

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

FINANCIAL STATEMENTS

MARCH 31, 2014

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, 2014 and 2013, 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2014 and 2013, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Genesee Valley Regional Market Authority and do not purport to, and do not present fairly the financial position of New York State, as of March 31, 2014 and 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Authority adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and GASB Statement No. 66, *Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62*. Our opinion is not modified with respect to this matter.

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 14 - 15 be presented to supplement the 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Genesee Valley Regional Market Authority's basic financial statements. The accompanying supplementary schedules of expenses and land rent are not a required part of the basic financial statements.

The supplementary schedules of expenses and land rent on pages 17 - 19 are the responsibility of management and were 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 supplementary schedules of expenses and land rent are 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 26, 2014, 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 26, 2014

GENESEE VALLEY REGIONAL MARKET AUTHORITY
(An Enterprise Fund of New York State)
Statements of Net Position
March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,429,355	\$ 1,104,879
Short term investments	443,276	398,989
Other receivables	5,487	4,579
Prepaid expenses	87,649	77,503
Total current assets	1,965,767	1,585,950
Property and Equipment - Net	15,283,395	15,358,352
Other Assets		
Funded post-retirement benefit	289,743	278,505
Total Assets	\$ 17,538,905	\$ 17,222,807
LIABILITIES AND NET POSITION		
Liabilities		
Accounts payable	\$ 485	\$ 7,753
Accrued expenses	28,241	33,955
Deposits	4,400	5,008
Total current liabilities	33,126	46,716
Deferred Inflows of Resources		
Contract amounts received in advance	9,416	13,251
Total Liabilities	42,542	59,967
Net Position		
Unrestricted	797,948	691,243
Restricted - expendable	1,415,020	1,113,245
Net investment in capital assets	15,283,395	15,358,352
Total net position	17,496,363	17,162,840
Total Liabilities and Net Position	\$ 17,538,905	\$ 17,222,807

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Rental income	\$ 2,999,798	\$ 2,951,095
Operating Expenses	<u>1,836,975</u>	<u>1,778,814</u>
Operating Income	1,162,823	1,172,281
Non-Operating Revenue	7,427	15,049
Non-Operating Expense	<u>(836,727)</u>	<u>(1,096,016)</u>
Change in Net Position	333,523	91,314
Net Position - Beginning	<u>17,162,840</u>	<u>17,071,526</u>
Net Position - Ending	<u>\$ 17,496,363</u>	<u>\$ 17,162,840</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Cash received for services provided	\$ 3,010,160	\$ 2,906,470
Cash paid for contractual expenses	(587,672)	(738,295)
Cash paid for personnel services and benefits	(253,385)	(260,756)
Net cash flows from operating activities	<u>2,169,103</u>	<u>1,907,419</u>
Cash Flows from Non-Capital Financing Activities		
Other fees and charges	<u>(6,164)</u>	<u>530</u>
Cash Flows from Capital and Related Financing Activities		
Agricultural related business funding	(830,563)	(1,096,546)
Fixed asset additions	(944,089)	(811,899)
Net cash flows from capital and related financing activities	<u>(1,774,652)</u>	<u>(1,908,445)</u>
Cash Flows from Investing Activities		
Purchase of investments	(60,000)	(100,000)
Maturity of investments	-	423,986
Funded post-retirement benefit obligation	(11,238)	(17,864)
Interest income received	7,427	15,049
Net cash flows from investing activities	<u>(63,811)</u>	<u>321,171</u>
Net Change in Cash and Cash Equivalents	324,476	320,675
Cash and Cash Equivalents - Beginning	<u>1,104,879</u>	<u>784,204</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,429,355</u>	<u>\$ 1,104,879</u>
Reconciliations of Operating Income to Net Cash Flows from Operating Activities		
Operating income	\$ 1,162,823	\$ 1,172,281
Adjustments		
Depreciation	1,019,046	990,211
Unrealized gain	15,713	-
Changes		
Other receivables	(908)	9,272
Prepaid expenses	(10,146)	(206)
Accounts payable	(7,268)	(210,949)
Accrued expenses	(5,714)	(1,090)
Deposits	(608)	525
Deferred revenue	(3,835)	(52,625)
Net cash flows from operating activities	<u>\$ 2,169,103</u>	<u>\$ 1,907,419</u>

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

GENESEE VALLEY REGIONAL MARKET AUTHORITY
(An Enterprise Fund of New York State)
Notes to Financial Statements

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 Town of Henrietta, New York. The lease terms vary, expiring in various years through 2020.

