

REQUIRED COMMUNICATIONS

June 24, 2019

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

We have audited the financial statements of the business-type activities of New York State Olympic Regional Development Authority (ORDA) a New York Public Benefit Corporation, which is a discretely presented component unit of the State of New York for the year ended March 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 8, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ORDA are described in the notes to the financial statements. During the year ORDA adopted the following new accounting policy:

As discussed in the notes to the financial statements, during the current fiscal year ORDA adopted Governmental Accounting Standards Board Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 addresses accounting and financial reporting for other postemployment benefits (OPEB) provided to employees of state and local governmental employers. The statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The implementation also required the restatement of beginning net position which is described in the notes to the financial statements. Additionally, the note to the financial statement describing ORDA's OPEB plan has been modified and additional required supplementary information was added.

We noted no transactions entered into by ORDA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting ORDA's financial statements were:

- Management's estimate of accrued compensated absences which is based on estimated accumulated hours and pay rates as of March 31, 2019.
- Management's estimate of the depreciable lives of property and equipment which is based on judgements regarding the length of time an asset will provide value to ORDA.

Significant Estimates (Continued)

- Management's estimate of other postretirement benefits which is based on an actuarial calculation from a third party.
- Management's estimate of the net pension liability and related deferred outflows of resources is based on actuarial assumptions utilized by an actuary applied to the pension plans' census information.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and other circumstances which may affect the ability of customers to pay their obligations.

We evaluated the key factors and assumptions used to develop the accounting estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of capital assets in the notes to the financial statements describes the historical cost of the property, plant, and equipment as well as accumulated depreciation. The note also discloses the current year activity for these classifications.
- The disclosures of obligations under capital lease agreements in the notes to the financial statements describes the types of capital leases. The note also identifies the monthly payment, interest rate, and maturity dates of each capital lease balance.
- The disclosure of other postretirement benefits liability in the notes to the financial statements describes the assumptions used and the components of the actuarially determined obligation.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, because these accounts were not reconciled to the general ledger, additional time and effort was incurred in auditing accounts receivable, advanced collections, and property, plant and equipment.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of our audit procedures were corrected by management:

- Recorded an increase in other post-employment benefits liability and related expense of \$1,366,562.
- Recorded the change in the pension liability and related deferred inflow and outflows of resources for \$112,987, which also decreased related expenses.
- Recorded a reclassification of \$1,170,250 from deferred revenue to accounts receivable along with a reduction of \$182,460 in revenue to adjust accounts receivable to the subsidiary records.
- Recorded various entries to correct property plant and equipment which resulted in a decrease of \$2,322,865.
- Recorded a write off of accrued liabilities related to ERS in the amount of \$401,253.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the ORDA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as ORDA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, schedule of proportionate share of net pension liability (asset), schedule of contributions – pension plans, and schedule of changes in total OPEB liability and related ratios which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Very truly yours,

Bonadio & Co., LLP

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