HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Financial Statements

April 30, 2017 and 2016 (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, 2017 and 2016 (Unaudited)

Table of Contents

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
www.markspaneth.com

New York
New Jersey
Pennsylvania
Washington, DC
Florida

MARKS PANETH
ACCOUNTANTS & ADVISORS

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, 2017 and 2016, 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 reviews 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.

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, the schedule of the Authority's proportionate share of the net pension liability on page 62, the schedule of employer contributions on page 63, and the schedule of funding progress for the other postemployment benefits plan on page 64, 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 65 through 74 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 2, 2017

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, 2017 and 2016. 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 2017 to 2016 and 2016 to 2015

Financial Highlights – 2017

- The six-month period ended April 30, 2017 yielded total operating revenues of $145.5 million, an increase of 6.3% or $8.6 million compared to the six-month period ended April 30, 2016. Payments in lieu of taxes ("PILOT") revenue totaling $107.2 million (74% of the Authority's operating revenues for the six-month period ended April 30, 2017), increased $7.0 million or 7.0% compared to the six-month period ended April 30, 2016. Base rent increased $148 thousand or .5% to $30.1 million for the six-month period ended April 30, 2017. Civic facilities and other operating revenues increased $1.5 million or 24.8% to $7.6 million for the six-month period ended April 30, 2017. Total operating expenses increased $1.7 million or 7.4% to $24.1 million for the six-month period ended April 30, 2017.
- A payment of $135.8 million was made in June 2017 towards the provision for the transfer to the City of New York (the "City") for the fiscal year ended October 31, 2016. A $66.5 million provision was recorded representing the PILOT-related portion of fiscal year 2017 excess revenues that was charged to nonoperating expense for the six-month period ended April 30, 2017 (see note 13), an increase of $1.9 million as compared to the six-month period ended April 30, 2016. 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.
- A payment of $79.4 million was made in June 2017 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for fiscal years ended October 31, 2016 and October 31, 2015. As of April 30, 2017, pursuant to the 2010 Agreement (see note 13), the Authority recorded an additional provision for the transfer of $18.5 million for the six-month period ended April 30, 2017, as an expected payment to the City, an increase of $2.2 million as compared to the six-month period ended April 30, 2016.
- As of April 30, 2017, $59.4 million remained 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 $71.9 million as of April 30, 2016.

Financial Highlights – 2016

- The six-month period ended April 30, 2016 yielded total operating revenues of $136.9 million, an increase of 5.7% or $7.4 million compared to the six-month period ended April 30, 2015. PILOT revenue totaling $100.2 million (73% of the Authority's operating revenues for the six-month period ended April 30, 2016), increased $6.9 million or 7.4% compared to the six-month period ended April 30, 2015. Base rent increased $1.2 million or 4.2% to $30 million for the six-month period ended April 30, 2016. Civic facilities and other operating revenues decreased $507 thousand or 7.7% to $6.1 million for the six-month period ended April 30, 2016. Total operating expenses decreased $7 million or 24% to $22.4 million for the six-month period ended April 30, 2016.

- A payment of $123.4 million was made in June 2016 towards the provision for the transfer to the City for the fiscal year ended October 31, 2015. A $64.6 million provision was recorded representing the PILOT-related portion of fiscal year 2016 excess revenues that was charged to nonoperating expense for the six-month period ended April 30, 2016, an increase of $6.8 million as compared to the six-month period ended April 30, 2015. 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.
- As of April 30, 2016, the provision for the transfer to the City for the fiscal year ended October 31, 2015 in the amount of $37.2 million is recorded as a liability. Pursuant to the 2010 Agreement, the Authority recorded an additional provision for the transfer of $16.2 million for the six-month period ended April 30, 2016, as an expected payment to the City, a decrease of $1.5 million as compared to the six-month period ended April 30, 2015.
- As of April 30, 2016, $71.9 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures, as compared to $87.6 million as of April 30, 2015.

- The Authority implemented GASB Statement No. 77, *Tax Abatement Disclosures*, which requires financial statements to disclose the nature and magnitude of the reduction in tax revenues through tax abatement programs (see note 3(m)).

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 plus the deferred inflows of resources. A summarized comparison of the Organization's assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position (deficit) at April 30, 2017, 2016 and 2015 is as follows:

	April 30			2017 vs	2016 vs
	2017	**2016**	**2015**	**2016**	**2015**
Assets:					
Bank deposits, investments and rents and other receivables	$ 5,854,316	6,026,549	6,481,976	(172,233)	(455,427)
Bond resolution restricted assets (current and noncurrent)	520,222,513	464,578,019	465,029,967	55,644,494	(451,948)
Battery Park City project assets, net	500,561,926	490,635,680	485,824,760	9,926,246	4,810,920
Other current and noncurrent assets	137,640,871	99,220,176	97,753,300	38,420,695	1,466,876
Total assets	1,164,279,626	1,060,460,424	1,055,090,003	103,819,202	5,370,421
Deferred Outflows of Resources:					
Deferred pension outflows	1,764,639	2,039,017	106,951	(274,378)	1,932,066
Accumulated decrease in fair value of interest rate swaps	19,815,828	35,643,687	25,455,663	(15,827,859)	10,188,024
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	19,286,164	20,612,074	21,937,984	(1,325,910)	(1,325,910)
Deferred costs of refunding, less accumulated amortization	56,893,719	60,674,374	64,455,028	(3,780,655)	(3,780,654)
Total deferred outflows of resources	97,760,350	118,969,152	111,955,626	(21,208,802)	7,013,526
Total assets and deferred outflows of resources	$ 1,262,039,976	1,179,429,576	1,167,045,629	82,610,400	12,383,947
Liabilities:					
Current liabilities	$ 462,181,246	356,487,114	347,719,511	105,694,132	8,767,603
Long-term liabilities	1,394,354,811	1,450,225,898	1,477,160,681	(55,871,087)	(26,934,783)
Total liabilities	1,856,536,057	1,806,713,012	1,824,880,192	49,823,045	(18,167,180)
Deferred Inflows of Resources:					
Deferred pension inflows	729,998	416,903	34,673	313,095	382,230
Total liabilities and deferred inflows of resources	1,857,266,055	1,807,129,915	1,824,914,865	50,136,140	(17,784,950)
Net Position (deficit):					
Invested in capital assets, net of related debt	3,530,869	(8,927,334)	(12,729,215)	12,458,203	3,801,881
Restricted	101,898,302	78,905,565	81,550,943	22,992,737	(2,645,378)
Unrestricted	(700,655,250)	(697,678,570)	(726,690,964)	(2,976,680)	29,012,394
Total net deficit	(595,226,079)	(627,700,339)	(657,869,236)	32,474,260	30,168,897
Total liabilities, deferred inflows of resources and net deficit	$ 1,262,039,976	1,179,429,576	1,167,045,629	82,610,400	12,383,947

Assets and Deferred Outflows of Resources

2017 vs. 2016

At April 30, 2017, the Organization maintained total assets and deferred outflows of resources of approximately $1.26 billion, approximately $82.6 million higher than $1.18 billion at April 30, 2016.

2016 vs. 2015

At April 30, 2016, the Organization maintained total assets and deferred outflows of resources of $1.18 billion, approximately $12.4 million higher than $1.17 billion at April 30, 2015.

Bank Deposits, Investments, Rents and Other Receivables

2017 vs. 2016

Bank deposits, investments, and rents and other receivables held at April 30, 2017 decreased by approximately $172 thousand over the same period last year. Bank deposits and investments decreased by $694 thousand as a result of the decrease in the unpledged revenue fund account. Rents and other receivables increased by $522 thousand, primarily due to an increase in accrued rental receivables of approximately $1.2 million, offset by decreases of approximately $678 thousand in all other receivables.

2016 vs. 2015

Bank deposits, investments, and rents and other receivables held at April 30, 2016 decreased by $455 thousand over the same period last year. Investments and bank deposits increased by $1.1 million as a result of the increase in the unpledged revenue fund account. Rents and other receivables decreased by $1.5 million, primarily due to the decreases in receivables for Superstorm Sandy reimbursements and funds due from the Lower Manhattan Development Corporation of $767 thousand and $684 thousand, respectively.

Bond Resolution Restricted Assets

2017 vs. 2016

Bond resolution restricted assets are funds and accounts established in accordance with the 2003, 2009, and 2013 Revenue Bond resolutions. Such assets of $520.2 million at April 30, 2017 were $55.6 million higher than the $464.6 million of assets held at April 30, 2016 (see note 8). Bond resolution restricted funds of $56.9 million were included in the $520.2 million at April 30, 2017. These funds were held in transit and were recorded in the financial statements as bond resolution fund receivables.

Funds held in the Pledged Revenue Fund ("PRF") at April 30, 2017 were approximately $6.5 million more than funds held at April 30, 2016. Funds held in the Debt Service Funds at April 30, 2017 were $14.8 million more than funds at April 30, 2016.

Funds held in the Project Operating Fund were approximately $1.5 million higher at April 30, 2017 compared to 2016.

Funds held in the Residual Fund for payment to the City at April 30, 2017 were $17.5 million higher than funds held at April 30, 2016.

Funds held under the resolution for project infrastructure and certain other asset costs were $59.4 million as of April 30, 2017, or $12.5 million less than April 30, 2016.

At April 30, 2017, there were receivable funds in transit in the amounts of $35.4 million and $1.9 million to the Debt Services Funds and Project Cost Funds, respectively, recorded as bond resolution restricted assets.

2016 vs. 2015

Bond resolution restricted assets are funds and accounts established in accordance with the 2003, 2009, and 2013 Revenue Bond resolutions. Such assets of $464.6 million at April 30, 2016 were $452 thousand lower than the $465 million of assets held at April 30, 2015. Bond resolution restricted funds of $31 million were included in the $464.6 million at April 30, 2016. These funds were held in transit and were recorded in the financial statements as bond resolution fund receivables.

Funds held in the Pledged Revenue Fund at April 30, 2016 were $9 million more than funds held at April 30, 2015. Funds held in the Debt Service Funds at April 30, 2016 were $17.4 million less than funds at April 30, 2015.

Funds held in the Project Operating Fund were approximately $749 thousand lower at April 30, 2016 compared to 2015.

Funds held in the Residual Fund for payment to the City at April 30, 2016 were $6.6 million lower than funds held at April 30, 2015.

Funds held under the resolution for project infrastructure and certain other asset costs were $71.9 million as of April 30, 2016, or $15.7 million less than April 30, 2015.

At April 30, 2016, there were receivable funds in transit in the amounts of $27.3 million and $3.7 million to the Debt Services Funds and Project Cost Funds, respectively, recorded as bond resolution restricted assets.

Project Assets

At April 30, 2017, the Authority's investment in project assets, net of accumulated depreciation was $500.6 million, an increase of $9.9 million over April 30, 2016. 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, 2017, 2016, and 2015 were as follows:

		April 30			2017 vs	2016 vs
		2017	2016	2015	2016	2015
Land	$	83,015,653	83,015,653	83,015,653	—	—
Site improvements		421,282,865	401,756,152	389,186,397	19,526,713	12,569,755
Residential building and condominium units		136,983,168	136,709,627	135,627,780	273,541	1,081,847
		641,281,686	621,481,432	607,829,830	19,800,254	13,651,602
Less accumulated depreciation		140,719,760	130,845,752	122,005,070	(9,874,008)	(8,840,682)
Total Battery Park City project assets	$	500,561,926	490,635,680	485,824,760	9,926,246	4,810,920

2017 vs. 2016

At April 30, 2017, the increase to site improvements over April 30, 2016 of $19.5 million relates to the esplanade and restoration of piles, Liberty Street Bridge renovations, the Police Memorial, Irish Hunger Memorial and other minor capital improvements (see note 3(c)).

2016 vs. 2015

At April 30, 2016, the increase to site improvements over April 30, 2015 of $12.6 million relates to the esplanade and restoration of piles, work on Site 3 headquarters, as well as work on bridges and other minor capital improvements.

Other Current and Noncurrent Assets

Other current and noncurrent assets at April 30, 2017, 2016, and 2015 were as follows:

		April 30			2017 vs	2016 vs
		2017	2016	2015	2016	2015
Residential lease required funds	$	28,319,455	27,331,696	21,480,651	987,759	5,851,045
Corporate-designated, escrowed, and OPEB funds		106,080,152	68,365,202	71,978,973	37,714,950	(3,613,771)
Other assets		3,241,264	3,523,278	4,293,676	(282,014)	(770,398)
Total other current and noncurrent assets	$	137,640,871	99,220,176	97,753,300	38,420,695	1,466,876

2017 vs. 2016

Total other current and noncurrent assets increased $38.4 million from $99.2 million at April 30, 2016 to $137.7 million at April 30, 2017.

Residential lease required funds, which include security deposits held for condominium buildings, increased $987 thousand from $27.3 million at April 30, 2016 to $28.3 million at April 30, 2017, primarily due to the increases in lease required funds. Overall, corporate-designated, escrowed, and OPEB funds increased $37.7 million from April 30, 2016, primarily due to an increase in funds held in the joint purpose account payable to the City under the 2010 Agreement.

