

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

**Financial Statements
as of March 31, 2015 and 2014
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

June 18, 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the New York State Olympic Regional Development Authority (Authority), a New York Public Benefit Corporation, which is a discretely presented component unit of the State of New York, as of and for the year ended March 31, 2015 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)

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 of the Authority, as of March 31, 2015, and the respective changes in net position and cash flows 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2014 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 11 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 18, 2015 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 DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) AS OF AND FOR THE YEAR ENDED MARCH 31, 2015

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, 2015. 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 \$27,562,298 as of March 31, 2015. This compares to the previous year, when assets exceeded liabilities by \$31,289,887.
- Total Net Position is comprised of the following:
 - (1) Investment in capital assets of \$78,556,288 which includes property and equipment, net of accumulated depreciation.
 - (2) Unrestricted Net Position of (\$38,493,417) 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, 2015, operating activities provided cash of \$377,689, state and local appropriations provided cash of \$5,418,000, net cash used by capital and related financing activities was \$5,565,848 and investing activities provided cash of \$26, resulting in a net decrease in cash and cash equivalents of \$229,867 for the fiscal year ending March 31, 2015. Cash and cash equivalents at the beginning of the year were \$1,764,768, while at the end of the year, cash and cash equivalents were \$1,994,635.

This statement also presents the reconciliation of net loss from operations of \$19,119,633 (including depreciation of \$7,116,921) to net cash provided by operating activities of \$377,689.

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 \$27,562,298. This is a \$3,727,589 decrease over last year's Net Position of \$31,289,887. 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>2015</u>	Totals <u>2014</u>		
Current assets	\$ 5,700,805	\$ 6,895,815	\$ (1,195,010)	-17.33%
Capital assets	<u>78,556,288</u>	<u>71,846,073</u>	<u>6,710,215</u>	<u>9.34%</u>
Total assets	<u>\$ 84,257,093</u>	<u>\$ 78,741,888</u>	<u>\$ 5,515,205</u>	<u>7.00%</u>
Current liabilities	\$ 14,342,248	\$ 11,765,170	\$ 2,577,078	21.90%
Other liabilities	<u>42,352,547</u>	<u>35,686,831</u>	<u>6,665,716</u>	<u>18.68%</u>
Total Liabilities	<u>\$ 56,694,795</u>	<u>\$ 47,452,001</u>	<u>\$ 9,242,794</u>	<u>19.48%</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 66,055,715	\$ 62,784,130	\$ 3,271,585	5.21%
Unrestricted net assets	<u>(38,493,417)</u>	<u>(31,494,243)</u>	<u>(6,999,174)</u>	<u>22.22%</u>
Total net assets	<u>\$ 27,562,298</u>	<u>\$ 31,289,887</u>	<u>\$ (3,727,589)</u>	<u>-11.91%</u>

Current assets decreased \$1.2 million primarily due to a decrease in accounts receivable, net.

Capital assets increased \$6.7 million due primarily to capital asset purchases.

Other liabilities increased \$6.7 million primarily because of increases of other post-employment benefits and purchase agreements.

Major Events That Impact Financial Results

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

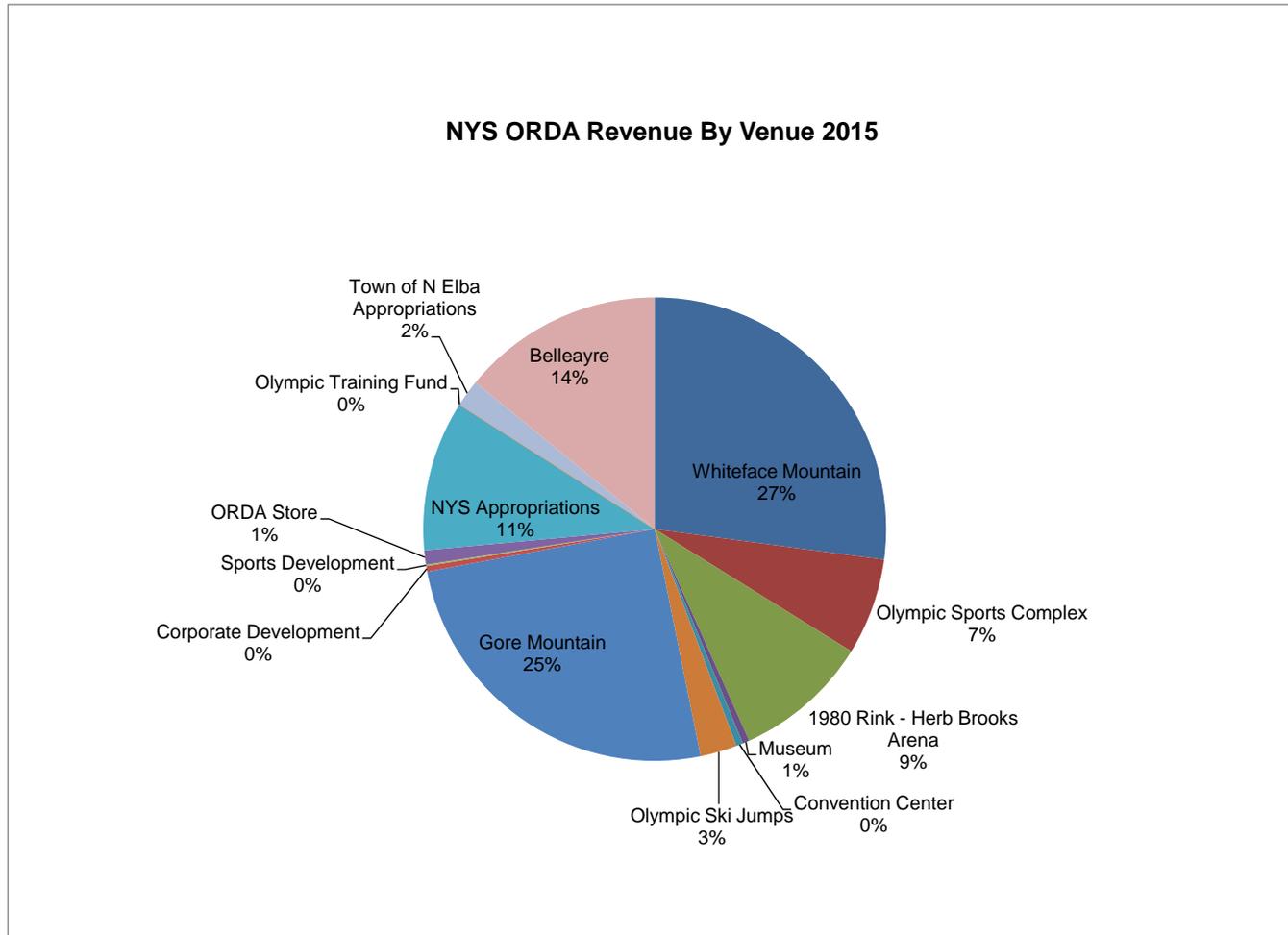
- Lake Placid Freestyle Skating Championships
- Lake Placid Ice Dancing Championships
- America's Cup Bobsled and Skeleton
- Harlem Globetrotters
- Stars on Ice
- World Cup Luge
- World Cup Bob/Skeleton
- World Cup Freestyle Skiing Grand National
- Eastern Synchronized Skating Championships
- NORAM Freestyle
- NCAA Division I Ski Championships
- Miracle on Ice Fantasy Camp
- Miracle on Ice 35th Reunion
- Lake Placid Loppet
- Empire State Games
- ECAC Men's Hockey Championships
- Conferences, meetings, festivals and weddings

