

## OTHER INTERNAL CONTROLS MATTERS

June 27, 2018

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

Dear Board Members:

We have completed our audit of the financial statements of NYS Olympic Regional Development Authority for the year ended March 31, 2018, and have issued our report thereon, dated June 27, 2018.

In planning and performing our audit of the financial statements of NYS Olympic Regional Development Authority for the year ended March 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered NYS 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 ORDA's internal control. Accordingly, we do not express an opinion on the effectiveness of ORDA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

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 ORDA to improve and we are presenting them here for your consideration.

6 Wembley Court  
Albany, New York 12205  
p (518) 464-4080  
f (518) 464-4087

[www.bonadio.com](http://www.bonadio.com)

### **Accounts Receivable Reconciliation**

During our examination of the accounts receivable we noted that the subsidiary ledger did not reconcile to the general ledger. Due, in part, to a recent software conversion, amounts recorded within the general ledger for accounts receivable did not agree to the accounts receivable sub-ledger.

It was also noted that within the accounts receivable subsidiary ledger there were long outstanding amounts from customers dating back to 2007.

We worked with management to reconcile the sub-ledger to the general ledger.

We recommend that ORDA reconcile the subsidiary ledger on a monthly basis to the general ledger to ensure that amounts are being properly recorded. We also recommend that ORDA determine if amounts long outstanding are collectible and if not those amounts should be written off.

### **Property, Plant and Equipment**

During our audit of property, plant and equipment we noted that items costing less than the capitalization threshold were capitalized. It was also noted that maintenance and supplies were being capitalized. These items should be expensed as they are purchased as they do not meet the capitalization threshold.

We recommend that ORDA review its capitalization policy and only capitalize items that are considered property, plant and equipment. The remaining amounts should be expensed.

### **Long Outstanding Payroll Checks – repeat comment**

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.

### **Depreciation Policy – repeat comment**

ORDA manages property, plant and equipment with an obsolete software package that is not able to be merged into ORDA'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 ORDA's general ledger software package to ensure proper accounting treatment in the current year.

**Upcoming changes in accounting principles**

The Governmental Accounting Standards Board (GASB) is the standard setting body for generally accepted accounting principles for ORDA. The GASB has issued the following significant statements that will affect ORDA in future years:

**GASB 75** – *Financial Reporting for Postemployment Benefits Other than Pensions* – This GASB is effective for the year ending March 31, 2019 and will affect the amount of OPEB recognized. The Authority will need to have an actuarial valuation in accordance with GASB 75.

**GASB 87** – *Leases* – This GASB changes the accounting for all leases. It will require recording of leased asset and liability. Effective for March 31, 2021.

This communication is intended solely for the information and use of management, the Board of Directors and others within ORDA, 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 ORDA 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