

**NEW YORK STATE OLYMPIC REGIONAL
DEVELOPMENT AUTHORITY
FINANCIAL REPORT
MARCH 31, 2008**

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

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

Kevin J. McCoy
Thomas W. Donovan
Frank S. Venezia
James E. Amell
Carol A. Hausamann
Benjamin R. Lasher
Daniel J. Litz

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, 2008 and 2007. 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.

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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, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008 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 important for assessing the results of our audit.



The management's discussion and analysis on pages A1-A12 is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page C1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marvin and Company, P.C.

June 24, 2008

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, 2008. 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 \$54,613,992 at March 31, 2008. This compares to the previous year, when assets exceeded liabilities by \$51,191,028.
- Total net assets are comprised of the following:
 - (1) Investment in capital assets of \$58,719,132, 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 (\$4,106,075) 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, 2008, operating activities used cash of \$10,082,902, state and local appropriations provided cash of \$9,202,422, net cash provided by capital and related financing activities was \$1,062,430 and investing activities provided cash of \$244,953, resulting in a net increase in cash and cash equivalents of \$426,903 for the fiscal year. Cash and cash equivalents at the beginning of the year were \$751,681, while at the end of the year, cash and cash equivalents were \$1,178,584.

This statement also presents the reconciliation of net loss from operations of \$15,450,818, (including depreciation of \$6,254,467) to net cash used by operating activities of (\$10,082,902).

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 \$54,613,057. This is a \$3,422,029 increase over last year's net assets of \$51,191,028. The following table provides a summary of the Authority's assets, liabilities and net assets:

	Totals		Amount of Change	% Change
	2008	2007		
Current Assets	\$ 14,370,678	\$5,665,042	\$ 8,705,636	153.67%
Capital Assets	67,994,801	57,711,228	\$ 10,283,573	17.82%
Total Assets	<u>82,365,479</u>	<u>\$63,376,270</u>	\$ 18,989,209	29.96%
Current Liabilities	\$ 10,725,128	\$9,836,774	\$ 888,354	9.03%
Other Liabilities	17,027,294	2,348,468	\$ 14,678,826	625.03%
Total Liabilities	<u>27,752,422</u>	<u>\$12,185,242</u>	\$ 15,567,180	127.75%
Net Assets:				
Invested in capital assets, net of related debt	\$ 58,719,132	\$57,567,366	\$ 1,151,766	2.00%
Unrestricted net assets	(4,106,075)	(6,376,338)	\$ 2,270,263	-35.60%
Total Net Assets	<u>54,613,057</u>	<u>\$51,191,028</u>	\$ 3,422,029	6.68%

The Authority reported positive balances in net assets for both fiscal years. Net assets increased by \$3,422,029 in 2008. The unrestricted deficit decreased by \$2,270,263 and working capital increased by \$7,817,282 compared to the 2007 fiscal year.

Major Events That Impact Financial Results

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

- **Lake Placid Freestyle Skating Championships**
- **Lake Placid Ice Dance Championships**
- **Smucker's Stars on Ice - Televised**
- **International Skating Union Junior Grand Prix of Figure Skating**
- **World Cup Luge**
- **World Cup Bobsleigh/Skeleton**
- **Bo-Dyn Bobsled Challenge - Televised**
- **ISI Figure Skating Competition**
- **New Year's Ski Jump**
- **Lake Placid Loppet**
- **Nature Valley Freestyle Grand National**
- **Empire State Games – Televised**
- **Nokia World Cup Snowboard - Televised**
- **Intercontinental Cup Skeleton**
- **Junior Luge World Championships**
- **Noram Alpine Finals**
- **NCAA /Division 3 Men's Hockey Championships**
- **America's Cup Bobsleigh/Skeleton**
- **Adult National Figure Skating Championships**

Revenues, Expenses and Changes in Net Assets

ORDA's operating revenue increased by \$3,836,555, due to an excellent winter season. The two ski centers, Whiteface and Gore Mountains, are the source of about 56 % of ORDA's operating 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 ranked first and second in eastern North America by the readers of Ski Magazine. In December of 2007, Conde Nast Traveler Magazine rated Whiteface the number 4 resort in North America. Gore Mountain's "The Rumor" was featured as "One of the All-Time, Undisputed Absolute Best Trails" by Ski Magazine in October 2004. 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.

Operating revenues for the 2008 fiscal year increased by \$3,836,555, or about 18%. Excellent winter weather, improvements to snowmaking and grooming and new marketing strategies at the ski centers helped raise revenue.

Operating expenses increased by \$4.8 million, resulting in an operating loss that was \$988,595 more in fiscal year 2008 compared to fiscal year 2007. This is in part due to a new operating expense that has been added to ORDA's financial statements: *Postretirement benefits* of \$2,256,453. This is due to a new 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. ORDA's personal service expense increased by \$1,469,036, which included increased hours worked for a busier ski season, contractual increases in wages paid and an increase in payroll added cost (i.e.: health insurance, worker's compensation insurance, retirement expense and accrued health insurance liability) of about \$110,000 over the previous year. Utilities and fuel expense rose by \$992,917, mostly due to significant increases in energy costs, and more snowmaking activity at the ski centers. Purchases of supplies and materials increased by about \$330,000, mostly due to a longer, busier winter season. Contractual service expense increased slightly.

Graphic presentation on pages A9 – A12 of revenue and expense by venue and type follow to assist the analysis of the Authority's activities for the fiscal year 2008.

Revenue by Source Chart

The Revenue by Source pie chart for 2008 shows that Whiteface continues to be the venue that produces the most revenue at 32% (a three percent increase over last year), while Gore Mountain produced 24% (a one percent increase over last year) of ORDA's revenue for 2008. Support from the State of New York was approximately 25%; the Town of North Elba contributes 3%, and the remaining 16% 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 over \$2.4 million more in 2008 compared to 2007. Gore Mountain earned almost \$1.7 million more this year compared to last. Revenue from the Olympic Sports Complex at Mount Van Hoevenberg (OSC) continues to increase every year. In 2008 OSC earned over \$200,000 more than in 2007. ORDA allocated about \$1.8 million more of the New York State Appropriation to operating revenue this year, compared to last. In previous years, part of the New York State Appropriation was allocated to capital revenue.