Revenues, Expenses and Changes In Net Position

ORDA's operating revenue increased by \$1,194,426 which is attributed to strong visitation at Gore Mountain, Belleayre Mountain, Mt. VanHoevenberg Cross-Country, and the Olympic Arena. The three ski centers, Whiteface, Gore, and Belleayre Mountains, are the source of about 66% of ORDA's earned revenue. Revenue at the ski centers increased from 2014 by about \$160,000. Revenue increased at the Olympic Arena by approximately \$985,000 due to a successful event year.

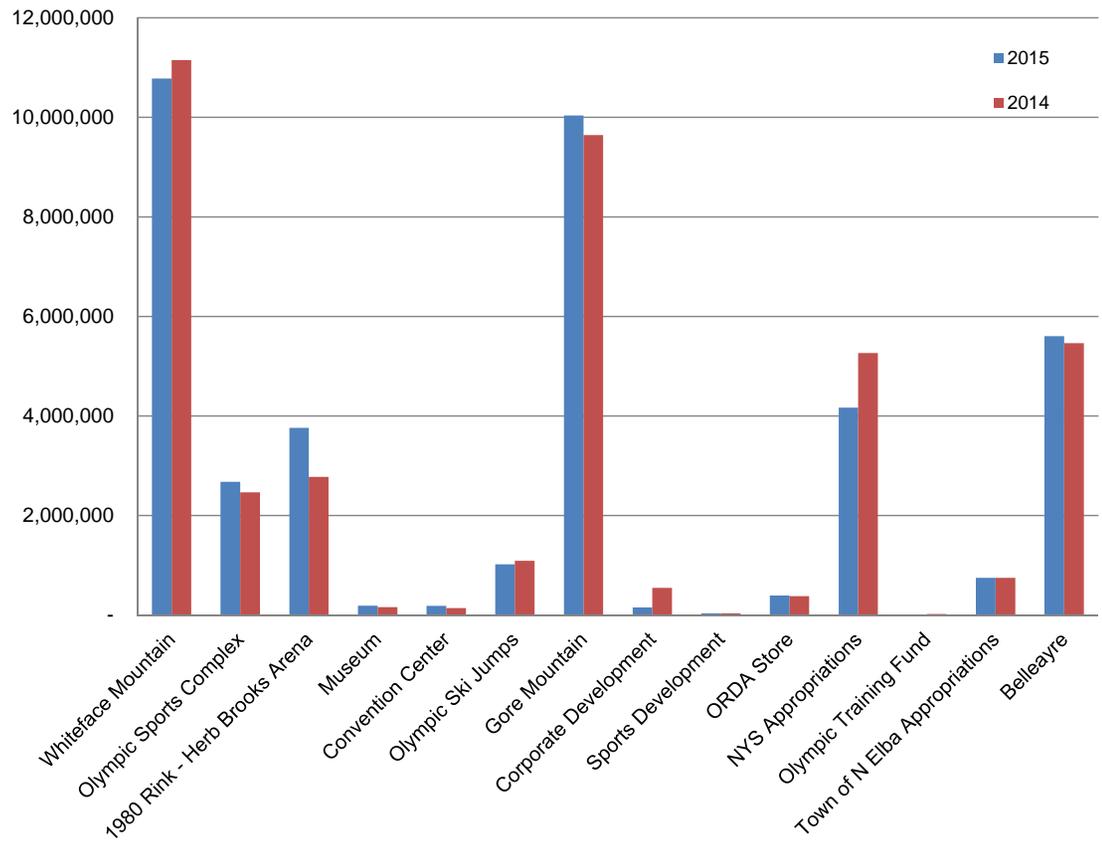
Management has taken extraordinary steps to decrease personal service expense in the past several years, so much so that more cuts in that area would be unproductive, even detrimental to ORDA's bottom line. Personal service expense has minimal increases this year due to focused attention on staffing throughout the winter. Further, the organization was hit with large increases in retirement expense and health insurance. Non-personal service expense decreased by nearly \$450,000 due to expense control procedures and energy efficient investment leading to lower utility and fuel expense.

