

CENTRAL NEW YORK REGIONAL
MARKET AUTHORITY

FINANCIAL STATEMENTS
March 31, 2014 and 2013

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Dermody, Burke & Brown, CPAs, LLC

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, 2014 and 2013, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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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 the Authority, as of March 31, 2014 and 2013, 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

Change in Accounting Principle

As described in Note 9 to the financial statements, the Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* in 2013.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 10, 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 Central New York Regional Market Authority's basic financial statements. The schedule of operating expenses on page 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014, on our consideration of the Authority'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 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 the Authority's internal control over financial reporting and compliance.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Auburn, NY

June 17, 2014

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2014 and 2013

Introduction

Central New York Regional Market Authority's Management's Discussion and Analysis for the year ended March 31, 2014 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 2014 financial report, which follows this report.

Financial Highlights

The Authority's net position increased by approximately \$81,000 as a result of this year's operations.

During 2014 the Authority finished the F-Shed project for a total cost of approximately \$1.7 million. As a result of this construction the Authority borrowed an additional \$566,813 during 2014.

The undesignated net position also decreased from \$52,003 to a deficit of \$(7,696). This decrease of approximately \$60,000 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, 2014 and 2013

Statements of Net Position

TABLE 1

	2014	Restated 2013
ASSETS		
Cash	\$ 111,798	\$ 141,756
Cash Held for Others	22,068	20,403
Accounts Receivable	12,479	13,085
Property, Plant and Equipment, Net	<u>6,514,606</u>	<u>6,006,593</u>
TOTAL ASSETS	<u><u>\$ 6,660,951</u></u>	<u><u>\$ 6,181,837</u></u>
LIABILITIES		
Current Portion of Long-Term Debt	\$ 69,891	\$ 32,515
Accounts Payable and Accrued Liabilities	62,825	172,736
Funds Held for Others	22,068	20,403
Security Deposit Reserve	61,696	62,790
Long Term Debt	<u>1,029,168</u>	<u>563,670</u>
TOTAL LIABILITIES	<u><u>\$ 1,245,648</u></u>	<u><u>\$ 852,114</u></u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Rent	<u><u>\$ 7,452</u></u>	<u><u>\$ 2,993</u></u>
NET POSITION		
Net Investment in Capital Assets	\$ 5,415,547	\$ 5,274,727
Unrestricted Net Position	<u>(7,696)</u>	<u>52,003</u>
TOTAL NET POSITION	<u><u>\$ 5,407,851</u></u>	<u><u>\$ 5,326,730</u></u>

Total assets increased approximately \$480,000 in 2014 as a result of the following:

- Property, plant and equipment increased due to the completion of the new shed and cash decreased due to payments on construction expenditures.

Total liabilities increased approximately \$394,000 in 2014. Significant items include the following:

- The Authority assumed new debt obligations in 2014.
- Long-term debt principal payments totaled \$63,939 in 2014.
- Accounts payable and accrued liabilities decreased by approximately \$110,000 due to payments on accounts payable for the construction in progress from the prior year.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2014 and 2013

Review of Revenues

TABLE 2

	2014	2013
Rent Revenue - Buildings and Land	\$ 619,169	\$ 627,192
Rent Revenue - Retail Market	828,646	765,282
Truck Scales	10,185	9,638
Utilities	81,565	88,788
Interest Income	8,082	15,471
Truck Delivery	20,622	21,696
Advertising - Promotion	40,615	12,805
Mobile Market Sales	14,483	7,801
Reimbursements	35,951	20,096
Miscellaneous	<u>3,373</u>	<u>8,299</u>
TOTAL REVENUES	<u><u>\$ 1,662,691</u></u>	<u><u>\$ 1,577,068</u></u>

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

Reimbursements increased in the current year due to a project in progress.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2014 and 2013

