the wholesale buildings and construction in progress on the new shed and cash decreased due to payments on construction expenditures.

Total liabilities increased approximately \$117,000 in 2013. Significant items include the following:

- The Authority assumed no new debt obligations in 2013.
- Long-term debt principal payments totaled \$31,256 in 2013.
- Accounts payable and accrued liabilities increased by approximately \$137,000 due to accounts payable on the construction in progress at year end.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2013 and 2012

Review of Revenues

TABLE 2

	2013	2012
Rent Revenue - Buildings and Land	\$ 627,192	\$ 593,941
Rent Revenue - Farmer's Market	765,282	734,646
Truck Scales	9,638	9,729
Utilities	88,788	87,242
Interest Income	15,471	10,293
Truck Delivery	21,696	22,644
Advertising - Promotion	12,805	12,758
Mobile Market Sales	7,801	9,511
Reimbursements	20,096	53,915
Miscellaneous	8,299	4,493
	<hr/>	<hr/>
TOTAL REVENUES	<u><u>\$ 1,577,068</u></u>	<u><u>\$ 1,539,172</u></u>

Rent revenue from the Farmer's Market increased in the current year. This is due to the steady growth of the Farmer's Market, continued high occupancy and nominal rent increases.

Reimbursements decreased in the current year due to a project in 2012 that was complete.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2013 and 2012

Review of Expenses

TABLE 3

	2013	2012
Payroll and Related Benefits	\$ 557,482	\$ 546,780
Mobile Market Payroll	4,237	1,899
Repairs and Maintenance	57,805	65,138
Office Expense	25,557	25,634
Utilities	180,284	189,303
Legal and Professional	28,958	28,614
Security	170,604	192,477
Insurance	62,080	62,447
Advertising	66,546	71,559
Bad Debt Expense	0	2,792
Mobile Market Expenses	6,380	8,253
Reimbursements	19,584	52,411
Other Operating Expenses	35,285	32,216
Interest Expense	20,189	21,391
Depreciation	<u>136,046</u>	<u>120,211</u>
TOTAL EXPENSES	<u><u>\$ 1,371,037</u></u>	<u><u>\$ 1,421,125</u></u>

Total expenses for 2013 decreased by approximately \$50,000 compared to 2012.

- Payroll and related benefits increased in the current year due to the normal pay increases to the employees of the Authority.
- Utilities decreased in the current year. This was due to the addition of solar panels and LED lighting.
- Reimbursements decreased in the current year due to a project in 2011 - 2012.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2013 and 2012

Summary of Changes in Fixed Assets

TABLE 4

	2013	2012	Total Percent Change
			2012-2013
Land	\$ 1,457,006	\$ 1,457,006	0.0%
Office Equipment	243,085	243,085	0.0%
Operating Equipment	490,579	485,574	1.0%
Buildings	4,332,155	4,332,155	0.0%
Permanent Improvements	1,972,839	1,710,345	13.3%
Utilities	319,830	319,830	0.0%
Construction in Progress	1,038,579	0	100.0%
Less: Accumulated Depreciation	<u>3,847,480</u>	<u>3,712,711</u>	<u>3.5%</u>
Total	<u>\$ 6,006,593</u>	<u>\$ 4,835,284</u>	<u>19.5%</u>

Increases to property, plant and equipment include the following highlights:

- Construction in progress at the end of the year is the work that has been completed on the new shed. When it is complete the total cost will be approximately 1.5 million.
- Permanent improvements has a significant increase due to the upgrades to the rear docks of the three wholesale buildings.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2013 and 2012

Economic Factors and Next Year's Budget

For the fiscal year ending March 31, 2013, most lease rates will continue to increase by approximately CPI.

Payroll and benefits will continue to increase due to the normal increases in pay and increased benefits cost.

Management is expecting revenues from our retail market to increase again next year due to the continued growth with the addition of approximately 25 stalls with the construction of the new F shed.

The staff of the Authority will continue to keep increases in expenses in check to allow for continued financial growth.

There is some expected increase in areas of staffing and utilities with the addition of the new F shed, but the staff is working hard to minimizing these costs.