Graphic presentation of revenue and expense by venue and type follow to assist the analysis of the Authority's activities for the fiscal year 2015.



The Revenue by Venue pie chart for 2015 shows that Whiteface Mountain continues to be the venue that produces the most revenue at 27%, followed by Gore Mountain at 25%, Belleayre Mountain at 14%, support from the State of New York was approximately 11%, the Town of North Elba contributed 2%, and the remaining 21% comes from the other venues, the ORDA Store, Corporate Marketing and Sports Development.

NYS ORDA Revenue By Venue 2015 Compared To 2014



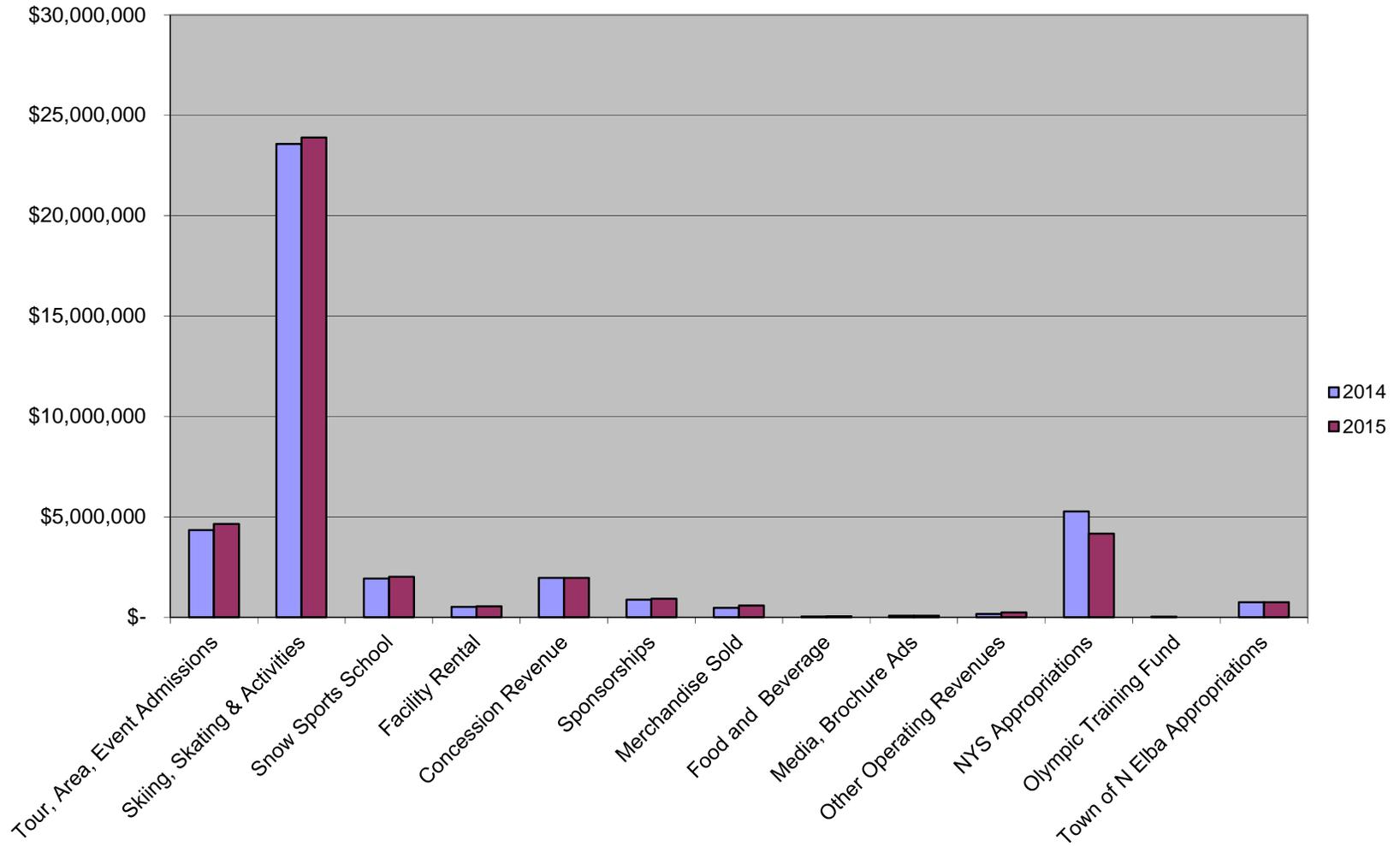
Revenue by Venue Bar Chart

Looking at the bar graph labeled Revenue by Venue shows that the Olympic Arena and Gore Mountain showed the largest revenue increases with \$985,651 and \$390,606 respectively. The Olympic Sports Complex and Belleayre also showed revenue growth with gains of \$212,973 and \$139,943 respectively. Whiteface had lower revenues than 2014 simply due to tough weather in February holiday periods while state appropriations were down as well nearly \$1.1 million from prior year.

