

**GENESEE VALLEY REGIONAL MARKET AUTHORITY  
(AN ENTERPRISE FUND OF NEW YORK STATE)**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013**



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Genesee Valley Regional Market Authority  
Rochester, New York

We have audited the accompanying financial statements of Genesee Valley Regional Market Authority, an enterprise fund of New York State, which comprise the statement of net position as of March 31, 2013 and 2012, and the related statements of revenues, expenses and changes in net position and statements of 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 auditors' 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 auditors 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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesee Valley Regional Market Authority, an enterprise fund of New York State as of March 31, 2013 and 2012, and the changes in its financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America requires that the budgetary comparison and schedule of funding progress for other post retirement benefits on pages 17-18 be presented to supplement basic financial statements. Such information, although not part of the basic financial statements, is required by the Government 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 inquires 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 have 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*

As discussed in Note 1 to the financial statements, the Authority adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

The supplementary schedules on pages 14 - 16 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. Such 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 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 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 June 21, 2013, on our consideration of the Genesee Valley Regional Market Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in consideration of the results of our audit.

*EFP Rotenberg, LLP*

EFP Rotenberg, LLP  
Rochester, New York  
June 21, 2013

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Statements of Net Position**  
**March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,104,879	\$ 784,204
Short term investments	398,989	722,975
Other receivables	4,579	13,851
Prepaid expenses	77,503	77,297
Total current assets	1,585,950	1,598,327
<b>Property and Equipment - Net</b>	15,358,352	15,536,664
<b>Other Assets</b>		
Post-retirement benefit	278,505	260,641
<b>Total Assets</b>	\$ 17,222,807	\$ 17,395,632
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities</b>		
Accounts payable	\$ 7,753	\$ 218,702
Accrued expenses	33,955	35,045
Unearned revenue	13,251	65,876
Deposits	5,008	4,483
<b>Total Liabilities</b>	59,967	324,106
<b>Net Position</b>		
Unrestricted	691,243	523,887
Restricted - expendable	1,113,245	1,010,975
Net investment of capital assets	15,358,352	15,536,664
Total net position	17,162,840	17,071,526
<b>Total Liabilities and Net Position</b>	\$ 17,222,807	\$ 17,395,632

The accompanying notes are an integral part of these financial statements.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Rental income	\$ 2,951,095	\$ 2,895,174
<b>Operating Expenses</b>	<u>1,778,814</u>	<u>1,700,780</u>
<b>Operating Income</b>	1,172,281	1,194,394
<b>Non-Operating Revenue</b>	15,579	26,951
<b>Non-Operating Expense</b>	<u>(1,096,546)</u>	<u>(871,025)</u>
<b>Change in Net Position</b>	91,314	350,320
<b>Net Position - Beginning</b>	<u>17,071,526</u>	<u>16,721,206</u>
<b>Net Position - Ending</b>	<u>\$ 17,162,840</u>	<u>\$ 17,071,526</u>

The accompanying notes are an integral part of these financial statements.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Statements of Cash Flows**  
**For the Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities</b>		
Cash received for services provided	\$ 2,888,606	\$ 2,939,521
Cash paid for contractual expenses	(738,295)	(286,844)
Cash paid for personnel services and benefits	(260,756)	(285,753)
Net cash flows from operating activities	<u>1,889,555</u>	<u>2,366,924</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Other non-operating revenue received	<u>530</u>	<u>1,030</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Non-operating expense	(1,096,546)	(864,333)
Fixed asset additions	(811,899)	(1,891,413)
Net cash flows from capital and related financing activities	<u>(1,908,445)</u>	<u>(2,755,746)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(100,000)	(703,337)
Maturity of investments	423,986	544,712
Interest income received	15,049	25,921
Net cash flows from investing activities	<u>339,035</u>	<u>(132,704)</u>
<b>Net Change in Cash and Cash Equivalents</b>	320,675	(520,496)
<b>Cash and Cash Equivalents - Beginning</b>	<u>784,204</u>	<u>1,304,700</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,104,879</u>	<u>\$ 784,204</u>
<b>Reconciliations of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income	\$ 1,172,281	\$ 1,194,394
Adjustments		
Depreciation	990,211	920,638
Loss on abandonment	-	(6,692)
Changes		
Other receivables	9,272	(6,703)
Prepaid expenses	(206)	(3,747)
Post-retirement benefit obligation	(17,864)	2,163
Accounts payable	(210,949)	207,356
Accrued expenses	(1,090)	8,465
Unearned revenue	(52,625)	51,050
Deposits	525	-
Net cash flows from operating activities	<u>\$ 1,889,555</u>	<u>\$ 2,366,924</u>