Request for Information

This report is presented as a broad overview of the financial condition of the Central New York Regional Market Authority. Questions related to the report or the Authority in general should be sent to the Executive Director, Central New York Regional Market Authority, 2100 Park Street, Syracuse, New York 13208.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION

March 31, 2013 and 2012

	ASSETS	
	2013	2012
CURRENT ASSETS		
Cash	\$ 162,159	\$ 1,019,342
Accounts Receivable	<u>13,085</u>	<u>2,827</u>
Total Current Assets	175,244	1,022,169
PROPERTY, PLANT AND EQUIPMENT, NET	6,006,593	4,835,284
CLOSING COSTS, NET	<u>9,686</u>	<u>10,963</u>
TOTAL ASSETS	<u><u>\$ 6,191,523</u></u>	<u><u>\$ 5,868,416</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 32,515	\$ 31,320
Accounts Payable and Accrued Liabilities	172,736	35,427
Deferred Income	23,396	12,816
Security Deposit Reserve	<u>62,790</u>	<u>62,347</u>
Total Current Liabilities	291,437	141,910
LONG-TERM DEBT, NET OF CURRENT PORTION	563,670	596,121
NET POSITION		
Invested in Capital Assets, Net of Related Debt	5,274,727	4,207,843
Unrestricted Net Position	<u>61,689</u>	<u>922,542</u>
Total Net Position	<u>5,336,416</u>	<u>5,130,385</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 6,191,523</u></u>	<u><u>\$ 5,868,416</u></u>

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended March 31, 2013 and 2012

	2013	2012
OPERATING REVENUE		
RENT REVENUE - Buildings and Land		
Commercial Leases	\$ 469,527	\$ 451,469
Land Leases	<u>157,665</u>	<u>142,472</u>
Total Rent Revenue - Buildings and Land	627,192	593,941
RENT REVENUE - Farmer's Market		
Farmer's Saturday/Wholesale Leases	178,072	163,445
Farmer's Saturday Daily	38,663	39,309
Farmer's Thursday Lease	23,518	21,648
Farmer's Thursday Daily	3,885	3,897
Flea Market	224,906	227,089
NYS Dealer Saturday Lease	69,586	63,507
NYS Dealer Saturday Daily	7,170	815
NYS Thursday Lease	5,850	7,325
NYS Dealer Thursday Daily	2,250	1,620
Out of State Saturday/Thursday Lease	80,177	66,763
Out of State Dealer Saturday Daily	2,660	2,855
Food Concession	44,062	40,917
Commercial Retail Lease	<u>84,483</u>	<u>95,456</u>
Total Rent Revenue - Farmer's Market	<u>765,282</u>	<u>734,646</u>

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended March 31, 2013 and 2012

	2013	2012
OTHER OPERATING REVENUE		
Truck Scales	9,638	9,729
Truck Delivery	21,696	22,644
Mobile Market Sales	7,801	9,511
Electricity Sales	81,600	81,279
Reimbursements	20,096	53,915
Gas Sales	4,723	3,795
Water and Sewer Sales	2,465	2,168
Miscellaneous Income	8,299	4,493
Advertising - Promotion	12,805	12,758
	<u>169,123</u>	<u>200,292</u>
Total Other Operating Revenue	<u>169,123</u>	<u>200,292</u>
TOTAL OPERATING REVENUE	1,561,597	1,528,879
OPERATING EXPENSES	<u>1,350,848</u>	<u>1,399,734</u>
INCOME FROM OPERATIONS	210,749	129,145
OTHER INCOME (EXPENSE)		
Interest Income	15,471	10,293
Interest Expense	<u>(20,189)</u>	<u>(21,391)</u>
Net Other Expense	<u>(4,718)</u>	<u>(11,098)</u>
INCREASE IN NET POSITION	206,031	118,047
NET POSITION		
Balance, Beginning of Year	<u>5,130,385</u>	<u>5,012,338</u>
Balance, End of Year	<u><u>\$ 5,336,416</u></u>	<u><u>\$ 5,130,385</u></u>

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Operating Activities	\$ 1,551,339	\$ 1,532,524
Cash Paid to Suppliers and Employees	<u>(1,066,470)</u>	<u>(1,295,466)</u>
Net Cash Provided By Operating Activities	484,869	237,058
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Capital Acquisitions	(1,306,078)	(86,190)
Principal Payments	(31,256)	(30,056)
Interest Paid	<u>(20,189)</u>	<u>(21,391)</u>
Net Cash Used In Financing Activities	<u>(1,357,523)</u>	<u>(137,637)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of Interest	<u>15,471</u>	<u>10,293</u>
Net Cash Provided By Investing Activities	<u>15,471</u>	<u>10,293</u>
Net Increase (Decrease) in Cash	(857,183)	109,714
Cash, Beginning of Year	<u>1,019,342</u>	<u>909,628</u>
Cash, End of Year	<u><u>\$ 162,159</u></u>	<u><u>\$ 1,019,342</u></u>

