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

Financial Statements
(Together with Independent Auditors' Report)

Years Ended October 31, 2016 and 2015

MARKS PANETH
ACCOUNTANTS & ADVISORS

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(A Component Unit of the State of New York)

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Years Ended October 31, 2016 and 2015

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MARKS PANETH
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Independent Auditors' Report

The Members
Hugh L. Carey Battery Park City Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of Hugh L. Carey Battery Park City Authority (the "Authority"), a component unit of the State of New York and the Battery Park City Parks Conservancy (the "Conservancy"), a blended component unit of the Authority, collectively referred to as the "Organization", which comprise the statements of net position (deficit) as of October 31, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of October 31, 2016 and 2015, and the related changes in its financial position and its cash flows for the years then ended in accordance 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 20, the schedule of the Authority's proportionate share of the net pension liability on page 64, the schedule of employer contributions on page 65, and the schedule of funding progress for the other postemployment benefits plan on page 66, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audits were conducted for the purpose of forming opinions on the basic financial statements as a whole. The supplementary information shown on pages 67 through 76 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 31, 2017 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Marks Paneth LLP

New York, NY
January 31, 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 fiscal years ended October 31, 2016 and 2015. 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 Conservancy have been eliminated. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Comparison of 2016 to 2015 and 2015 to 2014

Financial Highlights – 2016

- The fiscal year ended October 31, 2016 yielded a total of $279.2 million in operating revenues, representing an increase of approximately $12.7 million or 4.8% over the prior fiscal year. Payments in lieu of real estate taxes ("PILOT") revenue totaling approximately $205.0 million (approximately 73% of the Authority's operating revenues for the fiscal year ended October 31, 2016) increased $9.9 million or 5.1% compared to the fiscal year ended October 31, 2015. Base rent increased approximately $1.6 million or 2.7% to $59.6 million for the fiscal year ended October 31, 2016. Civic facilities and other operating revenues increased $1.5 million or 13.0% to $13.2 million for the fiscal year ended October 31, 2016. Total operating expenses decreased a net $7.4 million or 13.8% to $46.3 million for the fiscal year ended October 31, 2016.

- A payment of $123.4 million was made in June 2016 towards the provision for the transfer to the City of New York (the "City") for the fiscal year ended October 31, 2015. A $135.2 million liability was recorded representing the PILOT-related portion of fiscal year 2016 excess revenues that was charged to nonoperating expense for the fiscal year ended October 31, 2016 (see note 13), an increase of $11.8 million as compared to the fiscal year ended October 31, 2015. Generally, the Authority's net position decreases with increases in the amount of excess revenues provided to the City, which has an adverse effect on the Authority's net position.

- As of October 31, 2016, the City did not request the "pay-as-you-go" housing payment and the Authority did not transfer the $37.2 million recorded for fiscal year ended October 31, 2015. Pursuant to the 2010 Agreement (see note 13), the Authority recorded an additional liability of $41.9 million for the fiscal year ended October 31, 2016, as an expected payment to the City, resulting in a total liability of $79.4 million due to the City at October 31, 2016.

- As of October 31, 2016, $68.8 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 $78 million as of October 31, 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. Accordingly, the financial statements include tax abatement disclosures for the years ending October 31, 2016 and 2015 (see note 3(m)).

Financial Highlights – 2015

- The fiscal year ended October 31, 2015 yielded a total of $266.4 million in operating revenues, representing an increase of approximately $10.5 million or 4% over the prior fiscal year. PILOT revenue totaling approximately $195 million (approximately 73% of the Authority's operating revenues for the fiscal year ended October 31, 2015) increased $13.4 million or 7.37% compared to the fiscal year ended October 31, 2014. Base rent decreased approximately $4.7 million or 7.46% to $58 million for the fiscal year ended October 31, 2015. Civic facilities and other operating revenues increased $1.7 million or 16.6% to $11.7 million for the fiscal year ended October 31, 2015. Total operating expenses increased a net $9.6 million or 22% to $53.7 million for the fiscal year ended October 31, 2015.

- A payment of $124.5 million was made in June 2015 towards the provision for the transfer to the City for the fiscal year ended October 31, 2014. A $123.4 million provision was recorded during the fiscal year ended October 31, 2015 representing the PILOT-related portion of fiscal 2015 excess revenues to be transferred to the City. Generally, the Authority's net position decreases with increases in the amount of excess revenues provided to the City, which has an adverse effect on the Authority's net position.

- A payment of $42.8 million was made in May 2015 towards the provision for the transfer to the City for the fiscal year ended October 31, 2014. A $37.2 million provision was recorded during the fiscal year ended October 31, 2015, representing the contractual obligation to the City Housing Development Corporation '421-A fund' and 'pay-as-you-go' housing projects. A total of $47.2 million has been applied to the remaining $261 million 'pay-as-you-go' capital fund to the City.

- The Authority had Project cost funds of approximately $61.9 and $12.1 million remaining from the 2013 and 2009 bond issuances, respectively. These funds are to be used for infrastructure and capital expenditures.

- As of October 31, 2015, the Authority had been fully reimbursed for remediation work for damage caused by Superstorm Sandy. All eligible claims with respect to this damage have been collected from the Authority's insurance carriers and from FEMA.

- The Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires the accounting and financial reporting for pensions. The Authority was required to restate its net position balance to the earliest year of implementation. Accordingly, the Authority restated the October 31, 2014 net position balance to include the accrued pension liability provided by the State of New York (see note 17).

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

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 outflows of resources, liabilities, deferred inflows of resources, and net position (deficit) at October 31, 2016, 2015 and 2014 follows:

	October 31			2016 vs	2015 vs
	2016	2015	2014	2015	2014
Assets:					
Bank deposits, investments and rents and other receivables	$ 11,033,774	6,009,189	16,990,115	5,024,585	(10,980,926)
Bond resolution restricted assets (current and noncurrent)	385,252,081	380,529,375	389,400,700	4,722,706	(8,871,325)
Battery Park City project assets, net	497,381,380	493,250,767	485,217,744	4,130,613	8,033,023
Other current and noncurrent assets	139,312,095	100,351,863	100,055,880	38,960,232	295,983
Total assets	1,032,979,330	980,141,194	991,664,439	52,838,136	(11,523,245)
Deferred Outflows of Resources:					
Deferred pension outlfows	2,751,720	106,951	-	2,644,769	106,951
Accumulated decrease in fair value of interest rate swaps	35,007,049	25,819,426	12,079,644	9,187,623	13,739,782
Unamortized loss on extinguishment of bonds	19,949,119	21,275,029	22,600,940	(1,325,910)	(1,325,911)
Deferred costs of refunding, less accumulated amortization	58,784,046	62,564,700	66,345,355	(3,780,654)	(3,780,655)
Total deferred outflows of resources	116,491,934	109,766,106	101,025,939	6,725,828	8,740,167
Total assets and deferred outflows of resources	$ 1,149,471,264	1,089,907,300	1,092,690,378	59,563,964	(2,783,078)
Liabilities:					
Current liabilities	$ 318,929,885	259,442,374	261,852,191	59,487,511	(2,409,817)
Long-term liabilities	1,445,208,491	1,474,878,803	1,497,561,750	(29,670,312)	(22,682,947)
Total liabilities	1,764,138,376	1,734,321,177	1,759,413,941	29,817,199	(25,092,764)
Deferred Inflows of Resources:					
Deferred pension inflows	416,903	34,673	-	382,230	34,673
Total deferred inflows of resources	416,903	34,673	-	382,230	34,673
Net Position (Deficit):					
Invested in capital assets, net of related debt	(4,284,501)	(13,840,713)	(24,494,670)	9,556,212	10,653,957
Restricted	63,877,166	64,593,562	68,407,586	(716,396)	(3,814,024)
Unrestricted	(674,676,680)	(695,201,399)	(710,636,479)	20,524,719	15,435,080
Total net deficit	(615,084,015)	(644,448,550)	(666,723,563)	29,364,535	22,275,013
Total liabilities, deferred inflows of resources and net position	$ 1,149,471,264	1,089,907,300	1,092,690,378	59,563,964	(2,783,078)

Assets and Deferred Outflows of Resources

2016 vs. 2015

At October 31, 2016, the Organization maintained total assets and deferred outflows of resources of approximately $1.15 billion, approximately $59.56 million higher than $1.09 billion at October 31, 2015.

2015 vs. 2014

At October 31, 2015, the Organization maintained total assets and deferred outflows of resources of approximately $1.090 billion, approximately $2.8 million lower than $1.093 billion at October 31, 2014.

Bank Deposits, Investments, Rents and Other Receivables

2016 vs. 2015

Bank deposits, investments, and rents and other receivables held at October 31, 2016 increased approximately $5 million over the same period last year. Bank deposits and investments increased by $5.3 million and rents and other receivables decreased by approximately $300 thousand (see note 14). The increase in bank deposits and investments primarily relates to deposits into the unpledged revenue fund for real estate transactions and the receipt of prior period receivables.

2015 vs. 2014

Bank deposits, investments, and rents and other receivables held at October 31, 2015 decreased approximately $11 million. Bank deposits and investments decreased a net $10.2 million and rents and other receivables decreased by approximately $822 thousand. The decrease in bank deposits and investments primarily relates to the return of the escrow bond defeasance that was included in the unpledged revenue fund.

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 approximately $385.3 million at October 31, 2016 were approximately $70.4 million higher than the fair value of assets held at October 31, 2015 of $314.9 million (see note 8). Bond resolution restricted funds of $65.6 million were not included in the $314.9 million at October 31, 2015. 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 October 31, 2016 were approximately $10.6 million more than funds held at October 31, 2015. Funds held in the Debt Service Funds at October 31, 2016 were $61.3 million higher than funds at October 31, 2015.

Funds held in the Project Operating Fund were approximately $430 thousand higher at October 31, 2016 compared to 2015.

Funds held in the Residual Fund for payment to the City at October 31, 2016 were approximately $272 thousand higher than at October 31, 2015.

Funds held under the resolution for project infrastructure and certain other asset costs were $68.8 million as of October 31, 2016, approximately $9.1 million less than funds held at October 31, 2015.

2015 vs. 2014

Bond resolution restricted assets are funds and accounts established in accordance with the 2003, 2009 and 2013 Revenue Bond resolutions. Such assets of approximately $380.5 million at October 31, 2015 were approximately $8.9 million lower than the fair value of assets held at October 31, 2014 of $389.4 million.

Funds held in the Pledged Revenue Fund at October 31, 2015 were approximately $6.4 million more than funds held at October 31, 2014.

Funds held in the Project Operating Fund for payment of budgeted operating expenditures at October 31, 2015 were approximately $337 thousand higher than at October 31, 2014.

Funds held in the Residual Fund for the benefit of the City at October 31, 2015 were approximately $109 thousand lower than at October 31, 2014.

Funds held under the resolutions for project infrastructure and certain other asset costs were $78 million as of October 31, 2015, approximately $15.9 million less than funds held at October 31, 2014. In addition, funds held in the debt service funds were approximately $975 thousand higher at October 31, 2015 compared to 2014.

Project Assets

At October 31, 2016, the Authority's investment in project assets, net of accumulated depreciation, was $497.4 million, an increase of $4.1 million over October 31, 2015. 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 on 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 October 31, 2016, 2015 and 2014 were as follows:

	October 31			2016 vs	2015 vs
	2016	2015	2014	2015	2014
Land	$ 83,015,653	83,015,653	83,015,653	-	-
Site improvements	412,761,516	400,143,567	386,612,538	12,617,949	13,531,029
Residential building and condominium units	136,974,472	136,501,422	133,309,670	473,050	3,191,752
	632,751,641	619,660,642	602,937,861	13,090,999	16,722,781
Less: accumulated depreciation	(135,370,261)	(126,409,875)	(117,720,117)	(8,960,386)	(8,689,758)
Total Battery Park City project assets	$ 497,381,380	493,250,767	485,217,744	4,130,613	8,033,023

2016 vs. 2015

For the year ended October 31, 2016, the increase to site improvements of approximately $12.6 million relates to the esplanade and restoration of piles, work on Site 3 headquarters, as well as bridge improvements and other minor capital improvements (see note 3(c)).

2015 vs. 2014

For the year ended October 31, 2015, the increase to site improvements of approximately $13.5 million relates to park improvements in the north and south neighborhoods, restoration of cement piles, as well as work on bridges and other minor capital improvements.

The $3.2 million increase in residential building and condominium units over October 31, 2014, primarily relates to mechanical system upgrades to the Conservancy's headquarters at Site 3, and work on the community center at Sites 23 and 24.

Other Current and Noncurrent Assets

Other current and noncurrent assets at October 31, 2016, 2015 and 2014 were as follows:

	October 31			2016 vs	2015 vs
	2016	2015	2014	2015	2014
Residential lease required funds	$ 27,304,097	27,277,629	21,467,676	26,468	5,809,953
Corporate-designated, escrowed and OPEB funds	107,248,304	68,291,703	74,061,506	38,956,601	(5,769,803)
Other assets	4,759,694	4,782,531	4,526,698	(22,837)	255,833
Total other current and noncurrent assets	$ 139,312,095	100,351,863	100,055,880	38,960,232	295,983

2016 vs. 2015

Total other current and noncurrent assets increased approximately $39 million from $100 million at October 31, 2015 to $139.3 million at October 31, 2016.