Method of Accounting - 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 2013, the Authority adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 in 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 Net Position - A component of net position is considered restricted if the 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, 2014 and 2013, the restricted - expendable net position was \$1,415,020 and \$1,113,245, respectively.

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.

GENESEE VALLEY REGIONAL MARKET AUTHORITY
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Notes to Financial Statements

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, 2014 and 2013, the Authority's financial institutions had sufficient collateral to satisfy the Authority's investment policy.

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
Vehicles	5 Years
Operating tools and equipment	5 - 10 Years
Office furniture and equipment	5 - 10 Years

GENESEE VALLEY REGIONAL MARKET AUTHORITY
(An Enterprise Fund of New York State)
Notes to Financial Statements

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 contract amounts received in advance.

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 activity for the year ended March 31, 2014 was as follows:

	<u>Balance</u> <u>03/31/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>03/31/2014</u>
Property Held for Lease				
Buildings and improvements	\$ 21,187,761	\$ 1,117,945	\$ -	\$ 22,305,706
Land improvements	5,159,720	1,102,036	-	6,261,756
	<u>26,347,481</u>	<u>2,219,981</u>	<u>-</u>	<u>28,567,462</u>
Accumulated depreciation:				
Buildings and improvements	(8,812,525)	(651,582)	-	(9,464,107)
Land improvements	(3,961,857)	(332,077)	-	(4,293,934)
	<u>(12,774,382)</u>	<u>(983,659)</u>	<u>-</u>	<u>(13,758,041)</u>
Capital assets not being depreciated:				
Land	382,534	-	-	382,534
Construction-in-progress	1,279,474	860,853	(2,138,651)	1,676
	<u>1,662,008</u>	<u>860,853</u>	<u>(2,138,651)</u>	<u>384,210</u>
Net property held for lease	<u>15,235,107</u>	<u>2,097,175</u>	<u>(2,138,651)</u>	<u>15,193,631</u>
Property Used in Operations				
Vehicles	171,416	2	-	171,418
Operating tools and equipment	259,518	1,406	-	260,924
Office furniture and equipment	51,416	500	-	51,916
	<u>482,350</u>	<u>1,908</u>	<u>-</u>	<u>484,258</u>
Accumulated depreciation:				
Vehicles	(166,082)	(4,229)	-	(170,311)
Operating tools and equipment	(146,278)	(29,554)	-	(175,832)
Office furniture and equipment	(46,745)	(1,606)	-	(48,351)
Net property used in operations	<u>123,245</u>	<u>(33,481)</u>	<u>-</u>	<u>89,764</u>
Total property and equipment	<u>\$ 15,358,352</u>	<u>\$ 2,063,694</u>	<u>\$(2,138,651)</u>	<u>\$ 15,283,395</u>

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Notes to Financial Statements

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:

	<u>2014</u>	<u>2013</u>
Annual required contribution	\$ 6,647	\$ 1,901
Interest on net OPEB obligation	(9,748)	(9,123)
Adjustment to annual required contribution	10,432	9,020
Annual OPEB Costs	<u>7,331</u>	<u>1,798</u>
Contributions made	<u>(18,569)</u>	<u>(19,662)</u>
Increase in net OPEB obligation (prepaid)	(11,238)	(17,866)
Net OPEB obligation (prepaid) – beginning of year	<u>(278,505)</u>	<u>(260,641)</u>
Net OPEB obligation (prepaid) – end of year	<u>\$ (289,743)</u>	<u>\$ (278,505)</u>

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 plan every three years. The report was done for the year ended March 31, 2014.

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
(An Enterprise Fund of New York State)
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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

The Authority participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost sharing multiple employer system that provides retirement benefits as well as death and disability benefits. The Authority's contribution for the current year and two preceding years were:

2014	\$	56,612
2013	\$	52,091
2012	\$	39,642

Actual contributions presented represent 100% of the annual required contribution as determined in the actuarial valuation.

