

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

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 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, 2015 and 2014, 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 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 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, 2015 and 2014, and the changes in its financial position and cash flows thereof for the years then ended in accordance 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, 2015 and 2014, the changes in its financial position, or, where applicable, its cash flows for the years 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.

## **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 require that the budgetary comparison and schedule of funding progress for other post retirement benefits information on pages 13 - 14 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 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, land rent and rental income are not a required part of the basic financial statements.

The supplementary schedules of expenses, land rent and rental income on pages 16 - 18 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 12, 2015, 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 12, 2015

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Statements of Net Position**  
**March 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,360,480	\$ 1,429,355
Short term investments	471,803	443,276
Other receivables	18,992	5,487
Prepaid expenses	84,593	87,649
Total current assets	1,935,868	1,965,767
<b>Property and Equipment - Net</b>	15,444,213	15,283,395
<b>Other Assets</b>		
Funded post-retirement benefit	304,890	289,743
<b>Total Assets</b>	\$ 17,684,971	\$ 17,538,905
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,102	\$ 485
Accrued expenses	25,139	28,241
Deposits	6,400	4,400
Total current liabilities	33,641	33,126
<b>Deferred Inflows of Resources</b>		
Contract amounts received in advance	48,502	9,416
<b>Total Liabilities</b>	82,143	42,542
<b>Net Position</b>		
Unrestricted	766,837	797,948
Restricted - expendable	1,391,778	1,415,020
Net investment in capital assets	15,444,213	15,283,395
Total net position	17,602,828	17,496,363
<b>Total Liabilities and Net Position</b>	\$ 17,684,971	\$ 17,538,905

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating Revenues</b>		
Rental income	\$ 2,997,917	\$ 2,999,798
<b>Operating Expenses</b>	<u>1,746,464</u>	<u>1,836,975</u>
<b>Operating Income</b>	1,251,453	1,162,823
<b>Non-Operating Revenue</b>	36,618	7,427
<b>Non-Operating Expense</b>	<u>(1,181,606)</u>	<u>(836,727)</u>
<b>Change in Net Position</b>	106,465	333,523
<b>Net Position - Beginning</b>	<u>17,496,363</u>	<u>17,162,840</u>
<b>Net Position - Ending</b>	<u>\$ 17,602,828</u>	<u>\$ 17,496,363</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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Cash received for services provided	\$ 2,996,971	\$ 3,010,160
Cash paid for contractual expenses	(560,158)	(587,672)
Cash paid for personnel services and benefits	(162,759)	(253,385)
Net cash flows from operating activities	<u>2,274,054</u>	<u>2,169,103</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Other income	11,800	-
Other fees and charges	-	(6,164)
Net cash flows from non-capital financing activities	<u>11,800</u>	<u>(6,164)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Agricultural related business funding	(1,181,606)	(830,563)
Fixed asset additions	(1,182,794)	(944,089)
Net cash flows from capital and related financing activities	<u>(2,364,400)</u>	<u>(1,774,652)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	-	(60,000)
Funded post-retirement benefit obligation	(15,147)	(11,238)
Interest income received	24,818	7,427
Net cash flows from investing activities	<u>9,671</u>	<u>(63,811)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(68,875)	324,476
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,429,355</u>	<u>1,104,879</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,360,480</u>	<u>\$ 1,429,355</u>
<b>Reconciliations of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income	\$ 1,251,453	\$ 1,162,823
Adjustments		
Depreciation	1,021,976	1,019,046
Unrealized (gain) loss	(28,527)	15,713
Changes		
Other receivables	(13,505)	(908)
Prepaid expenses	3,056	(10,146)
Accounts payable	1,617	(7,268)
Accrued expenses	(3,102)	(5,714)
Deposits	2,000	(608)
Deferred revenue	39,086	(3,835)
Net cash flows from operating activities	<u>\$ 2,274,054</u>	<u>\$ 2,169,103</u>

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

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

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

**Scope of Business** - Genesee Valley Regional Market Authority (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 2021.

**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 the Authority are organized on the basis of funds and account groups of New York State. 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.

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, 2015 and 2014, the restricted - expendable net position was \$1,391,778 and \$1,415,020, 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.