Residential lease required funds, which include security deposits held for condominium buildings, increased by $26 thousand. Overall, corporate-designated, escrowed and OPEB funds increased approximately $39 million from October 31, 2015. The increase is primarily due to $37.2 million in the Joint Purpose Fund that relates to the prior year's liability for transfer to the City for the 2010 agreement, which has not been requested or transferred to the City as of October 31, 2016. Deposits and interest earnings on the Organization's OPEB funds accounted for approximately a $1.8 million increase.

2015 vs. 2014

Total other current and noncurrent assets increased approximately $296 thousand from $100 million at October 31, 2014 to $100.3 million at October 31, 2015.

Residential lease required funds increased $5.8 million from $21.5 million at October 31, 2014 to $27.3 million at October 31, 2015 primarily due to River and Warren (Site 19) converting from a rental to a condominium building. There are security deposits held for condominiums and not rentals.

Overall, corporate-designated, escrowed and OPEB funds decreased approximately $5.8 million from October 31, 2014. There was a decrease primarily due to the payment for the withdrawal from the Conservancy CIRS pension plan, which was funded from the Conservancy reserve account for approximately $6.5 million. There was a $3.4 million decrease resulting from withdrawals from the Special Fund for the Pier A Plaza construction. Deposits and interest earnings on the Authority and Conservancy OPEB funds accounted for approximately a $1.7 million increase. There was an increase of approximately $2 million in the contingency reserve accounts.

Deferred Outflows of Resources

Deferred outflows of resources at October 31, 2016, 2015, and 2014 are as follows:

		October 31			2016 vs	2015 vs
		2016	2015	2014	2015	2014
Deferred Outflows of Resources:						
Deferred pension outflows	$	2,751,720	106,951	-	2,644,769	106,951
Accumulated decrease in fair value of interest rate swaps		35,007,049	25,819,426	12,079,644	9,187,623	13,739,782
Unamortized loss on extinguishment of bonds		19,949,119	21,275,029	22,600,940	(1,325,910)	(1,325,911)
Deferred costs of refunding, less accumulated amortization		58,784,046	62,564,700	66,345,355	(3,780,654)	(3,780,655)
Total deferred outflows of Resources	$	116,491,934	109,766,106	101,025,939	6,725,828	8,740,167

2016 vs. 2015

The total Deferred Outflows of Resources increased approximately $6.7 million from $109.8 million at October 31, 2015 to $115.8 million at October 31, 2016.

Deferred pension outflows increased by $2.6 million from $107 thousand at October 31, 2015 to $2.75 million at October 31, 2016, which 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 $25.8 million at October 31, 2015, which increased by $9.2 million to $35 million at October 31, 2016. The negative fair value is recorded as a liability in the Authority's statement of net position.

The unamortized loss on extinguishment of the 1993, 1996, 2000, and 2003 bonds decreased by $1.3 million from October 31, 2015 to October 31, 2016. The decrease is a result of the current year amortization.

The deferred cost of refunding decreased by $3.8 million from October 31, 2015 to October 31, 2016. The decrease is a result of the current year amortization.

2015 vs. 2014

The $107 thousand at October 31, 2015 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

The interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative value of $25.8 million at October 31, 2015, which was recorded as an asset and a deferred inflow of resources. The negative fair value of $25.8 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position. This value increased $13.7 million, from a negative value of $12 million at October 31, 2014.

The unamortized loss on extinguishment of the 1993, 1996, 2000, and 2003 bonds decreased by $1.3 million from October 31, 2014 to October 31, 2015. The decrease is a result of the current year amortization.

The deferred cost of refunding decreased by $3.8 million from October 31, 2014 to October 31, 2015. The decrease is a result of the current year amortization.

Liabilities

Total liabilities at October 31, 2016, 2015 and 2014 were as follows:

	October 31				
	2016	**2015**	**2014**	**2016 vs 2015**	**2015 vs 2014**
Current liabilities:					
Accrued interest on bonds	$ 16,979,613	17,253,706	17,543,216	(274,093)	(289,510)
Accounts payable and other liabilities	9,872,399	7,356,275	6,102,998	2,516,124	1,253,277
Accrued pension payable	2,357,307	519,940	695,489	1,837,367	(175,549)
Due to the City of New York	135,836,055	124,019,949	125,163,883	11,816,106	(1,143,934)
Due to the City of New York 2010 Agreement	79,363,715	37,443,333	43,055,860	41,920,382	(5,612,527)
Due to the Port Authority of NY & NJ	869,381	869,381	869,381	-	-
Unearned revenue	47,421,677	46,465,052	44,376,626	956,625	2,088,426
Security and other deposits	4,738	4,738	4,738	-	-
2009 Revenue Bonds	335,000	315,000	310,000	20,000	5,000
2013 Revenue Bonds	25,890,000	25,195,000	23,730,000	695,000	1,465,000
Total current liabilities	318,929,885	259,442,374	261,852,191	59,487,511	(2,409,817)
Noncurrent liabilities:					
Unearned revenue	260,739,758	268,740,158	280,607,063	(8,000,400)	(11,866,905)
Security and other deposits	27,706,661	27,598,354	21,963,822	108,307	5,634,532
OPEB	36,334,354	34,390,023	32,291,760	1,944,331	2,098,263
Fair value of interest rate swaps	35,007,049	25,819,426	12,079,644	9,187,623	13,739,782
Imputed borrowing	58,784,046	62,564,700	66,345,355	(3,780,654)	(3,780,655)
Bonds outstanding:					
2009 Revenue Bonds	86,661,548	87,069,396	87,457,244	(407,848)	(387,848)
2013 Revenue Bonds	939,975,075	968,696,746	996,816,862	(28,721,671)	(28,120,116)
Total noncurrent liabilities	1,445,208,491	1,474,878,803	1,497,561,750	(29,670,312)	(22,682,947)
Total liabilities	$ 1,764,138,376	1,734,321,177	1,759,413,941	29,817,199	(25,092,764)

2016 vs. 2015

The Organization's total liabilities increased approximately $29.8 million from $1.73 billion at October 31, 2015 to $1.76 billion at October 31, 2016.

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

The $29.8 million increase in total liabilities is due to:

- a $274 thousand decrease in accrued interest payable on bonds from $17.3 million at October 31, 2015 to $17 million at October 31, 2016 (note 10).
- a $2.5 million increase in accounts payable and other liabilities from $7.4 million at October 31, 2015 to $9.8 million at October 31, 2016. The change is primarily due to approximately $2.9 million of accrued expenses for the investment purchases that were in transit at October 31, 2016 and which settled in November 2016.
- a $1.8 million increase in accrued pension payable relates to the Authority's liability portion of the New York State pension plan.

- a $135.8 million liability was recorded for the fiscal year ended October 31, 2016, which includes fiscal 2016 PILOT-related excess revenues to be transferred to the City, an increase of $11.8 million from the prior fiscal year provision of $124 million.
- a $41.9 million liability was recorded for the fiscal year ended October 31, 2016, as an expected payment to the City under the provisions of the 2010 Agreement.
- a $7 million decrease to $308 million in total unearned revenue from $315 million at October 31, 2015 primarily due to revenue of $11 million recognized on leases. The $11 million decrease amount is offset by an upfront lease payment of $4 million.
- a $108 thousand increase in total security and other deposits to $27.7 million at October 31, 2016. Security deposits are held for condominiums and not rentals.
- a $1.9 million net increase in OPEB liability 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 $36.3 million OPEB liability at October 31, 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 year (see note 18).
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $35 million at October 31, 2016. The negative fair value of $35 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position. This value increased $9.2 million, from a negative fair value of $25.8 million at October 31, 2015.
- a $3.8 million decrease in the imputed borrowing represents the current period amortization of the fair value of the bifurcated Swaps. The $70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- a $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 (see note 16).
- a $28.1 million decrease in 2013 Revenue Bonds outstanding relating to the payment of $25.2 million and a $2.9 million decrease due to the amortization of the net bond premium (see note 16).

2015 vs. 2014

The Organization's total liabilities decreased approximately $25.1 million from $1.76 billion at October 31, 2014 to $1.73 billion at October 31, 2015.

Total liabilities comprise amounts due to the City, accrued interest on bonds, unearned revenue, security and other deposits, OPEB, outstanding bonds, fair value of interest rate swaps, imputed borrowing and accounts payable and accrued expenses.

The $25.1 million decrease in total liabilities is due to:

- a $289 thousand decrease in accrued interest payable on bonds from $17.5 million at October 31, 2014 to $17.3 million at October 31, 2015.

- a $1.3 million increase in accounts payable and other liabilities from $6.1 million at October 31, 2014 to $7.4 million at October 31, 2015. The change is due to approximately $2.6 million of accrued expenses for the Route 9A Betterment Agreement and other legal expenses, offset by a reduction in the accrued capital of approximately $1.3 million.
- a $175 thousand decrease in accrued pension payable relates to the implementation of GASB No. 68 and the current year payment made for the New York State Retirement System pension plan.
- a $124 million liability was recorded for the fiscal year ended October 31, 2015, which includes fiscal 2015 PILOT related excess revenues to be transferred to the City, a decrease of $1.1 million from the prior fiscal year provision of $125.2 million.
- a $37.4 million liability was recorded which includes the fiscal year ended October 31, 2015 for payment under the 2010 agreement, a decrease $5.6 million over the $43.1 million which was charged to operations for the fiscal year ended October 31, 2014 and paid in May 2015.
- a $9.8 million decrease to $315 million in total unearned revenue from $325 million at October 31, 2014 primarily due to revenue recognized on leases, such as the Goldman lease ($2.7 million), Sites 23 and 24 ($3.3 million), and Site 16/17 ($2.4 million), as well as other upfront lease payments received during prior years.
- a $5.6 million increase in total security and other deposits to $27.6 million at October 31, 2015, primarily due to River and Warren (Site 19) converting from a rental to a condominium building during the current fiscal year. There are security deposits held for condominiums and not rentals.
- a $47 thousand net increase in OPEB liability for the Authority relating to the annual normal cost incurred for current employees and interest expense, offset by actual costs for retiree benefits paid. The Authority had an $18.5 million OPEB liability at October 31, 2015. The annual required OPEB obligation is increased by normal costs for current employees and interest expense and offset by an amortization credit and the actual cost of retiree benefits paid during the year.
- a $2 million net increase in OPEB liability for the Conservancy relating to the annual normal cost incurred for current employees and interest expense, offset by actual costs for retiree benefits. The Conservancy had an $15.8 million OPEB liability at October 31, 2015. The annual required OPEB obligation is increased by normal costs for current employees and interest expense.
- a $3.8 million decrease represents the current period amortization of the fair value of the bifurcated Swaps of $70.1 million on October 23, 2013. The $70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $25.8 million at October 31, 2015, which was recorded as an asset and a deferred inflow of resources. The negative fair value of $25.8 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position. This value increased $13.7 million, from a negative fair value of $12 million at October 31, 2014.

- a $383 thousand decrease in 2009 Revenue Bonds outstanding relating to the retirement of principal of $310 thousand and a $73 thousand decrease due to the amortization of the net bond premium.
- a $26.6 million decrease in 2013 Revenue Bonds outstanding relating to the payment of $23.7 million and a $2.9 million decrease due to the amortization of the net bond premium.

Deferred Inflows of Resources

		October 31			2016 vs	2015 vs
		2016	2015	2014	2015	2014
Deferred Inflows of Resources:						
Deferred pension inflows	$	416,903	34,673	—	382,230	34,673
Total deferred inflows of resources	$	416,903	34,673	—	382,230	34,673

2016 vs. 2015

The $417 thousand at October 31, 2016 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 17).

2015 vs. 2014

The $35 thousand at October 31, 2015 represents the Authority's portion of the deferred pension inflows from the New York State pension plan.

Net Position (Deficit)

		October 31			2016 vs	2015 vs
		2016	2015	2014	2015	2014
Net Position (deficit):						
Invested in capital assets, net of related debt	$	(4,284,501)	(13,840,713)	(24,494,670)	9,556,212	10,653,957
Restricted		63,877,166	64,593,562	68,407,586	(716,396)	(3,814,024)
Unrestricted		(674,676,680)	(695,201,399)	(710,636,479)	20,524,719	15,435,080
Total net position (deficit)	$	(615,084,015)	(644,448,550)	(666,723,563)	29,364,535	22,275,013

2016 vs. 2015

The change in total net position from October 31, 2015 represents a positive change in the deficit position of $29.4 million from $644 million at October 31, 2015 to $615 million at October 31, 2016.

Invested in capital assets, net of related debt, was a deficit of $4.3 million and $13.8 million at October 31, 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 $63.9 million of restricted net position at October 31, 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 $674.7 million at October 31, 2016 resulting from the cumulative net excess revenues, which are transferred to the City annually.

2015 vs. 2014

The change in total net position (deficit) from October 31, 2014 represents a decrease in the deficit position of $22.3 million from $667 million at October 31, 2014 to $644 million at October 31, 2015.

