

**NEW YORK STATE OLYMPIC REGIONAL  
DEVELOPMENT AUTHORITY  
FINANCIAL REPORT  
MARCH 31, 2011**

# NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

## TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1-2
<b><u>Section A - Management's Discussion and Analysis</u></b>	
Management Discussion and Analysis	A1-A11
<b><u>Section B - Basic Financial Statements</u></b>	
Balance Sheets	B1
Statements of Revenues, Expenses and Changes in Net Assets	B2
Statements of Cash Flows	B3
Notes to Financial Statements	B4-B15
<b><u>Section C - Supplemental Schedules</u></b>	
Required Supplemental Information	
Schedules of Funding Progress For the Retiree Health Plan	C1
Supplemental Information	
Schedules of Property, Plant and Equipment By Venue	C2
<b><u>Section D - Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></u></b>	
Schedule of Findings and Responses	D1-D2
	D3-D4



**Marvin** and  
company, p.c.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

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

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Thomas W. Donovan

Frank S. Venezia

James E. Amell

Carol A. Hausamann

Benjamin R. Lasher

Daniel J. Litz

Karl F. Newton

Kevin P. O'Leary

Timothy A. Reynolds

We have audited the accompanying financial statements of the New York State Olympic Regional Development Authority (the Authority), a component unit of New York State, as of and for the years ended March 31, 2011 and 2010. These financial statements are the responsibility of the New York State Olympic Regional Development Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New York State Olympic Regional Development Authority as of March 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2011 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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**ALLIANCE**

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages A1-A11 and the schedules of funding progress for the retiree health plan on page C1 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 U.S. generally accepted auditing standards, 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of property, plant and equipment by venue on page C2 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of property, plant and equipment by venue are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Marvin and Company, P.C.*

June 22, 2011

# New York State Olympic Regional Development Authority

## Management Discussion and Analysis

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, 2011. 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 \$43,450,335, as of March 31, 2011. This compares to the previous year, when assets exceeded liabilities by \$45,772,359.
- Total net assets are comprised of the following:
  - (1) Investment in capital assets of \$64,897,024, which includes property and equipment, the nets of accumulated depreciation and related debt, and a reduction of outstanding debt related to the purchase or construction of capital assets.
  - (2) Unrestricted net assets of (\$21,446,689) representing the excess of non-capital expenses over revenue since the inception of ORDA.

### **Overview of Financial Statements**

The basic financial statements include the balance sheets, statements of revenues, expenses and changes in net assets, statements 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 *Balance Sheet*. This is the statement of financial position presenting information that includes all of ORDA's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets 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 Assets*, which reports how the Authority's net assets 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 ending March 31, 2011, operating activities used cash of \$3,998,337, state and local appropriations provided cash of \$5,394,049, net cash used by capital and related financing activities was \$2,269,692, and investing activities provided cash of \$4,095, resulting in a net decrease in cash and cash equivalents of \$869,885, for the fiscal year ending March 31, 2011. Cash and cash equivalents at the beginning of the year were \$1,337,993, while at the end of the year, cash and cash equivalents were \$468,108.

This statement also presents the reconciliation of net loss from operations of \$13,731,639 (including depreciation of \$6,589,889) to net cash used by operating activities of (\$3,998,337).

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 assets may be observed and used to discuss the changing financial position of the Authority as a whole.

ORDA's net assets at fiscal year-end are \$43,450,335. This is a \$2,322,024 decrease over last year's net assets of \$45,772,359. The following table provides a summary of the Authority's assets, liabilities and net assets:

Summary of Net Assets

	Totals		Amount of Change	% Change
	2011	2010		
Current Assets	\$ 5,302,626	\$ 6,317,934	\$ (1,015,308)	-16.07%
Capital Assets	\$ 76,912,448	\$ 71,344,977	\$ 5,567,471	7.80%
Total Assets	<u>\$ 82,215,074</u>	<u>\$ 77,662,911</u>	<u>\$ 4,552,163</u>	<u>5.86%</u>
Current Liabilities	\$ 13,096,303	\$ 8,457,607	\$ 4,638,696	54.85%
Other Liabilities	\$ 25,668,436	\$ 23,432,945	\$ 2,235,491	9.54%
Total Liabilities	<u>\$ 38,764,739</u>	<u>\$ 31,890,552</u>	<u>\$ 6,874,187</u>	<u>21.56%</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 64,897,024	\$ 58,206,573	\$ 6,690,451	11.49%
Unrestricted net assets	\$ (21,446,689)	\$ (12,434,214)	\$ (9,012,475)	72.48%
Total Net Assets	<u>\$ 43,450,335</u>	<u>\$ 45,772,359</u>	<u>\$ (2,322,024)</u>	<u>-5.07%</u>

### ***Major Events That Impact Financial Results***

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

- **Curious George**
- **Lake Placid Freestyle Skating Championships**
- **Lake Placid Ice Dancing Championships**
- **USA Hockey National Jr. Camp**
- **USA Hockey Women's Elite Festival**
- **Halloween Face Off Division I Hockey**
- **FIBT (International Bobsled Federation) 2010 Congress**
- **Stars on Ice**
- **America's Cup Bobsled and Skeleton (twice)**
- **International Skating Institute Figure Skating Competition**
- **Nature Valley Freestyle Grand National**
- **Eastern Synchronized Skating Championship**
- **New Year's Ski Jump**
- **Lake Placid Loppet**
- **Intercontinental Cup Nordic Combined**
- **Empire State Games**
- **Disney on Ice "Princess Classics"**

### **Revenues, Expenses and Changes in Net Assets**

ORDA's operating revenue increased by \$1,426,976, which is mostly attributed to increased revenue at Whiteface Mountain and the Mt. Van Hoevenberg Olympic Sports Complex. The two ski centers, Whiteface and Gore Mountains, are the source of about 75 % of ORDA's earned revenue. Capital improvements made at the ski areas over the last several years have resulted in increased skier visits. For most of the past ten years, Whiteface has been highly ranked in eastern North America by the readers of Ski Magazine and Number 1 this winter. Lake Placid was again ranked the Number 1 Resort for Off Slope Activities. In December of 2007, Conde Nast Traveler Magazine rated Whiteface the number four resort in North America. The new Combined Bobsled/Luge/Skeleton track at the Olympic Sports Complex, generates more revenue every year, and touts the reputation of having the longest season in the world.

For several years running, ORDA's NYS Operations Appropriation has decreased significantly. The decrease was \$2,216,494 in fiscal year 2011. This anticipated decrease precipitated the need to cut expenses. Personal service expense decreased by over \$500,000, from the previous year, and non-personal service decreased by about \$756,000 compared to 2010. All of this resulted in an operating loss that was about \$4.4 million less in fiscal year 2011 compared to fiscal year 2010. These losses are in part due to a new operating expense that has been added to ORDA's financial statements: *Postretirement benefits* of \$3,279,288 for 2011, which is a Government Accounting Standards Board (GASB) ruling that dictates the addition of an actuarial calculation of ORDA's liability regarding health insurance paid to retirees. Further explanation of this expense can be found in a report titled: Postretirement Benefits Other Than Pension Actuarial Valuation for GASB No. 45

**Graphic presentation on pages A7 – A10 of revenue and expense by venue and type follow to assist the analysis of the Authority's activities for the fiscal year 2011.**

#### **Revenue by Source Chart**

The Revenue by Source pie chart for 2011 shows that Whiteface Mountain continues to be the venue that produces the most revenue at 34%, while Gore Mountain produced 26%, support from the State of New York was approximately 15%, the Town of North Elba contributes 3%, and the remaining 22% comes from the other venues, the ORDA Store, Corporate Marketing and Sports Development.