Revenue by Type Graph

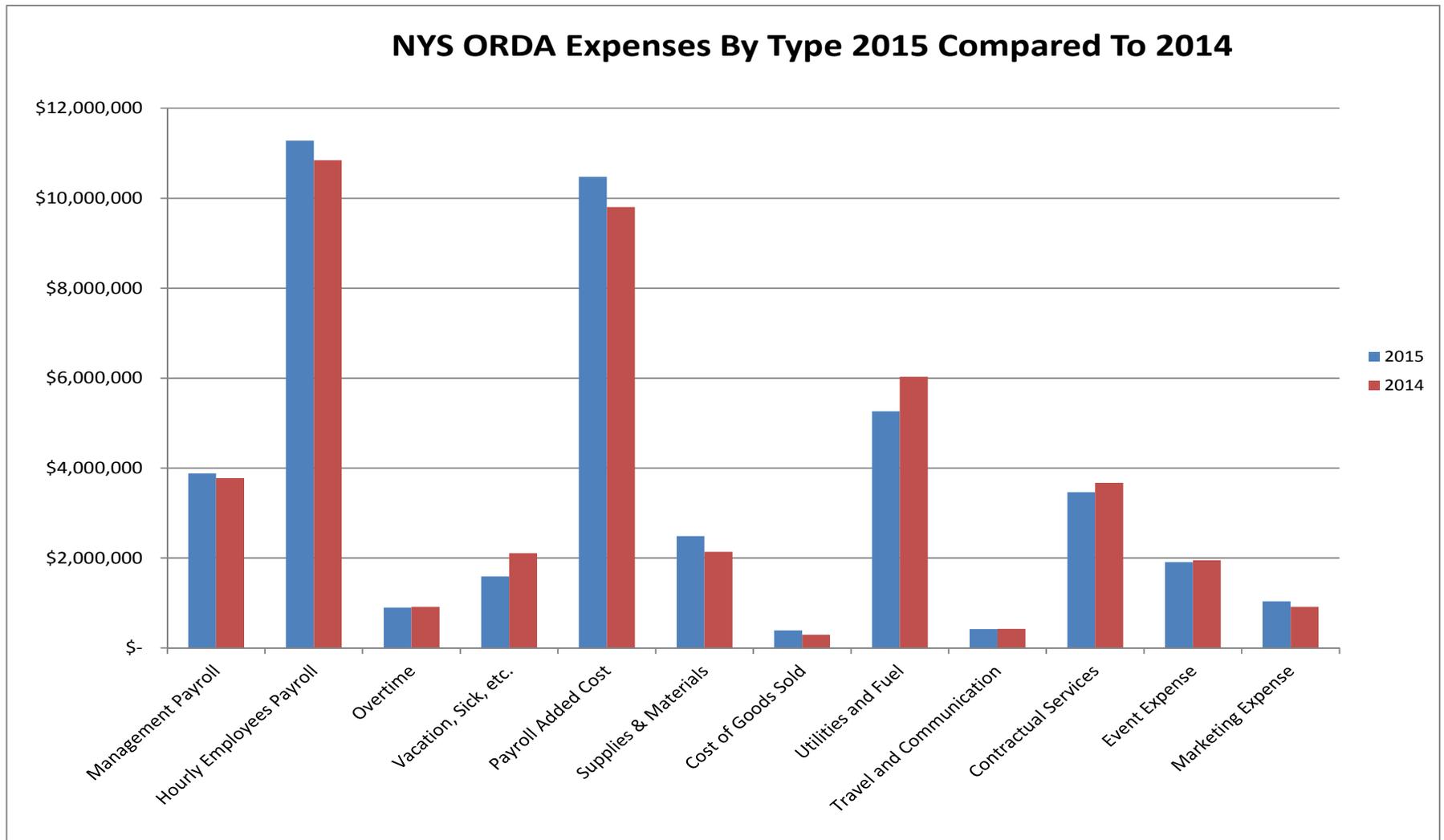
The following Graph, Revenue by Activity 2015 Compared to 2014 again shows that skiing is ORDA's largest revenue producer.

NYS ORDA Revenue By Activity 2015 Compared To 2014



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. Large increases in payroll added costs were felt through health insurance and retirement expense increases. Highlights in expense categories show decreases in utilities and fuel through energy efficient investment and reduced snowmaking leading to an overall decrease in NPS expenses.



Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation as of March 31, 2014 and 2015 was \$71,846,073 and \$78,556,288, respectively. The total increase in this net investment at March 31, 2014 was \$6,710,215. Major capital asset additions during the fiscal year included new snow-grooming, trail maintenance, and snowmaking equipment for Whiteface, Gore, and Belleayre Mountains, snowmobiles, a new lift at Gore 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 \$6.4 million. Included in the long term debt were a lease of about \$4 million for improvements at both Gore and Whiteface, and a New York Power Authority lease of about \$3.6 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 \$27 million and compensated absences of \$3.2 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, 2015. This line of credit is used only in emergency situations in which the organization is waiting on State budgeted appropriations.

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. An increased focus on summer operation and revenue streams was a focus this year and will continue into the future as ORDA continually looks for areas of revenue growth to supplement the first 3 fiscal quarters. 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 income to sustain the annual budget, its results are highly dependent on winter weather conditions and tourism trends. The 2014-2015 winter season was a strong one resulting in revenue increases at Gore, Belleayre, the Olympic Arena, and the Olympic Sports Complex. Whiteface had a strong initial winter but sub-zero temperatures for the month of February greatly impacted the year-end revenue figures but managing expenses resulted in a more profitable bottom-line for the mountain compared to prior year. New York State Appropriations were lower than the previous year by nearly \$1.1 million. Understanding the financial pressures as well as incurring increased payroll added costs such as retirement and health insurance, ORDA continued a concerted effort to reduce costs which showed with a significant decrease in non-personnel expenses being lower than prior year by almost \$450,000. All venues continued to be challenged with profitability and cash management. Furthermore, 2014-2015 concluded the second full year of management for Belleayre Mountain, showing positive growth in revenue while maintaining reduced expenses resulting in a more profitable bottom line.

