

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

**Financial Statements
as of March 31, 2018 and 2017
Together with
Independent Auditor's Reports**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

June 27, 2018

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 New York State Olympic Regional Development Authority (ORDA), a New York Public Benefit Corporation, a discretely presented component unit of the State of New York, as of and for the year ended March 31, 2018 and the related notes to the financial statements, which collectively comprise ORDA'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 financial position of ORDA, as of March 31, 2018, and the changes in its financial position and its cash flows 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 ORDA's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017 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 management's discussion and analysis, schedule of funding progress – other post-employment benefits, schedule of proportionate share of pension liability, and schedule of contributions – pension plans 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 27, 2018 on our consideration of ORDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ORDA's 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 ORDA'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, 2018

Within this section of the New York State Olympic Regional Development Authority's (ORDA's) annual financial report, ORDA's management provides narrative discussion and analysis of the financial activities of ORDA for the fiscal year ended March 31, 2018. ORDA's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

- ORDA's net position was \$46,545,504 as of March 31, 2018. This compares to the previous year, when net position was \$19,201,622.
- Total Net Position is comprised of the following:
 - (1) Investment in capital assets of \$95,913,279 which includes property and equipment, net of accumulated depreciation and related debt.
 - (2) Unrestricted net position of (\$49,367,775) 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, deferred outflows, liabilities and deferred inflows, 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 ORDA as a whole is improving or deteriorating. Evaluation of the overall economic health of ORDA must include other non-financial factors such as the condition of ORDA's property and equipment, and the economic picture of NYS and the USA, 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 ORDA'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 ORDA's financial reliance on the distinct activities related to each of its venues, as well as 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, 2018, operating activities used cash of \$9,311,016, state and local appropriations provided cash of \$9,643,000, net cash provided by capital and related financing activities was \$6,248,733 and investing activities provided cash of \$28, resulting in a net increase in cash and cash equivalents of \$6,580,745 for the fiscal year ending March 31, 2018. Cash and cash equivalents at the beginning of the year were \$3,590,324, while at the end of the year, cash and cash equivalents were \$10,171,069.

This statement also presents the reconciliation of net loss from operations of \$22,627,469 (including depreciation of \$8,267,689) to net cash used by operating activities of \$9,311,016.

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 ORDA

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 ORDA as a whole.

ORDA's net position at fiscal year-end is \$46,545,504. This is a \$27,343,882 increase over last year's net position of \$19,201,622. The following table provides a summary of the elements of ORDA's net position:

Summary of Net Position

	<u>Totals</u>			<u>%</u>
	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>Change</u>
Current assets	\$ 13,535,041	\$ 6,188,378	\$ 7,346,663	118.72%
Capital assets	104,044,195	75,311,869	28,732,326	38.15%
Deferred outflows	4,559,588	9,138,992	(4,579,404)	-50.11%
Total assets and deferred outflows	<u>\$122,138,824</u>	<u>\$ 90,639,239</u>	<u>\$ 31,499,585</u>	<u>34.75%</u>
Current liabilities	\$ 15,370,021	\$ 15,018,344	\$ 351,677	2.34%
Other liabilities	59,199,441	55,255,260	3,944,181	7.14%
Deferred inflows	1,023,858	1,164,013	(140,155)	-12.04%
Total Liabilities and deferred inflows	<u>\$ 75,593,320</u>	<u>71,437,617</u>	<u>4,155,703</u>	<u>5.82%</u>
Net position:				
Invested in capital assets, net of related debt	\$ 95,913,279	\$ 70,101,378	\$ 25,811,901	36.82%
Unrestricted net position	<u>(49,367,775)</u>	<u>(50,899,756)</u>	<u>1,531,981</u>	<u>-3.01%</u>
Total net position	<u>\$ 46,545,504</u>	<u>\$ 19,201,622</u>	<u>\$ 27,343,882</u>	<u>142.40%</u>

Current assets increased approximately \$7.3 million predominately through an increase of cash of \$6.6 million and an increase in accounts receivable of \$714 thousand. The increase to cash was the result of cash remaining on hand needed to complete the capital projects started in 2017/2018. The increase to accounts receivable was due largely in part to timing.

Capital assets increased \$28.7 million due primarily to the investment made in all the updates, modernization and improved efficiencies at all the venues.

Major Events Impacting Financial Results

The New York State Olympic Regional Development Authority relished a busy 2017/2018 event season, hosting 30 events on 89 event days. Over 4,000 athletes and competitors from over 30 counties trained and competed on the ORDA venues during the year.