#### **Revenue by Venue Graph**

Looking at the bar graph labeled Revenue by Source shows that Whiteface Mountain earned about \$1,125,000, more in 2011 compared to 2010. Gore Mountain earned \$89,000, more this year compared to 2010. Revenue from the Olympic Sports Complex at Mount Van Hoevenberg (OSC) continues to increase every year. In 2011 OSC earned over \$160,000 more than in 2010.

#### **Revenue by Type Graph**

The following Graph, Revenue by Type 2010 Compared to 2011 again shows that skiing is ORDA's best revenue producer.

## **Expense by Type Graph**

The Expense by Type graph shows that payroll added cost is the Authority's greatest expense followed by hourly employees' personal service. The large increase in payroll-added cost in the last two years is due to a new Government Accounting Standards Board's (GASB) ruling called Other Post Retirement Benefits (OPEB). OPEB is an actuarial calculation that estimates what ORDA would pay out to employees and retirees in benefits (accrued vacation time, compensatory time, holiday time, and health insurance after retirement) if ORDA ceased to exist.

## **Capital Assets**

The Authority's investment in capital assets, net of accumulated depreciation as of March 31, 2011 and 2010 was \$76,912,448, and \$71,344,977, respectively. The total increase in this net investment at March 31, 2011 was \$5,567,471. Major capital asset additions during the fiscal year included new snow-grooming equipment at both ski areas, and the Ski Bowl Project at Gore Mountain.

## **Long Term Debt**

At the end of the fiscal year, the Authority had capital lease obligations of \$12.8 million.

## **Short Term Debt**

The Authority currently has a line of credit of \$5 million, of which \$4,581,402 was outstanding as of March 31, 2011. The amount owed for the conference center is \$1,720,936, which will ultimately be funded by an Empire State Development Corporation Grant.

## **Economic Environment and Next Year's Forecast**

### **Economic Environment**

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

Given that ORDA relies heavily on fourth quarter sales to sustain the annual budget, its results are highly dependent on winter weather conditions and tourism trends. The 2010-2011 season was stronger than the previous year at most venues. Whiteface Mountain, Olympic Sports Complex, Museum, and Gore Mountain all had increased revenue, compared to the previous year (Whiteface in particular had a \$1.1mm increase in revenue). Ski Jumps and the Arena visitors and receipts were down this year compared to last but not significantly. New York State Appropriations decreased from the previous year by about \$2,200,000, due to the state's fiscal challenges. Knowing the state reductions were coming, ORDA made a concerted effort to cut costs. As a result, personal service expense was down, compared to the previous year by about \$500,000 and non-personal service was down by \$756,000.

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

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

### **Next Year's Forecast**

The 2011-2012 year will again be filled with many activities, events and opportunities to experience our facilities. Once again, world events will be staged. Attractive season pass programs and lift ticket schedules are designed to provide value and opportunity for our guests. Modifications to our ticket schedules and resort passes will provide additional revenues for the organization. Season passes currently are ahead of last year. New marketing initiatives will be undertaken to increase visitation substantially. ORDA will have to continue to be vigilant in regards to operational spending as it is anticipated that fuel, utilities, insurance and retirement costs will continue to increase and support from the state may decrease. 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 will soon open a new state of the art Conference Center. Multiple bookings are already confirmed into 2012. Plans are underway for venue improvements to address several capital maintenance items.

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

According to an Economic Impact Study released in April 2007 by the Northern New York Travel and Tourism Research Center, tourism had a total economic impact of \$1.7 billion in the 10 counties of northern New York. \$635 million of this money came from Clinton, Essex, Franklin and Warren Counties.

ORDA's economic impact on the region represents more than one half of the tourism dollars brought to four (Clinton, Essex, Franklin and Warren) of the counties in the North Country.

ORDA has already begun to take measures to positively affect next year's sales. Working together with the Montreal Grand Prix, we had strategically placed advertisements and promotions during the event. We plan on a (OTW – off the wall) campaign in Montreal since business from there is on an upswing. Marketing is looking into pull behind trailers with billboards for our travels up and down Interstate 87. As well we are looking at trucking companies to wrap trailers with the Whiteface/Lake Placid message. We plan on being in 4 communities this summer with marketing campaigns.

From an operational standpoint, many of our facilities deferred maintenance items will be acted upon thereby improving our venues. Improved experiences for our guests will undoubtedly add

to customer satisfaction and word of mouth advertising leading to additional revenue. A lift replacement at Whiteface will improve operations again leading to customer satisfaction.

Many improvements are planned for our food vending areas and lodges through a new contract with Centerplate. Again, this leads to improved customer satisfaction which sustains customer visits. As well, these improvements are marketable thus providing a drawing card to attract additional visitors.

The new Conference Center has already proven to be a huge asset for this organization. This facility will provide additional revenue to ORDA next year as well as lead to the notoriety of the region.

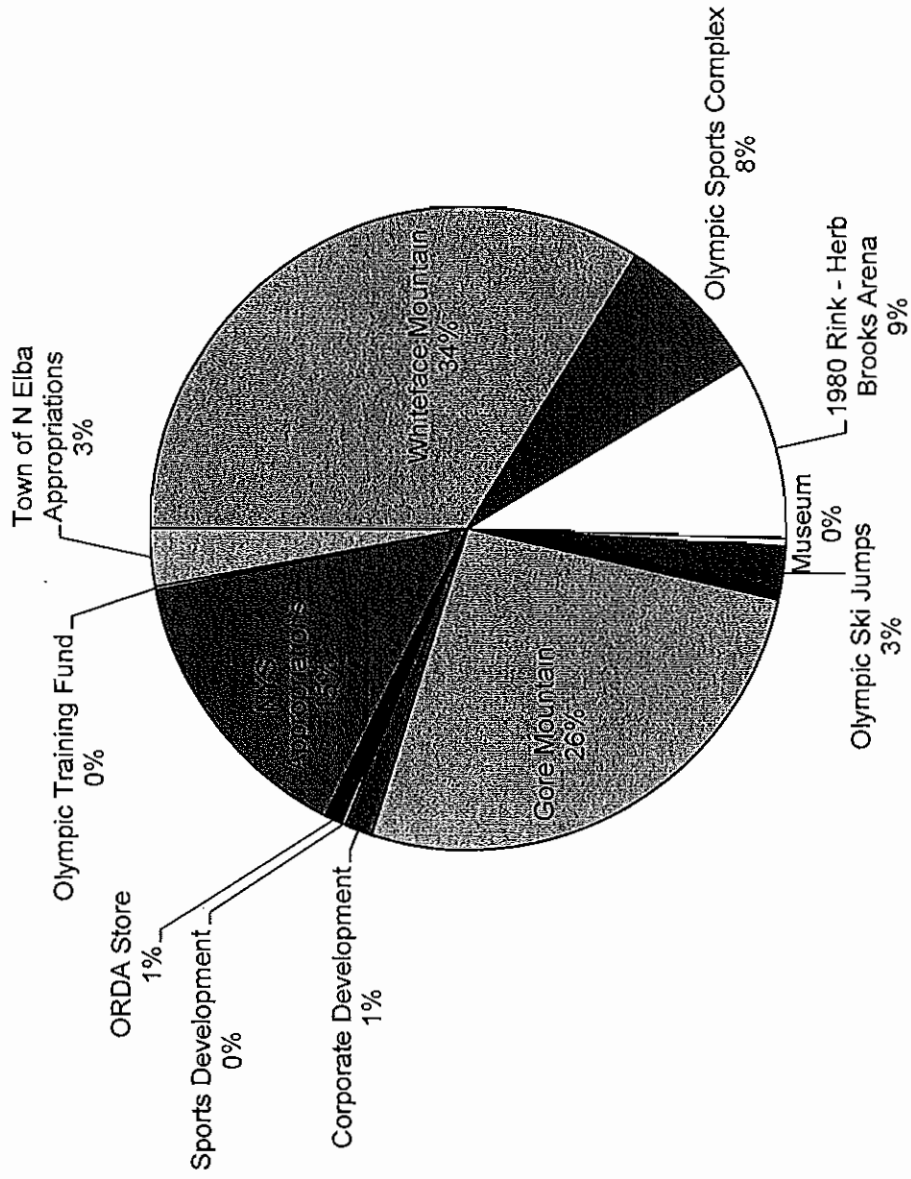
World Championships in Bobsled next year will provide additional means to advertise and expose our area to the media. This event will continue to solidify ORDA's place in the International sports world.