The net position invested in capital assets, net of related debt, was a deficit of $13.8 million and $24.5 million at October 31, 2015 and 2014, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Organization's $64.6 million and $68.4 million of restricted net assets at October 31, 2015 and 2014, respectively, represent resources that are subject to various external restrictions on how they may be used. These assets are generally restricted under bond resolutions and other agreements and for debt service.

The remaining balance is classified as an unrestricted deficit totaling $695.2 million at October 31, 2015 resulting from the cumulative net excess revenues, which are transferred to the City annually.

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

Below is a summary of the Organization's revenues, expenses, and changes in net deficit for the fiscal years ended October 31, 2016, 2015 and 2014:

	October 31			2016 vs	2015 vs
	2016	2015	2014	2015	2014
Operating revenues:					
Revenues from ground leases:					
Base rent	$ 59,617,836	58,025,998	62,705,939	1,591,838	(4,679,941)
Supplemental rent	1,336,024	1,652,149	1,561,040	(316,125)	91,109
Payments in lieu of real estate taxes	204,988,037	195,048,129	181,660,585	9,939,908	13,387,544
Civic facilities payments and other	13,227,308	11,707,540	10,045,796	1,519,768	1,661,744
Total operating revenues	279,169,205	266,433,816	255,973,360	12,735,389	10,460,456
Operating expenses:					
Wages and related benefits	14,440,199	20,922,843	13,582,735	(6,482,644)	7,340,108
OPEB	2,555,391	2,715,775	2,556,774	(160,384)	159,001
Other operating and administrative expenses	19,759,574	20,758,634	18,911,729	(999,060)	1,846,905
Depreciation and amortization	9,551,887	9,332,348	9,065,014	219,539	267,334
Total operating expenses	46,307,051	53,729,600	44,116,252	(7,422,549)	9,613,348
Operating income	232,862,154	212,704,216	211,857,108	20,157,938	847,108
Nonoperating revenues (expenses):					
Investment and other income	4,066,232	2,890,713	2,804,599	1,175,519	86,114
Other revenue	6,958,307	4,406,019	3,418	2,552,288	4,402,601
Loss on project assets	(201,351)	-	-	(201,351)	-
Interest expense, net	(34,322,118)	(34,509,014)	(35,124,886)	186,896	615,872
Bond issuance costs	-	-	(12,167)	-	12,167
Provision for transfer to the Port Authority of NY & NJ	-	-	(2,103,519)	-	2,103,519
Provision for transfer to the City of New York	(135,219,838)	(123,403,732)	(124,547,666)	(11,816,106)	1,143,934
Provision for transfer to the City of New York - 2010 Agreement	(41,920,382)	(37,190,169)	(42,802,696)	(4,730,213)	5,612,527
Provision for transfer to New York State - Route 9A Agreement	(576,174)	(1,786,129)	(1,255,979)	1,209,955	(530,150)
Provision for transfer to - Eastern Border	(1,707,641)	-	-	(1,707,641)	-
Pier A and Pier A Plaza construction pass through NYC	(574,654)	(836,891)	(5,893,927)	262,237	5,057,036
Total nonoperating expenses, net	(203,497,619)	(190,429,203)	(208,932,823)	(13,068,416)	18,503,620
Change in net position (deficit)	29,364,535	22,275,013	2,924,285	7,089,522	19,350,728
Net deficit, beginning of year	(644,448,550)	(666,723,563)	(668,256,870)	22,275,013	1,533,307
Effect of adoption of GASB 68	-	-	(695,489)	-	695,489
Net (deficit), beginning of year	(644,448,550)	(666,723,563)	(668,952,359)	22,275,013	2,228,796
Net deficit, end of year	$ (615,084,015)	(644,448,550)	(666,723,563)	29,364,535	22,275,013

Operating Revenues

2016 vs. 2015

Overall operating revenues for the year ended October 31, 2016 totaled $279.2 million, approximately a net of $12.7 million higher than the year ended October 31, 2015. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased $1.6 million from $58 million for the year ended October 31, 2015. PILOT revenue totaling approximately $205.0 million (approximately 73% of the total operating revenues for the fiscal year ended October 31, 2016), increased by $9.9 million over the fiscal year ended October 31, 2015, primarily due to an increase in PILOT revenue from the commercial towers. The change in civic facility payments and other is a $1.5 million increase from $11.7 million for the year ended October 31, 2015 to $13.2 million for the year ended October 31, 2016.

2015 vs. 2014

Overall operating revenues for the year ended October 31, 2015 totaled $266 million, approximately a net of $10.5 million higher than the year ended October 31, 2014. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent decreased $4.7 million from $62.7 million for the year ended October 31, 2014, primarily due to scheduled rent reductions for commercial towers. PILOT revenue totaling approximately $195 million (approximately 73% of the total operating revenues for the fiscal year ended October 31, 2015), increased by $13.4 million over the fiscal year ended October 31, 2014. The change in civic facility payments and other is a $1.7 million increase from $10 million for the year ended October 31, 2014 to $11.7 million for the year ended October 31, 2015.

Operating Expenses

2016 vs. 2015

Operating expenses totaled approximately $46.3 million for the fiscal year ended October 31, 2016, representing a net $7.4 million decrease compared to the fiscal year ended October 31, 2015. The expenses include: wages and related benefits; OPEB; 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 $14.4 million decreased $6.5 million over the previous fiscal year ended October 31, 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 fiscal year ended October 31, 2016 by $161 thousand. 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 $20 million decreased by $1 million for the year ended October 31, 2016, primarily due to the decrease of $720 thousand for the infrastructure study and the decrease of the annual New York State cost recovery fee of $400 thousand for the year ended October 31, 2016 as compared to 2015.

Depreciation and amortization expenses recorded for the fiscal year ended October 31, 2016 of $9.6 million was $220 thousand higher than the year ended October 31, 2015.

2015 vs. 2014

Operating expenses totaled approximately $53.7 million for the fiscal year ended October 31, 2015, representing a net $9.6 million increase compared to the fiscal year ended October 31, 2014. The expenses include: wages and related benefits; OPEB; 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 $20.9 million increased $7.3 million over the previous fiscal year ended October 31, 2014, primarily due to the payment of $6.5 million to withdraw from the Conservancy's CIRS pension plan.

OPEB Authority **-** Expenses for the Authority increased for the fiscal year ended October 31, 2015 by $33 thousand. This was due to the lower normal and interest costs together with an ARC amortization credit determined by the triennial valuation. OPEB costs represent a pro rata share of annual interest and normal costs for postemployment medical benefits for all eligible current employees in accordance with GASB Statement No. 45.

OPEB Conservancy **-** The Conservancy recognized the normal and interest costs of approximately $2.1 million for the plan for the fiscal year ended October 31, 2015 which was approximately $126 thousand higher than the OPEB expenses for the year ended October 31, 2014.

Other operating and administrative expenses increased a net $1.8 million primarily due to the cost increase of the annual New York State cost recovery fee of $1.4 million.

Expenses relating to the community center at Site 23/24 decreased by $85 thousand from $531 thousand for the fiscal year ended October 31, 2014.

Depreciation and amortization expenses recorded for the fiscal year ended October 31, 2015 of $9.3 million was $267 thousand higher than the year ended October 31, 2014.

Nonoperating Revenues (Expenses)

2016 vs. 2015

Total nonoperating expenses were approximately a net $13 million higher for the year ended October 31, 2016 than the year ended October 31, 2015. A provision for a transfer to the City of $135.2 million in excess revenues was charged to expense for the year ended October 31, 2016, an increase of approximately $11.8 million from the year ended October 31, 2015. In addition, a provision for transfer to the City for the 2010 Agreement of $41.9 million was charged to expense for the year ended October 31, 2016, an increase of approximately $4.7 million from the year ended October 31, 2015. The Authority expended approximately $575 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 fiscal year ended October 31, 2016. The amount expended for the fiscal year ended October 31, 2015 was approximately $836 thousand, a decrease of approximately $262 thousand. The Authority recorded approximately $576 thousand for the year ended October 31, 2016 relating to the provision for transfer to New York State for the Route 9A Agreement, which was approximately $1.2 million lower than the year ended October 31, 2015.

Interest and other income increased by $1.2 million primarily due to restructuring the long-term investment portfolio during the year ended October 31, 2016. Other revenue increased $2.5 million as a result of the South Street Liberty Bridge renovations by Brookfield. Net interest expense related to outstanding bonds decreased $187 thousand, primarily due to the lower costs of capital, compared to the year ended October 31, 2015.

2015 vs. 2014

Total nonoperating expenses were approximately a net $18.5 million lower for the year ended October 31, 2015 than the year ended October 31, 2014. A provision for a transfer to the City of $123.4 million in excess revenues was charged to expense for the year ended October 31, 2015, a decrease of approximately $1.1 million from the year ended October 31, 2014. In addition, a provision for transfer to the City for the 2010 Agreement of $37.2 million was charged to expense for the year ended October 31, 2015, a decrease of approximately $5.6 million from the year ended October 31, 2014. There was no provision for transfer to the PANYNJ for the fiscal year ended October 31, 2015. There was a provision for transfer to the PANYNJ of approximately $2.1 million for the fiscal year ended October 31, 2014. The Authority expended approximately $837 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 fiscal year ended October 31, 2015. The amount expended for the fiscal year ended October 31, 2014 was approximately $5.9 million, a decrease of approximately $5.1 million for the year ended October 31, 2015. The Authority recorded approximately $1.8 million for the year ended October 31, 2015 relating to the provision for transfer to New York State for the Route 9A Agreement which was approximately $530 thousand higher than the year ended October 31, 2014.

Interest and other income increased by $86 thousand primarily due to restructuring the long-term investment portfolio during the year ended October 31, 2014. Other revenue increased $4.4 million as a result from 9/11 Insurance proceeds and Superstorm Sandy proceeds. Net interest expense related to outstanding bonds decreased $616 thousand, primarily due to the lower costs of capital, compared to the year ended October 31, 2014. Bond issuance costs of approximately $12 thousand related to the October 2013 bond offering were charged to expense for the fiscal year ended October 31, 2014.

Change in Net Position (Deficit)

The total net deficits at October 31, 2016 and 2015 were $615 million and $644 million, respectively.

The total net deficits at October 31, 2015 and 2014 were $644 million and $667 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. At October 31, 2016, the Authority was responsible for debt service on the 2009 Revenue Bonds of $85.7 million (see note 16).

	Outstanding debt	Fitch	Moody's	Standard & Poor's (S&P)
2009 Senior Revenue A Bonds	$ 56,600,000	AAA	Aaa	Not rated
2009 Senior Revenue B Bonds	29,085,000	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). At October 31, 2016, the Authority was responsible for debt service on the 2013 Revenue Bonds of \$923.4 million.

	Outstanding debt	Fitch	Moody's	Standard & Poor's (S&P)
2013 Senior Revenue A Bonds	$ 323,135,000	AAA	Aaa	Not Rated
2013 Junior Revenue C Bonds	208,440,000	Not Rated	Aa2	Not Rated
2013 Junior Revenue D Bonds	195,905,000	Not Rated	Not Rated	Not Rated
2013 Junior Revenue E Bonds	195,910,000	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.

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

Statements of Net Position (Deficit)

October 31, 2016 and 2015

Assets		**2016**	**2015**
Current assets:			
Bank deposits	$	396,816	221,484
Investments (notes 3(e) and 3(k))		5,695,440	595,471
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of $1,581,492 in 2016 and $1,331,050 in 2015) (note 14)		4,941,518	5,192,234
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		243,034,191	170,495,772
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		8,000,661	11,969,198
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		46,872,405	46,845,663
Bond resolution fund receivables (notes 3(e), 8, 9, 12 and 14(b))		—	65,632,000
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18)		38,123,314	1,187,090
Total current assets		347,064,345	302,138,912
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		73,387,092	70,380,727
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		141,229	142,714
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		13,816,503	15,063,301
Residential lease required funds (note 3(e) and 3(k))		27,304,097	27,277,629
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18)		69,124,990	67,104,613
Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4)		497,381,380	493,250,767
Other assets		4,759,694	4,782,531
Total noncurrent assets		685,914,985	678,002,282
Total assets		1,032,979,330	980,141,194
Deferred Outflows of Resources			
Deferred pension outlfows (note 17)		2,751,720	106,951
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)		35,007,049	25,819,426
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds (notes 3(g) and 12)		19,949,119	21,275,029
Deferred costs of refunding, less accumulated amortization of $11,431,366 in 2016 and $7,650,711 in 2015 (note 10)		58,784,046	62,564,700
Total deferred outflows of resources		116,491,934	109,766,106
Total assets and deferred outflows of resources	$	1,149,471,264	1,089,907,300

(Continued)

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

Statements of Net Position (Deficit)

October 31, 2016 and 2015

Liabilities		**2016**	**2015**
Current liabilities:			
Accrued interest on bonds	$	16,979,613	17,253,706
Accounts payable and other liabilities (note 15)		9,872,399	7,356,275
Accrued pension payable (note 17)		2,357,307	519,940
Due to the City of New York (note 13)		135,836,055	124,019,949
Due to the City of New York - 2010 Agreement (note 13)		79,363,715	37,443,333
Due to the Port Authority of New York & New Jersey (note 19(e))		869,381	869,381
Unearned revenue (note 3(d)):			
PILOT revenue		34,407,866	33,205,356
Base rent and other revenue		13,013,811	13,259,696
Security and other deposits		4,738	4,738
2009 Revenue Bonds (notes 8, 9, and 11)		335,000	315,000
2013 Revenue Bonds (notes 8, 9, and 12)		25,890,000	25,195,000
Total current liabilities		318,929,885	259,442,374
Noncurrent liabilities:			
Unearned revenue (note 3(d)):			
Base rent and other revenue		260,739,758	268,740,158
Security and other deposits		27,706,661	27,598,354
OPEB (note 18)		36,334,354	34,390,023
Fair value of interest rate swaps (notes 3(j) and 10)		35,007,049	25,819,426
Imputed borrowing (note 10)		58,784,046	62,564,700
Bonds outstanding (notes 8, 9, 10, 11, 12 and 16):			
2009 Revenue Bonds, less accumulated amortization of $499,460 in 2016 and $426,611 in 2015		86,661,548	87,069,396
2013 Revenue Bonds, less accumulated amortization of $8,749,977 in 2016 and $5,918,305 in 2015		939,975,075	968,696,746
Total noncurrent liabilities		1,445,208,491	1,474,878,803
Total liabilities		1,764,138,376	1,734,321,177
Deferred Inflows of Resources			
Deferred pension inflows (note 17)		416,903	34,673
Total deferred inflows of resources		416,903	34,673
Net Position (Deficit)			
Invested in capital assets, net of related debt		(4,284,501)	(13,840,713)
Restricted:			
Debt service		60,333,896	58,071,243
Under bond resolutions and other agreements		3,543,270	6,522,319
Unrestricted (deficit)		(674,676,680)	(695,201,399)
Total net position (deficit)		(615,084,015)	(644,448,550)
Total liabilities and net position (deficit)	$	1,149,471,264	1,089,907,300

See accompanying notes to financial statements.

