

**NEW YORK STATE OLYMPIC REGIONAL
DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE
STATE OF NEW YORK)**

**Financial Statements
as of March 31, 2013
Together with
Independent Auditor's Report**

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INDEPENDENT AUDITOR'S REPORT

June 17, 2013

To the Board of Directors
New York State Olympic Regional Development Authority

We have audited the accompanying financial statements of the business-type activities of New York State Olympic Regional Development Authority (the Authority), a New York Public Benefit Corporation, which is a component unit of the State of New York, as of and for the year ended March 31, 2013 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(Continued)

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INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and cash flows of the Authority, as of March 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Authority's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 27, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW YORK)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) AS OF AND FOR THE YEAR ENDED MARCH 31, 2013

Within this section of the New York State Olympic Regional Development Authority's (ORDA's) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of ORDA for the fiscal year ended March 31, 2013. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

- ORDA's assets exceeded its liabilities by \$40,724,600 as of March 31, 2013. This compares to the previous year, when assets exceeded liabilities by \$42,708,524.
- Total Net Position is comprised of the following:
 - (1) Investment in capital assets of \$66,014,601, which includes property and equipment, the nets of accumulated depreciation and related debt, and a reduction of outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted Net Position of (\$25,290,001) representing the excess of non-capital expenses over revenue since the inception of ORDA.

Overview of Financial Statements

The basic financial statements include the statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements. ORDA also includes in this report additional information to supplement the basic financial statements.

The first of these statements is the *Statement of Net Position*. This is the statement of financial position presenting information that includes all of ORDA's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating. Evaluation of the overall economic health of the Authority must include other non-financial factors such as the condition of ORDA's property and equipment, and the economic picture of the State and the Nation, in addition to the financial information provided in this report.

The second statement is the *Statement of Revenues, Expenses and Changes in Net Position*, which reports how the Authority's net position changed during the current and previous fiscal year. Revenues and expenses are included when earned or incurred, regardless of when cash is received or paid. An important purpose of the design of this statement is to show the Authority's financial reliance on the distinct activities related to each of the venues, and revenues provided by our sponsors, the State of New York, and the Town of North Elba.

The third statement is the *Statement of Cash Flows*, which shows the sources and uses of cash. For the fiscal year ended March 31, 2013, operating activities used cash of \$1,254,416, state and local appropriations provided cash of \$6,334,969, net cash used by capital and related financing activities was \$4,196,751 and investing activities provided cash of \$614, resulting in a net increase in cash and cash equivalents of \$884,416 for the fiscal year ending March 31, 2013. Cash and cash equivalents at the beginning of the year were \$1,474,927, while at the end of the year, cash and cash equivalents were \$2,359,343.

This statement also presents the reconciliation of net loss from operations of \$14,476,661 (including depreciation of \$6,868,722) to net cash used by operating activities of \$1,254,416.

Overview of Financial Statements (Continued)

The accompanying *Notes to the Financial Statements* provide information essential to a full understanding of the financial statements.

Financial Analysis of the Authority

As year-to-year financial information is accumulated on a consistent basis, changes in Net Position may be observed and used to discuss the changing financial position of the Authority as a whole.

ORDA's Net Position at fiscal year-end is \$40,724,600. This is a \$1,983,924 decrease over last year's Net Position of \$42,708,524. The following table provides a summary of the Authority's assets, liabilities and Net Position:

	<u>Summary of Net Assets</u>		Change	% Change
	Totals			
	<u>2013</u>	<u>2012</u>		
Current assets	\$ 7,577,557	\$ 6,296,154	\$ 1,281,403	20.35%
Capital assets	76,449,625	76,471,591	(21,966)	-0.03%
Other assets	<u>96,351</u>	<u>115,551</u>	<u>(19,200)</u>	<u>-16.62%</u>
Total assets	<u>\$ 84,123,533</u>	<u>\$ 82,883,296</u>	<u>\$ 1,240,237</u>	<u>1.50%</u>
Current liabilities	\$ 11,306,998	\$ 12,092,993	\$ (785,995)	-6.50%
Other liabilities	<u>32,091,935</u>	<u>28,081,779</u>	<u>4,010,156</u>	<u>14.28%</u>
Total Liabilities	<u>\$ 43,398,933</u>	<u>\$ 40,174,772</u>	<u>\$ 3,224,161</u>	<u>8.03%</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 66,014,601	\$ 65,829,738	\$ 184,863	0.28%
Unrestricted net assets	<u>(25,290,001)</u>	<u>(23,121,214)</u>	<u>(2,168,787)</u>	<u>9.38%</u>
Total net assets	<u>\$ 40,724,600</u>	<u>\$ 42,708,524</u>	<u>\$ (1,983,924)</u>	<u>-4.65%</u>

Current assets increased predominately because of a \$632,000 increase in accounts receivable and a \$566,000 increase in prepaid expenses.

Other liabilities increased primarily because of a \$3.66 million dollar increase in other post-employment benefits.

Major Events That Impact Financial Results

The major sporting and entertainment events held by the Olympic Authority that impacted financial results were:

- Lake Placid Freestyle Skating Championships
- Lake Placid Ice Dancing Championships
- America's Cup Bobsled and Skeleton
- Stars on Ice
- World Cup Luge
- World Cup Bob/Skeleton
- Division I Ice Hockey
- World Cup Freestyle Skiing Grand National
- International Skating Institute Figure Skating Competition
- New Year's Ski Jump
- Eastern Synchronized Skating Championships
- Lake Placid Loppet
- NCAA D III Men's Hockey Championships
- Empire State Games
- Conferences, meetings, festivals and weddings