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.

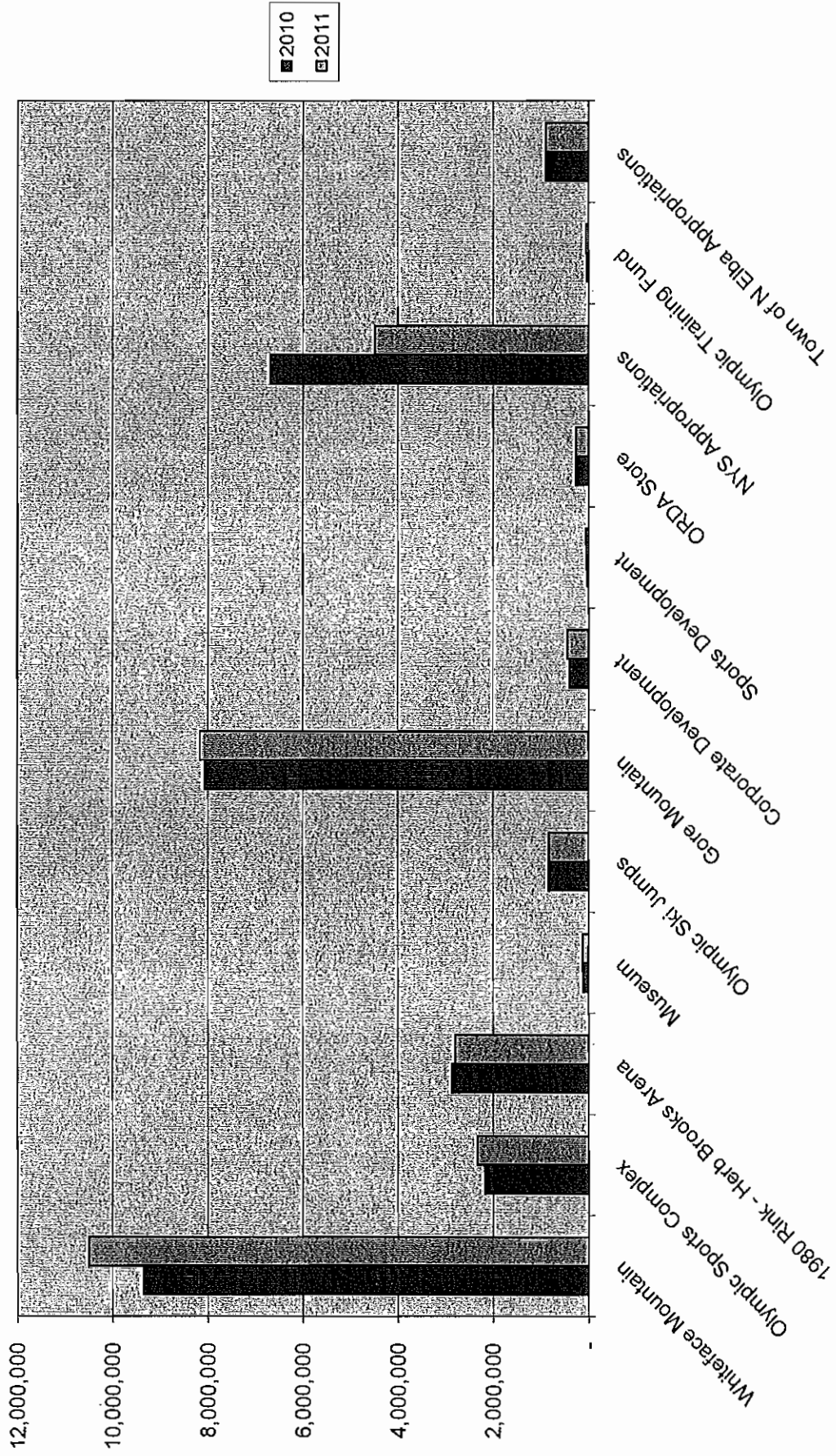
#### **Contacting ORDA's Management**

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 Kathleen Bushy, Director of Finance at 518 523-1655, extension 217.

