

**GENESEE VALLEY
REGIONAL MARKET AUTHORITY**

NEW YORK

BASIC FINANCIAL STATEMENTS

For Year Ended March 31, 2022



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Genesee Valley
Regional Market Authority, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Genesee Valley Regional Market Authority, New York (the Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Authority, as of March 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our reports. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Genesee Valley Regional Market Authority, New York's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Summarized Comparative Totals

We have previously audited the Authority's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in Authority's total OPEB liability and related ratio, schedule of Authority's proportionate share of the net pension liability, and schedule of the Authority contributions on pages 4–6 and 29-31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental information as listed in the table of are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2022 on our consideration of the Genesee Valley Regional Market Authority, New York'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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
June 14, 2022

Genesee Valley Regional Market Authority, New York

Management's Discussion and Analysis (MD&A)

March 31, 2022

INTRODUCTION

Our discussion and analysis of the Genesee Valley Regional Market Authority (“Authority”), New York's financial performance provides an overview of the Authority's financial activities for the year ended March 31, 2022. It should be read in conjunction with the basic financial statements to enhance understanding of the Authority's financial performance, which immediately follows this section.

FINANCIAL HIGHLIGHTS

- The Authority’s net position was \$21,722,141 at the end of 2022 an increase of \$763,678 from the prior year.
- The Authority’s total operating revenues were \$3,902,771 in 2022.
- The Authority’s total operating expenses were \$2,134,498 in 2022.
- The Authority’s operating income (loss) was \$1,768,273 in 2022.
- The Authority’s net investment in capital assets were \$20,012,414 at the end of 2022.

OVERVIEW OF FINANCIAL STATEMENTS

The Authority’s basic financial statements are entity-wide reporting on a proprietary fund that consists of basic operations and a fiduciary fund. Thus, the statement of net position and the statement of revenues, expenses and changes in net position report information about the Authority as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year’s revenue and expenses are taken into account regardless of when cash is received or paid.

The Authority’s net position, the difference between assets and liabilities, are one way to measure the Authority’s financial position or health. However, consideration should also be given to other factors, such as non-restricted current assets, and changes in the Authority’s fee income and expenses to assess the overall health of the Authority.

NOTES TO FINANCIAL STATEMENTS

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.

SUMMARY AND ANALYSIS OF OPERATIONS AND CHANGES IN NET POSITION

Operations

	Operating Fund		
	<u>2 0 2 2</u>	<u>2 0 2 1</u>	<u>2 0 2 0</u>
Operating Revenues	\$ 3,902,771	\$ 3,738,478	\$ 3,646,632
Operating Expenses	(2,134,498)	(2,165,541)	(1,919,899)
Operating Income (Loss)	\$ 1,768,273	\$ 1,572,937	\$ 1,726,733
Non-Operating Revenues (Expenses)	(1,004,595)	(816,738)	(701,661)
Change in Net Position	\$ 763,678	\$ 756,199	\$ 1,025,072

Net Position

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</u>	<u>2 0 2 2</u>	<u>2 0 2 1</u>	<u>2 0 2 0</u>
Current Assets	\$ 1,865,145	\$ 1,732,870	\$ 1,165,268
Capital Assets	20,012,414	19,448,038	19,222,258
Deferred outflows of resources	236,666	201,756	115,283
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 22,114,225	\$ 21,382,664	\$ 20,502,809
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:</u>			
<u>Liabilities and Deferred Inflow of Resources -</u>			
Current Liabilities	\$ 31,346	\$ 24,891	\$ 18,997
Noncurrent Liabilities	41,472	281,223	126,259
Deferred Inflows of Resources	319,266	118,087	155,289
Total Liabilities and Deferred Inflow of Resources	\$ 392,084	\$ 424,201	\$ 300,545
<u>Net Position -</u>			
Net investment in capital assets	\$ 20,012,414	\$ 19,448,038	\$ 19,222,258
Restricted	1,265,654	1,149,801	717,821
Unrestricted	444,073	360,624	262,185
Total Net Position	\$ 21,722,141	\$ 20,958,463	\$ 20,202,264
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 22,114,225	\$ 21,382,664	\$ 20,502,809

As a whole, the Authority's net position consists of three components. The net investment in capital assets totaled \$20,012,414 (92%) of the total net position as of March 31, 2022. Net investment in capital assets consists primarily of the land and improvements, buildings and improvements, tools and equipment, and vehicles, which are not considered to be highly liquid. The restricted net position totaled \$1,265,654 (6%), which represents monies restricted for specific purposes. The unrestricted net position totaled \$444,073 (2%), which represents the monies available for the ongoing operations of the Authority.

Capital Assets

On March 31, 2022, the Authority had \$20,012,414, net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The capital assets, net of accumulated depreciation, are reflected below:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land and Land Improvements	\$ 2,802,230	\$ 2,869,769	\$ 2,925,872
Buildings and Improvements	17,114,556	16,463,258	13,605,304
Machinery and Vehicles	45,321	64,405	78,445
Construction in Progress	50,307	50,606	2,612,637
Total	<u>\$ 20,012,414</u>	<u>\$ 19,448,038</u>	<u>\$ 19,222,258</u>

More detailed information about the Authority's capital assets is presented in the notes to the financial statements.