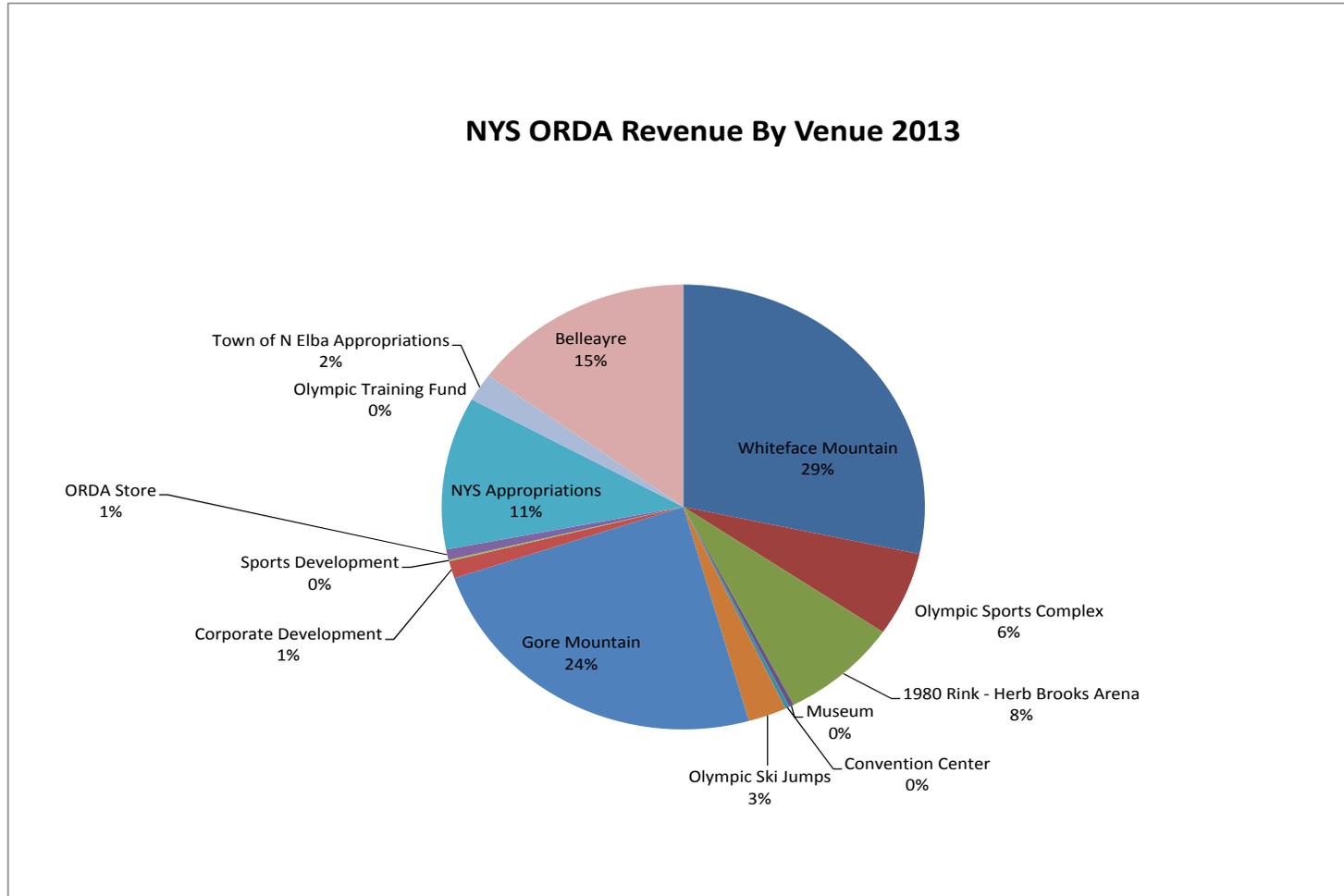
Revenues, Expenses and Changes In Net Position

ORDA's operating revenue increased by \$9,438,041 which is attributed to a strong winter with consistent ski conditions compared to the 2011-2012 season. Furthermore, the addition of the Belleayre Ski Center to ORDA's operations increased this revenue figure substantially. The three ski centers, Whiteface, Gore, and Belleayre Mountains, are the source of about 68% of ORDA's earned revenue. Revenue at the ski centers increased from 2012 by over \$3.2 million without including the Belleayre revenue figures. Belleayre alone had revenue of \$5.5 million for 2013 contributing greatly to the success of ORDA.

Management has taken extraordinary steps to decrease personal service expense in the past several years, so much so that more cuts in that area would be unproductive, even detrimental to ORDA's bottom line. Overall, non-personal service expenses increased slightly this year compared to last year, but this is a direct result of better winter conditions and the need to operate in full capacity through the winter opposed to a poor winter in 2012. Snowmaking, grooming, and other utilities were used substantially more than 2012, but expenses only increased slightly on this front. A strong emphasis on maintaining low expenses was successful across the venues.

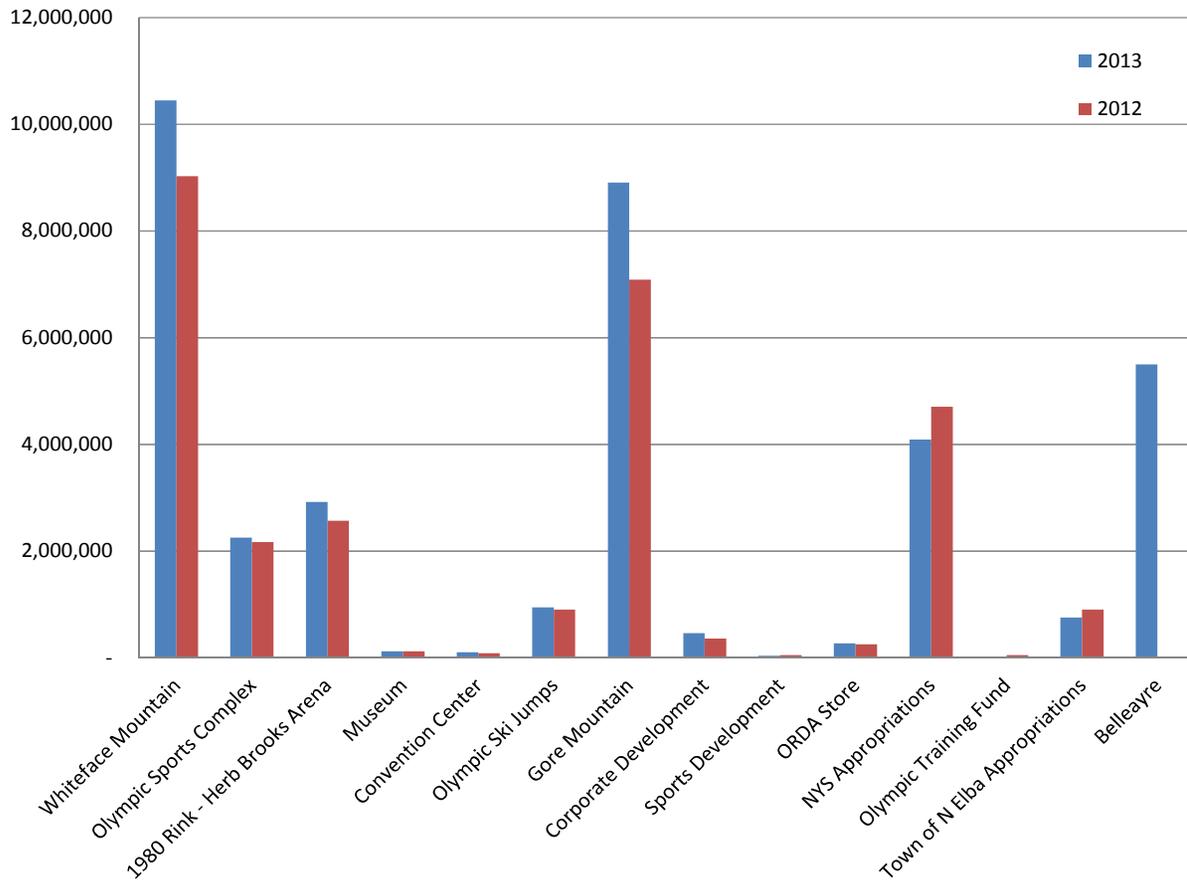
Graphic presentation of revenue and expense by venue and type follow to assist the analysis of the Authority's activities for the fiscal year 2013.

Revenue by Venue Pie Chart



The Revenue by Venue pie chart for 2013 shows that Whiteface Mountain continues to be the venue that produces the most revenue at 29%, followed by Gore Mountain at 24%, Belleayre Mountain at 15%, support from the State of New York was approximately 11%, the Town of North Elba contributed 2%, and the remaining 19% comes from the other venues, the ORDA Store, Corporate Marketing and Sports Development.