2016 vs. 2015

Total other current and noncurrent assets increased $1.5 million from $97.8 million at April 30, 2015 to $99.2 million at April 30, 2016.

Residential lease required funds, which include security deposits held for condominium buildings, increased $5.9 million from $21.5 million at April 30, 2015 to $27.3 million at April 30, 2016, primarily due to River and Warren (Site 19) converting from a rental to a condominium building. Overall, corporate-designated, escrowed, and OPEB funds decreased $3.6 million from April 30, 2015. The decrease was primarily due to the payment of approximately $6.5 million from the Conservancy reserve account for the withdrawal of the Conservancy from the CIRS pension plan. There were increases of approximately $1.7 million in the OPEB accounts and $1.1 million in the BPCA Insurance fund related to additional funding and other interest earnings.

Deferred Outflows of Resources

Deferred outflows of resources at April 30, 2017, 2016, and 2015 were as follows:

	April 30			2017 vs	2016 vs
	2017	2016	2015	2016	2015
Deferred Outflows of Resources:					
Deferred pension outflows	$ 1,764,639	2,039,017	106,951	(274,378)	1,932,066
Accumulated change in fair value of interest rate swaps	19,815,828	35,643,687	25,455,663	(15,827,859)	10,188,024
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	19,286,164	20,612,074	21,937,984	(1,325,910)	(1,325,910)
Deferred costs of refunding, less accumulated amortization	56,893,719	60,674,374	64,455,028	(3,780,655)	(3,780,654)
Total deferred outflows of Resources	$ 97,760,350	118,969,152	111,955,626	(21,208,802)	7,013,526

2017 vs. 2016

The $1.8 million at April 30, 2017 represents the Authority's portion of the deferred pension outflows from the New York State pension plan (see note 17).

The interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $35.6 million at April 30, 2016, decreased by $15.8 million to $19.8 million at April 30, 2017. 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, 2016 to April 30, 2017. The decrease is a result of the current year amortization.

The deferred cost of refunding decreased by $3.8 million from April 30, 2016 to April 30, 2017. The decrease is a result of the current year amortization.

2016 vs. 2015

The $2 million at April 30, 2016 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 $25.5 million at April 30, 2015, which increased by $10.1 million to $35.6 million at April 30, 2016. 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, 2015 to April 30, 2016. The decrease is a result of the current year amortization.

The deferred cost of refunding decreased by $3.8 million from April 30, 2015 to April 30, 2016. The decrease is a result of the current year amortization.

Liabilities

Total liabilities at April 30, 2017, 2016 and 2015 were as follows:

	April 30			2017 vs	2016 vs
	2017	2016	2015	2016	2015
Current liabilities:					
Accrued interest on bonds	$ 16,531,932	16,976,110	17,226,701	(444,178)	(250,591)
Accounts payable and other liabilities	10,643,661	7,317,934	8,924,871	3,325,727	(1,606,937)
Accrued pension payable	2,456,720	2,357,307	7,041,365	99,413	(4,684,058)
Due to the City of New York - Pilot	202,349,124	188,641,141	183,005,346	13,707,983	5,635,795
Due to the City of New York - 2010 Agreement	97,818,646	53,662,141	60,731,398	44,156,505	(7,069,257)
Due to Port Authority of NY & NJ	869,381	869,381	869,381	—	—
Unearned revenue	47,301,799	45,974,676	44,405,711	1,327,123	1,568,965
Security and other deposits	4,738	4,738	4,738	—	—
2009 Revenue Bonds	340,000	335,000	315,000	5,000	20,000
2013 Revenue Bonds	27,050,000	25,890,000	25,195,000	1,160,000	695,000
Bond resolution fund payables	56,815,245	14,458,686	—	42,356,559	14,458,686
Total current liabilities	462,181,246	356,487,114	347,719,511	105,694,132	8,767,603
Noncurrent liabilities:					
Unearned revenue	254,753,889	262,806,865	274,673,610	(8,052,976)	(11,866,745)
Security and other deposits	27,791,813	27,662,844	21,976,589	128,969	5,686,255
Other post employment benefits	37,305,199	35,349,247	33,334,667	1,955,952	2,014,580
Fair value of interest rate swaps	19,815,828	35,643,687	25,455,663	(15,827,859)	10,188,024
Imputed borrowing	56,893,719	60,674,373	64,455,028	(3,780,654)	(3,780,655)
Bonds outstanding:					
2009 Revenue Bonds	86,285,124	86,697,972	87,105,820	(412,848)	(407,848)
2013 Revenue Bonds	911,509,239	941,390,910	970,159,304	(29,881,671)	(28,768,394)
Total noncurrent liabilities	1,394,354,811	1,450,225,898	1,477,160,681	(55,871,087)	(26,934,783)
Total liabilities	$ 1,856,536,057	1,806,713,012	1,824,880,192	49,823,045	(18,167,180)

2017 vs. 2016

The Organization's total liabilities increased approximately $49.8 million from $1.81 billion at April 30, 2016 to $1.86 billion at April 30, 2017.

Total liabilities comprise amounts due to the City, accrued interest on bonds, unearned revenue, security and other deposits, postemployment benefits, outstanding debt, fair value of interest rate swaps, imputed borrowing, accounts payable and accrued expenses and bond resolution fund payables.

The $49.8 million increase in total liabilities is due to:

- a $444 thousand decrease in accrued interest payable on bonds from $17 million at April 30, 2016 to $16.5 million at April 30, 2017 (see notes 11 and 12).
- a $3.3 million increase in accounts payable and other liabilities from $7.3 million at April 30, 2016 to $10.6 million at April 30, 2017, primarily due to an increase of accrued capital and operating expenses of approximately $2.6 million, as well as an increase in contract retention costs of approximately $525 thousand (see note 15).
- a $100 thousand increase in accrued pension payable from $2.4 million at April 30, 2016 to $2.5 million at April 30, 2017 is the Authority's liability portion based on the New York State pension plan.
- the liability due to the City totaling $202.3 million includes a $66.5 million provision recorded for the period ended April 30, 2017, representing approximately half of the estimated fiscal year 2017 PILOT-related excess revenues to be transferred to the City, and $135.8 million payable from the previous fiscal year ended October 31, 2016, which was not paid as of April 30, 2017. The $202.3 million due to the City was $13.7 million higher compared to the amount due at April 30, 2016 (see note 13).
- the liability due to the City under the 2010 Agreement for "pay-as-you-go" capital totaling $97.8 million includes a $18.4 million provision recorded for the period ended April 30, 2017, representing approximately half of the estimated fiscal 2017 amount expected payable under the 2010 Agreement, and $79.4 million payable from the previous fiscal year ended October 31, 2016. The $97.8 million due to the City was $44.2 million higher compared to the amount due at April 30, 2016 (see note 13).
- a $6.7 million decrease to $302 million in unearned revenue from $309 million at April 30, primarily due to revenue of $10.6 million recognized on leases. The $10.6 million decrease if offset by an upfront lease payment of $3.9 million.
- a $129 thousand increase in total security and other deposits to $27.8 million at April 30, 2017.
- a $2 million increase in other postemployment benefits for the Organization relating to the annual normal cost incurred for current employees and interest expense, offset by actual costs for retiree benefits paid. The Organization had a $37.3 million OPEB liability as of April 30, 2017. 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).
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $19.8 million at April 30, 2017 The negative fair value of $19.8 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position. This value decreased $15.8 million, from a negative fair value of $35.6 million at April 30, 2016.
- a $3.8 million decrease in the imputed borrowing represents the current period amortization of the fair value of the bifurcated Swaps. The original $70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- a $408 thousand decrease in 2009 Revenue Bonds outstanding relating to the payment of principal of $335 thousand and a $73 thousand decrease due to the amortization of the net bond premium (see note 16).
- a $28.7 million decrease in 2013 Revenue Bonds outstanding relating to the payment of principal of $25.9 million and a $2.8 million decrease due to the amortization of the net bond premium (see note 16).

- a $42.4 million increase in bond resolution funds payable relates to purchases of securities that are considered in transit as of April 30, 2017. These purchases of securities pertain to the 2003 Junior and Senior Debt Service accounts.

2016 vs. 2015

The Organization's total liabilities decreased approximately $18.2 million from $1.82 billion at April 30, 2015 to $1.81 billion at April 30, 2016.

Total liabilities comprise amounts due to the City, accrued interest on bonds, unearned revenue, security and other deposits, postemployment benefits, outstanding debt, fair value of interest rate swaps, imputed borrowing, accounts payable and accrued expenses and bond resolution fund payables.

The $18.2 million decrease in total liabilities is due to:

- a $251 thousand decrease in accrued interest payable on bonds from $17.2 million at April 30, 2015 to $17 million at April 30, 2016.
- a $1.6 million decrease in accounts payable and other liabilities from $8.9 million at April 30, 2015 to $7.3 million at April 30, 2016, primarily due a decrease of accrued capital and operating expenses of approximately $1.4 million.
- a $4.7 million decrease in accrued pension payable from $7 million at April 30, 2015 to $2.4 million at April 30, 2016 was due to the payment of the Conservancy's withdrawal liability of $5.5 million and employee time recoupment of $1 million for the CIRS pension plan. There was an increase of $1.8 million that offset the overall decrease for the Authority's liability portion of the New York State pension plan.
- the liability due to the City totaling $188.6 includes a $64.6 million provision recorded for the period ended April 30, 2016 representing approximately half of the estimated fiscal year 2016 PILOT-related excess revenues to be transferred to the City and $124 million payable from the previous fiscal year ended October 31, 2015, which was not paid as of April 30, 2016. The $188.6 million due to the City was $5.6 million higher compared to the amount due at April 30, 2015.
- the liability due to the City under the 2010 Agreement totaling $53.7 million includes a $16.2 million provision recorded for the period ended April 30, 2016 representing approximately half of the estimated fiscal 2016 amount expected payable under the 2010 Agreement and $37.5 million payable from the previous fiscal year ended October 31, 2015, which was not paid as of April 30, 2016. The $53.7 million due to the City was $7 million higher compared to the amount due at April 30, 2015.
- a $10.3 million decrease to $309 million in unearned revenue from $319 million at April 30, 2015 primarily due to revenue recognized on leases, such as the Goldman lease ($2.7 million), Sites 23 & 24 ($2.3 million), Site 3 ($1.8 million) and Site 16/17 ($2.4 million), as well as other upfront lease payments received during prior years.
- a $5.7 million increase in total security and other deposits to $27.7 million at April 30, 2016, primarily due to River and Warren (Site 19) converting from a rental to a condominium building. There are security deposits held for condominiums but not rentals.
- a $2 million increase in other postemployment benefits for the Organization 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 $35.3 million net accrued postemployment medical benefit

liability for all eligible current and retired employees is reported as of April 30, 2016. 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.

- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $35.6 million at April 30, 2016 The negative fair value of $35.6 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position. This value increased $10.2 million, from a negative fair value of $25.4 million at April 30, 2015.
- a $3.8 million decrease in the imputed borrowing represents the current period amortization of the fair value of the bifurcated Swaps. The original $70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- a $388 thousand decrease in 2009 Revenue Bonds outstanding relating to the payment of principal of $315 thousand and a $73 thousand decrease due to the amortization of the net bond premium.
- a $28.1 million decrease in 2013 Revenue Bonds outstanding relating to the payment of principal of $25.2 million and a $2.9 million decrease due to the amortization of the net bond premium.
- a $14.5 million increase in bond resolution funds payable relates to purchases of securities that are considered in transit as of April 30, 2016. These purchases of securities pertain to the 2003 Junior and Senior Debt Service accounts and the 2009A Project Cost account.

Deferred Inflows of Resources

Deferred inflows of resources at April 30, 2017, 2016, and 2015 are as follows:

	April 30			2017 vs	2016 vs
	2017	2016	2015	2016	2015
Deferred Inflows of Resources:					
Deferred pension inflows	$ 729,998	416,903	34,673	313,095	382,230

2017 vs. 2016

The $730 thousand at April 30, 2017 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 17).

2016 vs. 2015

The $417 thousand at April 30, 2016 represents the Authority's portion of the deferred pension inflows from the New York State pension plan.

Net Position (Deficit)

		April 30			2017 vs	2016 vs
		2017	**2016**	**2015**	**2016**	**2015**
Net Position (deficit):						
Invested in capital assets, net of related debt	$	3,530,869	(8,927,334)	(12,729,215)	12,458,203	3,801,881
Restricted		101,898,302	78,905,565	81,550,943	22,992,737	(2,645,378)
Unrestricted		(700,655,250)	(697,678,570)	(726,690,964)	(2,976,680)	29,012,394
Total net deficit	$	(595,226,079)	(627,700,339)	(657,869,236)	32,474,260	30,168,897

2017 vs. 2016

The change in total net position from April 30, 2016 represents a positive change in the deficit position of $32.5 million from $627.7 million at April 30, 2016 to $595.2 million at April 30, 2017.

Invested in capital assets, net of related debt, was a surplus of $3.5 million and a deficit of $8.9 million at April 30, 2017 and 2016, 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 $102 million of restricted net assets at April 30, 2017 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 $700.7 million at April 30, 2017 resulting from the cumulative net excess revenues, which are transferred to the City annually.

