HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Financial Statements

April 30, 2015 and 2014 (Unaudited)

(With Independent Auditors' Review Report Thereon)

MARKS PANETH

ACCOUNTANTS & ADVISORS

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

April 30, 2015 and 2014 (Unaudited)

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Independent Auditors' Review Report

The Members
Hugh L. Carey Battery Park City Authority

We have reviewed the accompanying financial statements of Hugh L. Carey Battery Park City Authority (the "Authority"), a component unit of the State of New York, which comprise the statements of net position (deficit) as of April 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position (deficit) and cash flows for the six-month periods then ended, and the related notes to the financial statements.

Management's Responsibility

The Authority's management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditors' Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3(l), the Authority has restated its financial statements as of and for the six-month period ended April 30, 2014 during the current period to retroactively implement Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 19 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. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from financial information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Report on Supplementary Information

The supplementary information included on pages 67 through 76 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Marks Paneth LLP

New York, NY
November 3, 2015

Overview

The following is an overview of the financial activities of Hugh L. Carey Battery Park City Authority (the "Authority") and the Battery Park City Parks Conservancy (the "Conservancy"), a blended component unit of the Authority, collectively referred to as the "Organization", for the six-month periods ended April 30, 2015, 2014 and 2013. The basic financial statements, which include the statements of net position (deficit), the statements of revenues, expenses, and changes in net position (deficit), the statements of cash flows, and the notes to the financial statements, provide information about the Organization in accordance with accounting principles generally accepted in the United States of America. All transactions between the Authority and the Conservancy have been eliminated. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Comparison of 2015 to 2014 and 2014 to 2013

Financial Highlights – 2015

- The six-month period ended April 30, 2015 yielded total operating revenues of $129.5 million, an increase of 3.4% or $4.3 million compared to the six-month period ended April 30, 2014. Payments in lieu of taxes ("PILOT") revenue totaling $93.2 million (72% of the Authority's operating revenues for the six-month period ended April 30, 2015), increased $5.3 million or 6.0% compared to the six-month period ended April 30, 2014. Base rent decreased $2.7 million or 8.7% to $28.8 million for the six-month period ended April 30, 2015. Civic facilities and other operating revenues increased $1.5 million or 29.6% to $6.6 million for the six-month period ended April 30, 2015. Total operating expenses increased $8.4 million or 40% to $29 million for the six-month period ended April 30, 2015.
- A provision for the transfer to The City of New York (the "City") of $57.8 million in PILOT related to excess revenues was charged to nonoperating expense for the six-month period ended April 30, 2015 (see note 13), an increase of $1.4 million as compared to the six-month period ended April 30, 2014. Generally, the Authority's net position decreases with increases in the amount of excess revenues to be provided to the City, which has an adverse effect on the Authority's net position.
- Pursuant to the 2010 Agreement (see note 13), the Authority recorded a provision for the transfer of $17.7 million for the six-month period ended April 30, 2015, as an expected payment to the City, a decrease of $1.9 million as compared to the six-month period ended April 30, 2014.
- As of April 30, 2015, $87.6 million remains in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures (see note 8), as compared to $104.5 million as of April 30, 2014.
- As of April 30, 2015, the Authority has a net receivable of approximately $767 thousand, having received $11.5 million in insurance and Federal assistance while paying out $12.3 million for remediation work caused by Superstorm Sandy. Subsequent to April 30, 2015, the Authority has collected all eligible claims with respect to the damage from its insurance carriers and federal and state relief programs (see notes 14, 15 and 20(g)).
- The Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires the accounting and financial reporting for pensions. The Authority is required to restate its net position balance to the earliest year of implementation. Accordingly, the Authority restated the April 30, 2014 net position balance to include the accrued pension liability provided by the State of New York (see notes 3(l) and 17).

- The Authority implemented GASB No. 72, *Fair Value Measurement and Application*, which requires the reporting of all assets and liabilities measurable at fair value to be disclosed in accordance with a defined fair value hierarchy. The fair value hierarchy prioritizes the inputs used to measure fair value into three broad Levels (Levels 1, 2 and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3 (see note 3(k)).

Financial Highlights – 2014

- The six-month period ended April 30, 2014 yielded total operating revenues of $125.2 million, an increase of 6.3% or $7.5 million compared to the six-month period ended April 30, 2013. Payments in lieu of taxes ("PILOT") revenue totaling $87.9 million (70.2% of the Authority's operating revenues for the six-month period ended April 30, 2014), increased $9.8 million or 12.5% compared to the six-month period ended April 30, 2013. Base rent increased $269 thousand or 0.9% to $31.5 million for the six-month period ended April 30, 2014. Civic facilities and other operating revenues decreased $2.3 million or 31.1% to $5.1 million for the six-month period ended April 30, 2014. Total operating expenses increased $290 thousand or 1.4% to $21 million for the six-month period ended April 30, 2014.
- A provision for the transfer to The City of New York (the "City") of $56.5 million in PILOT related to excess revenues was charged to nonoperating expense for the six-month period ended April 30, 2014, an increase of $9.4 million as compared to the six-month period ended April 30, 2013. Generally, the Authority's net position decreases with increases in the amount of excess revenues to be provided to the City, which has an adverse effect on the Authority's net position.
- Pursuant to the 2010 Agreement, the Authority recorded a provision for the transfer of $19.6 million for the six-month period ended April 30, 2014, as an expected payment to the City Housing Development Corporation ("HDC") 421-A fund, a decrease of $200 thousand as compared to the six-month period ended April 30, 2013.
- As of April 30, 2014, $104.5 million remains in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures, as compared to $28.6 million as of April 30, 2013.
- On October 23, 2013, the Authority issued $356,085,000 ($407,120,987 inclusive of net premium) of fixed-rate tax exempt Senior Revenue Bonds, Series 2013A (the "2013 Series A Bonds") and $6,700,000 ($6,889,064 inclusive of net premium) of federally taxable, fixed-rate Senior Revenue Bonds, Series 2013B (the "2013 Series B Bonds"), for a total of $414,010,051 fixed rate bonds. In addition, the Authority directly placed $609,530,000 variable-rate Junior Revenue Bonds with three banks and bank affiliates, comprising $210,865,000 of Junior Revenue Bonds Series 2013C (the "2013 Series C Bonds"), $199,330,000 of Junior Revenue Bonds Series 2013D (the "2013 Series D Bonds"), and $199,335,000 of Junior Revenue Bonds Series 2013E (the "2013 Series E Bonds") for a total of $1,023,540,051. Proceeds from the 2013 Bonds were used to currently refund all Senior 2003 Series A Bonds (with the exception of $16.1 million, paid November 1, 2013) and all Junior 2003 Series B and C Bonds; to finance $85 million of infrastructure and other capital improvements; and to finance approximately $10.8 million of bond issuance costs.
- Through April 30, 2014, the Authority has received $10.7 million in insurance and Federal assistance advances and has paid out $11.9 million for remediation work for damage caused by Superstorm Sandy. The Authority's management believes that all eligible claims with respect to this damage will be collected from its insurance carriers. Damages are being assessed and costs not covered by insurance are being submitted for reimbursement under Federal and State disaster relief programs, which management believes

will cover the majority of these costs. Any unreimbursed damages will be paid by the Authority from the corporate insurance reserve fund.

Summary Statement of Net Position

The summary statement of net position presents the financial position of the Organization. The net position (deficit) is the difference between total assets plus total deferred outflows of resources and total liabilities. A summarized comparison of the Organization's assets, deferred outflow of resources, liabilities, and net position (deficit) at April 30, 2015, 2014 and 2013 is as follows:

	April 30			2015 vs	2014 vs
	2015	**2014 (restated)**	**2013**	**2014**	**2013**
Assets:					
Bank deposits, investments and rents and other receivables	$ 6,481,976	27,393,338	10,178,431	(20,911,362)	17,214,907
Bond resolution restricted assets (current and noncurrent)	465,029,967	422,868,200	366,067,060	42,161,767	56,801,140
Battery Park City project assets, net	485,824,760	480,036,921	485,746,682	5,787,839	(5,709,761)
Other current and noncurrent assets	97,753,300	103,474,216	173,835,966	(5,720,916)	(70,361,750)
Total assets	1,055,090,003	1,033,772,675	1,035,828,139	21,317,328	(2,055,464)
Deferred Outflows of Resources:					
Deferred pension outflows	106,951	—	—	106,951	—
Accumulated decrease in fair value of interest rate swaps	25,455,663	908,170	98,413,896	24,547,493	(97,505,726)
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	21,937,984	23,263,895	17,702,853	(1,325,911)	5,561,042
Deferred costs of refunding, less accumulated amortization	64,455,028	68,235,682	—	(3,780,654)	68,235,682
Total deferred outflows of Resources	111,955,626	92,407,747	116,116,749	19,547,879	(23,709,002)
Total assets and deferred outflows of resources	$ 1,167,045,629	1,126,180,422	1,151,944,888	40,865,207	(25,764,466)
Liabilities:					
Current liabilities	$ 347,719,511	295,803,413	313,641,756	51,916,098	(17,838,343)
Long-term liabilities	1,477,160,681	1,494,684,919	1,476,431,540	(17,524,238)	18,253,379
Total liabilities	1,824,880,192	1,790,488,332	1,790,073,296	34,391,860	415,036
Deferred Inflows of Resources:					
Deferred pension inflows	34,673	—	—	34,673	—
Total deferred inflows of Resources	34,673	—	—	34,673	—
Total liabilities and deferred inflows of resources	1,824,914,865	1,790,488,332	1,790,073,296	34,426,533	415,036
Net Position (deficit):					
Invested in capital assets, net of related debt	(12,729,215)	(11,920,478)	(5,251,269)	(808,737)	(6,669,209)
Restricted	81,550,943	182,777,093	87,371,445	(101,226,150)	95,405,648
Unrestricted	(726,690,964)	(835,164,525)	(720,248,584)	108,473,561	(114,915,941)
Total net deficit	(657,869,236)	(664,307,910)	(638,128,408)	6,438,674	(26,179,502)
Total liabilities and net deficit	$ 1,167,045,629	1,126,180,422	1,151,944,888	40,865,207	(25,764,466)

Total Assets and Deferred Outflows of Resources

2015 vs. 2014

At April 30, 2015, the Organization maintained total assets and deferred outflows of resources of $1.17 billion, approximately $40.8 million higher than $1.13 billion at April 30, 2014.

2014 vs. 2013

At April 30, 2014, the Organization maintained total assets and deferred outflows of resources of $1.13 billion, approximately $25.8 million lower than $1.15 billion at April 30, 2013.

Bank Deposits, Investments, Rents and Other Receivables

2015 vs. 2014

Bank deposits, investments, and rents and other receivables held at April 30, 2015 decreased by $20.9 million over the same period last year. Investments and bank deposits decreased by $10.4 million as a result of the decrease in the unpledged revenue fund account. Rents and other receivables decreased by $10.5 million, primarily due to the decrease in Superstorm Sandy insurance receivables of $11.1 million, offset by an increase in various other receivables of $600 thousand (see note 14).

2014 vs. 2013

Bank deposits, investments, and rents and other receivables held at April 30, 2014 increased by $17.2 million over the same period last year. Investments and bank deposits increased by $9.3 million as a result of the return of funds from the 2003 variable bond defeasance escrow account. Rents and other receivables increased by $7.9 million, primarily due to the decrease in amounts receivable from the City for Pier A restoration expenses of $1.3 million, the increase in rents receivable of $486 thousand, and the increase in Superstorm Sandy insurance receivables of $8 million.

Bond Resolution Restricted Assets

2015 vs. 2014

Bond resolution restricted assets are funds and accounts established in accordance with the 2003, 2009, and 2013 Revenue Bond resolutions. Such assets of $465 million at April 30, 2015 were $42.2 million higher than the $423 million of assets held at April 30, 2014 (see note 8). Funds held in the Pledged Revenue Fund ("PRF") at April 30, 2015 were $2.5 million more than funds held at April 30, 2014. Funds held in the Debt Service Fund at April 30, 2015 were $2.2 million less than funds at April 30, 2014.

Funds held in the Project Operating Fund were approximately $2.5 million higher at April 30, 2015 compared to 2014.

Funds held in the Residual Fund for payment to the City at April 30, 2015 were $55.8 million higher due to the City requesting the payment of the excess revenue amount for the fiscal year ended October 31, 2014 of $43 million after April 30, 2015. In addition, higher excess revenues, approximately $12.8 million, were generated during the fiscal year ended October 31, 2014 compared to 2013 (see note 8).

Funds held under the resolution for project infrastructure and certain other asset costs were $87.6 million as of April 30, 2015, or $16.9 million less than April 30, 2014.

2014 vs. 2013

Bond resolution restricted assets are funds and accounts established in accordance with the 2003, 2009, and 2013 Revenue Bond resolutions. Such assets of $422.9 million at April 30, 2014 were $56.8 million higher than the $366.1 million of assets held at April 30, 2013. Funds held in the Pledged Revenue Fund ("PRF") at April 30, 2014 were $55 thousand more than funds held at April 30, 2013. In addition, at April 30, 2014, funds for the designated purposes of paying debt service and operating expenses were funded $22.8 million and $2.4 million less, respectively, than at April 30, 2013 due to timing differences and funding of debt service.

Funds held in the Residual Fund for payment to the City at April 30, 2014 were $8.3 million higher due to more excess revenues generated from the fiscal period ended October 31, 2013 compared to 2012.

Funds held under the resolution for project infrastructure and certain other asset costs were $104.5 million as of April 30, 2014, $75.9 million more than April 30, 2013, primarily due to the bond issuance in October of 2013, which added $85 million of new money construction proceeds.

Project Assets

At April 30, 2015, the Authority's investment in project assets, net of accumulated depreciation was $485.8 million, an increase of $5.8 million over April 30, 2014. The Battery Park City project ("Project") consists of approximately 92 acres of landfill created, owned, and operated by the Authority. The Project's development plan includes approximately 35 acres of parkland and open spaces and provides for the construction, by private developers, of approximately 10.7 million square feet of office space, retail space, a marina, two hotels, a multiplex cinema, museums, three public schools, a public library, and approximately 8,600 residential units.

The Authority's project assets include land, site improvements, and a residential building constructed by the Authority on Site 22. Additionally, condominium units owned by the Authority in Sites 1, 3, 16/17 and a community center on Sites 23 and 24, and related infrastructure improvements are included in project assets. The balances at April 30, 2015, 2014, and 2013 are as follows:

	April 30			2015 vs	2014 vs
	2015	2014	2013	2014	2013
Land	$ 83,015,653	83,015,653	83,015,653	—	—
Site improvements	389,186,397	377,443,663	375,251,472	11,742,734	2,192,191
Residential building and condominium units	135,627,780	133,035,233	132,577,067	2,592,547	458,166
	607,829,830	593,494,549	590,844,192	14,335,281	2,650,357
Less accumulated depreciation	122,005,070	113,457,628	105,097,510	(8,547,442)	(8,360,118)
Total Battery Park City project assets	$ 485,824,760	480,036,921	485,746,682	5,787,839	(5,709,761)

2015 vs. 2014

At April 30, 2015, the increase to site improvements over April 30, 2014 of $11.7 million relates to the esplanade and restoration of piles, work on Site 3 mechanical systems, route 9A frontage, as well as work on bridges and other minor capital improvements (see note 3(c)).

2014 vs. 2013

At April 30, 2014, the increase to site improvements over April 30, 2013 of $2.2 million relates to park improvements in the north and south neighborhoods, the esplanade and restoration of piles, as well as work on bridges and other minor capital improvements.

Other Current and Noncurrent Assets

Other current and noncurrent assets at April 30, 2015, 2014, and 2013 are as follows:

		April 30			2015 vs	2014 vs
		2015	**2014**	**2013**	**2014**	**2013**
Residential lease required funds	$	21,480,651	21,460,598	22,142,151	20,053	(681,553)
Corporate-designated, escrowed, and OPEB funds		71,978,973	77,810,111	125,391,984	(5,831,138)	(47,581,873)
Bond insurance costs, net		—	—	21,050,542	—	(21,050,542)
Other assets		4,293,676	4,203,507	5,251,289	90,169	(1,047,782)
Total other current and noncurrent assets	$	97,753,300	103,474,216	173,835,966	(5,720,916)	(70,361,750)

2015 vs. 2014

Total other current and noncurrent assets decreased $5.7 million from $103.5 million at April 30, 2014 to $97.8 million at April 30, 2015.

Residential lease required funds increased $20 thousand from $21.46 million at April 30, 2014 to $21.48 million at April 30, 2015.

Overall, corporate-designated, escrowed, and OPEB funds decreased $5.8 million from April 30, 2014 resulting primarily from expenditures made from the Special Fund in accordance with the Pier A Plaza agreement (see note 12) for a decrease of $6.7 million, an increase in OPEB plan assets of approximately $1.9 million, and a decrease in the BPCA Insurance fund and Superstorm Sandy advances of approximately $661 thousand and $335 thousand, respectively (see note 13).

2014 vs. 2013

Total other current and noncurrent assets decreased $70.4 million from $173.8 million at April 30, 2013 to $103.5 million at April 30, 2014.

Residential lease required funds decreased $682 thousand from $22.1 million at April 30, 2013 to $21.5 million at April 30, 2014 primarily due to security deposits refunded to certain residential buildings, net of security deposits received from Pier A, One Rector Park and AMEX, coupled with interest earned and gains on investments on all residential funds held.

Overall, corporate-designated, escrowed, and OPEB funds decreased $47.6 million from April 30, 2013 resulting from the payment of the 421-A NYC Housing fund amounts due for the fiscal year ended October 31, 2013 by April 2014.

The unamortized bond insurance costs for the 2003 Bonds, which were refunded on October 23, 2013, have now become a component of the unamortized loss on extinguishment, which is being amortized over the remaining life of the original bonds. Other assets decreased by $1 million primarily due to the transfer of equipment to the community center operator.

Amortization of bond insurance costs decreased bond insurance costs by $937 thousand.

Deferred Outflows of Resources

Deferred outflows of resources at April 30, 2015, 2014, and 2013 are as follows:

		April 30			2015 vs	2014 vs
		2015	2014	2013	2014	2013
Deferred Outflows of Resources:						
Deferred pension outflows	$	106,951	—	—	106,951	—
Accumulated change in fair value of interest rate swaps		25,455,663	908,170	98,413,896	24,547,493	(97,505,726)
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds		21,937,984	23,263,895	17,702,853	(1,325,911)	5,561,042
Deferred costs of refunding, less accumulated amortization		64,455,028	68,235,682	—	(3,780,654)	68,235,682
Total deferred outflows of Resources	$	111,955,626	92,407,747	116,116,749	19,547,879	(23,709,002)

2015 vs. 2014

The $107 thousand at April 30, 2015 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

The interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $908 thousand at April 30, 2014, which increased by $24.5 million to $25.5 million at April 30, 2015. The negative fair value is recorded as a liability on the Authority's statement of net position.

The unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds decreased by $1.3 million from April 30, 2014 to April 30, 2015. The decrease is a result of the current year amortization.

The deferred cost of refunding decreased by $3.8 million from April 30, 2014 to April 30, 2015. The decrease is a result of the current year amortization.

2014 vs. 2013

On October 23, 2013, the Authority currently refunded its Series 2003 bonds. The interest rates on these bonds were effectively hedged by interest rate swaps, which were bifurcated as of the date of the current refunding. Accordingly, the fair value of the interest rate swaps on October 23, 2013 of negative $70.1 million was recorded as an imputed borrowing by the Authority. The Authority also recorded the $70.1 million as a deferred cost of refunding and reduced the deferred outflow of resources that had been recorded to offset the negative fair value of the interest rate swap to zero. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a fair value of zero at October 23, 2013, which decreased to negative $908 thousand at April 30, 2014. This amount is recorded as a liability and a deferred outflow of resources on the Authority's statement of net position.

The unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds increased by $5.6 million from April 30, 2013 to April 30, 2014. The unamortized bond insurance costs for the 2003 Bonds, which were refunded on October 23, 2013, have now become a component of the unamortized loss on extinguishment, which is being amortized over the remaining life of the original bonds. These costs coupled with the current period amortization are the factors resulting in the above mentioned increase.