NYS ORDA Revenue By Venue 2013 Compared To 2012

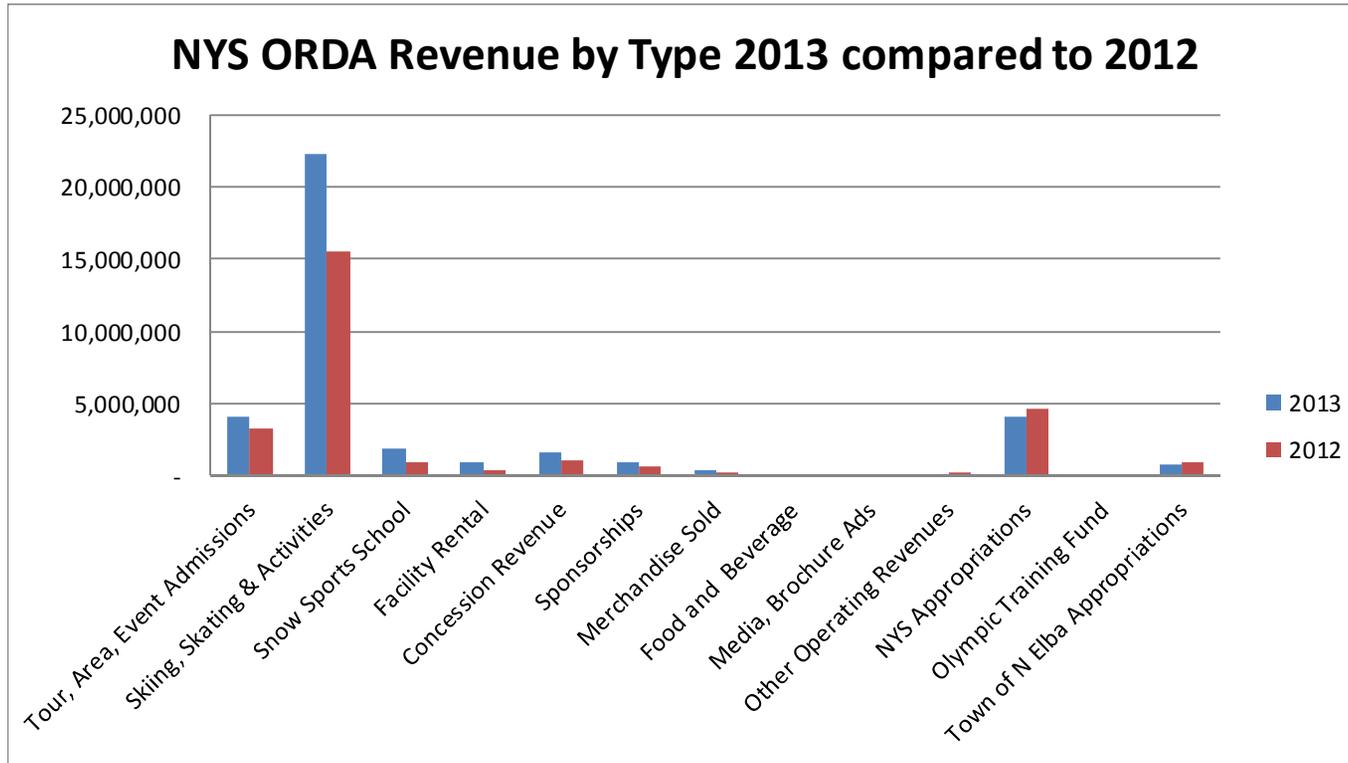


Revenue by Venue Bar Chart

Looking at the bar graph labeled Revenue by Venue shows that Whiteface Mountain earned \$1,426,604 more in 2013 compared to 2012. Gore Mountain earned \$1,824,926 more this year compared to last. Comparative analysis is difficult to trend with Belleayre Mountain, but overall revenue of \$5.5 million is considered a huge success for the transitional year with ORDA. All venues showed an increase in revenue for 2013 compared to 2012 other than Sports Development while both State and Town appropriations decreased (\$612,973 and \$152,645 respectively).

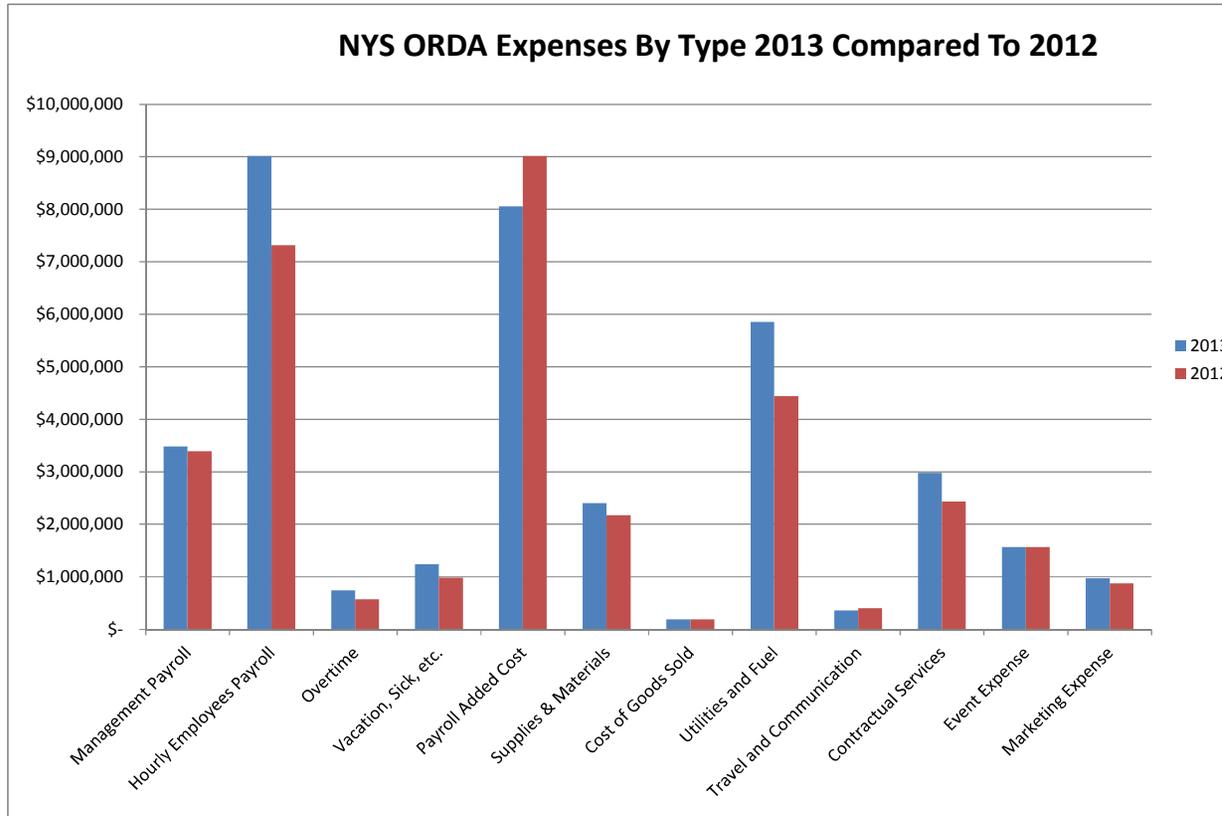
Revenue by Type Graph

The following Graph, Revenue by Type 2013 Compared to 2012 again shows that skiing is ORDA's largest revenue producer.