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.

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

STATEMENT OF NET POSITION

March 31, 2015

(with comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,994,635	\$ 1,764,768
Restricted cash	8,300	8,300
Inventory	80,311	63,222
Accounts receivable, net	3,163,231	4,593,759
Prepaid expenses	<u>454,328</u>	<u>465,766</u>
 Total current assets	 5,700,805	 6,895,815
 PROPERTY, PLANT AND EQUIPMENT, net	 <u>78,556,288</u>	 <u>71,846,073</u>
 Total assets	 <u>\$ 84,257,093</u>	 <u>\$ 78,741,888</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts and purchase agreements payable	\$ 5,193,598	\$ 2,178,871
Line of credit	3,897,714	4,367,714
Accrued liabilities	2,832,373	2,670,027
Current portion - Capital leases	1,222,062	1,439,181
Current portion - N.Y.S. Employees Retirement System	218,340	162,785
Advanced collections	<u>978,161</u>	<u>946,592</u>
 Total current liabilities	 <u>14,342,248</u>	 <u>11,765,170</u>
OTHER LIABILITIES:		
Purchase agreement payable, net of current portion	1,570,000	-
Due to Office of General Services	2,113,546	1,708,018
Capital lease obligations, net of current portion	6,410,653	7,631,062
Due to N.Y.S. Employees Retirement System	2,055,149	1,212,219
Accrued compensated absences	3,249,471	3,072,631
Other post employment benefits	<u>26,953,728</u>	<u>22,062,901</u>
 Total other liabilities	 <u>42,352,547</u>	 <u>35,686,831</u>
 Total liabilities	 <u>56,694,795</u>	 <u>47,452,001</u>
NET POSITION:		
Net investment in capital assets	66,055,715	62,784,130
Unrestricted	<u>(38,493,417)</u>	<u>(31,494,243)</u>
 Total Net Position	 <u>\$ 27,562,298</u>	 <u>\$ 31,289,887</u>

The accompanying notes are an integral part of these statements.

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2015**
(with comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Earned revenue	\$ 34,148,131	\$ 33,219,380
Sponsorships and in-kind contributions	<u>1,195,228</u>	<u>1,129,553</u>
 Total Operating Revenues	 <u>\$ 35,343,359</u>	 <u>\$ 34,348,933</u>
Operating Expenses		
Personal services	\$ 27,598,282	\$ 27,293,357
Depreciation	7,116,921	7,428,437
Utilities and fuel	5,265,076	6,028,561
Post employment benefits	4,890,827	3,618,420
Contractual services	2,970,083	3,156,331
Supplies and materials	2,499,403	2,119,066
Event related costs	1,829,877	1,953,507
Marketing	988,407	924,098
Fees, dues	488,549	511,681
Cost of goods sold	392,528	294,312
Communications	228,733	248,340
Travel and lodging	190,044	175,580
Amortization	-	96,351
Bad debts	<u>4,262</u>	<u>1,527</u>
 Total Operating Expenses	 <u>54,462,992</u>	 <u>53,849,568</u>
Operating Loss	<u>(19,119,633)</u>	<u>(19,500,635)</u>
Non-Operating Revenues (Expenses)		
Appropriations - New York State	4,168,000	5,267,796
Appropriations - Town of North Elba	750,000	750,000
NYS EPF grant	500,000	500,000
Interest income	26	751
Restricted interest	-	4
Loss on disposal of asset	(43,547)	-
Interest expense	<u>(402,275)</u>	<u>(395,311)</u>
 Total Non-Operating Revenue	 <u>4,972,204</u>	 <u>6,123,240</u>
Loss Before Capital Contributions	<u>(14,147,429)</u>	<u>(13,377,395)</u>
Capital Contributions		
NYS capital appropriations	9,400,000	2,500,000
New York State ESD	-	1,050,000
Other	<u>1,019,840</u>	<u>392,682</u>
 Total Capital Contributions	 <u>10,419,840</u>	 <u>3,942,682</u>
(Decrease) in Net Position	<u>(3,727,589)</u>	<u>(9,434,713)</u>
Net Position, Beginning of Year	<u>31,289,887</u>	<u>40,724,600</u>
Net Position, End of Year	<u>\$ 27,562,298</u>	<u>\$ 31,289,887</u>

The accompanying notes are an integral part of these statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015**