The accompanying notes are an integral part of these financial statements.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
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**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies and Scope of Business**

**Scope of Business** - The Authority is a tax exempt public benefit corporation created by a 1951 act of the New York State Legislature. The Authority is a lessor of buildings and land located in the area of Jefferson and East Henrietta Roads in the Town of Henrietta, New York. The lease terms vary, expiring in various years through 2049.

**Method of Accounting** - Beginning in 2012, the Authority adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement codifies all sources of Accounting Principles Generally Accepted in the United States of America into the GASB's authoritative literature. The accounts of the Authority are maintained on the accrual basis of accounting. Enterprise funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of operating income, financial position, changes in net position and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation.

**Estimates** - The preparation of 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. Actual results could differ from those estimates.

**Basis of Presentation** - The accounts of New York State are organized on the basis of funds and account groups. A fund is a separate accounting entity with a self-balancing set of accounts.

Proprietary Funds are used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in cash flow. Enterprise Funds are Proprietary Funds used to report any activity for which a fee is charged to external users for goods or services. The Authority is an Enterprise Fund.

Beginning in 2012, the Authority adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement provides guidance on presenting deferred outflows, deferred inflows, and net position. Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. GASB requires the classification of net position into three classifications and defined as follows:

Net investment of capital assets - This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted - Expendable net position - The component of net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. New York State legislation requires the Authority to encumber an amount that is strictly available to support agricultural related projects and programs in the nine county region around Rochester, New York. The Authority will provide funding directly to applicants approved jointly by the New York State Department of Agriculture and the Authority's Board of Directors. At March 31, 2013 and 2012, the restricted - expendable net position was \$1,113,245 and \$1,010,975, respectively.

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Unrestricted Net Position - This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Authority.

**Cash and Cash Equivalents** - Cash and cash equivalents include time deposits, money market accounts, and any highly liquid debt instruments with original maturities of three months or less.

**Investments** - Investments are stated at cost, which approximates fair value, and consists of bonds and certificates of deposit with a maturity in excess of three month at the time of purchase.

**Concentration of Credit Risk** - The Authority maintains its cash accounts in financial institutions located in upstate New York. These balances are insured up to the FDIC limit. To the extent that balances exceed this amount, the Authority has adopted an investment policy whereby the uninsured amounts can be secured in one of the three following ways:

- I. By a pledge of "eligible securities" with an aggregate "market value" equal to the aggregate amount of deposit.

All such Eligible Securities used for collateralizing deposits shall be held by the depository bank or trust company subject to security and custodial agreements. The security agreement shall:

- a. Provide that eligible securities are being pledged to secure Authority deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default;
  - b. State the conditions under which the securities may be sold, presented for payment, substituted, or released, and the events which will enable the Authority to exercise its rights against the pledged securities.
  - c. State that securities held by the bank or trust company, or agent of, and custodian for, the Authority, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities; and
  - d. Provide that the securities are held solely for the benefit of the Authority, and the custodian shall make no claim to any such securities.
- II. By an eligible "Irrevocable Letter of Credit" issued by a qualified bank other than the bank with the deposits in favor of the Authority for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any.
  - III. By an eligible surety bond payable to the Authority for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims - paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

As of March 31, 2013 and 2012, the Authority's financial institutions had sufficient collateral to satisfy the Authority's investment policy.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
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**Property, Equipment, and Depreciation** - Property, equipment, and other fixed assets are carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives as follows:

Buildings and improvements	10 - 30 Years
Land improvements	15 - 30 Years
Operating tools and equipment	5 - 10 Years
Vehicles	5 Years
Office furniture and equipment	5 - 10 Years

**Revenue Recognition** - Rental income is recognized monthly per the lease terms with the tenants. Amounts due from tenants are recorded as rent receivable. Amounts prepaid from tenants are recorded as unearned revenue.