Expense by Type Graph

The Expense by Type graph shows that hourly employees' personal service continues to be one of the Authority's greatest expenses, followed by payroll added cost. The large increase in payroll-added cost in the past several years is due to a new Government Accounting Standards Board's (GASB) rule called "Other Post-Employment Benefits" (OPEB). OPEB is an actuarial calculation that estimates what ORDA will pay out to employees and retirees in benefits (accrued vacation time, compensatory time, holiday time, and health insurance after retirement) if ORDA ceased to exist.



Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation and debt as of March 31, 2012 and 2013 was \$65,829,738 and \$66,014,601, respectively. The total increase in this net investment at March 31, 2013 was \$184,863. The increase is in part due to capital appropriations from NYS. Major capital asset additions during the fiscal year included new snow-grooming, trail maintenance, and snowmaking equipment for both Whiteface and Gore Mountains, snowmobiles and pick-up trucks for all venues, and upgrades and maintenance at all venues.

Long Term Debt

At the end of the fiscal year, the Authority had capital lease obligations of \$10.5 million. Included in the long term debt were a lease of about \$6.3 million for improvements at both Gore and Whiteface, and a New York Power Authority lease of about \$4.7 million for the purchase of new energy efficient compressors and new energy efficient snowmaking equipment at the ski centers. At the end of the fiscal year, the Authority had post-employment benefits obligations of \$18.4 million and compensated absences of \$2.9 million.

Short Term Debt

The Authority currently has a line of credit of \$7 million, of which \$3.9 million was outstanding as of March 31, 2013. This line of credit is used to pay expenses incurred for projects that will ultimately be funded by an Empire State Development Corporation Grant, for the new Convention Center at Lake Placid. As well, about \$2.5 million was used to fund operations over the past several years.

Economic Environment and Next Year's Forecast

Economic Environment

ORDA's operating results and cash flow are dependent on daily sales, state and local appropriations and corporate sponsorships. The first 3 fiscal quarters relied heavily on appropriations from New York State and the Town of North Elba, while being supplemented by daily sales from venue visitation. The last quarter provides receipts from operations that sustain ORDA for the remainder of the fiscal year. ORDA will look at ways to make the venues more efficient.

Given that ORDA relies heavily on fourth quarter sales to sustain the annual budget, its results are highly dependent on winter weather conditions and tourism trends. The 2012-2013 winter season was substantially better than the previous year as all venues other than Sports Development showed an increase in revenue and visits. Gore and Whiteface has substantial increases compared to 2011-2012 of \$1.8 million and \$1.4 million, respectively. New York State Appropriations were lower than the previous year. Understanding the states' reductions as well as incurring increased payroll added cost such as retirement, workers compensation, and insurance, ORDA continued a concerted effort to reduce costs. All venues continued to be challenged with profitability and cash management. Furthermore, with the addition of Belleayre Mountain to ORDA management, there is a strong emphasis on reducing operating expenses at Belleayre while evaluating operations and increasing skier visits and revenues.

Operations provided numerous opportunities for the public to enjoy the beauty and uniqueness of our facilities. Thousands of youngsters were able to experience the thrill of the Olympic facilities through the programs provided by the Sports Development department.

ORDA remained competitive with other resorts by providing a menu of activities to entice tourists to visit our venues.

Next Year's Forecast

The 2013-2014 year will again be filled with many activities, events and opportunities to experience our facilities. Once again, world events will be staged and hosted across our venues. Season pass programs have been created to provide a 3 mountain opportunity for our customers with the Ski3 Pass. Season pass sales are already higher than last years at this point as a result of new product offerings. Lift ticket schedules are designed to provide value and opportunity for our guests while providing flexibility in pricing. Modifications to our ticket schedules and resort passes will provide additional revenues for the organization as long as weather and operating conditions permit. New marketing initiatives will be undertaken to increase visitation and develop strategies to align all mountains and venues to maximize revenue potential. ORDA will have to continue to be vigilant in regards to operational spending as it is anticipated that fuel, utilities, insurance and retirement costs will continue to increase and support from the state may decrease. With the addition of Belleayre, payroll added costs such as retirement, workers compensation, and insurance will increase this year providing additional motivation for increased revenue streams and organization wide focus on lowering non-personal expenses. Managers and department heads will work together to minimize expenses while at the same time striving to fulfill our mission and provide absolute quality experiences for our guests.

Pursuant to a study released in September, 2008, ORDA had a statewide economic impact of \$347 million in the 2007-2008 fiscal year. ORDA's local (Clinton, Essex, Franklin and Warren Counties) economic impact was \$271 million.

According to an Economic Impact Study released in April 2007 by the Northern New York Travel and Tourism Research Center, tourism had a total economic impact of \$1.7 billion in the 10 counties of northern New York.

ORDA has already begun to take measures to positively affect next year's sales. Along with the Ski3 Season Pass initiative, there are various marketing efforts being put in place to reach our consumers across all of our venues. Promotional campaigns are being developed to further increase visitation and produce additional revenue streams. A strong emphasis on cross-promotional marketing between our three ski facilities has been put into place to expand our reach from a venue wide perspective. Furthermore, ORDA is working on creating additional events at our venues to produce additional revenue streams. The ECAC tournament is scheduled to be back in Lake Placid in March 2014, as well as other world class events throughout the year.

New this year is the addition of Belleayre Mountain under ORDA management. Although ORDA managed Belleayre this winter, this upcoming year provides us the opportunity to evaluate operations and ultimately increase revenue and visitation on a year-round basis. ORDA is working closely with the Belleayre staff to make the best operational decisions to manage expenses appropriately while still providing exceptional service. Management is researching different avenues for revenue at Belleayre that has not been there in the past such as cross-country ski facilities, tubing, and improvements to the lodge and other public areas. The Belleayre UMP (Unit Management Plan)/State Environmental Quality Review Act (SEQRA) process is underway.

From an operational standpoint, ORDA management is taking the steps to improve the POS/Ticketing software and integrate all venues onto one unified platform. Not only does this provide us with additional reporting and marketing strategy opportunities, but will also improve operations, accountability, and overall efficiencies within the organization. Additionally, ORDA is working to create a strong e-Commerce option and platform for our consumers and anticipate online reservations and revenue to increase as a result.

The Conference Center is now fully booking conferences, meetings, and other events into 2017 and beyond. There are growth expectations for the Conference Center as feedback from past customers continues to resonant a successful operation. ORDA management sees extensive potential for success not only with Conference Center bookings, but also the impact these events will have on other ORDA venues.

Next Year's Forecast (Continued)

Together with the board and staff we anticipate that the upcoming year will provide many opportunities for our guests to experience all that we are mandated to provide.