Liabilities

Total liabilities at April 30, 2015, 2014 and 2013 are as follows:

	April 30			2015 vs	2014 vs
	2015	2014 (restated)	2013	2014	2013
Current liabilities:					
Accrued interest on bonds	$ 17,226,701	17,889,367	17,676,011	(662,666)	213,356
Accounts payable and other liabilities	8,924,871	21,839,030	13,098,364	(12,914,159)	8,740,666
Accrued pension payable	7,041,365	695,489	—	6,345,876	695,489
Due to the City of New York - Pilot	183,005,346	168,572,145	150,356,587	14,433,201	18,215,558
Due to the City of New York - 2010 Agreement	60,731,398	19,853,905	65,951,155	40,877,493	(46,097,250)
Due to Port Authority of NY & NJ	869,381	869,381	—	—	869,381
Due to NYC School Construction Authority	—	—	1,898,808	—	(1,898,808)
Unearned revenue	44,405,711	41,955,516	42,672,382	2,450,195	(716,866)
Security and other deposits	4,738	88,580	88,449	(83,842)	131
2003 Revenue Bonds	—	—	21,590,000	—	(21,590,000)
2009 Revenue Bonds	315,000	310,000	310,000	5,000	—
2013 Revenue Bonds	25,195,000	23,730,000	—	1,465,000	23,730,000
Total current liabilities	347,719,511	295,803,413	313,641,756	51,916,098	(17,838,343)
Noncurrent liabilities:					
Unearned revenue	274,673,610	286,540,273	298,407,583	(11,866,663)	(11,867,310)
Security and other deposits	21,976,589	21,956,870	22,788,783	19,719	(831,913)
Other post employment benefits - Authority	18,508,881	18,443,858	18,428,692	65,023	15,166
Other post employment benefits - Conservancy	14,825,786	12,826,976	10,908,843	1,998,810	1,918,133
Fair value of interest rate swaps	25,455,663	908,170	98,413,896	24,547,493	(97,505,726)
Imputed borrowing	64,455,028	68,235,682	—	(3,780,654)	68,235,682
Bonds outstanding:					
2003 Revenue Bonds	—	—	939,607,226	—	(939,607,226)
2009 Revenue Bonds	87,105,820	87,493,669	87,876,517	(387,849)	(382,848)
2013 Revenue Bonds	970,159,304	998,279,421	—	(28,120,117)	998,279,421
Total noncurrent liabilities	1,477,160,681	1,494,684,919	1,476,431,540	(17,524,238)	18,253,379
Total liabilities	$ 1,824,880,192	1,790,488,332	1,790,073,296	34,391,860	415,036

2015 vs. 2014

The Organization's total liabilities increased approximately $34 million from $1.79 billion at April 30, 2014 to $1.82 billion at April 30, 2015.

Total liabilities comprise amounts due to the City and State, accrued interest on bonds, unearned revenue, security and other deposits, post employment benefits, outstanding debt, and accounts payable and accrued expenses.

The $34 million increase in total liabilities is due to:

- a $663 thousand decrease in accrued interest payable on bonds from $17.9 million at April 30, 2014 to $17.2 million at April 30, 2015 (see note 10).

- a $12.9 million decrease in accounts payable and other liabilities from $21.8 million at April 30, 2014 to $8.9 million at April 30, 2015, primarily due to the recognition of Superstorm Sandy insurance and Federal assistance advances of $10.7 million, and the settlement of an investment transaction of $2.5 million which was payable at April 30, 2014 (see note 20(g)).
- a $6.3 million increase in accrued pension payable from $695 thousand at April 30, 2014 to $7 million at April 30, 2015; primarily due to the recognition of the Conservancy's withdrawal liability of $5.5 million and employee time recoupment of $1 million for the CIRS pension plan.
- the liability due to the City totaling $183 million includes a $57.8 million provision recorded for the period ended April 30, 2015 representing approximately half of the estimated fiscal 2015 PILOT related excess revenues to be transferred to the City and $124.6 million generated from the previous fiscal year ended October 31, 2014, which was not paid as of April 30, 2015. The $183 million due to the City was $14.4 million higher compared to the amount due at April 30, 2014 (see note 13).
- the liability due to the City under the 2010 Agreement totaling $60.7 million includes a $17.7 million provision recorded for the period ending April 30, 2015 representing approximately half of the estimated fiscal 2015 amount expected payable under the 2010 Agreement. The increase of $40.9 million from the same period last year was due to the payment of the fiscal year ended October 31, 2013 amount before April 2014.
- a $3.8 million decrease in the imputed borrowing represents the current period amortization of the fair value of the bifurcated Swaps. The $70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- a $9.4 million decrease to $319 million in unearned revenue from $328 million at April 30, 2014 primarily due to revenue recognized on leases, such as the Goldman lease ($2.7 million), Sites 23 & 24 ($2.3 million) and Site 16/17 ($2.4 million), as well as other upfront lease payments received during prior years (see note 3(d)).
- a $64 thousand decrease in security and other deposits to $22 million at April 30, 2015.
- a $65 thousand increase in other post employment benefits for the Authority relating to the annual normal cost incurred for current employees and interest expense, offset by actual costs for retiree benefits paid. In accordance with GASB Statement No. 45 (see note 3(i)), a $18.5 million net accrued postretirement medical benefit liability for all eligible current and retired employees is reported as of April 30, 2015. The annual required OPEB obligation is increased by normal costs for current employees and interest expense and offset by an amortization credit and the actual cost of retiree benefits paid during the period (see note 18).
- a $2 million increase in other post employment benefits for the Conservancy relating to the annual normal cost incurred for current employees and interest expense. In accordance with GASB Statement No. 45 (see note 3(i)), a $14.8 million net accrued postretirement medical benefit liability for all eligible current and retired employees is reported as of April 30, 2015. The annual required OPEB obligation is increased by normal costs for current employees and interest expense (see note 19).
- a $383 thousand decrease in 2009 Revenue Bonds outstanding relating to the payment of principal of $310 thousand and a $73 thousand decrease due to the amortization of the net bond premium (see note 16).
- a $26.7 million decrease in 2013 Revenue Bonds outstanding relating to the payment of principal of $23.7 million and a $3 million decrease due to the amortization of the net bond premium (see note 16).

2014 vs. 2013

The Organization's total liabilities decreased $280 thousand from April 30, 2013 to April 30, 2014.

Total liabilities comprise amounts due to the City and State, accrued interest on bonds, unearned revenue, security and other deposits, post employment benefits, outstanding debt, and accounts payable and accrued expenses.

The $280 thousand decrease in total liabilities is due to:

- a $213 thousand increase in accrued interest payable on bonds from $17.7 million at April 30, 2013 to $17.9 million at April 30, 2014, resulting primarily from the refunding of the 2003 bonds and the issuance of the 2013 revenue bonds.
- a $8.7 million increase in accounts payable and other liabilities from $13.1 million at April 30, 2013 to $21.8 million at April 30, 2014, primarily due to Superstorm Sandy insurance advances received for ongoing remediation costs of damages caused by Superstorm Sandy.
- the liability due to the City totaling $168.6 million includes a $56.5 million provision recorded for the period ended April 30, 2014 representing approximately half of the estimated fiscal 2014 PILOT related excess revenues to be transferred to the City and $112.1 million generated from the previous fiscal year ended October 31, 2013, which was not paid as of April 30, 2014. The $168.6 million due to the City was $18.2 million higher compared to the amount due at April 30, 2013.
- the liability due to the City under the 2010 Agreement includes a $19.6 million provision recorded for the period ended April 30, 2014 representing approximately half of the estimated fiscal 2014 amount expected payable under the 2010 Agreement. The decrease of $46.1 million from the same period last year was due to the payment of the fiscal year ended October 31, 2013 amount in April 2014.
- a $68.2 million increase in imputed borrowing. On October 23, 2013, the Authority refunded the Series 2003 bonds, which terminated the hedge accounting treatment of the swaps and bifurcated the swap into "Imputed Borrowing" and an accounting swap, accounting for the $97.5 million decrease in the accumulated decrease in fair value of interest rate swaps. The Authority recorded a deferred cost of refunding and an imputed borrowing of approximately $70.1 million, the fair value of the interest rate swaps on October 23, 2013, which is being amortized over the remaining life of the swaps.
- a $12.6 million decrease in unearned revenue from upfront lease payments from $341.1 million at April 30, 2013 primarily due to revenue recognized on leases such as Site 26 ($2.7 million), Sites 23 & 24 ($2.3 million) and Site 16/17 ($2.4 million), as well as other upfront lease payments received during prior years.
- a $832 thousand decrease in security and other deposits to $22 million at April 30, 2014 primarily due to security deposits refunded to certain residential buildings, net of security deposits received from Pier A, One Rector Park and AMEX, coupled with interest earned and gains on investments on all residential funds held.
- a $15 thousand increase in other post employment benefits for the Authority relating to the annual normal cost incurred for current employees and interest expense, offset by actual costs for retiree benefits paid. In accordance with GASB Statement No. 45 a $18.4 million net accrued postretirement medical benefit liability for all eligible current and retired employees is reported as of April 30, 2014. The annual required OPEB obligation is increased by normal costs for current employees and interest expense and offset by an amortization credit and the actual cost of retiree benefits paid during the period.

- a $1.9 million increase in other post employment benefits for the Conservancy relating to the annual normal cost incurred for current employees and interest expense. In accordance with GASB Statement No. 45, a $12.8 million net accrued postretirement medical benefit liability for all eligible current and retired employees is reported as of April 30, 2014. The annual required OPEB obligation is increased by normal costs for current employees and interest expense.
- a $961.2 million decrease in 2003 Revenue Bonds outstanding relating to refunding of the 2003 bonds.
- a $383 thousand decrease in 2009 Revenue Bonds outstanding relating to the payment of principal of $310 thousand and a $73 thousand decrease due to the amortization of the net bond premium.
- a $1.02 billion increase in 2013 Revenue Bonds outstanding relating to the issuance of the 2013 Revenue Bonds.

Deferred Inflows of Resources

Deferred inflows of resources at April 30, 2015, 2014, and 2013 are as follows:

		April 30			2015 vs	2014 vs
		2015	**2014**	**2013**	**2014**	**2013**
Deferred Inflows of Resources:						
Deferred pension inflows	$	34,673	—	—	34,673	—
Total deferred inlows of Resources	$	34,673	—	—	34,673	—

2015 vs. 2014

The $35 thousand at April 30, 2015 represents the Authority's portion of the deferred pension inflows from the New York State pension plan.

Net Position (Deficit)

		April 30			2015 vs	2014 vs
		2015	**2014 (restated)**	**2013**	**2014**	**2013**
Net Position (deficit):						
Invested in capital assets, net of related debt	$	(12,729,215)	(11,920,478)	(5,251,269)	(808,737)	(6,669,209)
Restricted		81,550,943	182,777,093	87,371,445	(101,226,150)	95,405,648
Unrestricted		(726,690,964)	(835,164,525)	(720,248,584)	108,473,561	(114,915,941)
Total net deficit	$	(657,869,236)	(664,307,910)	(638,128,408)	6,438,674	(26,179,502)

2015 vs. 2014

The change in total net position from April 30, 2014 represents a positive change in the deficit position of $6.4 million from $664.3 million at April 30, 2014 to $657.9 million at April 30, 2015.

Invested in capital assets, net of related debt, was a deficit of $12.7 million and $11.9 million at April 30, 2015 and 2014, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Organization's $82 million of restricted net assets at April 30, 2015 represent resources that are subject to various external restrictions on how they may be used. These assets are generally restricted under bond resolutions and other agreements and for debt service. The remaining balance is classified as an unrestricted deficit totaling $726.7 million at April 30, 2015 resulting from the cumulative net excess revenues, which are transferred to the City annually.

2014 vs. 2013

The change in total net position from April 30, 2013 represents a negative change in the deficit position of $26.2 million from $638.1 million at April 30, 2013 to $664.3 million at April 30, 2014.

Invested in capital assets, net of related debt, was a deficit of $11.9 million and $5.3 million at April 30, 2014 and 2013, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Organization's $182.8 million and $87.4 million of restricted net assets at April 30, 2014 and 2013, respectively, represent resources that are subject to various external restrictions on how they may be used. These assets are generally restricted under bond resolutions and other agreements and for debt service. The remaining balance is classified as an unrestricted deficit totaling $835.1 million at April 30, 2014 resulting from the cumulative net excess revenues, which are transferred to the City annually.

Summary Schedule of Revenues, Expenses, and Changes in Net Deficit

Below is a summary of the Organization's revenues, expenses, and changes in net deficit for the six-month period's ended April 30, 2015, 2014, and 2013:

	April 30			2015 vs	2014 vs
	2015	2014 (restated)	2013	2014	2013
Operating revenues:					
Revenues from ground leases:					
Base rent	$ 28,752,904	31,492,689	31,223,849	(2,739,785)	268,840
Supplemental rent	911,058	728,883	999,850	182,175	(270,967)
Payments in lieu of real estate taxes	93,232,806	87,926,725	78,167,873	5,306,081	9,758,852
Civic facilities payments and other	6,591,230	5,085,909	7,381,883	1,505,321	(2,295,974)
Total operating revenues	129,487,998	125,234,206	117,773,455	4,253,792	7,460,751
Operating expenses:					
Wages and related benefits	13,694,936	6,759,192	6,285,324	6,935,744	473,868
OPEB - The Authority	283,822	267,356	219,519	16,466	47,837
OPEB - The Conservancy	1,074,071	1,011,032	950,873	63,039	60,159
Other operating and administrative expenses	9,749,213	8,494,545	8,221,517	1,254,668	273,028
Depreciation and amortization	4,608,265	4,500,108	5,064,600	108,157	(564,492)
Total operating expenses	29,410,307	21,032,233	20,741,833	8,378,074	290,400
Operating income	100,077,691	104,201,973	97,031,622	(4,124,282)	7,170,351
Nonoperating revenues (expenses):					
Investment and other income	1,845,673	1,183,117	1,434,142	662,556	(251,025)
Other revenue	6,271	1,414	226,130	4,857	(224,716)
Interest expense, net	(17,215,972)	(17,547,567)	(18,254,045)	331,595	706,478
Bond issuance costs	—	1,750	—	(1,750)	1,750
Provision for transfer to the PANYNJ	—	(2,103,519)	—	2,103,519	(2,103,519)
Provision for transfer to the City of New York	(57,841,463)	(56,487,374)	(47,072,824)	(1,354,089)	(9,414,550)
Provision for transfer to the City of New York - 2010 Agreement	(17,675,538)	(19,600,741)	(19,808,177)	1,925,203	207,436
Provision for transfer to New York State:					
Route 9A Agreement	(70,104)	(1,068,196)	—	998,092	(1,068,196)
Pier A and Pier A Plaza construction pass through NYC	(272,228)	(3,240,919)	(2,484,545)	2,968,691	(756,374)
Total nonoperating expenses, net	(91,223,361)	(98,862,035)	(85,959,319)	7,638,674	(12,902,716)
Change in net position	8,854,330	5,339,938	11,072,303	3,514,392	(5,732,365)
Net deficit, beginning of period	(666,723,566)	(668,952,359)	(628,019,616)	2,228,793	(40,932,743)
Effect of adoption of GASB 68	—	(695,489)	(21,181,095)	695,489	20,485,606
Net deficit, beginning of period	(666,723,566)	(669,647,848)	(649,200,711)	2,924,282	(20,447,137)
Net deficit, end of period	$ (657,869,236)	(664,307,910)	(638,128,408)	6,438,674	(26,179,502)

Operating Revenue

2015 vs. 2014

Overall operating revenues for the six-month period ended April 30, 2015 totaled $129.5 million, $4.3 million higher than the six-month period ended April 30, 2014 of $125.2 million. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent decreased $2.7 million from $31.5 million for the six-month period ended April 30, 2014 primarily due to contractual base rent resets for commercial Towers A, B, and D. PILOT revenue totaling $93.2 million (72% of the total operating revenues for the six-month period ended April 30, 2015), increased by $5.3 million over the six-month period ended April 30, 2014 primarily due to an increase in Pilot revenue from the commercial Towers and Goldman. The change in civic facility payments and other is a $1.5 million increase from $5.1 million for the six-month period ended April 30, 2014 to $6.6 million in April 30, 2015, due to an increase in retail rents and additional miscellaneous income of approximately $670 thousand and $575 thousand, respectively.

2014 vs. 2013

Overall operating revenues for the six-month period ended April 30, 2014 totaled $125.2 million, $7.5 million higher than the six-month period ended April 30, 2013 of $117.8 million. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased $269 thousand from $31.2 million for the six-month period ended April 30, 2013. PILOT revenue totaling $87.9 million (70.2% of the total operating revenues for the six-month period ended April 30, 2014), increased by $9.8 million over the six-month period ended April 30, 2013 and relates to the 467a real estate tax abatements given in the prior period. The change in civic facility payments and other is a $2.3 million decrease from $7.4 million for the six-month period ended April 30, 2013 to $5.1 million in April 30, 2014 due to a decrease in retail rents and transaction fees of approximately $2 million and $300 thousand, respectively.

Operating Expenses

2015 vs. 2014

Operating expenses totaled $29.4 million for the six-month period ended April 30, 2015, representing a $8.4 million increase compared to the six-month period ended April 30, 2014. The expenses include: wages and related benefits; other postemployment benefits; operating and administrative expenses such as security, insurance, rent, maintenance, transportation, legal, financial, and promotional; planning/design expenditures; and depreciation and amortization.

Wages and related benefits totaling $13.7 million were $6.9 million higher than the prior six-month period ended April 30, 2014.

OPEB expenses for the Authority increased for the six-month period ended April 30, 2015 by $16 thousand as compared to the six-month period ended April 30, 2014. OPEB costs represent a pro rata share of annual interest and normal costs for postemployment medical benefits for all eligible current employees in accordance with GASB Statement No. 45 (see note 18).

OPEB expenses for the Conservancy increased for the six-month period ended April 30, 2015 by $63 thousand as compared to the six-month period ended April 30, 2014. OPEB costs represent a pro rata share of annual interest and normal costs for postemployment medical benefits for all eligible current employees in accordance with GASB Statement No. 45 (see note 19).

Other operating and administrative expenses of approximately $9.7 million increased by $1.3 million for the six-month period ended April 30, 2015. Depreciation and amortization expenses recorded for the six-month period ended April 30, 2015 of $4.6 million were $108 thousand higher than the six-month period ended April 30, 2014.

2014 vs. 2013

Operating expenses totaled $21 million for the six-month period ended April 30, 2014, representing a $290 thousand increase compared to the six-month period ended April 30, 2013. The expenses include: wages and related benefits; other postemployment benefits; operating and administrative expenses such as security, insurance, rent, maintenance, transportation, legal, financial, and promotional; planning/design expenditures; and depreciation and amortization.

Wages and related benefits totaling $6.8 million were $474 thousand higher than the prior six-month period ended April 30, 2013.

OPEB expenses for the Authority increased for the six-month period ended April 30, 2014 by $48 thousand as compared to the six-month period ended April 30, 2013. OPEB costs represent a pro rata share of annual interest and normal costs for postemployment medical benefits for all eligible current employees in accordance with GASB Statement No. 45.

OPEB expenses for the Conservancy increased for the six-month period ended April 30, 2014 by $60 thousand as compared to the six-month period ended April 30, 2013. OPEB costs represent a pro rata share of annual interest and normal costs for postemployment medical benefits for all eligible current employees in accordance with GASB Statement No. 45.

Other operating and administrative expenses of approximately $8.5 million increased by $273 thousand for the six-month period ended April 30, 2014. Depreciation and amortization expenses recorded for the six-month period ended April 30, 2014 of $4.5 million were $564 thousand lower than the six-month period ended April 30, 2013.