Revenue by Type Graph

The following Graph, Revenue by Type 2008 Compared to 2007 again shows that skiing is ORDA's best revenue producer.

Expense by Type Graph

The Expense by Type graph shows that hourly employees' personal service continues to be one of the Authority's greatest expenses, followed by utilities and fuel.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation as of March 31, 2008 and 2007 was \$67,994,801 and \$57,711,228, respectively. The total increase in this net investment at March 31, 2008 was over \$10.2 million. Major capital asset additions during the fiscal year included new snow-grooming and snowmaking equipment for both Whiteface and Gore Mountains, a new Learning Center, operations building and parking lot at Gore Mountain, also the beginnings of a new pod of trails at both Whiteface and Gore. Installation of new lifts at both ski centers will begin in 2008-2009.

Long Term Debt

At the end of the fiscal year, the Authority had capital lease obligations of \$13.2 million at fiscal year end. Included in the long term debt were a lease of about \$8 million for improvements at both Gore and Whiteface, and a New York Power Authority lease of about \$5 million for the purchase of new energy efficient compressors and new energy efficient snowmaking equipment at the ski centers.

Short Term Debt

The Authority currently has a line of credit of \$7 million, of which \$4,285,651 was outstanding as of March 31, 2008. This line of credit is used to pay expenses incurred for several projects that will ultimately be funded by an Empire State Development Corporation Grant for the proposed new Convention Center at Lake Placid, and projects

that will be ultimately funded by Warren County Planning grants, for improvements and construction at Gore Mt. Ski Area.

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 rely 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 2007-2008 season was the best on record at the ski centers. While the United States economy is experiencing a down-turn, the Olympic Region seems to be holding its own. As well, 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 lure tourists to our destinations.

Next Year's Forecast

The 2008-2009 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. ORDA will have to be vigilant in regards to operational spending as it is anticipated that fuel, utilities, insurance and retirement costs will continue to increase. 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. Discussions regarding sky-rocketing gas prices and how they may affect tourism and the skiing industry are on-going. Marketing plans will be put into place to help alleviate the burden of fuel costs on the skier. ORDA will continue to provide shuttle busses from Lake Placid to Whiteface Mountain. Other initiatives are being discussed.

Pursuant to a study released on February 28, 2006, ORDA had a statewide economic impact of \$356 million in the 2004-2005 fiscal year. ORDA's local (Clinton, Essex, Franklin and Warren Counties) economic impact was \$323 million.¹

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.² A new study regarding ORDA's economic impact to the Olympic Region is underway at this writing, which will be released in the summer of 2008.

ORDA's economic impact on the region represents more than one half of the tourism dollars brought to 4 of the counties in the North Country.

Gore Mountain's skiing terrain will increase this year with the Burnt Ridge Project, as will Whiteface's skiing terrain with the Look-Out Mountain Project, both geared at increasing revenue and customer satisfaction. Aside from the numerous capital projects to be undertaken at our venues, one of the most significant projects is the proposed new Conference Center at Lake Placid. Recent bids received were well over budget. This is due to rising fuel costs, which increases the price of all materials, including the price of steel, which has doubled in recent past. ORDA management is diligently working to either raise more funds, or develop a contingency plan.

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.

¹ The full text of the Economic Impact Study is available on ORDA's web site at http://www.orda.org/newsite/about/annual_report.php

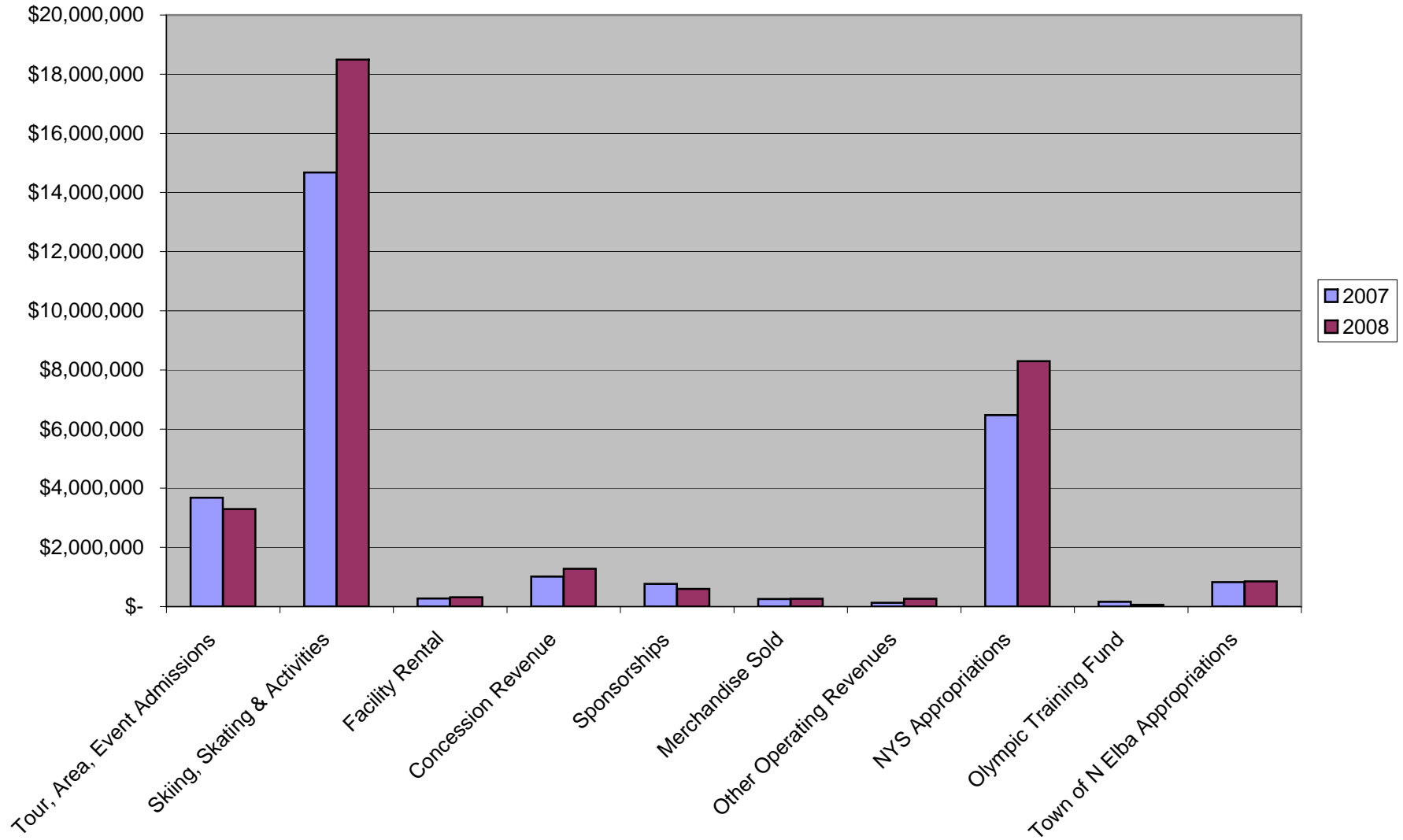
² The full text of the Economic Impact Study is available at the Northern NY Travel and Tourism Research Center's web site at <http://www.nnytourismresearch.org/reports.asp>