Review of Expenses

TABLE 3

	2014	Restated 2013
Payroll and Related Benefits	\$ 546,661	\$ 557,482
Mobile Market Payroll	4,286	4,237
Repairs and Maintenance	80,448	57,805
Office Expense	29,304	25,557
Utilities	212,486	180,284
Legal and Professional	40,401	28,958
Security	202,690	170,604
Insurance	72,863	62,080
Advertising	69,558	66,546
Bad Debt Expense	2,815	0
Mobile Market Expenses	8,344	6,380
Reimbursements	29,161	19,584
Other Operating Expenses	31,294	35,285
Interest Expense	32,302	20,189
Debt Issuance Costs	32,270	0
Depreciation	<u>186,687</u>	<u>134,769</u>
TOTAL EXPENSES	<u><u>\$ 1,581,570</u></u>	<u><u>\$ 1,369,760</u></u>

Total expenses for 2014 increase by approximately \$212,000 compared to 2013.

- Repairs and Maintenance increase approximately \$22,000 in the current year due to an increase in the general maintenance of the facility, along with a higher than usual amount of equipment maintenance associated with snow removal.
- Utilities increased in the current year. This was due to an increase in water, sewer and flushing charges on the Authorities water bill. Also with a harsher winter this past year the gas bill was almost double the previous year.
- Depreciation increased by approximately \$50,000 in the current year due to the new F-Shed being capitalized and depreciation in 2014.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2014 and 2013

Summary of Changes in Fixed Assets

TABLE 4

	2014	2013	Total Percent Change
			2013-2014
Land	\$ 1,457,006	\$ 1,457,006	0.0%
Office Equipment	244,588	243,085	0.6%
Operating Equipment	507,147	490,579	3.3%
Buildings	4,332,155	4,332,155	0.0%
Permanent Improvements	3,678,546	1,972,839	46.4%
Utilities	319,830	319,830	0.0%
Construction in Progress	0	1,038,579	100.0%
Less: Accumulated Depreciation	<u>4,024,666</u>	<u>3,847,480</u>	<u>4.4%</u>
Total	<u>\$ 6,514,606</u>	<u>\$ 6,006,593</u>	<u>7.8%</u>

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

- Construction in progress of the F-Shed was capitalized in 2014 to permanent improvements along with the remaining amounts spent in 2014.
- Operating equipment increased with the trade in of two tractors for two newer tractors.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2014 and 2013

Summary of Changes in Debt

TABLE 5

	2014	2013	Total Percent Change
			2013-2014
Notes Payable:			
YNY DED-IIDP	\$ 75,498	\$ 75,498	0.0%
First Pioneer Farm Credit	<u>1,023,561</u>	<u>520,687</u>	<u>49.1%</u>
Total Notes Payable	<u>\$ 1,099,059</u>	<u>\$ 596,185</u>	<u>45.8%</u>

Increases to debt include the following highlights:

- The Authority added \$566,813 in proceeds from debt in the current year for the F-Shed project.
- The Authority paid \$63,939 in principal on debt in 2014.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2014 and 2013

Economic Factors and Next Year's Budget

For the fiscal year ending March 31, 2015, most lease rates will continue to increase by approximately CPI.

Payroll and benefits will continue to increase due to the normal increases.

Revenues from the Retail Market are not expected to have a significant increase due to the fact that almost all the farmer stalls are already under license.

Maintenance and repairs expenses are expected to increase this year, this is due to the fact that the staff will be focusing on accomplishing more upkeep this coming year. With the construction of the new F-Shed last year there was not as much time or money dedicated to repairs and upkeep projects.

There will also be an effort on the part of the staff to keep expenses in check enough to start rebuilding the Authorities cash position.