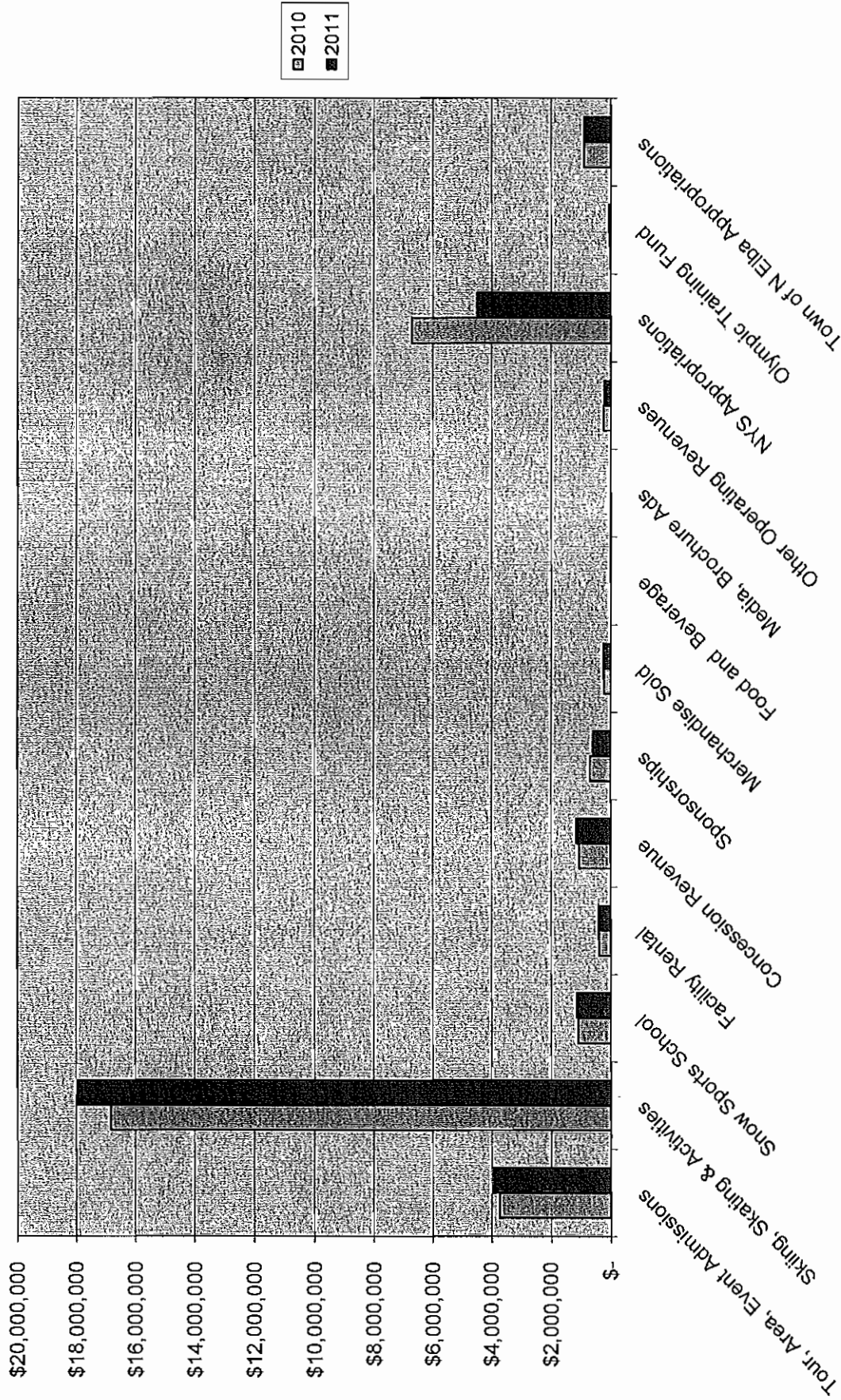
NYS ORDA Revenue By Source 2011



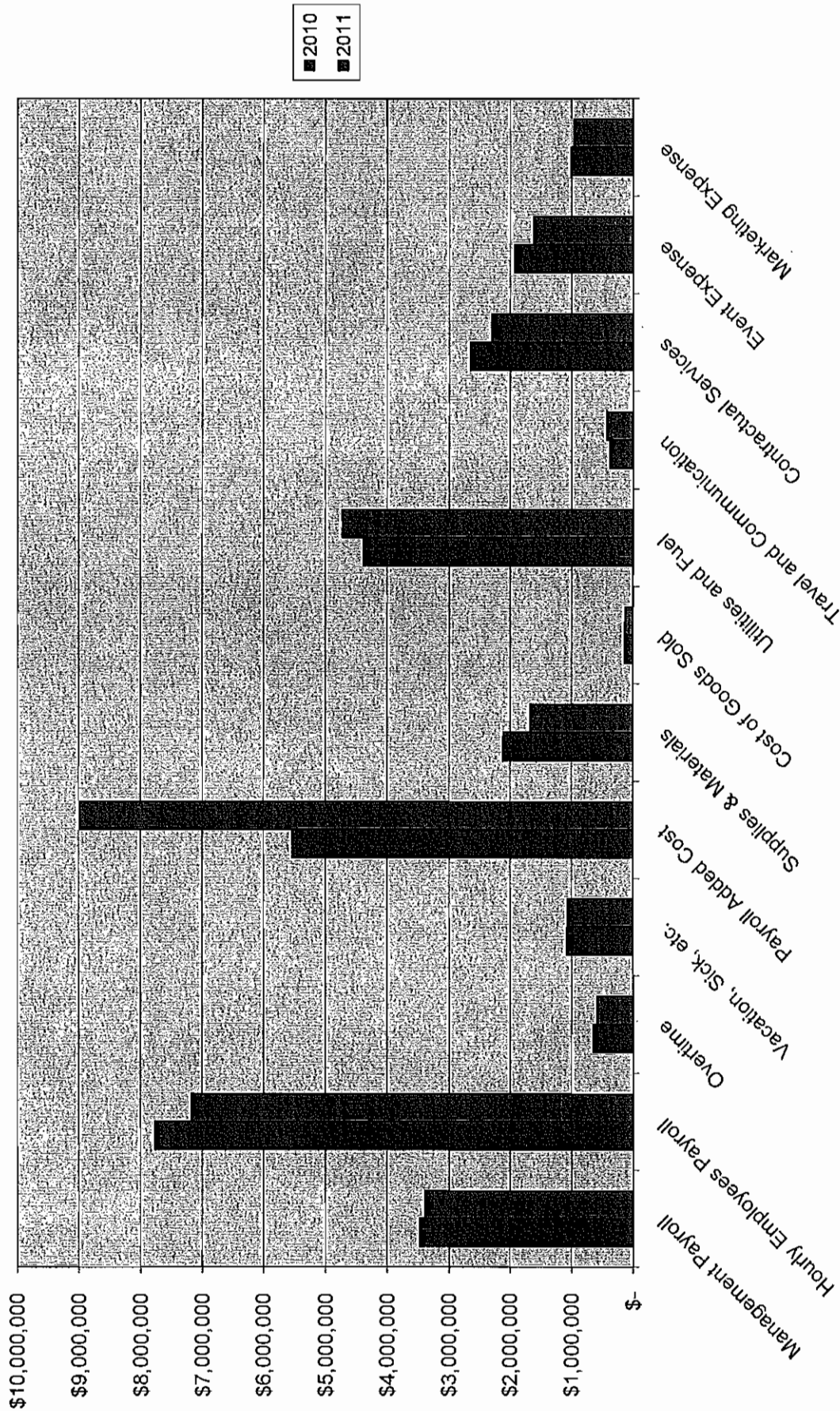
NYS ORDA Revenue By Source 2010 Compared To 2011