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the Authority's revenues, expenses and changes in net assets:

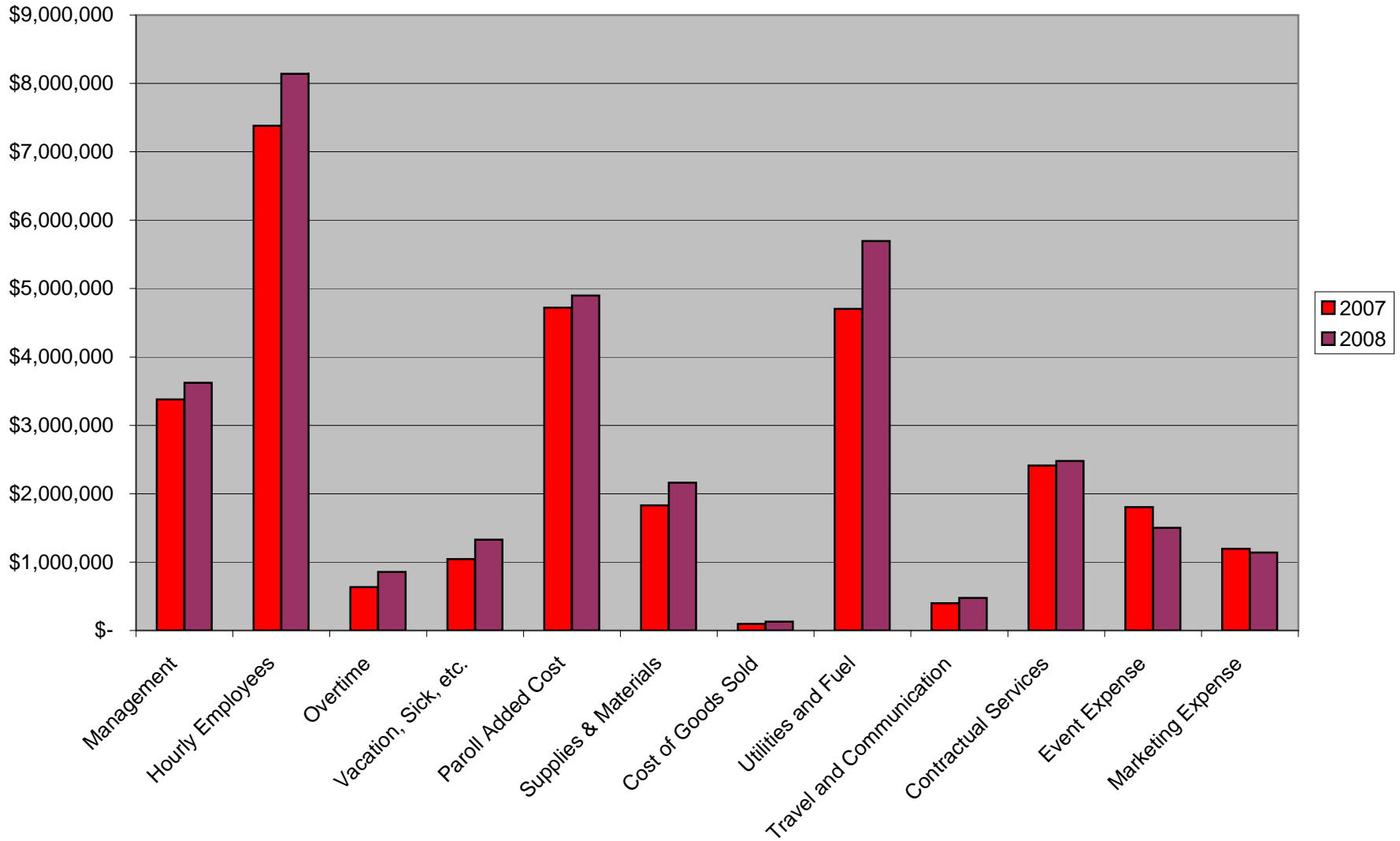
Revenues, Expenses and Changes in Net Assets