**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.

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**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, 2015 and 2014, 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

**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.

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**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, 2015 was as follows:

	<u>Balance</u> <u>03/31/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>03/31/2015</u>
<b>Property Held for Lease</b>				
Buildings and improvements	\$ 22,305,706	\$ 934,557	\$ -	\$ 23,240,263
Land improvements	6,261,756	125,133	-	6,386,889
	<u>28,567,462</u>	<u>1,059,690</u>	<u>-</u>	<u>29,627,152</u>
Accumulated depreciation:				
Buildings and improvements	(9,464,107)	(688,067)	-	(10,152,174)
Land improvements	(4,293,934)	(300,228)	-	(4,594,162)
	<u>(13,758,041)</u>	<u>(988,295)</u>	<u>-</u>	<u>(14,746,336)</u>
Capital assets not being depreciated:				
Land	382,534	-	-	382,534
Construction-in-progress	1,676	812,689	(765,639)	48,726
	<u>384,210</u>	<u>812,689</u>	<u>(765,639)</u>	<u>431,260</u>
Net property held for lease	<u>15,193,631</u>	<u>884,084</u>	<u>(765,639)</u>	<u>15,312,076</u>
<b>Property Used in Operations</b>				
Vehicles	171,418	-	(2)	171,416
Operating tools and equipment	260,924	74,955	-	335,879
Office furniture and equipment	51,916	1,100	-	53,016
	<u>484,258</u>	<u>76,055</u>	<u>(2)</u>	<u>560,311</u>
Accumulated depreciation:				
Vehicles	(170,311)	(1,075)	-	(171,386)
Operating tools and equipment	(175,832)	(31,454)	-	(207,286)
Office furniture and equipment	(48,351)	(1,151)	-	(49,502)
Net property used in operations	<u>89,764</u>	<u>42,375</u>	<u>(2)</u>	<u>132,137</u>
Total property and equipment	<u>\$ 15,283,395</u>	<u>\$ 926,459</u>	<u>\$ (765,641)</u>	<u>\$ 15,444,213</u>

**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.

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**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>2015</u>	<u>2014</u>
Annual required contribution	\$ 3,274	\$ 6,647
Interest on net OPEB obligation	(10,142)	(9,748)
Adjustment to annual required contribution	10,853	10,432
Annual OPEB Costs	<u>3,985</u>	<u>7,331</u>
Contributions made	(19,132)	(18,569)
Increase in net OPEB obligation (prepaid)	(15,147)	(11,238)
Net OPEB obligation (prepaid) - beginning of year	(289,743)	(278,505)
Net OPEB obligation (prepaid) - end of year	<u>\$ (304,890)</u>	<u>\$ (289,743)</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 completed 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.

**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 - 3.5% compounded annually.
- Salary Increase - 4.0% compounded annually.

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

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**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:

2015	\$	95
2014	\$	56,612
2013	\$	52,091

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.

**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.

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**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.

**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, 2015, not including any unexercised renewal option increases:

2016	\$ 2,684,000
2017	1,824,000
2018	1,225,000
2019	762,000
2020	261,000
Thereafter	23,000
Total	<u>\$ 6,779,000</u>

**Note 6. Other Matters**

For the fiscal year ended March 31, 2015, the Authority expended \$1,102,258 of restricted - expendable net position in assistance of the following agriculturally related businesses:

NYS Agriculture Experiment Station	\$ 508,800
NYS Wine & Culinary	\$ 250,000
Wine and Grape Foundation	\$ 153,000
CCE Wayne County	\$ 68,200
CCE Wyoming County	\$ 52,479
CCE Yates County	\$ 40,459
Western New York Maple Producers Associations	\$ 26,600
CCE Monroe County	\$ 2,720

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For the fiscal year ended March 31, 2015, the Authority expended \$79,348 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	\$	50,000
Foodlink	\$	29,348

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

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

**Note 7. Accounting Standards Issued But Not Yet Implemented**

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

GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning April 1, 2015 for the Authority.

GASB Statement No. 72 - *Fair Value Measurement and Application* provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning April 1, 2016 for the Authority.