**Operating Revenues and Expenses** - Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**Note 2. Property and Equipment**

Property and equipment consisted of the following at March 31:

	<u>2013</u>	<u>2012</u>
<b>Property Held for Lease</b>		
Buildings and improvements	\$ 21,187,761	\$ 21,107,956
Land improvements	5,159,720	5,030,770
	<u>26,347,481</u>	<u>26,138,726</u>
Accumulated depreciation:		
Buildings and improvements	(8,812,525)	(8,175,229)
Land improvements	(3,961,857)	(3,643,583)
	<u>(12,774,382)</u>	<u>(11,818,812)</u>
Capital assets not being depreciated:		
Land	382,534	382,534
Construction-in-progress	1,279,474	689,079
	<u>1,662,008</u>	<u>1,071,613</u>
Net property held for lease	<u>15,235,107</u>	<u>15,391,527</u>
<b>Property Used in Operations</b>		
Vehicles	171,416	171,417
Operating tools and equipment	259,518	248,810
Office furniture and equipment	51,416	49,374
	<u>482,350</u>	<u>469,601</u>
Accumulated depreciation:		
Vehicles	(166,082)	(161,853)
Operating tools and equipment	(146,278)	(117,427)
Office furniture and equipment	(46,745)	(45,184)
Net property used in operations	<u>123,245</u>	<u>145,137</u>
Total property and equipment	<u>\$ 15,358,352</u>	<u>\$ 15,536,664</u>

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
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**Notes to Financial Statements**

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**Note 3. Postemployment Benefits Other Than Pensions**

**Plan Description** - The Authority administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides medical insurance for eligible retirees and their spouses. The plan is not a written plan, but has been approved by the board of directors. A retiring employee is provided a benefit from the Authority provided that the employee has a minimum of twenty years of service, has attained age 62, and is employed by the Authority at the time of retirement. The assets of the fund are held in a trust for the exclusive benefit of plan members and their beneficiaries in accordance with the terms of the OPEB plan.

**Funding Policy** - The Authority will pay the cost of the Preferred Care Gold coverage plus a monthly payment of \$125 to the retiree to cover other medical expenses.

**Annual OPEB Cost and Net OPEB Obligation** - The Authority’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Authority has elected to calculate the ARC and related information using the Entry Age Actuarial Accrued Liability Cost Method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority’s net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 1,901
Interest on net OPEB obligation	(9,123)
Adjustment to annual required contribution	9,020
Annual OPEB Costs	1,798
Contributions made	-
Health care payments	(19,664)
Increase in net OPEB obligation	(17,866)
Net OPEB obligation (prepaid) - beginning of year	(260,641)
Net OPEB obligation (prepaid) - end of year	\$ (278,505)

**Funded Status and Funding Progress** - Per the requirement for pension plans, the Authority has under 200 employees and therefore is only required to perform an actuarial assessment for the pension plan every three years. The last report was done for the year ended March 31, 2012. The current year calculation is a management estimate based on historical activity. The net OPEB prepayment of benefits was \$278,505 and \$260,641 at March 31, 2013 and 2012, respectively.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
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**Notes to Financial Statements**

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**Methods and Assumptions** - The following actuarial assumptions were made:

- Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.
- Marital status - For purposes of valuing the post-retirement benefits under the plan, 85% of active participants are assumed to be married with males three years older than their female spouses.
- Mortality - Life expectancies were based on mortality tables from RP2000 Mortality Table with separate rates for males and females.
- Turnover - Non-group-specific age-based turnover data was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
- Healthcare cost trend rate - 3.0% compounded annually.
- Investment return - 3.50% compounded annually.
- Salary Increase - 4.0% compounded annually.

**Note 4. Retirement Benefits**

**Plan Description** - The Authority participates in the New York and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. 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 System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

**Funding Policy** - The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1986, who contribute 3% of their salary. The State Legislature passed legislation in 2000 that suspends the 3% contribution for employees who have ten years or more of credited service. Additionally, members who meet certain eligibility requirements will receive one month additional service credit for each completed year of service up to a maximum of two additional years of service credit. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employees to the pension accumulation fund.

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

2013	\$	52,091
2012	\$	39,642
2011	\$	27,163

In addition to this, the Authority has adopted the New York State 403B deferred compensation plan for employees who meet certain age and eligibility requirements. The Authority does not match any employee deferrals.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
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**Notes to Financial Statements**

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**Note 5. Future Minimum Rents**

The Authority leases land, office space, and warehouse space on both short and long-term lease arrangements to various tenants. All of the leases are operating leases for accounting purposes.