	2008	2007	Amount Change	% Change
Operating Revenues	\$ 24,883,696	\$ 21,043,761	\$ 3,839,935	18.25%
Operating Expenses				
Personal services	18,245,826	16,716,035	1,529,791	9.15%
Post employment benefit	2,256,453	-	2,256,453	-
Utilities and fuel	5,695,136	4,702,219	992,917	21.12%
Fees, dues	333,299	405,188	(71,889)	-17.74%
Marketing expense	1,140,861	1,194,860	(53,999)	-4.52%
Event related costs	1,499,933	1,803,707	(303,774)	-16.84%
Contractual services	2,141,218	2,004,867	136,351	6.80%
Supplies and materials	2,160,483	1,828,754	331,729	18.14%
Cost of Goods Sold	128,629	94,333	34,296	36.36%
Communications	228,972	230,337	(1,365)	-0.59%
Travel and lodging	245,386	169,082	76,304	45.13%
Bad debts	3,851	3,416	435	12.73%
Depreciation	6,254,467	6,234,603	19,864	0.32%
Total Operating Expenses	40,334,514	35,387,401	4,947,113	13.98%
Operating Loss	<u>(15,450,818)</u>	<u>(14,343,640)</u>	<u>(1,107,178)</u>	<u>7.72%</u>
Non-Operating Revenues (Expenses)				
Appropriations - New York State	8,295,216	6,471,625	1,823,591	28.18%
Appropriations - Town of North Elba	850,830	826,048	24,782	3.00%
Olympic Training Fund	56,376	164,944	(108,568)	-65.82%
Interest Income	179,715	60,676	119,039	196.19%
Restricted Interest Revenue	65,238	-	65,238	-
Other Revenue/(Expense)	-	(115,635)	115,635	-100.00%
Interest Expense	(499,812)	(710,007)	210,195	-29.60%
Total Non-Operating Revenue (Exp)	8,947,563	6,697,651	2,249,912	33.59%
Loss Before Capital Contributions	(6,503,255)	(7,764,582)	1,261,327	-16.24%
Capital Contributions				
Appropriations - New York State	150,000	1,567,361	(1,417,361)	-90.43%
Empire State Development Grants	8,723,129	20,957,034	(12,233,905)	-58.38%
Concessionaire Contribution	-	19,823	(19,823)	-100.00%
Other	1,052,155	171,843	880,312	512.28%
HUD Grants	-	136,900	(136,900)	-100.00%
Total Capital Contributions	9,925,284	22,852,961	(12,927,677)	-56.57%
Increase (decrease) in net assets	3,422,029	15,088,379	(11,666,350)	-77.32%
Net Assets-Beginning of Year	51,191,028	36,102,649	15,088,379	41.79%
Net Assets-End of Year	\$ <u>54,613,057</u>	\$ <u>51,191,028</u>	\$ <u>3,422,029</u>	<u>6.68%</u>

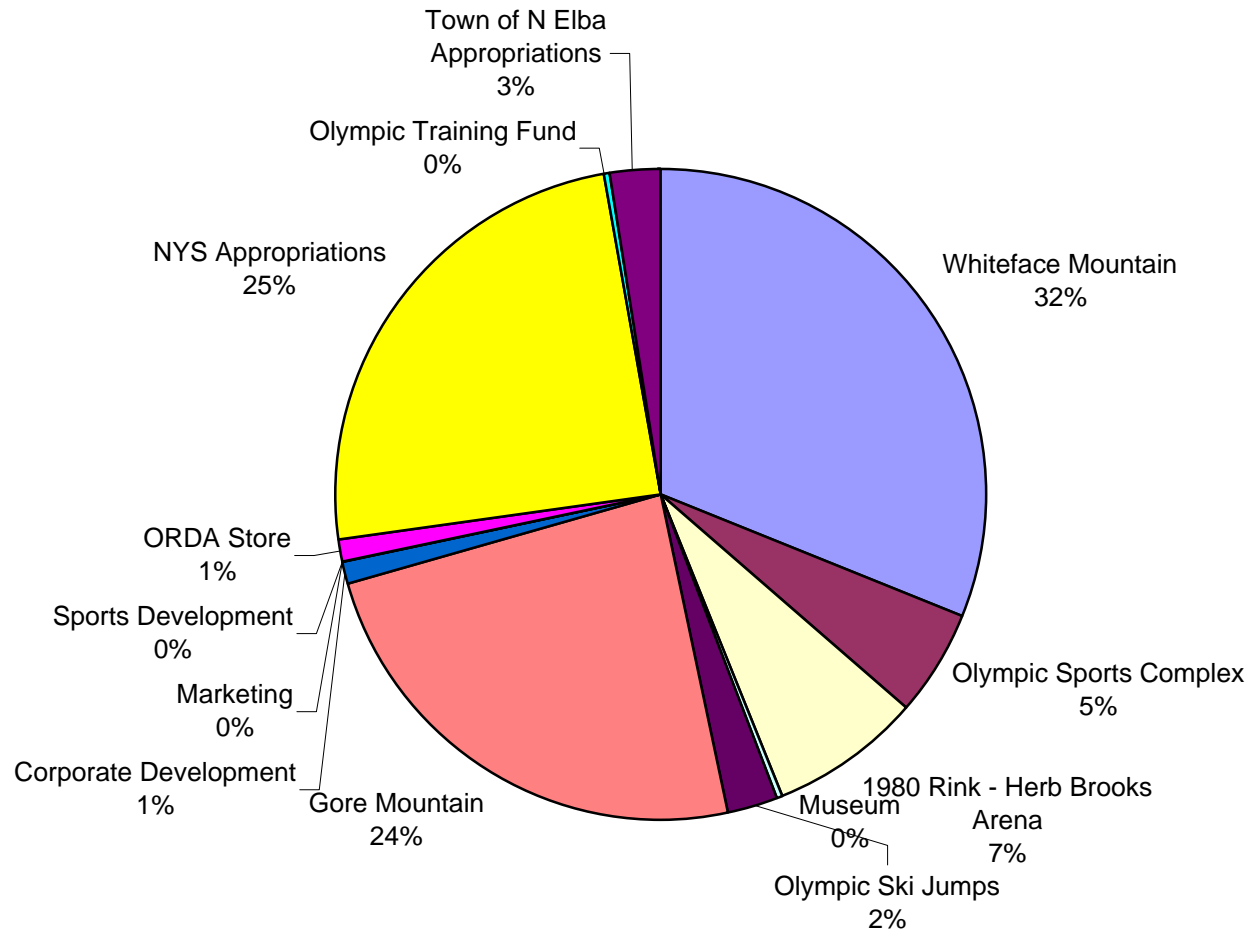
NYS ORDA Revenue By Type 2008 Compared To 2007