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Required Supplemental Information of Budget vs. Actual**  
**For the Year Ended March 31, 2015**

	<b>2015 (Unaudited) <u>Budget</u></b>	<b>2015 <u>Actual</u></b>	<b>Over (Under) <u>Budget</u></b>
<b>Operating Revenues</b>			
Rental income	<u>\$ 3,077,534</u>	<u>\$ 2,997,917</u>	<u>\$ (79,617)</u>
<b>Operating Expenses</b>			
Advertising and promotion	6,000	5,169	(831)
Auditing and accounting fees	12,000	13,000	1,000
Bad debt expense	-	618	618
Directors' fees and expenses	16,000	8,301	(7,699)
Dues and subscriptions	1,500	4,008	2,508
Employees' travel and reimbursed expenses	8,000	1,871	(6,129)
Employer's health insurance contribution	65,200	74,509	9,309
Insurance	67,000	53,187	(13,813)
Legal and engineer fees	30,200	27,683	(2,517)
Local property tax assessments	82,000	78,032	(3,968)
Loss on sale	-	1,982	1,982
Office supplies and expense	6,500	6,178	(322)
Other professional services	5,600	27,508	21,908
Payroll taxes	50,000	16,759	(33,241)
Refuse and snow removal	7,000	16,600	9,600
Repairs and maintenance	28,800	59,897	31,097
Salaries and wages	241,000	195,761	(45,239)
Security services	34,400	24,747	(9,653)
State retirement fund contribution	42,000	95	(41,905)
Supplies	2,000	16,325	14,325
Telephone	4,500	5,624	1,124
Truck and automotive expense	20,000	19,178	(822)
Utilities	65,000	67,456	2,456
Total operating expenses	<u>794,700</u>	<u>724,488</u>	<u>(70,212)</u>
<b>Non-Operating Revenue</b>			
Other Income	-	11,800	11,800
Interest income	20,000	24,818	4,818
Total non-operating revenue	<u>20,000</u>	<u>36,618</u>	<u>16,618</u>
<b>Depreciation</b>	<u>- (1)</u>	<u>1,021,976</u>	<u>1,021,976</u>
<b>Change in Net Position*</b>	<u>\$ 2,302,834</u>	<u>\$ 1,288,071</u>	<u>\$(1,014,763)</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 Supplemental Information of Funding Progress for Other Post Retirement Benefits**  
**For the Years Ended March 31, 2015 and 2014**

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<b>Year End Date</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>(Funded) Unfunded AAL (b)-(a)</b>	<b>Funded Ratio (a)/(b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll (b-a)/</b>
3/31/2013	3/31/2012	\$ 316,662	\$ 277,844	\$ (38,818)	114.0%	\$ 293,034	n/a
3/31/2014	3/31/2014	\$ 335,034	\$ 323,321	\$ (11,713)	103.6%	\$ 294,564	n/a
3/31/2015	3/31/2014	\$ 335,034	\$ 323,321	\$ (11,713)	103.6%	\$ 222,473	n/a

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

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**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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
<b>Operating Expenses</b>			
Advertising and promotion	\$ 5,169	\$ 7,350	\$ (2,181)
Auditing and accounting fees	13,000	12,150	850
Bad debt expense	618	-	618
Depreciation	1,021,976	1,019,046	2,930
Directors' fees and expense	8,301	7,694	607
Dues and subscriptions	4,008	4,876	(868)
Employees' travel and reimbursed expenses	1,871	1,409	462
Employer's health insurance contribution	74,509	65,616	8,893
Insurance	53,187	50,766	2,421
Legal fees	27,683	40,274	(12,591)
Local property tax assessments	78,032	72,739	5,293
Loss on sale	1,982	-	1,982
Office supplies and expense	6,178	6,569	(391)
Other professional services	27,508	14,427	13,081
Payroll taxes	16,759	22,358	(5,599)
Refuse and snow removal	16,600	13,426	3,174
Repairs and maintenance	59,897	58,097	1,800
Salaries and wages	195,761	265,389	(69,628)
Security services	24,747	31,255	(6,508)
State retirement fund contribution	95	56,612	(56,517)
Supplies	16,325	17,214	(889)
Telephone	5,624	5,352	272
Truck and automotive expense	19,178	20,348	(1,170)
Utilities	67,456	44,008	23,448
Total operating expenses	<u>\$ 1,746,464</u>	<u>\$ 1,836,975</u>	<u>\$ (90,511)</u>
<b>Non-Operating Revenue</b>			
Other income	\$ 11,800	\$ -	\$ 11,800
Interest income	24,818	7,427	17,391
Total non-operating revenue	<u>\$ 36,618</u>	<u>\$ 7,427</u>	<u>\$ 29,191</u>
<b>Non-Operating Expense</b>			
Agricultural related business funding	\$ 1,181,606	\$ 830,563	\$ 351,043
Other fees and charges	-	6,164	(6,164)
Total non-operating expense	<u>\$ 1,181,606</u>	<u>\$ 836,727</u>	<u>\$ 344,879</u>