Contacting ORDA's Management

This financial report is designed to provide a general overview of the Authority's finances, comply with finance-related laws and regulations, and demonstrate the Authority's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Padraig Power, Director of Finance, at 518-302-5317.

**OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW YORK)**

**STATEMENT OF NET POSITION
MARCH 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,359,343	\$ 1,474,927
Restricted cash	8,300	822,075
Inventory	62,987	51,004
Accounts receivable, net	4,282,354	3,649,371
Prepaid expenses	<u>864,573</u>	<u>298,777</u>
Total current assets	7,577,557	6,296,154
PROPERTY, PLANT AND EQUIPMENT, net	76,449,625	76,471,591
OTHER ASSETS:		
Deferred financing costs	<u>96,351</u>	<u>115,551</u>
	<u>\$ 84,123,533</u>	<u>\$ 82,883,296</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,234,281	\$ 4,372,569
Line of credit	3,917,714	3,102,711
Current portion - Capital leases	1,713,294	1,581,200
Accrued liabilities	2,450,996	2,146,928
Deferred revenue	<u>990,713</u>	<u>889,585</u>
Total current liabilities	<u>11,306,998</u>	<u>12,092,993</u>
OTHER LIABILITIES:		
Due to Office of General Services	1,300,068	799,891
Capital lease obligations, net of current portion	8,826,381	9,998,279
Due to N.Y.S. Employees Retirement System	603,195	158,542
Accrued compensated absences	2,917,810	2,344,623
Other post employment benefits	<u>18,444,481</u>	<u>14,780,444</u>
Total other liabilities	<u>32,091,935</u>	<u>28,081,779</u>
Total Liabilities	<u>43,398,933</u>	<u>40,174,772</u>
NET POSITION:		
Invested in capital assets, net of related debt	66,014,601	65,829,738
Unrestricted	<u>(25,290,001)</u>	<u>(23,121,214)</u>
Total Net Position	<u>40,724,600</u>	<u>42,708,524</u>
	<u>\$ 84,123,533</u>	<u>\$ 82,883,296</u>

The accompanying notes are an integral part of these statements.

**OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW YORK)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Earned revenue	\$ 31,307,184	\$ 22,025,345
Sponsorships and in-kind contributions	1,113,288	904,801
Olympic Training Fund	<u>-</u>	<u>52,285</u>
Total Operating Revenues	<u>\$ 32,420,472</u>	<u>\$ 22,982,431</u>
Operating Expenses		
Personal services	\$ 22,161,728	\$ 18,355,847
Depreciation	6,868,722	6,725,022
Utilities and fuel	5,856,894	4,442,401
Post employment benefits	3,664,038	2,735,527
Contractual services	2,466,290	1,950,708
Supplies and materials	2,229,536	2,189,685
Event related costs	1,564,750	1,567,658
Marketing	976,067	885,442
Fees, dues	487,006	444,960
Communications	209,452	211,228
Cost of goods sold	188,655	191,510
Travel and lodging	151,841	191,223
Bad debts	52,954	17,415
Amortization	<u>19,200</u>	<u>19,200</u>
Total Operating Expenses	<u>46,897,133</u>	<u>39,927,826</u>
Operating Loss	<u>(14,476,661)</u>	<u>(16,945,395)</u>
Non-Operating Revenues (Expenses)		
Appropriations - New York State	4,087,969	4,700,942
Appropriations - Town of North Elba	750,000	902,645
New York State DEC - Belleayre	997,000	-
NYS EPF grant	500,000	-
Interest income	586	96
Interest expense	(395,030)	(501,174)
Restricted interest	<u>28</u>	<u>219</u>
Total Non-Operating Revenue	<u>5,940,553</u>	<u>5,102,728</u>
Loss Before Capital Contributions	<u>(8,536,108)</u>	<u>(11,842,667)</u>
Capital Contributions		
New York State ESD	925,578	7,185,503
NYS capital appropriations	5,000,000	2,712,148
Other	<u>626,606</u>	<u>1,203,205</u>
Total Capital Contributions	<u>6,552,184</u>	<u>11,100,856</u>
Decrease in Net Position	<u>(1,983,924)</u>	<u>(741,811)</u>
Net Position, Beginning of Year	<u>42,708,524</u>	<u>43,450,335</u>
Net Position, End of Year	<u>\$ 40,724,600</u>	<u>\$ 42,708,524</u>

The accompanying notes are an integral part of these statements.

**OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW YORK)**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 35,488,057	\$ 24,273,392
Payments to employees	(22,161,728)	(18,320,805)
Payments to suppliers	(14,580,745)	(9,696,951)
Receipts from Olympic Training fund	-	52,285
Net Cash Used By Operating Activities	<u>(1,254,416)</u>	<u>(3,692,079)</u>
Cash Flows From Noncapital Financing Activities		
Appropriations received from State and Town of North Elba	<u>6,334,969</u>	<u>5,603,587</u>
Cash Flows From Capital and Related Financing Activities		
Other capital contributions	6,552,184	8,388,708
Change in restricted cash	813,775	(113,775)
Change in capital related accounts receivable	(3,652,394)	(971,989)
Change in capital related accounts payable	(443,729)	(1,373,935)
Additions, net of disposals, to property, plant and equipment	(6,846,756)	(6,284,165)
Net proceeds (repayments) of the line of credit	815,003	(1,478,691)
Principal paid on capital lease obligations	(1,039,804)	(1,278,996)
Interest paid on debt	<u>(395,030)</u>	<u>(504,309)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(4,196,751)</u>	<u>(3,617,152)</u>
Cash Flows From Investing Activities		
Restricted interest	28	219
Interest income	<u>586</u>	<u>96</u>
Net Cash Provided by Investing Activities	<u>614</u>	<u>315</u>
Net Increase (Decrease) in Cash and Cash Equivalents	884,416	(1,705,329)
Cash and Cash Equivalents, Beginning of Year	<u>1,474,927</u>	<u>468,108</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,359,343</u>	<u>\$ 1,474,927</u>
Reconciliation of Net Loss From Operations to Net Cash Used By Operating Activities		
Operating loss	\$ (14,476,661)	\$ (16,945,395)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Amortization	19,200	19,200
Depreciation	6,868,722	6,725,022
Bad debts (Recoveries)	52,954	17,415
(Increase) decrease in assets:		
Inventory	(11,983)	19,914
Accounts receivable	2,966,457	929,484
Prepaid expenses	(565,796)	(2,509)
Increase (decrease) in liabilities:		
Accounts payable	(1,694,559)	1,672,100
Accrued liabilities, N.Y.S. ERS, and compensated absences	1,321,908	399,558
Due to Office of General Services	500,177	322,608
Accrued post employment benefits	3,664,037	2,735,527
Deferred revenue	<u>101,128</u>	<u>414,997</u>
Net Cash Used By Operating Activities	<u>\$ (1,254,416)</u>	<u>\$ (3,692,079)</u>

The accompanying notes are an integral part of these statements.