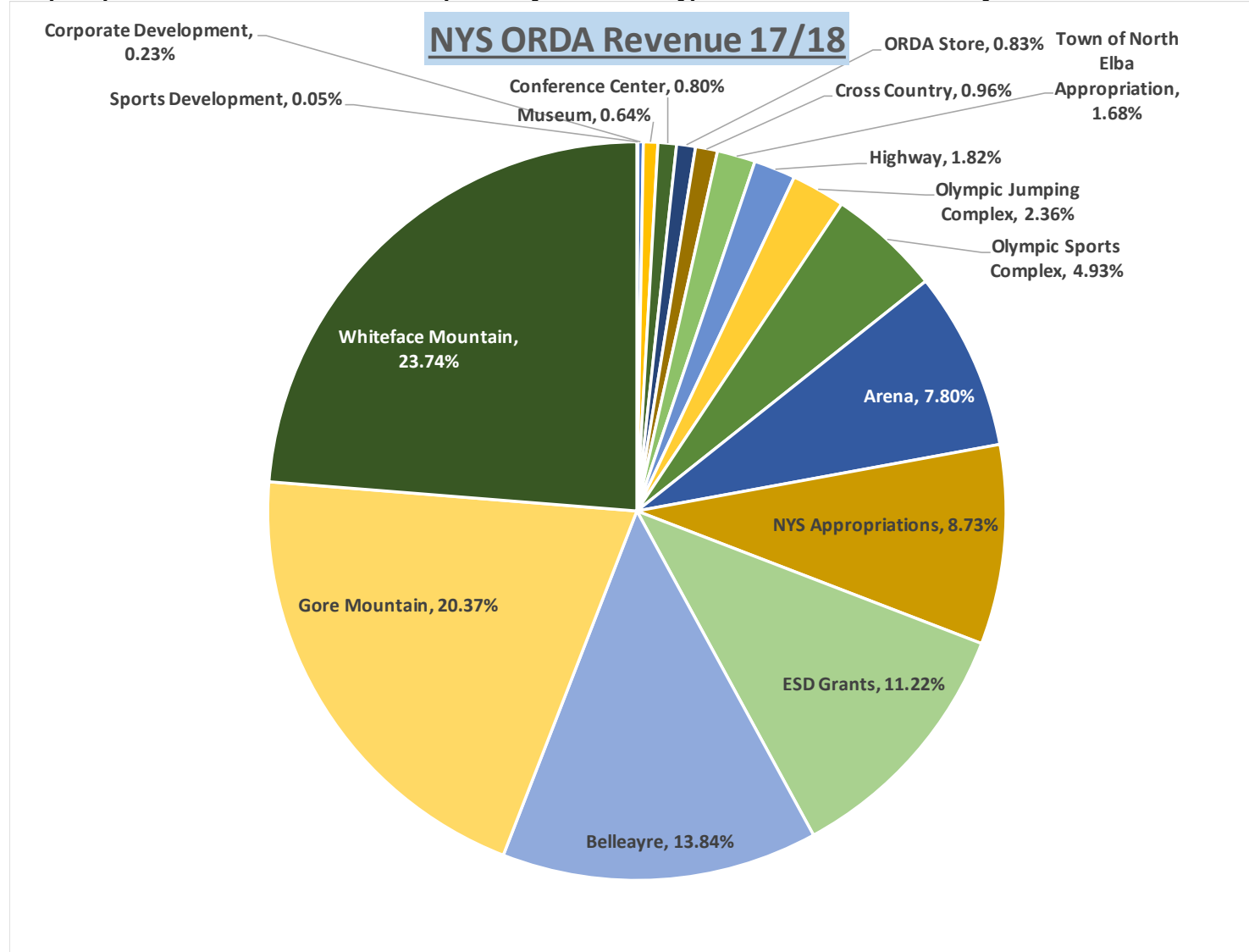
This extensive event schedule reinforces the ORDA legislative mandate of developing a wide range of national and international athletic training and competitive opportunities that maximize the utilization of the Olympic facilities.

Revenues, Expenses, and Changes In Net Position

ORDA's 2017/2018 operating revenue increased by 4% as compared to the 2016/2017 season. The 2017/2018 season revenue was boosted by above average snowfall, above average skier days, improvements to snowmaking and improvements to the facilities.

Management has taken extraordinary steps to decrease personal service expense in the past several years, so much so that additional cuts in that area would be unproductive, even detrimental to ORDA's bottom line. All expenses are closely monitored to make sure that they are appropriate and reasonable.

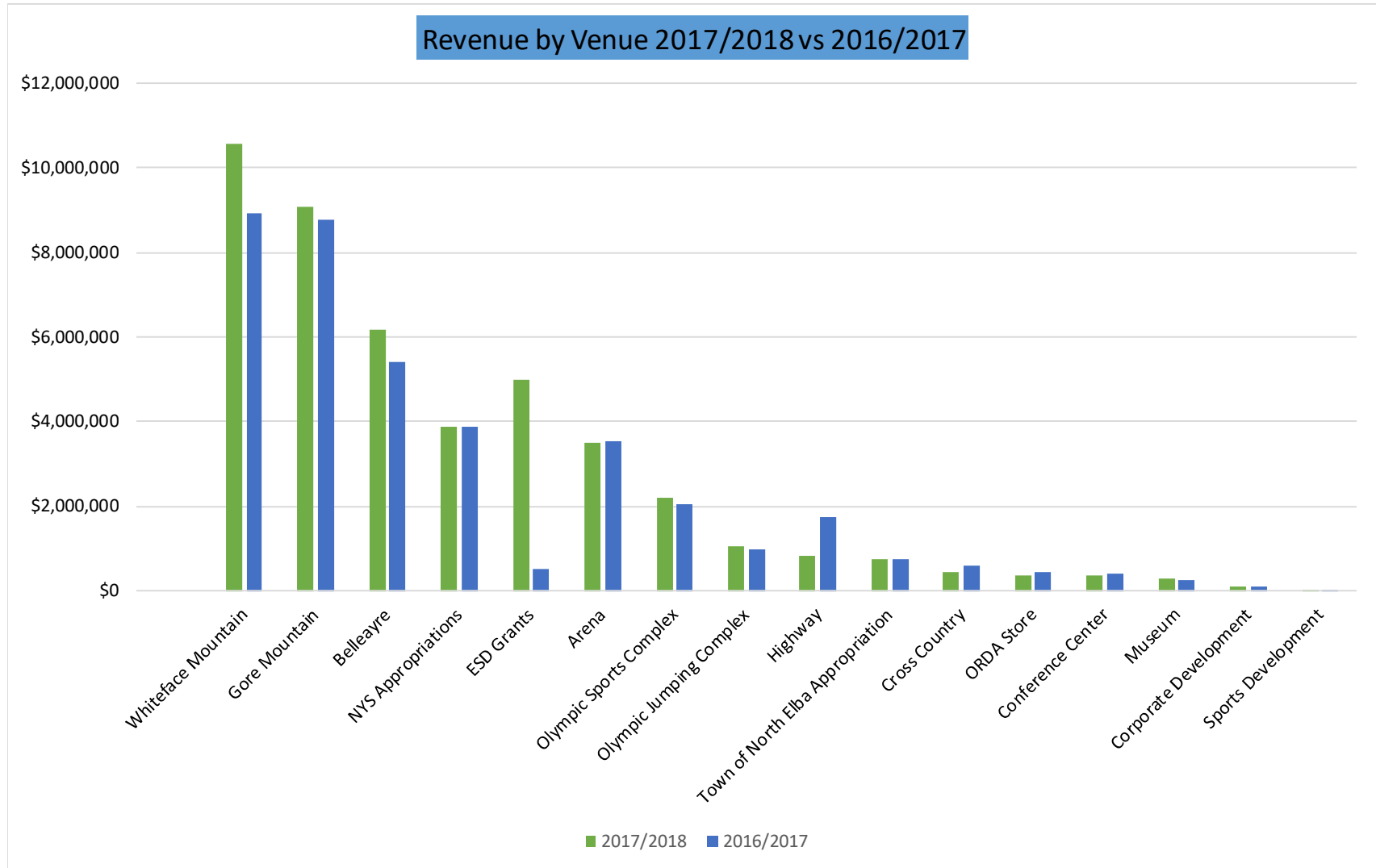
Graphic presentation of revenue and expense by venue and type follow to assist the analysis of ORDA's activities for fiscal year 2018.