The following is a schedule of future minimum rentals under leases at March 31, 2013, not including any unexercised renewal option increases:

2014	\$ 2,463,000
2015	1,763,000
2016	1,261,000
2017	1,157,000
2018	1,104,000
Thereafter	19,000
Total	<u>\$ 7,767,000</u>

**Note 6. Other Matters**

For the fiscal year ended March 31, 2013, the Authority expended \$914,534 of the restricted - expendable net position in assistance of the following agriculturally related businesses:

Cornell Tech Farm	\$ 300,000
Springdale Farms	\$ 35,000
NY Apple Association	\$ 75,000
NYS Wine & Culinary	\$ 90,000
Wine and Grape Foundation	\$ 200,000
Cornell Cooperative Extension	\$ 135,000
Palcon Systems	\$ 25,000
Western NY Maple Producers	\$ 50,000
Pickney Hugo Group	\$ 4,534

For the fiscal year ended March 31, 2013, the authority expended \$182,012 of restricted – expendable net position in assistance of the following businesses, for non-agricultural expenditures, under the direction and request of New York State:

Rochester Roots	\$ 62,500
Finger Lakes Health Systems Agency	\$ 119,512

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
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**Notes to Financial Statements**

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For the fiscal year ended March 31, 2012, the authority expended \$864,333 of the restricted - expendable net position in assistance of the following agriculturally related businesses:

NYS Wine & Culinary	\$ 250,000
Rochester Roots	\$ 187,500
Wine and Grape Foundation	\$ 175,000
Cornell Cooperative Extension	\$ 150,000
Palcon Systems	\$ 51,833
Western NY Maple Producers	\$ 50,000

**Note 7. Reclassifications**

Certain reclassifications have been made to the financial statements for the year ended March 31, 2012. These reclassifications are for comparative purposes only and have no effect on the change in net position as originally reported.

**Note 8. Accounting Standards Issued But Not Yet Implemented**

GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus* is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14 *The Financial Reporting Entity* and No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement amends the criteria for including component unites by only including those component unites for which the elected officials are financially accountable or that the government determines would be misleading to exclude. This statement also amends the criteria for blending of component units to include only those component units that are so intertwined with the primary government that they are essentially the same as the primary government. The requirements of the statement are effective for periods beginning after June 15, 2012, which is the fiscal year beginning April 1, 2013 for the Authority. This statement is not expected to have a material effect on the financial statements of the Authority.

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources such as changes in the determination of the major fund calculations and limited the use of the term deferred in the financial statement presentations. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning April 1, 2013 for the Authority.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
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GASB Statement No. 66 - *Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62* improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. Statements No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement amends Statement No. 10 by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) service fee rate. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning April 1, 2013 for the Authority. This statement is not expected to have a material effect on the financial statements of the Authority.

GASB Statement No. 67 – *Financial Reporting for Pension Plan – an Amendment of GASB Statement No. 25* replaces existing standards for financial reporting and not disclosure for most pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning April 1, 2014 for the Authority.

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning April 1, 2015 for the Authority.

GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations* establishes accounting and financial reporting standards for government mergers, acquisitions and disposals. The statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effect of those transactions. The requirements of this statement are effective for periods beginning after December 15, 2013, which is the fiscal year beginning April 1, 2014 for the Authority. This statement is not expected to have a material effect on the financial statements of the Authority.

GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees* improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires a government that has issues an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning April 1, 2014 for the Authority. This statement is not expected to have a material effect on the consolidated financial statements.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Supplementary Schedules of Expenses**  
**For the Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
<b>Operating Expenses</b>			
Advertising and promotion	\$ 8,283	\$ 6,152	\$ 2,131
Auditing and accounting fees	11,500	13,000	(1,500)
Depreciation	990,211	920,638	69,573
Directors' fees and expense	9,989	8,326	1,663
Dues and subscriptions	5,922	3,929	1,993
Employees' travel and reimbursed expenses	1,638	903	735
Employer's health insurance contribution	55,375	40,169	15,206
Insurance	51,848	61,380	(9,532)
Legal fees	42,670	45,625	(2,955)
Local property tax assessments	72,662	74,821	(2,159)
Office supplies and expense	8,998	12,906	(3,908)
Other professional services	11,524	9,380	2,144
Payroll taxes	23,209	21,758	1,451
Refuse and snow removal	6,317	6,668	(351)
Repairs and maintenance	61,764	78,426	(16,662)
Salaries and wages	268,065	275,203	(7,138)
Security services	25,224	26,433	(1,209)
State retirement fund contribution	52,091	39,642	12,449
Supplies	14,185	11,099	3,086
Telephone	4,688	4,626	62
Truck and automotive expense	13,922	10,069	3,853
Utilities	38,729	29,627	9,102
Total operating expenses	<u>\$ 1,778,814</u>	<u>\$ 1,700,780</u>	<u>\$ 78,034</u>
<b>Non-Operating Revenue</b>			
Interest income	\$ 15,049	\$ 25,921	\$ (10,872)
Other fees and charges	530	1,030	(500)
Total non-operating revenue	<u>\$ 15,579</u>	<u>\$ 26,951</u>	<u>\$ (11,372)</u>
<b>Non-Operating Expense</b>			
Agricultural related business funding	\$ 1,096,546	\$ 864,333	\$ 232,213
Loss on abandonment	-	6,692	(6,692)
Total non-operating expense	<u>\$ 1,096,546</u>	<u>\$ 871,025</u>	<u>\$ 225,521</u>

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Supplementary Schedules of Land Rent**  
**For the Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
<b>Land Rent</b>			
157 LaGrange Avenue, Inc. (Shaheen/Pinecrest Associates)	\$ 13,885	\$ 13,885	\$ -
1525 E. Henrietta (United Rentals)	25,000	25,000	-
175 Clay Rd Enterprises LLC	2,037	-	2,037
200 Mushroom Boulevard, LLC	33,150	-	33,150
975 Jefferson Road, LLC (Jodie Rose)	8,944	8,944	-
Andy Patel (Holiday Inn)	63,886	63,886	-
Ashland Oil (Valvoline)	15,843	14,767	1,076
B. Giambone & Co.	18,077	16,301	1,776
J.P. Morgan Chase	69,000	63,470	5,530
Clay Road Industrial Park, Inc.	17,049	17,049	-
DeCarolis Truck Rental, Inc.	32,129	32,129	-
Economy Self Storage	18,032	18,032	-
Econolodge (Best Western)	45,588	45,588	-
Fong Q. Lo and Chochieng Liou (L&L Company)	18,367	18,367	-
Getinge/Castle, Inc.	5,499	5,499	-
McCarthy Tire (Main Tire Exchange)	21,910	21,910	-
Home Properties of New York (Jefferson Associates)	148,230	147,644	586
J & L Realty (Lou Bivone)	21,983	21,982	1
Lanovara Food Dist.	18,666	18,666	-
LLS Company (Lou Bivone)	25,536	25,080	456
Durhan Oldhan	20,934	20,242	692
Metzger Gear	17,527	17,527	-
Mike Papapanu (Hooters)	19,649	19,649	-
Monro Muffler	17,902	17,902	-
MCS of Monroe Co.	6,111	8,149	(2,038)
Norry Company	40,800	48,378	(7,578)
Palmer Food Services	18,646	18,646	-
Pittsford Realty Group	22,010	22,010	-
Ran - Lan Wayside, Ltd.	13,150	12,600	550
Reed Properties	10,954	10,687	267
Regional Industrial Park (Shaheen)	38,016	38,016	-
RG & E	36,789	36,789	-
Tim Hortons	16,880	16,880	-
Spectrum Land Company	78,210	77,563	647
Sticky Lips	55,000	55,000	-
Jamestown Lodging	65,000	5,417	59,583
Tertrac	8,009	48,053	(40,044)
Total land rent	<u>\$ 1,108,398</u>	<u>\$ 1,051,707</u>	<u>\$ 56,691</u>