Nonoperating Revenues (Expenses)

2015 vs. 2014

Total nonoperating expenses, net, were $7.6 million lower for the six-month period ended April 30, 2015 than the six-month period ended April 30, 2014. A provision for a transfer to the City of $57.8 million in excess revenues was charged to expense for the six-month period ended April 30, 2015, an increase of $1.4 million from the six-month period ended April 30, 2014. In addition, a provision for transfer to the City for a pay-as-you-go fund of $17.7 million was charged to expense for the six-month period ended April 30, 2015, a decrease of $1.9 million from the six-month period ended April 30, 2014.

Investment and other income increased by $663 thousand primarily due to higher interest rates, the increase in balances held and the composition of assets held during the six-month period ended April 30, 2015 compared to 2014. Net interest expense related to outstanding bonds decreased $332 thousand compared to the six-month period ended April 30, 2014.

2014 vs. 2013

Total nonoperating expenses, net, were $12.9 million higher for the six-month period ended April 30, 2014 than the six-month period ended April 30, 2013. A provision for a transfer to the City of $56.5 million in excess revenues was charged to expense for the six-month period ended April 30, 2014, an increase of $9.4 million from the six-month period ended April 30, 2013. In addition, a provision for transfer to the City for a 421-A affordable housing fund of $19.6 million was charged to expense for the six-month period ended April 30, 2014, a decrease of $207 thousand from the six-month period ended April 30, 2013.

Investment and other income decreased by $251 thousand primarily due to lower interest rates, the reduction in balances held and the composition of assets held during the six-month period ended April 30, 2014 compared to 2013. Other revenue decreased $225 thousand, primarily from a municipal bond class action settlement that was received in the prior period. Net interest expense related to outstanding bonds decreased $706 thousand compared to the six-month period ended April 30, 2013.

Change in Net Position

The total net deficit at April 30, 2015 and 2014 was $657.9 million and $664.3 million, respectively.

The total net deficit at April 30, 2014 and 2013 was $664.3 million and $638.1 million, respectively.

Other Information

Debt Administration – The 2009 Revenue Bonds, issued in December 2009, totaling $89 million, included $56.6 million of federally taxable Build America Bonds and $32.5 million (including a net premium) of tax-exempt bonds (see notes 11 and 16). As of the six month period ending April 30, 2015, outstanding bonds and ratings are as follows:

	Outstanding debt	Fitch	Moody's	Standard & Poor's (S&P)
2009 Senior Revenue A Bonds	$ 56,600,000	AAA	Aaa	Not rated
2009 Senior Revenue B Bonds	29,400,000	AAA	Aaa	Not rated

The 2013 Revenue Bonds, issued in October 2013, totaling $1.02 billion, included $407.1 million (inclusive of net premium) of fixed-rate tax exempt Senior Revenue Bonds Series A and $6.9 million (inclusive of net premium) of federally taxable, fixed-rate Senior Revenue Bonds, Series B. In addition, the Authority directly placed $609.5 million variable-rate Junior Revenue Bonds with three banks, comprising $210.9 million of Series C, $199.3 million of Series D, and $199.3 million of Series E (see notes 12 and 16). As of the six month period ending April 30, 2015, outstanding bonds and ratings are as follows:

	Outstanding debt	Fitch	Moody's	Standard & Poor's (S&P)
2013 Senior Revenue A Bonds	$ 337,740,000	AAA	Aaa	Not Rated
2013 Senior Revenue B Bonds	5,695,000	AAA	Aaa	Not Rated
2013 Junior Revenue C Bonds	209,675,000	Not Rated	Aa2	Not Rated
2013 Junior Revenue D Bonds	197,735,000	Not Rated	Not Rated	Not Rated
2013 Junior Revenue E Bonds	197,740,000	Not Rated	Not Rated	Not Rated

Requests for Information – This financial report is designed to provide a general overview of the Organization's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the President, 200 Liberty Street, 24th Floor, New York, NY 10281. The Authority's Web site is: www.bpca.ny.gov.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Net Position (Deficit)

April 30, 2015 and 2014 (Unaudited)

Assets		**2015**	**2014**
Current assets:			
Bank deposits	$	375,362	360,286
Investments (notes 3(e) and 3(k))		168,304	10,629,771
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of $1,243,884 in 2015 and $1,010,831 in 2014 (note 14))		5,938,310	16,403,281
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		306,132,224	247,505,145
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		9,643,525	21,350,160
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		40,011,700	27,246,050
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18 and 19)		1,813,770	430,060
Total current assets		364,083,195	323,924,753
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		71,318,675	70,847,454
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		4,281,551	2,063,917
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		33,642,292	53,855,474
Residential lease required funds (note 3(e) and 3(k))		21,480,651	21,460,598
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18 and 19)		70,165,203	77,380,051
Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4)		485,824,760	480,036,921
Other assets		4,293,676	4,203,507
Total noncurrent assets		691,006,808	709,847,922
Total assets		1,055,090,003	1,033,772,675
Deferred Outflows of Resources			
Deferred pension outflows (note 17)		106,951	—
Accumulated change in fair value of interest rate swaps (note 3(j) and 3(k))		25,455,663	908,170
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds (note 3(j))		21,937,984	23,263,895
Deferred costs of refunding, less accumulated amortization of $5.760,384 in 2015 (note 10)		64,455,028	68,235,682
Total deferred outflows of resources		111,955,626	92,407,747
Total assets and deferred outflows of resources	$	1,167,045,629	1,126,180,422

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Net Position (Deficit)

April 30, 2015 and 2014 (Unaudited)

Liabilities		**2015**	**2014 (restated)**
Current liabilities:			
Accrued interest on bonds	$	17,226,701	17,889,367
Accounts payable and other liabilities (note 15)		8,924,871	21,839,030
Accrued pension payable (note 17)		7,041,365	695,489
Due to the City of New York (note 13)		183,005,346	168,572,145
Due to the City of New York - 2010 Agreement (note 13)		60,731,398	19,853,905
Due to the Port Authority of New York & New Jersey (note 20(e))		869,381	869,381
Unearned revenue (note 3(d)):			
PILOT revenue		31,515,773	28,894,232
Base rent and other revenue		12,889,938	13,061,284
Security and other deposits		4,738	88,580
2003 Revenue Bonds (notes 8, 9, 10, and 16)		—	—
2009 Revenue Bonds (notes 8, 9, 11, and 16)		315,000	310,000
2013 Revenue Bonds (notes 8, 9, 12, and 16)		25,195,000	23,730,000
Total current liabilities		347,719,511	295,803,413
Noncurrent liabilities:			
Unearned revenue (note 3(d)):			
Base rent and other revenue		274,673,610	286,540,273
Security and other deposits		21,976,589	21,956,870
OPEB - Battery Park City Authority (note 18)		18,508,881	18,443,858
OPEB - Battery Park City Parks Conservancy (note 19)		14,825,786	12,826,976
Fair value of interest rate swaps (notes 3(j) and 3(k))		25,455,663	908,170
Imputed borrowing (notes 3(j) and 10)		64,455,028	68,235,682
Bonds outstanding (notes 8, 9, 10, 11, 12, and 16):			
2009 Revenue Bonds, less accumulated amortization of $390,187 in 2015 and $317,339 in 2014		87,105,820	87,493,669
2013 Revenue Bonds, less accumulated amortization of $4.455,747 in 2015 and $1,530,631 in 2014		970,159,304	998,279,421
Total noncurrent liabilities		1,477,160,681	1,494,684,919
Total liabilities		1,824,880,192	1,790,488,332
Deferred Inflows of Resources			
Deferred pension inflows (note 17)		34,673	—
Total deferred inflows of resources		34,673	—
Total liabilities and deferred inflows of resources		1,824,914,865	1,790,488,332
Net Position (Deficit):			
Invested in capital assets, net of related debt		(12,729,215)	(11,920,478)
Restricted:			
Debt service		77,594,505	101,931,240
Under bond resolutions and other agreements		3,956,438	80,845,853
Unrestricted (deficit)		(726,690,964)	(835,164,525)
Total net position (deficit)		(657,869,236)	(664,307,910)
Total liabilities and net position (deficit)	$	1,167,045,629	1,126,180,422

See accompanying notes to financial statements and independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position (Deficit)

Six-month periods ended April 30, 2015 and 2014 (Unaudited)

		2015	2014 (restated)
Operating revenues:			
Revenues from ground leases (notes 5, 6, and 7):			
Base rent	$	28,752,904	31,492,689
Supplemental rent		911,058	728,883
Payments in lieu of real estate taxes (note 13)		93,232,806	87,926,725
Civic facilities payments and other		6,591,230	5,085,909
Total operating revenues		129,487,998	125,234,206
Operating expenses:			
Wages and related benefits (note 17)		13,694,936	6,759,192
OPEB - Battery Park City Authority (note 18)		283,822	267,356
OPEB - Battery Park City Parks Conservancy (note 19)		1,074,071	1,011,032
Other operating and administrative expenses		9,749,213	8,494,545
Depreciation of project assets		4,284,954	4,182,719
Other depreciation and amortization		323,311	317,389
Total operating expenses		29,410,307	21,032,233
Operating income		100,077,691	104,201,973
Nonoperating revenues (expenses):			
Investment income on funds relating to:			
2003 Revenue Bonds (note 10)		917,308	758,418
2009 Revenue Bonds (note 11)		54,724	68,255
2013 Revenue Bonds (note 12)		323,089	50,407
Corporate-designated, escrowed, and OPEB funds		750,987	884,965
Realized and unrealized gains and (losses)		(200,435)	(578,928)
Other revenue		6,271	1,414
Gain on project assets		—	—
Interest expense relating to:			
2003 Swap agreements – net expense (note 10)		(6,081,850)	(6,180,656)
2003 Revenue Bonds (note 10)		(5,944)	(7,283)
2009 Revenue Bonds (note 11)		(1,887,706)	(1,900,421)
2013 Revenue Bonds (note 12)		(8,577,517)	(8,796,252)
Loss from extinguishment		(662,955)	(662,955)
Bond issuance costs		—	1,750
Provision for the transfer to the Port Authority of New York & New Jersey (note 20(e))		—	(2,103,519)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 13)		(57,841,463)	(56,487,374)
Provision for transfer to the City of New York per 2010 Agreement (note 13)		(17,675,538)	(19,600,741)
Provision for transfer to the State of New York - Route 9A		(70,104)	(1,068,196)
Provision for transfer to the City of New York - Pier A		(272,228)	(3,240,919)
Total nonoperating expenses		(91,223,361)	(98,862,035)
Change in net position (deficit)		8,854,330	5,339,938
Net (deficit), beginning of period		(666,723,566)	(668,952,359)
Effect of adoption of GASB 68 (notes 3(l) and 17)		—	(695,489)
Net (deficit), beginning of period		(666,723,566)	(669,647,848)
Net (deficit), end of period	$	(657,869,236)	(664,307,910)

See accompanying notes to financial statements and independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Cash Flows

Six-month periods ended April 30, 2015 and 2014 (Unaudited)

	2015	2014
Cash flows from operating activities:		
Cash receipts from:		
Tenant payments	$ 121,798,551	119,038,559
Miscellaneous receipts	748,725	277,460
Total cash receipts from operating activities	122,547,276	119,316,019
Cash payments for:		
Salaries and benefits	(7,960,002)	(7,137,790)
Services and supplies	(3,446,067)	(4,097,815)
Total cash payments for operating activities	(11,406,069)	(11,235,605)
Net cash provided by operating activities	111,141,207	108,080,414
Cash flows from noncapital financing activities:		
Receipts from the City of New York - Pier A	—	1,276,875
Payments to Pier A Contractors on behalf of the City of New York	(380,170)	(790,502)
Payments to Pier A Plaza Contractors on behalf of NYC	(876,105)	(536,962)
Payments from lessees – site security deposits	—	10,772
Payments to The Port Authority New York & New Jersey	—	(1,234,138)
Payments from LMDC West Thames St Pedestrian Bridge	175,057	456,509
Payments to NYC EDC - West Thames St Pedestrian Bridge	(175,057)	(456,509)
Payments from Security Betterment - Route 9A Agreement	—	434,984
Payments to NYS DOT & Contractors - Route 9A Agreement	(66,390)	(1,470,913)
Payments to NYC School Construction Authority	—	(1,898,808)
Payments to New York City - 2010 Agreement	—	(45,795,207)
Net cash (used in) provided by noncapital financing activities	(1,322,665)	(50,003,899)
Cash flows from capital and related financing activities:		
Development costs – site improvements and construction	(6,412,832)	(1,651,576)
Capital asset expenditures	(256,742)	(172,700)
Receipts from the sale of capital assets	3,514	1,418
Payments for Superstorm Sandy	(46,840)	(1,353,510)
Proceeds from Superstorm Sandy	—	1,880,103
Payments for bond issuance costs	—	(9,713,006)
Auction fees for variable debt	(5,944)	(49,678)
Swap payment made on the 2003 Swap agreement	(6,375,413)	(6,469,480)
Swap interest payments received on the 2003 Swap agreement	195,921	201,889
Principal paydown on 2003 Revenue Bonds	—	(16,140,000)
Interest paid on 2003 Senior Revenue Bonds	—	(412,700)
Interest paid on 2003 Junior Revenue Bonds	—	—
Principal paydown on 2009 Senior Revenue Bonds	(310,000)	(310,000)
Interest paid on 2009 Senior Revenue Bonds	(2,513,353)	(2,516,453)
Principal paydown on 2013 Senior Revenue Bonds	(18,345,000)	—
Interest paid on 2013 Senior Revenue Bonds	(9,306,350)	—
Principal paydown on 2013 Bonds C, D, E	(4,380,000)	—
Interest paid on 2013 Bonds CDE	(1,957,297)	(1,734,975)
Transfer to Escrow Account for Bond Refunding	—	10,149,229
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	1,171,017	585,980
Net cash used in capital and related financing activities	(48,539,319)	(27,705,459)
Cash flows from investing activities:		
Interest and realized gains received on investment securities	2,329,989	1,500,918
Maturities and redemptions of investment securities	408,247,057	274,173,807
Purchases of investment securities	(451,704,451)	(435,189,505)
Net cash used in investing activities	(41,127,405)	(159,514,780)
(Decrease) increase in cash and cash equivalents	20,151,818	(129,143,724)
Cash and cash equivalents, beginning of period	60,103,415	218,172,389
Cash and cash equivalents, end of period	$ 80,255,233	89,028,665

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Cash Flows

Six-month periods ended April 30, 2015 and 2014 (Unaudited)

		2015	2014
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	100,077,691	104,201,973
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for bad debt expense		74,135	155,325
Depreciation and amortization		4,608,265	4,500,108
Other		4,983	(58,351)
Changes in operating assets and liabilities:			
(Increase) decrease in rents and other receivables		(1,021,591)	(231,448)
Decrease in other assets		193,771	136,091
Increase in accounts payable and other liabilities		5,791,816	4,358,516
Decrease in unearned revenue		(5,904,368)	(5,955,747)
Increase in OPEB		1,042,907	973,947
Increase in pension liability		6,345,876	—
Increase in deferred pension inflows/outflows		(72,278)	—
Net cash provided by operating activities	$	111,141,207	108,080,414
Reconciliation of cash and cash equivalents, end of period:			
Bank deposits	$	375,362	360,286
Cash and cash equivalents (note 3(e))		392,622	1,079,171
Investments with less than 91-day maturities (note 3(e))		79,487,249	87,589,208
Cash and cash equivalents, end of period	$	80,255,233	89,028,665

See accompanying notes to financial statements and independent auditors' review report.

(1) General

Hugh L. Carey Battery Park City Authority (the "Authority") is a public benefit corporation created in 1968 under the laws of the State of New York (the "State") pursuant to the Battery Park City Authority Act (the "Act") and is a legally separate entity from the State. The Authority has been doing business as the Hugh L. Carey Battery Park City Authority since 1999. For financial reporting purposes, the Authority is a component unit of the State and is included in the State's comprehensive annual financial report.

The Authority's reporting entity comprises itself and the Battery Park City Parks Conservancy (the "Conservancy"). The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation and is a blended component unit of the Authority under the guidance included in Governmental Accounting Standards Board ("GASB") Statement Nos. 14 and 39, and the Conservancy's assets, liabilities, and results of operations are combined with the operations of the Authority for financial reporting purposes.

The Authority and its blended component unit, the Conservancy, are referred to collectively as the "Organization" in the financial statements. All significant transactions between the Authority and the Conservancy have been eliminated.

The Act sets forth the purposes of the Authority, including: the improvement of the Battery Park City project (the "Project") area; the creation in such area, in cooperation with the City of New York (the "City") and the private sector, of a mixed commercial and residential community; and the making of loans secured by first mortgages to any housing company organized to provide housing within the project area pursuant to the New York State Private Housing Finance Law. The Act also authorizes the Authority to pledge and assign revenues to secure financing for low and moderate-income housing developments outside the project area, as well as issue bonds for the purposes of furthering the development of a commodities and futures exchange facility in Battery Park City, repaying certain State appropriations, and making payments to the City and State (see note 9).

The Act provides that the Authority and its corporate existence shall continue until terminated by law, provided, however, that no such law shall take effect so long as the Authority shall have bonds, notes, and other obligations outstanding, unless adequate provision has been made for the payment of those obligations.

(2) Description of Project

The Project consists of approximately 92 acres of landfill created, owned, and operated by the Authority (see note 4). The Project's development plan includes approximately 35 acres of parkland and open spaces and provides for the construction, by private developers, of approximately 10.7 million square feet of office space, retail space, a marina, two hotels, a multiplex cinema, museums, three public schools, a community center, a public library, four not-for-profit condos owned by the Authority, and approximately 8,600 residential units (see notes 5, 6, and 7).

The Authority also owns and controls significant air rights throughout the Project. Ground rents, payments in lieu of real estate taxes ("PILOT"), and other lease payments are received under the ground leases, all expiring in 2069. All sites on the Project have been developed.

(3) Summary of Significant Accounting Policies

(a) Financial Reporting

The Organization follows accounting principles generally accepted in the United States of America as promulgated by GASB.

The Organization's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period they are earned and expenses are recognized in the period they are incurred.

(b) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Estimates include reserves for doubtful accounts, depreciation, fair value of interest rate swaps, imputed borrowing, and other postemployment benefits. Actual results could differ from those estimates.

(c) Project Assets

Costs incurred by the Authority in developing the Project as of April 30, 2015 and 2014 are capitalized as project assets and classified as follows:

	Balance at October 31, 2014	Additions	Deletions	Balance at April 30, 2015
Land	$ 83,015,653	—	—	83,015,653
Site improvements	386,612,538	2,615,761	41,900	389,186,399
Residential building and condominiums	133,309,670	2,318,112	—	135,627,782
Total project assets	602,937,861	4,933,873	41,900	607,829,834
Less accumulated depreciation:				
Site improvements	92,839,739	2,686,712	—	95,526,451
Residential building and condominiums	24,880,378	1,598,245	—	26,478,623
Total accumulated depreciation	117,720,117	4,284,957	—	122,005,074
Net project assets	$ 485,217,744	648,916	41,900	485,824,760

		Balance at October 31, 2013	Additions	Deletions	Balance at April 30, 2014
Land	$	83,015,653	—	—	83,015,653
Site improvements		376,856,244	2,551,060	1,963,641	377,443,663
Residential building and condominiums		132,913,754	121,479	—	133,035,233
Total project assets		592,785,651	2,672,539	1,963,641	593,494,549
Less accumulated depreciation:					
Site improvements		87,576,249	2,593,621	—	90,169,870
Residential building and condominiums		21,698,660	1,589,098	—	23,287,758
Total accumulated depreciation		109,274,909	4,182,719	—	113,457,628
Net project assets	$	483,510,742	(1,510,180)	1,963,641	480,036,921

The Authority records project assets at historical cost. The costs of normal maintenance of the Project that do not add to the value of the Project or extend its useful life are not capitalized. Upon completion, site improvement costs, which consist principally of infrastructure, streets, and civic and public facilities, are being depreciated by the straight-line method over the remaining lease years (to 2069). Interest costs incurred during construction related to cost of infrastructure and facilities for phases being developed were capitalized until such phases were substantially completed and ready for construction of buildings. The residential building is being depreciated over a useful life of 50 years and the condominium units through the first appraisal date of each lease.