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). The Comptroller of the State of New York is the sole trustee and administrator of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of their funds. The ERS system issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on the New York State Office of the State Comptroller website.

Membership Tiers

Pension Legislation enacted in 1973, 1976, 1983 and 2009 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups, generally:

Tier 1 - Those persons who last became members before July 1, 1973.

Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.

Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.

GENESEE VALLEY REGIONAL MARKET AUTHORITY
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Tier 5 - Generally those persons who first became members on or after January 1, 2010.

Tier 6 - Generally those persons who first became members on or after April 1, 2012.

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 need ten years of service credit to be 100% vested.

Benefits

Tier 1 and Tier 2 - Most Tier 1 and Tier 2 members are in a plan with a minimum retirement age of 55, which provides for 1.67% of the employee's final average salary for each year of service less than 20 years. Generally, the benefit with more than 20 years of service is 2% of the employee's final average salary for each year of service. Tier 2 members retiring between ages 55 and 62 with less than 30 years of service receive reduced benefits. As a result of Article 19 of the RSSL, eligible Tier 1 and Tier 2 members, whose date of membership is prior to July 27, 1976, will receive an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 months.

Tier 3, 4 and 5 - The full benefit age for Tiers 3, 4 and 5 is 62. Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of the employee's final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of the employee's final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Tier 6 - With the exception of those retiring under special retirement plans, Tier 6 members must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members. Generally, the benefit is 1.67% of the employee's final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of the employee's final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of the employee's final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

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

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, 2014, not including any unexercised renewal option increases:

2015	\$ 2,278,000
2016	1,649,000
2017	1,368,000
2018	1,217,000
2019	1,201,000
Thereafter	1,000
Total	<u>\$ 7,714,000</u>

Note 6. Other Matters

For the fiscal year ended March 31, 2014, the Authority expended \$651,215 of restricted - expendable net position in assistance of the following agriculturally related businesses:

Wine and Grape Foundation	\$ 197,000
Cornell Tech Farm	\$ 50,000
NYS Agriculture Experiment Station	\$ 179,000
NYS Wine & Culinary	\$ 125,000
CCE Wyoming	\$ 35,000
CCE Wayne	\$ 26,000
CCE Yates	\$ 39,215

For the fiscal year ended March 31, 2014, the authority expended \$179,348 of restricted - expendable net position in assistance of the following businesses, for non-agricultural expenditures, under the direction and request of New York State:

City of Geneva	\$ 150,000
Foodlink	\$ 29,348

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

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Note 7. Reclassifications

Certain reclassifications have been made to the financial statements for the year ended March 31, 2013. 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. 67 – *Financial Reporting for Pension Plan – an Amendment of GASB Statement No. 25* replaces existing standards for financial reporting and note 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. This statement is expected to have a material effect on the financial statements of 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. This statement is expected to have a material effect on the financial statements of 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.

Note 9. Change in Accounting Principle

For the year ended March 31, 2014, the Authority implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* (GASB 61), GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), and GASB Statement No. 66, *Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62* (GASB 66). GASB 61 amends the criteria for including component units by only including those component units for which the elected officials are financially accountable, or that the government determines would be misleading to exclude. GASB 65 established 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. GASB 66 amends Statement No. 62 by modifying the specific guidance on accounting for operating lease payments, investment purchases, and servicing fees related to mortgage loans. The implementation of these standards made no changes to the reported net position as of March 31, 2014.

GENESEE VALLEY REGIONAL MARKET AUTHORITY
(An Enterprise Fund of New York State)
Required Supplemental Information of Budget vs. Actual
For the Years Ended March 31, 2014 and 2013