2016 vs. 2015

The change in total net position from April 30, 2015 represents a positive change in the deficit position of $30.2 million from $657.9 million at April 30, 2015 to $627.7 million at April 30, 2016.

Invested in capital assets, net of related debt, was a deficit of $8.9 million and $12.7 million at April 30, 2016 and 2015, 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 $79 million of restricted net assets at April 30, 2016 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 $697.7 million at April 30, 2016 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 periods' ended April 30, 2017, 2016, and 2015:

	April 30			2017 vs	2016 vs
	2017	**2016**	**2015**	**2016**	**2015**
Operating revenues:					
Revenues from ground leases:					
Base rent	$ 30,099,501	29,951,813	28,752,904	147,688	1,198,909
Supplemental rent	656,378	660,543	911,058	(4,165)	(250,515)
Payments in lieu of real estate taxes	107,150,341	100,163,203	93,232,806	6,987,138	6,930,397
Civic facilities payments and other	7,594,215	6,084,306	6,591,230	1,509,909	(506,924)
Total operating revenues	145,500,435	136,859,865	129,487,998	8,640,570	7,371,867
Operating expenses:					
Wages and related benefits	8,088,960	7,668,908	13,694,936	420,052	(6,026,028)
OPEB	1,354,822	1,079,058	1,357,893	275,764	(278,835)
Other operating and administrative expenses	9,019,885	8,983,199	9,749,213	36,686	(766,014)
Depreciation and amortization	5,633,509	4,703,990	4,608,265	929,519	95,725
Total operating expenses	24,097,176	22,435,155	29,410,307	1,662,021	(6,975,152)
Operating income	121,403,259	114,424,710	100,077,691	6,978,549	14,347,019
Nonoperating revenues (expenses):					
Investment and other income	463,673	2,638,374	1,845,673	(2,174,701)	792,701
Other revenue	—	—	6,271	—	(6,271)
Gain (loss) on project assets	329	(201,351)	—	201,680	(201,351)
Interest expense, net	(16,836,058)	(17,099,821)	(17,215,972)	263,763	116,151
Provision for transfer to the City of New York	(66,513,069)	(64,621,192)	(57,841,463)	(1,891,877)	(6,779,729)
Provision for transfer to the City of New York - 2010 Agreement	(18,454,931)	(16,218,808)	(17,675,538)	(2,236,123)	1,456,730
Provision for transfer to New York State:					
Route 9A Agreement	—	—	(70,104)	—	70,104
Eastern Border pass through NYC	—	(4,591)	—	4,591	(4,591)
West Thames Park pass through NYC	(72,065)	(1,549,149)	—	1,477,084	(1,549,149)
Pier A and Pier A Plaza pass through NYC	(133,202)	(619,961)	(272,228)	486,759	(347,733)
Total nonoperating expenses, net	(101,545,323)	(97,676,499)	(91,223,361)	(3,868,824)	(6,453,138)
Change in net position	19,857,936	16,748,211	8,854,330	3,109,725	7,893,881
Net deficit, beginning of period	(615,084,015)	(644,448,550)	(666,723,566)	29,364,535	22,275,016
Net deficit, end of period	$ (595,226,079)	(627,700,339)	(657,869,236)	32,474,260	30,168,897

Operating Revenue

2017 vs. 2016

Overall operating revenues for the six-month period ended April 30, 2017 totaled $145.5 million, $8.6 million higher than the six-month period ended April 30, 2016 of $136.9 million. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased $148 thousand from $30 million for the six-month period ended April 30, 2017. PILOT revenue totaling $107.2 million (74% of the total operating revenues for the six-month period ended April 30, 2017), increased by $7 million over the six-month period ended April 30, 2016. The change in civic facility payments and other is a $1.5 million increase from $6.1 million for the six-month period ended April 30, 2016 to $7.6 million for the six-month period ended April 30, 2017, primarily due to an increase in retail revenue.

2016 vs. 2015

Overall operating revenues for the six-month period ended April 30, 2016 totaled $136.9 million, $7.4 million higher than the six-month period ended April 30, 2015 of $129.5 million. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased $1.2 million from $28.8 million for the six-month period ended April 30, 2016 primarily due to the increase in contractual base rent for Pier A and North Cove Marina. PILOT revenue totaling $100.2 million (73% of the total operating revenues for the six-month period ended April 30, 2016), increased by $6.9 million over the six-month period ended April 30, 2015 primarily due to an increase in PILOT revenue from the commercial towers. The change in civic facility payments and other is a $507 thousand decrease from $6.6 million for the six-month period ended April 30, 2015 to $6.1 million for the six-month period ended April 30, 2016, primarily due to a decrease in miscellaneous income of approximately $476 thousand.

Operating Expenses

2017 vs. 2016

Operating expenses totaled $24.1 million for the six-month period ended April 30, 2017, representing a $1.7 million increase compared to the six-month period ended April 30, 2016. 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 $8.1 million were $420 thousand higher than the prior six-month period ended April 30, 2016, primarily due to the increase in the New York State Retirement System contribution in the amount of $594 thousand. There was a decrease of $120 thousand due to the change in total payroll.

OPEB expenses for the Organization increased for the six-month period ended April 30, 2017 by $276 thousand as compared to the six-month period ended April 30, 2016. 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).

Other operating and administrative expenses of approximately $9 million decreased by $37 thousand for the six-month period ended April 30, 2017.

Depreciation and amortization expenses recorded for the six-month period ended April 30, 2017 of $5.6 million were $930 thousand higher than the six-month period ended April 30, 2016, primarily due to an increase of depreciation expense of approximately $820 thousand for Site 23/24 core and shell.

2016 vs. 2015

Operating expenses totaled $22.4 million for the six-month period ended April 30, 2016, representing a $7 million decrease compared to the six-month period ended April 30, 2015. 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 $7.7 million were $6 million lower than the prior six-month period ended April 30, 2015, primarily due to the payment of $6.5 million to withdraw from the Conservancy's CIRS pension plan.

OPEB expenses for the Organization decreased for the six-month period ended April 30, 2016 by $279 thousand as compared to the six-month period ended April 30, 2015. 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 $9 million decreased by $766 thousand for the six-month period ended April 30, 2016, primarily due to the decrease of approximately $774 thousand for the New York statewide cost recovery expense.

Depreciation and amortization expenses recorded for the six-month period ended April 30, 2016 of $4.7 million were $96 thousand higher than the six-month period ended April 30, 2015.

Nonoperating Revenues (Expenses)

2017 vs. 2016

Total nonoperating expenses, net, were $3.9 million higher for the six-month period ended April 30, 2017 than the six-month period ended April 30, 2016. A provision for a transfer to the City of $66.5 million in excess revenues was charged to expense for the six-month period ended April 30, 2017, an increase of $1.9 million from the six-month period ended April 30, 2016. A provision for transfer to the City for a pay-as-you-go fund of $18.5 million was charged to expense for the six-month period ended April 30, 2017, an increase of $2.2 million from the six-month period ended April 30, 2016. The Authority expended approximately $133 thousand of capital improvements to Pier A, which is a City-owned asset, and accordingly recorded a provision for transfer to the City for that amount for the period end April 30, 2017. The amount expended for the period ended April 30, 2016 was approximately $619 thousand, a decrease of approximately $486 thousand. The Authority recorded approximately $72 thousand for the six-month period ended April 30, 2017 relating to the provision for transfer to the City for West Thames Park, which was approximately $1.4 million lower than the six-month period ended April 30, 2016.

Investment and other income decreased by $2.2 million. Net interest expense related to outstanding bonds increased $264 thousand compared to the six-month period ended April 30, 2016.

2016 vs. 2015

Total nonoperating expenses, net, were $6.5 million higher for the six-month period ended April 30, 2016 than the six-month period ended April 30, 2015. For the six-month period ended April 30, 2016, investment and other income was $2.6 million or approximately $793 thousand higher than the six-month period ended April 30, 2015. A provision for a transfer to the City of $64.6 million in excess revenues was charged to expense for the six-month period ended April 30, 2016, an increase of $6.8 million from the six-month period ended April 30, 2015. A provision for transfer to the City for a pay-as-you-go fund of $16.2 million was charged to expense for the six-month period ended April 30, 2016, a decrease of $1.5 million from the six-month period ended April 30, 2015. In addition, a provision for transfers to the City for the West Thames Park and Pier A and Pier A Plaza of $1.5 million and $620 thousand respectively were charged to expense for the six-month period ended April 30, 2016, a total decrease of $1.9 million from the six-month period ended April 30, 2015.

Investment and other income increased by $786 thousand primarily due to restructuring the long-term investments portfolio. Net interest expense related to outstanding bonds decreased $117 thousand compared to the six-month period ended April 30, 2015.

Change in Net Position

The total net deficit at April 30, 2017 and 2016 was $595.2 million and $627.7 million, respectively.

The total net deficit at April 30, 2016 and 2015 was $627.7 million and $657.9 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 April 30, 2017, 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	28,750,000	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 April 30, 2017, outstanding bonds and ratings are as follows:

	Outstanding debt	Fitch	Moody's	Standard & Poor's (S&P)
2013 Senior Revenue A Bonds	$ 302,140,000	AAA	Aaa	Not Rated
2013 Junior Revenue C Bonds	207,255,000	Not Rated	Aa2	Not Rated
2013 Junior Revenue D Bonds	194,050,000	Not Rated	Not Rated	Not Rated
2013 Junior Revenue E Bonds	194,055,000	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, 2017 and 2016 (Unaudited)

Assets		**2017**	**2016**
Current assets:			
Bank deposits	$	473,672	503,989
Investments (notes 3(e) and 3(k))		453,014	1,116,538
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of $1,669,489 in 2017 and $1,480,874 in 2016 (note 14(a))		4,927,630	4,406,022
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		330,706,058	290,454,107
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		4,303,465	8,641,029
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		42,080,722	47,570,542
Bond resolution fund receivables (notes 3(e), 8, 9, 12 and 14(b))		56,902,000	30,980,000
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18)		39,231,898	1,117,438
Total current assets		479,078,459	384,789,665
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		73,198,752	71,277,167
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		—	898,918
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		13,031,516	14,756,256
Residential lease required funds (note 3(e) and 3(k))		28,319,455	27,331,696
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18)		66,848,254	67,247,764
Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4)		500,561,926	490,635,680
Other assets		3,241,264	3,523,278
Total noncurrent assets		685,201,167	675,670,759
Total assets		1,164,279,626	1,060,460,424
Deferred Outflows of Resources			
Deferred pension outflows (note 17)		1,764,639	2,039,017
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)		19,815,828	35,643,687
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds (note 12)		19,286,164	20,612,074
Deferred costs of refunding, less accumulated amortization of $13,321,693 in 2017 and $9,541,039 in 2016 (note 10)		56,893,719	60,674,374
Total deferred outflows of resources		97,760,350	118,969,152
Total assets and deferred outflows of resources	$	1,262,039,976	1,179,429,576

(Continued)

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

Statements of Net Position (Deficit)

April 30, 2017 and 2016 (Unaudited)

Liabilities		**2017**	**2016**
Current liabilities:			
Accrued interest on bonds	$	16,531,932	16,976,110
Accounts payable and other liabilities (note 15(a))		10,643,661	7,317,934
Accrued pension payable (note 17)		2,456,720	2,357,307
Due to the City of New York (note 13)		202,349,124	188,641,141
Due to the City of New York - 2010 Agreement (note 13)		97,818,646	53,662,141
Due to the Port Authority of New York & New Jersey (note 19(c))		869,381	869,381
Unearned revenue (note 3(d)):			
PILOT revenue		34,395,730	32,898,318
Base rent and other revenue		12,906,069	13,076,358
Security and other deposits		4,738	4,738
2009 Revenue Bonds (notes 8, 9, 11, and 16)		340,000	335,000
2013 Revenue Bonds (notes 8, 9, 12, and 16)		27,050,000	25,890,000
Bond resolution fund payables (notes 3(e), 8, 9, 12 and 15(b))		56,815,245	14,458,686
Total current liabilities		462,181,246	356,487,114
Noncurrent liabilities:			
Unearned revenue (note 3(d)):			
Base rent and other revenue		254,753,889	262,806,865
Security and other deposits		27,791,813	27,662,844
OPEB (note 18)		37,305,199	35,349,247
Fair value of interest rate swaps (notes 3(j) and 10)		19,815,828	35,643,687
Imputed borrowing (note 10)		56,893,719	60,674,373
Bonds outstanding (notes 8, 9, 10, 11, 12, and 16):			
2009 Revenue Bonds, less accumulated amortization of $535,884 in 2017 and $463,035 in 2016		86,285,124	86,697,972
2013 Revenue Bonds, less accumulated amortization of $9,976,749 in 2017 and $7,145,077 in 2016		911,509,239	941,390,910
Total noncurrent liabilities		1,394,354,811	1,450,225,898
Total liabilities		1,856,536,057	1,806,713,012
Deferred Inflows of Resources			
Deferred pension inflows (note 17)		729,998	416,903
Total deferred inflows of resources		729,998	416,903
Total liabilities and deferred inflows of resources		1,857,266,055	1,807,129,915
Net Position (Deficit):			
Invested in capital assets, net of related debt		3,530,869	(8,927,334)
Restricted:			
Debt service		98,755,052	76,672,308
Under bond resolutions and other agreements		3,143,250	2,233,257
Unrestricted (deficit)		(700,655,250)	(697,678,570)
Total net position (deficit)		(595,226,079)	(627,700,339)
Total liabilities and net position (deficit)	$	1,262,039,976	1,179,429,576