(d) Revenue from Ground Leases

Revenue from ground leases is recognized as income as such amounts become receivable under the provisions of each lease, except that PILOT and upfront lease payments received in advance of the period to which they apply are deferred and recognized as income during future periods. Given the nature of the Organization’s operations, revenue from ground leases and related fees and agreements are considered operating revenues. All other revenues are considered nonoperating. In accordance with the lease terms, the Authority received upfront lease payments in fiscal periods prior to 2015 of $40.7 million, $60 million, $42.5 million, $22.5 million, $33.9 million, and $4.75 million from residential buildings on Site 22, Site 16/17, Site 3, Site 23, Site 24, and Site 2A, respectively.

In August 2005, the Site 26 commercial ground lease was signed providing for a one-time lump sum base rent payment of approximately $161 million to be deposited with an escrow agent, which was paid in June 2007. In the fiscal year ended October 31, 2010, the Authority received $169.3 million from the escrow account as the project was completed and various conditions were performed by the City. Base rent revenue relating to the one-time payment is being recognized on a pro rata basis over the lease term, which ends in 2069.

(e) Investments and Deposits

The Organization carries all investments at fair value based on quoted market prices, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Deposit and inherent risks that could affect the Organization's ability to provide services and meet its obligations as they become due are reported in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The Authority's investments in securities are held by the Authority's financial institutions in the Authority's name. The Authority's investments in U.S. Treasury Securities are backed by the full faith and credit of the U.S. government; investments in commercial paper maintain a credit rating no lower than 'A-1' grade; investments in federal agency and mortgage backed securities have the highest credit rating of 'AAA' and are supported by the U.S. government or its agencies; investments in municipal bonds are issued by the State of New York or a county, town or city of the State. General obligations of other states are rated in the highest category by at least one independent rating agency. All other deposits or investments are fully collateralized or backed by the Federal Deposit Insurance Corporation ("FDIC") or letters of credit. All investments held in funds and accounts established in accordance with bond resolutions are held as trust assets by the trustee banks in the Authority's name.

Total investments and deposits held by the Organization at April 30, 2015 and 2014 included within the balance sheet accounts: investments, corporate designated, escrowed and OPEB funds, bond resolution funds (see note 8), and residential lease required funds) are as follows:

	April 30, 2015			April 30, 2014		
	Cost	Fair value	Weighted average maturity (years) (a)	Cost	Fair value	Weighted average maturity (years) (a)
U.S. Treasury securities:						
Treasury Bills	$ 165,538,003	165,611,738	0.27	$ 203,733,039	203,797,716	0.18
Treasury Bonds	206,776,505	206,297,867	1.61	119,138,240	118,467,402	3.21
Treasury Strips	7,804,384	7,807,322	1.29	282,780	549,984	4.86
Total U.S. Treasury securities	380,118,892	379,716,927		323,154,059	322,815,102	
Commercial paper	114,952,871	115,023,775	0.12	137,056,654	137,144,067	0.03
Federal agency securities	5,871,089	5,958,852	2.46	9,939,998	10,455,524	2.54
Federal agency mortgage backed securities	12,749,304	13,043,546	4.05	11,564,071	12,044,398	3.02
Municipal bonds	28,094,684	28,780,869	2.56	26,254,182	27,121,435	4.07
Sovereign Bonds	15,550,317	15,741,304	2.95	7,963,257	7,985,100	3.03
Sovereign Notes	—	—	—	14,115,309	14,123,883	0.12
Total investments	557,337,157	558,265,273	1.05	530,047,530	531,689,509	1.01
Cash and cash equivalents	392,622	392,622		1,079,171	1,079,171	
Total investments and deposits	$ 557,729,779	558,657,895		$ 531,126,701	532,768,680	

(a) Portfolio weighted average effective duration

As of April 30, 2015 and 2014, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to $79,487,249 and $89,028,665, respectively.

The Organization’s investment objectives for the portfolio are to generate a rate of return in excess of selected benchmarks, provide diversification to the total portfolio, and provide an appropriate level of liquidity for the Organization’s operations.

The Organization’s permitted investments include: (i) 100% U.S. government guaranteed securities (U.S. Treasury notes, bonds, strips, T-bills, Ginnie Mae securities); (ii) notes, bonds, debentures, and mortgages of U.S. government-sponsored agencies provided that its obligations receive the highest credit rating from all rating agencies that rate the obligation; (iii) obligations of any corporation organized under the laws of any state in the United States maturing within 270 days provided that such obligations receive the highest rating of two independent rating services (commercial paper) which as of April 30, 2015 were A1+/P1/F1+; (iv) municipal bonds issued by the State of New York, its counties, towns and cities and New York authorities. The general obligations of any state provided that it currently receives the highest rating by at least one rating agency (AAA/AAA long term or VMIG/A1+ short-term).

Interest rate risk is the probability of loss on investments from future changes in interest rates, which can adversely affect their fair value. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Effective duration takes into account the change in cash flow expectations of securities with embedded options such as callable bonds and mortgage-backed securities. The interest rate risk of the Organization's portfolio is measured according to effective duration.

Investments of amounts in funds and accounts established under the various 2003, 2009 and 2013 Revenue Bond Resolutions are presently restricted to obligations of the State, U.S. government and its agencies, or in any other obligations in which the Comptroller of the State of New York is authorized to invest pursuant to Section 98 of the State Finance Law.

Corporate-designated, escrowed, and OPEB funds represent funds designated by the Authority's board of directors for specific purposes such as budget reserves, the Special Fund (see note 12), project contingency reserves, restoration reserves, insurance reserves, and arbitrage reserves and funds designated for the payment of medical benefits to the Authority's retirees.

Residential lease required funds represent funds held by the Authority in accordance with its residential leases. These funds are largely comprised of security and escrow deposits held by the Authority for the residential buildings.

The Organization maintains its cash in bank deposits which are guaranteed by the FDIC up to $250,000. Additionally, collateral has been set aside by the custodian bank for balances in excess of $250,000. All cash balances are placed into overnight interest bearing accounts.

(f) Net Position (Deficit)

The Organization's net position (deficit) is classified in the following categories: invested in capital assets, net of related debt, consisting of project assets, net of accumulated depreciation and deferred costs reduced by the outstanding balance of debt attributable to the acquisition, construction, or improvement of those assets; restricted assets, consisting of assets restricted for specific purposes by law or parties external to the Organization; and unrestricted assets, consisting of assets that are not classified as invested in capital assets, net of related debt or restricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

(g) Bond Insurance Costs

The remaining bond insurance costs for the 2003 Bonds are included in Loss on Extinguishment of Debt in deferred outflows of resources and are amortized using the straight-line method over the remaining period to maturity of the bonds (see note 3(j)).

(h) Statements of Cash Flows

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

(i) Defined Postemployment Benefits

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (“OPEB”). This Statement establishes standards for the measurement, recognition, and financial statement presentation of OPEB expenses and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

In accordance with GASB Statement No. 45, the Authority and Conservancy (a) implemented a systematic, accrual basis measurement and recognition of OPEB cost (expense) over a period that approximates an employee’s years of service and (b) provides information about actuarial accrued liabilities associated with OPEB and to what extent progress is being made in funding the plan (see notes 18 and 19).

(j) Accounting and Financial Reporting for Derivative Instruments, Deferred Outflows and Inflows of Resources, and Net Position

On October 23, 2013, the Authority currently refunded its Series 2003 bonds. The interest rates on these bonds were effectively hedged by interest rate swaps, which were bifurcated as of the date of the current refunding. Accordingly, the fair value of the interest rate swaps on October 23, 2013 of negative $70.1 million was recorded as an imputed borrowing by the Authority. The Authority also recorded the $70.1 million as a deferred cost of refunding and reduced the deferred outflow of resources that had been recorded to offset the negative fair value of the interest rate swap to zero. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $908 thousand at April 30, 2014, which was recorded as a liability and a deferred outflow of resources. This value changed to a negative fair value of $25.5 million at April 30, 2015. This change in fair value is recorded as a deferred outflow of resources and a liability on the Authority’s statement of net position.

In March 2012, GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB No. 65”). GASB No. 65 clarifies the appropriate reporting of deferred outflows and deferred inflows of resources to ensure consistency in financial reporting. In accordance with GASB No. 65, beginning with the six-month period ended April 30, 2014, the Authority reclassified certain items that were previously classified as assets and liabilities to deferred outflows of resources. In addition, GASB No. 65 requires that all lease and debt issuance costs, except any portion related to prepaid insurance costs, be recognized as an expense in the period incurred. In accordance with GASB No. 65, beginning with the six-month period ended April 30, 2014, the Authority retroactively applied this statement to prior periods and adjusted the beginning balance of net position (deficit) for the earliest period presented for all lease and debt issuance costs except prepaid insurance costs, which were being reported as an asset and recognized as an expense over the duration of the related debt.

(k) Fair Value Measurement and Application

GASB No. 72, requires the reporting of all assets and liabilities measurable at fair value to be disclosed in accordance with a defined Fair value hierarchy. The fair value hierarchy prioritizes the inputs used to measure fair value into three broad Levels (Levels 1, 2 and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3.

Level 1 inputs – observable, quoted prices for identical assets or liabilities in active markets.

Level 2 inputs – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices e.g. interest rates and yield curves.

Level 3 inputs – unobservable inputs for the asset or liability. These should be based on the best information available. The company should utilize all reasonably available information, but need not incur excessive cost or effort to do so. However, it should not ignore information that can be obtained without undue cost and effort. As such, the reporting entity's own data should be adjusted if information is reasonably available without undue cost and effort.

The fair value measurement of the Organization's assets and liabilities at April 30, 2015 and April 30, 2014 are as follows:

April 30, 2015

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	$ 165,611,738	-	-	165,611,738
Treasury Bonds	214,105,189	-	-	214,105,189
Commercial Paper	-	115,023,775	-	115,023,775
Federal Agency Securities	-	5,958,852	-	5,958,852
Federal Agency Mortgage Backed Securities	-	13,043,546	-	13,043,546
Municipal Bonds	-	28,780,869	-	28,780,869
Sovereign Bonds	-	15,741,304	-	15,741,304
Total assets at fair value	$ 379,716,927	178,548,346	-	558,265,273
Liabilities at fair value:				
Interest rate swaps	-	-	25,455,663	25,455,663
Total liabilities at fair value	$ -	-	25,455,663	25,455,663

April 30, 2014

		Level 1	Level 2	Level 3	Total
Assets at fair value:					
U.S. Treasury Securities:					
Treasury Bills	$	203,797,716	-	-	203,797,716
Treasury Bonds		118,467,402			118,467,402
Treasury Strips		549,984	-	-	549,984
Commercial Paper		-	137,144,067	-	137,144,067
Federal Agency Securities		-	10,455,524	-	10,455,524
Federal Agency Mortgage Backed Securities		-	12,044,398	-	12,044,398
Municipal Bonds		-	27,121,435	-	27,121,435
Sovereign Bonds		-	7,985,100	-	7,985,100
Sovereign Notes		-	14,123,883	-	14,123,883
Total assets at fair value		322,815,102	208,874,407	-	531,689,509
Liabilities at fair value:					
Interest rate swaps		-	-	908,170	908,170
Total liabilities at fair value	$	-	-	908,170	908,170

(l) Prior Period Restatement

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pension* ("GASB No. 68"), the Authority restated its net position balance to the earliest year of implementation. The Authority is required to adopt GASB 68 and adjust the April 30, 2014 net position balance including the accrued pension liability provided by the State of New York. As of April 30, 2014 the amount of the accrued pension liability was $695,489.

(m) New Accounting Pronouncements

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB No. 69") is effective for fiscal years beginning after December 15, 2013. GASB 69 establishes standards of accounting and financial reporting related to government combinations and disposals of government operations. GASB 69 requires the use of carrying values to measure the assets and liabilities in a government merger or transfer of operations, and gives accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. Management determined that GASB 69 does not have an impact on the Authority’s financial statements.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* ("GASB No. 71") is effective for fiscal periods beginning after June 15, 2014. GASB 71 eliminates a potential source of understatement of restated beginning net position and expense in a government’s first year of implementing GASB No. 68. To correct this potential understatement, GASB 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions. The provisions are effective simultaneously with the provisions of GASB 68, which is required to be applied in fiscal years beginning after June 15, 2014. Management determined that GASB 71 does not have an impact on the Authority's financial statements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73") is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. GASB 73 establishes requirements that will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities. The Authority has not completed the process of evaluating the effect of GASB 73 on its financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* ("GASB 74") is effective for fiscal years beginning after June 15, 2016. GASB 74 establishes requirements that will improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Authority has not completed the process of evaluating the effect of GASB 74 on its financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other than Pensions* ("GASB 75") is effective for fiscal years beginning after June 15, 2017. GASB 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.. The Authority has not completed the process of evaluating the effect of GASB 75 on its financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76") is effective for fiscal years beginning after June 15, 2015. The objective of Statement 76 is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Authority has not completed the process of evaluating the effect of GASB 76 on its financial statements.

(4) Rights of City to Reacquire Project Site

The fee interest in the Project site formerly owned by the City was conveyed to the Authority in the early 1980s for a nominal consideration. The City has the right to reacquire the Project site at any time, subject to the then existing leases, for a nominal consideration after: (a) all notes, bonds, and other indebtedness incurred by the Authority, or for which the Authority's revenues have been pledged, have been repaid or defeased; and (b) satisfaction or provision for payment of its contractual obligations and other contingent liabilities. The City may provide for repayment or defeasance of indebtedness incurred by the Authority under its various bond resolutions. As of April 30, 2015, the City had not expressed its intent regarding its right to reacquire the Project site.

(5) Commercial Development

In 1981, the Authority and Olympia & York Battery Park Company ("O&Y"), an affiliate of Olympia & York Development Limited, entered into a lease pursuant to which O&Y constructed four buildings, consisting of approximately 8,000,000 square feet of office space and a maximum of 325,000 square feet of commercial and retail space. These buildings are collectively known as Brookfield Place ("BP"). In 1983, the lease was replaced with four separate severance leases, one of which was assigned by O&Y to the American Express Company and certain of its affiliates ("American Express"). O&Y has been reorganized as a result of bankruptcy proceedings and has changed its name to Brookfield Financial Properties (BFP). In September 2002, BFP acquired an interest in approximately 50% of Brookfield Place 200 Vesey Street from American Express.

As of April 30, 2015, the BP leases, which expire in 2069, provide for future base rent payments aggregating approximately $860 million over the lease terms in the following annual amounts: (i) base rent of $16 million per annum from 2015 through 2069 payable by the BFP-affiliated leases (see note 7). In addition, the leases provide for rent relating to retail and other space and, with respect to each building, percentage rent based on cash flow, as defined, which commenced in 1997 and continues to 2016. Annual PILOT is also required to be paid to the Authority based on the assessed value of each building and the tax rate then applicable to real property located in the borough of Manhattan, unless alternative PILOT arrangements are set forth in the ground lease. The City determines the assessed value of each building. Each lessee, or certain authorized tenants of the lessee, has the right to appeal the assessment to the City Tax Commission and bring tax certiorari proceedings in State court to seek reductions in the amounts of such assessments. A number of administrative and judicial appeals on some of the parcels are currently pending for the current and prior tax years. While any such proceedings are pending, the lessee is required to pay PILOT based upon the assessments established by the City. If a lessee is successful in any such proceedings, subsequent rental payments to the Authority will be reduced to the extent necessary to offset the prior overpayment of PILOT as a result of the revised assessment.

(6) Residential and Other Development

In 1980, the Authority entered into a lease with a limited-profit housing company (the "Housing Company"), which constructed an apartment complex consisting of 1,712 rental apartment units (the "Gateway Project"). In addition to the Gateway Project, the Authority entered into leases in the south neighborhood, pursuant to which developers constructed 18 buildings consisting of 3,785 condominium and rental units, including 113 units in a mixed-use building containing a museum and the Ritz-Carlton Hotel. The final site on the Project in the south neighborhood was designated as a public school. In the north neighborhood, 11 buildings consisting of 3,106 units have been constructed. All the leases expire in 2069.

Future base rent payments are fixed through the first lease appraisal date, which varies among the projects, but is generally the first day of the calendar month next succeeding the twentieth or twenty-fifth anniversary of the date on which a temporary certificate of occupancy is issued. For lease years subsequent to the first appraisal date, the leases provide for base rent payments, subject to limitations, based upon a percentage of the fair market value of the land, but generally not less than an amount in excess of the highest base rent payable for any lease year ending prior to the first appraisal date. Reappraisal dates occur every 15 years, commencing on the fifteenth anniversary of the first appraisal date. Twelve leases for buildings in the south neighborhood with condominium units were modified to provide for increased fixed ground rents spread over the first two reappraisal periods. This modification reduced the ground rent increases from the original terms at 6% of fair market value.

Annual PILOT is also required to be paid to the Authority during the term of these leases. Many leases provide for an abatement equivalent to the real estate tax abatements provided for in the New York State's Real Property Tax Law, and are either 10 or 20 years in duration. Abatements for two recent developments in the south neighborhood will end before 2020 and abatements for the north neighborhood will end in 2020 or thereafter.

Certain residential leases also provide for supplemental rental payments, generally through the first appraisal date, which are to be paid if, and only to the extent, the PILOT payments are less than the minimum specified in each lease (see note 7).

The residential leases also provide for payments to the Authority for the operation and maintenance of civic facilities installed by the Authority and, in some cases, of percentage rent based on rentals from commercial facilities.

Certain leases also provide, among other matters, for the lessees to make payments to the Authority in the event of a conversion to a cooperative or condominium form of ownership.

Under the terms of the Gateway project lease, as amended, the tenant has agreed to pay: (i) a net annual land rent of $305,440 in 1998 and thereafter, subject to renegotiation or reappraisal as provided in the lease upon the earlier of June 1, 2023 or repayment of the new FHA insured loan; (ii) an annual amount in lieu of real estate taxes which as of February 16, 2016, increases by 20% per year from the pre-refinancing payments in lieu of real estate taxes to an equivalency payment equal to full PILOT starting on February 16, 2020; and (iii) amounts for the operation and maintenance of the civic facilities. The lease, as amended, expires in 2040 and may be extended at the option of the tenant through 2069. In July 2009, the Gateway lease was amended to set the amount of land rent, beginning in June 2023, at 8.125% of the aggregate amount of rent collected by the lessee less certain allowances, pass-throughs, and other municipal charges in excess of land rent.

(7) Future Minimum Lease Revenue

The future minimum base rent and other minimum lease payments (including supplemental rent, as applicable, through the first appraisal date (see note 6)) to be received under the ground leases during each of the Authority's five fiscal years ending from October 31, 2016 through 2020 and through the end of the lease term (thereafter), are as follows (in 000s):

		2016	2017	2018	2019	2020	Thereafter	Total	
Commercial development:									
Base rent	$	18,650	19,310	20,688	20,708	20,728	1,049,216	1,149,300	
Residential developments:									
Gateway project base rent		305	305	305	305	305	6,007	7,532	(a)
S. Res. Neighborhood:									
Base rent		18,440	18,752	19,081	19,408	19,683	1,731,612	1,826,976	
Other minimum payments		9,886	10,138	10,397	10,663	10,936	127,287	179,307	
Subtotal S. Res.		28,326	28,890	29,478	30,071	30,619	1,858,899	2,006,283	
N. Res. Neighborhood:									
Base rent		7,686	7,881	8,078	8,296	8,582	762,585	803,108	
Other minimum payments		15,254	16,674	17,675	18,279	18,282	506,484	592,648	
Subtotal N. Res.		22,940	24,555	25,753	26,575	26,864	1,269,069	1,395,756	
Total	$	70,221	73,060	76,224	77,659	78,516	4,183,191	4,558,871	

(a) Does not include extension period (see note 6).