(with comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 36,744,914	\$ 33,540,374
Payments to employees	(27,598,787)	(27,190,628)
Payments to suppliers	<u>(8,768,438)</u>	<u>(13,952,127)</u>
Net Cash Provided (Used) Operating Activities	<u>377,689</u>	<u>(7,602,381)</u>
Cash Flows From Noncapital Financing Activities		
Appropriations received from State and Town of North Elba	<u>5,418,000</u>	<u>6,517,796</u>
Net Cash Provided (Used) By Operating Activities	<u>5,418,000</u>	<u>6,517,796</u>
Cash Flows From Capital and Related Financing Activities		
Other capital contributions	10,419,840	3,942,682
Change in capital related accounts receivable	56,280	451,506
Change in capital related accounts payable	138,518	334,695
Additions, net of disposals, to property, plant and equipment	(13,870,683)	(2,824,885)
Net proceeds (repayments) of the line of credit	(470,000)	450,000
Principal paid on capital lease obligations	(1,437,528)	(1,469,432)
Interest paid on debt	<u>(402,275)</u>	<u>(395,311)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(5,565,848)</u>	<u>489,255</u>
Cash Flows From Investing Activities		
Restricted interest	-	4
Interest income	<u>26</u>	<u>751</u>
Net Cash Provided by Investing Activities	<u>26</u>	<u>755</u>
Net Increase (Decrease) in Cash and Cash Equivalents	229,867	(594,575)
Cash and Cash Equivalents, Beginning of Year	<u>1,764,768</u>	<u>2,359,343</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,994,635</u>	<u>\$ 1,764,768</u>
Reconciliation of Net Loss From Operations to Net Cash Used By Operating Activities		
Operating loss	\$ (19,119,633)	\$ (19,500,635)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Amortization	-	96,351
Depreciation	7,116,921	7,428,437
Bad debts (Recoveries)	4,262	1,527
(Increase) decrease in assets:		
Inventory	(17,089)	(235)
Accounts receivable	1,369,986	(776,938)
Prepaid expenses	11,438	398,807
Increase (decrease) in liabilities:		
Accounts payable	2,876,209	(390,105)
Accrued liabilities, purchase agreements, N.Y.S. ERS, and compensated absences	2,807,671	1,145,661
Due to Office of General Services	405,528	407,950
Other post employment benefits	4,890,827	3,618,420
Advanced collections	<u>31,569</u>	<u>(31,621)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 377,689</u>	<u>\$ (7,602,381)</u>

The accompanying notes are an integral part of these statements.

Next Year's Forecast

The 2015-2016 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 continue to improve to provide a 3 mountain opportunity for our customers with the Ski3 Pass. 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. Additions to our online offerings for ticket and season pass sales continue to be on the forefront of planning initiatives to provide more outlets for our customers to reach our venues. New marketing initiatives will be undertaken to increase visitation and develop strategies to align all mountains and venues to maximize revenue potential. The organization will continue to promote the new Parallel from the Start beginner ski program which was a huge success in 2014-2015. ORDA will have to continue to be vigilant in regards to operational spending as it is anticipated that insurance and retirement costs will continue to increase and support from the state may decrease. 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.

ORDA has already begun to take measures to positively affect next year's sales. Along with the ongoing Ski3 Season Pass and Parallel From the Start initiatives, there are various customer service efforts being put in place to reach our consumers across all of our venues. In this fiscal year, ORDA is putting a strong emphasis on the customer experience and service at each of the venues to ensure that all guests walk away with a memorable Olympic experience. This will include investment in new technology to increase the organization's reach and communication with the customer as well as improving the look and feel of the venues at it relates to customer experience. 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. A more concerted effort is being put on online sales and advertising and making strides to stay consistent with market trends and industry standards. The organization is striving to offer as many options to the customer on the online platforms as possible to expand the customer reach of the venues.

Further, with the help of NYS, the organization received increased capital funding to be used in 2015-2016. Plans are already in place to spend this money in areas which will provide additional revenue streams or growth, or provide savings through energy efficient investment. A large emphasis is being put on further improving the ORDA guest experience while also improving the core business streams of the organization. The goal is to utilize these funds in the most financially beneficial way while improving our visitation and overall tourism of NYS.

From an operational standpoint, ORDA is continuing to invest and improve on their newly implemented point-of-sale system. Technological advances in guest experience and interaction are constantly changing and management is taking the steps to evaluate the best options and most logical next steps for the organization. Investment in these areas will provide our guests with a more streamlined, efficient experience while providing ORDA the opportunity to increase revenues and market reach.

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 Pdraig Power, Director of Finance, at 518-302-5317.

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

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)**

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 15).

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 discretely presented 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 of the 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, 2015 and 2014 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 as of March 31, 2015 and 2014 respectively. The funds consisted of the P. Wharton Memorial Scholarship.

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 as of March 31, 2015 and 2014.

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, 2015 and 2014, and had no balance in the reserve.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2015 and 2014 is \$1,069,140 and \$1,046,971, 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, 2015 and 2014 is \$3,249,471 and \$3,072,631, respectively.

Retirement Benefits

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

Other 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.

Other Post Employment Benefits (Continued)

The Authority recognized the current cost of providing benefits for March 31, 2015 and 2014 by contributing \$1,182,845 and \$1,191,772 which is its share of insurance premiums for 97 and 88 currently enrolled retirees, as expenditure for the current year, respectively.

The Authority has recorded other post-employment benefits totaling \$26,953,728 and \$22,062,901 as of March 31, 2015 and 2014. See Note 13 for additional information regarding post-employment benefits.

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 \$9,400,000 and \$3,550,000 for the years ended March 31, 2015 and 2014, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2015 and 2014, the recorded value of donated ski patrol services was approximately \$350,000.

Reclassifications

Certain reclassifications have been made to the 2014 statements to conform to the current year presentation.

3. CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it.

Governmental Accounting Standards direct that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are not covered by collateralization.

As of March 31, 2015, all of the Authority's cash or cash equivalent balances were either insured or collateralized with securities held by the pledging financial institution's trust department in the Authority's name.

	<u>Bank Balance</u>	<u>Carrying Value</u>
Cash	\$ 2,377,080	\$ 2,002,935
Collateralized with securities held by the pledging financial institutions trust departments or agent in the Authority's name.	\$ 1,564,107	
Covered by FDIC insurance	<u>812,973</u>	
Total	<u>\$ 2,377,080</u>	

3. CASH AND CASH EQUIVALENTS (Continued)

As of March 31, 2014, all of the Authority's cash or cash equivalent balances were either insured or collateralized with securities held by the pledging financial institution's trust department in the Authority's name.