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, 2017 and 2016 (Unaudited)

		2017	2016
Operating revenues:			
Revenues from ground leases (notes 5, 6, and 7):			
Base rent	$	30,099,501	29,951,813
Supplemental rent		656,378	660,543
Payments in lieu of real estate taxes (note 13)		107,150,341	100,163,203
Civic facilities payments and other		7,594,215	6,084,306
Total operating revenues		145,500,435	136,859,865
Operating expenses:			
Wages and related benefits (note 17)		8,088,960	7,668,908
OPEB (note 18)		1,354,822	1,079,058
Other operating and administrative expenses		9,019,885	8,983,199
Depreciation of project assets		5,349,499	4,439,098
Other depreciation and amortization		284,010	264,892
Total operating expenses		24,097,176	22,435,155
Operating income		121,403,259	114,424,710
Nonoperating revenues (expenses):			
Investment income on funds relating to:			
2003 Revenue Bonds (note 10)		932,888	837,152
2009 Revenue Bonds (note 11)		15,049	40,615
2013 Revenue Bonds (note 12)		272,608	317,643
Corporate-designated, escrowed, and OPEB funds		697,236	661,182
Realized and unrealized (losses) and gains		(1,454,108)	781,782
Gain (loss) on project assets		329	(201,351)
Interest expense relating to:			
2003 Swap agreements – net expense (note 10)		(5,226,623)	(5,762,509)
2003 Revenue Bonds (note 10)		(5,879)	(5,846)
2009 Revenue Bonds (note 11)		(1,876,217)	(1,880,611)
2013 Revenue Bonds (note 12)		(9,064,384)	(8,787,900)
Loss from extinguishment		(662,955)	(662,955)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 13)		(66,513,069)	(64,621,192)
Provision for transfer to the City of New York per 2010 Agreement (note 13)		(18,454,931)	(16,218,808)
Provision for transfer to City of New York - West Thames Park		(72,065)	(1,549,149)
Provision for transfer to City of New York - Eastern Border		—	(4,591)
Provision for transfer to the City of New York - Pier A and Pier A Plaza		(133,202)	(619,961)
Total nonoperating expenses		(101,545,323)	(97,676,499)
Change in net position (deficit)		19,857,936	16,748,211
Net (deficit), beginning of period		(615,084,015)	(644,448,550)
Net (deficit), end of period	$	(595,226,079)	(627,700,339)

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, 2017 and 2016 (Unaudited)

		2017	2016
Cash flows from operating activities:			
Cash receipts from:			
Tenant payments	$	138,302,742	128,564,250
Miscellaneous receipts		249,317	1,904,060
Total cash receipts from operating activities		138,552,059	130,468,310
Cash payments for:			
Salaries and benefits		(6,883,857)	(7,404,529)
Services and supplies		(3,430,300)	(4,340,938)
Total cash payments for operating activities		(10,314,157)	(11,745,467)
Net cash provided by operating activities		128,237,902	118,722,843
Cash flows from noncapital financing activities:			
Payments to Pier A Contractors on behalf of the City of New York		(64,166)	(380,425)
Payments to Pier A Plaza Contractors on behalf of NYC		(170,534)	(64,350)
Payments from LMDC West Thames St Pedestrian Bridge		2,740,335	338,248
Payments to NYC EDC - West Thames St Pedestrian Bridge		(2,740,335)	(338,248)
Payments from Security Betterment - Route 9A Agreement		—	513,000
Payments to NYS DOT & Contractors - Route 9A Agreement		—	(2,229,025)
Payments to New York City - West Thames Park		(64,912)	(1,334,761)
Net cash used in noncapital financing activities		(299,612)	(3,495,561)
Cash flows from capital and related financing activities:			
Development costs – site improvements and construction		(7,118,274)	(3,605,780)
Capital asset expenditures		(1,253,442)	(49,687)
Auction fees for variable debt		(5,879)	5,846
Swap payment made on the 2003 Swap agreement		(6,187,279)	(6,287,192)
Swap interest payments received on the 2003 Swap agreement		785,224	379,364
Principal paydown on 2009 Senior Revenue Bonds		(335,000)	(315,000)
Interest paid on 2009 Senior Revenue Bonds		(2,505,541)	(2,509,478)
Principal paydown on 2013 Senior Revenue Bonds		(20,995,000)	(20,300,000)
Interest paid on 2013 Senior Revenue Bonds		(7,856,825)	(8,107,850)
Principal paydown on 2013 Bonds C, D, E		(4,895,000)	(4,895,000)
Interest paid on 2013 Bonds CDE		(2,971,985)	(2,275,478)
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury		1,175,748	588,506
Net cash used in capital and related financing activities		(52,163,253)	(47,371,749)
Cash flows from investing activities:			
Interest and realized gains received on investment securities		2,468,491	1,365,846
Maturities and redemptions of investment securities		283,322,394	342,731,384
Purchases of investment securities		(317,404,603)	(385,065,254)
Net cash used in investing activities		(31,613,718)	(40,968,024)
Increase in cash and cash equivalents		44,161,319	26,887,509
Cash and cash equivalents, beginning of period		171,504,411	46,529,824
Cash and cash equivalents, end of period	$	215,665,730	73,417,333

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, 2017 and 2016 (Unaudited)

		2017	2016
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	121,403,259	114,424,710
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for bad debt expense		87,997	149,824
Depreciation and amortization		5,633,509	4,703,990
Other		223,423	(290,655)
Changes in operating assets and liabilities:			
(Increase) decrease in rents and other receivables		(211,587)	200,508
Decrease in other assets		705,182	893,204
Increase in accounts payable and other liabilities		4,131,432	4,016,814
Decrease in unearned revenue		(6,105,747)	(6,423,669)
Increase in OPEB		970,845	760,586
Increase in pension liability		99,413	1,837,367
Decrease (increase) in deferred pension inflows/outflows		1,300,176	(1,549,836)
Net cash provided by operating activities	$	128,237,902	118,722,843
Reconciliation of cash and cash equivalents, end of period:			
Bank deposits	$	473,672	503,989
Cash and cash equivalents (note 3(e))		4,765,435	1,825,814
Investments with less than 91-day maturities (note 3(e))		210,426,623	71,087,530
Cash and cash equivalents, end of period	$	215,665,730	73,417,333

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 ("U.S. GAAP") 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, useful lives of project assets 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, 2017 and 2016 are capitalized as project assets and classified as follows:

	Balance at October 31, 2016	Additions	Deletions	Balance at April 30, 2017
Land	$ 83,015,653	—	—	83,015,653
Site improvements	412,761,516	11,344,857	2,823,508	421,282,865
Residential building and condominiums	136,974,472	8,696	—	136,983,168
Total project assets	632,751,641	11,353,553	2,823,508	641,281,686
Less accumulated depreciation:				
Site improvements	103,872,131	3,984,207	—	107,856,338
Residential building and condominiums	31,498,130	1,365,292	—	32,863,422
Total accumulated depreciation	135,370,261	5,349,499	—	140,719,760
Net project assets	$ 497,381,380	6,004,054	2,823,508	500,561,926

		Balance at October 31, 2015	Additions	Deletions	Balance at April 30, 2016
Land	$	83,015,653	—	—	83,015,653
Site improvements		400,143,567	3,235,433	1,622,848	401,756,152
Residential building and condominiums		136,501,422	208,205	—	136,709,627
Total project assets		619,660,642	3,443,638	1,622,848	621,481,432
Less accumulated depreciation:					
Site improvements		96,057,380	1,599,182	—	97,656,562
Residential building and condominiums		30,352,495	2,836,695	—	33,189,190
Total accumulated depreciation		126,409,875	4,435,877	—	130,845,752
Net project assets	$	493,250,767	(992,239)	1,622,848	490,635,680

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 2017 of $40.7 million, $60 million, $42.5 million, $22.5 million, $33.9 million, $4.75 million and $4 million from residential buildings on Site 22, Site 16/17, Site 3, Site 23, Site 24, Site 2A, and Site 13 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 Authority carries all investments at fair value. Inherent risks that could affect the Authority's ability to provide services and meet its obligations as they become due are reported in accordance with U.S. GAAP. 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 must have the highest rating of two independent rating services; investments in federal agency and mortgage backed securities must have the highest credit rating of all rating agencies that rate such agency or its obligations at the time of purchase and are supported by the U.S. government or its agencies; investments in municipal bonds are either issued by the State of New York or a county, town or city of the State, or are general obligations of other states that 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 Authority at April 30, 2017 and 2016 included within the balance sheet accounts: investments, corporate designated, escrowed and OPEB funds, bond resolution funds (see note 8), and residential lease required funds were as follows:

	April 30, 2017			April 30, 2016		
	Cost	**Fair value**	**Weighted average maturity (years) (a)**	**Cost**	**Fair value**	**Weighted average maturity (years) (a)**
U.S. Treasury securities:						
Treasury Bills	$ 268,376,151	268,640,506	0.13	$ 113,073,029	113,204,032	0.10
Treasury Bonds	197,167,399	196,190,681	1.98	205,672,436	206,124,375	1.53
Treasury Strips	343,043	332,503	7.72	13,342,523	13,387,403	0.29
Total U.S. Treasury securities	465,886,593	465,163,690		332,087,988	332,715,810	
Commercial paper	53,502,227	53,603,166	0.12	38,307,633	38,364,436	0.11
Federal agency securities	8,020,707	7,928,153	0.60	98,852,806	98,949,021	0.38
Federal agency mortgage backed securities	10,357,596	10,456,797	7.94	12,371,119	12,635,319	3.75
Municipal bonds	33,992,809	33,852,669	1.20	23,590,674	24,005,696	1.97
Sovereign Bonds	22,389,660	22,403,224	1.22	21,708,823	21,915,359	2.90
Total investments	594,149,592	593,407,699	0.99	526,919,043	528,585,641	1.00
Cash and cash equivalents	4,765,435	4,765,435		1,825,814	1,825,814	
Total investments and deposits	$ 598,915,027	598,173,134		$ 528,744,857	530,411,455	

(a) Portfolio weighted average effective duration

As of April 30, 2017 and 2016, there were $56,902,000 and $30,980,000, respectively of bond resolution funds in transit. These bond resolution funds have been excluded from the investment table above and are shown separately in the bond resolution fund receivables in the statement of net position (deficit).

As of April 30, 2017 and 2016, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to $210,426,623 and $71,087,530, respectively.

The Authority'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 Authority's operations.

The Authority'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 at the time of purchase 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); (iv) municipal bonds issued by the State of New York, its counties, towns and cities and New York authorities; and (v) the general obligations of any state provided that such obligations currently receive the highest rating by at least one rating agency.

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 Authority'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 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 12).

(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.

For the period beginning November 1, 2015, a new bi-annual evaluation of the OPEB Cost was performed on a combined basis, consisting of the former Conservancy employee base and the Authority's employee base as a combined single reporting unit under the Authority. This results in only one valuation for the period ending April 30, 2017 (see note 18).

(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 (see note 10). 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 $35.6 million at April 30, 2016, which was recorded as a liability and a deferred outflow of resources. This value decreased $15.8 million to a negative fair value of $19.8 million at April 30, 2017. This negative fair value is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position.

(k) Fair Value Measurement and Application

GASB No. 72, *Fair Value Measurement and Application*, 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, 2017 and 2016 are as follows:

April 30, 2017

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	$ 268,640,506	-	-	268,640,506
Treasury Bonds	196,190,681	-	-	196,190,681
Treasury Strips	332,503	-	-	332,503
Commercial Paper	-	53,603,166	-	53,603,166
Federal Agency Securities	-	7,928,153	-	7,928,153
Federal Agency Mortgage Backed Securities	-	10,456,797	-	10,456,797
Municipal Bonds	-	33,852,669	-	33,852,669
Sovereign Bonds	-	22,403,224	-	22,403,224
Total assets at fair value	$ 465,163,690	128,244,009	-	593,407,699
Liabilities at fair value:				
Interest rate swaps	-	-	19,815,828	19,815,828
Total liabilities at fair value	$ -	-	19,815,828	19,815,828

April 30, 2016

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	$ 113,204,032	-	-	113,204,032
Treasury Bonds	206,124,375	-	-	206,124,375
Treasury Strips	13,387,403	-	-	13,387,403
Commercial Paper	-	38,364,436	-	38,364,436
Federal Agency Securities	-	98,949,021	-	98,949,021
Federal Agency Mortgage Backed Securities	-	12,635,319	-	12,635,319
Municipal Bonds	-	24,005,696	-	24,005,696
Sovereign Bonds	-	21,915,359	-	21,915,359
Total assets at fair value	$ 332,715,810	195,869,831	-	528,585,641
Liabilities at fair value:				
Interest rate swaps	-	-	35,643,687	35,643,687
Total liabilities at fair value	$ -	-	35,643,687	35,643,687

(l) Tax Abatements

In fiscal year 2016, the Authority implemented GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"). The primary objective of GASB 77 is to disclose the nature and magnitude of the reduction in tax revenues through tax abatement programs. The New York State Real Property Tax Code, Article 4, Title 2, allows for partial City property tax exemptions, namely 421a abatements for residential condominiums and 467a tax abatements for residential real property held in the cooperative or condominium form of ownership. The City determines the properties within the Project eligible for the tax abatements and the Authority administers the abatements to qualified properties by reducing the PILOT billings.