NYS ORDA Revenue By Type 2010 Compared To 2011



NYS ORDA Expenses By Type 2010 Compared To 2011



**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY**  
**BALANCE SHEETS**  
**MARCH 31, 2011 AND 2010**

**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>Current Assets</b>		
Cash and cash equivalents - unrestricted (Note 4)	\$ 468,108	\$ 1,337,993
Cash - restricted (Note 4)	708,300	37,800
Inventory	70,918	77,247
Accounts receivable, net (Note 5)	3,624,281	4,474,642
Deferred financing costs	134,751	153,951
Prepaid expenses	296,268	236,301
Total Current Assets	<u>5,302,626</u>	<u>6,317,934</u>
<b>Property, Plant and Equipment, Net (Note 7)</b>	<u>76,912,448</u>	<u>71,344,977</u>
<b>TOTAL ASSETS</b>	<u>\$ 82,215,074</u>	<u>\$ 77,662,911</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable	\$ 4,551,687	\$ 2,681,235
Line of credit payable (Note 10)	4,581,402	2,431,285
Current installments of capital lease obligations (Note 10)	1,723,688	1,043,453
Accrued liabilities (Note 9)	1,764,938	2,107,132
Deferred revenue (Note 8)	474,588	194,502
Total Current Liabilities	<u>13,096,303</u>	<u>8,457,607</u>
<b>Other Liabilities</b>		
Capital lease obligations (Note 10)	11,134,787	12,286,702
Due to N.Y.S. Employees' Retirement System (Note 11)	211,926	151,519
Accrued compensated absences (Notes 9 and 12)	2,276,806	2,229,095
Accrued postretirement benefits (Notes 10 and 18)	12,044,917	8,765,629
Total Other Liabilities	<u>25,668,436</u>	<u>23,432,945</u>
<b>Total Liabilities</b>	<u>38,764,739</u>	<u>31,890,552</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	64,897,024	58,206,573
Unrestricted	(21,446,689)	(12,434,214)
Total Net Assets	<u>43,450,335</u>	<u>45,772,359</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 82,215,074</u>	<u>\$ 77,662,911</u>

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED MARCH 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
Earned revenues	\$ 25,150,511	\$ 23,664,366
Sponsorships and in-kind contributions	843,388	927,269
Olympic Training Fund	60,585	35,873
Total Operating Revenues	<u>26,054,484</u>	<u>24,627,508</u>
<b>Operating Expenses</b>		
Personal services	17,775,454	18,277,392
Postretirement benefits	3,279,288	3,170,016
Utilities and fuel	4,723,752	4,379,379
Fees, dues	452,054	380,707
Marketing expense	959,806	1,014,675
Event related costs	1,618,490	1,926,527
Contractual services	1,861,666	2,273,262
Supplies and materials	1,680,168	2,116,437
Cost of goods sold	135,640	137,521
Communications	232,059	222,085
Travel and lodging	189,450	158,050
Bad debts (Recoveries)	(793)	1,821
Amortization	19,200	19,200
Impairment of construction in progress	-	1,481,096
Depreciation	6,859,889	7,208,125
Total Operating Expenses	<u>39,786,123</u>	<u>42,766,293</u>
<b>Operating Loss</b>	<u>(13,731,639)</u>	<u>(18,138,785)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Appropriations - New York State	4,491,404	6,707,898
Appropriations - Town of North Elba	902,645	902,645
Interest income	3,564	5,334
Interest expense	(474,469)	(528,564)
Restricted interest	531	5,028
Total Non-Operating Revenue (Expenses)	<u>4,923,675</u>	<u>7,092,341</u>
Loss Before Capital Contributions	<u>(8,807,964)</u>	<u>(11,046,444)</u>
<b>Capital Contributions</b>		
Appropriations - New York State	-	2,525,000
New York State ESD	6,485,940	2,445,771
Other	-	43,750
Total Capital Contributions	<u>6,485,940</u>	<u>5,014,521</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(2,322,024)</u>	<u>(6,031,923)</u>
<b>Net Assets, Beginning of Year</b>	<u>45,772,359</u>	<u>51,804,282</u>
<b>Net Assets, End of Year</b>	<u>\$ 43,450,335</u>	<u>\$ 45,772,359</u>

See accompanying notes to financial statements.

B2.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 25,648,825	\$ 22,254,206
Payments to employees	(17,755,586)	(18,261,629)
Payments to suppliers	(11,952,161)	(12,557,010)
Receipts from Olympic Training fund	60,585	35,873
Net Cash Used By Operating Activities	<u>(3,998,337)</u>	<u>(8,528,560)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Appropriations received from State and Town of North Elba	<u>5,394,049</u>	<u>7,610,543</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
State capital appropriations and grants	-	2,525,000
Other capital contributions	6,485,940	2,489,521
Change in restricted cash	(670,500)	3,229,786
Change in capital related accounts receivable	1,239,195	(101,626)
Change in capital related accounts payable	1,901,938	354,721
Additions to property, plant and equipment	(12,427,360)	(7,602,836)
Net proceeds (repayments) of the line of credit	2,150,117	395,006
Principal paid on capital lease obligations	(1,096,225)	(981,989)
Proceeds from capital lease obligations	624,545	104,960
Interest paid on debt	(477,342)	(539,362)
Net Cash Used By Capital and Related Financing Activities	<u>(2,269,692)</u>	<u>(126,819)</u>
<b>Cash Flows From Investing Activities</b>		
Restricted interest	531	5,028
Interest income	3,564	5,334
Net Cash Provided by Investing Activities	<u>4,095</u>	<u>10,362</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(869,885)	(1,034,474)
Cash and Cash Equivalents, Beginning of Year	<u>1,337,993</u>	<u>2,372,467</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 468,108</u>	<u>\$ 1,337,993</u>
<b>Reconciliation of Net Loss From Operations to Net Cash Used By Operating Activities</b>		
Operating loss	\$ (13,731,639)	\$ (18,138,785)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Amortization	19,200	19,200
Impairment loss	-	1,481,096
Depreciation	6,859,889	7,208,125
Bad debts (Recoveries)	(793)	1,821
(Increase) decrease in assets:		
Inventory	6,329	(7,792)
Accounts receivable	(388,041)	(2,014,811)
Prepaid expenses	(59,967)	(11,129)
Increase (decrease) in liabilities:		
Accounts payable	(31,486)	43,579
Accrued liabilities and compensated absences	(231,203)	(176,160)
Accrued postretirement benefits	3,279,288	3,170,016
Deferred revenue	280,086	(103,720)
Net Cash Used By Operating Activities	<u>\$ (3,998,337)</u>	<u>\$ (8,528,560)</u>
<b>Schedule of Non-Cash Capital and Financing Activities</b>		
Equipment acquired through capital lease	<u>\$ 624,545</u>	<u>\$ 104,960</u>

See accompanying notes to financial statements.

B3.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Entity and 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 Intervale 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 Playgrounds 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). For State accounting purposes, the Authority is a component unit of the State and is included in its comprehensive annual financial report.

***Basis of Accounting***

In accordance with the current standards of the Governmental Accounting Standards Board, 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. Operating revenues include user and spectator fees, rentals, fees per agreements with various concessions located at the Olympic facilities, appropriations from the State of New York and local governments and miscellaneous revenues. Non-operating revenues include investment income.

***Revenue Recognition***

Appropriations from the 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.

In-kind contributions, which are clearly measurable, are recorded as revenue at their estimated fair value on the date they are received. In turn, they are recorded as an expense in the period they are used. See Notes 2 and 3 for donated facilities and services.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

***Inventory***

Inventory consists of donated and 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.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Accounts Receivable***

Accounts receivable are reported net of an allowance for uncollectible accounts. Bad debt expense (Recoveries) was \$(793) and \$1,821 for the years ended March 31, 2011 and 2010, respectively.

***Deferred Financing Costs***

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

***Property, Plant and Equipment, and Depreciation***

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

	<u>Years</u>
Property and Plant	20-40
Equipment, Furniture and Vehicles	3-10

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income 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 accrued sick pay, the estimated useful lives of property and equipment used to calculate depreciation and the estimated value of the net OPEB obligation. It is at least reasonably possible that the significant estimates used will change within the next year.