	<u>Bank Balance</u>	<u>Carrying Value</u>
Cash	\$ 1,723,289	\$ 1,773,068
Collateralized with securities held by the pledging financial institutions trust departments or agent in the Authority's name.	\$ 994,400	
Covered by FDIC insurance	<u>728,889</u>	
Total	<u>\$ 1,723,289</u>	

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2015</u>	<u>2014</u>
Trade receivables	\$ 3,212,921	\$ 2,944,202
Employee advances	753	
Grant receivable	<u>-</u>	<u>1,700,000</u>
	3,213,674	4,644,202
Less: allowance for doubtful accounts	<u>50,443</u>	<u>50,443</u>
Accounts receivable, net	<u>\$ 3,163,231</u>	<u>\$ 4,593,759</u>

5. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consists of the following as of March 31, 2015:

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31</u>
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Property and plant	138,982,850	10,171,433	(1,711,742)	147,442,541
Equipment, furniture and vehicles	46,981,830	3,845,178	(1,788,060)	49,038,948
Construction in progress	<u>182,217</u>	<u>2,340,796</u>	<u>(2,486,728)</u>	<u>36,285</u>
Total	186,291,897	16,357,407	-	196,662,774
Less: accumulated depreciation	<u>114,445,824</u>	<u>7,116,921</u>	<u>(3,456,259)</u>	<u>118,106,486</u>
Property, Plant and Equipment, net	<u>\$ 71,846,073</u>	<u>\$ 9,240,486</u>	<u>\$ 3,456,259</u>	<u>\$ 78,556,288</u>

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, Plant and Equipment consists of the following as of March 31, 2014:

	Balance <u>April 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31</u>
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Property and plant	136,087,606	2,895,244	-	138,982,850
Equipment, furniture and vehicles	44,885,251	3,184,998	(1,088,419)	46,981,830
Construction in progress	<u>3,423,237</u>	<u>-</u>	<u>(3,241,020)</u>	<u>182,217</u>
Total	184,541,094	6,080,242	(4,329,439)	186,291,897
Less: accumulated depreciation	<u>108,091,469</u>	<u>7,459,094</u>	<u>(1,104,739)</u>	<u>114,445,824</u>
Property, Plant and Equipment, net	<u>\$ 76,449,625</u>	<u>\$ (1,378,852)</u>	<u>\$ (3,224,700)</u>	<u>\$ 71,846,073</u>

6. ADVANCED COLLECTIONS

Advanced collections consist of the following as of March 31:

	<u>2015</u>	<u>2014</u>
General and event sponsorships	\$ 168,335	\$ 184,668
Advance ski pass sales	<u>809,826</u>	<u>761,924</u>
	<u>\$ 978,161</u>	<u>\$ 946,592</u>

7. LINE OF CREDIT

In July 2013, the Authority extended its \$7,000,000 tax-exempt bank line of credit. The maturity date of this new agreement is July 31, 2015, with a floating tax-exempt interest rate equal to 65% of the one month LIBOR rate plus 2.75% per annum (2.86% at March 31, 2015).

7. LINE OF CREDIT (Continued)

The outstanding balance (including accrued interest) at March 31, 2015 was \$3,897,714. The bank line of credit with an outstanding balance of \$4,367,714 at March 31, 2014 provided for interest to be paid monthly on outstanding borrowings at LIBOR rate plus 2.75% per annum (2.85% at March 31, 2014). 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.

8. LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended March 31, 2015 are summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Long-term Portion
Capital lease obligations Due to NYS and Local Employee	\$ 9,070,243	\$ -	\$ 1,437,528	\$ 7,632,715	\$ 1,222,062	\$ 6,410,653
Retirement System (ERS)	1,375,004	1,061,272	162,787	2,273,489	218,340	2,055,149
Compensated Absences	3,072,631	176,840 (A)	-	3,249,471	-	3,249,471
Other post retirement benefits	22,062,901	6,073,672	1,182,845	26,953,728	-	26,953,728
Total	<u>\$ 35,580,779</u>	<u>\$ 7,311,784</u>	<u>\$ 2,783,160</u>	<u>\$ 40,109,403</u>	<u>\$ 1,440,402</u>	<u>\$ 38,669,001</u>

Long-term liability balances and activity for the year ended March 31, 2014 are summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Long-term Portion
Capital lease obligations Due to NYS and Local Employee	\$ 10,539,675	\$ -	\$ 1,469,432	\$ 9,070,243	\$ 1,439,181	\$ 7,631,062
Retirement System (ERS)	652,601	805,109	82,706	1,375,004	162,785	1,212,219
Compensated Absences	2,917,810	154,821 (A)	-	3,072,631	-	3,072,631
Postretirement benefits	18,444,481	6,192,019	2,573,599	22,062,901	-	22,062,901
Total	<u>\$ 32,554,567</u>	<u>\$ 7,151,949</u>	<u>\$ 4,125,737</u>	<u>\$ 35,580,779</u>	<u>\$ 1,601,966</u>	<u>\$ 33,978,813</u>

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

9. OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS

The Authority leases equipment under capital leases expiring during fiscal year 2023. 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). With the first lease, 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%. For 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%.

9. OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS (Continued)

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:

2016	\$	1,411,122
2017		1,405,358
2018		2,784,967
2019		407,746
2020		407,717
Thereafter		<u>1,215,805</u>
		7,632,715
Less: Amount representing interest		<u>484,127</u>
Present value of net minimum lease payments	\$	<u><u>7,148,588</u></u>

Assets held under capital assets are as follows:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 15,105,689	\$ 15,105,689
Less: accumulated depreciation	<u>5,662,856</u>	<u>4,813,264</u>
Net leased property	<u><u>\$ 9,442,833</u></u>	<u><u>\$ 10,292,425</u></u>

Total cash paid for interest expense was \$402,275 and \$395,311 for the year ended March 31, 2015 and March 31, 2014 respectively.