The 421a tax abatements for the six-month periods ended April 30, 2017 and 2016 were $12.9 million, and $13 million, respectively.

The 467a tax abatements for the six-month periods ended April 30, 2017 and 2016 were $2.9 million, and $3.4 million, respectively.

(m) New Accounting Pronouncements

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. 83, *Certain Asset Retirement Obligations*, ("GASB 83") is effective for reporting periods beginning after June 15, 2018. GASB 83 addresses accounting and financial reporting for certain asset retirement obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Management determined that GASB 83 does not have an impact on the Authority's financial statements.

GASB Statement No. 84, *Fiduciary Activities,* ("GASB 84") is effective for reporting periods beginning after December 15, 2018. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Authority has not completed the process of evaluating the effect of GASB 84 on its financial statements.

GASB Statement No. 85, *Omnibus 2017,* ("GASB 85") is effective for reporting periods beginning after June 15, 2017. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB). The Authority has not completed the process of evaluating the effect of GASB 85 on its financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, ("GASB 86") is effective for reporting periods beginning after June 15, 2017. The primary objective of GASB 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets are acquired with only existing resources – resources other than the proceeds of refunding debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished. The Authority has not completed the process of evaluating GASB 86, but does not expect it to have an impact on the Authority's financial statements.

GASB Statement No. 87, *Leases*, ("GASB 87") is effective for reporting periods beginning after December 15, 2019. The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The

Authority has not completed the process of evaluating the impact of GASB 87 on the Authority's 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, 2017, 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 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. In November 2013, BFP acquired the lease hold interest in the New York Mercantile Exchange ("NYMEX") lease consisting of approximately 502,000 additional square feet.

As of April 30, 2017, all commercial development leases expiring in 2069, provide for future base rent payments aggregating approximately $1.1 billion over the lease terms in the following annual amounts: (i) base rent of $19 million per annum from 2018 through 2069 payable by the commercial development 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 2018. 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 approximately 3,785 condominium and rental units, including 113 condo 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. Thirteen leases for residential buildings in the south neighborhood 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, 2018 through 2022 and through the end of the lease term (thereafter), are as follows (in 000s):

		2018	2019	2020	2021	2022	Thereafter	Total	
Commercial development:									
Base rent	$	19,624	19,644	19,664	20,115	20,137	957,238	1,056,422	
Residential developments:									
Gateway project base rent		305	305	305	305	305	5,396	6,921	(a)
S. Res. Neighborhood:									
Base rent		19,175	19,487	19,878	20,241	20,807	1,723,719	1,823,307	
Other minimum payments		10,397	10,663	10,936	11,216	11,504	104,566	159,282	
Subtotal S. Res.		29,572	30,150	30,814	31,457	32,311	1,828,285	1,982,589	
N. Res. Neighborhood:									
Base rent		8,078	8,296	8,582	8,923	9,189	744,473	787,541	
Other minimum payments		17,675	18,279	18,282	18,100	16,433	471,951	560,720	
Subtotal N. Res.		25,753	26,575	26,864	27,023	25,622	1,216,424	1,348,261	
Total	$	75,254	76,674	77,647	78,900	78,375	4,007,343	4,394,193	

(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. These 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, 2017 and 2016 are as follows:

	2003 General Bond Resolution Funds			
April 30, 2017	**General Bond Resolution**	**Senior Bonds**	**Junior Bonds**	**Total 2003 Bonds**
Reserve Fund	$ 73,198,752	—	—	73,198,752
Project Operating Fund	8,478,230	—	—	8,478,230
Debt Service Funds	—	44,200,314	34,551,694	78,752,008
Residual Fund	178,411,522	—	—	178,411,522
Pledged Revenue Fund	65,064,298	—	—	65,064,298
	$ 325,152,802	44,200,314	34,551,694	403,904,810

As of April 30, 2017, there were in transit 2003 debt service bond resolution fund receivables and payables of $35,437,000 and $37,179,972, respectively after the payment of debt service. Accordingly these amounts have been included in the bond resolution funds receivable and payable amounts in the statement of net position.

	2003 General Bond Resolution Funds			
April 30, 2016	**General Bond Resolution**	**Senior Bonds**	**Junior Bonds**	**Total 2003 Bonds**
Reserve Fund	$ 71,277,167	—	—	71,277,167
Project Operating Fund	7,024,320	—	—	7,024,320
Debt Service Funds	—	33,964,397	30,023,342	63,987,739
Residual Fund	160,899,882	—	—	160,899,882
Pledged Revenue Fund	58,542,166	—	—	58,542,166
	$ 297,743,535	33,964,397	30,023,342	361,731,274

As of April 30, 2016, there were in transit 2003 debt service bond resolution fund receivables and payables of $27,295,000 and $10,766,745, respectively after the payment of debt service. Accordingly these amounts have been included in the bond resolution funds receivable and payable amounts in the statement of net position.

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, 2017 and 2016:

		2009 Revenue Bonds		
		2009A Senior Revenue Bonds	**2009B Senior Revenue Bonds**	**Total 2009 Bonds**
April 30, 2017				
Project Costs Fund	$	2,977,900	1,325,565	4,303,465
April 30, 2016				
Project Costs Fund	$	8,044,649	1,495,298	9,539,947

As of April 30, 2017 and 2016, there were in transit 2009 Project Cost Fund receivables of $902,000 and $3,685,000, respectively. As of April 30, 2016, there were in transit 2009 Project Cost Fund payables of $3,685,044. Accordingly, these amounts have been included in the bond resolution fund receivables and payables in the statement of net position (deficit).

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, 2017 and 2016:

		2013 Revenue Bonds		
April 30, 2017		**2013A Senior Revenue Bonds**	**2013B Senior Revenue Bonds**	**Total 2013 Bonds**
Project Costs Fund	$	55,112,238	—	55,112,238
April 30, 2016				
Project Costs Fund	$	62,312,219	14,579	62,326,798

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, 2017, 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 Interest Rate Exchange Agreements (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 (see note 12). 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:					
2017 (1/2 year)	$	—	(6,093,212)	1,141,595	(4,951,617)
2018		5,450,000	(12,092,356)	2,265,565	(9,826,791)
2019		5,450,000	(11,904,222)	2,230,317	(9,673,905)
2020		5,500,000	(11,715,225)	2,194,908	(9,520,317)
2021		5,725,000	(11,521,482)	2,158,609	(9,362,873)
2022 – 2026		31,975,000	(54,433,294)	10,198,358	(44,234,936)
2027 – 2031		184,025,000	(38,552,368)	7,222,985	(31,329,383)
2032 – 2034		114,900,000	(5,439,489)	1,019,116	(4,420,373)
Totals	$	353,025,000	(151,751,648)	28,431,453	(123,320,195)

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, 2017, 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, 2017 (65% of 0.9950% or 0.6468%), 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 liability by the Authority and a corresponding deferred cost of refunding asset. The $70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds. As of April 30, 2017 and 2016, the unamortized value of the deferred asset and corresponding imputed borrowing liability of the fair value of the bifurcated Swaps is $56.9 million and $60.7 million, respectively.

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 negative $19.8 million and $35.6 million at April 30, 2017 and 2016, respectively.

(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 periods ended April 30, 2017 and 2016, the Authority received payments from the U.S. Treasury in the amount of $1,175,748 and $588,506, respectively, 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, 2017, 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:						
2017 (1/2 year)	6.375%	$	—	1,804,125	(587,874)	1,216,251
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	6.375%		—	3,608,250	(1,262,888)	2,345,362
2021	6.375%		—	3,608,250	(1,262,888)	2,345,362
2022 – 2026	6.375%		—	18,041,250	(6,314,438)	11,726,812
2027 – 2031	6.375%		—	18,041,250	(6,314,438)	11,726,812
2032 – 2036	6.375%		13,290,000	17,345,738	(6,071,008)	11,274,730
2037 – 2040	6.375%		43,310,000	5,745,469	(2,010,914)	3,734,555
Totals		$	56,600,000	75,410,832	(26,350,224)	49,060,608

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, 2017, principal and interest payments due on the 2009 Series B Bonds were as follows:

	Coupon rates		Principal amounts	Interest
Fiscal Year ended:				
2017 (1/2 year)	3.00%	$	—	693,841
2018	3.00%		340,000	1,376,369
2019	3.50%		355,000	1,364,294
2020	3.50%		335,000	1,349,406
2021	3.50%		370,000	1,331,156
2022 – 2026	3.50% - 5.00%		1,955,000	6,368,144
2027 – 2031	4.00% - 5.00%		2,245,000	5,911,097
2032 – 2035	4.125% - 5.00%		23,150,000	1,538,750
Totals		$	28,750,000	19,933,057

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, 2017 and 2016, the unamortized net bond premium was approximately $1.3 million.

(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 $19.3 million and $20.6 million at April 30, 2017 and 2016, respectively, 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, 2017, principal and interest payments due on the 2013 Series A Bonds, which are all fixed-rate bonds were as follows:

2013 A Senior Bonds:

	Coupon Rate		Principal amount	Interest
Fiscal Year ended:				
2017 (1/2 year)	5.00%	$	—	7,381,950
2018	3.00% - 5.00%		22,160,000	14,259,900
2019	3.00% - 5.00%		23,360,000	13,221,900
2020	3.00% - 5.00%		24,590,000	12,098,150
2021	4.00% - 5.00%		25,735,000	10,868,525
2022 – 2026	4.00% - 5.00%		138,935,000	33,654,050
2027 – 2031	5.00%		57,765,000	7,844,125
2032	4.00% - 5.00%		9,595,000	204,400
Totals		$	302,140,000	99,533,000

2013 B Senior Bonds:

As of April 30, 2016, the 2013 Series B Bond principal and interest obligations were fulfilled.

2013 C, D, and E Junior Bonds:

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 30, 2017 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.

	Junior C		Junior D		Junior E		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal Year ended:								
2017 (1/2 year)	$ —	1,347,158	—	1,209,902	—	1,022,670	—	3,579,730
2018	1,235,000	2,686,288	1,825,000	2,408,425	1,830,000	2,035,696	4,890,000	7,130,409
2019	1,185,000	2,670,558	1,260,000	2,389,190	1,255,000	2,019,438	3,700,000	7,079,186
2020	1,220,000	2,654,925	1,250,000	2,373,540	1,255,000	2,006,210	3,725,000	7,034,675
2021	1,285,000	2,638,643	1,305,000	2,357,609	1,305,000	1,992,719	3,895,000	6,988,971
2022 – 2026	7,035,000	12,929,183	12,755,000	11,471,434	12,750,000	9,696,115	32,540,000	34,096,732
2027 – 2031	36,395,000	11,716,998	43,700,000	9,667,492	43,700,000	8,171,451	123,795,000	29,555,941
2032 – 2036	25,945,000	9,852,018	73,165,000	5,892,106	73,165,000	4,980,440	172,275,000	20,724,564
2037 – 2041	80,985,000	6,490,478	58,790,000	1,501,201	58,795,000	1,268,884	198,570,000	9,260,563
2042 – 2043	51,970,000	608,075	—	—	—	—	51,970,000	608,075
Total	$ 207,255,000	53,594,324	194,050,000	39,270,899	194,055,000	33,193,623	595,360,000	126,058,846

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, 2017, the full $5 million had been used for the construction of Pier A Plaza and 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 $135.2 million of PILOT-related receipts provided for the transfer to the City during the year ended October 31, 2016 was transferred in June 2017. A provision in the amount of $66.5 million has been charged as a nonoperating expense for the six-month period ended April 30, 2017.

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 affordable housing 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.

As of April 30, 2017, the Authority has made payments totaling $200 million to satisfy the City 421-A fund obligation. In addition, the Authority has provided from operations a total of approximately $89.4 million against the $261 million City pay-as-you-go capital fund obligation and has charged a provision of $18.5 million to nonoperating expenses for the six-month period ended April 30, 2017.

(14) (A) Rents and Other Receivables

Rents and other receivables consisted of the following at April 30, 2017 and 2016:

		2017	2016
Swap interest receivable	$	187,929	84,922
Miscellaneous receivables		275,427	463,739
Interest receivable		1,290,657	1,179,507
Rents receivable		4,843,106	4,158,728
Total receivables		6,597,119	5,886,896
Less allowance for doubtful accounts		(1,669,489)	(1,480,874)
Net receivables	$	4,927,630	4,406,022

(B) Bond Resolution Fund Receivables

As of April 30, 2017, there was $56,902,000 of bond resolution funds invested with a maturity of April 30, 2017 (see note 8). The proceeds were received on May 1, 2017 and were used to pay debt service and project costs with the balance reinvested. These bond resolution funds have been recorded separately as bond resolution fund receivables in the statement of net position.