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2013

1. NATURE OF OPERATIONS

The New York State Olympic Regional Development Authority (the Authority) was created under Title 28 of the Public Authorities Law as a public benefit corporation on June 10, 1981 to operate, manage and maintain the Olympic facilities in and around Lake Placid, New York. The Authority assumed operation of the facilities at Whiteface Mountain Ski Center and Memorial Highway and the Mount Van Hoevenberg Recreation Area on October 4, 1982 under an agreement with the New York State Department of Environmental Conservation (the Department). The Authority assumed operation of the arena complex, the speed skating oval and the Interval ski jump complex on October 13, 1982 under agreement with the Town Board of the Town of North Elba, as Trustee for the Town of North Elba Public Parks and Playground District (the Park District). On April 1, 1984, the Authority entered into an agreement with the Department to operate, manage and maintain the Gore Mountain Ski Center (Gore).

On April 1, 2012, the Authority assumed management responsibility of Belleayre Ski Area in Highmont, NY. Belleayre was previously managed by the NYS Department of Environmental Conservation (See note 13).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. In accordance with those principles prescribed by the Governmental Accounting Standards Board (GASB), the Authority's financial statements have been presented as a proprietary fund in this report. All revenues and expenses are recorded on the accrual basis. For New York State accounting purposes, the Authority is a component unit of New York State and is included in its comprehensive annual financial report.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates used in preparing these financial statements include the calculation of compensated absences, the estimated useful lives of property and equipment and the estimated value other post-employment benefits obligation.

Cash and Cash Equivalents

The Authority's cash and cash equivalents consists of cash on hand and demand deposits with original maturities of three months or less from date of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

The Authority's investment policies are governed by State statutes and Authority's own written investment policy. Authority monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The Director of Finance or designee is authorized to use demand accounts and certificates of deposit. Permissible investments include federal obligations, overnight repurchase agreements, money market accounts, and certificates of deposit issued by approved financial institutions.

Collateral is required for demand and time deposits not covered by FDIC Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies.

At March 31, 2013 and 2012 deposits were fully insured and/or collateralized by the Authority's agent in the Authority's name.

Restricted Cash

Restricted cash amounted to \$8,300 and \$822,075 as of March 31, 2013 and 2012 respectively. The funds consisted of the P. Wharton Memorial Scholarship and in 2012 also included funds relating to the Authority's Convention Center construction project.

Inventory

Inventory consists of donated or purchased supplies and materials. Purchased inventory is recorded at the lower of cost or market using the FIFO basis; donated inventory is recorded at the estimated fair value at the time of donation.

Accounts Receivable

Accounts receivable are stated at the unpaid balance, less an allowance for doubtful accounts. The Authority provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of the payers to meet their obligations. The allowance for doubtful accounts was \$50,443 and \$25,460 as of March 31, 2013 and 2012.

Deferred Financing Costs

Deferred financing costs consist of financing fees and expenses associated with a capital lease agreement with the New York Power Authority. These fees and expenses are being amortized on a straight line basis over the term of the lease. Amortization expense is expected to be \$19,200 in each of the next five years.

Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost. Expenditures for renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Property and plant	20-40
Equipment, furniture and vehicles	3-10

Sinking Fund – Capital Repairs and Improvements

Section 2619 of the Public Authorities Law requires the Authority to establish a sinking fund to provide for capital improvements and major repairs to the Olympic facilities. The law requires, among other things, that not less than twenty-five (25) percent of the net profit from operations in the Authority's fiscal year shall be deposited into the sinking fund. The Authority did not have net profits from operations for the years ended March 31, 2013 and 2012, and had no balance in the reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sinking Fund – Capital Repairs and Improvements (Continued)

In the event of termination of the Authority, New York State and the Park District each would receive fifty percent of all monies in the sinking fund.

Revenue Recognition

Appropriations from New York State and from the Park District are required by statute; appropriations are recognized in the fiscal year of appropriation.

Event revenues, including sponsorships, are recognized when the related event takes place. General sponsorship agreements are recognized over the period of the contracts.

Vacation Liability

Employees of the Authority are entitled to paid vacation and paid holidays depending on job classification, length of service and other factors. The accumulation of vacation hours is subject to a 200 hour limit for union employees and a 300 hour limit for non-union management/ confidential employees. The limits are determined on a calendar year basis. Unused holiday time accrues without limit. The accrued value of vacation and holiday time and salary related payments at March 31, 2013 and 2012 is \$947,627 and \$909,451, respectively, and is included within accrued liabilities on the Statement of Net Position.

Compensated Absences

Sick days are forfeited upon termination, but may be used at retirement to pay health insurance premiums. The Authority recognizes a liability for vested sick leave for employees who, at the balance sheet date, currently are eligible to convert vested sick leave to the retiree's portion of health insurance premiums as well as other employees who are expected to become eligible in the future to convert such leave.

The liability for sick leave is calculated at rates in effect as of the balance sheet date. The liability at March 31, 2013 and 2012 is \$2,917,810 and \$2,344,623, respectively.

Retirement Benefits

Authority employees participate in the New York State and Local Employees' Retirement System.

Post-employment Benefits

In addition to providing retirement benefits described, the Authority provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the Authority. The Authority pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance.

The Authority recognized the current cost of providing benefits for March 31, 2013 and 2012 by recording \$962,246 and \$674,758 which is its share of insurance premiums for 78 and 77 currently enrolled retirees, as expenditure for the current year, respectively.

The Authority has recorded other post-employment benefits totaling \$18,444,481 and \$14,780,444 as of March 31, 2013 and 2012. See Note 12 for additional information regarding post-employment benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NYS Capital Appropriations and Grants

The Authority received capital appropriations and grants from New York State, State Agencies and others to fund various capital and other projects related to Health and Safety, and Preservation and Improvement of Facilities. The funds were expended for property and plant, equipment and construction in process of \$5,925,578 and \$7,185,503 for the years ended March 31, 2013 and 2012, respectively.

Donated Use of Facilities

Generally accepted accounting principles require that the donated use of facilities be recorded as a contribution at its estimated fair value at the time received if the Authority has a clearly measurable and objective basis for determining the value. The agreement with New York State and the Park District permit the Authority to use, operate, and maintain the facilities in existence at the Authority's inception, including the personal property and equipment used solely in connection therewith. The amounts reported as property, plant and equipment in the accompanying balance sheets include only those assets purchased by the Authority.

Title to facilities and equipment originally owned by New York State and Park District does not pass to the Authority. The facilities, equipment and additions and improvements thereto revert back to New York State and the Park District, respectively, at the end of the terms of the agreements. There was no clearly measurable basis for determining the value of the facilities and equipment used by the Authority and, therefore, the assets and the related depreciation expense or a contribution and related rental expense are not reflected in these financial statements.

Donated Services

During the years ended March 31, 2013 and 2012, the recorded values of donated ski patrol services were approximately \$250,000.

Comparative Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended March 31, 2012, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2012 statements to conform to the current year presentation.