The revenue by venue pie chart for 2017/2018 shows that Whiteface Mountain continues to be the venue producing the most revenue at 23.7%, followed by Gore Mountain at 20.4%, Belleayre Mountain at 13.9%, support from the State of New York was approximately 20%, the Town of North Elba contributed 1.7%, and the remaining 20.3% comes from the other venues, the ORDA store, corporate marketing and sports development.

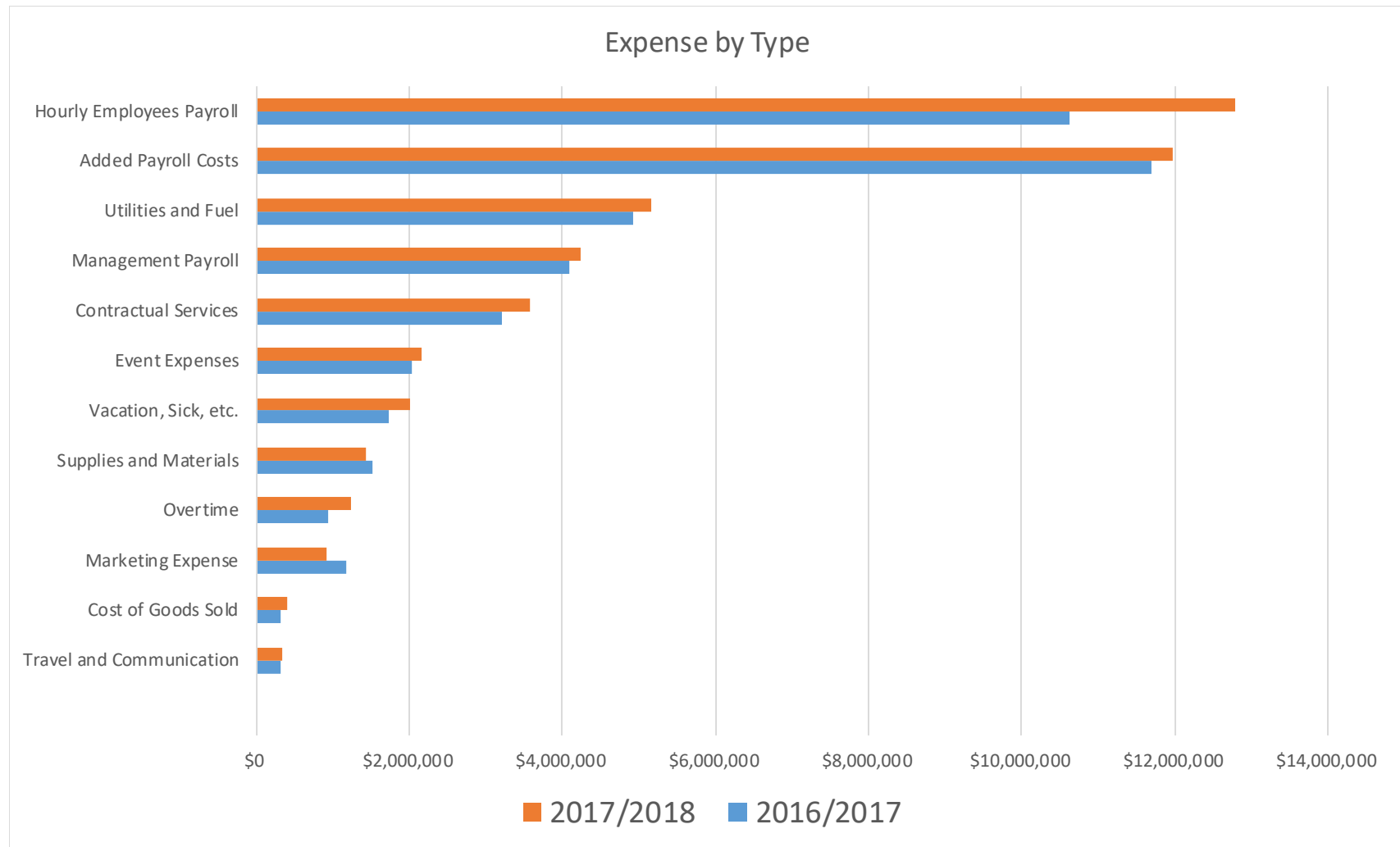
Revenue by Venue Bar Chart

Looking at the bar graph shows that all venues have small growth. Most notable is the increase from New York State grants.



Expense by Type Graph

The Expense by Type graph shows that hourly employees' personal service continues to be one of ORDA's greatest expenses, followed very closely by payroll added cost. Management worked diligently to keep overall expenses down.



Capital Assets

ORDA's investment in capital assets, net of accumulated depreciation as of March 31, 2018 and 2017 was \$104,044,195 and \$75,311,869, respectively. The total increase in the net investment at March 31, 2018 was \$28,732,326. Major capital asset additions during the fiscal year included a new gondola at Belleayre, a ski bridge at Belleayre connecting the upper and lower mountain, upgrades to the lodges at Whiteface and Gore and efficiency improvements to snowmaking systems.

Long Term Debt

At the end of the fiscal year, ORDA had capital lease obligations and installment debt of \$8.1 million. Included in long term debt is a lease for improvements at both Gore and Whiteface, and a New York Power Authority lease for the purchase of energy efficient compressors and energy efficient snowmaking equipment at the ski centers. There was also new installment debt for the purchase of a gondola. ORDA has post-employment benefits obligations of \$41 million, a net pension liability of \$4.6 million, amounts due to NYERS of \$1.66 million and compensated absences of \$3.8 million.

Short Term Debt

ORDA currently has a line of credit of \$7 million, of which \$5.4 million was outstanding as of March 31, 2018. This line of credit is used for cash flow purposes while the organization is waiting on State budgeted appropriations.