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)

Years Ended October 31, 2016 and 2015

		2016	2015
Operating revenues:			
Revenues from ground leases (notes 5, 6, and 7):			
Base rent	$	59,617,836	58,025,998
Supplemental rent		1,336,024	1,652,149
Payments in lieu of real estate taxes (note 13)		204,988,037	195,048,129
Civic facilities payments and other		13,227,308	11,707,540
Total operating revenues		279,169,205	266,433,816
Operating expenses:			
Wages and related benefits		14,440,199	20,922,843
OPEB (note 18)		2,555,391	2,715,775
Other operating and administrative expenses		19,759,574	20,758,634
Depreciation of project assets		8,960,386	8,689,758
Other depreciation and amortization		591,501	642,590
Total operating expenses		46,307,051	53,729,600
Operating income		232,862,154	212,704,216
Nonoperating revenues (expenses):			
Investment income on funds relating to:			
2003 Revenue Bonds (note 10)		1,855,003	1,908,610
2009 Revenue Bonds (note 11)		66,268	103,981
2013 Revenue Bonds (note 12)		555,015	725,858
Corporate-designated, escrowed, and OPEB funds		1,346,343	1,443,244
Realized and unrealized gains and (losses)		243,603	(1,290,980)
Loss on project assets		(201,351)	—
Other revenue		6,958,307	4,406,019
Interest expense relating to:			
2003 Swap agreements – net expense		(11,370,162)	(12,134,076)
2003 Revenue Bonds (note 10)		(11,693)	(11,823)
2009 Revenue Bonds (note 11)		(3,761,853)	(3,772,254)
2013 Revenue Bonds (note 12)		(17,852,500)	(17,264,951)
Loss from extinguishment		(1,325,910)	(1,325,910)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 13)		(135,219,838)	(123,403,732)
Provision for transfer to the City of New York per 2010 agreement (note 13)		(41,920,382)	(37,190,169)
Provision for transfer to the City of New York - Pier A and Pier A Plaza		(574,654)	(836,891)
Provision for transfer to the City of New York - Eastern Border		(1,707,641)	
Provision for transfer to the State of New York - Route 9A		(576,174)	(1,786,129)
Total nonoperating expenses		(203,497,619)	(190,429,203)
Change in net position (deficit)		29,364,535	22,275,013
Net (deficit), beginning of year		(644,448,550)	(666,723,563)
Net (deficit), end of year	$	(615,084,015)	(644,448,550)

See accompanying notes to financial statements.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Statements of Cash Flows

Years Ended October 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash receipts from:		
Tenant payments	$ 263,278,182	254,397,777
Miscellaneous receipts	7,636,594	1,712,355
Total cash receipts from operating activities	270,914,776	256,110,132
Cash payments for:		
Salaries and benefits	(15,310,158)	(21,865,936)
Services and supplies	(18,065,960)	(19,862,900)
Total cash payments for operating activities	(33,376,118)	(41,728,836)
Net cash provided by operating activities	237,538,658	214,381,296
Cash flows from noncapital financing activities:		
Receipts from FEMA	—	1,295,262
Payments to Pier A Contractors on behalf of the City of New York	(380,425)	(717,500)
Payments to Pier A Plaza Contractors on behalf of the City of New York	(156,746)	(1,234,303)
Receipts from insurance proceeds escrow	—	3,921,712
Payments from lessees – site security deposits	—	5,799,609
Payments from LMDC West Thames St Pedestrian Bridge	507,009	918,632
Payments to NYC EDC - West Thames St Pedestrian Bridge	(507,009)	(918,632)
Receipts from Brookfield - Route 9A Betterment Agreement	642,224	—
Payments to NYS DOT - Route 9A Betterment Agreement	(2,934,423)	(76,964)
Payments to Eastern Border Contractors on behalf of the City of New York	(1,484,157)	—
Payments to the City of New York	(123,403,732)	(124,547,666)
Payments to the City of New York - 2010 Agreement	—	(42,802,696)
Net cash used in noncapital financing activities	(127,717,259)	(158,362,546)
Cash flows from capital and related financing activities:		
Development costs – site improvements and construction	(5,660,493)	(17,030,287)
Capital asset expenditures	(115,980)	(569,013)
Receipts from the sale of capital assets	—	16,133
Payments for Superstorm Sandy	—	(233,412)
Auction fees for variable debt	(11,693)	(11,823)
Swap payment made on the 2003 Swap agreement	(12,468,624)	(12,656,758)
Swap interest payments received on the 2003 Swap agreement	937,347	420,523
Interest paid on 2009 Senior Revenue Bonds	(5,015,019)	(5,022,831)
Principal paydown on 2009 Senior Revenue Bonds	(315,000)	(310,000)
Interest paid on 2013 Senior Revenue Bonds	(15,964,675)	(16,409,200)
Principal paydown on 2013 Senior Revenue Bonds	(20,300,000)	(19,350,000)
Interest paid on 2013 Bonds CDE	(4,895,585)	(3,972,435)
Principal paydown on 2013 Bonds CDE	(4,895,000)	(4,380,000)
Receipt - JPMC Muni Bond Settlement	—	137,000
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	588,506	1,759,523
Net cash used in capital and related financing activities	(68,116,216)	(77,612,580)
Cash flows from investing activities:		
Interest and realized gains received on investment securities	3,599,050	3,663,872
Maturities and redemptions of investment securities	747,328,934	669,390,249
Purchases of investment securities	(667,657,065)	(665,035,396)
Net cash provided by investing activities	83,270,919	8,018,725
Increase (decrease) in cash and cash equivalents	124,976,102	(13,575,105)
Cash and cash equivalents, beginning of year	46,528,310	60,103,415
Cash and cash equivalents, end of year	$ 171,504,412	46,528,310

(Continued)

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

Statements of Cash Flows

Years Ended October 31, 2016 and 2015

		2016	2015
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	232,862,154	212,704,216
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for bad debt expense		250,442	161,301
Depreciation and amortization		9,551,887	9,332,348
Other		69,427	118,142
Changes in operating assets and liabilities:			
Increase in rents and other receivables		(39,065)	(29,256)
Decrease (increase) in other assets		321,774	(265,021)
Increase in accounts payable and other liabilities		1,884,022	112,060
Decrease in deferred revenue		(7,043,775)	(9,778,479)
Increase in OPEB		1,944,331	2,098,263
Increase in deferred pension resources		(2,262,539)	(72,278)
Net cash provided by operating activities	$	237,538,658	214,381,296
Reconciliation to cash and cash equivalents, end of year:			
Bank deposits	$	396,816	221,484
Cash and cash equivalents (note 3(e))		49,604,358	510,860
Investments with less than 91-day maturities (note 3(e))		121,503,238	45,795,966
Cash and cash equivalents, end of year	$	171,504,412	46,528,310

See accompanying notes to financial statements.

(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 (see note 20).

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 a payment to the City and the 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 October 31, 2016 and 2015 are capitalized as project assets and are classified as follows:

	Balance at October 31, 2015	Additions	Deletions	Balance at October 31, 2016
Land	$ 83,015,653	—	—	83,015,653
Site improvements	400,143,567	12,617,949	—	412,761,516
Residential building and condominiums	136,501,422	473,050	—	136,974,472
Total project assets	619,660,642	13,090,999	—	632,751,641
Less: accumulated depreciation:				
Site improvements	96,057,380	7,814,751	—	103,872,131
Residential building and condominiums	30,352,495	1,145,635	—	31,498,130
Total accumulated depreciation	126,409,875	8,960,386	—	135,370,261
Net project assets	$ 493,250,767	4,130,613	—	497,381,380

	Balance at October 31, 2014	Additions	Deletions	Balance at October 31, 2015
Land	$ 83,015,653	—	—	83,015,653
Site improvements	386,612,538	13,531,029	—	400,143,567
Residential building and condominiums	133,309,670	3,191,752	—	136,501,422
Total project assets	602,937,861	16,722,781	—	619,660,642
Less: accumulated depreciation:				
Site improvements	92,839,739	3,217,641	—	96,057,380
Residential building and condominiums	24,880,378	5,472,117	—	30,352,495
Total accumulated depreciation	117,720,117	8,689,758	—	126,409,875
Net project assets	$ 485,217,744	8,033,023	—	493,250,767

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 Authority'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 2016 of $40.7 million, $60 million, $42.5 million, $22.5 million, $33.9 million, and $4.75 million from residential buildings on Site 22, Site 16/17, Site 3, Site 23, Site 24, and Site 2A, respectively. During fiscal year 2016, an additional upfront lease payment of $4 million was received from Site 13.

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 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

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 held by the Authority at October 31, 2016 and 2015 included within the balance sheet accounts: investments, corporate designated, escrowed and OPEB funds, bond resolution funds (see note 8) and residential lease required funds are as follows:

	October 31, 2016			October 31, 2015		
	Cost	Fair value	Weighted average maturity (years) (a)	Cost	Fair value	Weighted average maturity (years) (a)
U.S. Treasury securities:						
Treasury Bills	$ 20,665,138	20,671,734	0.06	$ 37,268,232	37,271,691	0.04
Treasury Bonds	170,438,838	170,838,301	2.22	151,291,697	150,739,197	1.87
Treasury Strips	343,043	340,094	8.22	1,922,553	1,924,997	0.79
Total U.S. Treasury securities	191,447,019	191,850,129		190,482,482	189,935,885	
Commercial paper	93,543,572	93,666,484	0.03	134,597,671	134,695,588	0.03
Federal agency securities	124,328,268	124,384,920	0.06	25,650,572	25,633,851	0.75
Federal agency mortgage backed securities	8,899,106	9,069,015	2.63	10,510,365	10,726,389	2.98
Municipal bonds	29,683,032	29,869,338	1.65	28,094,684	28,564,699	2.09
Small Business Administration	2,725,428	2,782,895	6.68	2,930,503	2,949,636	6.94
Supra National Agency	24,092,375	24,272,783	2.37	17,902,119	18,045,270	2.34
Total investments	474,718,800	475,895,564	1.14	410,168,396	410,551,318	1.13
Cash and cash equivalents	49,604,358	49,604,358		510,860	510,860	
Total investments	$ 524,323,158	525,499,922		$ 410,679,256	411,062,178	

(a) Portfolio weighted average effective duration

As of October 31, 2015, there was $65,632,000 of bond resolution funds in transit. These bond resolution funds have been excluded from the investment table above and are shown separately as bond resolution fund receivables in the statement of net position.

As of October 31, 2016 and 2015, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to $171,107,596 and $46,306,826, 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, the required supplementary information in the financial reports of state and local governmental employers.