***Reclassifications***

Certain 2010 amounts have been reclassified to conform to 2011 financial statement presentation.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**2. 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 organization has a clearly measurable and objective basis for determining the value. The agreements with the State and the Park District permit the Authority to use, operate, maintain and manage 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 the State and Park District does not pass to the Authority. The facilities, equipment and additions and improvements thereto revert back to the 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.

**3. DONATED SERVICES**

During the years ended March 31, 2011 and 2010, the recorded values of donated ski patrol services were approximately \$237,000 and \$219,000, respectively.

No other donated services have been reflected in the financial statements.

**4. CASH AND CASH EQUIVALENTS**

The Authority's investment policies are governed by State statutes. In addition, the Authority has its own written investment policy. Authority monies must be deposited in FDIC-insured commercial banks or trust companies located within the 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 deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies.

***Deposits***

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the Authority's agent in the Authority's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the Authority's name, or (3) uncollateralized.

At March 31, 2011 deposits were fully insured and/or collateralized by the Authority's agent in the Authority's name.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**4. CASH AND CASH EQUIVALENTS**

***Restricted Cash***

Restricted cash consists of amounts held in Citizens Bank related to the Convention Center in the amount of \$700,000. Also included is \$8,300 to be used for the P. Wharton Memorial Scholarship.

**5. ACCOUNTS RECEIVABLE, NET**

Accounts receivable consists of the following:

	<u>2011</u>	<u>2010</u>
Trade receivables	\$ 2,200,548	\$ 2,081,257
Employee advances	39,608	46,443
Grant receivable	<u>1,392,745</u>	<u>2,355,586</u>
Total	3,632,901	4,483,286
Less allowance for doubtful accounts	<u>8,620</u>	<u>8,644</u>
Accounts Receivable, Net	<u>\$ 3,624,281</u>	<u>\$ 4,474,642</u>

**6. 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, 2011 and 2010, and had no balance in the reserve.

In the event of termination of the Authority, the State and the Park District each would receive fifty (50) percent of all monies in the sinking fund.

**7. PROPERTY, PLANT AND EQUIPMENT**

Property, Plant and Equipment balances for the year ended March 31, 2011 are as follows:

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31</u>
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Property and plant	114,342,261	1,014,376	-	115,356,637
Equipment, furniture and vehicles	39,698,613	1,204,374	-	40,902,987
Construction in process	<u>4,812,023</u>	<u>12,559,666</u>	<u>2,351,056</u>	<u>15,020,633</u>
Total	158,997,897	14,778,416	2,351,056	171,425,257
Less accumulated depreciation	<u>87,652,920</u>	<u>6,859,889</u>	<u>-</u>	<u>94,512,809</u>
Net	<u>\$ 71,344,977</u>	<u>\$ 7,918,527</u>	<u>\$ 2,351,056</u>	<u>\$ 76,912,448</u>

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**8. DEFERRED REVENUE**

	<u>2011</u>	<u>2010</u>
General and event sponsorships	\$ 176,180	\$ 112,100
Advance ticket sales	298,408	82,402
Total	<u>\$ 474,588</u>	<u>\$ 194,502</u>

**9. ACCRUED LIABILITIES**

	<u>2011</u>	<u>2010</u>
Accrued wages	\$ 225,120	\$ 532,726
Compensated absences (Note 12)	3,234,025	3,217,502
Current portion of:		
Accrued retirement (Note 11)	35,154	33,480
Payroll taxes and withholdings	14,666	13,358
Accrued interest	57,051	59,924
Other	64,032	77,984
Accrued retirement savings	10,443	-
Pension savings recovery due to State	401,253	401,253
Subtotal	<u>4,041,744</u>	<u>4,336,227</u>
Less non-current portion of compensated absences	<u>2,276,806</u>	<u>2,229,095</u>
Total	<u>\$ 1,764,938</u>	<u>\$ 2,107,132</u>

**10. NOTES PAYABLE, CAPITAL LEASE OBLIGATIONS AND LONG-TERM DEBT**

***Line of Credit***

The Authority maintained a line of credit agreement with Citizens Bank which expired March 31, 2011. The amount available was \$5,000,000 with interest paid monthly on outstanding borrowings at LIBOR+.25%. The outstanding balances (including accrued interest) at March 31, 2011 and 2010 were \$4,581,402 and \$2,431,285, respectively. Outstanding balances are 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.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

10. **NOTES PAYABLE, CAPITAL LEASE OBLIGATIONS AND LONG-TERM DEBT**

*Long-Term Debt*

	<u>Balance</u> <u>April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31</u>
Capital lease obligations (A)	\$ 13,330,155	\$ 624,545	\$ 1,096,225	\$ 12,858,475
Due to NYS and Local Employee Retirement System (Note 11)	151,519	93,967	33,560	211,926
Compensated Absences (B)	2,229,095	47,711	-	2,276,806
Postretirement benefits (Note 18)	<u>8,765,629</u>	<u>3,932,426</u>	<u>653,138</u>	<u>12,044,917</u>
	<u>\$ 24,476,398</u>	<u>\$ 4,698,649</u>	<u>\$ 1,782,923</u>	<u>\$ 27,392,124</u>

(A) **Obligations Under Capital Lease**

The Authority leases equipment under capital leases expiring during fiscal 2018. The asset and liability under capital leases are recorded at the present value of the minimum lease payments. The effective interest rates for the leased equipment range from 3 - 5.20%. 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 financed the purchase of \$8 million of equipment with Manufacturers and Traders Trust Company (M&T). Semi-annual payments are \$417,980 through August 2017, with interest fixed at 4.3%.

The Authority financed the purchase of \$1.2 million of equipment with M&T. Semi-annual payments are \$80,840 through August 2017, with interest fixed at 4.3%.

Both M&T leases require that the Authority maintain a debt service coverage ratio of at least 1.00 to 1.00. The Authority was in compliance with this covenant as of March 31, 2011 and 2010.

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%.

Equipment purchases were financed through the New York Power Authority (NYPA). Payments are made monthly at \$31,774 through August 2023 with interest at 0.73%.

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%.

The Authority financed the purchase of equipment with a lease through Mohawk Ltd. The lease requires eight payments, four in the amount of \$20,000 and four in the amount of \$24,000. The lease will be paid in full by March 31, 2012.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**10. NOTES PAYABLE, CAPITAL LEASE OBLIGATIONS AND LONG-TERM DEBT**

***Long-Term Debt***

(A) Obligations Under Capital Lease

The following is a schedule, by years, of future minimum lease payments under leases which are classified as capital leases, together with the present value of the net minimum lease payments as of March 31, 2011.

2012	\$ 2,070,550
2013	1,446,005
2014	1,446,005
2015	1,441,602
2016	1,419,588
and thereafter	<u>6,660,110</u>
Total minimum lease payments	14,483,860
Less amount representing interest	<u>1,625,385</u>
Present Value of Net Minimum Lease Payments	<u>\$ 12,858,475</u>

Leased equipment is summarized as follows:

	<u>2011</u>	<u>2010</u>
Equipment	\$ 16,029,392	\$ 15,404,847
Less accumulated depreciation	<u>2,378,661</u>	<u>1,464,869</u>
Net Leased Property	<u>\$ 13,650,731</u>	<u>\$ 13,939,978</u>

(B) Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately. See Note 12.