Economic Environment and Next Year's Forecast

Economic Environment

Since 1982 ORDA has hosted over 450 national and international events, over 100 World Cup competitions and 14 world championships in alpine skiing, biathlon, bobsled, freestyle skiing, luge, skeleton, ski jumping, snowboarding and speed skating.

ORDA continues to be an economic catalyst for New York State. This is underscored in ORDA's most recent economic impact study, conducted by RRC Associates Inc. and completed in March 2018. The Study concluded that the cumulative economic value of the level of tourism generated by ORDA was \$156 million for the 12-month period covering the 2016-17 fiscal year. It also concluded that the aggregate direct spending of visitors to ORDA facilities and venues totaled \$104.9 million, a figure that includes visitor spending both at ORDA facilities and spending at other businesses and establishments.

The union contract was ratified. The inability to adequately fill skilled positions and reach peak staffing levels has still not completely turned around, however the outlook is better.

Next Year's Forecast

2018/2019 early season SKI3 pass sales started out strong with the option to purchase using a payment plan. Automatic payments are charged on the 15th of each month following your down payment. There are no additional fees.

ORDA will continue to make improvements to efficiencies and modernizations to all of the venues with the direct support of the Governor. Many projects are being planned out as a 2 or even a 3 phase project. This will allow us to better plan with finite goals to be able to reach the end of construction seamlessly into operations. Technology investments including a new e-commerce platform, networking, and RFID gates. Year round summer attractions are also being prioritized.

The 2018/2019 calendar of events will include:

Dec. 11-15 | FIL World Cup Luge
Dec. 29 | Stars on Ice
Jan. 3-6 | ISI Figure Skating Competition
Jan. 6-11 | International Children's Winter Games
Jan. 16-20 | World Cup Freestyle - Moguls and Aerials
Jan. 18-20 | U.S. Junior World's & America's Cup Speed skating
Jan. 22-25 | U.S. Freestyle Nationals
Jan. 25-27 | USSA Nordic Super Tour
Jan. 31 - Feb. 3 | Empire State Winter Games
Feb. 11-16 | IBSF World Cup Bobsled & Skeleton
Feb. 15-18 | NorAm Freestyle & NorAm Biathlon
Mar. 16-17 | Para Bobsled World Championships
Mar. 20-23 | ECAC Hockey Men's DI Championships

Contacting ORDA's Management

This financial report is designed to provide a general overview of ORDA's finances, comply with finance-related laws and regulations, and demonstrate ORDA's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Peggy Evatt, Director of Finance, at 518-302-5317 or Mike Pratt, President/CEO, at 518-302-5301.

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

STATEMENT OF NET POSITION

MARCH 31, 2018

(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	10,171,069	\$ 3,590,324
Inventory	97,998	92,221
Accounts receivable, net	2,754,208	2,040,374
Prepaid expenses	<u>511,766</u>	<u>465,459</u>
Total current assets	13,535,041	6,188,378
PROPERTY, PLANT AND EQUIPMENT, net	<u>104,044,195</u>	<u>75,311,869</u>
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	<u>4,559,588</u>	<u>9,138,992</u>
Total assets and deferred outflows of resources	<u>\$ 122,138,824</u>	<u>\$ 90,639,239</u>
LIABILITIES, DEFERRED INFLOWS AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,622,706	\$ 2,491,387
Line of credit	5,412,714	5,412,714
Accrued liabilities	3,210,558	2,809,295
Current portion - Capital leases	1,248,194	2,840,366
Current portion - installment debt	1,493,000	-
Current portion - N.Y.S. Employees Retirement System	246,724	248,874
Advanced collections	<u>1,136,125</u>	<u>1,215,708</u>
Total current liabilities	<u>15,370,021</u>	<u>15,018,344</u>
OTHER LIABILITIES:		
Due to Office of General Services	2,972,731	2,872,508
Installment debt	1,493,000	-
Capital lease obligations, net of current portion	3,896,722	2,370,125
Due to N.Y.S. Employees Retirement System	1,417,924	1,739,963
Accrued compensated absences	3,839,602	3,416,112
Net pension liability	4,693,767	8,169,798
Other post employment benefits	<u>40,885,695</u>	<u>36,686,754</u>
Total other liabilities	<u>59,199,441</u>	<u>55,255,260</u>
Total liabilities	<u>74,569,462</u>	<u>70,273,604</u>
DEFERRED INFLOWS OF RESOURCES - PENSIONS	<u>1,023,858</u>	<u>1,164,013</u>
Total liabilities and deferred inflows	<u>75,593,320</u>	<u>71,437,617</u>
NET POSITION:		
Net investment in capital assets	95,913,279	70,101,378
Unrestricted	<u>(49,367,775)</u>	<u>(50,899,756)</u>
Total Net Position	<u>\$ 46,545,504</u>	<u>\$ 19,201,622</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, 2018
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Earned revenue	33,581,050	\$ 32,595,356
Sponsorships and in-kind contributions	<u>1,395,834</u>	<u>1,115,043</u>
Total Operating Revenues	<u>\$ 34,976,884</u>	<u>\$ 33,710,399</u>
Operating Expenses		
Personal services	\$ 31,119,351	\$ 28,245,205
Depreciation	8,267,689	7,916,434
Utilities and fuel	5,170,700	4,927,905
Post employment benefits	4,198,941	4,823,381
Contractual services	3,117,397	2,578,065
Event related costs	2,155,460	2,020,875
Supplies and materials	1,437,507	1,528,142
Marketing	924,467	1,198,914
Fees, dues	453,924	565,691
Cost of goods sold	397,012	316,917
Communications	218,891	211,557
Travel and lodging	116,188	116,910
Bad debts	<u>26,826</u>	<u>43,579</u>
Total Operating Expenses	<u>57,604,353</u>	<u>54,493,575</u>
Operating Loss	<u>(22,627,469)</u>	<u>(20,783,176)</u>
Non-Operating Revenues (Expenses)		
Appropriations - New York State	3,893,000	3,893,000
Appropriations - Town of North Elba	750,000	750,000
NYS ESD grant	5,000,000	500,000
Interest income	28	26
Loss on disposal of assets	(82,148)	-
Interest expense	<u>(348,404)</u>	<u>(363,940)</u>
Total Non-Operating Revenue	<u>9,212,476</u>	<u>4,779,086</u>
Loss Before Capital Contributions	<u>(13,414,993)</u>	<u>(16,004,090)</u>
Capital Contributions		
NYS capital appropriations	38,000,000	10,000,000
Other NYS agency capital appropriations	2,500,000	2,500,000
Other	<u>258,875</u>	<u>106,439</u>
Total Capital Contributions	<u>40,758,875</u>	<u>12,606,439</u>
Change in Net Position	<u>27,343,882</u>	<u>(3,397,651)</u>
Net Position, Beginning of Year	<u>19,201,622</u>	<u>22,599,273</u>
Net Position, End of Year	<u>\$ 46,545,504</u>	<u>\$ 19,201,622</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, 2018
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 32,962,835	\$ 33,394,148
Payments to employees	(29,523,479)	(28,039,333)
Payments to suppliers	(12,750,372)	(14,242,700)
Net Cash Provided (Used) Operating Activities	<u>(9,311,016)</u>	<u>(8,887,885)</u>
Cash Flows From Noncapital Financing Activities		
Appropriations received from State and Town of North Elba	9,643,000	5,143,000
Net Cash Provided (Used) By Noncapital Financing Activities	<u>9,643,000</u>	<u>5,143,000</u>
Cash Flows From Capital and Related Financing Activities		
Other capital contributions	40,758,875	12,606,439
Additions, net of disposals, to property, plant and equipment	(37,082,163)	(5,950,054)
Proceeds of capital leases	466,714	1,115,000
Principal paid on capital lease obligations	(532,289)	(1,253,184)
Proceeds of installment debt	7,986,000	-
Principal paid on installment debt	(5,000,000)	-
Interest paid on debt	(348,404)	(363,940)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>6,248,733</u>	<u>6,154,261</u>
Cash Flows From Investing Activities		
Interest income	28	26
Net Cash Provided by Investing Activities	<u>28</u>	<u>26</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,580,745	2,409,402
Cash and Cash Equivalents, Beginning of Year	<u>3,590,324</u>	<u>1,180,922</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,171,069</u>	<u>\$ 3,590,324</u>
Reconciliation of Net Loss From Operations to Net Cash Used By Operating Activities		
Operating loss	\$ (22,627,469)	\$ (20,783,176)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	8,267,689	7,916,434
Bad debts	26,826	43,579
Pension items - ERS	963,218	1,058,642
Other post employment benefits	4,198,941	4,823,381
(Increase) decrease in assets:		
Inventory	(5,777)	(27,221)
Accounts receivable	(740,660)	(287,513)
Prepaid expenses	(46,307)	(2,334)
Increase (decrease) in liabilities:		
Accounts payable	131,319	(1,941,382)
Accrued liabilities	401,263	(5,241)
Due to NYS ERS	(324,189)	(240,774)
Compensated absences	423,490	224,783
Due to Office of General Services	100,223	405,254
Advanced collections	(79,583)	(72,317)
Net Cash Provided (Used) By Operating Activities	<u>\$ (9,311,016)</u>	<u>\$ (8,887,885)</u>
Schedule of Non-Cash Capital and Financing Activities		
Equipment acquired through capital lease and installment debt	<u>\$ 10,739,226</u>	<u>\$ 310,667</u>