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

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 October 31, 2016 (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. These amounts are being amortized on a straight line basis over the remaining life of the swaps. 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 $25.8 million at October 31, 2015. The fair value decreased $9.2 million to a negative fair value of $35 million at October 31, 2016. 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 October 31, 2016 and 2015 are as follows:

October 31, 2016

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	$ 20,671,734	-	-	20,671,734
Treasury Bonds	170,838,301	-	-	170,838,301
Treasury Strips	340,094	-	-	340,094
Commercial Paper	-	93,666,484	-	93,666,484
Federal Agency Securities	-	124,384,920	-	124,384,920
Federal Agency Mortgage Backed Securities	-	9,069,015	-	9,069,015
Municipal Bonds	-	29,869,338	-	29,869,338
Small Business Administration	-	2,782,895	-	2,782,895
Supra National Bonds	-	24,272,783	-	24,272,783
Total assets at fair value	$ 191,850,129	284,045,435	-	475,895,564
Liabilities at fair value:				
Interest rate swaps	$ -	-	35,007,049	35,007,049

October 31, 2015		Level 1	Level 2	Level 3	Total
Assets at fair value:					
U.S. Treasury Securities:					
Treasury Bills	$	37,271,691	-	-	37,271,691
Treasury Bonds		150,739,197	-	-	150,739,197
Treasury Strips		1,924,997	-	-	1,924,997
Commercial Paper		-	134,695,588	-	134,695,588
Federal Agency Securities		-	25,633,851	-	25,633,851
Federal Agency Mortgage Backed Securities		-	10,726,389	-	10,726,389
Municipal Bonds		-	28,564,699	-	28,564,699
Small Business Administration		-	2,949,636	-	2,949,636
Supra National Bonds		-	18,045,270	-	18,045,270
Total assets at fair value	$	189,935,885	220,615,433	-	410,551,318
Liabilities at fair value:					
Interest rate swaps	$	-	-	25,819,426	25,819,426

(l) Accounting and Financial Reporting for Pensions

In fiscal year 2015, the Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, prior to implementing GASB 68, employers participating in a cost-sharing plan recognized annual pension expense equal to their contractually required contribution to the plan. Upon the adoption of GASB 68, employers participating in cost-sharing plans will recognize their proportionate share of the collective pension amounts for all benefits provided through the plan based on an allocation methodology (see note 17).

(m) 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 future PILOT billings.

The 421a tax abatements for the years ended October 31, 2016 and 2015 were $26.9 million and $25.7 million, respectively.

The 467a tax abatements for the years ended October 31, 2016 and 2015 were $5.3 million and $4.4 million, respectively.

(n) New Accounting Pronouncements

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

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

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

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, (“GASB 78”) is effective for fiscal years beginning after December 15, 2015. GASB 78 amends the scope and applicability of Statement 68 to exclude pensions provide to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). Management determined that GASB 78 does not have an impact on the Authority’s financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, (“GASB 79”) is effective for fiscal years beginning after December 15, 2015. GASB 79 will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. Management determined that GASB 79 does not have an impact on the Authority's financial statements.

GASB Statement No. 80, *Blending Requirement for Certain Component Units – an amendment of GASB Statement No.14*, ("GASB 80") is effective for reporting periods beginning after June 15, 2016. GASB 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Management determined that GASB 80 does not have an impact on the Authority's financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, ("GASB 81") is effective for periods beginning after December 15, 2016. GASB 81 will seek to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Management determined that GASB 81 does not have an impact on the Authority's financial statements.

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No.73*, ("GASB 82") is effective for periods beginning after June 15, 2016. GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management determined that GASB 82 does not have an impact on the Authority's 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.

(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 October 31, 2016, 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 October 31, 2016, the BP leases (excluding NYMEX), which expire in 2069, provide for future base rent payments aggregating approximately $865 million over the lease terms in the following annual amounts: (i) base rent of approximately $17 million per annum from 2017 through 2069 payable by the BFP-affiliated leases (see note 7). In addition, the leases provide for rent relating to retail and other space and, with respect to each building, percentage rent for operating leases, 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 PILOT 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, 2017 through 2021 and through the end of the lease term (thereafter), are as follows (in 000s):

		2017	2018	2019	2020	2021	Thereafter	Total	
Commercial development:									
Base rent	$	18,246	19,624	19,644	19,664	20,115	977,375	1,074,668	
Residential developments:									
Gateway project base rent		305	305	305	305	305	5,701	7,226	(a)
S. Res. Neighborhood:									
Base rent		18,752	19,081	19,408	19,684	20,030	1,711,582	1,808,537	
Other minimum payments		10,138	10,397	10,663	10,936	11,216	116,071	169,421	
Subtotal S. Res.		28,890	29,478	30,071	30,620	31,246	1,827,653	1,977,958	
N. Res. Neighborhood:									
Base rent		7,881	8,078	8,296	8,582	8,923	753,662	795,422	
Other minimum payments		16,674	17,675	18,279	18,282	18,100	488,384	577,394	
Subtotal N. Res.		24,555	25,753	26,575	26,864	27,023	1,242,046	1,372,816	
Total	$	71,996	75,160	76,595	77,453	78,689	4,052,775	4,432,668	

(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 balance in the funds and accounts established in accordance with the Authority's 2003 General Bond Resolution Funds and held by trustees are as follows at October 31, 2016 and 2015:

		2003 General Bond Resolution Funds			
October 31, 2016		General Bond Resolution	Senior Bonds	Junior Bonds	Total General Bond Resolution
Reserve Fund	$	73,387,085	—	—	73,387,085
Project Operating Fund		8,261,498	—	—	8,261,498
Debt Service Funds		—	34,030,279	27,761,291	61,791,570
Residual Fund		390,128	—	—	390,128
Pledged Revenue Fund		172,591,002	—	—	172,591,002
	$	254,629,713	34,030,279	27,761,291	316,421,283

October 31, 2015		2003 General Bond Resolution Funds General Bond Resolution	Senior Bonds	Junior Bonds	Total General Bond Resolution
Reserve Fund	$	70,380,277	—	—	70,380,277
Project Operating Fund		7,832,264	—	—	7,832,264
Debt Service Funds		—	361,385	169,649	531,034
Residual Fund		117,890	—	—	117,890
Pledged Revenue Fund		162,015,034	—	—	162,015,034
	$	240,345,465	361,385	169,649	240,876,499

There was an additional $61,676,000 of 2003 Debt Service Bond Resolution Funds in transit as of October 31, 2015. Accordingly, this amount has been included in the bond resolution fund receivable amount 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 Bond Resolutions and were held by trustees as follows at October 31, 2016 and 2015:

October 31, 2016		2009 Revenue Bonds 2009A Senior Revenue Bonds	2009B Senior Revenue Bonds	Total 2009 Bonds
Project Costs Fund	$	6,818,079	1,323,811	8,141,890

October 31, 2015		2009 Revenue Bonds 2009A Senior Revenue Bonds	2009B Senior Revenue Bonds	Total 2009 Bonds
Project Costs Fund	$	10,591,580	1,520,332	12,111,912

There was an additional $232,000 of 2009 Project Cost Bond Resolution Funds in transit as of October 31, 2015. Accordingly, this amount has been included in the bond resolution fund receivable amount in the statement of net position.

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 October 31, 2016 and 2015:

		2013 Revenue Bonds		
October 31, 2016		**2013A Senior Revenue Bonds**	**2013B Senior Revenue Bonds**	**Total 2013 Bonds**
Project Costs Fund	$	60,688,907	1	60,688,908

		2013 Revenue Bonds		
October 31, 2015		**2013A Senior Revenue Bonds**	**2013B Senior Revenue Bonds**	**Total 2013 Bonds**
Project Costs Fund	$	61,573,533	335,431	61,908,964

There was an additional $3,724,000 of 2013 Project Cost Bond Resolution Funds in transit as of October 31, 2015. Accordingly, this amount has been included in the bond resolution fund receivable amount in the statement of net position.

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 October 31, 2016, 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 Swaps with three counterparties. The Swaps were executed in conjunction with the Authority's issuance of $400 million of its 2003 Series C Bonds. The total notional amount of the Swaps was $400 million. The effective date for the Swaps was October 16, 2003, which coincided with the delivery date of the 2003 Series C Bonds. The Authority executed the Swaps in order to effectively convert the variable-rate 2003 Series C Bonds to a net fixed rate. Based on the Swaps, the Authority owes interest calculated at a fixed rate of 3.452% to the counterparties that is paid semiannually. In return, the counterparties owe the Authority floating-rate interest equal to 65% of 30-day LIBOR, which is paid to the Authority on a monthly basis. The original notional amounts of the Swaps and the amortization thereof match the original principal amount 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
Year ended October 31:				
2017	$ 5,450,000	(12,280,490)	1,234,346	(11,046,144)
2018	5,450,000	(12,092,356)	1,215,436	(10,876,920)
2019	5,450,000	(11,904,222)	1,196,526	(10,707,696)
2020	5,500,000	(11,715,225)	1,177,529	(10,537,696)
2021	5,725,000	(11,521,482)	1,158,056	(10,363,426)
2022 – 2026	31,975,000	(54,433,294)	5,471,240	(48,962,054)
2027 – 2031	184,025,000	(38,552,368)	3,875,004	(34,677,364)
2032 – 2034	114,900,000	(5,439,489)	546,738	(4,892,751)
Totals	$ 358,475,000	(157,938,926)	15,874,875	(142,064,051)

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 October 31, 2016, 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 October 31, 2016 (65% of 0.5338% or 0.347%), actual receipts will depend on the actual fluctuation of 30-day LIBOR.

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

The Swaps would expose the Authority to basis risk should its interest payments on the variable-rate Bonds significantly exceed the receipts, which are based on 65% of 30-day LIBOR. On October 23, 2013, the Authority currently refunded its Series 2003 bonds. The interest rates on these bonds were effectively hedged by interest rate swaps, which were bifurcated as of the date of the current refunding. Accordingly, the fair value of the interest rate swaps on October 23, 2013 of negative $70.1 million was recorded as an imputed borrowing by the Authority. The Authority also recorded the $70.1 million as a deferred cost of refunding and reduced the deferred outflow of resources that had been recorded to offset the negative fair value of the interest rate swap to zero. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue an effective hedge, had a fair value of zero at October 23, 2013, which decreased to a fair value of $35 million at October 31, 2016. The change between the year ended October 31, 2016 and 2015 is $9.2 million, which is recorded as deferred outflow of resources and a liability on the Authority’s statement of net position.

(11) 2009 Revenue Bonds

On December 22, 2009, the Authority issued $56,600,000 of fixed-rate Senior Revenue Bonds (federally taxable – Build America Bonds), Series A (the “2009 Series A Bonds”) and $30,635,000 ($32,446,008 inclusive of net premium) of various 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 fiscal years ended October 31, 2016 and 2015, the Authority received payments from the U.S. Treasury in the amount of $588,506 and $1,759,523, respectively, pursuant to the subsidy. BABs already issued will continue to receive subsidies. The Authority has no assurances about future legislation or changes that may affect the availability, amount, or receipt of such subsidy payments.

At October 31, 2016, the 2009 Series A Bonds consisted of the following term bonds:

	Coupon rates	Principal amounts	Interest	BABs subsidy	Interest (net of BABs subsidy)
Year ended October 31:					
2017	6.375%	$ -	3,608,250	(1,219,318)	2,388,932
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 – 2041	6.375%	43,310,000	5,745,469	(2,010,914)	3,734,555
Totals		$ 56,600,000	77,214,957	(26,981,668)	50,233,289

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 October 31, 2016, principal and interest payments due on the 2009 Series B Bonds were as follows:

	Coupon rates		Principal amounts	Interest
Year ended October 31:				
2017	2.50%	$	335,000	1,397,806
2018	3.00%		340,000	1,387,681
2019	3.50%		355,000	1,376,369
2020	3.50%		335,000	1,364,294
2021	3.50%		370,000	1,349,406
2022 – 2026	3.50% - 5.00%		1,955,000	6,464,044
2027 – 2031	4.00% - 5.00%		2,245,000	6,002,953
2032 – 2035	4.125% - 5.00%		23,150,000	2,682,150
Totals		$	29,085,000	22,024,703

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 October 31, 2016 and 2015, the unamortized net bond premium was approximately $1.3 million and $1.4 million, respectively.

(12) 2013 Revenue Bonds

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

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

The cumulative unamortized loss on extinguishment of the 1993, 1996, 2000, and 2003 bonds, including the unamortized 2003 bond insurance costs, collectively totaling approximately $19.9 million at fiscal year-end October 31, 2016, 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 October 31, 2016, principal and interest payments due on the 2013 Series A Bonds and 2013 Series B Bonds, which are all fixed-rate bonds, were as follows (see note 11):

2013 A Senior Bonds:

	Coupon Rate		Principal amount	Interest
Year ended October 31:				
2017	3.00% - 5.00%	$	20,995,000	15,238,775
2018	3.00% - 5.00%		22,160,000	14,259,900
2019	3.00% - 5.00%		23,360,000	13,221,900
2020	4.00% - 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		$	323,135,000	107,389,825

2013 B Senior Bonds:

As of October 31, 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 October 31, 2016 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
Year ended October 31:								
2017	$ 1,185,000	2,078,475	1,855,000	1,846,437	1,855,000	1,421,423	4,895,000	5,346,334
2018	1,235,000	2,066,375	1,825,000	1,829,012	1,830,000	1,407,991	4,890,000	5,303,378
2019	1,185,000	2,054,275	1,260,000	1,814,405	1,255,000	1,396,746	3,700,000	5,265,425
2020	1,220,000	2,042,250	1,250,000	1,802,520	1,255,000	1,387,597	3,725,000	5,232,367
2021	1,285,000	2,029,725	1,305,000	1,790,422	1,305,000	1,378,266	3,895,000	5,198,413
2022 – 2026	7,035,000	9,945,525	12,755,000	8,711,666	12,750,000	6,706,326	32,540,000	25,363,517
2027 – 2031	36,395,000	9,013,075	43,700,000	7,341,712	43,700,000	5,651,791	123,795,000	22,006,578
2032 – 2036	25,945,000	7,578,475	73,165,000	4,474,599	73,165,000	3,444,725	172,275,000	15,497,799
2037 – 2041	80,985,000	4,992,675	58,790,000	1,140,046	58,795,000	877,625	198,570,000	7,010,346
2042 – 2043	51,970,000	467,750					51,970,000	467,750
Total	$ 208,440,000	42,268,600	195,905,000	30,750,818	195,910,000	23,672,489	600,255,000	96,691,907

Debt service on the 2003 Swap agreements (see note 10) and the 2009 and 2013 Bonds (see note 10, 11 and 12) 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 debt service, along with certain other unpledged amounts will be transferred into the 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 19(d)), 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 October 31, 2016, the full $5 million had been used for the construction of Pier A Plaza and the remaining balances were 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 $123.4 million of PILOT-related receipts provided for the transfer to the City during the year ended October 31, 2015 was transferred in June 2016. A provision in the amount of $135.2 million has been charged as a nonoperating expense for the year ended October 31, 2016.