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2013</u>	<u>2012</u>
Trade receivables	\$ 2,457,248	\$ 2,121,546
Employee advances	38,768	38,373
Grant receivable	<u>1,836,781</u>	<u>1,514,912</u>
	4,332,797	3,674,831
Less: allowance for doubtful accounts	<u>50,443</u>	<u>25,460</u>
Accounts receivable, net	<u>\$ 4,282,354</u>	<u>\$ 3,649,371</u>

4. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consists of the following as of March 31, 2013:

	Balance <u>April 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31</u>
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Property and plant	133,006,259	3,081,347	-	136,087,606
Equipment, furniture and vehicles	42,382,166	2,550,885	(47,800)	44,885,251
Construction in progress	<u>2,175,997</u>	<u>1,443,283</u>	<u>(196,043)</u>	<u>3,423,237</u>
Total	177,709,422	7,075,515	(243,843)	184,541,094
Less: accumulated depreciation	<u>101,237,831</u>	<u>6,868,721</u>	<u>(15,083)</u>	<u>108,091,469</u>
Property, Plant and Equipment, net	<u>\$ 76,471,591</u>	<u>\$ 206,794</u>	<u>\$ (228,760)</u>	<u>\$ 76,449,625</u>

Property, Plant and Equipment consists of the following as of March 31, 2012:

	Balance <u>April 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31</u>
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Property and plant	115,356,637	17,649,622	-	133,006,259
Equipment, furniture and vehicles	40,902,987	1,479,179	-	42,382,166
Construction in progress	<u>15,020,633</u>	<u>4,520,216</u>	<u>(17,364,852)</u>	<u>2,175,997</u>
Total	171,425,257	23,649,017	(17,364,852)	177,709,422
Less: accumulated depreciation	<u>94,512,809</u>	<u>6,725,022</u>	<u>-</u>	<u>101,237,831</u>
Property, Plant and Equipment, net	<u>\$ 76,912,448</u>	<u>\$ 16,923,995</u>	<u>\$ (17,364,852)</u>	<u>\$ 76,471,591</u>

5. DEFERRED REVENUE

Deferred revenue consists of the following as of March 31:

	<u>2013</u>	<u>2012</u>
General and event sponsorships	\$ 197,880	\$ 168,600
Advance ticket sales	792,833	201,318
Grants	<u>-</u>	<u>519,667</u>
	<u>\$ 990,713</u>	<u>\$ 889,585</u>

6. LINE OF CREDIT

In June 2012, the Authority replaced its \$3,500,000 bank line of credit at March 31, 2012 with a \$7,000,000 tax-exempt bank line of credit. The maturity date of this new agreement is July 31, 2013, with a floating tax-exempt interest rate equal to 65% of the one month LIBOR rate plus 2.75% per annum (1.92% at March 31, 2013). The outstanding balance (including accrued interest) at March 31, 2013 was \$3,917,714. The bank line of credit with an outstanding balance of \$3,102,711 at March 31, 2012 provided for interest to be paid monthly on outstanding borrowings at LIBOR+ .35% (3.74% at March 31, 2012). The outstanding balance is secured by assets of the Authority. Borrowings on the credit line are used primarily to pay employees and vendors when operating receipts are not sufficient.

7. LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended March 31, 2013 are summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Long-term Portion
Capital lease obligations	\$ 11,579,479	\$ 543,250	\$ 1,583,054	\$ 10,539,675	\$ 1,713,294	\$ 8,826,381
Due to NYS and Local Employee Retirement System (ERS)	585,952	66,649 (A)	-	652,601	49,406	603,195
Compensated Absences	2,344,623	573,187 (A)	-	2,917,810	-	2,917,810
Postretirement benefits	14,780,444	5,709,648	2,045,611	18,444,481	-	18,444,481
Total	<u>\$ 29,290,498</u>	<u>\$ 6,892,734</u>	<u>\$ 3,628,665</u>	<u>\$ 32,554,567</u>	<u>\$ 1,762,700</u>	<u>\$ 30,791,867</u>

Long-term liability balances and activity for the year ended March 31, 2012 are summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Long-term Portion
Capital lease obligations	\$ 12,858,475	\$ -	\$ 1,278,996	\$ 11,579,479	\$ 1,581,200	\$ 9,998,279
Due to NYS and Local Employee Retirement System (ERS)	211,926	416,936 (A)	42,910	585,952	427,410	158,542
Compensated Absences	2,276,806	67,817 (A)	-	2,344,623	-	2,344,623
Postretirement benefits	12,044,917	4,471,014	1,735,487	14,780,444	-	14,780,444
Total	<u>\$ 27,392,124</u>	<u>\$ 4,955,767</u>	<u>\$ 3,057,393</u>	<u>\$ 29,290,498</u>	<u>\$ 2,008,610</u>	<u>\$ 27,281,888</u>

A. Additions and deletions to compensated absences and ERS are shown net because it is impractical to determine these amounts separately.

8. OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS

The Authority leases equipment under capital leases expiring during fiscal year 2018. The asset and liability under capital leases are recorded at the present value of the minimum lease payments. The effective interest rates for the leased equipment range from 3% to 5.2%. The assets under capital leases are included in the accompanying balance sheets. Depreciation of assets under capital leases is included in depreciation expense.

The Authority has two capital leases with Manufacturers and Traders Trust Company (M&T). For the first one, the Authority financed the purchase of \$8 million of equipment. Semi-annual payments are \$417,980 through August 2017, with interest fixed at 4.48%. In the second, the Authority financed the purchase of \$1.2 million of equipment. Semi-annual payments are \$80,840 through August 2017, with interest fixed at 4.53%. Both M&T leases require that the Authority maintain a debt service coverage ratio of at least 1.00 to 1.00. The Authority was in compliance with this covenant as of March 31, 2013 and 2012.

The Authority financed the purchase of equipment with leases through Alliance Leasing, Inc. Monthly payment amounts are \$953 and \$1,249 through January 2015 including interest fixed at 5.2%.

Certain equipment purchases were financed through the New York Power Authority (NYPA). Payments are made monthly at \$33,976 through August 2023 with interest at 0.88%.

The Authority financed the purchase of equipment with a lease through National City Commercial Capital Company, LLC. Monthly payment amounts are \$1,441 through July 2015 with interest at 3%.

Minimum future lease payments under the capital leases are as follows:

2014	\$ 1,992,316
2015	1,441,563
2016	1,422,649
2017	1,411,123
2018	1,400,319
Thereafter	<u>4,193,265</u>
	11,861,235
Less: Amount representing interest	<u>1,321,560</u>
Present value of net minimum lease payments	<u>\$ 10,539,675</u>

Assets held under capital assets are as follows:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 15,105,689	\$ 16,029,392
Less: accumulated depreciation	<u>3,948,664</u>	<u>3,243,262</u>
Net leased property	<u>\$ 11,157,025</u>	<u>\$ 12,786,130</u>

9. PENSION PLANS

The Authority participates in the New York State and Local Employees' Retirement System (the System). The System is a cost sharing multiple employer public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of New York State of New York (Comptroller serves as sole trustee and administrative head of the System) shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, State Office Building, Albany, New York 12244.

Funding Policy

The System is noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System for more than 10 years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

2013	\$ 1,739,187
2012	1,385,264
2011	1,161,746

The Authority's contributions made to the System were equal to 100 percent of the contributions required for each year.

Pursuant to Chapter 49 of the Laws of 2003 Maximum Amortization Amount, payments which would have been paid by February 1, 2005 are allowed to be made on a current basis, while amortizing existing unpaid amounts over a 10-year period, with an 5% interest factor added. The total unpaid liability at the end of the fiscal year was \$79,453 of which \$49,406 is included in accrued liabilities and \$30,048 in long-term debt.