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Supplementary Schedules of Rental Income**  
**For the Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Land rent -previous page	\$ 1,108,398	\$ 1,051,707	\$ 56,691
Administration building	104,887	118,944	(14,057)
Wholesale house #1 - annual and monthly tenants	105,818	105,818	-
Wholesale house #2 - Palmer Food	77,804	77,804	-
Wholesale House #6	92,339	78,445	13,894
Wholesale House #7	48,000	48,000	-
Building #1	155,180	153,592	1,588
Building #2	98,100	98,100	-
Building #3	48,242	46,340	1,902
Building #4	182,574	182,574	-
Building #5	92,347	92,347	-
Building #8	37,509	33,759	3,750
Building #11	110,614	110,250	364
Building #15	36,170	37,140	(970)
Building #16	76,751	73,581	3,170
Building #17	103,218	101,684	1,534
Building #18	67,802	70,498	(2,696)
Building #19	81,144	81,144	-
Building #20	138,000	138,000	-
Building # 21	76,172	75,377	795
Building # 22	32,276	31,630	646
120 Mushroom Blvd	71,840	81,895	(10,055)
Farm Market	670	605	65
Parking area	5,240	5,940	(700)
Total rental income	<u>\$ 2,951,095</u>	<u>\$ 2,895,174</u>	<u>\$ 55,921</u>

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Supplementary Schedules of Budget vs. Actual**  
**For the Years Ended March 31, 2013 and 2012**

	<b>2013 (Unaudited) Budget</b>	<b>2013 Actual</b>	<b>Over (Under) Budget</b>
<b>Operating Revenues</b>			
Rental income	<u>\$ 2,923,000</u>	<u>\$ 2,951,095</u>	<u>\$ 28,095</u>
<b>Operating Expenses</b>			
Advertising and promotion	6,000	8,283	2,283
Auditing and accounting fees	12,000	11,500	(500)
Depreciation	- (1)	990,211	990,211
Directors' fees and expenses	12,000	9,989	(2,011)
Dues and subscriptions	1,500	5,922	4,422
Employees' travel and reimbursed expenses	8,000	1,638	(6,362)
Employer's health insurance contribution	45,800	55,375	9,575
Insurance	59,000	51,848	(7,152)
Legal and engineer fees	28,100	42,670	14,570
Local property tax assessments	75,800	72,662	(3,138)
Office supplies and expense	6,500	8,998	2,498
Other professional services	5,200	11,524	6,324
Payroll taxes	45,000	23,209	(21,791)
Refuse and snow removal	6,000	6,317	317
Repairs and maintenance	28,000	61,764	33,764
Salaries and wages	327,000	268,065	(58,935)
Security services	31,000	25,224	(5,776)
State retirement fund contribution	59,200	52,091	(7,109)
Supplies	2,000	14,185	12,185
Telephone	4,200	4,688	488
Truck and automotive expense	17,500	13,922	(3,578)
Utilities	63,000	38,729	(24,271)
Total operating expenses	<u>842,800</u>	<u>1,778,814</u>	<u>936,014</u>
<b>Non-Operating Revenue</b>			
Other fees and charges	-	530	530
Interest income	10,000	15,049	5,049
Total non-operating revenue	<u>10,000</u>	<u>15,579</u>	<u>5,579</u>
<b>Change in Net Position *</b>	<u>\$ 2,090,200</u>	<u>\$ 1,187,860</u>	<u>\$ (902,340)</u>

(1) The budget was adjusted for this non-cash item.

\* The budget did not include the non-operating expenses.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Schedule of Funding Progress for Other Post Retirement Benefits**  
**For the Years Ended March 31, 2013 and 2012**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b)-(a)</b>	<b>Funded Ratio (a)/(b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll (b-a)/ n/a</b>
3/31/2012	\$ 316,662	\$ 277,844	\$ (38,818)	114.0%	n/a	n/a

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation (Prepaid)</b>
3/31/2011	\$ 3,711	100.0%	\$ (246,619)
3/31/2012	\$ 2,163	0.0%	\$ (260,641)
3/31/2013	\$ 1,798	0.0%	\$ (278,505)



**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  
Genesee Valley Regional Market Authority  
Rochester, New York

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 Genesee Valley Regional Market Authority as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise Genesee Valley Regional Market Authority's basic financial statements, and have issued our report thereon dated June 21, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Genesee Valley Regional Market 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Genesee Valley Regional Market Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Genesee Valley Regional Market 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 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 Genesee Valley Regional Market 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

This report is intended 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. The 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.

Handwritten signature of EFP Rotenberg, LLP in black ink.

EFP Rotenberg, LLP  
Rochester, New York  
June 21, 2013