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.

Of the $200 million due to the City 421-A fund, payments totaling $200 million have been made through October 31, 2016, thus satisfying the City 421-A fund obligation. The Authority has provided from operations a total of approximately $89.5 million. Of this amount a provision of $41.9 million has been charged to nonoperating expenses from current year operations against the $261 million City pay-as-you-go capital fund obligation for the fiscal year ended October 31, 2016. The Authority has a total liability recorded of $79.4 million as of October 31, 2016.

(14) (A) Rents and Other Receivables

Rents and other receivables consisted of the following at October 31, 2016 and 2015:

		2016	2015
Swap interest receivable	$	106,565	39,517
Miscellaneous receivables		267,151	1,466,992
Interest receivable		937,163	787,961
Due from Brookfield - Route 9A Agreement		-	513,000
BABS subsidy receivable		587,874	-
Rents receivable		4,624,257	3,715,814
Total receivables		6,523,010	6,523,284
Less allowance for doubtful accounts		(1,581,492)	(1,331,050)
Net receivables	$	4,941,518	5,192,234

(B) Bond Resolution Fund Receivables

As of October 31, 2015, there was $65,632,000 of bond resolution funds invested with a maturity of October 31, 2015. The proceeds were received on November 2, 2015 and were used to pay debt service with the balance reinvested. These bond resolution funds have been shown separately as bond resolution fund receivables in the statement of net position.

(15) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at October 31, 2016 and 2015:

	2016	2015
Amounts due to vendors	$ 4,990,514	2,405,227
Investment purchase payables	2,906,943	—
Contract retention costs	991,317	1,737,558
Due to developers	37,416	37,416
NYS DOT - Route 9A	—	2,229,025
Accrued rent	39,846	75,427
Accrued payroll and benefits	906,363	871,622
Total	$ 9,872,399	7,356,275

(16) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of October 31, 2016 and 2015 were comprised of the following obligations:

	October 31, 2015	Additions	Deletions	October 31, 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	—	72,848	1,311,548	—
Subtotal 2009 Bonds	87,384,396	—	387,848	86,996,548	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	—	2,831,671	42,475,075	—
Subtotal 2013 Bonds	993,891,746	—	28,026,671	965,865,075	25,890,000
Total bonds outstanding	1,081,276,142	—	28,414,519	1,052,861,623	26,225,000
Other long-term liabilities:					
OPEB	34,390,023	2,909,585	965,254	36,334,354	—
Imputed Borrowing	62,564,700	—	3,780,654	58,784,046	—
Fair value of interest rate swap	25,819,426	9,187,623	—	35,007,049	—
Unearned revenue	315,205,210	4,000,000	11,043,775	308,161,435	47,421,677
Security and other deposits	27,603,092	108,307	—	27,711,399	4,738
Total other long-term liabilities	465,582,451	16,205,515	15,789,683	465,998,283	47,426,415
Total long-term liabilities	$ 1,546,858,593	16,205,515	44,204,202	1,518,859,906	73,651,415

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

The Organization's bonds and other long-term liabilities as of October 31, 2015 and 2014 are comprised of the following obligations:

	October 31, 2014	Additions	Deletions	October 31, 2015	Due within one year
Authority bonds outstanding:					
2009 Revenue Bonds:					
Series 2009A	$ 56,600,000	—	—	56,600,000	—
Series 2009B	29,710,000	—	310,000	29,400,000	315,000
Subtotal	86,310,000	—	310,000	86,000,000	315,000
Unamortized net premiums	1,457,244	—	72,848	1,384,396	—
Subtotal 2009 Bonds	87,767,244	—	382,848	87,384,396	315,000
2013 Revenue Bonds:					
Series 2013A	356,085,000	—	18,345,000	337,740,000	14,605,000
Series 2013B	6,700,000	—	1,005,000	5,695,000	5,695,000
Series 2013C	210,865,000	—	1,190,000	209,675,000	1,235,000
Series 2013D	199,330,000	—	1,595,000	197,735,000	1,830,000
Series 2013E	199,335,000	—	1,595,000	197,740,000	1,830,000
Subtotal	972,315,000	—	23,730,000	948,585,000	25,195,000
Unamortized net premiums	48,231,862	—	2,925,116	45,306,746	—
Subtotal 2013 Bonds	1,020,546,862	—	26,655,116	993,891,746	25,195,000
Total bonds outstanding	1,108,314,106	—	27,037,964	1,081,276,142	25,510,000
Other long-term liabilities:					
OPEB	32,291,760	3,534,241	1,435,978	34,390,023	—
Imputed Borrowing	66,345,355	—	3,780,655	62,564,700	—
Fair value of interest rate swap	12,079,644	13,739,782	—	25,819,426	—
Unearned revenue	324,983,689	460,646	10,239,125	315,205,210	46,465,052
Security and other deposits	21,968,560	5,812,888	178,356	27,603,092	4,738
Total other long-term liabilities	457,669,008	23,547,557	15,634,114	465,582,451	46,469,790
Total long-term liabilities	$ 1,565,983,114	23,547,557	42,672,078	1,546,858,593	71,979,790

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 Descriptions and Benefits Provided

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

<u>The Authority</u> – 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 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
2016	$	518,071
2015		709,709
2014		604,682
	$	1,832,462

At the end of fiscal year 2016, the Authority pre-funded the 2017 required contribution in the amount of $712,703 which has been included in deferred outflows of resources in the accompanying financial statements.

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

At October 31, 2016 and 2015, the Authority reported a liability of $1,644,604 and $519,940, 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, 2016 and 2015, 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 October 31, 2016 and 2015, the Authority's proportion was 0.0146870% and 0.0153908%, respectively.

For the years ended October 31, 2016 and 2015, the Authority recognized pension expense of $805,602 and $461,881, respectively. At October 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

October 31, 2016

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	11,912	
Changes of assumptions		628,622	
Net difference between projected and actual earnings on pension plan investments		1,398,483	279,419
Changes in proportion and differences between LG contributions and proportionate share of contributions			137,484
LG contributions subsequent to the measurement date		712,703	
Total	$	2,751,720	416,903

October 31, 2015

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

As of October 31, 2016 and 2015, $2,751,720 and $106,951 was reported as a deferred outflow of resources, respectively and $416,903 and $34,673 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:		
2017	$	410,963
2018		410,963
2019		410,963
2020		389,225
2021		—
Thereafter		—

Actuarial Assumptions

The total pension liability at the New York State System's year end of March 31, 2016 and 2015 was determined by using an actuarial valuation as of April 1, 2015 and 2014, with update procedures used to roll forward the total pension liability to the New York State System's year end of March 31, 2016 and 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2015 and 2014 valuations were as follows:

	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%

	2014
Interest rate	7.5%
Salary scale	
ERS	4.9%
PFRS	6.0%
Decrement tables	April 1, 2005 – March 31, 2010
System's Experience	
Inflation rate	2.7%

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

The actuarial assumptions used in the April 1, 2015 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocations as of March 31, 2016 and 2015 are summarized below.

2016

Asset Type	Target Allocation	Long Term Expected Real Rate
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%
Absolute Return	3%	6.75%
Opportunistic Portfolio	3%	8.60%
Real Asset	3%	8.65%
Bonds, Cash & Mortgages	18%	4.00%
Inflation Indexed Bonds	2%	4.00%
Cash	2%	2.25%

2015

Asset Type	Target Allocation	Long Term Expected Real Rate
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%
Absolute Return	3%	6.75%
Opportunistic Portfolio	3%	8.60%
Real Asset	3%	8.65%
Bonds, Cash & Mortgages	18%	4.00%
Inflation Indexed Bonds	2%	4.00%
Cash	2%	2.25%

Discount Rate

The discount rate used to calculate the total pension liability as of October 31, 2016 and 2015 was 7.0% and 7.5%, respectively. 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 October 31, 2016 and 2015 proportionate share of the net pension liability calculated using the discount rate of 7.0% and 7.5%, respectively, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

2016

		1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authorities' share of the Net Pension Liability (Asset)	$	5,313,553	2,357,305	(142,287)

2015

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

Pension plan fiduciary net position

The components of the current-year net pension liability of the New York State System's employers plan year end of March 31, 2016 and 2015 were as follows:

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

NYSLRS Pension Plan *
(Dollar amounts in thousands)

	2016	2015
Authority's proportion of the net pension liability (asset)	0.0146870%	0.0153908%
Authority's proportionate share of the net pension liability (asset)	$ 2,357	$ 519
Authority's covered-employee payroll	5,664	3,843
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.61%	13.51%

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

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

(Dollars in Thousands)

	2016 Employees' Retirement System	2015 Employees' Retirement System
Employers' total pension liability	$ 172,303,544	$ 164,591,504
Plan net position	(156,253,265)	(161,213,259)
Employers' net pension liability	$ 16,050,279	$ 3,378,245
Ration of plan net position to the employers' total pension liability	90.7%	97.9%

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

NYSLRS Pension Plan
(Dollar amounts in thousands)

	2016	2015
Contractually required contribution	$ 518	$ 709
Contributions in relation to the contractually required contribution	518	709
Contribution deficiency (excess)	-	-
Authority's covered-employee payroll	5,664	3,843
Contributions as a percentage of covered-employee payroll	9.15%	18.45%

Beginning July 1, 2013, New York State made the Voluntary Defined Contribution plan ("VDC") option be 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.

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

To be eligible under the CIRS Pension Plan, employees must be over the age of 21 and be employed for a minimum of one year at regular status. Benefits paid to retirees are based on age at retirement, years of credited service, and average compensation. The CIRS Pension Plan is a private pension plan governed by ERISA, and is characterized as a multi-employer plan by the U.S. Department of Labor. In the event of CIRS Pension Plan insolvency, the CIRS Pension Plan is covered under the Pension Benefit Guaranty Corporation. The total CIRS Pension Plan costs for eligible employees amounted to approximately $6.8 million for the year ended October 31, 2015. The Conservancy began participation in the CIRS Savings Plan during fiscal 2007. Under the CIRS Savings Plan, participants are required to contribute at least 2% of their base salary and direct the investment of their funds based on the investment options offered by the Savings Plan. To be eligible under this plan, employees must be over the age of 21 and be employed for a minimum of 3 months. Total contributions made by participants for the fiscal year ended October 31, 2015 were approximately $210 thousand.

The Conservancy withdrew from the CIRS Pension at October 31, 2015. Accordingly, expenses were recorded for the year ended October 31, 2015 in the amount of approximately $6.5 million. This payment included all accrued pension obligations through the pension withdrawal date of October 31, 2015.

(18) Postemployment Healthcare Plan

(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 multi-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 October 31, 2016, 146 participants, including 121 employees, 0 vestees and 35 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 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 $2.6 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 include 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 October 31, 2016 and 2015 are as follows:

		2016	2015
Actuarial Accrued Liability (AAL):			
Net OPEB obligation beginning of year	$	34,390,023	32,291,760
Annual Required Contribution (ARC):			
Normal cost		1,856,286	1,881,338
Interest to year-end		1,053,299	1,245,121
Payments for retirees during year		(610,060)	(617,522)
ARC amortization		(354,194)	(410,674)
Net OPEB obligation end of year	$	36,335,354	34,390,023
Actuarial Accrued Liability (AAL) November 1, 2015 and 2014	$	36,335,354	34,390,023
Funded OPEB plan assets		-	-
Unfunded Actuarial Accrued Liability (UAAL) November 1, 2015 and 2014	$	36,335,354	34,390,023
Funded ratio (actuarial value of plan assets/AAL)		—%	—%
Covered payroll	$	7,744,017	7,618,224
UAAL as percentage of covered payroll		469%	451%

Corporate assets held at October 31, 2016 and 2015 in a separate corporate OPEB account for the exclusive purpose of paying OPEB obligations were approximately $36.6 million and $34.6 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 $21.4 million as of October 31, 2016.