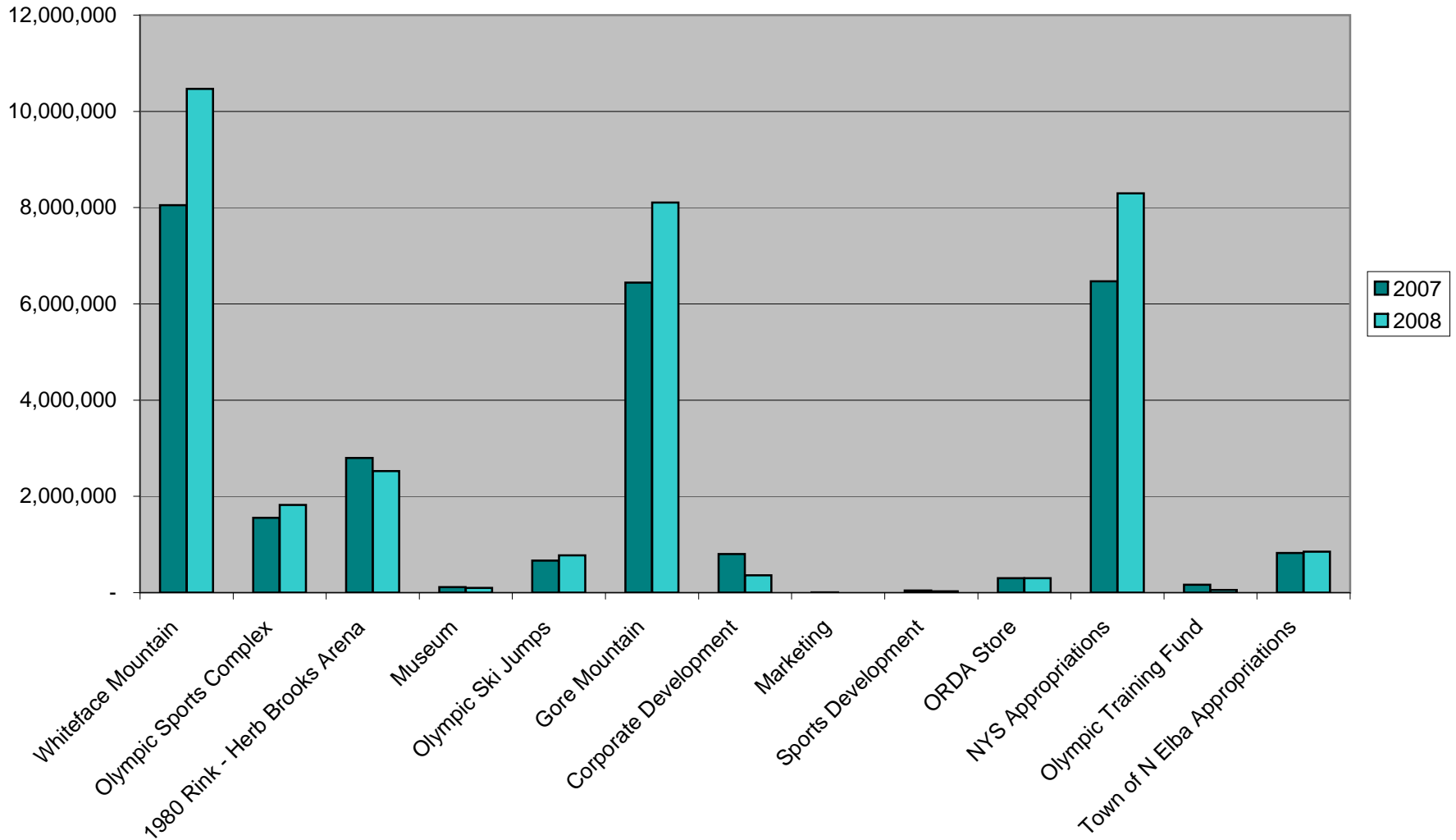
NYS ORDA Expenses By Type 2008 Compared To 2007



NYS ORDA Revenue By Source 2008



NYS ORDA Revenue By Source 2008 Compared To 2007



**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
BALANCE SHEETS
MARCH 31, 2008 AND 2007**

ASSETS

	<u>2008</u>	(Restated) <u>2007</u>
Current Assets		
Cash and cash equivalents - unrestricted (Note 4)	\$ 1,178,584	\$ 751,681
Cash - restricted (Note 4)	3,805,612	-
Inventory	82,565	100,868
Accounts receivable, net (Note 5)	8,875,413	4,666,057
Deferred financing costs	192,351	-
Prepaid expenses	236,153	146,436
Total Current Assets	<u>14,370,678</u>	<u>5,665,042</u>
Property, Plant and Equipment, Net (Note 7)	<u>67,994,801</u>	<u>57,711,228</u>
TOTAL ASSETS	<u>\$ 82,365,479</u>	<u>\$ 63,376,270</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 2,896,000	\$ 3,414,354
Line of credit payable (Note 10)	4,285,651	4,048,240
Current installments of capital lease obligations (Note 10)	773,914	-
Accrued liabilities (Note 9)	2,480,890	2,257,263
Deferred revenue (Note 8)	288,673	116,917
Total Current Liabilities	<u>10,725,128</u>	<u>9,836,774</u>
Other Liabilities		
Capital lease obligations (Note 10)	12,499,718	143,862
Due to N.Y.S. Employees' Retirement System (Note 11)	216,885	291,288
Accrued compensated absences (Notes 9 and 12)	2,054,238	1,913,318
Accrued postretirement benefits (Notes 10 and 18)	2,256,453	-
Total Other Liabilities	<u>17,027,294</u>	<u>2,348,468</u>
Total Liabilities	<u>27,752,422</u>	<u>12,185,242</u>
Net Assets		
Invested in capital assets, net of related debt	58,719,132	57,567,366
Unrestricted	<u>(4,106,075)</u>	<u>(6,376,338)</u>
Total Net Assets	<u>54,613,057</u>	<u>51,191,028</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 82,365,479</u>	<u>\$ 63,376,270</u>