Future Factors

- GVRMA has been able to sustain successful operation of the facilities but numerous factors have presented over the last few years. Tenants could be faced with issues due to inflation, employment issues and market volatility that may affect their business operations and cash flow.
- The strategic planning and mission of developing commercial property may take longer due to supply chain issues and building costs affecting the deliverability of these affordable commercial buildings.

Requests for Information

This financial report is designed to provide a general overview of the Genesee Valley Regional Market Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Genesee Valley Regional Market Authority
900 Jefferson Road
Rochester, New York 14623

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK

STATEMENT OF NET POSITION

March 31, 2022

(With Comparative Totals for 2021)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</u>	<u>2022</u>	<u>2021</u>
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 594,827	\$ 683,101
Short term investments	1,025,537	749,758
Other receivables	126,422	200,328
Prepaid expenses	118,359	99,683
Total Current Assets	\$ 1,865,145	\$ 1,732,870
<u>Capital Assets -</u>		
Land and improvements	\$ 2,802,230	\$ 2,869,769
Construction in progress	50,307	50,606
Other capital assets	17,159,877	16,527,663
Total Capital Assets	\$ 20,012,414	\$ 19,448,038
TOTAL ASSETS	\$ 21,877,559	\$ 21,180,908
<u>Deferred Outflows of Resources -</u>		
Pension related	\$ 198,325	\$ 161,522
OPEB related	38,341	40,234
Total Deferred Outflows of Resources	\$ 236,666	\$ 201,756
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 22,114,225	\$ 21,382,664
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ -	\$ 1,368
Accrued expenses	27,996	20,173
Deposits	3,350	3,350
Total Current Liabilities	\$ 31,346	\$ 24,891
<u>Noncurrent Liabilities -</u>		
Net pension liability	\$ 771	\$ 204,430
Net OPEB liability	40,701	76,793
Total Noncurrent Liabilities	\$ 41,472	\$ 281,223
<u>Deferred Inflows of Resources -</u>		
Contract amounts received in advance	\$ 31,251	\$ 75,228
Pension related	224,432	4,279
OPEB related	63,583	38,580
Total Deferred Inflows of Resources	\$ 319,266	\$ 118,087
<u>Net Position -</u>		
Net investment in capital assets	\$ 20,012,414	\$ 19,448,038
Restricted	1,265,654	1,149,801
Unrestricted	444,073	360,624
Total Net Position	\$ 21,722,141	\$ 20,958,463
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 22,114,225	\$ 21,382,664

(The notes to the financial statements are an integral part of this statement)

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For Year Ended March 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ 3,902,771	\$ 3,737,233
Miscellaneous services	-	1,245
TOTAL OPERATING REVENUES	<u>\$ 3,902,771</u>	<u>\$ 3,738,478</u>
<u>OPERATING EXPENSES:</u>		
Personal Services	\$ 517,480	\$ 564,799
Contractual Services	429,432	435,056
Other Supplies and Expenses	35,581	32,383
Depreciation	1,152,005	1,133,303
TOTAL OPERATING EXPENSES	<u>\$ 2,134,498</u>	<u>\$ 2,165,541</u>
OPERATING INCOME (LOSS)	<u>\$ 1,768,273</u>	<u>\$ 1,572,937</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	<u>\$ (1,004,595)</u>	<u>\$ (816,738)</u>
CHANGE IN NET POSITION	\$ 763,678	\$ 756,199
NET POSITION - BEGINNING OF YEAR	<u>20,958,463</u>	<u>20,202,264</u>
NET POSITION - END OF YEAR	<u>\$ 21,722,141</u>	<u>\$ 20,958,463</u>

(The notes to the financial statements are an integral part of this statement)

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK

STATEMENT OF CASH FLOWS

For Year Ended March 31, 2022

(With Comparative Totals for 2021)

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2 0 2 2</u>	<u>2 0 2 1</u>
Cash received from providing services	\$ 3,926,617	\$ 3,554,881
Cash paid for contractual expenses	(480,849)	(464,010)
Cash paid for personnel services and benefits	(537,287)	(515,856)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,908,481</u>	<u>\$ 2,575,015</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>		
Agricultural related business funding	<u>\$ (1,005,392)</u>	<u>\$ (750,000)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital asset additions	<u>\$ (1,716,381)</u>	<u>\$ (1,425,909)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Contributions to short-term investments	\$ (275,000)	\$ (400,000)
Withdrawals from short-term investments	-	400,000
Interest income received	18	90
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>\$ (274,982)</u>	<u>\$ 90</u>
NET INCREASE (DECREASE) IN CASH	\$ (88,274)	\$ 399,196
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	683,101	283,905
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 594,827</u>	<u>\$ 683,101</u>
OPERATING INCOME (LOSS)	<u>\$ 1,768,273</u>	<u>\$ 1,572,937</u>
<u>Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities -</u>		
Depreciation	\$ 1,152,005	\$ 1,133,303
Bad debts expense	6,083	-
Pension items	(20,309)	38,758
Other postemployment benefit obligation items	(9,196)	5,659
(Increase)/decrease in other receivables	67,823	(170,469)
(Increase)/decrease in prepaid expenses	(18,676)	2,061
Increase/(decrease) in accounts payable	(1,368)	1,368
Increase/(decrease) in accrued expenses	7,823	4,526
Increase/(decrease) in contract amounts received in advance	(43,977)	(13,128)
Total Adjustments	<u>\$ 1,140,208</u>	<u>\$ 1,002,078</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,908,481</u>	<u>\$ 2,575,015</u>