**11. RETIREMENT PLAN**

***General Information***

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.

Plan Descriptions

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 the 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.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**11. RETIREMENT PLAN**

***General Information***

Funding Policies

The System is noncontributory except for employees with less than 10 years of service who contribute 3% of their salary. 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:

2011	\$ 1,161,746
2010	896,878
2009	773,951

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

Pursuant to Chapter 49 of the Laws of 2003 Maximum Amortization Amount, payments which would have been paid by February 1, 2005 are allowed to be made on a current basis, while amortizing existing unpaid amounts over a 10-year period, with an 8% interest factor added. The total unpaid liability at the end of the fiscal year was \$153,113 of which \$35,154 is included in accrued liabilities and \$117,959 in long-term debt.

Pursuant to Chapter 57 of the Laws of 2010 of the Employer Contribution Stabilization Program, payments which would have been paid by February 1, 2011 are allowed to be made on a current basis, while amortizing existing unpaid amounts over a 10-year period, with a 5% interest factor added. The total unpaid liability at the end of the fiscal year was \$104,408 of which \$10,441 is included in accrued liabilities and \$93,967 in long-term debt.

**12. COMPENSATED ABSENCES**

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, 2011 and 2010 is \$910,286 and \$946,671, respectively.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**12. 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, 2011 and 2010 is \$2,323,739 and \$2,270,831, respectively.

**13. 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.

Accrued Liabilities and Other Liabilities:

	<u>2011</u>	<u>2010</u>
New York State and Local Employees' Retirement System	\$ 257,521	\$ 184,999
New York State General Fund Pension Savings Recovery	401,253	401,253

The Authority purchased various services which totaled approximately \$152,000 and \$150,000 during the years ended March 31, 2011 and 2010, respectively, from businesses owned by board members. These businesses also sell tickets to the various Authority venues under a voucher system. Included in total Accounts Receivable at March 31, 2011 was \$64,857 relating to these businesses. Included in total Accounts Payable at March 31, 2011 was \$210 relating to these businesses.

**14. CAPITAL APPROPRIATIONS, GOVERNMENT GRANTS AND RESTRICTED FUNDS**

***NYS Capital Appropriations and Grants***

The Authority received capital appropriations and grants from the 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 \$6,485,940 and \$5,014,521 for the years ended March 31, 2011 and 2010, respectively.

**15. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance for all risk above minimal deductible amounts. Settled claims have not exceeded the commercial coverage by any material amounts during the years ended March 31, 2011 and 2010. There was no reduction in insurance coverage during the year ended March 31, 2011.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2011 AND 2010**

**16. LITIGATION**

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

**17. COMMITMENTS AND CONTINGENCIES**

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 from June 1, 2009 through May 31, 2011. 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.

**18. POSTRETIREMENT BENEFITS**

*Plan Description*

The Authority administers the postretirement benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. The Plan provides for continuation of medical and/or dental/vision benefits for certain retirees and their survivors and can be amended by action of the Authority subject to applicable collective bargaining and employment agreements. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

*Funding Policy*

The obligations of the Plan members, employers and other contributing entities are established by action of the Authority pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are eligible for the retiree health benefits upon meeting the following requirements: 1) retire from the Authority, 2) enrolled in Authority provided health care at time of retirement and 3) have at least 10 years of service under the New York State Retirement System, of which at least 5 such years must have been with the Authority. The Authority currently funds the plan to satisfy current obligations on a pay-as-you-go basis. During the years ended March 31, 2011 and 2010, approximately \$653,000 and \$602,000 was paid on behalf of 76 and 68 retirees, respectively.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2011 AND 2010**

**18. POSTRETIREMENT BENEFITS**

*Actuarial Methods and Assumptions*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates about the future.

Projection of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the Authority and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Authority and Plan members to that point. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial funding method used to calculate the costs of the Plan is known as the Projected Unit Credit Method. Under this method, the present value of each employee's future retiree health benefit claims costs is allocated over a portion of the employee's employment, the "attribution period." The attribution period for this group begins with the employee's date of employment and ends with the date on which the employee is expected to retire. The accrued liability for active employees is the portion of benefit liability attributed to service years to date. Normal cost is the amount of benefit liability attributed to the current employment year. Normal cost for retired employees is zero. The initial accrued liability is amortized over a 30-year period using the level dollar method. Actuarial gains and losses will be determined annually and amortized over a fixed 15-year period.

The following assumptions were used in the calculation: a) a 3.7% discount rate compounded annually, b) vision/dental annual trend of 5%, c) initial medical cost trend of 8.5% that is reduced over an 7 year period to an ultimate rate of 6%, d) mortality and employee turnover tables from RP 2000 Combined for mortality and Scale T-3 for employee turnover, e) assumed retirement age of the later of age 60 or date eligible for retiree health benefits, but not more than age 65, f) employee and spousal coverage – current coverage – employees who either (1) are not currently covered by Authority's health plan; or (2) are not in the New York State Retirement System accruing pension credits are not expected to receive health benefits at retirement, spouses – current coverage status is used for assumed coverage at retirement, g) initial per capita claims costs are a weighted average of applicable premium rates charged by the insured health plans in which the Union and Management groups participate, rates are determined on both a community rated and partially experience rated basis, depending on the plan.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2011 AND 2010**

**18. POSTRETIREMENT BENEFITS**

*Annual OPRB Cost and Net OPRB Obligation*

The Authority's annual other postretirement benefit (OPRB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table summarizes the Annual OPRB Cost:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Normal Cost	\$ 1,892,414	\$ 1,824,893	\$ 1,776,597
Amortization of Unfunded Actuarial Liability	2,331,347	2,088,052	2,018,488
Interest	<u>156,279</u>	<u>144,779</u>	<u>140,417</u>
ARC	4,380,040	4,057,724	3,935,502
Interest on OPRB Obligation	324,328	207,038	83,489
Adjustment to ARC	<u>(771,942)</u>	<u>(492,776)</u>	<u>(198,714)</u>
OPRB Expense	<u>\$ 3,932,426</u>	<u>\$ 3,771,986</u>	<u>\$ 3,820,277</u>
Net OPRB Obligation at the beginning of the year	\$ 8,765,629	\$ 5,595,613	\$ 2,256,453
OPRB Expense	3,932,426	3,771,987	3,820,277
Net OPRB Contributions made during the fiscal year	<u>(653,138)</u>	<u>(601,971)</u>	<u>(481,117)</u>
Net OPRB Obligation at the end of the year	<u>\$ 12,044,917</u>	<u>\$ 8,765,629</u>	<u>\$ 5,595,613</u>
Percentage of Expense Contributed	16.6%	15.8%	12.59%

*Funded Status*

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarial Accrued Liability, end of year	\$ 36,459,172	\$ 33,907,386	\$ 33,552,357
Plan Assets, end of year	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 36,459,172</u>	<u>\$ 33,907,386</u>	<u>\$ 33,552,357</u>
Percentage of Funded Accrued Liability	0%	0%	0%

The change in Net OPRB Obligation at the end of the year is reflected as an operating expense in the accompanying financial statements.