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	(Restated) <u>2007</u>
Operating Revenues		
Earned revenues	\$ 23,930,238	\$ 20,030,972
Sponsorships and in-kind contributions	953,458	1,016,169
Total Operating Revenues	<u>24,883,696</u>	<u>21,047,141</u>
Operating Expenses		
Personal services	18,245,826	16,776,790
Postretirement benefits	2,256,453	-
Utilities and fuel	5,695,136	4,702,219
Fees, dues	333,299	405,188
Marketing expense	1,140,861	1,194,860
Event related costs	1,499,933	1,803,707
Contractual services	2,141,218	2,066,085
Supplies and materials	2,160,483	1,828,754
Cost of goods sold	128,629	94,333
Communications	228,972	230,337
Travel and lodging	245,386	169,082
Bad debts	3,851	3,416
Depreciation	6,254,467	6,234,603
Total Operating Expenses	<u>40,334,514</u>	<u>35,509,374</u>
Operating Loss	<u>(15,450,818)</u>	<u>(14,462,233)</u>
Non-Operating Revenues (Expenses)		
Appropriations - New York State	8,295,216	6,471,625
Appropriations - Town of North Elba	850,830	826,048
Olympic Training Fund	56,376	164,944
Interest income	179,715	60,676
Interest expense	(499,812)	(710,007)
Restricted interest	65,238	-
Other revenue (expenses)	-	(115,635)
Total Non-Operating Revenue (Expenses)	<u>8,947,563</u>	<u>6,697,651</u>
Loss Before Capital Contributions	(6,503,255)	(7,764,582)
Capital Contributions		
Appropriations - New York State	150,000	1,567,361
New York State ESD	8,723,129	20,957,034
Concessionaire Contribution	-	19,823
Other	1,052,155	171,843
HUD grants	-	136,900
Total Capital Contributions	<u>9,925,284</u>	<u>22,852,961</u>
Increase in Net Assets	3,422,029	15,088,379
Net Assets, Beginning of Year	<u>51,191,028</u>	<u>36,102,649</u>
Net Assets, End of Year	<u>\$ 54,613,057</u>	<u>\$ 51,191,028</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, 2008 AND 2007

	<u>2008</u>	<u>(Restated)</u> <u>2007</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 20,660,186	\$ 20,667,835
Payments to employees	(15,407,416)	(15,937,329)
Payments to suppliers	(15,335,672)	(16,519,843)
Net Cash Used By Operating Activities	<u>(10,082,902)</u>	<u>(11,789,337)</u>
Cash Flows From Noncapital Financing Activities		
State and local appropriations	<u>9,202,422</u>	<u>7,462,617</u>
Cash Flows From Capital and Related Financing Activities		
State capital appropriations and grants	150,000	1,567,361
Other capital contributions	9,775,284	21,292,562
Federal grants	-	136,900
Change in restricted cash	(3,805,612)	-
Change in capital related accounts receivable	(171,289)	(3,444,050)
Change in capital related accounts payable	(1,078,212)	(374,917)
Additions to property, plant and equipment	(16,538,040)	(6,770,614)
Net proceeds (repayments) of the line of credit	237,411	2,848,365
Principal paid on capital lease obligations	(289,766)	(9,988,775)
Proceeds from capital lease obligations	13,419,536	-
Principal paid on notes and loans	-	(181,830)
Deferred financing costs	(192,351)	-
Interest paid on debt	(444,531)	(784,365)
Net Cash Provided By Capital and Related Financing Activities	<u>1,062,430</u>	<u>4,300,637</u>
Cash Flows From Investing Activities		
Restricted interest	65,238	-
Interest income	179,715	60,676
Net Cash Provided by Investing Activities	<u>244,953</u>	<u>60,676</u>
Net Increase (Decrease) in Cash and Cash Equivalents	426,903	(26,083)
Cash and Cash Equivalents, Beginning of Year	<u>751,681</u>	<u>777,764</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,178,584</u>	<u>\$ 751,681</u>
Reconciliation of Net Loss From Operations to Net Cash Used By Operating Activities		
Operating loss	\$ (15,450,818)	\$ (14,462,233)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	6,254,467	6,234,603
Bad debts	3,851	3,416
Loss on disposal	-	115,635
(Increase) decrease in assets:		
Inventory	18,303	(38,121)
Accounts receivable	(4,041,918)	13,730
Prepaid expenses	(89,717)	286,086
Increase (decrease) in liabilities:		
Accounts payable	559,858	(4,384,127)
Accrued liabilities and compensated absences	234,863	585,706
Accrued postretirement benefits	2,256,453	-
Deferred revenue	171,756	(144,032)
Net Cash Used By Operating Activities	<u>\$ (10,082,902)</u>	<u>\$ (11,789,337)</u>
Schedule of Non-Cash Capital and Financing Activities		
Donated fixed assets	<u>\$ -</u>	<u>\$ 50,600</u>
Equipment acquired through capital lease	<u>\$ 155,035</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007

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) as agent for the State of New York (the State). 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 and miscellaneous revenues. Non-operating revenues include appropriations from the State of New York and local governments, and 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 fair market 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, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectible accounts. Bad debt expense was \$3,851 and \$3,416 for the years ended March 31, 2008 and 2007, respectively.

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 2007 amounts have been reclassified to conform to 2008 financial statement presentation.

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.

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007

2. DONATED USE OF FACILITIES

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, 2008 and 2007, the recorded value of donated ski patrol services were approximately \$353,000 and \$249,000, 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 Finance Director 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, 2008, all deposits were fully insured and collateralized by the Authority's agent in the Authority's name.

Restricted Cash

Restricted cash consists of amounts held in a project fund in the Authority's name with Manufacturers and Traders Trust Company (M&T). The balance represents unused funds received under a lease agreement with M&T (see Note 10). The funds can only be used to purchase the equipment specified in the agreement.

