

OTHER INTERNAL CONTROLS MATTERS

June 25, 2014

The Board of Directors
Olympic Regional Development Authority
Lake Placid, New York

Dear Board Members:

We have completed our audit of the financial statements of Olympic Regional Development Authority for the year ended March 31, 2014, and have issued our report thereon, dated June 25, 2014.

In planning and performing our audit of the financial statements of Olympic Regional Development Authority for the year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Olympic Regional Development Authority's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

The financial statements and required report include all required communications regarding internal control. During our audit, we became aware of other matters that present opportunities for the Authority to improve and we are presenting them here for your consideration.

Long Outstanding Payroll Checks

During our audit, we found that there were numerous payroll checks issued for small amounts that have been outstanding in excess of one year.

We recommend these outstanding checks be reviewed to ensure proper accounting treatment.

Capitalization Policy

At present, no formal long-lived asset capitalization policy exists for the Authority. This creates a possible situation whereby the following may occur:

- Asset purchases that are individually significant may not be recorded properly.
- Asset purchases of immaterial values may be recorded as property, plant or equipment when they should more appropriately be expensed.

We recommend implementation of a policy that designates expenditures exceeding a certain dollar threshold as capital expenditures. This policy should be by asset type and should also include useful lives. This will set an Authority standard regarding the value that will need to be recorded as property, plant, and equipment with appropriate accounting treatment and will allow for much stronger control of existing property, plant, and equipment.

Depreciation Policy

The Authority manages fixed assets with an obsolete software package that is not able to be merged into the Authority's general ledger. At the time an asset is placed into service, the software accounts for depreciation expense on the last day of the fiscal year rather than the date placed in service. Management noted that currently a review is being performed of the fixed asset accounting process and it is their intent to utilize the fixed asset module of the Authority's general ledger software package to ensure proper accounting treatment in the current year.

This communication is intended solely for the information and use of management, the Board of Directors and others within the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the cooperation and the professional conduct of the business office personnel and thank all of the Authority's personnel for the courtesy received during the course of our audit. Should you have any questions regarding the matters presented, we shall be pleased to discuss them at your convenience.

Very truly yours,

BONADIO & CO., LLP