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from Operations	\$ 210,749	\$ 129,145
Adjustments to Reconcile Increase in Net Position to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	136,046	120,211
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(10,258)	3,645
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	137,309	(16,358)
Deferred Income	10,580	1,134
Security Deposit Reserve	443	(719)
Net Cash Provided By Operating Activities	<u>\$ 484,869</u>	<u>\$ 237,058</u>

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 1 – NATURE OF OPERATIONS

Central New York Regional Market Authority (the “Authority”) is a public benefit company established to develop markets for the buying and selling of farm products.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (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. The Authority has adopted GASB Statement No. 20, “Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting”, GASB Statement No. 29, “The Use of Not-for-Profit Accounting and Financial Accounting Principles by Governmental Entities”, and GASB Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.”

The more significant accounting policies of the Authority are described below.

Method of Accounting

The Authority classifies net position into three components as follows:

- Net Investment in Capital Assets – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Assets – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, and then unrestricted resources as they are needed.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Method of Accounting – Continued

The financial statements of the Authority are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The Authority follows the pronouncements of only applicable Financial Accounting Standards Board (“FASB”) Statements and Interpretations, issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

The deposit and investment of Authority monies is governed by provisions in its enabling legislation and by an Investment Policy adopted by the Authority during 2008.

Statutes authorize the Authority to invest in bank maintained tenant security accounts, municipal money markets and municipal certificates of deposits. At the present time the investments are primarily in certificates of deposits.

For purposes of the statements of cash flows, the Authority has adopted the direct method of reporting net cash flows from operating activities and considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. At March 31, 2013 and 2012, there were no cash equivalents.

Property, Plant and Equipment

Property, plant and equipment are reported at cost. Cost of current repairs and minor replacements of parts are charged to maintenance and expense accounts as incurred.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the property, plant and equipment accounts), depreciation methods, and estimated useful lives of property, plant and equipment reported on the Authority’s financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Office Equipment	<u>\$ 10,000</u>	Straight-Line	10
Operating Equipment	<u>\$ 10,000</u>	Straight-Line	10 – 20
Buildings	<u>\$ 20,000</u>	Straight-Line	20 – 50
Permanent Improvements	<u>\$ 20,000</u>	Straight-Line	15 – 50
Utilities	<u>\$ 20,000</u>	Straight-Line	10 – 30

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts Receivable

The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Charges against operations were \$-0- and \$2,792 for the years ended March 31, 2013 and 2012, respectively.

Closing Costs

During 2006 the Authority entered into a new mortgage obligation for the acquisition of land and a building. Closing costs net of amortization associated with this debt obligation were \$9,686 and \$10,963 for 2013 and 2012 respectively. The closing costs are being amortized over 15 years. Amortization charged to expense was \$1,277 for both the years ended 2013 and 2012.

Taxes

As a public benefit company, the Authority is exempt from federal and state income taxes, as well as state and local property and sales taxes.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through June 18, 2013, the date the financial statements were available to be issued. There are no items that would require disclosure as a result of this evaluation.

As of June 18, 2013 the Authority is looking for long-term financing for the current year construction project.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 3 – CUSTODIAL CREDIT AND CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance.

The Authority's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ <u>0</u>
Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.	\$ <u>631,416</u>

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash balances at March 31, 2013 and 2012 consisted of the following accounts:

	2013	2012
Cash in Bank Checking	\$ 31,023	\$ 5,463
Cash in Bank Savings	5,035	357,401
Board Designated Contingency Account	31,026	31,026
Board Designated Capital Reserve	32,100	562,920
Renter's Security Deposit	62,790	62,347
Petty Cash	<u>185</u>	<u>185</u>
Total	<u>\$ 162,159</u>	<u>\$ 1,019,342</u>

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 4 – CASH AND CASH EQUIVALENTS – Continued

Cash and cash equivalents of the Authority at March 31, 2013 and 2012 consist of the following:

	Carrying Value	Bank Balance
March 31, 2013		
Cash and Cash Equivalents:		
Cash on Hand	\$ 185	\$ 0
Bank Accounts	<u>161,974</u>	<u>346,384</u>
Total Cash and Cash Equivalents	<u><u>\$ 162,159</u></u>	<u><u>\$ 346,384</u></u>
	Carrying Value	Bank Balance
March 31, 2012		
Cash and Cash Equivalents:		
Cash on Hand	\$ 185	\$ 0
Bank Accounts	<u>1,019,157</u>	<u>1,054,528</u>
Total Cash and Cash Equivalents	<u><u>\$ 1,019,342</u></u>	<u><u>\$ 1,054,528</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority's deposits are secured by \$346,384 from the Federal Depository Insurance Corporation plus \$631,416 of pledged collateral at March 31, 2013. For the Authority, all pledged collateral and all investments are classified in the highest category by being held in bank trust departments in the Authority's name.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

Activity for property, plant and equipment and changes in accumulated depreciation for the year ended March 31, 2013 is as follows:

	Balance March 31, 2012	Additions	Deductions	Balance March 31, 2013
Land	\$ 1,457,006	\$ 0	\$ 0	\$ 1,457,006
Office Equipment	243,085	0	0	243,085
Operating Equipment	485,574	5,005	0	490,579
Buildings	4,332,155	0	0	4,332,155
Permanent Improvements	1,710,345	262,494	0	1,972,839
Utilities	319,830	0	0	319,830
Construction in Progress	0	1,038,579	0	1,038,579
	8,547,995	1,306,078	0	9,854,073
Less: Accumulated Depreciation	<u>3,712,711</u>	<u>134,769</u>	<u>0</u>	<u>3,847,480</u>
Net Property, Plant and Equipment	<u>\$ 4,835,284</u>	<u>\$ 1,171,309</u>	<u>\$ 0</u>	<u>\$ 6,006,593</u>

The total contracted cost for the new shed is \$1,501,826. As of March 31, 2013 construction in progress of \$1,038,579 had been completed.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT – Continued

Activity for property, plant and equipment and changes in accumulated depreciation for the year ended March 31, 2012 is as follows:

	Balance March 31, 2011	Additions	Deductions	Balance March 31, 2012
Land	\$ 1,457,006	\$ 0	\$ 0	\$ 1,457,006
Office Equipment	236,512	6,573	0	243,085
Operating Equipment	481,565	64,534	60,525	485,574
Buildings	4,332,155	0	0	4,332,155
Permanent Improvements	1,665,612	44,733	0	1,710,345
Utilities	319,830	0	0	319,830
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	8,492,680	115,840	60,525	8,547,995
Less: Accumulated Depreciation	<u>3,624,652</u>	<u>118,934</u>	<u>30,875</u>	<u>3,712,711</u>
Net Property, Plant and Equipment	<u>\$ 4,868,028</u>	<u>\$ (3,094)</u>	<u>\$ 29,650</u>	<u>\$ 4,835,284</u>

Depreciation charged to expense at March 31, 2013 and 2012 was \$134,769 and \$118,934, respectively.

NOTE 6 – SHORT-TERM DEBT

The Authority and its bank entered into a line-of-credit agreement which provides for maximum borrowing of up to \$100,000 at an interest rate of prime plus .75%. The line-of-credit agreement is renewable annually. At March 31, 2013 and 2012, there were no borrowings under the line-of-credit agreement. The prime interest rate was 3.25% at March 31, 2013 and 2012.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 7 – LONG-TERM DEBT

Long term debt is made up of the following obligations:

	Balance at March 31, 2012	Additions	Reductions	Balance at March 31, 2013
Notes Payable:				
YNY DED-IIDP	\$ 75,498	\$ 0	\$ 0	\$ 75,498
First Pioneer Farm Credit	551,943	0	31,256	520,687
	<hr/>	<hr/>	<hr/>	<hr/>
Total Notes Payable	<u>\$ 627,441</u>	<u>\$ 0</u>	<u>\$ 31,256</u>	<u>\$ 596,185</u>

Note payable to YNY DED-IIDP at an interest rate of 4%. Original grant with 50% loan, repayment and interest accrual held in abeyance.

Note payable to First Pioneer Farm Credit at an interest rate of 3.75% with monthly payments of \$4,287 through January 2026. The note is secured by real estate.