Amounts in the above tabulation do not include PILOT (other than minimum supplemental, incremental or minimum PILOT rent payments under the residential leases) and other payments to be received under the ground leases. The minimum payments will be recorded as revenues (supplemental rents) only to the extent that minimum amounts exceed PILOT revenues due. Revenues to be paid on a percentage basis and other like contingent payments are also excluded from the above tabulation.

(8) 2003 General Bond Resolution Funds and 2009 and 2013 Revenue Bond Resolution Funds

The current and noncurrent balances in the funds and accounts established in accordance with the Authority's 2003 General Bond Resolution Funds and held by the trustee at April 30, 2015 and 2014 are as follows:

	2003 General Bond Resolution Funds			
April 30, 2015	**General Bond Resolution**	**Senior Bonds**	**Junior Bonds**	**Total 2003 Bonds**
Reserve Fund	$ 71,318,676	—	—	71,318,676
Project Operating Fund	7,773,344	—	—	7,773,344
Debt Service Funds	—	44,043,770	37,338,677	81,382,447
Residual Fund	167,458,616	—	—	167,458,616
Pledged Revenue Fund	49,517,816	—	—	49,517,816
	$ 296,068,452	44,043,770	37,338,677	377,450,899

	2003 General Bond Resolution Funds			
April 30, 2014	**General Bond Resolution**	**Senior Bonds**	**Junior Bonds**	**Total 2003 Bonds**
Reserve Fund	$ 70,847,454	—	—	70,847,454
Project Operating Fund	5,249,470	—	—	5,249,470
Debt Service Funds	—	46,131,219	37,404,063	83,535,282
Residual Fund	111,681,751	—	—	111,681,751
Pledged Revenue Fund	47,038,642	—	—	47,038,642
	$ 234,817,317	46,131,219	37,404,063	318,352,599

In December 2009, as a result of the 2009 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bonds Resolutions and were held by trustees as follows: at April 30, 2015 and 2014:

		2009 Revenue Bonds		
		2009A Senior Revenue Bonds	**2009B Senior Revenue Bonds**	**Total 2009 Bonds**
April 30, 2015				
Project Costs Fund	$	12,373,449	1,551,627	13,925,076
April 30, 2014				
Project Costs Fund	$	21,581,143	1,832,934	23,414,077

In October 2013, as a result of the 2013 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees as follows at April 30, 2015 and 2014:

		2013 Revenue Bonds		
April 30, 2015		**2013A Senior Revenue Bonds**	**2013B Senior Revenue Bonds**	**Total 2013 Bonds**
Project Costs Fund	$	72,722,475	931,517	73,653,992
April 30, 2014				
Cost of Issuance Fund	$	84	2,215	2,299
Project Costs Fund		77,971,271	3,127,954	81,099,225
	$	77,971,355	3,130,169	81,101,524

Investments of amounts in funds and accounts established under the various 2003 General Bond Resolutions and 2009 and 2013 Revenue Bond Resolutions are presently restricted to obligations of the State, U.S. government, and its agencies, or in any other obligations in which the Comptroller of the State of New York is authorized to invest pursuant to Section 98 of the State Finance Law.

Amounts in the Project Costs Fund may be used to pay for costs of certain park, street, community center and other infrastructure improvements, and other capital expenditures.

Amounts in the Debt Service Funds and dedicated funds established under the 2003 General Bond Resolutions are used to pay debt service on the 2003 Swap agreements (see Note 10), 2009 and 2013 Revenue Bonds. To the extent not utilized to fund any future debt service deficiencies, the funds will be available to retire bonds issued there under in the last year of bond maturity.

A Reserve Fund is held for the payments of debt service, which holds an approximate amount of the maximum annual debt service of the 2003 Swap agreements (see Note 10), 2009, and 2013 Revenue Bonds. In December 2009, upon the issuance of the 2009 Revenue Bonds, and in October 2013, upon the issuance of the 2013 Revenue Bonds, amounts of $1.5 million and $2.9 million, respectively, were added to the 2003 Reserve fund.

Amounts in the Project Operating Fund established under the 2003 General Bond Resolution Funds are not pledged to pay debt service and may be used by the Authority for and on certain additional indebtedness, which may be issued by the Authority for the funding of maintenance, repair, and restoration of the public open areas and civic facilities, and administrative and other expenditures, as defined.

Amounts held in the Pledged Revenue Fund (“PRF”) are pledged and assigned for the payment of the debt service on the 2003 Swap agreements (see Note 10), 2009, and 2013 Revenue Bonds and on certain additional indebtedness, which may be issued by the Authority and secured by the Authority’s revenue.

Each November, after meeting funding requirements, the entire balance of funds remaining on deposit in the PRF is transferred to the Residual Fund. These balances become general assets for lawful corporate purposes. From time to time, revenues not pledged to the bondholders are deposited to the PRF.

(9) Authority Bonds Authorized

The Act, as amended, authorizes the Authority to issue bonds and notes in amounts not to exceed: (a) $300 million outstanding at any one time for the development of the Project; (b) another $150 million for the purpose of financing capital costs in connection with development of the Project area, plus a principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness; (c) $400 million outstanding at any one time for the making of loans to housing companies organized to provide housing within the Project area pursuant to the New York State Private Housing Finance Law; (d) $100 million for the purpose of repaying State appropriations including accrued interest thereon and funding the infrastructure of the Project, plus a principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness; (e) $150 million for the purpose of making a payment to the City, plus the principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness; and (f) $250 million for the purpose of making a payment to the State of New York. Such authorized amounts exclude bonds and notes issued to refund outstanding bonds and notes.

The Act, as amended, also authorizes the Authority to issue bonds for the purpose of furthering the development of a commodities and futures exchange facility in Battery Park City in an amount not to exceed $110 million, plus the principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness. As of April 30, 2015, no bonds were issued for this purpose.

The Act, as amended, authorized the Authority to enter into interest rate exchange agreements through December 31, 2003 in connection with the issuance of Authority debt or in connection with Authority debt already outstanding, to provide for an exchange of payments based upon fixed and/or variable interest rates. In October 2003, the Authority entered into $400 million of interest Swaps (see note 10).

Issuance of additional bonds by the Authority is subject to meeting certain conditions, including approval by the City and the New York State Public Authorities Control Board.

(10) 2003 Revenue Bonds

On October 16, 2003, the Authority issued $406,350,000 ($433,345,972 inclusive of net premium) of fixed-rate Senior Revenue Bonds, Series 2003A (the "2003 Series A Bonds") and $235,000,000 variable-rate Junior Revenue Bonds, Series 2003B (the "2003 Series B Bonds") and $400,000,000 variable-rate Junior Revenue Bonds, Series 2003C (the "2003 Series C Bonds"), for a total of $1,068,345,972 (collectively the "Series 2003 Bonds"). The Series 2003 Bonds were issued for the following purposes:

- A total of $564,891,733 of bonds (including $343,017,495 of the 2003 Series A Bonds, $50,871,502 of the 2003 Series B Bonds, and $171,002,776 of the 2003 Series C Bonds) were issued to currently refund all the outstanding 1993 Revenue Refunding Bonds, including $324,045,000 of the 1993 Series A Senior Bonds, $115,420,000 of the 1993 Series A Junior Bonds, and $53,075,000 of the Junior Revenue Bonds, Series 2000.
- $95,755,874 of the 2003 Series C Bonds was issued to advance refund $74,385,000 of outstanding Junior Revenue Bonds, Series 1996 A.
- $115,160,363 of the 2003 Series B Bonds was issued to finance certain infrastructure and other capital improvements. All of the 2003 Series B bond proceeds were utilized as of October 31, 2012.

In conjunction with the refunding of all of the outstanding revenue bonds, on October 16, 2003, the Authority issued $292,537,963 of bonds (including $90,328,477 of the 2003 Series A Bonds, $68,968,136 of the 2003 Series B Bonds, and $133,241,350 of the 2003 Series C Bonds) to currently refund $250,390,000 of outstanding 1993 HNYC Senior Bonds.

The refunding resulted in the reacquisition price exceeding the net carrying amount of the refunded debt by $39 million. The difference between the reacquisition price and the net carrying amount of the refunded debt is reflected on the Authority's balance sheet as an unamortized loss on extinguishment of debt and is being amortized over the life of the old debt with a pro rata charge to interest expense.

All 2003 Series A Bonds maturing after November 1, 2013 were currently refunded on October 23, 2013 and as of that date are no longer debt obligations of the Authority. All of the refunded 2003 Series A Bonds were redeemed on November 22, 2013.

The Authority issued certain of the 2003 Series A Bonds at a discount and others at a premium, resulting in an overall net premium of approximately $27 million. All unamortized net bond premiums were reclassified to loss on extinguishment of debt in deferred outflows of resources on October 23, 2013, when the bonds were refunded.

All 2003 Series B Bonds and 2003 Series C Bonds were currently refunded on October 23, 2013 and, as of that date, are no longer debt obligations of the Authority. Redemptions of the Junior Series C hedged Bonds were completed between November 29, 2013 and December 26, 2013.

Swaps

On October 2, 2003, the Authority executed six Swaps with three counterparties. The Swaps were executed in conjunction with the Authority's issuance of $400 million of its 2003 Series C Bonds. The total notional amount of the Swaps was $400 million. The effective date for the Swaps was October 16, 2003, which coincided with the delivery date of the 2003 Series C Bonds. The Authority executed the Swaps in order to effectively convert the variable-rate 2003 Series C Bonds to a net fixed rate. Based on the Swaps, the Authority owes interest calculated at a fixed rate of 3.452% to the counterparties that is paid semiannually. In return, the counterparties owe the Authority floating-rate interest equal to 65% of 30-day LIBOR, which is paid to the Authority on a monthly basis. The original notional amounts of the Swaps and the amortization thereof match the original principal amounts of the refunded 2003 Series C Bonds and the amortization thereof. The Swaps were not terminated in connection with the issuance of the 2013 Series C, D, and E Bonds or the refunding of the 2003 Series C Bonds nor will the Swaps be treated as Qualified Hedges with respect to the 2013 Series C, D and E bonds (see note 12).

	Deallocation of Swap Principal	Interest-rate swaps		
		Payment	Pro-Forma Receipts	Pro-Forma Net payment
Fiscal Year ended:				
2015 (1/2 year)	$ —	(6,281,346)	213,724	(6,067,622)
2016	5,450,000	(12,468,624)	424,247	(12,044,377)
2017	5,450,000	(12,280,490)	417,846	(11,862,644)
2018	5,450,000	(12,092,356)	411,445	(11,680,911)
2019	5,450,000	(11,904,222)	405,044	(11,499,178)
2020 – 2024	29,725,000	(56,562,315)	1,924,544	(54,637,771)
2025 – 2029	105,825,000	(48,533,826)	1,651,373	(46,882,453)
2030 – 2034	206,575,000	(16,565,717)	563,652	(16,002,065)
Totals	$ 363,925,000	(176,688,896)	6,011,875	(170,677,021)

The above table shows payments based on the Authority's pay-fixed-rate interest rate Swap payment obligation at an effective interest rate of 3.452% while the Authority's variable-rate receipts are based on the floating rate equal to 65% of 30-day LIBOR on April 30, 2015, which the counterparties are obligated to pay the Authority on a monthly basis. Although the pro-forma receipts shown are projected based on the latest interest rate at April 30, 2015 (65% of 0.1807% or 0.1175%), actual receipts will depend on the actual fluctuation of 30-day LIBOR.

The Authority is exposed to a limited degree of counterparty credit risk associated with the Swaps. However, each of the counterparties carries a rating in the "Baa1" or higher category from at least one of the nationally recognized credit rating agencies. The counterparties are required to post collateral to the extent that they experience an appreciable decline in credit rating and the Swaps have positive fair value for the Authority.

The Swaps would expose the Authority to basis risk should its interest payments on the variable-rate Bonds significantly exceed the receipts, which are based on 65% of 30-day LIBOR. On October 23, 2013, the Authority currently refunded its Series 2003 bonds. The interest rates on these bonds were effectively hedged by interest rate swaps, which were bifurcated as of the date of the current refunding. Accordingly, the fair value of the interest rate swaps on October 23, 2013 of negative $70.1 million was recorded as an imputed borrowing by the Authority. The Authority also recorded the $70.1 million as a deferred cost of refunding and reduced the deferred outflow of resources that had been recorded to offset the negative fair value of the interest rate swap to zero. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue an effective hedge, had a fair value of zero at October 23, 2013, which decreased to negative $25.5 million at April 30, 2015. This negative $25.5 million is recorded as deferred outflow of resources and a liability in the Authority's statement of net position.

(11) 2009 Revenue Bonds

On December 22, 2009, the Authority issued $56,600,000 of fixed-rate Senior Revenue Bonds (federally taxable – Build America Bonds), Series A (the "2009 Series A Bonds") and $30,635,000 ($32,446,008 inclusive of net premium) of variable fixed-rate Senior Revenue Bonds, Series B (the 2009 Series B Bonds), for a total of $89,046,008. The bonds were issued for the following purposes:

- A total of $85,000,000 of bonds (including $55,000,000 of the 2009 Series A Bonds, $30,000,000 of the 2009 Series B Bonds) were issued to finance certain infrastructure and other capital improvements.
- Funds aggregating $1,544,849, representing the net proceeds of the bond issues after payment of underwriting fees, other issuance costs and allocation of funds to infrastructure and other capital improvements accounts, were deposited into a reserve fund (see note 8).

The payment of principal commences in November 2032 on the 2009 Series A Bonds, while payment on the 2009 Series B Bonds commenced in November 2010.

The 2009 Series A Bonds were issued as "Build America Bonds" ("BABs") under section 54AA of the U.S. Tax Code for which the Authority expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable by the Authority on the bonds. For the six-month period ended April 30, 2015, the Authority received the April 2015 payment from the U.S. Treasury in the amount of $585,348 pursuant to the subsidy. The Authority can give no assurances about future legislation or changes that may affect the availability, amount or receipt of such subsidy payments.

At April 30, 2015, the 2009 Series A Bonds consist of the following serial bonds:

	Coupon rates		Principal amounts	Interest	BABs subsidy	Interest (net of BABs subsidy)
Fiscal Year ended:						
2015 (1/2 year)	6.375%	$	—	1,804,125	(585,348)	1,218,777
2016	6.375%		—	3,608,250	(1,262,888)	2,345,362
2017	6.375%		—	3,608,250	(1,262,888)	2,345,362
2018	6.375%		—	3,608,250	(1,262,888)	2,345,362
2019	6.375%		—	3,608,250	(1,262,888)	2,345,362
2020 – 2024	6.375%		—	18,041,250	(6,314,438)	11,726,812
2025 – 2029	6.375%		—	18,041,250	(6,314,438)	11,726,812
2030 – 2034	6.375%		90,000	18,034,238	(6,311,983)	11,722,255
2035 – 2039	6.375%		44,610,000	11,894,156	(4,162,955)	7,731,201
2040	6.375%		11,900,000	379,313	(132,759)	246,554
Totals		$	56,600,000	82,627,332	(28,873,473)	53,753,859

The 2009 Series A Bonds maturing after November 1, 2019 are subject to redemption, in whole or in part, at any time on or after November 1, 2019 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

As of April 30, 2015, principal and interest payments due on the 2009 Series B Bonds were as follows:

	Coupon rates		Principal amounts	Interest
Fiscal Year ended:				
2015 (1/2 year)	2.50%	$	—	705,353
2016	2.50%		315,000	1,406,769
2017	3.00%		335,000	1,397,806
2018	3.00%		340,000	1,387,681
2019	3.50%		355,000	1,376,369
2020 – 2024	3.50% - 5.00%		1,860,000	6,650,056
2025 – 2029	3.50% - 5.00%		2,085,000	6,182,856
2030 – 2034	4.00% - 5.00%		18,805,000	4,897,309
2035	5.00%		5,305,000	132,625
Totals		$	29,400,000	24,136,824

The Authority issued certain of the 2009 Series B Bonds at a premium of approximately $1.81 million, which is being amortized on a straight-line basis, over the lives of the 2009 Series B Bonds. At April 30, 2015 and 2014, the unamortized net bond premium was approximately $1.4 million and $1.5 million, respectively.

(12) 2013 Revenue Bonds

On October 23, 2013, the Authority issued $356,085,000 ($407,120,987 inclusive of net premium) of fixed-rate tax exempt Senior Revenue Bonds, Series 2013A (the "2013 Series A Bonds") and $6,700,000 ($6,889,064 inclusive of net premium) of federally taxable, fixed-rate Senior Revenue Bonds, Series 2013B (the "2013 Series B Bonds"), for a total of $414,010,051 fixed-rate bonds. In addition, the Authority directly placed $609,530,000 of variable-rate Junior Revenue Bonds with three banks or bank affiliates, comprising $210,865,000 of Junior Revenue Bonds Series 2013C (the "2013 Series C Bonds"), $199,330,000 of Junior Revenue Bonds Series 2013D (the "2013 Series D Bonds"), and $199,335,000 of Junior Revenue Bonds Series 2013E (the "2013 Series E Bonds") for a total of $1,023,540,051 (collectively, the "2013 Series C, D, and E Bonds"). The 2013 Series C, D, and E Bonds were issued for the following purposes:

- A total of $948,854,807 of bonds (including $328,548,428 of the 2013 Series A Bonds and $620,306,379 of the 2013 Series C, D, and E Bonds) were issued to currently refund $319,435,000 of the outstanding 2003 Series A Bonds and $609,825,000 variable-rate bonds, comprising $235,000,000 of 2003 Series B Bonds and $374,825,000 of the 2003 Series C Bonds. The balance of the 2003 Series A Bonds ($16,140,000 outstanding) was retired by the Authority on November 1, 2013 from 2003 bond resolution debt service funds.
- A total of $85,000,000 (including $6,800,000 from the 2013 Series B Bonds and $78,200,000 from the 2013 Series C, D, and E Bonds) was issued to finance certain infrastructure and other capital improvements.
- A total of approximately $10.8 million of 2013 Series A, B, C, D, and E bond proceeds were used to pay for costs of issuance.

The cumulative unamortized loss on extinguishment of the 1993, 1996, 2000, and 2003 bonds, including the unamortized 2003 bond insurance costs, collectively totaling approximately $21.9 million at April 30, 2015, is classified in the statement of net position as a deferred outflow of resources and is being amortized over the respective useful life of the corresponding bonds.

As of April 30, 2015, principal and interest payments due on the 2013 Series A Bonds and 2013 Series B Bonds, which are all fixed-rate bonds, were as follows:

2013 A Senior Bonds:

	Coupon Rate		Principal amount	Interest
Fiscal Year ended:				
2015 (1/2 year)	2.000%	$	—	8,050,900
2016	2.00% - 3.00%		14,605,000	15,907,725
2017	3.00% - 5.00%		20,995,000	15,238,775
2018	3.00% - 5.00%		22,160,000	14,259,900
2019	3.00% - 5.00%		23,360,000	13,221,900
2020-2024	4.00% - 5.00%		135,480,000	47,430,125
2025 – 2029	5.00%		93,705,000	15,314,375
2030 – 2032	4.00% - 5.00%		27,435,000	1,924,750
Totals		$	337,740,000	131,348,450

2013 B Senior Bonds:

	Coupon Rate		Principal amount	Interest
Year ended :				
2015 (1/2 year)	2.00%	$	—	56,950
2016	2.00%		5,695,000	56,950
Totals		$	5,695,000	113,900

Each series of the 2013 C, D, and E Junior Bonds initially bears interest monthly at a variable rate based on a percentage of one-month LIBOR plus a spread. The Authority has the right to cause the 2013 C, D, and E Junior Bonds to be repurchased from the initial purchasers thereof and remarketed at other variable rates or fixed rates, and also has the right to otherwise purchase or redeem the 2013 C, D, and E Junior Bonds, on certain dates. Any 2013 C, D, and E Junior Bonds that are not so remarketed (or purchased or redeemed) by November 1, 2019 will bear interest thereafter at stepped-up rates that for 180 days will equal 7.5% per annum (or, if greater, a specified prime rate plus 1.5% per annum or a specified federal funds rate plus 2% per annum) and after 180 days will equal 12% per annum (or, if greater, a specified prime rate plus 3.5% per annum or a specified federal funds rate plus 4% per annum). The 2013 C, D, and E Junior Bonds also will bear interest at rates higher than the foregoing if an event of default occurs under the Authority's agreements with the initial purchasers of the 2013 C, D, and E Junior Bonds or if interest on the 2013 C, D, and E Junior Bonds is determined to be includable in gross income for federal income tax purposes. The estimated interest payments for the 2013 C, D, and E Junior Bonds shown in the table titled "2013 C, D, and E Junior Bonds" below are based upon the April 29, 2015 LIBOR rate and do not reflect the increased interest payments that would result from such stepped-up rates, default rates or taxable rates becoming effective. In addition, pursuant to agreements between the Authority and the respective initial purchasers of the 2013 C, D, and E Junior Bonds, various additional fees and other amounts may be payable by the Authority from time to time, each on a basis subordinate to payment of annual debt service on Senior Bonds and Junior Bonds of any Series.