As of April 30, 2016, there was $30,980,000 of bond resolution funds invested with a maturity of April 30, 2016. The proceeds were received on May 2, 2016 and were used to pay debt service and project costs with the balance reinvested. These bond resolution funds have been recorded separately as bond resolution fund receivables in the statement of net position.

(15) (A) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at April 30, 2017 and 2016:

		2017	2016
Amounts due to vendors	$	4,170,145	1,778,364
Contract retention		1,617,772	1,092,881
State recovery costs		3,926,500	3,426,500
Accrued payroll and benefits		929,244	1,020,189
Total	$	10,643,661	7,317,934

(B) Bond Resolution Fund Payables

As of April 30, 2017, $56,815,245 of bond resolution funds from the debt service accounts were used to purchase investments on April 30, 2017 (see note 8). The securities were received by the Authority on May 1, 2017. These bond resolution funds have been recorded separately as bond resolution fund payables in the statement of net position.

As of April 30, 2016, there was $14,458,686 of bond resolution funds invested with a maturity of April 30, 2016. The securities were received by the Authority on May 2, 2016. These bond resolution funds have been recorded separately as bond resolution fund payables in the statement of net position.

(16) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of April 30, 2017 and 2016 are comprised of the following obligations:

	October 31, 2016	Additions	Deletions	April 30, 2017	Due within one year
Authority bonds outstanding:					
2009 Revenue Bonds:					
Series 2009A	$ 56,600,000	—	—	56,600,000	—
Series 2009B	29,085,000	—	335,000	28,750,000	340,000
Subtotal	85,685,000	—	335,000	85,350,000	340,000
Unamortized net premiums	1,311,548	—	36,424	1,275,124	—
Subtotal 2009 Bonds	86,996,548	—	371,424	86,625,124	340,000
2013 Revenue Bonds:					
Series 2013A	323,135,000	—	20,995,000	302,140,000	22,160,000
Series 2013C	208,440,000	—	1,185,000	207,255,000	1,235,000
Series 2013D	195,905,000	—	1,855,000	194,050,000	1,825,000
Series 2013E	195,910,000	—	1,855,000	194,055,000	1,830,000
Subtotal	923,390,000	—	25,890,000	897,500,000	27,050,000
Unamortized net premiums	42,475,075	—	1,415,836	41,059,239	—
Subtotal 2013 Bonds	965,865,075	—	27,305,836	938,559,239	27,050,000
Total bonds outstanding	1,052,861,623	—	27,677,260	1,025,184,363	27,390,000
Other long-term liabilities:					
OPEB	36,334,354	1,537,506	566,661	37,305,199	—
Imputed borrowing	58,784,046	—	1,890,327	56,893,719	—
Fair value of interest rate swap	35,007,049	—	15,191,221	19,815,828	—
Unearned revenue	308,161,435		6,105,747	302,055,688	47,301,799
Security and other deposits	27,711,399	85,152	—	27,796,551	4,738
Total other long-term liabilities	465,998,283	1,622,658	23,753,956	443,866,985	47,306,537
Total long-term liabilities	$ 1,518,859,906	1,622,658	51,431,216	1,469,051,348	74,696,537

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

	October 31, 2015	Additions	Deletions	April 30, 2016	Due within one year
Authority bonds outstanding:					
2009 Revenue Bonds:					
Series 2009A	$ 56,600,000	—	—	56,600,000	—
Series 2009B	29,400,000	—	315,000	29,085,000	335,000
Subtotal	86,000,000		315,000	85,685,000	335,000
Unamortized net premiums	1,384,396	—	36,424	1,347,972	—
Subtotal 2009 Bonds	87,384,396	—	351,424	87,032,972	335,000
2013 Revenue Bonds:					
Series 2013A	337,740,000	—	14,605,000	323,135,000	20,995,000
Series 2013B	5,695,000	—	5,695,000	—	—
Series 2013C	209,675,000	—	1,235,000	208,440,000	1,185,000
Series 2013D	197,735,000	—	1,830,000	195,905,000	1,855,000
Series 2013E	197,740,000	—	1,830,000	195,910,000	1,855,000
Subtotal	948,585,000	—	25,195,000	923,390,000	25,890,000
Unamortized net premiums	45,306,746		1,415,836	43,890,910	—
Subtotal 2013 Bonds	993,891,746	—	26,610,836	967,280,910	25,890,000
Total bonds outstanding	1,081,276,142	—	26,962,260	1,054,313,882	26,225,000
Other long-term liabilities:					
OPEB - Authority	34,390,023	1,454,793	495,569	35,349,247	—
Imputed borrowing	62,564,700	—	1,890,327	60,674,373	—
Fair value of interest rate swaps	25,819,426	9,824,261	—	35,643,687	—
Unearned revenue	315,205,210	—	6,423,669	308,781,541	45,974,676
Security and other deposits	27,603,092	64,490	—	27,667,582	4,738
Total other long-term liabilities	465,582,451	11,343,544	8,809,565	468,116,430	45,979,414
Total long-term liabilities	$ 1,546,858,593	11,343,544	35,771,825	1,522,430,312	72,204,414

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

(17) Retirement Costs

Plan Description and Benefits Provided

The Authority relies on the New York State and Local Retirement System for certain information included below:

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
2017	$ 712,703
2016	518,071
2015	709,709
	$ 1,940,483

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

At April 30, 2017 and 2016, the Authority reported a liability of $2,456,720 and $2,357,307, respectively, 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, 2017 and 2016, respectively, 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, 2017 and 2016, the Authority's proportion was 0.0261458% and 0.0146870%, respectively.

For the six-month periods ended April 30, 2017 and 2016, the Authority recognized pension expense of $1,399,591 and $805,602, respectively. At April 30, 2017 and 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

April 30, 2017

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	61,563	373,067
Changes of assumptions		839,305	
Net difference between projected and actual earnings on pension plan investments		490,706	
Changes in proportion and differences between LG contributions and proportionate share of contributions		373,065	356,931

April 30, 2016

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	11,912	279,419
Changes of assumptions		628,622	
Net difference between projected and actual earnings on pension plan investments		1,398,483	
Changes in proportion and differences between LG contributions and proportionate share of contributions			137,484

As of April 30, 2017 and 2016, $1,764,639 and $2,039,017 was reported as a deferred outflow of resources, respectively and $729,998 and $416,903 was reported as a deferred inflow of resources, respectively, 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:		
2018	$	457,331
2019		457,331
2020		420,577
2021		(300,598)
2022		—
Thereafter		—

Actuarial Assumptions

The total pension liability at the New York State System's year end of March 31, 2017 and 2016 was determined by using an actuarial valuation as of April 1, 2016 and 2015, with updated procedures used to roll forward the total pension liability to the New York State System's year end of March 31, 2017 and 2016. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2016 and 2015 valuations were as follows:

	2016
Interest rate	7.0%
Salary scale	
ERS	3.8%
PFRS	4.5%
Decrement tables	April 1, 2010 – March 31, 2015
System's Experience	
Inflation rate	2.5%

	2015
Interest rate	7.0%
Salary scale	
ERS	3.8%
PFRS	4.5%
Decrement tables	April 1, 2010 – March 31, 2015
System's Experience	
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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 expenses 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, 2017 and 2016 are summarized below.

Long Term Expected Rate of Return

	2017	**2016**
Asset Type	Long Term Expected Real Rate	Long Term Expected Real Rate
Domestic Equity	4.55%	7.30%
International Equity	6.35%	8.55%
Private Equity	7.75%	11.00%
Real Estate	5.80%	8.25%
Absolute Return	4.00%	6.75%
Opportunistic Portfolio	5.89%	8.60%
Real Asset	5.54%	8.65%
Bonds, Cash & Mortgages	1.06%	6.25%
Inflation Indexed Bonds	1.50%	4.00%

Discount Rate

The discount rate used to calculate the total pension liability as of March 31, 2017 and 2016 was 7.0%. 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 7.0% , 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authorities' share of the Net Pension Liability (Asset)	$ 7,846,276	2,456,720	(2,100,140)

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, 2017 and 2016 were as follows:

(Dollars in Thousands)

		2017 Employees' Retirement System	2016 Employees' Retirement System
Employers' total pension liability	$	177,400,586	172,303,544
Plan net position		(168,004,363)	(156,253,265)
Employers' net pension liability	$	9,396,223	16,050,279
Ratio of plan net position to the employers' total pension liability		94.7%	90.7%

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

NYSLRS Pension Plan *
(Dollar amounts in thousands)

		2017	2016
Authority's proportion of the net pension liability (asset)		0.0261458%	0.0146870%
Authority's proportionate share of the net pension liability (asset)	$	2,457	2,357
Authority's covered-employee payroll		3,893	3,983
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		63.11%	59.18%
Plan fiduciary net position as a percentage of the total pension liability		94.7%	90.7%

* The amounts presented for each fiscal year were determined as of 3/31

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

NYSLRS Pension Plan
(Dollar amounts in thousands)

	2017	2016
Contractually required contribution	$ 713	518
Contributions in relation to the contractually required contribution	713	518
Contribution deficiency (excess)	-	-
Authority's covered-employee payroll	3,893	3,983
Contributions as a percentage of covered-employee payroll	18.31%	13.01%

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.

(18) Postemployment Healthcare Plan

As of November 1, 2015, all Battery Park City Parks Conservancy employees were transferred to the Battery Park City Authority payroll. Accordingly, the Conservancy postemployment healthcare plan has been transferred and all liabilities and expenses have been combined with the Authority postemployment healthcare plan.

(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, 2017, 168 participants, including 121 employees and 47 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 2015 an updated biannual actuarial valuation was completed for the valuation date of November 1, 2015. This valuation report also reflects postemployment benefits that have been extended to Battery Park City Parks Conservancy current and future retirees and their dependents. 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 $1.35 million as detailed in the chart in the OPEB Status and Funding Progress section of this note. 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, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.155% discount rate (net of administrative expenses). The annual healthcare cost trend rates vary based on type of health coverage valued; initial trends start at 5.34% to 7.06%, declining approximately 0.5% each year to an ultimate trend rate of 4.75%. The trend rates reflect a general inflation level of 2.75%.

(d) OPEB Status and Funding Progress

The Authority's OPEB obligation and the funded status of the plan as of April 30, 2017 and 2016 are as follows:

		2017	2016
Actuarial Accrued Liability (AAL):			
Net OPEB obligation beginning of year	$	36,334,355	34,390,024
Annual Required Contribution (ARC):			
Normal cost		972,230	928,143
Interest to period end		565,276	526,650
Payments for retirees during period		(383,978)	(318,473)
ARC amortization		(182,684)	(177,097)
Net OPEB obligation end of period	$	37,305,199	35,349,247
Actuarial Accrued Liability (AAL) November 1, 2016 and 2015	$	36,334,355	34,390,024
Funded OPEB plan assets		—	—
Unfunded Actuarial Accrued Liability (UAAL) November 1, 2016 and 2015	$	36,334,355	34,390,024
Funded ratio (actuarial value of plan assets/AAL)		—%	—%
Covered payroll	$	4,238,805	3,642,527
UAAL as percentage of covered payroll		857%	944%

Corporate assets held at April 30, 2017 and 2016 in separate corporate OPEB accounts for the exclusive purpose of paying OPEB obligations were approximately $36.4 million and $35.2 million, respectively. The Authority has segregated assets for the exclusive purpose of paying OPEB obligations, the funds cannot be irrevocably dedicated for that purpose and therefore cannot be held as a funded OPEB asset. The OPEB assets are therefore included in the statement of net position within the other corporate designated, escrowed, and postemployment benefit funds financial statement classification.

(19) Commitments and Other Matters

(a) The Authority has entered into construction and other related contracts, having unexpended balances aggregating approximately $28.9 million as of April 30, 2017.

(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 $589 thousand and $708 thousand for the six-month periods ended April 30, 2017 and 2016, respectively.

The future minimum lease payments are as follows:

2017	$	610,315
2018		1,220,630
2019		1,220,630
2020		1,220,630
2021		867,020
Thereafter		1,023,000
Total minimum payments required	$	6,162,225

(c) 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, 2017, the Authority had disbursed a total sum of $39,130,618 to the PANYNJ.

(d) 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.

(20) Battery Park City Parks Conservancy Corporation

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, 2017 and 2016, the Authority paid the Conservancy approximately $425 thousand and $421 thousand, respectively, for services, which are included in the Authority's operating expenses. Additionally, approximately $16 thousand at April 30, 2016, is payable by the Authority to the Conservancy. This amount is eliminated in the blending of the Conservancy's financial statements into the Authority's financial statements (see Other Supplementary Information – Combining Balance Sheet). As of November 1, 2015, all Conservancy employees were hired as Authority employees.