(The notes to the financial statements are an integral part of this statement)

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK

STATEMENT OF FIDUCIARY NET POSITION – OTHER POSTEMPLOYMENT BENEFITS

**For Year Ended March 31, 2022
(With Comparative Totals for 2021)**

<u>ASSETS:</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 407,738	\$ 407,848
TOTAL ASSETS	\$ 407,738	\$ 407,848
<u>NET POSITION:</u>		
Restricted for OPEB	\$ 407,738	\$ 407,848
TOTAL NET POSITION	\$ 407,738	\$ 407,848

(The notes to the financial statements are an integral part of this statement)

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK

STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION— OTHER POSTEMPLOYMENT BENEFITSFor Year Ended March 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
<u>ADDITIONS:</u>		
Employer contributions	\$ 19,401	\$ 20,710
Interest income	40	553
TOTAL ADDITIONS	\$ 19,441	\$ 21,263
<u>DEDUCTIONS:</u>		
Medical insurance for retirees	\$ 19,401	\$ 20,710
Miscellaneous deductions	150	-
TOTAL DEDUCTIONS	\$ 19,551	\$ 20,710
NET CHANGE IN NET POSITION	\$ (110)	\$ 553
NET POSITION RESTRICTED FOR OPEB - BEGINNING OF YEAR	407,848	407,295
NET POSITION RESTRICTED FOR OPEB - END OF YEAR	\$ 407,738	\$ 407,848

(The notes to the financial statements are an integral part of this statement)

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

I. Organization:

The 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. It serves as a centrally located food distribution center for a nine-county (Genesee, Livingston, Monroe, Ontario, Orleans, Steuben, Wayne, Wyoming and Yates) area in Western New York. The Authority's purpose, as defined in its enabling legislation, is to acquire, construct, reconstruct, improve, equip, operate, and maintain adequate regional market facilities. The Authority is a lessor of buildings and land located in the Town of Henrietta, New York.

II. Summary of Significant Accounting Policies:

A. Basis of Accounting

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

Enterprise funds 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.

Fiduciary funds for assets and activities when a governmental unit is functioning as either a trustee or an agent to another party. The Authority's fiduciary fund is an Other Employee Benefit Trust Fund (the Trust) which reports the Authority's Other Postemployment Benefit (OPEB) Trust agreement, which is a fiduciary component unit of the Authority.

B. Basis of Presentation

GASB requires the classification of net position into three classifications and defined as follows:

1. **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.
2. **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.

(II.) (Continued)

New York State legislation requires the Authority to allocate 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.

3. **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.

The Authority has not yet established a net position use policy, but follows a practice of utilizing restricted net position first, followed by unrestricted net position.

C. **Cash and Cash Equivalents**

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

D. **Investments**

Investments are stated at market value, which approximates fair value, and consists of bonds, fixed income securities, and certificates of deposit with a maturity in excess of three month at the time of purchase.

E. **Capital Assets**

Capital 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

F. **Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(II.) (Continued)

G. 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.

H. 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.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenditures during the reporting period. Actual results could differ from those estimates.

J. New Accounting Standards

The Authority has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At March 31, 2022, the Authority implemented the following new standards issued by GASB:

GASB has issued Statement 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraphs 13 and 14*.

J. Future Changes in Accounting Standards

GASB has issued Statement 87 *Leases*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement 91 *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement 92 *Omnibus 2020 Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

(II.) (Continued)

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraph 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement 94 *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 96 *Subscription Based Information Technology*, which will be effective for reporting periods beginning after December June 15, 2022.

GASB has issued Statement 97 *Certain Component Unit Criteria and Accounting and Financial Report for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after December 15, 2021.

The Authority is currently studying these statements and plans on adoption as required.

III. Detail Notes on All Funds and Account Groups:

A. Cash and Cash Equivalents

The Authority's investment policies are governed by state statutes. In addition, the Authority has its own written investment policy. The Authority's monies must be deposited in FDIC insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements and obligations of New York State or its localities.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity. The Combined Statement of Cash Flows uses the indirect method of reporting cash flows.

Deposits at year-end were entirely covered by federal depository insurance. The investments are not currently insured or collateralized. Deposits and investments consisted of:

Deposits - All deposits including certificates of deposit are carried at cost.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. While the Authority does not have a specific policy for custodial credit risk, New York State statutes govern the Authority's investment policies, as discussed previously in these notes.