(b) The Authority rents office space in Brookfield Place 200 Liberty Street, as well as community meeting space, field offices and maintenance space in condominium buildings in Battery Park City. Total rent expense amounted to approximately $1.3 million and $1.5 million in fiscal years ended October 31, 2016 and 2015, respectively. The future minimum lease payments are as follows:

Year ended October 31:	
2017	$ 1,220,630
2018	1,220,630
2019	1,220,630
2020	1,220,630
2021	867,020
Thereafter	1,023,000
Total minimum payments required	$ 6,772,540

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

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

At October 31, 2015, the Authority has received all funds allocated under the agreement.

(d) 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 pedestrian underpass under Route 9A. The concourse will connect the Winter Garden (on the west, at the edge of Battery Park City) and the World Trade Center site on the east. As of October 31, 2016, the Authority had disbursed a total sum of $39,130,619 to the PANYNJ.

(e) 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.

(f) As of October 31, 2016, the Authority had received all its insurance and Federal assistance advances and had paid out approximately $12.3 million for remediation work for damage caused by Superstorm Sandy. The Authority has collected all eligible claims with respect to this damage from its insurance carriers. Damages not covered by insurance have been submitted for reimbursement under Federal and State disaster relief programs, which reimbursed substantially all of these costs.

(20) Battery Park City Parks Conservancy

The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation. The Authority, as sole member of the Conservancy, designated the Authority's members to serve as the Conservancy's Board of Directors. 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 fiscal years ended October 31, 2016 and 2015, the Authority paid the Conservancy approximately $1.1 million and $10.3 million, respectively, for services, which are included in the Authority's operating expenses. Additionally, approximately $17.4 thousand and $2.4 thousand at October 31, 2016 and 2015, respectively, is payable by the Authority to the Conservancy. Both are eliminated in the blending of the Conservancy's financial statements into the Authority's financial statements (see Other Supplementary Information – Combining Statement of Net Position). 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. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. Authority management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the Authority, and that any potential losses would in any event be covered by the Authority's various insurance policies.

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
October 31, 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)

	2016	2015
The Authority's proportion of the net pension liability (asset)	0.01468700%	0.01539080%
The Authority's proportionate share of the net pension liability (asset)	$ 2,357	$ 519
The Authority's covered employee payroll	$ 5,664	$ 3,843
The Authority's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	41.61%	13.51%
Plan fiduciary net position as a percentage of the total pension liability	90.60%	98.10%

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of Employer Contributions
Years Ended October 31 (Unaudited)

Schedule of Employer Contributions

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 518	$ 709	$ 605	$ 541	$ 527	$ 624	$ 357	$ 397	$ 455	$ 393
Contribution in relation to the actuarially determined contribution	$ 518	$ 709	$ 605	$ 541	$ 527	$ 624	$ 357	$ 397	$ 455	$ 393
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Authority's covered employee payroll	$ 5,664	$ 3,843	$ 4,427	$ 4,220	$ 3,061	$ 4,589	$ 5,245	$ 5,001	$ 5,002	$ 5,107
Contribution as a percentage of covered employee payroll	9.15%	18.45%	13.67%	12.82%	17.22%	13.60%	6.81%	7.94%	9.10%	7.70%

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
October 31, 2016, 2015 and 2014 (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
October 31, 2016	November 1, 2015	$ -	$ 36,335	$ 36,335	0%	$ 7,744	469.2%
October 31, 2015	November 1, 2015	-	34,390	34,390	0%	7,618	451.4%
October 31, 2014	November 1, 2012	-	32,292	32,292	0%	6,960	464.0%

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)

October 31, 2016

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current assets:				
Bank deposits	$ 396,166	650	—	396,816
Investments	5,695,440	—	—	5,695,440
Restricted assets:				
Rents and other receivables (net of allowance for doubtful accounts of $1,581,492)	4,937,783	21,113	(17,378)	4,941,518
2003 General Bond Resolution Funds	243,034,191	—	—	243,034,191
2009 Revenue Bond Resolution Funds	8,000,661	—	—	8,000,661
2013 Revenue Bond Resolution Funds	46,872,405	—	—	46,872,405
Corporate-designated, escrowed, and OPEB funds	38,123,314	—	—	38,123,314
Total current assets	347,059,960	21,763	(17,378)	347,064,345
Noncurrent assets:				
Restricted assets:				
2003 General Bond Resolution Funds	73,387,092	—	—	73,387,092
2009 Revenue Bond Resolution Funds	141,229	—	—	141,229
2013 Revenue Bond Resolution Funds	13,816,503	—	—	13,816,503
Residential lease required funds	27,304,097	—	—	27,304,097
Corporate-designated, escrowed, and OPEB funds	69,124,990	—	—	69,124,990
Battery Park City project assets – at cost, less accumulated depreciation	497,381,380	—	—	497,381,380
Other assets	4,465,620	294,074	—	4,759,694
Total noncurrent assets	685,620,911	294,074	—	685,914,985
Total assets	1,032,680,871	315,837	(17,378)	1,032,979,330
Deferred Outflows of Resources				
Deferred pension outflows	2,751,720	—	—	2,751,720
Accumulated decrease in fair value of interest rate swaps	35,007,049	—	—	35,007,049
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	19,949,119	—	—	19,949,119
Deferred costs of refunding, less accumulated amortization of $7,650,711	58,784,046	—	—	58,784,046
Total deferred outflows of resources	116,491,934	—	—	116,491,934
Total assets and deferred outflows of resources	$ 1,149,172,805	315,837	(17,378)	1,149,471,264

(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)

October 31, 2016

Liabilities		Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current liabilities:					
Accrued interest on bonds	$	16,979,613	—	—	16,979,613
Accounts payable and other liabilities		9,794,777	95,000	(17,378)	9,872,399
Accrued pension payble		2,357,307	—	—	2,357,307
Due to the City of New York		135,836,055	—	—	135,836,055
Due to the City of New York - 2010 Agreement		79,363,715	—	—	79,363,715
Due to the Port Authority of New York & New Jersey		869,381	—	—	869,381
Unearned revenue:					
PILOT revenue		34,407,866	—	—	34,407,866
Base rent and other revenue		13,013,811	—	—	13,013,811
Security and other deposits		4,738	—	—	4,738
2009 Revenue Bonds		335,000	—	—	335,000
2013 Revenue Bonds		25,890,000	—	—	25,890,000
Total current liabilities		318,852,263	95,000	(17,378)	318,929,885
Noncurrent liabilities:					
Unearned revenue:					
Base rent and other revenue		260,739,758	—	—	260,739,758
Security and other deposits		27,706,661	—	—	27,706,661
OPEB		36,334,354	—	—	36,334,354
Fair value of interest rate swaps		35,007,049	—	—	35,007,049
Imputed borrowing		58,784,046	—	—	58,784,046
Bonds outstanding:					
2009 Revenue Bonds, less accumulated amortization of $499,460		86,661,548	—	—	86,661,548
2013 Revenue Bonds, less accumulated amortization of $8,749,977		939,975,075	—	—	939,975,075
Total noncurrent liabilities		1,445,208,491	—	—	1,445,208,491
Total liabilities		1,764,060,754	95,000	(17,378)	1,764,138,376
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		(4,284,501)	—	—	(4,284,501)
Restricted:					
Debt service		60,333,896	—	—	60,333,896
Under bond resolutions and other agreements		3,543,270	—	—	3,543,270
Unrestricted (deficit)		(674,897,517)	220,837	—	(674,676,680)
Total net position (deficit)		(615,304,852)	220,837	—	(615,084,015)
Total liabilities, deferred inflows of resources and net position (deficit)	$	1,149,172,805	315,837	(17,378)	1,149,471,264

See accompanying independent auditors' report.

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

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

October 31, 2015

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current assets:				
Bank deposits	$ 4,047	217,437	—	221,484
Investments	595,471	—	—	595,471
Restricted assets:				
Rents and other receivables (net of allowance for doubtful accounts of $1,331,050)	5,158,157	36,441	(2,364)	5,192,234
2003 General Bond Resolution Funds	170,495,772	—	—	170,495,772
2009 Revenue Bond Resolution Funds	11,969,198	—	—	11,969,198
2013 Revenue Bond Resolution Funds	46,845,663	—	—	46,845,663
Bond resolution fund receivables	65,632,000			65,632,000
Corporate-designated, escrowed, and OPEB funds	1,187,090	—	—	1,187,090
Total current assets	301,887,398	253,878	(2,364)	302,138,912
Noncurrent assets:				
Restricted assets:				
2003 General Bond Resolution Funds	70,380,727	—	—	70,380,727
2009 Revenue Bond Resolution Funds	142,714	—	—	142,714
2013 Revenue Bond Resolution Funds	15,063,301	—	—	15,063,301
Residential lease required funds	27,277,629	—	—	27,277,629
Corporate-designated, escrowed, and OPEB funds	67,104,613	—	—	67,104,613
Battery Park City project assets – at cost, less accumulated depreciation	493,250,767	—	—	493,250,767
Other assets	4,288,580	493,951	—	4,782,531
Total noncurrent assets	677,508,331	493,951	—	678,002,282
Total assets	979,395,729	747,829	(2,364)	980,141,194
Deferred Outflows of Resources				
Deferred pension outflows	106,951			106,951
Accumulated decrease in fair value of interest rate swaps	25,819,426	—	—	25,819,426
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	21,275,029	—	—	21,275,029
Deferred costs of refunding, less accumulated amortization of $3,870,057	62,564,700	—	—	62,564,700
Total deferred outflows of resources	109,766,106	—	—	109,766,106
Total assets and deferred outflows of resources	$ 1,089,161,835	747,829	(2,364)	1,089,907,300

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)

October 31, 2015

Liabilities	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Current liabilities:				
Accrued interest on bonds	$ 17,253,706	—	—	17,253,706
Accounts payable and other liabilities	6,934,789	423,850	(2,364)	7,356,275
Accrued pension payable	519,940	—	—	519,940
Due to the City of New York	124,019,949	—	—	124,019,949
Due to the City of New York - 2010 Agreement	37,443,333	—	—	37,443,333
Due to the Port Authority of New York & New Jersey	869,381	—	—	869,381
Unearned revenue:				
PILOT revenue	33,205,356	—	—	33,205,356
Base rent and other revenue	13,259,696	—	—	13,259,696
Security and other deposits	4,738	—	—	4,738
2009 Revenue Bonds	315,000	—	—	315,000
2013 Revenue Bonds	25,195,000	—	—	25,195,000
Total current liabilities	259,020,888	423,850	(2,364)	259,442,374
Noncurrent liabilities:				
Unearned revenue:				
Base rent and other revenue	268,740,158	—	—	268,740,158
Security and other deposits	27,598,354	—	—	27,598,354
OPEB	18,549,464	15,840,559	—	34,390,023
Fair value of interest rate swaps	25,819,426	—	—	25,819,426
Imputed borrowing	62,564,700	—	—	62,564,700
Bonds outstanding:				
2009 Revenue Bonds, less accumulated amortization of $426,611	87,069,396	—	—	87,069,396
2013 Revenue Bonds, less accumulated amortization of $5,918,305	968,696,746	—	—	968,696,746
Total noncurrent liabilities	1,459,038,244	15,840,559	—	1,474,878,803
Total liabilities	1,718,059,132	16,264,409	(2,364)	1,734,321,177
Deferred Inflows of Resources				
Deferred pension inflows	34,673	—	—	34,673
Total deferred inflows of resources	34,673	—	—	34,673
Net Position (Deficit)				
Invested in capital assets, net of related debt	(13,840,713)	—	—	(13,840,713)
Restricted:				
Debt service	58,071,243	—	—	58,071,243
Under bond resolutions and other agreements	6,522,319	—	—	6,522,319
Unrestricted (deficit)	(679,684,819)	(15,516,580)	—	(695,201,399)
Total net position (deficit)	(628,931,970)	(15,516,580)	—	(644,448,550)
Total liabilities, deferred inflows of resources and net position (deficit)	$ 1,089,161,835	747,829	(2,364)	1,089,907,300

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)