The accompanying notes are an integral part of these statements.

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

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

1. NATURE OF OPERATIONS

The New York State Olympic Regional Development Authority (ORDA) 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. ORDA 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 (DEC). ORDA 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 (Park District). On April 1, 1984, ORDA entered into an agreement with DEC to operate, manage and maintain Gore Mountain Ski Center (Gore). On April 1, 2012, ORDA assumed management responsibility of Belleayre Ski Area in Highmont, New York. Belleayre was previously managed by DEC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of ORDA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. In accordance with those principles prescribed by the Governmental Accounting Standards Board (GASB), ORDA'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, ORDA 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

ORDA'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)

ORDA's investment policies are governed by NYS statutes and ORDA'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, 2018 and 2017, deposits were fully insured and/or collateralized by ORDA's agent in ORDA's name.

Inventory

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

Accounts Receivable

Accounts receivable are stated at the uncollected balance, less an allowance for doubtful accounts. ORDA 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 \$159,337 and \$571,254 as of March 31, 2018 and 2017.

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 ORDA 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 ORDA's fiscal year shall be deposited into the sinking fund. ORDA did not have net profits from operations for the years ended March 31, 2018 and 2017, and had no balance in the reserve.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues

Amounts reported as operating revenue are from fees, events, and sponsorship revenues in connection with ORDA's ongoing operations. The principal operating revenues include activity fees, concession revenues and sponsorships. All revenues not meeting this definition are reported as non-operating.

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

Event revenues, including sponsorships, are recognized when the related event occurs. General sponsorship agreements are recognized over the period of the contract.

Expenses

Amounts reported as operating expenses are from providing services in connection with ORDA's ongoing operations. The principal operating expenses of ORDA include payroll, utilities, depreciation, other post-employment benefits, and contractual services. All expenses not meeting this definition are reported as non-operating.

Vacation Liability

Employees of ORDA 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.

Unused holiday time accrues without limit. The accrued value of vacation and holiday time and salary related payments at March 31, 2018 and 2017 is \$1,134,184 and \$1,000,992, 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. ORDA recognizes a liability for vested sick leave for employees who, at the statement of net position 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.

Retirement Benefits

ORDA employees participate in the New York State and Local Employees' Retirement System. See Note 10 for additional information regarding retirement benefits.

Other Post Employment Benefits

In addition to providing retirement benefits described, ORDA 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 ORDA. ORDA pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. See Note 13 for additional information regarding post-employment benefits.

NYS Capital Appropriations and Grants

ORDA received capital appropriations and grants from New York State, New York State agencies and others to fund various capital and other projects related to health and safety, and preservation and improvement of facilities.

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 ORDA has a clearly measurable and objective basis for determining the value. The agreement with New York State and the Park District permit ORDA to use, operate, and maintain the facilities in existence at ORDA'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 ORDA.

Title to facilities and equipment originally owned by New York State and the Park District does not pass to ORDA. The facilities, equipment and improvements thereto revert back to New York State and the Park District, respectively, at the end of the terms of the agreements. There is no clearly measurable basis for determining the value of the facilities and equipment used by ORDA 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, 2018 and 2017, the recorded value of donated ski patrol services was approximately \$532,000 and \$380,000 respectively.

3. CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, ORDA'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, 2018, all of ORDA's cash or cash equivalent balances were either insured or collateralized with securities held by the pledging financial institution's trust department in ORDA's name.

	<u>Bank Balance</u>	<u>Carrying Value</u>
Cash	<u>\$ 10,798,985</u>	<u>\$ 10,171,069</u>
Collateralized with securities held by the pledging financial institutions trust departments or agent in the Authority's name.	\$ 10,261,136	
Covered by FDIC insurance	<u>537,849</u>	
Total	<u>\$ 10,798,985</u>	

3. CASH AND CASH EQUIVALENTS (Continued)

As of March 31, 2017, all of ORDA's cash or cash equivalent balances were either insured or collateralized with securities held by the pledging financial institution's trust department in ORDA's name.

	<u>Bank Balance</u>	<u>Carrying Value</u>
Cash	<u>\$ 4,187,144</u>	<u>\$ 3,590,324</u>
Collateralized with securities held by the pledging financial institutions trust departments or agent in the Authority's name.	\$ 3,510,129	
Covered by FDIC insurance	<u>677,015</u>	
Total	<u>\$ 4,187,144</u>	

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2018</u>	<u>2017</u>
Trade receivables	\$ 2,893,614	\$ 2,610,103
FSA receivables	19,667	-
Employee advances	<u>264</u>	<u>1,525</u>
	2,913,545	2,611,628
Less: allowance for doubtful accounts	<u>159,337</u>	<u>571,254</u>
Accounts receivable, net	<u>\$ 2,754,208</u>	<u>\$ 2,040,374</u>

5. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consists of the following as of March 31, 2018:

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31</u>
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Property and plant	151,445,785	3,079,845	3,567,790	150,957,840
Equipment, furniture and vehicles	52,018,906	16,216,062	369,721	67,865,247
Construction in progress	<u>1,476,555</u>	<u>20,302,909</u>	<u>-</u>	<u>21,779,464</u>
Total	205,086,246	39,598,816	3,937,511	240,747,551
Less: accumulated depreciation	<u>129,774,377</u>	<u>8,267,689</u>	<u>1,338,710</u>	<u>136,703,356</u>
Property, Plant and Equipment, net	<u>\$ 75,311,869</u>	<u>\$ 31,331,127</u>	<u>\$ 2,598,801</u>	<u>\$104,044,195</u>

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, Plant and Equipment consists of the following as of March 31, 2017:

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31</u>
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Property and plant	148,880,280	3,066,204	500,699	151,445,785
Equipment, furniture and vehicles	50,203,847	2,339,815	524,756	52,018,906
Construction in progress	<u>626,218</u>	<u>850,337</u>	<u>-</u>	<u>1,476,555</u>
Total	199,855,345	6,256,356	1,025,455	205,086,246
Less: accumulated depreciation	<u>122,883,398</u>	<u>7,916,434</u>	<u>1,025,455</u>	<u>129,774,377</u>
Property, Plant and Equipment, net	<u>\$ 76,971,947</u>	<u>\$ (1,660,078)</u>	<u>\$ -</u>	<u>\$ 75,311,869</u>

6. ADVANCED COLLECTIONS

Advanced collections consist of the following as of March 31:

	<u>2018</u>	<u>2017</u>
General and event sponsorships	\$ 169,161	\$ 151,160
Advance sales	<u>966,964</u>	<u>1,064,548</u>
	<u>\$ 1,136,125</u>	<u>\$ 1,215,708</u>

7. LINE OF CREDIT

In March 2018, ORDA extended its \$7,000,000 tax-exempt bank line of credit. The outstanding balance at March 31, 2018 and 2017 was \$5,412,714. The agreement stated interest to be paid monthly on outstanding borrowings at LIBOR rate plus 2.00%, for 2018 and LIBOR plus 2.75% for 2017. The outstanding balance is secured by assets of ORDA. Borrowings on the credit line are used primarily to pay employees and vendors when operating receipts are not sufficient.

Activity for the line of credit for the year ended March 31, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Payments</u>	<u>Ending Balance</u>
Line of Credit	<u>\$ 5,412,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,412,714</u>

8. LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended March 31, 2018 are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	Amounts <u>Due Within One Year</u>	<u>Long-term Portion</u>
Capital lease obligations	\$ 5,210,491	\$ 466,714	\$ 532,289	\$ 5,144,916	\$ 1,248,194	\$ 3,896,722
Installment debt	-	7,986,000	5,000,000	2,986,000	1,493,000	1,493,000
Due to NYS and Local Employee						
Retirement System (ERS)	1,988,837	-	324,189	1,664,648	246,724	1,417,924
Compensated absences	3,416,112	423,490 (A)	-	3,839,602	-	3,839,602
Net pension liability	8,169,798	- (A)	3,476,031	4,693,767	-	4,693,767
Other post retirement benefits	36,686,754	5,684,561	1,485,621	40,885,694	-	40,885,694
Total	<u>\$ 55,471,992</u>	<u>\$ 14,560,765</u>	<u>\$ 10,818,130</u>	<u>\$ 59,214,627</u>	<u>\$ 2,987,918</u>	<u>\$ 56,226,709</u>

Long-term liability balances and activity for the year ended March 31, 2017 are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	Amounts <u>Due Within One Year</u>	<u>Long-term Portion</u>
Capital lease obligations	\$ 6,157,373	\$ 310,667	\$ 1,257,549	\$ 5,210,491	\$ 2,840,366	\$ 2,370,125
Due to NYS and Local Employee						
Retirement System (ERS)	2,229,611	-	240,774	1,988,837	248,874	1,739,963
Compensated Absences	3,191,329	224,783	- (A)	3,416,112	-	3,416,112
Net pension liability	1,707,916	6,461,882	-	8,169,798	-	8,169,798
Other postretirement benefits	31,863,373	6,198,872	1,375,491	36,686,754	-	36,686,754
Total	<u>\$ 45,149,602</u>	<u>\$ 13,196,204</u>	<u>\$ 2,873,814</u>	<u>\$ 55,471,992</u>	<u>\$ 3,089,240</u>	<u>\$ 52,382,752</u>

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

ORDA has installment debt related to the purchase and construction of the new gondola at Belleayre Mountain. The total cost of the gondola was \$7,986,000, of which \$5,000,000 was paid during 2017/2018. The remaining balance of \$2,986,000 is payable in two installments. There is no interest related to this debt.