(III.) (Continued)

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

	<u>2 0 2 2</u>	<u>2 0 2 1</u>
Uncollateralized	\$ 138,070	\$ -
Collateralized with securities held by the pledging financial institution	-	20,153
Total	<u>\$ 138,070</u>	<u>\$ 20,153</u>

B. Fair Value Measurements – Investments

The Authority categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. Three levels of inputs used to measure fair value are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Authority has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term the Level 2 input must be observable for substantially the full term of the assets.

Level 3 – Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The Authority does not have any investments that are measured using Level 3 inputs. Fair value measurements of the Authority are as follows as of March 31, 2022 and 2021:

1. Fixed income securities and certificates of deposit based on quoted market prices (Level 1 inputs).

(III.) (Continued)

C. Capital Assets

The following is a summary of capital assets for the Authority at March 31, 2022:

<u>Type</u>	<u>Balance</u> <u>3/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3/31/2022</u>
<u>Property Held for Lease</u>				
Buildings and improvements	\$ 31,052,897	\$ 1,580,410	\$ -	\$ 32,633,307
Land Improvements	4,782,751	136,270	-	4,919,021
<i>Total</i>	<u>\$ 35,835,648</u>	<u>\$ 1,716,680</u>	<u>\$ -</u>	<u>\$ 37,552,328</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ (14,589,639)	\$ (929,112)	\$ -	\$ (15,518,751)
Land Improvements	(2,295,516)	(203,809)	-	(2,499,325)
<i>Total</i>	<u>\$ (16,885,155)</u>	<u>\$ (1,132,921)</u>	<u>\$ -</u>	<u>\$ (18,018,076)</u>
<u>Capital assets not being Depreciated:</u>				
Land	\$ 382,534	\$ -	\$ -	\$ 382,534
Construction in progress	50,606	1,466,745	(1,467,044)	50,307
<i>Total</i>	<u>\$ 433,140</u>	<u>\$ 1,466,745</u>	<u>\$ (1,467,044)</u>	<u>\$ 432,841</u>
<i>Net property held for lease</i>	<u>\$ 19,383,633</u>	<u>\$ 2,050,504</u>	<u>\$ (1,467,044)</u>	<u>\$ 19,967,093</u>
<u>Other capital assets:</u>				
Vehicles	\$ 69,313	\$ -	\$ -	\$ 69,313
Operating tools and equipment	232,714	-	-	232,714
Office furniture and equipment	30,662	-	-	30,662
<i>Total</i>	<u>\$ 332,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,689</u>
<u>Less accumulated depreciation for:</u>				
Vehicles	\$ (49,342)	\$ (9,987)	\$ -	\$ (59,329)
Operating tools and equipment	(190,930)	(8,278)	-	(199,208)
Office furniture and equipment	(28,012)	(819)	-	(28,831)
<i>Total</i>	<u>\$ (268,284)</u>	<u>\$ (19,084)</u>	<u>\$ -</u>	<u>\$ (287,368)</u>
<i>Net Property used in operations</i>	<u>\$ 64,405</u>	<u>\$ (19,084)</u>	<u>\$ -</u>	<u>\$ 45,321</u>
<i>Governmental activities capital assets, net</i>	<u><u>\$ 19,448,038</u></u>	<u><u>\$ 2,031,420</u></u>	<u><u>\$ (1,467,044)</u></u>	<u><u>\$ 20,012,414</u></u>

IV. **General Information and Pension Plans:**

A. **General Information About Pension Plan**

1. **Plan Description**

The Authority participates in the New York State Local Employees' Retirement System (ERS). This is a cost sharing multiple employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

2. **Benefits Provided**

The System provides retirement benefits as well as death and disability benefits.

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

(IV.) (Continued)

Tier 3, 4, 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent 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 percent of 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 percent of 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.

Final average salary is the average of wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age of Tier 6 is 63 and ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of 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 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of 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 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

(IV.) (Continued)

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

3. Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly, used in computing the employers' contributions based on salaries paid during the Systems' financial year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Contributions</u>	<u>ERS</u>
2022	\$ 41,347
2021	\$ 33,407
2020	\$ 31,206

(IV.) (Continued)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At March 31, 2022, the Authority reported a liability of \$771 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2022, the Authority's proportion was 0.0007743 percent for ERS.

For the year ended March 31, 2022 the Authority recognized pension expense of \$20,697. At March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,416	\$ -
Changes of assumptions	141,762	2,674
Net difference between projected and actual earnings on pension plan investments	-	221,477
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	6,139	281
Subtotal	\$ 157,317	\$ 224,432
Authority's contributions subsequent to the measurement date	41,008	-
Grand Total	\$ 198,325	\$ 224,432

The Authority reported \$41,008 as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ (10,313)
2024	(3,260)
2025	(11,240)
2026	(42,302)
Total	\$ (67,115)

(IV.) (Continued)

1. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>
Measurement date	March 31, 2021
Actuarial valuation date	April 1, 2021
Interest rate	5.90%
Salary scale	4.40%
	April 1, 2010- March 31, 2015
Decrement tables	System's Experience
Inflation rate	2.70%