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, 2014 and 2013

	2014	Restated 2013
CURRENT ASSETS		
Cash	\$ 111,798	\$ 141,756
Cash Held for Others	22,068	20,403
Accounts Receivable	<u>12,479</u>	<u>13,085</u>
Total Current Assets	146,345	175,244
PROPERTY, PLANT AND EQUIPMENT, NET	<u>6,514,606</u>	<u>6,006,593</u>
TOTAL ASSETS	<u>6,660,951</u>	<u>6,181,837</u>

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

STATEMENTS OF NET POSITION

March 31, 2014 and 2013

LIABILITIES AND NET POSITION

	2014	Restated 2013
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	69,891	32,515
Accounts Payable and Accrued Liabilities	62,825	172,736
Funds Held for Others	22,068	20,403
Security Deposit Reserve	61,696	62,790
	<hr/>	<hr/>
Total Current Liabilities	216,480	288,444
LONG-TERM DEBT, NET OF CURRENT PORTION	<hr/> 1,029,168	<hr/> 563,670
TOTAL LIABILITIES	<hr/> 1,245,648	<hr/> 852,114
DEFERRED INFLOWS OF RESOURCES		
Deferred Rent	<hr/> 7,452	<hr/> 2,993
TOTAL DEFERRED INFLOWS OF RESOURCES	7,452	2,993
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<hr/> 1,253,100	<hr/> 855,107
NET POSITION		
Net Investment in Capital Assets	5,415,547	5,274,727
Unrestricted Net Position	<hr/> (7,696)	<hr/> 52,003
TOTAL NET POSITION	<hr/> <hr/> \$ 5,407,851	<hr/> <hr/> \$ 5,326,730

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended March 31, 2014 and 2013

	2014	Restated 2013
OPERATING REVENUE		
RENT REVENUE - Buildings and Land		
Commercial Leases	\$ 474,992	\$ 469,527
Land Leases	<u>144,177</u>	<u>157,665</u>
Total Rent Revenue - Buildings and Land	619,169	627,192
RENT REVENUE - Retail Market		
Farmer's Saturday/Wholesale Leases	220,645	178,072
Farmer's Saturday Daily	33,740	38,663
Farmer's Thursday Lease	23,996	23,518
Farmer's Thursday Daily	4,725	3,885
Flea Market	233,409	224,906
Dealer Saturday Lease	144,988	145,763
Dealer Saturday Daily	4,245	9,830
Dealer Thursday Lease	17,130	9,850
Dealer Thursday Daily	1,200	2,250
Food Concession	40,254	44,062
Commercial Saturday Lease	89,836	84,483
Commercial Saturday Daily	11,715	0
Commercial Thursday Lease	1,188	0
Commercial Thursday Daily	<u>1,575</u>	<u>0</u>
Total Rent Revenue - Retail Market	<u>828,646</u>	<u>765,282</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, 2014 and 2013

	2014	Restated 2013
OTHER OPERATING REVENUE		
Truck Scales	10,185	9,638
Truck Delivery	20,622	21,696
Mobile Market Sales	14,483	7,801
Electricity Sales	73,455	81,600
Reimbursements	35,951	20,096
Gas Sales	5,820	4,723
Water and Sewer Sales	2,290	2,465
Miscellaneous Income	3,373	8,299
Advertising - Promotion	40,615	12,805
	<u>206,794</u>	<u>169,123</u>
Total Other Operating Revenue		
	<u>206,794</u>	<u>169,123</u>
TOTAL OPERATING REVENUE	1,654,609	1,561,597
OPERATING EXPENSES	1,549,268	1,349,571
INCOME FROM OPERATIONS	105,341	212,026
OTHER INCOME (EXPENSE)		
Interest Income	8,082	15,471
Interest Expense	(32,302)	(20,189)
	<u>(24,220)</u>	<u>(4,718)</u>
Net Other Expense		
	<u>(24,220)</u>	<u>(4,718)</u>
INCREASE IN NET POSITION	81,121	207,308
NET POSITION		
Balance, Beginning of Year, Restated	<u>5,326,730</u>	<u>5,119,422</u>
Balance, End of Year	<u><u>\$ 5,407,851</u></u>	<u><u>\$ 5,326,730</u></u>