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Supplementary Schedules of Land Rent**  
**For the Years Ended March 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
<b>Land Rent</b>			
157 LaGrange Avenue, Inc. (Pinecrest Assoc.)	\$ 14,857	\$ 14,371	\$ 486
1525 E. Henrietta (United Rentals)	25,000	25,000	-
175 Clay Rd Enterprises LLC	8,719	8,339	380
200 Mushroom Boulevard, LLC	39,780	39,780	-
975 Jefferson Road, LLC	9,124	8,944	180
1555 E. Henrietta Ventures	13,750	-	13,750
Andy Patel (Holiday Inn)	70,913	65,643	5,270
Ashland Oil (Valvoline)	16,364	15,886	478
B. Giambrone & Co.	18,076	18,077	(1)
Clay Road Industrial Park, Inc.	18,243	17,646	597
DeCarolus Truck Rental, Inc.	35,242	33,417	1,825
Durhon Oldham	20,934	20,934	-
Econolodge (Best Western)	50,147	45,588	4,559
Economy Self Storage	18,437	18,032	405
Fong Q. Lo and Chochieng Liou (L&L Company)	18,367	18,367	-
Getinge/Castle, Inc.	5,499	5,499	-
Home Properties of New York (Jefferson Associates)	122,947	148,230	(25,283)
Jefferson/Henrietta Associates	30,774	-	30,774
J & L Realty (Lou Bivone)	23,485	21,983	1,502
J.P. Morgan Chase	69,240	69,000	240
Jamestown Lodging (Jefferson Hotel)	65,000	65,000	-
Lanovara Food Dist.	19,630	18,666	964
LLS Company (Lou Bivone)	25,536	25,536	-
McCarthy Tire (Main Tire Exchange)	23,444	22,896	548
Metzger Gear	18,433	17,527	906
Mike Papapanu	20,042	19,649	393
Monro Muffler	20,100	19,184	916
Norry Company	40,800	40,800	-
Palmer Food Services	12,372	18,646	(6,274)
Pittsford Realty Group	23,330	22,010	1,320
Ran - Lan Wayside, Ltd.	-	13,200	(13,200)
Reed Properties	11,755	11,755	-
Regional Industrial Park (Shaheen)	40,677	39,568	1,109
RG & E	37,596	36,789	807
Sticky Lips (830 Jefferson, LLC)	55,000	55,000	-
Spectrum Land Company	85,320	85,320	-
Tim Horton	18,062	17,570	492
Total land rent	<u>\$ 1,146,995</u>	<u>\$ 1,123,852</u>	<u>\$ 23,143</u>

**GENESEE VALLEY REGIONAL MARKET AUTHORITY**  
**(An Enterprise Fund of New York State)**  
**Supplementary Schedules of Rental Income**  
**For the Years Ended March 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Land rent -previous page	\$ 1,146,995	\$ 1,123,852	\$ 23,143
Administration building	113,959	114,741	(782)
Wholesale house #1 - annual and monthly tenants	96,480	105,827	(9,347)
Wholesale house #2	35,980	77,804	(41,824)
Wholesale House #6	92,392	92,442	(50)
Wholesale House #7	50,400	49,400	1,000
Building #1	155,189	155,180	9
Building #2	103,530	101,168	2,362
Building #3	49,705	49,305	400
Building #4	192,615	182,574	10,041
Building #5	95,118	92,809	2,309
Building #8	37,858	37,866	(8)
Building #11	113,547	111,162	2,385
Building #15	36,747	36,300	447
Building #16	77,201	76,751	450
Building #17	103,578	103,458	120
Building #18	75,698	88,003	(12,305)
Building #19	84,540	82,644	1,896
Building #20	84,375	138,000	(53,625)
Building # 21	77,579	76,444	1,135
Building # 22	33,158	32,587	571
Building # 23	54,000	9,000	45,000
Building # 24	8,334	-	8,334
120 Mushroom Blvd	70,662	56,813	13,849
Farm Market	550	630	(80)
Parking area	7,729	5,018	2,711
Total rental income	<u>\$ 2,997,917</u>	<u>\$ 2,999,778</u>	<u>\$ (1,861)</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, an enterprise fund of New York State, as of and for the year ended March 31, 2015, 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 12, 2015.

**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 12, 2015