(21) Litigation

The Authority is a party to litigation and claims in the ordinary course of its operations. In addition, the Authority is a defendant in the litigation matter described below relating to the September 11, 2001 attack. Since it is not possible to predict the ultimate outcome of any of these matters, no provision for any liability has been made in the financial statements. The Authority was a defendant in various cases brought by plaintiffs who worked in and around the World Trade Center site after the September 11, 2001 attack, and by certain other plaintiffs who worked in the area surrounding the World Trade Center site. Plaintiffs were seeking damages arising from the alleged failure of the Authority and others to adequately protect them against exposure to potential toxins. All such litigation matters, with the exception of those described below, have been settled, have had their defense assumed by other parties (the Authority's ground leases provide for ground lessees to indemnify the Authority against certain claims), have been dismissed, or have otherwise been time barred by the applicable statute of limitations. The New York State Legislature enacted a law (Gen. Mun. Law §50-i(4), known as "Jimmy Nolan's Law") that revived for one year all time-barred claims against public corporations for personal injuries sustained by workers who participated in post-9/11 rescue, recovery, or cleanup efforts. Following the law's enactment, many workers revived their claims against the Authority. The United States District Court for the Southern District of New York granted summary judgment to the Authority, in separate decisions in August 2014 and March 2015, finding that (i) the Authority is an entity independent of New York State and therefore has the capacity to challenge the constitutionality of State statutes, and (ii) the Jimmy Nolan Law is unconstitutional under the Due Process Clause of the New York State Constitution. Such summary judgments resulted in the dismissal of the claims of over 170 individual plaintiffs, each of whom was seeking at least $20 million in damages. The plaintiffs appealed to the United States Court of Appeals for the Second Circuit the two orders granting summary judgment. Such court decided on January 19, 2017, that there is "an absence of authoritative guidance concerning both legal questions [capacity to sue and constitutionality]" and certified both questions to the New York Court of Appeals. In doing so, the Second Circuit further advised that the New York Court of Appeals "may expand these certified inquiries to address any further question of New York law as might be relevant to the particular circumstances presented" in the appeal. Counsel to the Authority and to the plaintiffs finished submitting their respective briefs to the New York Court of Appeals on September 28, 2017. Although counsel to the Authority cannot predict the outcome of the Court of Appeals proceedings, it is counsel's view that the relevant legal authorities support the Authority's position.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of the Authority's Proportionate Share of the Net Pension Liability
April 30, 2017, 2016 and 2015 (Unaudited)

Schedule of The Authority's Proportionate Share of the Net Pension Liability

New York State and Local Employees' Retirement System

(Dollar amounts in thousands)

	2017	**2016**	**2015**
The Authority's proportion of the net pension liability (asset)	0.02614580%	0.01468700%	0.01539080%
The Authority's proportionate share of the net pension liability (asset)	$ 2,457	$ 2,357	$ 519
The Authority's covered employee payroll	$ 3,893	$ 3,983	$ 3,843
The Authority's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	63.11%	59.18%	13.51%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.90%

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of Employer Contributions
Six-Month Periods Ended April 30 (Unaudited)

Schedule of Employer Contributions

New York State and Local Retirement System
(Dollar amounts in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 713	$ 518	$ 709	$ 605	$ 541	$ 527	$ 624	$ 357	$ 397	$ 455
Contribution in relation to the actuarially determined contribution	$ 713	$ 518	$ 709	$ 605	$ 541	$ 527	$ 624	$ 357	$ 397	$ 455
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Authority's covered employee payroll	$ 3,893	$ 3,983	$ 3,843	$ 4,427	$ 4,220	$ 3,061	$ 4,589	$ 5,245	$ 5,001	$ 5,002
Contribution as a percentage of covered employee payroll	18.31%	13.01%	18.45%	13.67%	12.82%	17.22%	13.60%	6.81%	7.94%	9.10%

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Required Supplementary Information – Schedule of Funding Progress for the Other Postemployment Benefits Plan

April 30, 2017, 2016 and 2015 (Unaudited)

(Dollar amounts in thousands)

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
April 30, 2017	November 1, 2015	$ -	$ 36,334	$ 36,334	0%	$ 4,239	857.1%
April 30, 2016	November 1, 2015	-	34,390	34,390	0%	3,872	888.2%
April 30, 2015	November 1, 2015	-	32,292	32,292	0%	3,809	847.8%

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, 2017 (Unaudited)

Assets		Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current assets:					
Bank deposits	$	369,232	104,440	—	473,672
Investments		453,014	—	—	453,014
Restricted assets:					
Rents and other receivables (net of allowance for doubtful accounts of $1,669,489)		4,925,735	1,895	—	4,927,630
2003 Revenue Bond Resolution Funds		330,706,058	—	—	330,706,058
2009 Revenue Bond Resolution Funds		4,303,465	—	—	4,303,465
2013 Revenue Bond Resolution Funds		42,080,722	—	—	42,080,722
Bond resolution fund receivables		56,902,000			56,902,000
Corporate-designated and escrowed funds		39,231,898	—	—	39,231,898
Total current assets		478,972,124	106,335	—	479,078,459
Noncurrent assets:					
Restricted assets:					
2003 Revenue Bond Resolution Funds		73,198,752	—	—	73,198,752
2009 Revenue Bond Resolution Funds		—	—	—	—
2013 Revenue Bond Resolution Funds		13,031,516	—	—	13,031,516
Residential lease required funds		28,319,455	—	—	28,319,455
Corporate-designated, escrowed, and OPEB funds		66,848,254	—	—	66,848,254
Battery Park City project assets – at cost, less accumulated depreciation		500,561,926	—	—	500,561,926
Other assets		3,025,009	216,255	—	3,241,264
Total noncurrent assets		684,984,912	216,255	—	685,201,167
Total assets		1,163,957,036	322,590	—	1,164,279,626
Deferred Outflows of Resources					
Deferred pension outflows		1,764,639	—	—	1,764,639
Accumulated change in fair value of interest rate swaps		19,815,828	—	—	19,815,828
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds		19,286,164	—	—	19,286,164
Deferred costs of refunding, less accumulated amortization of $13,321,693		56,893,719	—	—	56,893,719
Total deferred outflows of resources		97,760,350	—	—	97,760,350
Total assets and deferred outflows of resources	$	1,261,717,386	322,590	—	1,262,039,976

(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, 2017 (Unaudited)

Liabilities	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current liabilities:				
Accrued interest on bonds	$ 16,531,932	—	—	16,531,932
Accounts payable and other liabilities	10,520,867	122,794	—	10,643,661
Accrued pension payable	2,456,720	—	—	2,456,720
Due to the City of New York	202,349,124	—	—	202,349,124
Due to the City of New York - 2010 Agreement	97,818,646	—	—	97,818,646
Due to the Port Authority of New York & New Jersey	869,381	—	—	869,381
Unearned revenue:				
PILOT revenue	34,395,730	—	—	34,395,730
Base rent and other revenue	12,906,069	—	—	12,906,069
Security and other deposits	4,738	—	—	4,738
2009 Revenue Bonds	340,000	—	—	340,000
2013 Revenue Bonds	27,050,000	—	—	27,050,000
Bond resolution fund payables	56,815,245			56,815,245
Total current liabilities	462,058,452	122,794	—	462,181,246
Noncurrent liabilities:				
Unearned revenue:				
Base rent and other revenue	254,753,889	—	—	254,753,889
Security and other deposits	27,791,813	—	—	27,791,813
OPEB	37,305,199	—	—	37,305,199
Fair value of interest rate swaps	19,815,828	—	—	19,815,828
Imputed borrowing	56,893,719	—	—	56,893,719
Bonds outstanding:				
2009 Revenue Bonds, less accumulated amortization of $535,884	86,285,124	—	—	86,285,124
2013 Revenue Bonds, less accumulated amortization of $9,976,749	911,509,239	—	—	911,509,239
Total noncurrent liabilities	1,394,354,811	—	—	1,394,354,811
Total liabilities	1,856,413,263	122,794	—	1,856,536,057
Deferred Inflows of Resources				
Deferred pension inflows	729,998	—	—	729,998
Total deferred inflows of resources	729,998	—	—	729,998
Net Position (Deficit):				
Invested in capital assets, net of related debt	3,530,869	—	—	3,530,869
Restricted:				
Debt service	98,755,052	—	—	98,755,052
Under bond resolutions and other agreements	3,143,250	—	—	3,143,250
Unrestricted (deficit)	(700,855,046)	199,796	—	(700,655,250)
Total net position (deficit)	(595,425,875)	199,796	—	(595,226,079)
Total liabilities and net position (deficit)	$ 1,261,717,386	322,590	—	1,262,039,976

See independent auditors' review report.

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

April 30, 2016 (Unaudited)

Assets		Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current assets:					
Bank deposits	$	408,373	95,616	—	503,989
Investments		1,116,538	—	—	1,116,538
Restricted assets:					
Rents and other receivables (net of allowance for doubtful accounts of $1,480,874)		4,405,772	16,354	(16,104)	4,406,022
2003 Revenue Bond Resolution Funds		290,454,107	—	—	290,454,107
2009 Revenue Bond Resolution Funds		8,641,029	—	—	8,641,029
2013 Revenue Bond Resolution Funds		47,570,542	—	—	47,570,542
Bond resolution fund receivables		30,980,000			30,980,000
Corporate-designated and escrowed funds		1,117,438	—	—	1,117,438
Total current assets		384,693,799	111,970	(16,104)	384,789,665
Noncurrent assets:					
Restricted assets:					
2003 Revenue Bond Resolution Funds		71,277,167	—	—	71,277,167
2009 Revenue Bond Resolution Funds		898,918	—	—	898,918
2013 Revenue Bond Resolution Funds		14,756,256	—	—	14,756,256
Residential lease required funds		27,331,696	—	—	27,331,696
Battery Park City project assets – at cost, less accumulated depreciation		490,635,680	—	—	490,635,680
Other assets		3,130,906	392,372	—	3,523,278
Total noncurrent assets		675,278,387	392,372	—	675,670,759
Total assets		1,059,972,186	504,342	(16,104)	1,060,460,424
Deferred Outflows of Resources					
Deferred pension outflows		2,039,017	—	—	2,039,017
Accumulated change in fair value of interest rate swaps		35,643,687	—	—	35,643,687
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds		20,612,074	—	—	20,612,074
Deferred costs of refunding, less accumulated amortization of $9,541,039		60,674,374	—	—	60,674,374
Total deferred outflows of resources		118,969,152	—	—	118,969,152
Total assets and deferred outflows of resources	$	1,178,941,338	504,342	(16,104)	1,179,429,576

(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, 2016 (Unaudited)

Liabilities	**Battery Park City Authority**	**Battery Park City Parks Conservancy**	**Eliminations**	**Total**
Current liabilities:				
Accrued interest on bonds	$ 16,976,110	—	—	16,976,110
Accounts payable and other liabilities	7,266,521	67,517	(16,104)	7,317,934
Accrued pension payable	2,357,307	—	—	2,357,307
Due to the City of New York	188,641,141	—	—	188,641,141
Due to the City of New York - 2010 Agreement	53,662,141	—	—	53,662,141
Due to the Port Authority of New York & New Jersey	869,381	—	—	869,381
Unearned revenue:				
PILOT revenue	32,898,318	—	—	32,898,318
Base rent and other revenue	13,076,358	—	—	13,076,358
Security and other deposits	4,738	—	—	4,738
2009 Revenue Bonds	335,000	—	—	335,000
2013 Revenue Bonds	25,890,000	—	—	25,890,000
Bond resolution fund payables	14,458,686			14,458,686
Total current liabilities	356,435,701	67,517	(16,104)	356,487,114
Noncurrent liabilities:				
Unearned revenue:				
Base rent and other revenue	262,806,865	—	—	262,806,865
Security and other deposits	27,662,844	—	—	27,662,844
OPEB	35,349,247	—	—	35,349,247
Fair value of interest rate swaps	35,643,687	—	—	35,643,687
Bonds outstanding:				
2009 Revenue Bonds, less accumulated amortization of $463,035	86,697,972	—	—	86,697,972
2013 Revenue Bonds, less accumulated amortization of $7,145,077	941,390,910	—	—	941,390,910
Total noncurrent liabilities	1,450,225,898	—	—	1,450,225,898
Total liabilities	1,806,661,599	67,517	(16,104)	1,806,713,012
Deferred Inflows of Resources				
Deferred pension inflows	416,903	—	—	416,903
Total deferred inflows of resources	416,903	—	—	416,903
Net Position (Deficit):				
Invested in capital assets, net of related debt	(8,927,334)	—	—	(8,927,334)
Restricted:				
Debt service	76,672,308	—	—	76,672,308
Under bond resolutions and other agreements	2,233,257	—	—	2,233,257
Unrestricted (deficit)	(698,115,395)	436,825	—	(697,678,570)
Total net position (deficit)	(628,137,164)	436,825	—	(627,700,339)
Total liabilities and net position (deficit)	$ 1,178,941,338	504,342	(16,104)	1,179,429,576