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2014 and 2013

	2014	Restated 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Operating Activities	\$ 1,655,215	\$ 1,551,339
Cash Paid to Suppliers and Employees	<u>(1,469,127)</u>	<u>(1,074,295)</u>
Net Cash Provided By Operating Activities	186,088	477,044
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Capital Acquisitions	(160,157)	(1,306,078)
Debt Issuance Costs	32,270	0
Principal Payments	(63,939)	(31,256)
Interest Paid	<u>(32,302)</u>	<u>(20,189)</u>
Net Cash Used In Financing Activities	<u>(224,128)</u>	<u>(1,357,523)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of Interest	<u>8,082</u>	<u>15,471</u>
Net Cash Provided By Investing Activities	<u>8,082</u>	<u>15,471</u>
Net Decrease in Cash	(29,958)	(865,008)
Cash, Beginning of Year	<u>141,756</u>	<u>1,006,764</u>
Cash, End of Year	<u>\$ 111,798</u>	<u>\$ 141,756</u>
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capital Acquisitions through Acquired Debt	<u>\$ 566,813</u>	<u>\$ 0</u>

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2014 and 2013

	2014	Restated 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from Operations	\$ 105,341	\$ 212,026
Adjustments to Reconcile Increase in Net Position to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	186,687	134,769
(Increase) Decrease in Operating Assets:		
Accounts Receivable	606	(10,258)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	(109,911)	137,309
Deferred Rent	4,459	2,755
Security Deposit Reserve	(1,094)	443
Net Cash Provided By Operating Activities	<u>\$ 186,088</u>	<u>\$ 477,044</u>

See notes to financial statements.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

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 Accounting

The Authority’s financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

In accordance with GASB standards, the accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. As required by GASB standards, the transactions of the Authority are accounted for on a flow of economic resources measurement focus and accrual basis of accounting.

Basis of Presentation

GASB required the classification of net position into three components defined as follows:

- *Net Investment in Capital Assets* are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation and related debt.
- *Restricted Net Position* – This component of net assets consists of amounts which have external constraints placed on their use 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 Position* – This component consists of remaining net assets, which can be further categorized as designated or undesignated. Designated assets are not governed by statute or contract but are committed for specific purposes pursuant to Authority policy and/or Board directives. Designated assets include funds and assets committed to working capital.

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, 2014 and 2013

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2014 and 2013, 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

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

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 \$2,815 and \$-0- for the years ended March 31, 2014 and 2013, respectively.

Funds Held for Others

The Authority holds funds for customers and vendors that have purchased tokens. These funds are reported as cash held for others in the statements of net position and the related liability is reported as funds held for others.

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 17, 2014, the date the financial statements were available to be issued. There are no items that would require disclosure as a result of this evaluation.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 3 – CASH

Cash balances at March 31, 2014 and 2013 consisted of the following accounts:

	2014	2013
Cash in Bank Checking	\$ 3,709	\$ 31,023
Cash in Bank Savings	5,150	5,035
Board Designated Contingency Account	31,026	31,026
Board Designated Capital Reserve	32,100	32,100
Renter's Security Deposit	61,696	62,790
Petty Cash	185	185
	<hr/>	<hr/>
Total	\$ 133,866	\$ 162,159
	<hr/>	<hr/>
Cash	\$ 111,798	\$ 141,756
Cash Held for Others	22,068	20,403
	<hr/>	<hr/>
Total	\$ 133,866	\$ 162,159
	<hr/>	<hr/>

Cash of the Authority at March 31, 2014 and 2013 consists of the following:

	Carrying Value	Bank Balance
March 31, 2014		
Cash:		
Cash on Hand	\$ 185	\$ 0
Bank Accounts	133,681	158,310
	<hr/>	<hr/>
Total Cash	\$ 133,866	\$ 158,310
	<hr/>	<hr/>
March 31, 2013		
Cash:		
Cash on Hand	\$ 185	\$ 0
Bank Accounts	161,974	346,384
	<hr/>	<hr/>
Total Cash	\$ 162,159	\$ 346,384
	<hr/>	<hr/>

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 3 – CASH – Continued

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 \$158,310 from the Federal Depository Insurance Corporation plus \$-0- of pledged collateral at March 31, 2014. 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.