	2014 (Unaudited) Budget	2014 Actual	Over (Under) Budget
Operating Revenues			
Rental income	<u>\$ 2,969,814</u>	<u>\$ 2,999,798</u>	<u>\$ 29,984</u>
Operating Expenses			
Advertising and promotion	6,000	7,350	1,350
Auditing and accounting fees	12,000	12,150	150
Directors' fees and expenses	16,000	7,694	(8,306)
Dues and subscriptions	1,500	4,876	3,376
Employees' travel and reimbursed expenses	8,000	1,409	(6,591)
Employer's health insurance contribution	60,000	65,616	5,616
Insurance	62,000	50,766	(11,234)
Legal and engineer fees	29,300	40,274	10,974
Local property tax assessments	78,000	72,739	(5,261)
Office supplies and expense	6,500	6,569	69
Other professional services	5,400	14,427	9,027
Payroll taxes	47,000	22,358	(24,642)
Refuse and snow removal	7,000	13,426	6,426
Repairs and maintenance	31,000	58,097	27,097
Salaries and wages	310,540	265,389	(45,151)
Security services	33,400	31,255	(2,145)
State retirement fund contribution	62,000	56,612	(5,388)
Supplies	2,000	17,214	15,214
Telephone	4,300	5,352	1,052
Truck and automotive expense	19,000	20,348	1,348
Utilities	64,000	44,008	(19,992)
Total operating expenses	<u>864,940</u>	<u>817,929</u>	<u>(47,011)</u>
Non-Operating Revenue			
Interest income	<u>20,000</u>	<u>7,427</u>	<u>(12,573)</u>
Depreciation	<u>- (1)</u>	<u>1,019,046</u>	<u>1,019,046</u>
Change in Net Position*	<u>\$ 2,124,874</u>	<u>\$ 1,170,250</u>	<u>\$ (954,624)</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)
Required Supplement Information of Funding Progress for Other Post Retirement Benefits
For the Years Ended March 31, 2014 and 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Funded) Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/
3/31/2012	\$ 316,662	\$ 277,844	\$ (38,818)	114.0%	n/a	n/a
3/31/2014	\$ 335,034	\$ 323,321	\$ (11,713)	103.6%	n/a	n/a

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Prepaid)
3/31/2012	\$ 2,163	100.0%	\$ (260,641)
3/31/2013	\$ 1,798	100.0%	\$ (278,505)
3/31/2014	\$ 7,331	100.0%	\$ (289,743)

GENESEE VALLEY REGIONAL MARKET AUTHORITY
(An Enterprise Fund of New York State)
Notes to Required Supplementary Information

Note 1. Budgetary Comparison Schedule and Basis of Reporting

New York State Municipal Law requires the Authority to adopt a balanced budget. The Authority prepares and reports its budgetary information in accordance with accounting principles generally accepted in the United States of America.

Note 2. Schedule of Funding Progress for Other Postemployment Benefit Obligations

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information for the other postemployment benefit obligation, latest actuarial valuation and actuarial assumptions and methods can be found in Note 3 to the financial statements.

GENESEE VALLEY REGIONAL MARKET AUTHORITY
(An Enterprise Fund of New York State)
Supplementary Schedules of Expenses
For the Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Operating Expenses			
Advertising and promotion	\$ 7,350	\$ 8,283	\$ (933)
Auditing and accounting fees	12,150	11,500	650
Depreciation	1,019,046	990,211	28,835
Directors' fees and expense	7,694	9,989	(2,295)
Dues and subscriptions	4,876	5,922	(1,046)
Employees' travel and reimbursed expenses	1,409	1,638	(229)
Employer's health insurance contribution	65,616	55,375	10,241
Insurance	50,766	51,848	(1,082)
Legal fees	40,274	42,670	(2,396)
Local property tax assessments	72,739	72,662	77
Office supplies and expense	6,569	8,998	(2,429)
Other professional services	14,427	11,524	2,903
Payroll taxes	22,358	23,209	(851)
Refuse and snow removal	13,426	6,317	7,109
Repairs and maintenance	58,097	61,764	(3,667)
Salaries and wages	265,389	268,065	(2,676)
Security services	31,255	25,224	6,031
State retirement fund contribution	56,612	52,091	4,521
Supplies	17,214	14,185	3,029
Telephone	5,352	4,688	664
Truck and automotive expense	20,348	13,922	6,426
Utilities	44,008	38,729	5,279
Total operating expenses	<u>\$ 1,836,975</u>	<u>\$ 1,778,814</u>	<u>\$ 58,161</u>
Non-Operating Revenue			
Interest income	<u>\$ 7,427</u>	<u>\$ 15,049</u>	<u>\$ (7,622)</u>
Non-Operating Expense			
Agricultural related business funding	\$ 830,563	\$ 1,096,546	\$ (265,983)
Other fees and charges	6,164	(530)	6,694
Total non-operating expense	<u>\$ 836,727</u>	<u>\$ 1,096,016</u>	<u>\$ (259,289)</u>