Year Ended October 31, 2016

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 59,617,836	—	—	59,617,836
Supplemental rent	1,336,024	—	—	1,336,024
Payments in lieu of real estate taxes	204,988,037	—	—	204,988,037
Civic facilities payments and other	13,004,843	17,134,524	(16,912,059)	13,227,308
Total operating revenues	278,946,740	17,134,524	(16,912,059)	279,169,205
Operating expenses:				
Wages and related benefits	14,440,199	—	—	14,440,199
OPEB	18,395,950	—	(15,840,559)	2,555,391
Other operating and administrative expenses	19,638,641	1,192,433	(1,071,500)	19,759,574
Depreciation of project assets	8,960,386	—	—	8,960,386
Other depreciation and amortization	386,827	204,674	—	591,501
Total operating expenses	61,822,003	1,397,107	(16,912,059)	46,307,051
Operating income	217,124,737	15,737,417	—	232,862,154
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	1,855,003	—	—	1,855,003
2009 Revenue Bonds	66,268	—	—	66,268
2013 Revenue Bonds	555,015	—	—	555,015
Corporate-designated, escrowed, and OPEB funds	1,346,343	—	—	1,346,343
Realized and unrealized gains and (losses)	243,603	—	—	243,603
Gain (loss) on project assets	(201,351)	—	—	(201,351)
Other revenue	6,958,307	—	—	6,958,307
Interest expense relating to:				
2003 Swap agreements – net expense	(11,370,162)	—	—	(11,370,162)
2003 Revenue Bonds	(11,693)	—	—	(11,693)
2009 Revenue Bonds	(3,761,853)	—	—	(3,761,853)
2013 Revenue Bonds	(17,852,500)	—	—	(17,852,500)
Loss from extinguishment	(1,325,910)	—	—	(1,325,910)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(135,219,838)	—	—	(135,219,838)
Provision for transfer to the City of New York per 2010 agreement	(41,920,382)	—	—	(41,920,382)
Provision for transfer to the City of New York - Pier A and Pier A Plaza	(574,654)	—	—	(574,654)
Provision for transfer to the City of New York - Eastern Border	(1,707,641)	—	—	(1,707,641)
Provision for transfer to the State of New York - Route 9A	(576,174)	—	—	(576,174)
Total nonoperating expenses	(203,497,619)	—	—	(203,497,619)
Change in net position (deficit)	13,627,118	15,737,417	—	29,364,535
Net (deficit), beginning of year	(628,931,970)	(15,516,580)	—	(644,448,550)
Net (deficit), end of year	$ (615,304,852)	220,837	—	(615,084,015)

See accompanying independent auditors' 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)

Year Ended October 31, 2015

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 58,025,998	—	—	58,025,998
Supplemental rent	1,652,149	—	—	1,652,149
Payments in lieu of real estate taxes	195,048,129	—	—	195,048,129
Civic facilities payments and other	11,222,599	17,123,622	(16,638,681)	11,707,540
Total operating revenues	265,948,875	17,123,622	(16,638,681)	266,433,816
Operating expenses:				
Wages and related benefits	13,682,644	7,240,199	—	20,922,843
OPEB	567,644	2,148,131	—	2,715,775
Other operating and administrative expenses	28,122,444	9,479,564	(16,843,374)	20,758,634
Depreciation of project assets	8,689,758	—	—	8,689,758
Other depreciation and amortization	436,653	205,937	—	642,590
Total operating expenses	51,499,143	19,073,831	(16,843,374)	53,729,600
Operating income	214,449,732	(1,950,209)	204,693	212,704,216
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	1,908,610	—	—	1,908,610
2009 Revenue Bonds	103,981	—	—	103,981
2013 Revenue Bonds	725,858	—	—	725,858
Corporate-designated, escrowed, and OPEB funds	1,443,244	—	—	1,443,244
Realized and unrealized gains and (losses)	(1,290,980)	—	—	(1,290,980)
Other revenue	4,398,781	211,931	(204,693)	4,406,019
Interest expense relating to:				
2003 Swap agreements – net expense	(12,134,076)	—	—	(12,134,076)
2003 Revenue Bonds	(11,823)	—	—	(11,823)
2009 Revenue Bonds	(3,772,254)	—	—	(3,772,254)
2013 Revenue Bonds	(17,264,951)	—	—	(17,264,951)
Loss from extinguishment	(1,325,910)	—	—	(1,325,910)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(123,403,732)	—	—	(123,403,732)
Provision for transfer to the City of New York per 2010 agreement	(37,190,169)	—	—	(37,190,169)
Provision for transfer to the City of New York - Pier A and Pier A Plaza	(836,891)	—	—	(836,891)
Provision for transfer to the City of New York - Eastern Border	—	—	—	—
Provision for transfer to the State of New York - Route 9A	(1,786,129)	—	—	(1,786,129)
Total nonoperating expenses	(190,436,441)	211,931	(204,693)	(190,429,203)
Change in net position (deficit)	24,013,291	(1,738,278)	—	22,275,013
Net (deficit), beginning of year	(652,945,261)	(13,778,302)	—	(666,723,563)
Net (deficit), end of year	$ (628,931,970)	(15,516,580)	—	(644,448,550)

See accompanying independent auditors' 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

Year Ended October 31, 2016

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 263,278,182	—	—	263,278,182
Receipts from the Authority	—	1,071,500	(1,071,500)	—
Miscellaneous receipts	7,609,627	26,967	—	7,636,594
Total cash receipts from operating activities	270,887,809	1,098,467	(1,071,500)	270,914,776
Cash payments for:				
Salaries and benefits	(15,126,557)	(183,601)	—	(15,310,158)
Services and supplies	(18,010,604)	(1,126,856)	1,071,500	(18,065,960)
Total cash payments for operating activities	(33,137,161)	(1,310,457)	1,071,500	(33,376,118)
Net cash provided by (used in) operating activities	237,750,648	(211,990)	—	237,538,658
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 the City of New York	(156,746)	—	—	(156,746)
Payments from LMDC West Thames St Pedestrian Bridge	507,009	—	—	507,009
Payments to NYC EDC - West Thames St Pedestrian Bridge	(507,009)	—	—	(507,009)
Receipts from Brookfield - Route 9A Betterment Agreement	642,224	—	—	642,224
Payments to NYS DOT - Route 9A Betterment Agreement	(2,934,423)	—	—	(2,934,423)
Payments to Eastern Border Contractors on behalf of the City of New York	(1,484,157)			(1,484,157)
Payments to the City of New York	(123,403,732)	—	—	(123,403,732)
Net cash used in noncapital financing activities	(127,717,259)	—	—	(127,717,259)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(5,660,493)	—	—	(5,660,493)
Capital asset expenditures	(111,183)	(4,797)	—	(115,980)
Auction fees for variable debt	(11,693)	—	—	(11,693)
Swap payment made on the 2003 Swap agreement	(12,468,624)	—	—	(12,468,624)
Swap interest payments received on the 2003 Swap agreement	937,347	—	—	937,347
Interest paid on 2009 Senior Revenue Bonds	(5,015,019)	—	—	(5,015,019)
Principal paydown on 2009 Senior Revenue Bonds	(315,000)	—	—	(315,000)
Interest paid on 2013 Senior Revenue Bonds	(15,964,675)	—	—	(15,964,675)
Principal paydown on 2013 Senior Revenue Bonds	(20,300,000)	—	—	(20,300,000)
Interest paid on 2013 Bonds CDE	(4,895,585)	—	—	(4,895,585)
Principal paydown on 2013 Bonds CDE	(4,895,000)	—	—	(4,895,000)
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	588,506	—	—	588,506
Net cash used in capital and related financing activities	(68,111,419)	(4,797)	—	(68,116,216)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	3,599,050	—	—	3,599,050
Maturities and redemptions of investment securities	747,328,934	—	—	747,328,934
Purchases of investment securities	(667,657,065)	—	—	(667,657,065)
Net cash provided by investing activities	83,270,919	—	—	83,270,919
Increase (decrease) in cash and cash equivalents	125,192,889	(216,787)	—	124,976,102
Cash and cash equivalents, beginning of year	46,310,873	217,437	—	46,528,310
Cash and cash equivalents, end of year	$ 171,503,762	650	—	171,504,412

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

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2016

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	$ 217,124,737	15,737,417	—	232,862,154
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Provision for bad debt expense	250,442	—	—	250,442
Depreciation and amortization	9,347,213	204,674	—	9,551,887
Other	69,427	—	—	69,427
Changes in operating assets and liabilities:				
Decrease (increase) in rents and other receivables	(39,065)	(15,014)	15,014	(39,065)
Decrease (increase) in other assets	291,432	30,342	—	321,774
Increase (decrease) in accounts payable and other liabilities	2,227,886	(328,850)	(15,014)	1,884,022
Increase (decrease) in revenue received in advance	(7,043,775)	—	—	(7,043,775)
Increase (decrease) in OPEB	17,784,890	(15,840,559)	—	1,944,331
Decrease (increase) in deferred pension resources	(2,262,539)	—	—	(2,262,539)
Net cash provided by (used in) operating activities	$ 237,750,648	(211,990)	—	237,538,658
Reconciliation to cash and cash equivalents, end of year:				
Bank deposits	$ 396,166	650	—	396,816
Cash and cash equivalents	49,604,358	—	—	49,604,358
Investments with less than 91-day maturities	121,503,238	—	—	121,503,238
Cash and cash equivalents, end of year	$ 171,503,762	650	—	171,504,412

See accompanying independent auditors' 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

Year Ended October 31, 2015

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 254,397,777	—	—	254,397,777
Receipts from the Authority	—	9,244,106	(9,244,106)	—
Miscellaneous receipts	1,219,017	493,338	—	1,712,355
Total cash receipts from operating activities	255,616,794	9,737,444	(9,244,106)	256,110,132
Cash payments for:				
Salaries and benefits	(14,358,439)	(7,507,497)	—	(21,865,936)
Services and supplies	(27,218,667)	(2,093,032)	9,448,799	(19,862,900)
Total cash payments for operating activities	(41,577,106)	(9,600,529)	9,448,799	(41,728,836)
Net cash provided by operating activities	214,039,688	136,915	204,693	214,381,296
Cash flows from noncapital financing activities:				
Receipts from FEMA	1,295,262	—	—	1,295,262
Payments to Pier A Contractors on behalf of the City of New York	(717,500)	—	—	(717,500)
Payments to Pier A Plaza Contractors on behalf of the City of New York	(1,234,303)	—	—	(1,234,303)
Receipts from insurance proceeds escrow	3,921,712	—	—	3,921,712
Payments from lessees – site security deposits	5,799,609	—	—	5,799,609
Payments from LMDC West Thames St Pedestrian Bridge	918,632	—	—	918,632
Payments to NYC EDC - West Thames St Pedestrian Bridge	(918,632)	—	—	(918,632)
Receipts from Brookfield - Route 9A Betterment Agreement	—	—	—	—
Payments to NYS DOT - Route 9A Betterment Agreement	(76,964)	—	—	(76,964)
Payments to the City of New York	(124,547,666)	—	—	(124,547,666)
Payments to the City of New York - 2010 Agreement	(42,802,696)	—	—	(42,802,696)
Net cash used in noncapital financing activities	(158,362,546)	—	—	(158,362,546)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(17,030,287)	—	—	(17,030,287)
Capital asset expenditures	(401,913)	(167,100)	—	(569,013)
Receipt from the sale of capital assets	—	220,826	(204,693)	16,133
Payments for Superstorm Sandy	(233,412)	—	—	(233,412)
Auction fees for variable debt	(11,823)	—	—	(11,823)
Swap payment made on the 2003 Swap agreement	(12,656,758)	—	—	(12,656,758)
Swap interest payments received on the 2003 Swap agreement	420,523	—	—	420,523
Interest paid on 2009 Senior Revenue Bonds	(5,022,831)	—	—	(5,022,831)
Principal paydown on 2009 Senior Revenue Bonds	(310,000)	—	—	(310,000)
Interest paid on 2013 Senior Revenue Bonds	(16,409,200)	—	—	(16,409,200)
Principal paydown on 2013 Senior Revenue Bonds	(19,350,000)			(19,350,000)
Interest paid on 2013 Bonds CDE	(3,972,435)	—	—	(3,972,435)
Principal paydown on 2013 Bonds CDE	(4,380,000)			(4,380,000)
Receipt - JPMC Muni Bond Settlement	137,000	—	—	137,000
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	1,759,523	—	—	1,759,523
Net cash provided by (used in) capital and related financing activities	(77,461,613)	53,726	(204,693)	(77,612,580)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	3,663,872	—	—	3,663,872
Maturities and redemptions of investment securities	669,390,249	—	—	669,390,249
Purchases of investment securities	(665,035,396)	—	—	(665,035,396)
Net cash provided by investing activities	8,018,725	—	—	8,018,725
Increase (decrease) in cash and cash equivalents	(13,765,746)	190,641	—	(13,575,105)
Cash and cash equivalents, beginning of year	60,076,619	26,796	—	60,103,415
Cash and cash equivalents, end of year	$ 46,310,873	217,437	—	46,528,310

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

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2015

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 214,449,732	(1,950,209)	204,693	212,704,216
Adjustments to reconcile operating income to net cash provided by operating activities:				
Provision for bad debt expense	161,301	—	—	161,301
Depreciation and amortization	9,126,411	205,937	—	9,332,348
Other	118,142	—	—	118,142
Changes in operating assets and liabilities:				
Decrease (increase) in rents and other receivables	(30,394)	11,375	(10,237)	(29,256)
Decrease (increase) in other assets	(245,940)	(19,081)	—	(265,021)
Increase (decrease) in accounts payable and other liabilities	263,802	(161,979)	10,237	112,060
Increase (decrease) in revenue received in advance	(9,778,479)	—	—	(9,778,479)
Increase (decrease) in OPEB	47,391	2,050,872	—	2,098,263
Decrease (increase) in deferred pension resources	(72,278)	—	—	(72,278)
Net cash provided by operating activities	$ 214,039,688	136,915	204,693	214,381,296
Reconciliation to cash and cash equivalents, end of year:				
Bank deposits	$ 4,047	217,437	—	221,484
Cash and cash equivalents	510,860	—	—	510,860
Investments with less than 91-day maturities	45,795,966	—	—	45,795,966
Cash and cash equivalents, end of year	$ 46,310,873	217,437	—	46,528,310

See accompanying independent auditors' report.