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

Activity for property, plant and equipment and changes in accumulated depreciation for the year ended March 31, 2014 is as follows:

	Balance March 31, 2013	Additions	Deductions	Balance March 31, 2014
Land	\$ 1,457,006	\$ 0	\$ 0	\$ 1,457,006
Office Equipment	243,085	1,502	0	244,587
Operating Equipment	490,579	64,074	47,506	507,147
Buildings	4,332,155	0	0	4,332,155
Permanent Improvements	1,972,839	1,705,708	0	3,678,547
Utilities	319,830	0	0	319,830
Construction in Progress	<u>1,038,579</u>	<u>0</u>	<u>1,038,579</u>	<u>0</u>
	9,854,073	1,771,284	1,086,085	10,539,272
Less: Accumulated Depreciation	<u>3,847,480</u>	<u>186,687</u>	<u>9,501</u>	<u>4,024,666</u>
Net Property, Plant and Equipment	<u>\$ 6,006,593</u>	<u>\$ 1,584,597</u>	<u>\$ 1,076,584</u>	<u>\$ 6,514,606</u>

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT – Continued

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>

Depreciation charged to expense at March 31, 2014 and 2013 was \$186,687 and \$134,769, respectively.

NOTE 5 – 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, 2014 and 2013, there were no borrowings under the line-of-credit agreement. The prime interest rate was 3.25% at March 31, 2014 and 2013.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 6 – LONG-TERM DEBT

Long term debt is made up of the following obligations:

	Balance at March 31, 2013	Additions	Reductions	Balance at March 31, 2014
Notes Payable:				
YNY DED-IIDP	\$ 75,498	\$ 0	\$ 0	\$ 75,498
First Pioneer Farm Credit	<u>520,687</u>	<u>566,813</u>	<u>63,939</u>	<u>1,023,561</u>
 Total Notes Payable	 <u>\$ 596,185</u>	 <u>\$ 566,813</u>	 <u>\$ 63,939</u>	 <u>\$ 1,099,059</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.

In April 2013 the Authority refinanced the remaining portion of the note payable and received \$566,813 in new debt. Note payable to First Pioneer Farm Credit at an interest rate of 3.25% with monthly payments of \$8,510 through April 2026. The note is secured by real estate. As of March 31, 2014 the Authority has the ability to draw an additional \$412,500 on this note.

Changes in long-term liabilities are as follows:

	Principal Payments on Notes	Interest Payable	Total Debt Service on Notes
2015	\$ 69,891	\$ 32,231	\$ 102,122
2016	72,197	29,925	102,122
2017	74,578	27,543	102,121
2018	77,038	25,083	102,121
2019	79,580	22,542	102,122
Thereafter	650,277	79,272	729,549
YNY DED-IIDP	<u>75,498</u>	<u>0</u>	<u>75,498</u>
	1,099,059	<u>\$ 216,596</u>	<u>\$ 1,315,655</u>
Less: Current Portion	<u>69,891</u>		
 Total	 <u>\$ 1,029,168</u>		

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 7 – 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.

Funding Policies

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in the System contribute 3% of their salary throughout their active membership. The Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Employees who join on or after April 1, 2012 (Tier 6) will contribute 3% of their reportable salary. Beginning April 1, 2013 the contribution rate for Tier 6 members will vary based on each member's annual compensation varying between 3-6%.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 7 – BENEFIT PLANS – Continued

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
2012	<u>\$ 13,858</u>
2013	<u>\$ 10,049</u>
2014	<u>\$ 9,364</u>

The Authority's contributions made to the System were equal to 100% of the contributions required for each year. Effective May 14, 2003, the System requires a minimum employer contribution of 4.5% annually of the System's fund value at April 1st of the previous fiscal year.