Changes in long-term liabilities are as follows:

	Principal Payments on Notes	Interest Payable	Total Debt Service on Notes
2014	\$ 32,515	\$ 18,936	\$ 51,451
2015	33,755	17,696	51,451
2016	35,043	16,408	51,451
2017	36,380	15,071	51,451
2018	37,768	13,683	51,451
Thereafter	345,226	52,744	397,970
	<hr/>	<hr/>	<hr/>
	520,687	\$ 134,538	\$ 655,225
Less: Current Portion	<u>32,515</u>	<hr/>	<hr/>
Total	<u>\$ 488,172</u>		

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 8 – BENEFIT PLANS

Pension

The Authority participates in the New York State and Local Employees' Retirement System (ERS) "Plan". This is a defined benefit, cost sharing multiple public employer-employee retirement plan overseen by the Comptroller of the State of New York. The Plan offers a wide range of benefits that are related to years of service and final average salary, vesting of retirement benefits, death, and disability. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes audited financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Alfred E. Smith State Office Building, Albany, New York 12244.

The ERS is noncontributory except for employees who joined the System after July 27, 1976, and have less than 10 years of eligible service and contribute 3% of their salary. Under the authority of the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of members' payroll, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Effective October 1, 2000, all employees who joined the ERS after July 27, 1976 who have either ten or more years of membership, or who have ten years credited service are no longer required to contribute 3% of their salary.

The Authority is required to contribute at an actuarially determined rate. The required and actual contributions for the current year and two preceding years are as follows:

	Annual Contributions
2011	<u><u>\$ 6,498</u></u>
2012	<u><u>\$ 13,858</u></u>
2013	<u><u>\$ 10,049</u></u>

The Authority's contributions made to the System were equal to 100% of the contributions required for each year.

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

NOTE 8 – BENEFIT PLANS – Continued

Post Employment Benefits

In addition to the retirement benefits described above, the Authority provides post employment health insurance coverage to its retired employees and their survivors. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the Authority. Currently one retiree meets these eligibility requirements. The cost of AARP health care benefits is recognized as an expense as costs are incurred and includes the one non-retiree. The amount paid was approximately \$3,285 and \$3,665 in 2013 and 2012, respectively.

In order to fully comply with all other post employment benefit disclosures the Authority must get an actuarial report. This has not been completed for the years ending March 31, 2013 or March 31, 2012.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

OTHER FINANCIAL INFORMATION

SCHEDULES OF OPERATING EXPENSES

Years Ended March 31, 2013 and 2012

	2013	2012
Payroll	\$ 388,090	\$ 373,988
Mobile Market Payroll	4,237	1,899
Payroll Taxes	93,816	83,457
Repairs to Building	28,043	21,995
Repairs to Grounds	11,819	17,183
Repairs to Equipment	3,147	10,839
Fuel and Oil Expenses	5,329	4,005
Operating Expenses	10,335	8,594
Maintenance Supplies	14,796	15,121
Mobile Market Expenses	6,380	8,253
Office Equipment	13,550	14,730
Telephone	5,956	5,231
Association Licensing Fees	3,893	3,807
Reimbursements	19,584	52,411
Miscellaneous Expenses	6,753	8,173
Security	170,604	192,477
Trash Removal	6,051	5,673
Operating Insurance	62,080	62,447
Health and Life Plan	67,371	80,688
Dental Plan	4,565	4,814
Advertising and Promotion	66,546	71,559
Travel	14,304	11,642
Legal and Professional	28,958	28,614
Payroll Processing	3,640	3,833
Electricity	114,658	120,763
Gas	14,875	16,792
Water and Sewer	45,422	47,743
Depreciation and Amortization	136,046	120,211
Bad Debt Expense	0	2,792
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	\$ 1,350,848	\$ 1,399,734

See notes to financial statements.

**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***

**BOARD OF DIRECTORS
CENTRAL NEW YORK REGIONAL MARKET AUTHORITY**

We have audited, in accordance with 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 the Central New York Regional Market Authority (the Authority), as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 determination of financial statement amounts. 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Auburn, NY

June 18, 2013

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

**BOARD OF DIRECTORS
CENTRAL NEW YORK REGIONAL MARKET AUTHORITY**

We have examined Central New York Regional Market Authority's (the Authority) compliance with Section 2925(3)(f) of the New York State Public Authorities Law during the year ended March 31, 2013. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended March 31, 2013.

This report is intended solely for the information and use of management, the board of directors, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these parties.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Auburn, NY

June 18, 2013