2013 C, D, and E Junior Bonds:

	Junior C		Junior D		Junior E		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal Year ended:								
2015 (1/2 year)	$ —	838,700	—	708,880	—	474,576	—	2,022,156
2016	1,235,000	1,672,460	1,830,000	1,411,199	1,830,000	944,760	4,895,000	4,028,419
2017	1,185,000	1,662,780	1,855,000	1,397,989	1,855,000	935,916	4,895,000	3,996,685
2018	1,235,000	1,653,100	1,825,000	1,384,796	1,830,000	927,072	4,890,000	3,964,968
2019	1,185,000	1,643,420	1,260,000	1,373,736	1,255,000	919,668	3,700,000	3,936,824
2020 – 2024	6,590,000	8,065,480	6,895,000	6,727,270	6,895,000	4,503,636	20,380,000	19,296,386
2025 – 2029	21,320,000	7,671,160	32,975,000	6,116,602	32,975,000	4,094,916	87,270,000	17,882,678
2030 – 2034	21,310,000	6,440,280	66,440,000	4,387,251	66,440,000	2,937,168	154,190,000	13,764,699
2035 – 2039	60,155,000	5,059,140	69,105,000	1,838,908	69,110,000	1,231,128	198,370,000	8,129,176
2040 – 2043	95,460,000	1,619,520	15,550,000	55,747	15,550,000	37,320	126,560,000	1,712,587
Total	$ 209,675,000	36,326,040	197,735,000	25,402,378	197,740,000	17,006,160	605,150,000	78,734,578

Debt service on the 2003 Swap agreements (see note 10) and the 2009 and 2013 Bonds (see notes 10 and 11) is secured by and is payable, after satisfaction of certain administrative, operating, and maintenance obligations of the Authority, solely from certain pledged lease revenues and Swap receipts which are required to be deposited and maintained in the Pledged Revenue Fund ("PRF") established under the 2003 General Bond Resolution. The PRF, including income and earnings on investments thereof, has been pledged and assigned to a trustee for the benefit of the owners of the 2009 Bonds and the 2013 Bonds and certain other beneficiaries, as their respective interest may appear. In addition, the Bonds, and certain swap payments and reimbursement obligations, are secured by the Reserve Fund established under the 2003 General Bond Resolution. The rights to payment of the 2009 and 2013 Senior Bonds, senior swap payments, and senior reimbursement obligations from amounts in the PRF and the Reserve Fund are senior to the rights to payment of the 2013 Junior Bonds, junior swap payments, and junior reimbursement obligations from such amounts. As of each November 1, amounts in the PRF in excess of funding requirements for project operating expenses and certain other amounts will be transferred into an unpledged Residual Fund and may be used by the Authority for other purposes (see notes 8 and 9).

Special Fund

In September 2003, the Authority entered into an agreement with the City, which supplemented the Settlement Agreement, to provide for the custody of the Special Fund. The Authority established a new Special Fund to the credit of which shall be deposited approximately $46 million. The Special Fund was funded from the proceeds of the former Special Fund created pursuant to a former 1993 Master Revenue Resolution upon the dissolution of such existing Special Fund in connection with the 2003 refunding of outstanding Authority bonds. The Special Fund may only be used by the Authority, as necessary: (i) to pay debt service obligations of the Authority on its bonds, or (ii) for purposes that are jointly agreed upon between the City and the Authority, as the same may be amended from time to time. Neither the Special Fund nor the monies on deposit from time to time therein may be pledged to secure any obligation pursuant to any Resolutions authorizing additional bonds or other bonds or debt obligations of the Authority. Income and earnings actually received by or for the account of the Authority from investments of monies on deposit from time to time in the Special Fund shall be treated as revenues. In addition to a $40 million commitment from the Special Fund (see note 20(e)), in November 2013, the Authority entered into an amendment with the City committing up to $5 million dollars of funds held in the Special Fund for the construction of Pier A Plaza project and any balances remaining to flow through the City. As of April 30, 2015 approximately $2.3 million has been included in the amounts to be transferred to the City.

(13) Agreements with the City of New York Relating to Disposition of Revenue

The Authority entered into the Settlement Agreement with the City which provides, in effect, that: (i) all PILOT received by the Authority from its tenants remaining after operating and administrative expenses, payment of a proportionate part of principal and interest on the 2003 Swap agreements (see note 10), 2009, and 2013 Revenue Bonds (see notes 10, 11, and 12), certain site development costs, and any agreed-upon commitments, will be remitted to the City; and (ii) all other rent payments and other revenue received by the Authority, remaining after payment of a proportionate part of the aforementioned items, will be retained by the Authority and spent in such manner and for such purposes as the Authority and the City shall jointly determine.

The $124.5 million of PILOT related receipts provided for the transfer to the City during the period year ended October 31, 2014 was transferred in June 2015. A provision in the amount of $57.8 million has been charged as a nonoperating expense for the six-month period ended April 30, 2015.

In January 2010, the City and the Authority signed an amendment to the Settlement agreement (the “2010 Agreement”) to distribute $861 million of accumulated and future excess revenues from the Joint Purpose Fund. The City and State were each allocated $200 million to be distributed in a pari passu basis. After meeting that $400 million obligation, an additional amount of up to $200 million is to be distributed by the Authority to a City 421-A fund followed by a $261 million distribution to a City pay-as-you-go capital fund. All funds are to be paid as available in the Joint Purpose Fund and there is no time limit or a minimum for the amount that needs to be paid or accrued over time.

Of the $200 million due to the City 421-A fund, payments totaling $167.2 million have been made through April 30, 2015. In May 2015, the Authority transferred $32.8 million satisfying the City 421-A fund obligation. Also in May 2015, the Authority transferred the first payment of approximately $10 million against the $261 million City pay-as-you-go capital fund obligation. A provision towards the $261 million City pay-as-you-go capital fund in the amount of $17.7 million has been charged to nonoperating expenses for the period ended April 30, 2015.

(14) Rents and Other Receivables

Rents and other receivables consisted of the following at April 30, 2015 and 2014:

		2015	2014
Swap interest receivable	$	35,000	30,212
Miscellaneous receivables		3,007,120	2,058,381
Interest receivable		787,974	757,019
Superstorm Sandy receivable		—	11,936,391
Rents receivable		3,352,100	2,632,109
Total receivables		7,182,194	17,414,112
Less allowance for doubtful accounts		(1,243,884)	(1,010,831)
Net receivables	$	5,938,310	16,403,281

(15) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at April 30, 2015 and 2014:

		2015	2014
Amounts due to vendors	$	2,260,967	5,876,936
Contract retention		1,524,014	1,404,428
Due to developers		42,624	42,624
Superstorm Sandy receipts		—	10,685,642
State recovery costs		4,200,000	3,000,000
Accrued payroll and benefits		897,266	829,400
Total	$	8,924,871	21,839,030

(16) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of April 30, 2015 and 2014 are comprised of the following obligations:

	October 31, 2014	Additions	Deletions	April 30, 2015	Due within one year
Authority bonds outstanding:					
2009 Revenue Bonds:					
Series 2009A	$ 56,600,000	—	—	56,600,000	—
Series 2009B	29,710,000	—	310,000	29,400,000	315,000
Subtotal	86,310,000	—	310,000	86,000,000	315,000
Unamortized net premiums	1,457,244	—	36,424	1,420,820	—
Subtotal 2009 Bonds	87,767,244	—	346,424	87,420,820	315,000
2013 Revenue Bonds:					
Series 2013A	356,085,000	—	18,345,000	337,740,000	14,605,000
Series 2013B	6,700,000	—	1,005,000	5,695,000	5,695,000
Series 2013C	210,865,000	—	1,190,000	209,675,000	1,235,000
Series 2013D	199,330,000	—	1,595,000	197,735,000	1,830,000
Series 2013E	199,335,000	—	1,595,000	197,740,000	1,830,000
Subtotal	972,315,000	—	23,730,000	948,585,000	25,195,000
Unamortized net premiums	48,231,862	—	1,462,558	46,769,304	—
Subtotal 2013 Bonds	1,020,546,862	—	25,192,558	995,354,304	25,195,000
Total bonds outstanding	1,108,314,106	—	25,538,982	1,082,775,124	25,510,000
Other long-term liabilities:					
OPEB - Authority	18,502,073	693,050	686,242	18,508,881	—
OPEB - Conservancy	13,789,687	1,074,071	37,972	14,825,786	—
Imputed Borrowing	66,345,355	—	1,890,327	64,455,028	—
Fair value of interest rate swap	12,079,644	13,376,019	—	25,455,663	—
Unearned revenue	324,983,689	—	5,904,368	319,079,321	44,405,711
Security and other deposits	21,968,560	12,767	—	21,981,327	4,738
Total other long-term liabilities	457,669,008	15,155,907	8,518,909	464,306,006	44,410,449
Total long-term liabilities	$ 1,565,983,114	15,155,907	34,057,891	1,547,081,130	69,920,449

Security and other deposits classified as due within one year represent amounts held on behalf of others and are callable on demand.

	October 31, 2013	Additions	Deletions	April 30, 2014	Due within one year
Authority bonds outstanding:					
2003 Revenue Bonds:					
Series 2003A	$ 16,140,000	—	16,140,000	—	—
Subtotal 2003 Bonds	16,140,000	—	16,140,000	—	—
Authority bonds outstanding:					
2009 Revenue Bonds:					
Series 2009A	56,600,000	—	—	56,600,000	—
Series 2009B	30,020,000	—	310,000	29,710,000	310,000
Subtotal	86,620,000		310,000	86,310,000	310,000
Unamortized net premiums	1,530,093	—	36,424	1,493,669	—
Subtotal 2009 Bonds	88,150,093	—	346,424	87,803,669	310,000
Total bonds outstanding	104,290,093	—	16,486,424	87,803,669	310,000
2013 Revenue Bonds:					
Series 2013A	356,085,000	—	—	356,085,000	18,345,000
Series 2013B	6,700,000	—	—	6,700,000	1,005,000
Series 2013C	210,865,000	—	—	210,865,000	1,190,000
Series 2013D	199,330,000	—	—	199,330,000	1,595,000
Series 2013E	199,335,000	—	—	199,335,000	1,595,000
Subtotal	972,315,000	—	—	972,315,000	23,730,000
Unamortized net premiums	51,156,979		1,462,558	49,694,421	—
Subtotal 2013 Bonds	1,023,471,979	—	1,462,558	1,022,009,421	23,730,000
Total bonds outstanding	1,127,762,072	—	17,948,982	1,109,813,090	24,040,000
Other long-term liabilities:					
OPEB - Authority	18,456,455	662,745	675,342	18,443,858	—
OPEB - Conservancy	11,840,431	1,011,032	24,487	12,826,976	—
Imputed Borrrowing	70,126,010	—	1,890,328	68,235,682	—
Fair value of interest rate swaps	—	908,170	—	908,170	—
Unearned revenue	334,451,536	—	5,955,747	328,495,789	41,955,516
Security and other deposits	22,013,789	31,661	—	22,045,450	88,580
Total other long-term liabilities	456,888,221	2,613,608	8,545,904	450,955,925	42,044,096
Total long-term liabilities	$ 1,584,650,293	2,613,608	26,494,886	1,560,769,015	66,084,096

Security and other deposits classified as due within one year represent amounts held on behalf of others and are callable on demand.

(17) Plan Description and Benefits Provided

The Authority – The Battery Park City Authority participates in the New York State and Local Employees' Retirement System ("ERS"), and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the

System). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year	ERS
2015	$ 709,709
2014	604,682
2013	540,874
	$ 1,855,265

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At April 30, 2015, the Authority reported a liability of $519,940 for its proportionate share of the net pension liability. The net pension liability was measured as of the Systems' fiscal year end at March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At April 30, 2015, the Authority's proportion was 0.0153908%.

For the six month period ended April 30, 2015, the Authority recognized pension expense of $461,881. At April 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	16,644	
Changes of assumptions			
Net difference between projected and actual earnings on pension plan investments		90,307	
Changes in proportion and differences between LG contributions and proportionate share of contributions			34,673
LG contributions subsequent to the measurement date			
Total	$	106,951	34,673

As of April 30, 2015, $106,951 was reported as a deferred outflow of resources and $34,673 was reported as a deferred inflow of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date and was recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended March 31:		
2016	$	18,069
2017		18,069
2018		18,069
2019		18,069
2020		—
Thereafter		—

Actuarial Assumptions

The total pension liability at the New York State System's year end of March 31, 2015 was determined by using an actuarial valuation as of April 1, 2015, with updated procedures used to roll forward the total pension liability to the New York State System's year end of March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Interest rate	7.5%
Salary scale	
ERS	4.9%
PFRS	6.0%
Decrement tables	April 1, 2005 – March 31, 2010
System's Experience	
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 – March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below.

Long Term Expected Rate of Return 2015

Asset Type	Long Term Expected Real Rate
Domestic Equity	7.30%
International Equity	8.50%
Private Equity	11.00%
Real Estate	8.25%
Absolute Return	6.75%
Opportunistic Portfolio	8.60%
Real Asset	8.65%
Bonds, Cash & Mortgages	6.25%
Inflation Indexed Bonds	4.00%

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
Authorities' share of the Net Pension Liability (Asset)	3,465,617	519,939	(1,966,944)

Pension plan fiduciary net position

The components of the current-year net pension liability of the New York State System's employers plan year end of March 31, 2015, were as follows:

(Dollars in Thousands)

		Employees' Retirement System
Employers' total pension liability	$	164,591,504
Plan net position		(161,213,259)
Employers' net pension liability	$	3,378,245
Ration of plan net position to the employers' total pension liability		97.9%

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

NYSLRS Pension Plan *
(Dollar amounts in thousands)

		2015
Authority's proportion of the net pension liability (asset)		0.0153908%
Authority's proportionate share of the net pension liability (asset)	$	519
Authority's covered-employee payroll		1,610
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		32.24%

Plan fiduciary net position as a percentage of the total pension liability

* The amounts presented for each fiscal year were determined as of 4/30

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

NYSLRS Pension Plan
(Dollar amounts in thousands)

		2015
Contractually required contribution	$	695
Contributions in relation to the contractually required contribution		709
Contribution deficiency (excess)		(14)
Authority's covered-employee payroll		1,610
Contributions as a percentage of covered-employee payroll		44.04%

Beginning July 1, 2013, New York State made the Voluntary Defined Contribution ("VDC") plan option available to all unrepresented (non-union) employees of NYS public employers who are paid at a rate of $75,000 or more on an annual basis as an alternative to the ERS/TRS defined benefit plan systems. The NYS VDC is a defined contribution plan. Defined contribution plans are retirement savings vehicles that provide benefits "defined" by employer and employee contributions to the plan and the investment earnings on those contributions.

The Conservancy – In March 2007, the Conservancy entered into a retirement benefit plan administered by Cultural Institutions Retirement System ("CIRS") for all eligible employees. CIRS' retirement benefit plan is a cost-sharing multiple-employer sponsored plan consisting of a defined benefit plan ("CIRS Pension Plan") and a Section 401(k) defined contribution plan ("CIRS Savings Plan"). CIRS is responsible for administering all aspects of the CIRS Pension Plan, including the investment of CIRS Plan assets that are held in trust for beneficiaries of the CIRS Pension Plan. The CIRS Savings Plan allows participants to select their own investments from a range of options. CIRS issues an annual financial summary report for the Plans. The report can be obtained by contacting Cultural Institutions Retirement System or on their website at www.cirsplans.org.

To be eligible under the CIRS Pension Plan, employees must be over the age of 21 and be employed for a minimum of one year at regular status. Benefits paid to retirees are based on age at retirement, years of credited service, and average compensation. The CIRS Pension Plan is a private pension plan governed by ERISA, and is characterized as a multiemployer plan by the U.S. Department of Labor. In the event of CIRS Pension Plan insolvency, the CIRS Pension Plan is covered under the Pension Benefit Guaranty Corporation. The total CIRS Pension Plan costs for eligible employees amounted to $203 thousand and $191 thousand for the periods ended April 30, 2015 and April 30, 2014, respectively. The Conservancy began participation in the CIRS Savings Plan during fiscal 2007. Under the CIRS Savings Plan, participants are required to contribute at least 2% of their base salary and direct the investment of their funds based on the investment options offered by the Savings Plan. To be eligible under this plan, employees must be over the age of 21 and be employed for a minimum of 3 months. Total contributions made by participants for the six-month periods ended April 30, 2015 and 2014 were $107,582 and $121,033 respectively.

Management has withdrawn from the CIRS Conservancy Pension at fiscal year-end, October 31, 2015. Accordingly, a withdrawal liability and a related expense were recorded for the period ended April 30, 2015 in the amount of approximately $6.5 million. This payment included all accrued pension obligations through the pension withdrawal date of October 31, 2015.

(18) Postemployment Healthcare Plan – Battery Park City Authority

(a) Plan Description

The Authority is a participating employer in the New York State Health Insurance Program ("NYSHIP"), which is administered by the State as an agent multiple employer defined benefit plan. Under the plan the Authority provides certain healthcare benefits for eligible retired employees and their dependents under a single-employer noncontributory healthcare plan. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plan and to establish maximum obligations of the plan members to contribute to the plan. The Authority's Board is authorized to establish contribution rates for employees and retirees below those set by Civil Service Law. The Authority's plan states that employees and/or their dependents become eligible for these benefits at 55 years of age when the employee has 10 years of State service. In calculating the 10-year service requirement, all of the employee's service need not be with the Authority, but may be a composite of New York State service elsewhere, with a minimum of 3 years with the Authority. Employees with no prior State service must work a minimum of 10 years before they and their dependents are eligible for the retirement medical benefits. Eligible retirees hired on or after November 1, 2001, contribute 10% of the cost of single coverage and 25% of the cost of dependent coverage for health insurance benefits. The Authority covers 100% of the cost of single and dependent coverage for employees hired before November 1, 2001. A vestee is an Authority employee vested as a member of the retirement system administered by the State, has withdrawn from State service after meeting the Authority's minimum service requirement, but has not met the age requirement for continuing health insurance. As of April 30, 2015, 71 participants, including 46 employees and 25 retired and/or spouses of retired employees, were eligible to receive these benefits. NYSHIP does not issue a stand-alone financial report and NYSHIP's agent activities are included within the financial statements of the State.

Effective November 1, 2006, the Authority implemented accrual accounting for its OPEB obligations, based on the approach provided in GASB Statement No. 45. Through the fiscal year ended October 31, 2006, OPEB provisions were financed on a pay-as-you-go basis. The first actuarial valuation date was November 1, 2006. As an employer with less than 200 members, the Authority is required to perform an actuarial valuation at least triennially, unless there are significant changes in benefit provisions, the size or composition of the population covered by the plan, and/or the factors that impact the long-term assumptions. As such, during 2012 an updated actuarial valuation was completed for the valuation date of November 1, 2012. Actuarial valuations involve estimates of the value of reported amounts, assumptions about the probability of events in the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Examples include assumptions about employment, mortality and the healthcare cost trend.