Annuitant mortality rates are based on Society of Actuaries Scale MP-2014 System's experience with adjustments for mortality improvements based on MP-2020.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Long Term Expected Rate of Return

	<u>ERS</u>
Measurement date	March 31, 2021
<u>Asset Type -</u>	
Domestic equity	4.05%
International equity	6.30%
Private equity	6.75%
Real estate	4.95%
Absolute return strategies *	4.50%
Opportunistic portfolios	4.50%
Real assets	5.95%
Cash	0.50%
Inflation-indexed bonds	0.50%
Credit	3.63%

(IV.) (Continued)

The real rate of return is net of the long-term inflation assumption of 2%

- * Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

2. **Discount Rate**

The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the Authority's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90%) or 1-percentagepoint higher (6.90%) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (214,000)	\$ (771)	\$ 195,876

4. **Pension Plan Fiduciary Net Position**

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands)
	<u>ERS</u>
Measurement date	March 31, 2021
Employers' total pension liability	\$ 220,680,157
Plan net position	220,580,583
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%

V. **Postemployment Benefits**

A. **General Information About the OPEB Plan**

Plan Description – The Authority administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). 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.

Basis of Accounting for the Retiree Health Plan – The Retiree Health Plan is a fiduciary component unit of the Authority and is composed of: (1) the Trust which is used to receive, hold, and disburse assets accumulated to pay for some of the OPEB provided by the Authority to its retired employees, and (2) OPEB paid for directly by the Authority out of its general resources rather than through the Trust. The Trust was established for the exclusive benefit of the Authority’s retired employees. Amounts contributed to the Trust are held in an irrevocable trust and may not be used for any other purpose than to fund the costs of health and welfare benefits of its eligible participants. No separate financial statements of the Trust are prepared.

Benefits Provided – The Authority provides healthcare benefits for eligible retirees and their spouses.

Employees Covered by Benefit Terms – At March 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active Employees	<u>4</u>
Total	<u><u>8</u></u>

B. **Net OPEB Liability**

The following is a summary of the net OPEB liability as of March 31, 2022, measured as of March 31, 2021 with a valuation date of March 31, 2021:

Actuarial Assumptions and Other Inputs – The total OPEB liability in the March 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	4.0 percent, average, including inflation
Discount Rate	3.54 percent
Healthcare Cost Trend Rates	3.0% Compounded annually
Retirees’ Share of Benefit-Related Costs	None
Asset Valuation Method	Market value

(V.) (Continued)

The discount rate was based on Fidelity General Obligation AA-20 Year Municipal Bond rate.

Mortality rates were based on the RP-2014 Mortality Table, with separate rates for males and females and for actives and retirees.

C. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at March 31, 2021	\$ 484,641	\$ 407,848	\$ 76,793
<u>Changes for the Year -</u>			
Service cost	\$ 10,647	\$ -	\$ 10,647
Interest on total OPEB Liability	15,453	-	15,453
Differences between expected and actual experience	(19,380)	-	(19,380)
Changes in assumptions or other inputs	(23,521)	-	(23,521)
Employer contributions	-	19,401	(19,401)
Net investment income	-	40	(40)
Benefit payments	(19,401)	(19,401)	-
Administrative expense	-	(150)	150
Net Changes	\$ (36,202)	\$ (110)	\$ (36,092)
Balance at March 31, 2022	\$ 448,439	\$ 407,738	\$ 40,701

Changes of benefit terms reflect a change to the provisions of the Superintendent plan.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.21 percent in 2021 to 3.54 percent in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB Liability	\$ 507,739	\$ 448,439	\$ 399,332

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (2.0 percent) or 1-percentage-point higher (4.0 percent) than the current healthcare cost trend rate:

	<u>1% Decrease (2.0%)</u>	<u>Healthcare Cost Trend Rates (3.0%)</u>	<u>1% Increase (4.0%)</u>
Total OPEB Liability	\$ 395,263	\$ 448,439	\$ 512,901

(V.) (Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2022, the Authority recognized OPEB expense of \$10,083. At March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected return on assets	\$ 13,203	\$ -
Differences between actual and expected experience	3,703	39,737
Changes of assumptions	21,435	23,846
Grand Total	<u>\$ 38,341</u>	<u>\$ 63,583</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year</u>	
2023	\$ (5,319)
2024	(5,075)
2025	(6,155)
2026	(5,693)
2027	(3,000)
Total	<u>\$ (25,242)</u>

E. Long-Term Expected Rate of Return:

The actuarial valuation as of March 31, 2022 uses a long-term rate of return 3.54 percent per annum, net of investment expenses and including inflation. This is the long-term rate of return assumption on plan assets.

The long-term rate of return is based on the target asset allocation of the Fund's investment policy and was estimated based on returns for similarly situated plans. These ranges are combined to produce the long-term expected rate of return by weighting the expected further real rates of return by the target asset allocation percentage and by adding expected inflation. As of March 31, 2022, the plan's targeted allocation, upon which the long-term expected rate of return is based, includes only United States Treasuries. The annual money-weighted rate of return, net of investment expenses for the OPEB Trust Fund plan was 1.88 percent for fiscal 2022. The money-weighted rate of return considers the changing amounts actually invested during a period and assumes that contributions and expense are paid in the middle of the plan year.