10. 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).

10. PENSION PLANS (Continued)

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:

2015	\$	2,787,600
2014		2,104,797
2013		1,385,264

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

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, 2013, 2014 and 2015 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 was \$2,273,491 of which \$218,340 is included in current portion and \$2,055,149 in long-term debt at March 31, 2015 and the total unpaid liability was \$1,375,004 of which \$162,785 was included in the current portion and \$1,212,219 in long term debt at March 31, 2014.

11. RELATED PARTY DISCLOSURES

The Authority is a component unit of the 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 following balances outstanding:

	<u>2015</u>	<u>2014</u>
New York State and Local Employees' Retirement System	\$ 2,273,489	\$ 1,375,004
New York State General Fund Pension Savings Recovery	401,253	401,253

The Authority purchased various services totaling approximately \$8,000 and \$213,000 during the years ended March 31, 2015 and 2014, respectively, from businesses owned by board members.

12. COMMITMENTS AND CONTINGENCIES

Litigation

The Authority is a defendant in several lawsuits resulting primarily from ski area operations. The damages alleged in these lawsuits total several million dollars. The lawsuits are being defended by the State of New York Office of the Attorney General 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 beyond minimal deductible amounts. Settled claims have not exceeded the commercial coverage by any material amounts during the years ended March 31, 2015 and 2014. There was no reduction in insurance coverage during the year ended March 31, 2015.

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. In October 2013, the Authority amended the agreement with Centerplate to continue through May 31, 2019 to correspond with the contract noted above to include all of the Authority's venues.

13. OTHER POST EMPLOYMENT BENEFITS

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.

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

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>2015</u>	<u>2014</u>
Normal cost	\$ 2,445,247	\$ 2,073,112
Amortization of unfunded actuarial liability	4,280,039	3,239,880
Interest	<u>248,836</u>	<u>196,581</u>
ARC	6,974,122	5,509,573
Interest on OPRB obligation	816,325	682,443
Adjustment to ARC	<u>(1,716,776)</u>	<u>(1,381,824)</u>
OPRB expense	<u>\$ 6,073,671</u>	<u>\$ 4,810,192</u>
Net OPRB obligation at the beginning of the year	\$ 22,062,901	\$ 18,444,482
Current year OPRB expense	6,073,671	4,810,191
Net OPRB contributions made during the fiscal year	<u>(1,182,845)</u>	<u>(1,191,772)</u>
Net OPRB obligation at the end of the year	<u>\$ 26,953,727</u>	<u>\$ 22,062,901</u>
Percentage of expense contributed	19.5%	24.8%

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.

14. POST EMPLOYMENT BENEFITS LIABILITY

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
3/31/2015	\$ -	\$ 58,372,810	\$ 58,372,810	0%	\$ 14,979,059	389.7%
3/31/2014	\$ -	\$ 45,781,672	\$ 45,781,672	0%	\$ 14,345,041	319.1%
3/31/2013	\$ -	\$ 43,245,588	\$ 43,245,588	0%	\$ 9,432,773	458.5%

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.

14. POST EMPLOYMENT BENEFITS LIABILITY (Continued)

For the March 31, 2015 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.

15. BELLAYRE SKI CENTER AGREEMENT

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.

16. IMPACT OF FUTURE GASB PRONOUNCEMENTS

GASB has issued Statements No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of Statement No. 67 is to improve financial reporting by state and local governmental pension plans. Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans. The Authority is required to adopt the provisions of these Statements for the year ending March 31, 2016 with early adoption encouraged.

GASB issued Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB Statement No. 68* that addresses an issue regarding application of the transition provisions of [Statement No. 68](#), *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Authority is required to adopt the provisions of this Statement in conjunction with GASB Statement No. 68, for the year ending March 31, 2016.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Authority is required to adopt the provisions of this Statement for the year ending March 31, 2017.

The Authority has not yet assessed the impact of these statements on its future financial statements.

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 18, 2015

To the Board of Directors of the
New York State 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 New York State Olympic Regional Development Authority (Authority) a New York State Public Benefit Corporation, which is a discretely presented component unit of the State of New York, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 18, 2015.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, (Finding 2015-001).

**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)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

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

**SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2015**

Status of Prior Year Findings

2014-001 Account Reconciliations

Condition

Our audit procedures disclosed that though prepaid insurance was being expensed monthly, the amount of which did not reflect the most recent billing period which necessitated a material adjustment during audit procedures.

Status: This finding has been corrected in 2015.

Current Year – Financial Statement Findings

2015-001 Account Reconciliations

Criteria

Accounts payable processing procedures should ensure that purchase agreements for capital assets are recorded properly.

Condition

Our audit procedures disclosed that though purchase agreements were being paid timely, the amount of the total purchase agreement for certain assets were not posted in their entirety within the Authority's general ledger which necessitated a material adjustment during audit procedures.

Cause

Management did not properly routinely review outstanding amounts of purchase agreements compared to the Authority's general ledger to ensure proper posting.

Effect

Interim financial statements and fiscal projections provided to management displayed less liabilities than was posted to the general ledger.

Recommendation

We recommended that management implement a process of routinely reviewing general ledger liabilities regarding purchase agreements to ensure the proper timing of posting.

Management Response:

Management has considered all of the information included in the finding and has implemented an annual review process for renewal of yearly contracts and their entry into the general ledger system. Further, more detailed account reconciliations will be completed by the finance staff and reviewed and signed off on by the Director of Finance on a monthly basis.