The Authority's annual OPEB cost for the plan is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Since the Authority used a one-year amortization period, the ARC in future years represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any interest on the unfunded actuarial accrued liability. The Authority's current period ARC is approximately $284 thousand as detailed in the chart in the OPEB Status and Funding Progress section of this note. The 2012 triennial valuation includes an actuarial accrual liability ("AAL") adjustment calculation of $2.1 million credit due primarily to overestimated increases in premiums. It is consistent with the amortization methodology used to calculate the Amortization of the Unfunded AAL, as permitted by GASB Technical Bulletin No. 2008-1, *"Determining the Annual Required Contribution Adjustment for Postemployment Benefits,"* issued on December 15, 2008.

(b) Funding

The contribution requirements (funding) of the Authority's net OPEB obligation are at the discretion of management as approved by the members of the Board. The Authority's net OPEB obligation continues to be financed on a pay-as-you-go basis from assets segregated for the exclusive purpose of paying OPEB obligations.

(c) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The 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, consistent with the long-term perspective of the calculations. In the November 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.70% (net of administrative expenses) including inflation, declining approximately 0.5% each year to an ultimate trend rate of 4.75%. Both rates include a 2.75% inflation assumption.

(d) OPEB Status and Funding Progress

The Authority's OPEB obligation and the funded status of the plan as of April 30, 2015 and 2014 are as follows:

		2015	2014
Actuarial Accrued Liability (AAL):			
Net OPEB obligation beginning of year	$	18,502,073	18,456,455
Annual Required Contribution (ARC):			
Normal cost		325,603	310,838
Interest to period end		367,447	351,908
Payments for retirees during period		(277,014)	(279,953)
ARC amortization		(409,228)	(395,390)
Net OPEB obligation end of period	$	18,508,881	18,443,858
Actuarial Accrued Liability (AAL) November 1, 2014 and 2013	$	18,502,073	18,456,455
Funded OPEB plan assets		—	—
Unfunded Actuarial Accrued Liability (UAAL) November 1, 2014 and 2013	$	18,502,073	18,456,455
Funded ratio (actuarial value of plan assets/AAL)		—%	—%
Covered payroll	$	4,826,124	4,427,069
UAAL as percentage of covered payroll		383%	417%

Corporate assets held at April 30, 2015 and 2014 in a separate corporate OPEB account for the exclusive purpose of paying OPEB obligations were approximately $20.7 million and $20.1 million, respectively. The OPEB assets are included in the statement of net position within the other corporate designated, escrowed, and postemployment benefit funds financial statement classification.

The Authority's policy is to contribute the annual ARC to the designated account each year and pay all OPEB expenses from such account.

(19) Postemployment Healthcare Plan – Battery Park City Parks Conservancy

(a) Plan Description

The Conservancy decided effective February 1, 2010 to provide its retirees with health benefits as a participating employer in NYSHIP, which is administered by the State as an agent multiple employer defined benefit plan. Under the plan, the Conservancy provides certain healthcare benefits for eligible retired employees and their dependents under a single-employer noncontributory healthcare plan. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plans and to establish maximum obligations of the plan members to contribute to the plan. The Conservancy's Board is authorized to establish contribution rates for employees and retirees below those set by Civil Service Law. The Conservancy's Plan states that employees and/or their dependents become eligible for these benefits when the employee reaches 55 years of age and has 10 years of service. In calculating the 10-year service requirement, all of the employee's service needs to be with the Conservancy. Employees must work a minimum of 10 years before they and their dependents are eligible for the retirement medical benefits. Eligible retirees contribute 10% of the cost of single coverage and 25% of the cost of dependent coverage for health insurance benefits which may be offset with sick leave benefits. A vestee is a Conservancy employee vested as a member of the retirement system administered by the CIRS (see note 16), has withdrawn from service after meeting the Conservancy's minimum service requirement, but has not met the age requirement for continuing health insurance. As of April 30, 2015, 87 participants, including 75 employees, 5 vestees, and 7 retired and spouses of retired employees, were eligible for these benefits. NYSHIP does not issue a stand-alone financial report and NYSHIP's agent activities are included within the financial statements of the State.

Effective February 1, 2010, the Conservancy implemented accrual accounting for its OPEB obligations, based on the approach provided in GASB Statement No. 45. A new triennial actuarial valuation was performed April 26, 2013 with results rolled into fiscal years 2013, 2014 and 2015. Actuarial valuations involve estimates of the value of reported amounts, assumptions about the probability of events in the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Examples include assumptions about employment mortality and the healthcare cost trend.

The Conservancy's annual OPEB cost for the plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Since the Conservancy used a one-year amortization period, the ARC in future years represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any interest on the unfunded actuarial accrued liability. The Conservancy's current period ARC is approximately $1.07 million as detailed in the chart in the OPEB Status and Funding Progress section of this note.

(b) Funding

The contribution requirements (funding) of the Conservancy's net OPEB obligation are at the discretion of management as approved by the members of the Board. The Conservancy's net OPEB obligation is expected to be financed on a pay-as-you-go basis from assets segregated for the exclusive purpose of paying OPEB obligations.

(c) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The 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, consistent with the long-term perspective of the calculations. In the November 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.70% (net of administrative expenses) including inflation, declining approximately 0.5% each year to an ultimate trend rate of 4.75%. Both rates include a 2.75% inflation assumption.

(d) OPEB Status and Funding Progress

The Conservancy's OPEB obligation and the funded status of the plan as of April 30, 2015 and 2014 are as follows:

		2015	2014
Actuarial Accrued Liability (AAL):			
Net OPEB obligation beginning of year	$	13,789,687	11,840,431
Annual Required Contribution (ARC):			
Normal cost		615,067	587,176
Interest to period end		255,113	226,860
Payments for retirees during period		(37,972)	(24,487)
ARC amortization		203,891	196,996
Net OPEB obligation end of period	$	14,825,786	12,826,976
Actuarial Accrued Liability (AAL) November 1, 2014 and November 1, 2013	$	13,789,687	11,840,431
Funded OPEB plan assets		—	—
Unfunded Actuarial Accrued Liability (UAAL) November 1, 2014 & November 1, 2013	$	13,789,687	11,840,431
Funded ratio (actuarial value of plan assets/AAL)		—%	—%
Covered payroll	$	3,999,798	3,738,962
UAAL as percentage of covered payroll		345%	317%

Corporate assets held at April 30, 2015 and 2014 in a separate corporate OPEB account for the exclusive purpose of paying OPEB obligations were approximately $12.7 million and $11.5 million, respectively. The OPEB assets are included in the statement of net position within the other corporate designated, escrowed, and postemployment benefit funds financial statement classification. The Conservancy's policy is to contribute the annual ARC to the designated account each year and pay all OPEB expenses from such account.

(20) Commitments and Other Matters

(a) The Authority has entered into construction and other related contracts, having unexpended balances aggregating approximately $14 million as of April 30, 2015.

(b) The Authority rents office space in One World Financial Center, as well as community meeting space, field offices, and maintenance space in condominium buildings in Battery Park City. Total rent expense amounted to $747 thousand and $746 thousand for the six-month periods ended April 30, 2015 and 2014, respectively.

The future minimum lease payments are as follows:

Year ended April 30:		
2015	$	1,146,432
2016		735,285
Total minimum payments required	$	1,881,717

(c) The terrorist attack on the World Trade Center on September 11, 2001 destroyed the North Bridge and severely damaged the South Bridge owned by the Authority. After commencing suit against the insurers of the bridges to obtain funds for physical loss and damage to the bridges, a settlement was reached in the sum of $38 million. Pursuant to a written agreement made in December 2005, the insurance monies were deposited, in May 2006, into an interest-bearing account ("Insurance Fund"), jointly controlled by the Authority and the Management Committee of the World Financial Center, (comprised of Brookfield Financial Properties, American Express Company, and Merrill Lynch & Co.), for the purposes of: (i) improving pedestrian access to the World Financial Center in the area where the North Bridge had been destroyed, (ii) restoring the South Bridge, and (iii) the construction of the World Financial Center Pavilion. These funds are not recorded as assets of the Authority in the accompanying statements of net position.

In March 2009, the Authority and the Management Committee entered into an agreement permitting the following withdrawals from the Insurance Fund: (i) up to $1,747,000 to fund the cost of the foundation of a structure, proposed by Brookfield, which would shelter the escalator bank in front of, and provide access to, the Winter Garden, from a pedestrian concourse which The Port Authority of New York & New Jersey ("PANYNJ"), and now Brookfield, is constructing under West Street, connecting the World Trade Center site and the World Financial Center, (ii) up to $4,405,000 to fund the Authority's construction of an eastern extension of the South Bridge, as part of a project to renovate the Bridge. The Authority's only withdrawal was in March 2010 of $483,288 to fund certain soft costs of the Authority for the South Bridge extension.

Brookfield had withdrawn all of their allocated funds under the agreement for the construction of the World Financial Center Pavilion.

(d) The City owns Pier A (a three-story historic landmark building), and a contiguous upland area (together, the "Pier"), which are located adjacent to the Project at its southern tip. In December 2007, the Authority and the City executed a nonbinding Term Sheet, providing for their negotiation in good faith of a long-term lease of the Pier (the "Lease"), based on the major terms described in the Term Sheet. The lease was executed in October 2008. Under the lease, the Authority is redeveloping the Pier with funding provided by the City, which will then be used for recreational, maritime, and ancillary uses, including retail purposes. In October 2008, the Authority signed a "Funding Agreement" with EDC for the reimbursement of eligible expenditures up to $30 million as well as the prefunding of quarterly projected redevelopment costs of Pier A. As of April 30, 2015, the Authority had received the entire $30 million from the City for Pier A related costs. In October 2013, the Authority bonded an additional $6.8 million to complete the project.

(e) On October 23, 2007, the members of the Authority approved a proposal by the Governor to pay up to $40 million of Special Fund monies (see note 10) to the PANYNJ for the construction of a planned pedestrian concourse running under Route 9A. The concourse connects the Winter Garden (on the west, at the edge of Battery Park City) and the World Trade Center site on the east. As of April 30, 2015, the Authority had disbursed a total sum of $39,130,618 to the PANYNJ.

(f) Pursuant to its ground lease with Goldman providing for construction by Goldman of a new world headquarters building in Battery Park City, the Authority entered into an arrangement as of July 18, 2007 under which Goldman may make purchases related to construction, furnishing, and equipping the building without liability for New York State and City sales tax, for an aggregate sales tax exemption of up $60 million. To qualify for the exemption, the Authority is liable for payment of Goldman's purchases in connection with the building, in an amount not to exceed $100 million (in addition to the value of goods delivered to the building), which purchases Goldman is to make as agent of the Authority, but which Goldman is obligated to pay pursuant to its ground lease. The Goldman Sachs Group, Inc. (the corporate parent of Goldman) executed a guaranty to assure reimbursement of any amounts paid by the Authority as a consequence of this arrangement. The likelihood of any payments made directly by the Authority resulting from this arrangement is considered remote.

(g) As of April 30, 2015, the Authority received approximately $11.5 million in insurance and Federal assistance advances and has paid out approximately $12.3 million for remediation work for damage caused by Superstorm Sandy. The Authority has collected all eligible claims with respect to this damage from its insurance carriers. Damages not covered by insurance have been submitted for reimbursement under Federal and State disaster relief programs, which management believes will cover substantially all of these costs. Any unreimbursed damages will be paid by the Authority from the corporate insurance reserve fund.

(21) Battery Park City Parks Conservancy

The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation. The Authority, as sole member of the Conservancy, designated the Authority's members to serve as the Conservancy's board of directors. By approval of the Board of Directors, the Conservancy added the Authority's President as an additional director. The Conservancy was formed by the Authority to comply with certain requirements of agreements between the Authority and the City pursuant to which the Authority is obligated to maintain and repair the parks and open spaces in and around Battery Park City's residential areas. In March 1988, the Authority entered into a management agreement with the Conservancy, which authorized the Conservancy to undertake all responsibilities, related to the operation, maintenance, and repair of such parks and open spaces. For the six-month periods ended April 30, 2015 and 2014, the Authority paid the Conservancy approximately $5 million and $4.8 million, respectively, for services, which are included in the Authority's operating expenses. Additionally, approximately $248 thousand and $187 thousand at April 30, 2015 and 2014, respectively, is payable by the Authority to the Conservancy. Both are eliminated in the blending of the Conservancy's financial statements into the Authority's financial statements (see Other Supplementary Information – Combining Balance Sheet).

(22) Litigation

Between 2006 and 2011, approximately 800 plaintiffs commenced actions against the Authority in the United States District Court for the Southern District of New York (the "Court"). Plaintiffs, who worked in and around the World Trade Center site after the September 11th attack, sought damages arising from the alleged failure of the Authority (and others) to adequately protect them from exposure to potential toxins. Some of the plaintiffs had performed clean-up activities for ground lessees of the Authority and for the tenants of commercial and residential buildings in Battery Park City. Of the approximately 800 cases, 160 were dismissed with prejudice, either as a result of those plaintiffs' participation in the amended 2001 Victim Compensation Fund, which precluded them from proceeding with their federal claims, or because those plaintiffs failed to properly verify their responses under oath. An additional 104 cases were dismissed because those plaintiffs did not allege any actual physical injury, but rather only alleged a fear of injury. The dismissal of those cases was appealed by the plaintiffs to the Second Circuit, Court of Appeals (the "Second Circuit"). The Second Circuit affirmed the dismissals in part, but revived many of the cases and remanded them to the Court for further analysis as to whether the cases should be dismissed per the Second Circuit's guidelines. With respect to many of the cases remaining against the Authority, the defense of those cases was assumed by Brookfield, Merrill Lynch and Lefrak, pursuant to the terms of their ground leases with the Authority. Those cases have now been fully resolved through settlements that provided for the release of any claims brought against the Authority. One hundred and thirty-nine (139) cases remained following the above-described dismissals and settlements, including claims arising from the cleanup of Stuyvesant High School and 132 additional cases remain that include claims arising from the cleanup of Hudson View East. However, by orders dated December 8, 2014 and April 13, 2015, the Stuyvesant High School and Hudson View East claims were dismissed on summary judgment on the basis that those plaintiffs had failed to file notices of claim within the statutory time frame. In granting summary judgment, the Court ruled that "Jimmy Nolan's Law," insofar as it revived otherwise time-barred claims, was unconstitutional as applied to the Authority. The New York State Attorney General's Office has indicated that it will appeal the Court's decision. Following the issuance of the Court's decisions granting summary judgment, Hudson View East resolved all of the claims arising out of the cleanup of that building. Those settlements include releases for claims asserted against the Authority. The settlement paperwork for these cases is currently being finalized. Accordingly, the only remaining 9/11 claim related litigation against the Authority is the potential appeal of the dismissal of the 139 Stuyvesant High School claims.

Crana Electric, Inc. ("Crana") entered into a contract with the Authority to perform work in connection with the renovation of Pier A, a landmark property located on the Hudson River. After the conclusion of Crana's work on the project, it submitted a claim for extra work and delay damages in the amount of $1,551,129.18. On February 4, 2014, Crana commenced this purported "hybrid" action/proceeding alleging that the Authority had failed to render a determination on Crana's claim in accordance with the terms of the contract, and seeking an award of the damages stated in Crana's claim. In March 2014, the Authority filed a motion to dismiss the proceeding on the ground that Crana had not exhausted its administrative remedies. Specifically, the Authority asserted that Crana had not (and still has not) obtained a final determination from the Authority's internal arbiter, as required by the contract. After the submission of the Authority's motion, the court instructed the parties to participate in mediation, which proved unsuccessful. The Authority's motion to dismiss is currently fully briefed and pending before the court.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Net Position (Deficit)

April 30, 2015 (Unaudited)

Assets		**Battery Park City Authority**	**Battery Park City Parks Conservancy**	**Eliminations**	**Total**
Current assets:					
Bank deposits	$	191,083	184,279	—	375,362
Investments		168,304	—	—	168,304
Restricted assets:					
Rents and other receivables (net of allowance for doubtful accounts of $1,243,884)		5,933,291	253,072	(248,053)	5,938,310
2003 Revenue Bond Resolution Funds		306,132,224	—	—	306,132,224
2009 Revenue Bond Resolution Funds		9,643,525	—	—	9,643,525
2013 Revenue Bond Resolution Funds		40,011,700	—	—	40,011,700
Corporate-designated and escrowed funds		1,813,770	—	—	1,813,770
Total current assets		363,893,897	437,351	(248,053)	364,083,195
Noncurrent assets:					
Restricted assets:					
2003 Revenue Bond Resolution Funds		71,318,675	—	—	71,318,675
2009 Revenue Bond Resolution Funds		4,281,551	—	—	4,281,551
2013 Revenue Bond Resolution Funds		33,642,292	—	—	33,642,292
Residential lease required funds		21,480,651	—	—	21,480,651
Corporate-designated, escrowed, and OPEB funds		70,165,203	—	—	70,165,203
Battery Park City project assets – at cost, less accumulated depreciation		485,824,760	—	—	485,824,760
Other assets		3,623,894	669,782	—	4,293,676
Total noncurrent assets		690,337,026	669,782	—	691,006,808
Total assets		1,054,230,923	1,107,133	(248,053)	1,055,090,003
Deferred Outflows of Resources					
Deferred pension outflows		106,951	—	—	106,951
Accumulated change in fair value of interest rate swaps		25,455,663	—	—	25,455,663
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds		21,937,984	—	—	21,937,984
Deferred costs of refunding, less accumulated amortization of $5,760,384		64,455,028	—	—	64,455,028
Total deferred outflows of resources		111,955,626	—	—	111,955,626
Total assets and deferred outflows of resources	$	1,166,186,549	1,107,133	(248,053)	1,167,045,629

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Net Position (Deficit)

April 30, 2015 (Unaudited)

Liabilities	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current liabilities:				
Accrued interest on bonds	$ 17,226,701	—	—	17,226,701
Accounts payable and other liabilities	8,575,657	597,267	(248,053)	8,924,871
Accrued pension payable	519,940	6,521,425	—	7,041,365
Due to the City of New York	183,005,346	—	—	183,005,346
Due to the City of New York - 2010 Agreement	60,731,398	—	—	60,731,398
Due to the Port Authority of New York & New Jersey	869,381	—	—	869,381
Unearned revenue:				
PILOT revenue	31,515,773	—	—	31,515,773
Base rent and other revenue	12,889,938	—	—	12,889,938
Security and other deposits	4,738	—	—	4,738
2009 Revenue Bonds	315,000	—	—	315,000
2013 Revenue Bonds	25,195,000	—	—	25,195,000
Total current liabilities	340,848,872	7,118,692	(248,053)	347,719,511
Noncurrent liabilities:				
Unearned revenue:				
Base rent and other revenue	274,673,610	—	—	274,673,610
Security and other deposits	21,976,589	—	—	21,976,589
OPEB - Battery Park City Authority	18,508,881	—	—	18,508,881
OPEB - Battery Park City Parks Conservancy	—	14,825,786	—	14,825,786
Fair value of interest rate swaps	25,455,663	—	—	25,455,663
Imputed borrowing	64,455,028	—	—	64,455,028
Bonds outstanding:				
2009 Revenue Bonds, less accumulated amortization of $390,187	87,105,820	—	—	87,105,820
2013 Revenue Bonds, less accumulated amortization of $4,455,747	970,159,304	—	—	970,159,304
Total noncurrent liabilities	1,462,334,895	14,825,786	—	1,477,160,681
Total liabilities	1,803,183,767	21,944,478	(248,053)	1,824,880,192
Deferred Inflows of Resources				
Deferred pension inflows	34,673	—	—	34,673
Total deferred inflows of resources	34,673	—	—	34,673
Net Position (Deficit):				
Invested in capital assets, net of related debt	(12,729,215)	—	—	(12,729,215)
Restricted:				
Debt service	77,594,505	—	—	77,594,505
Under bond resolutions and other agreements	3,956,438	—	—	3,956,438
Unrestricted (deficit)	(705,853,619)	(20,837,345)	—	(726,690,964)
Total net position (deficit)	(637,031,891)	(20,837,345)	—	(657,869,236)
Total liabilities and net position (deficit)	$ 1,166,186,549	1,107,133	(248,053)	1,167,045,629