VI. Leases:

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, 2022:

<u>Year</u>	
2023	\$ 3,627,747
2024	2,727,139
2025	1,829,779
2026	1,007,982
2027	735,806
Thereafter	4,025,616
Total	\$ 13,954,069

VII. Grant Programs:

For the fiscal years ended March 31, 2022 and 2021, the Authority expended \$1,005,392 and \$750,000, respectively, of restricted net position in assistance, net of unspent funds returned. The amounts below represent the gross award paid the following agriculturally related businesses:

	<u>2022</u>	<u>2021</u>
NYS Agriculture Experiment Station	\$ 597,786	\$ 400,000
NYS Wine & Culinary Center	15,000	15,000
NY Wine and Grape Foundation	250,000	250,000
Cornell Cooperative Extension of Monroe County	14,750	10,000
Cornell Cooperative Extension of Orleans County	12,862	-
Cornell Cooperative Extension of Yates County	15,000	-
Bishop Kearney High School	15,000	15,000
Finger Lakes Wine Alliance	15,000	-
Open Buffalo	14,994	-
Greentopia	15,000	-
St. Peter's Kitchen	10,000	-
Marcus Whitman High School	15,000	-
The Vineyard Farms, Inc.	15,000	-
Wayne County Tourism	-	15,000
Greater Rochester Enterprise	-	15,000
Western New York Maple Producers Assoc.	-	15,000
Ontario County Agricultural Society	-	15,000
Total	\$ 1,005,392	\$ 750,000

VIII. Commitments and Contingencies:

A. Pending or Threatened Litigation

Management is not aware of any pending litigation as of the date of this report.

IX. COVID-19:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Authority’s financial condition, liquidity, budgetary projections and future results of operation. Management is actively monitoring the global situation on its financial condition, liquidity, budgetary projections, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its budgetary projections, results of operations, financial condition, or liquidity for fiscal year 2023.

**Required Supplemental Schedule
GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK**

**SCHEDULE OF CHANGES IN AUTHORITY'S
TOTAL OPEB LIABILITY AND RELATED RATIO
(Unaudited)**

For Year Ended March 31, 2022

TOTAL OPEB LIABILITY			
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability:			
Service cost	\$ 10,647	\$ 9,051	\$ 9,051
Interest	15,453	15,717	18,635
Differences between expected and actual experiences	(19,380)	-	(45,086)
Changes of assumptions or other inputs	(23,521)	-	40,488
Benefit payments	(19,401)	(20,710)	(20,014)
Net Change in Total OPEB Liability	\$ (36,202)	\$ 4,058	\$ 3,074
Total OPEB Liability - Beginning	484,641	480,583	477,509
Total OPEB Liability - Ending	\$ 448,439	\$ 484,641	\$ 480,583
Plan Fiduciary Net Position:			
Contributions to the Plan	\$ 19,401	\$ 20,710	\$ 20,014
Net investment income	(110)	553	7,960
Benefit payments	(19,401)	(20,710)	(20,114)
Net Change in Plan Fiduciary Net Position	\$ (110)	\$ 553	\$ 7,860
Plan Fiduciary Net Position - Beginning	407,848	407,295	399,435
Plan Fiduciary Net Position - Ending	\$ 407,738	\$ 407,848	\$ 407,295
Net OPEB Liability at End of Year	\$ 40,701	\$ 76,793	\$ 73,288
Covered-Employee Payroll	\$ 276,666	\$ 240,582	\$ 240,582
Net OPEB Liability as a Percentage of Covered-Employee Payroll	14.71%	31.92%	30.46%

10 years of historical information is not available and will be reported each year going forward
(See Independent Auditors' Report)

**Required Supplemental Schedule
GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK**

**SCHEDULE OF THE AUTHORITY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(Unaudited)**

For Year Ended March 31, 2022

NYSERS Pension Plan							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.0007743%	0.0007720%	0.0007476%	0.0007169%	0.0005682%	0.0005882%	0.0005926%
Proportionate share of the net pension liability (assets)	\$ 771	\$ 204,430	\$ 52,971	\$ 23,137	\$ 53,385	\$ 94,406	\$ 20,021
Covered-employee payroll	\$ 268,714	\$ 241,430	\$ 227,929	\$ 214,221	\$ 142,675	\$ 188,575	\$ 201,547
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	0.287%	84.675%	23.240%	10.801%	37.417%	50.063%	9.934%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

10 years of historical information is not available and will be reported each year going forward
(See Independent Auditors' Report)

**Required Supplemental Schedule
GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK**

SCHEDULE OF THE AUTHORITY CONTRIBUTIONS

(Unaudited)