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 in both 2014 and 2013, 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, 2014 or March 31, 2013.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2013, the Authority adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65). This statement requires reporting of deferred outflows and inflows of resources separately from assets and liabilities. In addition, certain items previously reported as assets and liabilities are now recognized as outflows or inflows of resources. Implementation of GASB No. 65 results in expensing unamortized debt issuance costs, and is applied retroactively by restating the prior period financial statements.

The following summarizes the effect of GASB 65 on the net position of the Authority as of April 1, 2012, the earliest period presented:

Net Assets Previously Reported	\$ 5,130,385
Debt Issuance Costs	<u>(10,963)</u>
Restated Net Assets	<u>\$ 5,119,422</u>

In addition, the statements of revenue, expenses, and changes in net position have been retroactively restated for such change, which resulted in a decrease of depreciation and amortization and an increase to the change in net position of \$1,277. These differences reflect the removal of amortization of debt issuance costs.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 9 – NEW ACCOUNTING PRONOUNCEMENTS

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*. GASB No. 67 and No. 68 change how governments calculate and report the costs and obligations associated with pensions and improve the decision usefulness of reported pension information and increase the transparency, consistency, and comparability of pension information. Statement No. 67 will take effect for periods beginning after June 15, 2013. Statement No. 68 will take effect for periods beginning after June 15, 2014. The Authority is currently assessing impact of this statement on its financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations and require measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. The provisions of Statement 69 are effective in financial reporting periods beginning after December 15, 2013. The adoption of this statement does not affect the financial statements of the Authority.

In April 2013 GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The provisions of Statement 70 are effective for financial statements for reporting beginning after June 15, 2013. The adoption of this statement does not affect the financial statements of the Authority.

CENTRAL NEW YORK REGIONAL MARKET AUTHORITY

OTHER FINANCIAL INFORMATION

SCHEDULES OF OPERATING EXPENSES

Years Ended March 31, 2014 and 2013

	2014	Restated 2013
Payroll	\$ 375,565	\$ 388,090
Mobile Market Payroll	4,286	4,237
Payroll Taxes	73,786	93,816
Repairs to Building	39,196	28,043
Repairs to Grounds	19,689	11,819
Repairs to Equipment	8,093	3,147
Fuel and Oil Expenses	9,439	5,329
Operating Expenses	8,505	10,335
Maintenance Supplies	13,470	14,796
Mobile Market Expenses	8,344	6,380
Office Equipment	17,074	13,550
Telephone	6,063	5,956
Association Licensing Fees	4,306	3,893
Reimbursements	29,161	19,584
Miscellaneous Expenses	5,619	6,753
Security	202,690	170,604
Trash Removal	6,167	6,051
Operating Insurance	72,863	62,080
Health and Life Plan	90,897	67,371
Dental Plan	2,945	4,565
Advertising and Promotion	69,558	66,546
Travel	12,864	14,304
Legal and Professional	40,401	28,958
Payroll Processing	3,468	3,640
Electricity	111,883	114,658
Gas	28,556	14,875
Water and Sewer	62,608	45,422
Depreciation and Amortization	186,687	134,769
Debt Issuance Costs	32,270	0
Bad Debt Expense	2,815	0
TOTAL OPERATING EXPENSES	<u>\$ 1,549,268</u>	<u>\$ 1,349,571</u>

See notes to financial statements.



Dermody, Burke & Brown, CPAs, LLC

**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), which comprise the statement of net position as of March 31, 2014, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2014.

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 opinion 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 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 17, 2014



Dermody, Burke & Brown, CPAs, LLC

**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 its own investment policies, applicable laws and regulations related to investments, and the New York State Office of the State Comptroller Investment Guidelines for Public Authorities, Section 2925(3)(f) for the year ended March 31, 2014. 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, 2014.

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 17, 2014

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