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Net Position (Deficit)

April 30, 2014 (Unaudited)

Assets		Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current assets:					
Bank deposits	$	8,879	351,407	—	360,286
Investments		10,629,771	—	—	10,629,771
Restricted assets:					
Rents and other receivables (net of allowance for doubtful accounts of $1,010,831)		16,251,739	338,858	(187,316)	16,403,281
2003 General Bond Resolution Funds		247,505,145	—	—	247,505,145
2009 Revenue Bond Resolution Funds		21,350,160	—	—	21,350,160
2013 Revenue Bond Resolution Funds		27,246,050	—	—	27,246,050
Corporate-designated, escrowed, and OPEB funds		430,060	—	—	430,060
Total current assets		323,421,804	690,265	(187,316)	323,924,753
Noncurrent assets:					
Restricted assets:					
2003 General Bond Resolution Funds		70,847,454	—	—	70,847,454
2009 Revenue Bond Resolution Funds		2,063,917	—	—	2,063,917
2013 Revenue Bond Resolution Funds		53,855,474	—	—	53,855,474
Residential lease required funds		21,460,598	—	—	21,460,598
Corporate-designated, escrowed, and OPEB funds		77,380,051	—	—	77,380,051
Battery Park City project assets – at cost, less accumulated depreciation		480,036,921	—	—	480,036,921
Other assets		3,743,152	460,355	—	4,203,507
Total noncurrent assets		709,387,567	460,355	—	709,847,922
Total assets		1,032,809,371	1,150,620	(187,316)	1,033,772,675
Deferred Outflows of Resources					
Accumulated change in fair value of interest rate swaps		908,170	—	—	908,170
Unamortized loss on extinguishment of 1993, 1996, 2000 and 2003 bonds		23,263,895	—	—	23,263,895
Deferred costs of refunding, less accumulated amortization of $1,979,729		68,235,682	—	—	68,235,682
Total deferred outflows of resources		92,407,747	—	—	92,407,747
Total assets and deferred outflows of resources	$	1,125,217,118	1,150,620	(187,316)	1,126,180,422

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Net Position (Deficit)

April 30, 2014 (Unaudited) (Restated)

Liabilities		Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current liabilities:					
Accrued interest on bonds	$	17,889,367	—	—	17,889,367
Accounts payable and other liabilities		21,404,072	622,274	(187,316)	21,839,030
Accrued pension payable		695,489	—	—	695,489
Due to the City of New York		168,572,145	—	—	168,572,145
Due to the City of New York - 2010 Agreement		19,853,905	—	—	19,853,905
Due to the Port Authority of New York & New Jersey		869,381	—	—	869,381
Unearned revenue:					
PILOT revenue		28,894,232	—	—	28,894,232
Base rent and other revenue		13,061,284	—	—	13,061,284
Security and other deposits		88,580	—	—	88,580
2009 Revenue Bonds		310,000	—	—	310,000
2013 Revenue Bonds		23,730,000	—	—	23,730,000
Total current liabilities		295,368,455	622,274	(187,316)	295,803,413
Noncurrent liabilities:					
Unearned revenue:					
Base rent and other revenue		286,540,273	—	—	286,540,273
Security and other deposits		21,956,870	—	—	21,956,870
OPEB - Battery Park City Authority		18,443,858	—	—	18,443,858
OPEB - Battery Park City Parks Conservancy		—	12,826,976	—	12,826,976
Fair value of interest rate swaps		908,170	—	—	908,170
Imputed borrowing		68,235,682	—	—	68,235,682
Bonds outstanding:					
2009 Revenue Bonds, less accumulated amortization of $317,339		87,493,669	—	—	87,493,669
2013 Revenue Bonds, less accumulated amortization of $1,530,631		998,279,421	—	—	998,279,421
Total noncurrent liabilities		1,481,857,943	12,826,976	—	1,494,684,919
Total liabilities		1,777,226,398	13,449,250	(187,316)	1,790,488,332
Net Position (Deficit):					
Invested in capital assets, net of related debt		(11,920,478)	—	—	(11,920,478)
Restricted:					
Debt service		101,931,240	—	—	101,931,240
Under bond resolutions and other agreements		80,845,853	—	—	80,845,853
Unrestricted (deficit)		(822,865,895)	(12,298,630)	—	(835,164,525)
Total net position (deficit)		(652,009,280)	(12,298,630)	—	(664,307,910)
Total liabilities, deferred outflows of resources and net position (deficit)	$	1,125,217,118	1,150,620	(187,316)	1,126,180,422

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit)

Six-month period ended April 30, 2015 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 28,752,904	—	—	28,752,904
Supplemental rent	911,058	—	—	911,058
Payments in lieu of real estate taxes	93,232,806	—	—	93,232,806
Civic facilities payments and other	6,342,484	5,215,789	(4,967,043)	6,591,230
Total operating revenues	129,239,252	5,215,789	(4,967,043)	129,487,998
Operating expenses:				
Wages and related benefits	3,607,104	10,087,832	—	13,694,936
OPEB - Battery Park City Authority	283,822	—	—	283,822
OPEB - Battery Park City Parks Conservancy	—	1,074,071	—	1,074,071
Other operating and administrative expenses	13,694,734	1,045,996	(4,991,517)	9,749,213
Depreciation of project assets	4,284,954	—	—	4,284,954
Other depreciation and amortization	225,633	97,678	—	323,311
Total operating expenses	22,096,247	12,305,577	(4,991,517)	29,410,307
Operating income	107,143,005	(7,089,788)	24,474	100,077,691
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	917,308	—	—	917,308
2009 Revenue Bonds	54,724	—	—	54,724
2013 Revenue Bonds	323,089	—	—	323,089
Corporate-designated, escrowed, and OPEB funds	750,987	—	—	750,987
Realized and unrealized gains and losses	(200,435)	—	—	(200,435)
Other revenue	—	30,745	(24,474)	6,271
Interest expense relating to:				
2003 Swap agreements – net expense	(6,081,850)	—	—	(6,081,850)
2003 Revenue Bonds	(5,944)	—	—	(5,944)
2009 Revenue Bonds	(1,887,706)	—	—	(1,887,706)
2013 Revenue Bonds	(8,577,517)	—	—	(8,577,517)
Loss from extinguishment	(662,955)	—	—	(662,955)
Bond issuance costs	—	—	—	—
Provision for the transfer to the Port Authority of New York & New Jersey	—	—	—	—
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(57,841,463)	—	—	(57,841,463)
Provision for transfer to the City of New York per 2010 agreement	(17,675,538)	—	—	(17,675,538)
Provision for transfer to New York State: 9A agreement	(70,104)	—	—	(70,104)
Pier A and Pier A Plaza Construction Pass Through NYC	(272,228)	—	—	(272,228)
Total nonoperating expenses	(91,229,632)	30,745	(24,474)	(91,223,361)
Change in net position (deficit)	15,913,373	(7,059,043)	—	8,854,330
Net (deficit), beginning of period	(652,945,264)	(13,778,302)	—	(666,723,566)
Net (deficit), end of period	$ (637,031,891)	(20,837,345)	—	(657,869,236)

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit)

Six-month period ended April 30, 2014 (Unaudited) (Restated)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 31,492,689	—	—	31,492,689
Supplemental rent	728,883	—	—	728,883
Payments in lieu of real estate taxes	87,926,725	—	—	87,926,725
Civic facilities payments and other	5,056,062	4,838,649	(4,808,802)	5,085,909
Total operating revenues	125,204,359	4,838,649	(4,808,802)	125,234,206
Operating expenses:				
Wages and related benefits	3,357,672	3,401,520	—	6,759,192
OPEB - Battery Park City Authority	267,356	—	—	267,356
OPEB - Battery Park City Parks Conservancy	—	1,011,032	—	1,011,032
Other operating and administrative expenses	12,607,871	873,939	(4,987,265)	8,494,545
Depreciation of project assets	4,182,719	—	—	4,182,719
Other depreciation and amortization	250,023	67,366	—	317,389
Total operating expenses	20,665,641	5,353,857	(4,987,265)	21,032,233
Operating income	104,538,718	(515,208)	178,463	104,201,973
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	758,418	—	—	758,418
2009 Revenue Bonds	68,255	—	—	68,255
2013 Revenue Bonds	50,407	—	—	50,407
Corporate-designated, escrowed, and OPEB funds	884,965	—	—	884,965
Realized and unrealized gains and (losses)	(578,928)	—	—	(578,928)
Other revenue	(4)	179,881	(178,463)	1,414
Interest expense relating to:				
2003 Swap agreements – net expense	(6,180,656)	—	—	(6,180,656)
2003 Revenue Bonds	(7,283)	—	—	(7,283)
2009 Revenue Bonds	(1,900,421)	—	—	(1,900,421)
2013 Revenue Bonds	(8,796,252)	—	—	(8,796,252)
Loss from extinguishment	(662,955)	—	—	(662,955)
Bond issuance costs	1,750	—	—	1,750
Provision for the transfer to the Port Authority of New York & New Jersey	(2,103,519)	—	—	(2,103,519)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(56,487,374)	—	—	(56,487,374)
Provision for transfer to the City of New York per 2010 agreement	(19,600,741)	—	—	(19,600,741)
Provision for transfer to New York State - Route 9A	(1,068,196)	—	—	(1,068,196)
Provision for transfer to City of New York - Pier A	(3,240,919)	—	—	(3,240,919)
Total nonoperating expenses	(98,863,453)	179,881	(178,463)	(98,862,035)
Change in net position (deficit)	5,675,265	(335,327)	—	5,339,938
Net (deficit), beginning of period	(656,989,056)	(11,963,303)	—	(668,952,359)
Effect of adoption of GASB 68	(695,489)	—	—	(695,489)
Net (deficit), beginning of period (Restated)	(657,684,545)	(11,963,303)	—	(669,647,848)
Net (deficit), end of period	$ (652,009,280)	(12,298,630)	—	(664,307,910)

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2015 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 121,798,551	—	—	121,798,551
Receipts from the Authority	—	4,349,909	(4,349,909)	—
Miscellaneous receipts	502,163	246,562	—	748,725
Total cash receipts from operating activities	122,300,714	4,596,471	(4,349,909)	122,547,276
Cash payments for:				
Salaries and benefits	(4,087,421)	(3,872,581)	—	(7,960,002)
Services and supplies	(7,267,731)	(552,719)	4,374,383	(3,446,067)
Total cash payments for operating activities	(11,355,152)	(4,425,300)	4,374,383	(11,406,069)
Net cash provided by operating activities	110,945,562	171,171	24,474	111,141,207
Cash flows from noncapital financing activities:				
Receipts from the City of New York – Pier A	—	—	—	—
Payments to Pier A Contractors on behalf of the City of New York	(380,170)	—	—	(380,170)
Payments to Pier A Plaza Contractors on behalf of NYC	(876,105)	—	—	(876,105)
Payments from lessees – site security deposits	—	—	—	—
Payments to The Port Authority of New York & New Jersey	—	—	—	—
Payments from LMDC West Thames St Pedestrian Bridge	175,057	—	—	175,057
Payments to NYC EDC - West Thames St Pedestrian Bridge	(175,057)	—	—	(175,057)
Payments from Security Betterment - Route 9A Agreement	—	—	—	—
Payments to NYS DOT - Route 9A Agreement	(66,390)	—	—	(66,390)
Payments to NYC School Construction Authority	—	—	—	—
Payments to New York City - 2010 Agreement	—	—	—	—
Net cash used in noncapital financing activities	(1,322,665)	—	—	(1,322,665)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(6,412,832)	—	—	(6,412,832)
Capital asset expenditures	(215,066)	(41,676)	—	(256,742)
Receipts from the sale of capital assets	—	27,988	(24,474)	3,514
Payments for Superstorm Sandy	(46,840)	—	—	(46,840)
Proceeds from Superstorm Sandy	—	—	—	—
Payments for bond issuance costs	—	—	—	—
Auction fees for variable debt	(5,944)	—	—	(5,944)
Swap payment made on the 2003 Swap agreement	(6,375,413)	—	—	(6,375,413)
Swap interest payments received on the 2003 Swap agreement	195,921	—	—	195,921
Principal paydown on 2003 Revenue Bonds	—	—	—	—
Interest paid on 2003 Senior Revenue Bonds	—	—	—	—
Interest paid on 2003 Junior Revenue Bonds	—	—	—	—
Principal paydown on 2009 Senior Revenue Bonds	(310,000)	—	—	(310,000)
Interest paid on 2009 Senior Revenue Bonds	(2,513,353)	—	—	(2,513,353)
Proceeds from 2009 Senior Revenue Bonds issuance	—	—	—	—
Principal paydown on 2013 Senior Revenue Bonds	(18,345,000)	—	—	(18,345,000)
Interest paid on 2013 Senior Revenue Bonds	(9,306,350)	—	—	(9,306,350)
Principal paydown on 2013 Bonds C, D, E	(4,380,000)	—	—	(4,380,000)
Interest paid on 2013 Bonds C, D, E	(1,957,297)	—	—	(1,957,297)
Transfer from bond refunding escrow account	—	—	—	—
2009 Senior Revenue Bonds - Build America Bonds refund from U.S. Treasury	1,171,017	—	—	1,171,017
Net cash used in capital and related financing activities	(48,501,157)	(13,688)	(24,474)	(48,539,319)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	2,329,989	—	—	2,329,989
Maturities and redemptions of investment securities	408,247,057	—	—	408,247,057
Purchases of investment securities	(451,704,451)	—	—	(451,704,451)
Net cash used in investing activities	(41,127,405)	—	—	(41,127,405)
Increase (decrease) in cash and cash equivalents	19,994,335	157,483	—	20,151,818
Cash and cash equivalents, beginning of period	60,076,619	26,796	—	60,103,415
Cash and cash equivalents, end of period	$ 80,070,954	184,279	—	80,255,233

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2015 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 107,143,005	(7,089,788)	24,474	100,077,691
Adjustments to reconcile operating income to net cash provided by operating activities:				
Bad debt expense	74,135	—	—	74,135
Depreciation and amortization	4,510,587	97,678	—	4,608,265
Other	4,983	—	—	4,983
Changes in operating assets and liabilities:				
(Increase) decrease in rents and other receivables	(551,024)	(235,115)	(235,452)	(1,021,591)
(Increase) decrease in other assets	364,337	(170,566)	—	193,771
Increase (decrease) in accounts payable and other liabilities	5,544,926	11,438	235,452	5,791,816
Decrease in unearned revenue	(5,904,368)	—	—	(5,904,368)
(Decrease) increase in OPEB	6,808	1,036,099	—	1,042,907
Increase (decrease) in pension liability	(175,549)	6,521,425	—	6,345,876
(Increase) decrease in deferred pension inflows/outflows	(72,278)	—	—	(72,278)
Net cash provided by operating activities	$ 110,945,562	171,171	24,474	111,141,207
Reconciliation of cash and cash equivalents, end of period:				
Bank deposits	$ 191,083	184,279	—	375,362
Cash and cash equivalents	392,622	—	—	392,622
Investments with less than 91-day maturities	79,487,249	—	—	79,487,249
Cash and cash equivalents, end of period	$ 80,070,954	184,279	—	80,255,233

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2014 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 119,038,559	—	—	119,038,559
Receipts from the Authority	—	4,188,558	(4,188,558)	—
Miscellaneous receipts	72,232	205,228	—	277,460
Total cash receipts from operating activities	119,110,791	4,393,786	(4,188,558)	119,316,019
Cash payments for:				
Salaries and benefits	(3,621,050)	(3,516,740)	—	(7,137,790)
Services and supplies	(7,811,344)	(653,492)	4,367,021	(4,097,815)
Total cash payments for operating activities	(11,432,394)	(4,170,232)	4,367,021	(11,235,605)
Net cash provided by operating activities	107,678,397	223,554	178,463	108,080,414
Cash flows from noncapital financing activities:				
Receipts from the City of New York – Pier A	1,276,875	—	—	1,276,875
Payments to Pier A Contractors on behalf of the City of New York	(790,502)	—	—	(790,502)
Payments to Pier A Plaza Contractors on behalf of NYC	(536,962)	—	—	(536,962)
Payments from lessees – site security deposits	10,772	—	—	10,772
Payments to The Port Authority of New York & New Jersey	(1,234,138)	—	—	(1,234,138)
Payments from LMDC West Thames St Pedestrian Bridge	456,509	—	—	456,509
Payments to NYC EDC - West Thames St Pedestrian Bridge	(456,509)	—	—	(456,509)
Payments from Security Betterment - Route 9A Agreement	434,984	—	—	434,984
Payments to NYS DOT - Route 9A Agreement	(1,470,913)	—	—	(1,470,913)
Payments to NYC School Construction Authority	(1,898,808)	—	—	(1,898,808)
Payments to New York City - 2010 Agreement	(45,795,207)	—	—	(45,795,207)
Net cash used by noncapital financing activities	(50,003,899)	—	—	(50,003,899)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(1,651,576)	—	—	(1,651,576)
Capital asset expenditures	(63,336)	(109,364)	—	(172,700)
Receipts from the sale of capital assets	—	179,881	(178,463)	1,418
Payments for Superstorm Sandy	(1,353,510)	—	—	(1,353,510)
Proceeds from Superstorm Sandy	1,880,103	—	—	1,880,103
Payments for bond issuance costs	(9,713,006)	—	—	(9,713,006)
Auction fees for variable debt	(49,678)	—	—	(49,678)
Swap payment made on the 2003 Swap agreement	(6,469,480)	—	—	(6,469,480)
Swap interest payments received on the 2003 Swap agreement	201,889	—	—	201,889
Principal paydown on 2003 Revenue Bonds	(16,140,000)	—	—	(16,140,000)
Interest paid on 2003 Senior Revenue Bonds	(412,700)	—	—	(412,700)
Principal paydown on 2009 Senior Revenue Bonds	(310,000)	—	—	(310,000)
Interest paid on 2009 Senior Revenue Bonds	(2,516,453)	—	—	(2,516,453)
Interest paid on 2013 Bonds C, D, E	(1,734,975)	—	—	(1,734,975)
Transfer to Escrow Account for Bond Refinancing	10,149,229	—	—	10,149,229
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	585,980	—	—	585,980
Net cash provided by (used in) capital and related financing activities	(27,597,513)	70,517	(178,463)	(27,705,459)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	1,500,918	—	—	1,500,918
Maturities and redemptions of investment securities	274,173,807	—	—	274,173,807
Purchases of investment securities	(435,189,505)	—	—	(435,189,505)
Net cash used in investing activities	(159,514,780)	—	—	(159,514,780)
Increase (decrease) in cash and cash equivalents	(129,437,795)	294,071	—	(129,143,724)
Cash and cash equivalents, beginning of period	218,115,053	57,336	—	218,172,389
Cash and cash equivalents, end of period	$ 88,677,258	351,407	—	89,028,665

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2014 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 104,538,718	(515,208)	178,463	104,201,973
Adjustments to reconcile operating income to net cash provided by operating activities:				
Provision for bad debt expense	155,325	—	—	155,325
Depreciation and amortization	4,432,742	67,366	—	4,500,108
Other	(58,351)	—	—	(58,351)
Changes in operating assets and liabilities:				
(Increase) decrease in rents and other receivables	(231,030)	(158,861)	158,443	(231,448)
(Increase) decrease in other assets	202,340	(66,249)	—	136,091
Increase (decrease) in accounts payable and other liabilities	4,606,997	(90,038)	(158,443)	4,358,516
Decrease in unearned revenue	(5,955,747)	—	—	(5,955,747)
(Decrease) increase in OPEB	(12,597)	986,544	—	973,947
Net cash provided by operating activities	$ 107,678,397	223,554	178,463	108,080,414
Reconciliation of cash and cash equivalents, end of period:				
Bank deposits	$ 8,879	351,407	—	360,286
Cash and cash equivalents	1,079,171	—	—	1,079,171
Investments with less than 91-day maturities	87,589,208	—	—	87,589,208
Cash and cash equivalents, end of period	$ 88,677,258	351,407	—	89,028,665

See independent auditors' review report.