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, 2017 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 30,099,501	—	—	30,099,501
Supplemental rent	656,378	—	—	656,378
Payments in lieu of real estate taxes	107,150,341	—	—	107,150,341
Civic facilities payments and other	7,593,514	425,701	(425,000)	7,594,215
Total operating revenues	145,499,734	425,701	(425,000)	145,500,435
Operating expenses:				
Wages and related benefits	8,088,960	—	—	8,088,960
OPEB	1,354,822	—	—	1,354,822
Other operating and administrative expenses	9,075,962	368,923	(425,000)	9,019,885
Depreciation of project assets	5,349,499	—	—	5,349,499
Other depreciation and amortization	206,191	77,819	—	284,010
Total operating expenses	24,075,434	446,742	(425,000)	24,097,176
Operating income	121,424,300	(21,041)	—	121,403,259
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	932,888	—	—	932,888
2009 Revenue Bonds	15,049	—	—	15,049
2013 Revenue Bonds	272,608	—	—	272,608
Corporate-designated, escrowed, and OPEB funds	697,236	—	—	697,236
Realized and unrealized losses	(1,454,108)	—	—	(1,454,108)
Gain on project assets	329	—	—	329
Interest expense relating to:				
2003 Swap agreements – net expense	(5,226,623)	—	—	(5,226,623)
2003 Revenue Bonds	(5,879)	—	—	(5,879)
2009 Revenue Bonds	(1,876,217)	—	—	(1,876,217)
2013 Revenue Bonds	(9,064,384)	—	—	(9,064,384)
Loss from extinguishment	(662,955)	—	—	(662,955)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(66,513,069)	—	—	(66,513,069)
Provision for transfer to the City of New York per 2010 agreement	(18,454,931)	—	—	(18,454,931)
Provision for transfer to City of New York - West Thames Park	(72,065)	—	—	(72,065)
Provision for transfer to City of New York - Pier A and Pier A Plaza	(133,202)	—	—	(133,202)
Total nonoperating expenses	(101,545,323)	—	—	(101,545,323)
Change in net position (deficit)	19,878,977	(21,041)	—	19,857,936
Net (deficit), beginning of period	(615,304,852)	220,837	—	(615,084,015)
Net (deficit), end of period	$ (595,425,875)	199,796	—	(595,226,079)

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, 2016 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 29,951,813	—	—	29,951,813
Supplemental rent	660,543	—	—	660,543
Payments in lieu of real estate taxes	100,163,203	—	—	100,163,203
Civic facilities payments and other	6,064,798	16,479,298	(16,459,790)	6,084,306
Total operating revenues	136,840,357	16,479,298	(16,459,790)	136,859,865
Operating expenses:				
Wages and related benefits	7,668,908	—	—	7,668,908
OPEB	17,118,255	—	(16,039,197)	1,079,058
Other operating and administrative expenses	8,986,309	417,483	(420,593)	8,983,199
Depreciation of project assets	4,439,098	—	—	4,439,098
Other depreciation and amortization	156,482	108,410	—	264,892
Total operating expenses	38,369,052	525,893	(16,459,790)	22,435,155
Operating income	98,471,305	15,953,405	—	114,424,710
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	837,152	—	—	837,152
2009 Revenue Bonds	40,615	—	—	40,615
2013 Revenue Bonds	317,643	—	—	317,643
Corporate-designated, escrowed, and OPEB funds	661,182	—	—	661,182
Realized and unrealized gains	781,782	—	—	781,782
Gain (loss) on project assets	(201,351)	—	—	(201,351)
Interest expense relating to:				
2003 Swap agreements – net expense	(5,762,509)	—	—	(5,762,509)
2003 Revenue Bonds	(5,846)	—	—	(5,846)
2009 Revenue Bonds	(1,880,611)	—	—	(1,880,611)
2013 Revenue Bonds	(8,787,900)	—	—	(8,787,900)
Loss from extinguishment	(662,955)	—	—	(662,955)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(64,621,192)	—	—	(64,621,192)
Provision for transfer to the City of New York per 2010 agreement	(16,218,808)	—	—	(16,218,808)
Provision for transfer to City of New York - West Thames Park	(1,549,149)	—	—	(1,549,149)
Provision for transfer to City of New York - Eastern Border	(4,591)			(4,591)
Provision for transfer to City of New York - Pier A and Pier A Plaza	(619,961)	—	—	(619,961)
Total nonoperating expenses	(97,676,499)	—	—	(97,676,499)
Change in net position (deficit)	794,806	15,953,405	—	16,748,211
Net (deficit), beginning of period	(628,931,970)	(15,516,580)	—	(644,448,550)
Net (deficit), end of period	$ (628,137,164)	436,825	—	(627,700,339)

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, 2017 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 138,302,742	—	—	138,302,742
Receipts from the Authority	—	425,000	(425,000)	—
Miscellaneous receipts	229,856	19,461	—	249,317
Total cash receipts from operating activities	138,532,598	444,461	(425,000)	138,552,059
Cash payments for:				
Salaries and benefits	(6,883,857)	—	—	(6,883,857)
Services and supplies	(3,514,629)	(340,671)	425,000	(3,430,300)
Total cash payments for operating activities	(10,398,486)	(340,671)	425,000	(10,314,157)
Net cash provided by operating activities	128,134,112	103,790	—	128,237,902
Cash flows from noncapital financing activities:				
Payments to Pier A Contractors on behalf of NYC	(64,166)	—	—	(64,166)
Payments to Pier A Plaza Contractors on behalf of NYC	(170,534)	—	—	(170,534)
Payments from LMDC West Thames St Pedestrian Bridge	2,740,335	—	—	2,740,335
Payments to NYC EDC - West Thames St Pedestrian Bridge	(2,740,335)	—	—	(2,740,335)
Payments to New York City - West Thames Park	(64,912)	—	—	(64,912)
Net cash used in noncapital financing activities	(299,612)	—	—	(299,612)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(7,118,274)	—	—	(7,118,274)
Capital asset expenditures	(1,253,442)	—	—	(1,253,442)
Auction fees for variable debt	(5,879)	—	—	(5,879)
Swap payment made on the 2003 Swap agreement	(6,187,279)	—	—	(6,187,279)
Swap interest payments received on the 2003 Swap agreement	785,224	—	—	785,224
Principal paydown on 2009 Senior Revenue Bonds	(335,000)	—	—	(335,000)
Interest paid on 2009 Senior Revenue Bonds	(2,505,541)	—	—	(2,505,541)
Principal paydown on 2013 Senior Revenue Bonds	(20,995,000)	—	—	(20,995,000)
Interest paid on 2013 Senior Revenue Bonds	(7,856,825)	—	—	(7,856,825)
Principal paydown on 2013 Bonds C, D, E	(4,895,000)	—	—	(4,895,000)
Interest paid on 2013 Bonds C, D, E	(2,971,985)	—	—	(2,971,985)
2009 Senior Revenue Bonds - Build America Bonds refund from U.S. Treasury	1,175,748	—	—	1,175,748
Net cash used in capital and related financing activities	(52,163,253)	—	—	(52,163,253)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	2,468,491	—	—	2,468,491
Maturities and redemptions of investment securities	283,322,394	—	—	283,322,394
Purchases of investment securities	(317,404,603)	—	—	(317,404,603)
Net cash used in investing activities	(31,613,718)	—	—	(31,613,718)
Increase in cash and cash equivalents	44,057,529	103,790	—	44,161,319
Cash and cash equivalents, beginning of period	171,503,761	650	—	171,504,411
Cash and cash equivalents, end of period	$ 215,561,290	104,440	—	215,665,730

(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, 2017 (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	$ 121,424,300	(21,041)	—	121,403,259
Adjustments to reconcile operating income to net cash provided by operating activities:				
Bad debt expense	87,997	—	—	87,997
Depreciation and amortization	5,555,690	77,819	—	5,633,509
Other	223,423	—	—	223,423
Changes in operating assets and liabilities:				—
(Increase) decrease in rents and other receivables	(228,965)	17,378	—	(211,587)
Decrease in other assets	703,342	1,840	—	705,182
Increase in accounts payable and other liabilities	4,103,638	27,794	—	4,131,432
(Decrease) in unearned revenue	(6,105,747)	—	—	(6,105,747)
Increase in OPEB	970,845	—	—	970,845
Increase in pension liability	99,413	—	—	99,413
Decrease in deferred pension inflows/outflows	1,300,176	—	—	1,300,176
Net cash provided by operating activities	$ 128,134,112	103,790	—	128,237,902
Reconciliation of cash and cash equivalents, end of period:				
Bank deposits	$ 369,232	104,440	—	473,672
Cash and cash equivalents	4,765,435	—	—	4,765,435
Investments with less than 91-day maturities	210,426,623	—	—	210,426,623
Cash and cash equivalents, end of period	$ 215,561,290	104,440	—	215,665,730

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, 2016 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 128,564,250	—	—	128,564,250
Receipts from the Authority	—	423,350	(423,350)	—
Miscellaneous receipts	1,884,056	20,004	—	1,904,060
Total cash receipts from operating activities	130,448,306	443,354	(423,350)	130,468,310
Cash payments for:				
Salaries and benefits	(7,220,928)	(183,601)	—	(7,404,529)
Services and supplies	(4,387,511)	(376,777)	423,350	(4,340,938)
Total cash payments for operating activities	(11,608,439)	(560,378)	423,350	(11,745,467)
Net cash provided by operating activities	118,839,867	(117,024)	—	118,722,843
Cash flows from noncapital financing activities:				
Payments to Pier A Contractors on behalf of the City of New York	(380,425)	—	—	(380,425)
Payments to Pier A Plaza Contractors on behalf of NYC	(64,350)	—	—	(64,350)
Payments from LMDC West Thames St Pedestrian Bridge	338,248	—	—	338,248
Payments to NYC EDC - West Thames St Pedestrian Bridge	(338,248)	—	—	(338,248)
Payments from Security Betterment - Route 9A Agreement	513,000	—	—	513,000
Payments to NYS DOT - Route 9A Agreement	(2,229,025)	—	—	(2,229,025)
Payments to New York City - West Thames Park	(1,334,761)	—	—	(1,334,761)
Net cash used in noncapital financing activities	(3,495,561)	—	—	(3,495,561)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(3,605,780)	—	—	(3,605,780)
Capital asset expenditures	(44,890)	(4,797)	—	(49,687)
Auction fees for variable debt	5,846	—	—	5,846
Swap payment made on the 2003 Swap agreement	(6,287,192)	—	—	(6,287,192)
Swap interest payments received on the 2003 Swap agreement	379,364	—	—	379,364
Principal paydown on 2009 Senior Revenue Bonds	(315,000)	—	—	(315,000)
Interest paid on 2009 Senior Revenue Bonds	(2,509,478)	—	—	(2,509,478)
Principal paydown on 2013 Senior Revenue Bonds	(20,300,000)	—	—	(20,300,000)
Interest paid on 2013 Senior Revenue Bonds	(8,107,850)	—	—	(8,107,850)
Principal paydown on 2013 Bonds C, D, E	(4,895,000)	—	—	(4,895,000)
Interest paid on 2013 Bonds C, D, E	(2,275,478)	—	—	(2,275,478)
2009 Senior Revenue Bonds - Build America Bonds refund from U.S. Treasury	588,506	—	—	588,506
Net cash used in capital and related financing activities	(47,366,952)	(4,797)	—	(47,371,749)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	1,365,846	—	—	1,365,846
Maturities and redemptions of investment securities	342,731,384	—	—	342,731,384
Purchases of investment securities	(385,065,254)	—	—	(385,065,254)
Net cash used in investing activities	(40,968,024)	—	—	(40,968,024)
Increase (decrease) in cash and cash equivalents	27,009,330	(121,821)	—	26,887,509
Cash and cash equivalents, beginning of period	46,312,387	217,437	—	46,529,824
Cash and cash equivalents, end of period	$ 73,321,717	95,616	—	73,417,333

(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, 2016 (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	$ 98,471,305	15,953,405	—	114,424,710
Adjustments to reconcile operating income to net cash provided by operating activities:				
Bad debt expense	149,824	—	—	149,824
Depreciation and amortization	4,595,580	108,410	—	4,703,990
Other	(290,655)	—	—	(290,655)
Changes in operating assets and liabilities:				—
Decrease (increase) in rents and other receivables	226,392	(12,529)	(13,355)	200,508
Decrease in other assets	862,621	30,583	—	893,204
Increase (decrease) in accounts payable and other liabilities	4,161,155	(157,696)	13,355	4,016,814
(Decrease) in unearned revenue	(6,423,669)	—	—	(6,423,669)
Increase (decrease) in OPEB	16,799,783	(16,039,197)	—	760,586
Increase (decrease) in pension liability	1,837,367	—	—	1,837,367
Increase in deferred pension inflows/outflows	(1,549,836)	—	—	(1,549,836)
Net cash provided by operating activities	$ 118,839,867	(117,024)	—	118,722,843
Reconciliation of cash and cash equivalents, end of period:				
Bank deposits	$ 408,373	95,616	—	503,989
Cash and cash equivalents	1,825,814	—	—	1,825,814
Investments with less than 91-day maturities	71,087,530	—	—	71,087,530
Cash and cash equivalents, end of period	$ 73,321,717	95,616	—	73,417,333

See independent auditors’ review report.