For Year Ended March 31, 2022

NYSERS Pension Plan							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 41,347	\$ 33,407	\$ 31,206	\$ 30,539	\$ 22,626	\$ 31,968	\$ 18,752
Contributions in relation to the contractually required contribution	<u>(41,347)</u>	<u>(33,407)</u>	<u>(31,206)</u>	<u>(30,539)</u>	<u>(22,626)</u>	<u>(31,968)</u>	<u>(18,752)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered-employee payroll	\$ 268,714	\$ 241,430	\$ 227,929	\$ 214,221	\$ 142,675	\$ 188,575	\$ 201,547
Contributions as a percentage of covered-employee payroll	15.39%	13.84%	13.69%	14.26%	15.86%	16.95%	9.30%

10 years of historical information is not available and will be reported each year going forward
(See Independent Auditors' Report)

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK
SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL

For Year Ended March 31, 2022

<u>OPERATING REVENUES:</u>	Amended Budget	2022	Variance
Rental income	\$ 3,971,000	\$ 3,902,771	\$ (68,229)
TOTAL OPERATING REVENUES	\$ 3,971,000	\$ 3,902,771	\$ (68,229)
<u>OPERATING EXPENSES:</u>			
Advertising and promotion	\$ 6,000	\$ 9,658	\$ (3,658)
Auditing and accounting fees	15,000	12,725	2,275
Bad debt expense	-	6,083	(6,083)
Directors' fees and expenses	15,000	7,027	7,973
Dues and subscriptions	7,000	3,885	3,115
Employees' travel and reimbursed expenses	5,000	21	4,979
Employer's health insurance contribution	112,000	96,057	15,943
Insurance	70,000	73,699	(3,699)
Legal fees	37,000	35,010	1,990
Local property tax assessments	120,000	110,414	9,586
Office supplies and expenses	7,000	9,127	(2,127)
Operating Expenses	20,000	9,427	10,573
Other professional services	47,000	11,464	35,536
Payroll taxes	27,000	27,048	(48)
Refuse and snow removal	25,000	32,081	(7,081)
Repairs and maintenance	73,000	79,132	(6,132)
Salaries and wages	336,000	346,391	(10,391)
Security services	25,000	25,410	(410)
State retirement fund contribution	38,000	20,699	17,301
Telephone	5,000	5,499	(499)
Truck and automotive expense	19,000	10,944	8,056
Utilities	75,000	50,692	24,308
TOTAL OPERATING EXPENSES	\$ 1,084,000	\$ 982,493	\$ 101,507
OPERATING INCOME (LOSS)	\$ 2,887,000	\$ 2,920,278	\$ 33,278
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Gain (loss) on investments	\$ -	\$ 797	\$ 797
Agricultural related business funding	-	(1,005,392)	(1,005,392)
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ -	\$ (1,004,595)	\$ (1,004,595)
Capital expenditures	\$ 1,862,000	\$ -	\$ 1,862,000
Depreciation	\$ -	\$ 1,152,005	\$ (1,152,005)
CHANGE IN NET POSITION	\$ 1,025,000	\$ 763,678	
NET POSITION - BEGINNING OF YEAR	20,958,463	20,958,463	
NET POSITION - END OF YEAR	\$ 21,983,463	\$ 21,722,141	

(See Independent Auditors' Report)

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK

SCHEDULE OF OPERATING EXPENSES AND NON-OPERATING EXPENSES

For Year Ended March 31, 2022
(With Comparative Totals for 2021)

<u>OPERATING EXPENSES:</u>	<u>2 0 2 2</u>	<u>2 0 2 1</u>	<u>Increase</u> <u>(Decrease)</u>
Advertising and promotion	\$ 9,658	\$ 6,108	\$ 3,550
Auditing and accounting fees	12,725	12,300	425
Bad debt expense	6,083	-	6,083
Depreciation	1,152,005	1,133,303	18,702
Directors' fees and expenses	7,027	3,558	3,469
Dues and subscriptions	3,885	2,622	1,263
Employees' travel and reimbursed expenses	21	40	(19)
Employer's health insurance contribution	96,057	112,882	(16,825)
Insurance	73,699	69,550	4,149
Legal fees	35,010	63,335	(28,325)
Local property tax assessments	110,414	109,764	650
Office supplies and expenses	9,127	9,776	(649)
Other professional services	11,464	16,365	(4,901)
Payroll taxes	27,048	26,644	404
Refuse and snow removal	32,081	21,875	10,206
Repairs and maintenance	79,132	70,750	8,382
Salaries and wages	346,391	328,200	18,191
Security services	25,410	23,239	2,171
State retirement fund contribution	20,699	72,165	(51,466)
Janitorial supplies	9,427	12,608	(3,181)
Telephone	5,499	6,968	(1,469)
Truck and automotive expense	10,944	9,999	945
Utilities	50,692	53,490	(2,798)
TOTAL OPERATING EXPENSES	<u><u>\$ 2,134,498</u></u>	<u><u>\$ 2,165,541</u></u>	<u><u>\$ (31,043)</u></u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Other expenses	\$ -	\$ (66,826)	\$ 66,826
Gain (loss) on investments	797	88	709
Agricultural related business funding	(1,005,392)	(750,000)	(255,392)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u><u>\$ (1,004,595)</u></u>	<u><u>\$ (816,738)</u></u>	<u><u>\$ (187,857)</u></u>