Principal payments due on installment debt are as follows:

<u>Year</u>	<u>Principal</u>
2019	\$ 1,493,000
2020	1,493,000
	<u>\$ 2,986,000</u>

9. OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS

ORDA leases equipment under capital leases expiring during fiscal year 2024. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments. The effective interest rates for the leased equipment range from 1.17% to 4.6%. The assets under capital leases are included in the accompanying statement of net position. Depreciation of assets under capital leases is included in depreciation expense.

ORDA refinanced certain capital leases that had balloon payments with KeyBank in August of 2017 for \$2,377,049. Payments of \$254,697 are to be made semi-annually through August 2022 including interest at 2.55%.

Certain equipment purchases were financed through the New York Power Authority (NYPA). Payments are made monthly at \$33,976 through August 2024 with interest at 0.88%.

ORDA financed the purchase of a scoreboard with a lease through PNC Finance. Semi-annual payment amounts are \$64,400 through July 2020 with interest at 1.17%.

ORDA financed the purchase of snow equipment with M2 Lease Funds. Annual payments of \$141,866 will be made through September 2019 with an interest rate of 2.18%.

ORDA financed the upgrades to the conference center with Great American Financial Services. Monthly payments of \$2,331 are to be made through September 2020, with interest rate of 4.659%.

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

2019	\$ 1,248,194
2020	1,151,604
2021	931,332
2022	917,345
2023	662,648
2024	402,665
	<u>5,313,788</u>
Less: Amount representing interest	<u>168,872</u>
Present value of net minimum lease payments	<u>\$ 5,144,916</u>

Assets held under capital assets are as follows:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 15,105,688	\$ 15,105,689
Less: accumulated depreciation	<u>8,071,179</u>	<u>7,279,862</u>
Net leased property	<u>\$ 7,034,509</u>	<u>\$ 7,825,827</u>

Total cash paid for interest expense was \$348,404 and \$363,940 for the year ended March 31, 2018 and March 31, 2017 respectively.

10. PENSION PLANS

ORDA 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.

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

2018	\$ 1,769,336
2017	\$ 1,875,924
2016	\$ 1,968,469

ORDA'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 \$1,664,648 of which \$246,724 is included in current portion and \$1,417,924 in long-term debt at March 31, 2018, and the total unpaid liability was \$1,988,837 of which \$248,874 was included in the current portion and \$1,739,963 in long term debt at March 31, 2017.

10. PENSION PLANS (Continued)

2018 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At March 31, 2018, ORDA reported a liability of \$4,693,767 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. ORDA's proportion of the net pension liability was based on a projection of ORDA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2018, ORDA's proportion was 0.0499538%, which was an decrease of .000947% from its proportion measured at March 31, 2017.

For the year ended March 31, 2018, ORDA recognized pension expense of \$2,662,759. At March 31, 2018, ORDA reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 117,621	\$ 712,775
Changes of Assumptions	1,603,563	-
Net difference between projected and actual earnings on pension plan investments	937,536	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	131,532	311,083
Contributions subsequent to the measurement date	1,769,336	-
	<u>\$ 4,559,588</u>	<u>\$ 1,023,858</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources relating to pension expense for ORDA, respectively:

Plan's Year Ended March 31:

2018	\$ 862,498
2019	862,498
2020	712,727
2021	<u>(671,329)</u>
	<u>\$ 1,766,394</u>

Of the total reported as deferred outflows of resources, \$1,769,336 related to ORDA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2018.

10. PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2017, was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8% indexed by service
Projected COLAs	1.3% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

Long Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018, are summarized below:

Long Term Expected Rate of Return

<u>Asset Type</u>	<u>Target Allocations</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	36.0%	4.55%
International Equity	14.0%	6.35%
Private Equity	10.0%	7.75%
Real Estate	10.0%	5.80%
Absolute Return	2.0%	4.00%
Opportunistic Portfolio	3.0%	5.89%
Real Asset	3.0%	5.54%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation Indexed Bonds	4.0%	1.50%

10. PENSION PLANS (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents ORDA's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what ORDA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) or 1 percent higher (8.0%) than the current rate:

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

	1 % Decrease (6.0%)	Current Assumption	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset)	\$ 14,990,963	\$ 4,693,767	\$ (4,012,492)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2016, were as follows:

	Pension Plan's Fiduciary Net Position	Authority's proportionate share of Plan's Fiduciary Net Position	Authority's allocation % determined by the Plan
Total pension liability	\$ 177,400,586,000	\$ 88,618,334	0.0499538%
Net position	(168,004,363,000)	(83,924,566)	0.0499538%
Net pension liability	\$ 9,396,223,000	\$ 4,693,767	0.0499538%
Fiduciary net position as a percentage of total pension liability	94.7%	94.7%	

2017 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At March 31, 2017, ORDA reported a liability of \$8,169,798 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. ORDA's proportion of the net pension liability was based on a projection of ORDA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

10. PENSION PLANS (Continued)

2017 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions (Continued)

At March 31, 2017, ORDA's proportion was 0.0509013%, which was an increase of .000345% from its proportion measured at March 31, 2016.

For the year ended March 31, 2017, ORDA recognized pension expense of \$2,934,568. At March 31, 2017, ORDA reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,284	\$ 968,393
Changes of Assumptions	2,178,639	-
Net difference between projected and actual earnings on pension plan investments	4,846,773	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	196,372	195,620
Contributions subsequent to the measurement date	1,875,924	-
	<u>\$ 9,138,992</u>	<u>\$ 1,164,013</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources relating to pension expense for ORDA, respectively:

Plan's Year Ended March 31:

2017	1,562,618
2018	1,562,618
2019	1,562,618
2020	<u>1,411,201</u>

\$ 6,099,055

Of the total reported as deferred outflows of resources, \$1,875,924 related to ORDA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2017.