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007

5. ACCOUNTS RECEIVABLE, NET

Accounts receivable consists of the following:

	<u>2008</u>	<u>2007</u>
Trade receivables	\$ 2,094,072	\$ 1,391,668
Employee advances	45,593	59,755
Grant receivable	<u>6,744,534</u>	<u>3,223,420</u>
Total	8,884,199	4,674,843
Less allowance for doubtful accounts	<u>8,786</u>	<u>8,786</u>
Accounts Receivable, Net	<u>\$ 8,875,413</u>	<u>\$ 4,666,057</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, 2008 and 2007, 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, 2008 are as follows:

	<u>Balance</u> <u>April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31</u>
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Property and plant	91,950,147	3,218,333	-	95,168,480
Equipment, furniture and vehicles	31,179,294	6,319,895	-	37,499,189
Construction in process	<u>1,673,619</u>	<u>16,042,107</u>	<u>9,042,295</u>	<u>8,673,431</u>
Total	124,948,060	25,580,335	9,042,295	141,486,100
Less accumulated depreciation:	<u>67,236,832</u>	<u>6,254,467</u>	<u>-</u>	<u>73,491,299</u>
Net	<u>\$ 57,711,228</u>	<u>\$ 19,325,868</u>	<u>\$ 9,042,295</u>	<u>\$ 67,994,801</u>

8. DEFERRED REVENUE

	<u>2008</u>	<u>2007</u>
General and event sponsorships	\$ 123,500	\$ 73,914
Advance ticket sales	161,005	38,835
Toll house repair	<u>4,168</u>	<u>4,168</u>
Total	<u>\$ 288,673</u>	<u>\$ 116,917</u>

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007

9. ACCRUED LIABILITIES

	<u>2008</u>	<u>2007</u>
Accrued wages	\$ 809,155	\$ 647,772
Compensated absences (Note 12)	3,038,769	2,867,911
Current portion of:		
Accrued retirement (Note 11)	30,369	91,719
Payroll taxes and withholdings	89,950	57,829
Accrued interest	55,281	-
Other	110,351	104,097
Pension savings recovery due to State	<u>401,253</u>	<u>401,253</u>
Subtotal	4,535,128	4,170,581
Less non-current portion of compensated absences	<u>2,054,238</u>	<u>1,913,318</u>
Total	<u>\$ 2,480,890</u>	<u>\$ 2,257,263</u>

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

Line of Credit

The Authority maintains a line of credit agreement with Citizens Bank, which expires September 30, 2008. In 2008, the amount was \$7,000,000 with interest paid monthly on outstanding borrowings at 5.75%. In 2007, the amount was \$7,000,000 with interest paid monthly on outstanding borrowings at 8.75%. The outstanding balances at March 31, 2008 and 2007 were \$4,285,651 (including accrued interest) and \$4,048,240, 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.

Line of credit activity for the year ended March 31, 2008 was as follows:

Beginning balance	\$ 4,048,240
Additions	11,012,501
Reductions	<u>(10,775,090)</u>
Ending Balance	<u>\$ 4,285,651</u>

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)	\$ 143,862	\$ 13,419,536	\$ 289,766	\$ 13,273,632
Due to NYS and Local Employee Retirement System (Note 11)	291,288	-	74,403	216,885
Compensated Absences (B)	1,913,318	140,920	-	2,054,238
Postretirement benefits (Note 18)	-	<u>2,256,453</u>	-	<u>2,256,453</u>
	<u>\$ 2,348,468</u>	<u>\$ 15,816,909</u>	<u>\$ 364,169</u>	<u>\$ 17,801,208</u>

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007**

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

Long-Term Debt

(A) Obligations Under Capital Lease

The Authority leases equipment under capital leases expiring during 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 4.3 - 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 equipment with Manufacturers and Traders Trust Company (M&T). Semi-annual payments are \$498,820 through August 2017, with interest fixed at 4.3%. The lease with M&T requires 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, 2008.

The Authority financed the purchase of equipment through Alliance Leasing, Inc. Monthly payment amounts are \$952.81 and \$1,248.60 through January 2015 for both. Interest for both leases is fixed at 5.2%.

Equipment purchases were financed through the New York Power Authority "NYPA" with payments to begin in January 2009. Payments will be made monthly at \$65,102 with interest at 5.2%. The Authority has not received all funding as all purchases of equipment were not yet made at March 31, 2008.

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, 2008.

2009	\$ 1,154,263
2010	1,805,287
2011	1,805,287
2012	1,805,287
2013	1,805,287
2014 - 2018	<u>8,116,606</u>
Total minimum lease payments	\$ 16,492,017
Less amount representing interest	<u>3,218,385</u>
Present Value of Net Minimum Lease Payments	<u>\$ 13,273,632</u>

Leased equipment is summarized as follows:

	<u>2008</u>	<u>2007</u>
Equipment	\$ 9,298,002	\$ -
Less accumulated depreciation	<u>37,885</u>	<u>-</u>
Net Leased Property	<u>\$ 9,260,117</u>	<u>\$ -</u>

The Authority has not completed purchasing equipment for which debt has been recorded and cash received, resulting in the present value of net minimum lease payments being greater than equipment. See Restricted Cash under Note 4.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2008 AND 2007**

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

Long-Term Debt

(B) Additions and deletions to compensated absences is 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). This 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, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

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:

2008	\$	714,724
2007		797,427
2006		840,400

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, allows payments 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 \$247,254 of which \$30,369 is included in accrued liabilities and \$216,885 in long-term debt.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007**

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, 2008 and 2007 is \$954,045 and \$928,841, respectively.

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, 2008 and 2007 is \$2,084,724 and \$1,939,070, 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>2008</u>	<u>2007</u>
New York State and Local Employees' Retirement System	\$ 247,254	\$ 383,007
New York State General Fund Pension Savings Recovery	401,253	401,253

The Authority purchased various services which totaled approximately \$176,400 and \$219,300 during the years ended March 31, 2008 and 2007, respectively, from businesses owned by board members. Included in total Accounts Payable and Accounts Receivable for 2008, were \$35,805 and \$15,812, respectively, 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 and State Agencies to fund various capital and other projects related to Health and Safety, and Preservation and Improvement of Facilities. The funds were expended as follows:

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007**

14. CAPITAL APPROPRIATIONS, GOVERNMENT GRANTS AND RESTRICTED FUNDS

NYS Capital Appropriations and Grants

	<u>2008</u>	<u>2007</u>
Property and plant, equipment and construction in process	\$ 18,968,352	\$ 4,997,450
Debt service	-	13,588,736
Repairs and maintenance	-	33,052
EFP fund repayment	-	709,075
Total	<u>\$ 18,968,352</u>	<u>\$ 19,328,313</u>

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, 2008 and 2007. There was no reduction in insurance coverage during the year ended March 31, 2008.

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. As part of the current contract, Centerplate agrees to contribute an additional amount not to exceed \$1,125,000 toward improvements and food service equipment (investments). If the contract is terminated prior to the full amortization (as defined in the contract) of the improvements made, the Authority is required to reimburse Centerplate an amount equal to the unamortized portion of the improvements.