(See Independent Auditors' Report)

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK

SCHEDULE OF LAND RENT

For Year Ended March 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>	<u>Increase</u> <u>(Decrease)</u>
200 Mushroom Boulevard, LLC	\$ 42,525	\$ 42,525	\$ -
40 Mushroom Boulevard, LLC	25,320	25,320	-
975 Jefferson Road, LLC (Jodie Rose)	10,627	10,627	-
A Jar of Clay Enterprises, LLC	9,417	9,417	-
Andy Patel (Holiday Inn)	76,586	76,586	-
Ashland Oil (Valvoline)	17,642	17,642	-
Asti Real Estate Holdings, LLC	13,800	13,800	-
B. Giambrone & Co.	19,503	19,342	161
Clay Road Industrial Park, Inc.	19,702	19,702	-
DeCarolis Truck Rental, Inc.	38,061	38,061	-
Durhan Oldhan	23,987	22,190	1,797
Econolodge (Best Western)	54,651	54,651	-
Economy Self Storage	21,423	21,423	-
Fong Q. Lo and Chochieng Liou (L&L Company)	21,822	21,672	150
Home Properties of New York (Jefferson Associates)	168,700	168,700	-
Jefferson/Henrietta Associates	55,839	55,039	800
J & L Realty (Lou Bivone)	26,115	26,115	-
James Gudonis	3,000	3,000	-
J.P. Morgan Chase	81,995	79,350	2,645
Jamestown Lodging (Jefferson Hotel)	71,288	69,550	1,738
Kerry Ventures Tech Park	5,994	5,861	133
Lanovara Food Dist.	22,175	22,175	-
LLS Company (Lou Bivone)	29,707	27,068	2,639
Metzger Gear	20,822	20,822	-
Mike Papapanu (Hooters)	23,343	23,343	-
Monroe Muffler	21,708	21,708	-
Mushroom Real Estate LLC	43,931	43,931	-
Norry Company	46,852	43,248	3,604
Palmer Food Services	10,886	10,886	-
Pittsford Realty Group	26,147	26,147	-
Rebegg LLC	27,000	27,000	-
Reed Properties	12,931	12,931	-
RG & E	40,836	36,789	4,047
Sticky Lips (830 Jefferson)	61,574	66,550	(4,976)
Spectrum Land Company	91,292	91,292	-
Tim Horton	19,507	19,507	-
Wigberto Perez, LLC	16,166	16,166	-
Total Land Rent	<u>\$ 1,322,874</u>	<u>\$ 1,310,136</u>	<u>\$ 12,738</u>

(See Independent Auditors' Report)

GENESEE VALLEY REGIONAL MARKET AUTHORITY, NEW YORK

SCHEDULE OF RENTAL INCOME

For Year Ended March 31, 2022
(With Comparative Totals for 2021)

	<u>2 0 2 2</u>	<u>2 0 2 1</u>	Increase (Decrease)
Total Land Rent	\$ 1,322,874	\$ 1,310,136	\$ 12,738
Administration building	115,063	115,835	(772)
Wholesale house #1 - annual and monthly tenants	146,881	145,442	1,439
Warehouse 2	3,650	-	3,650
Building #1	178,594	176,969	1,625
Building #2	117,876	97,461	20,415
Building #3	50,838	45,615	5,223
Building #4	218,868	218,868	-
Building #5	97,971	97,020	951
Building #6	88,111	88,111	-
Building #7	51,912	51,912	-
Building #8	40,964	33,326	7,638
Building #9	121,351	49,920	71,431
Building #11	117,822	116,776	1,046
Building #15	39,391	39,046	345
Building #16	81,947	81,188	759
Building #17	108,291	107,922	369
Building #18	71,123	80,790	(9,667)
Building #19	82,392	82,392	-
Building #20	120,000	120,000	-
Building #21	73,270	66,167	7,103
Building #22	35,965	35,450	515
Building #1 West	46,271	54,900	(8,629)
Building #2 West	76,265	66,161	10,104
Building #3 West	78,811	104,545	(25,734)
Building #4 West	53,856	53,856	-
Building #5 West	94,500	91,875	2,625
Building #6 West	100,000	100,000	-
Building #7 West	75,000	27,917	47,083
Building #8 West	16,667	-	16,667
120 Mushroom Blvd	73,607	73,643	(36)
Parking Area	2,640	3,990	(1,350)
Total Rental Income	<u>\$ 3,902,771</u>	<u>\$ 3,737,233</u>	<u>\$ 165,538</u>

(See Independent Auditors' Report)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

**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**

Independent Auditors' Report

To the Board of Directors
Genesee Valley
Regional Market Authority, 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, (Authority) as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Genesee Valley Regional Market Authority, New York's basic financial statements, and have issued our report thereon dated June 14, 2022.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Genesee Valley Regional Market Authority, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Genesee Valley Regional Market Authority, New York'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 Authority'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, New York'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
June 14, 2022