Pursuant to Chapter 57 of the Laws of 2010 of the Employer Contribution Stabilization Program, payments which would have been paid by February 1, 2011 are allowed to be made on a current basis, while amortizing existing unpaid amounts over a 10-year period, with a 5% interest factor added. The total unpaid liability at the end of the fiscal year was \$79,089 of which \$9,152 is included in accrued liabilities and \$69,937 in long-term debt.

10. RELATED PARTY DISCLOSURES

The Authority is a component unit of New York State of New York. Accrued liabilities and other liabilities include the following amounts due to other New York State Agencies. As of March 31, the Authority has the balances below outstanding:

	<u>2013</u>	<u>2012</u>
New York State and Local Employees' Retirement System	\$ 652,601	\$ 585,952
New York State General Fund Pension Savings Recovery	401,253	401,253

The Authority purchased various services which totaled approximately \$209,206 and \$102,168 during the years ended March 31, 2013 and 2012, respectively, from businesses owned by board members. These businesses also sell tickets to the various Authority venues under a voucher system. Included in total Accounts Receivable at March 31, 2013 and 2012 was \$41,101 and \$50,708, respectively, relating to these businesses.

11. COMMITMENTS AND CONTINGENCIES

Litigation

The Authority is a defendant in several lawsuits resulting primarily from operations of the ski areas. The damages alleged in these lawsuits total several million dollars. The lawsuits are being defended by New York State or New York Department of Law at no cost to the Authority. However, to the extent that the Authority is not covered by insurance, the Authority shall be held harmless by New York State for any and all claims for damages or injuries arising out of the operation by the Authority of any participating Olympic facility owned by New York State. The Authority purchases commercial insurance coverage to protect against claims arising out of the operation of the Town owned facilities.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance for all risk above minimal deductible amounts. Settled claims have not exceeded the commercial coverage by any material amounts during the years ended March 31, 2013 and 2012. There was no reduction in insurance coverage during the year ended March 31, 2013.

Service America Corporation Capital Contribution

During 2004, the Authority and Service America Corporation, d/b/a Centerplate (Centerplate) entered into a concessions contract, effective June 1, 2004 through May 31, 2009, for all venues in the Lake Placid and Wilmington regions. The Authority extended the contract through May 31, 2019. As part of the current contract, the Authority shall invest an amount not to exceed \$500,000 in the facilities which shall be used for upgrades and improvements in the food service premises as may be mutually agreed upon by the parties.

In 2012 when the Authority assumed management responsibility of the Belleayre Ski Area, the Authority also assumed the agreement between the NYS Department of Environmental Conservation and Centerplate to manage the Belleayre Ski & Snowboard Sport Retail Shop and Demo Center through October 31, 2014.

12. POST EMPLOYMENT BENEFITS LIABILITY

Plan Description

The Authority provides post-employment, (health insurance, life insurance, etc.), coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Authority's contractual agreements. The Authority is required to calculate and record a net other post-employment benefit (OPEB) obligation at year-end. The net OPEB obligation is the cumulative difference between the actuarially required contribution and the actual contributions made.

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer, (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 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:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Normal cost	\$ 1,999,144	\$ 1,533,515	\$ 1,892,414
Amortization of unfunded actuarial liability	2,979,421	2,348,213	2,331,347
Interest	<u>184,207</u>	<u>143,624</u>	<u>156,279</u>
ARC	5,162,772	4,025,352	4,380,040
Interest on OPRB obligation	546,876	445,662	324,328
Adjustment to ARC	<u>(1,083,364)</u>	<u>(1,060,729)</u>	<u>(771,942)</u>
OPRB expense	<u>\$ 4,626,284</u>	<u>\$ 3,410,285</u>	<u>\$ 3,932,426</u>
Net OPRB obligation at the beginning of the year	\$ 14,780,444	\$ 12,044,917	\$ 8,765,628
Current year OPRB expense	4,626,284	3,410,285	3,932,426
Net OPRB contributions made during the fiscal year	<u>(962,247)</u>	<u>(674,758)</u>	<u>(653,137)</u>
Net OPRB obligation at the end of the year	<u>\$ 18,444,481</u>	<u>\$ 14,780,444</u>	<u>\$ 12,044,917</u>
Percentage of expense contributed	20.8%	19.8%	16.6%

Funded Status and Funding Progress

The projection of future benefits 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 OPEB 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 OPEB Plan is currently not funded.

12. POST EMPLOYMENT BENEFITS LIABILITY (Continued)

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
3/31/2013	\$ -	\$ 43,245,588	\$ 43,245,588	0%	\$ 9,432,773	458.5%
3/31/2012	\$ -	\$ 35,817,736	\$ 35,817,736	0%	\$ 8,865,776	404.0%
3/31/2011	\$ -	\$ 33,552,357	\$ 33,552,357	0%	\$ 9,195,000	364.9%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 31, 2013 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate*	3.7%
Medical care cost trend rate	7.5% initially. The rate is reduced over a 7 year period to an ultimate rate of 4.8%
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level dollar
Amortization basis	Open

* As the plan is unfunded, the assumed discount rate considers that the Authority's investment assets are low risk in nature, such as money market funds or certificates of deposit.

13. Cooperative Agreement to Operate, Maintain and Manage the Belleayre Mountain Ski Center

Article VII, Part C of the NYS 2012-2013 Enacted NYS Budget authorized the NYS Department of Environmental Conservation to enter into a cooperative agreement with the Authority to transfer the rights to operate, maintain and manage the Belleayre Mountain Ski Center located in Ulster and Delaware County including the transference of all employees.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 17, 2013, which is the date the financial statements were available to be issued.

REQUIRED REPORTS

**INDEPENDENT AUDITOR'S 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**

June 17, 2013

To the Board of Directors of
Olympic Regional Development Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards acceptable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Olympic Regional Development Authority (the Authority) a New York State Public Benefit Corporation, which is a component unit of the State of New York, which comprise the Authority's basic financial statements as of March 31, 2013, and the and the related notes to the financial statements, and have issued our report thereon dated June 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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**INDEPENDENT AUDITOR'S 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***
(Continued)

Internal Control Over Financial Reporting (Continued)

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 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 object 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 *Governmental 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

**SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2013 AND 2012**

Status of Prior Year Findings

2012-01 – Accounts Receivable

Criteria

The accounts receivable processing procedures should ensure that any revisions of billings are properly adjusted in the accounts receivable ledger.

Condition

Our audit procedures disclosed that the accounts receivable procedures did not detect the revision of a capital project billing. Our procedures disclosed approximately \$1.3 million in excess accounts receivable.

Cause

Management did not properly review billing revisions to ensure that any changes were included in the accounts receivable ledger.

Effect

Failure to properly adjust billing revisions in the accounts receivable ledger overstated accounts receivable and revenue by \$1.3 million.

Recommendation

We recommended that management implement a formal review process over billing revisions to ensure the accounts receivable ledger is being properly adjusted.

Current Status

Management has implemented new processes to address this finding during the current year audit.