**19. SUBSEQUENT EVENTS**

Management of the New York State Olympic Regional Development Authority has evaluated all events subsequent to the balance sheet date of March 31, 2011 through June 22, 2011, which is the date this financial report was available to be issued, and have determined that there are no subsequent events that require recording or disclosure.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
MARCH 31, 2011 AND 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
3/31/09	\$ -	\$ 33,552,357	\$ 33,552,357	0%	\$9,244,000	362.9%
3/31/10	-	33,907,386	33,907,386	0%	8,962,000	378.4%
3/31/11	-	36,459,172	36,459,172	0%	9,195,000	396.5%

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
SCHEDULES OF PROPERTY, PLANT AND EQUIPMENT BY VENUE  
MARCH 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Training Center</b>		
Land	\$ 145,000	\$ 145,000
Property and plant	11,093,498	11,093,498
Construction in process	9,303	-
Total	<u>11,247,801</u>	<u>11,238,498</u>
<b>Arena and Convention Center</b>		
Property and plant	2,707,094	2,707,094
Equipment, furniture and vehicles	2,939,883	2,939,883
Construction in process	14,996,395	4,611,451
Total	<u>20,643,372</u>	<u>10,258,428</u>
<b>Whiteface</b>		
Property and plant	24,665,443	24,665,444
Equipment, furniture and vehicles	17,003,385	16,395,060
Construction in process	12,196	67,500
Total	<u>41,681,024</u>	<u>41,128,004</u>
<b>Mt. Van Hoevenberg</b>		
Property and plant	35,304,549	35,281,539
Equipment, furniture and vehicles	1,134,354	1,134,354
Construction in process	-	-
Total	<u>36,438,903</u>	<u>36,415,893</u>
<b>Intervale</b>		
Property and plant	3,973,392	3,973,392
Equipment, furniture and vehicles	625,154	625,154
Construction in process	2,739	-
Total	<u>4,601,285</u>	<u>4,598,546</u>
<b>Gore</b>		
Property and plant	37,612,661	36,621,294
Equipment, furniture and vehicles	19,200,211	18,604,162
Construction in process	-	133,072
Total	<u>56,812,872</u>	<u>55,358,528</u>
Totals	171,425,257	158,997,897
<b>Accumulated Depreciation</b>	<u>94,512,809</u>	<u>87,652,920</u>
<b>Net Property, Plant and Equipment</b>	<u>\$ 76,912,448</u>	<u>\$ 71,344,977</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Kevin J. McCoy

Thomas W. Donovan

Frank S. Venezia

James E. Amell

Carol A. Hausamann

Benjamin R. Lasher

Daniel J. Litz

Karl F. Newton

Kevin P. O'Leary

Timothy A. Reynolds

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

We have audited the financial statements of the New York State Olympic Regional Development Authority (the Authority), as of and for the year ended March 31, 2011, and have issued our report thereon dated June 22, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness, and another deficiency that we consider to be a significant deficiency.

*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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2011-1 to be a material weakness.

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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. We consider the deficiency described in the accompany schedule of findings and responses as item 2011-2 to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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.

We noted certain other matters that we reported to management of the Authority, in a separate letter dated June 22, 2011.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit management's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors and management, the New York State Office of the State Comptroller and the Authority Budget Office and is not intended to be and should not be used by anyone other than these specified parties.

*Marvin and Company, P.C.*

June 22, 2011

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED MARCH 31, 2011**

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**MATERIAL WEAKNESS**

The following was identified as a material weakness during the audit:

2011-1      *Statement of Condition:* Our audit procedures disclosed that the year end closing process did not detect all material outstanding payables to ensure that the financial statement reported amounts were correct. Our procedures disclosed approximately \$1,564,689 of unrecorded liabilities.

*Criteria:* The year end closing process should be communicated to the appropriate venues, departments and offices and performed to provide management with reasonable assurance that all financial statement information from responsible venues, departments and offices has been provided to the finance office. Management should identify areas of reporting risk and address those areas with a heightened level of scrutiny.

*Cause of Condition:* Management must obtain support for various financial statement items (such as accounts payable and retainages payables) from other venues, departments or offices. Those venues, departments and offices may not be aware of the criteria that require amounts to be recorded at year end. Because of a decentralized structure, some items which should be recorded in the financial statements were not identified and therefore not recorded.

*Effect of Condition:* Failure to identify material unrecorded amounts could omit assets, expenses and liabilities from the year end financial statements.

*Recommendation:* We recommend that management institute a formal year end closing process which includes communication with all venues, departments and offices regarding the information and documents that should be provided to the finance office. As part of the closing process, management should perform a search for unrecorded liabilities which would include making sure that invoices and AIA documents, specifying services or materials provided through the end of the fiscal year, have been received and the corresponding assets and liabilities have been recorded. If deemed necessary, visits to venues, departments and offices should be made to discuss the criteria with personnel to ensure completeness. We recommend that a year end closing process checklist be developed and maintained to track procedures completed and as evidence of performance.

*Management Response:* Management agrees with finding and will discuss the process with personnel at the various venues, departments and offices to make sure they're aware of the importance of getting the proper documentation to the finance office, and will follow up during the year end closing process to make sure all necessary documentation is received.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED MARCH 31, 2011**

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCY**

The following was identified as a significant deficiency during the audit:

- 2011-2      *Statement of Condition:* Our audit procedures disclosed that certain venues are not consistently obtaining support for ticket returns and discounts or reviewing daily transaction detail reports.
- Criteria:* Support should be required for ticket returns and discounts entered at the ticket windows and management at the venues should review the reasonableness of the amounts of returns and discounts entered.
- Cause of Condition:* Each venue has different daily procedures for handling transactions and different closing processes, and reviewing daily detail reports at all venues is not consistently performed.
- Effect of Condition:* Ticket sellers can enter sales transactions, have the ability to issue ticket returns and discounts, and do not have to provide support for all returns and discounts issued. If daily transaction reports are not reviewed consistently, ticket sellers could enter discounts or refunds and remove cash from the register.
- Recommendation:* We recommend that all venues consistently apply procedures which require ticket sellers to maintain supporting documentation for transactions where a ticket discount or refund is issued. Additionally, management at each venue should consistently review the daily transaction detail reports and verify that the activity appears reasonable and all refunds and discounts have supporting documentation from the ticket sellers to support the transactions. Each review should be documented and dated as evidence of performance.
- Management Response:* ORDA policy states that returns must be accompanied by the ticket that was returned. Not all discounts can be documented. However, when it's feasible to document a discount, support is required. For example, a military discount is given for military personnel, but the only proof the military customer has is their identification card. Sales points don't have scanners, or copiers, for obviously reasons (cost, space and time). However, returns require documentation. In fact internal control protocols were in place at the OSC, but when we investigated the incident, we found that they were not being adhered to consistently.
- Since this incident, several meetings have been held with all ORDA venues. The Executive Vice President and the Director of Finance have held interviews with all venue ticket sales managers regarding internal controls at ORDA ticket sales locations. We believe that all ORDA venues are adhering to ticket sales procedures, including a regular review of the closing process. Our finance office will be administering random spot checks periodically through the year.