Acquisition of Equipment

The Authority entered into a lease agreement for the acquisition of a Piston Bully 600 Freegroover, all of which is expected to be incurred in the fiscal year ending March 31, 2009. As of March 31, 2008, the Authority has made payments totaling \$42,000 toward the equipment and that amount has been recorded as property and equipment. The remaining balance of \$196,906 will be paid in full by August 30, 2008.

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007

18. POST RETIREMENT 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. The Authority currently funds the plan to satisfy current obligations on a pay-as-you-go basis. The Authority recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the years ended March 31, 2008 and 2007, approximately \$325,000 and \$316,000 was paid on behalf of 56 and 51 retirees, respectively.

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 future periods.

**NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007**

18. POSTRETIREMENT BENEFITS

Actuarial Methods and Assumptions

The following assumptions were used in the calculation: a) a 5% discount rate compounded annually, b) vision/dental annual trend of 5%, c) initial medical cost trend of 11.25% that is down graded over an 8 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) probability of spousal coverage at retirement was based on current coverage, h) 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.

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 at March 31, 2008:

Normal Cost	\$ 1,168,095
Amortization of Unfunded Actuarial Liability	1,290,575
Interest	<u>122,934</u>
ARC	2,581,604
Interest on OPRB Obligation	-
Adjustment to ARC	<u>-</u>
OPRB Expense	<u>\$ 2,581,604</u>
Net OPRB Obligation at the beginning of the year	\$ -
OPRB Expense	2,581,604
Net OPRB Contributions made during the fiscal year	<u>(325,151)</u>
Net OPRB Obligation at the end of the year	<u>\$ 2,256,453</u>
Percentage of Expense Contributed	12.59%

The Net OPRB Obligation at the end of the year is reflected as an operating expense in the accompanying financial statements. Fiscal year 2008 was the year of implementation of GASB Statement No. 45. Therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008 AND 2007

19. RESTATEMENT OF MARCH 31, 2007 FINANCIAL STATEMENTS

The financial statements for 2007 have been restated to correct an overstatement of grant revenue and an understatement of long-term debt related to the year ended March 31, 2007. The effect of the restatement was to reduce capital contributions by \$143,862, with a corresponding reduction to the increase in net asset and to increase long-term debt by the same amount.

NEW YORK STATE OLYMPIC REGIONAL DEVELOPMENT AUTHORITY
SCHEDULES OF PROPERTY, PLANT AND EQUIPMENT BY VENUE
MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Training Center		
Land	\$ 145,000	\$ 145,000
Property and plant	11,044,841	11,044,841
Construction in process	-	-
Total	<u>11,189,841</u>	<u>11,189,841</u>
Arena		
Property and plant	2,698,893	2,698,893
Equipment, furniture and vehicles	2,799,429	2,654,296
Construction in process	2,526,793	1,136,704
Total	<u>8,025,115</u>	<u>6,489,893</u>
Whiteface		
Property and plant	18,308,845	18,133,738
Equipment, furniture and vehicles	16,014,252	12,720,163
Construction in process	1,664,885	(7,764)
Total	<u>35,987,982</u>	<u>30,846,137</u>
Mt. Van Hoevenberg		
Property and plant	35,256,100	35,146,716
Equipment, furniture and vehicles	1,099,354	958,627
Total	<u>36,355,454</u>	<u>36,105,343</u>
Intervale		
Property and plant	3,833,432	3,823,139
Equipment, furniture and vehicles	550,154	444,521
Construction in process	-	-
Total	<u>4,383,586</u>	<u>4,267,660</u>
Gore		
Property and plant	24,026,369	21,102,820
Equipment, furniture and vehicles	17,036,000	14,401,687
Construction in process	4,481,753	544,679
Total	<u>45,544,122</u>	<u>35,504,507</u>
Totals	141,486,100	124,403,381
Accumulated Depreciation	<u>73,491,299</u>	<u>67,236,832</u>
Net Property, Plant and Equipment	<u>\$ 67,994,801</u>	<u>\$ 57,166,549</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

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, 2008, and have issued our report thereon dated June 24, 2008. 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.

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Internal Control Over Financial Reporting

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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.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

Audit Adjustments

We proposed several significant audit adjustments, which were not identified by the Authority's financial reporting process. Each of the proposed adjustments was related to either complex or unusual transactions.

We recommend that controls over the financial reporting process be improved. One tool that could assist the Authority in accomplishing this objective would be to use monthly, quarterly and year-end financial reporting checklists as a reference to ensure all possible adjustments have been considered.

Authority's Response

The Finance Office has a check-list of recommended monthly, quarterly and year-end financial reconciliations that should be performed. The checklist will be implemented in the March 31, 2009 fiscal year. The Finance Office will endeavor to make all possible adjustments prior to audit.

Access to Accounting Software

We noted that all individuals within the Finance Department with access to the Great Plains software system have access to all modules, including the ability to make journal entries.

We recommend that, if at all possible, each individual's access to Great Plains be limited to those areas required for them to perform their daily job functions. We also recommend that the individual responsible for approving all journal entries not be allowed access to make journal entries. In addition, the monthly review of the financial statements by the venue managers and department heads should be formally documented. This could be accomplished by an e-mail sent to all responsible for the review each month, requesting a reply as to whether they have any questions or concerns on their statements. The original monthly e-mail, along with the replies by all managers should be retained to provide evidence of the review. The documentation of the review of the financial statements assists in reducing the risk of inappropriate journal entries and/or transactions and is an important control since access to the general ledger is difficult to limit.

Authority's Response

As recommended, access to the different modules in the accounting software will be limited to those areas required for staff to perform their daily job functions. The Director of Finance, who approves all journal entries, will not be allowed access to make journal entries. The accounts payable manager will make the recommended changes to document distribution of detailed financial information that is sent to the managers.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider the finding titled *Audit Adjustments* to be a material weakness.

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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters that we reported to management of the Authority, in a separate letter dated June 24, 2008.

The Authority's responses to the findings identified in our audit are described above. We did not audit the Authority'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 24, 2008