Actuarial Assumptions

The total pension liability at March 31, 2017, was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8% indexed by service
Projected COLAs	1.3% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

10. PENSION PLANS (Continued)

Long Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

<u>Asset Type</u>	<u>Target Allocations</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	38.0%	7.30%
International Equity	13.0%	8.55%
Private Equity	10.0%	11.00%
Real Estate	8.0%	8.25%
Absolute Return	3.0%	6.75%
Opportunistic Portfolio	3.0%	8.60%
Real Asset	3.0%	8.65%
Bonds, Cash & Mortgages	18.0%	4.00%
Cash	2.0%	2.25%
Inflation Indexed Bonds	2.0%	4.00%

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. PENSION PLANS (Continued)

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

The following presents ORDA's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what ORDA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) or 1 percent higher (8.0%) than the current rate:

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

	1 % Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset)	\$ 18,422,302	\$ 8,169,798	\$ (493,129)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017, were as follows:

	Pension Plan's Fiduciary Net Position	Authority's proportionate share of Plan's Fiduciary Net Position	Authority's allocation % determined by the Plan
Total pension liability	\$ 172,303,544,000	\$ 87,704,744	0.0509013%
Net position	(156,253,265,000)	(79,534,946)	0.0509013%
Net pension liability	\$ 16,050,279,000	\$ 8,169,798	0.0509013%
Fiduciary net position as a percentage of total pension liability	90.7%	90.7%	

11. RELATED PARTY DISCLOSURES

ORDA 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, ORDA has the following balances outstanding:

	2018	2017
New York State and Local Employees' Retirement System	\$ 1,664,648	\$ 1,988,837
New York State General Fund Pension Savings Recovery	401,253	401,253

12. COMMITMENTS AND CONTINGENCIES

Litigation

ORDA 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 ORDA. However, to the extent that ORDA is not covered by insurance, ORDA shall be held harmless by New York State for any and all claims for damages or injuries arising out of the operation by ORDA of any participating Olympic facility owned by New York State. ORDA purchases commercial insurance coverage to protect against claims arising out of the operation of the Town owned facilities.

Risk Management

ORDA 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. ORDA 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, 2018 and 2017. There was no reduction in insurance coverage during the year ended March 31, 2018.

Service America Corporation Capital Contribution

During 2004, ORDA 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. ORDA extended the contract through May 31, 2019. As part of the current contract, ORDA 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 ORDA assumed management responsibility of the Belleayre Ski Area, ORDA 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, ORDA amended the agreement with Centerplate to continue through May 31, 2019, to correspond with the contract noted above to include all of ORDA's venues.

13. OTHER POST EMPLOYMENT BENEFITS

Plan Description

ORDA 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 ORDA's contractual agreements. ORDA 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.

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

ORDA'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 ORDA's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in ORDA's net OPEB obligation:

	<u>2018</u>	<u>2017</u>
Normal cost	\$ 2,403,481	\$ 2,546,215
Amortization of unfunded actuarial liability	4,614,760	4,747,078
Interest	<u>259,677</u>	<u>269,777</u>
ARC	7,277,918	7,563,070
Interest on OPRB obligation	1,357,410	1,178,942
Adjustment to ARC	<u>(2,950,766)</u>	<u>(2,543,140)</u>
OPEB expense	<u>\$ 5,684,562</u>	<u>\$ 6,198,872</u>
Net OPEB obligation at the beginning of the year	\$ 36,686,754	\$ 31,863,373
Current year OPEB expense	5,684,562	6,198,872
Net OPEB contributions made during the fiscal year	<u>(1,485,621)</u>	<u>(1,375,491)</u>
Net OPEB obligation at the end of the year	<u>\$ 40,885,695</u>	<u>\$ 36,686,754</u>
Percentage of expense contributed	26.1%	22.2%

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.

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.

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

For the March 31, 2016 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate*	3.7%
Medical care cost trend rate	5.9% initially. The rate is reduced over a 10 year period to an ultimate rate of 5.41%
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 ORDA's investment assets are low risk in nature, such as money market funds or certificates of deposit.

14. IMPACT OF FUTURE GASB PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. ORDA is required to adopt the provisions of these Statements for the year ending March 31, 2019, with early adoption encouraged.

In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, Financial Reporting for pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GAS 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Statement addresses issues related to the presentation of payroll related measures in required supplementary information, selection of assumptions and the treatment of deviations and classification of payments made by employers to meet employee contribution requirements. The Statement takes effect for reporting periods beginning after June 15, 2016 except for the selection of assumptions in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end in which the effective date is on or after June 15, 2017. Earlier adoption is encouraged.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

14. IMPACT OF FUTURE GASB PRONOUNCEMENTS (Continued)

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. ORDA is required to adopt the provisions of this Statement for the year ending March 31, 2020.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement apply to the financial statements of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. ORDA is required to adopt the provisions of this Statement for the year ending March 31, 2020.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. ORDA is required to adopt the provisions of this Statement for the year ending March 31, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement establishes accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. ORDA is required to adopt the provisions of this Statement for the year ending March 31, 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

**SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS PLAN (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2018**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a percentage of <u>Covered Payroll</u>
March 31, 2018	\$ -	\$ 60,477,316	\$ 60,477,316	0.00%	\$ 10,932,769	553.2%
March 31, 2017	\$ -	\$ 62,916,827	\$ 62,916,827	0.00%	\$ 15,814,584	397.1%
March 31, 2016	\$ -	\$ 63,746,488	\$ 63,746,488	0.00%	\$ 15,814,584	403.1%

The accompanying notes are an integral part of these schedules.

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

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2018**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability	0.0499538%	0.0509013%	0.050556%							
Proportionate share of the net pension liability	\$ 4,693,767	\$ 8,169,798	\$ 1,707,916							
Covered-employee payroll	\$ 12,112,688	\$ 12,080,731	\$ 15,817,870							
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	38.75%	67.63%	10.80%							
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

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

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2018

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,769,336	\$ 1,875,924	\$ 1,968,469							
Contributions in relation to the contractually required contribution	\$ 1,769,336	\$ 1,875,924	\$ 1,968,469							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$ 12,112,688	\$ 12,080,731	\$ 15,817,870							
Contributions as a percentage of covered-employee payroll	14.61%	15.53%	12.44%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

REQUIRED REPORT

**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 27, 2018

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 New York State Olympic Regional Development Authority (ORDA) a New York State Public Benefit Corporation, a discretely presented component unit of the State of New York, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise ORDA's basic financial statements and have issued our report thereon dated June 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ORDA'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 ORDA's internal control. Accordingly, we do not express an opinion on the effectiveness of ORDA's internal control.

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

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

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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)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.