GENESEE VALLEY REGIONAL MARKET AUTHORITY
(An Enterprise Fund of New York State)
Supplementary Schedules of Land Rent
For the Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Land Rent			
157 LaGrange Avenue, Inc. (Shaheen/Pinecrest Associates)	\$ 14,371	\$ 13,885	\$ 486
1525 E. Henrietta (United Rentals)	25,000	25,000	-
175 Clay Rd Enterprises LLC	8,339	2,037	6,302
200 Mushroom Boulevard, LLC	39,780	33,150	6,630
975 Jefferson Road, LLC (Jodie Rose)	8,944	8,944	-
Andy Patel (Holiday Inn)	65,643	63,886	1,757
Ashland Oil (Valvoline)	15,886	15,843	43
B. Giambrone & Co.	18,077	18,077	-
J.P. Morgan Chase	69,000	69,000	-
Clay Road Industrial Park, Inc.	17,646	17,049	597
DeCarolis Truck Rental, Inc.	33,417	32,129	1,288
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)	22,896	21,910	986
Home Properties of New York (Jefferson Associates)	148,230	148,230	-
J & L Realty (Lou Bivone)	21,983	21,983	-
Lanovara Food Dist.	18,666	18,666	-
LLS Company (Lou Bivone)	25,536	25,536	-
Durhan Oldhan	20,934	20,934	-
Metzger Gear	17,527	17,527	-
Mike Papapanu (Hooters)	19,649	19,649	-
Monro Muffler	19,184	17,902	1,282
MCS of Monroe Co.	-	6,111	(6,111)
Norry Company	40,800	40,800	-
Palmer Food Services	18,646	18,646	-
Pittsford Realty Group	22,010	22,010	-
Ran - Lan Wayside, Ltd.	13,200	13,150	50
Reed Properties	11,755	10,954	801
Regional Industrial Park (Shaheen)	39,568	38,016	1,552
RG & E	36,789	36,789	-
Tim Hortons	17,570	16,880	690
Spectrum Land Company	85,320	78,210	7,110
Sticky Lips	55,000	55,000	-
Jamestown Lodging	65,000	65,000	-
Tertrac	-	8,009	(8,009)
Total land rent	<u>\$ 1,123,852</u>	<u>\$ 1,108,398</u>	<u>\$ 15,454</u>

GENESEE VALLEY REGIONAL MARKET AUTHORITY
(An Enterprise Fund of New York State)
Supplementary Schedules of Rental Income
For the Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Land rent -previous page	\$ 1,123,852	\$ 1,108,398	\$ 15,454
Administration building	114,741	104,887	9,854
Wholesale house #1 - annual and monthly tenants	105,827	105,818	9
Wholesale house #2 - Palmer Food	77,804	77,804	-
Wholesale House #6	92,442	92,339	103
Wholesale House #7	49,400	48,000	1,400
Building #1	155,180	155,180	-
Building #2	101,168	98,100	3,068
Building #3	49,305	48,242	1,063
Building #4	182,574	182,574	-
Building #5	92,809	92,347	462
Building #8	37,866	37,509	357
Building #11	111,162	110,614	548
Building #15	36,300	36,170	130
Building #16	76,751	76,751	-
Building #17	103,458	103,218	240
Building #18	88,003	67,802	20,201
Building #19	82,644	81,144	1,500
Building #20	138,000	138,000	-
Building # 21	76,444	76,172	272
Building # 22	32,587	32,276	311
Building # 23	9,000	-	9,000
120 Mushroom Blvd	56,813	71,840	(15,027)
Farm Market	630	670	(40)
Parking area	5,038	5,240	(202)
Total rental income	<u>\$ 2,999,798</u>	<u>\$ 2,951,095</u>	<u>\$ 48,703</u>

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
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 the Genesee Valley Regional Market Authority as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Genesee Valley Regional Market Authority's basic financial statements, and have issued our report thereon dated June 26, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Genesee Valley Regional Market 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. This communication is not suitable for any other purpose.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
June 26, 2014