

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

Financial Statements

April 30, 2018 and 2017 (Unaudited)

(With Independent Auditors' Review Report Thereon)

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

April 30, 2018 and 2017 (Unaudited)

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Independent Auditors' Review Report

The Members

Hugh L. Carey Battery Park City Authority

We have reviewed the accompanying financial statements of Hugh L. Carey Battery Park City Authority (the "Authority"), a component unit of the State of New York, which comprise the statements of net position (deficit) as of April 30, 2018 and 2017, and the related statements of revenues, expenses and changes in net position (deficit) and cash flows for the six-month periods then ended, and the related notes to the financial statements.

Management's Responsibility

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

Auditors' Responsibility

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

Conclusion

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

Other Matters

Required Supplementary Information

Our review was made primarily for the purpose of obtaining a basis for reporting whether we are aware of any material modifications that should be made to the interim financial information in order for it to be in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) through performing limited procedures. U.S. GAAP requires that the management’s discussion and analysis on pages 3 through 18, the schedule of the Authority’s proportionate share of the net pension liability on page 61, the schedule of employer contributions on page 62, and the schedule of changes in total OPEB liability and related ratios on page 63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information, which is the responsibility of management, has not been subjected to the limited procedures applied in the review of the interim financial information. We have not audited or reviewed the supplementary information and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Supplementary Information

The supplementary information included on pages 64 through 73, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the interim financial information. The supplementary information has been subjected to the limited procedures applied in the review of the interim financial information, and we did not become aware of any material modifications that should be made to such information.



New York, NY
December 19, 2018

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2018 and 2017 (Unaudited)

Overview

The following is an overview of the financial activities of Hugh L. Carey Battery Park City Authority (the "Authority") and the Battery Park City Parks Conservancy (the "Conservancy"), a blended component unit of the Authority, collectively referred to as the "Organization", for the six-month periods ended April 30, 2018 and 2017. The basic financial statements, which include the statements of net position (deficit), the statements of revenues, expenses, and changes in net position (deficit), the statements of cash flows, and the notes to the financial statements, provide information about the Organization in accordance with accounting principles generally accepted in the United States of America. All transactions between the Authority and the Conservancy have been eliminated. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Comparison of 2018 to 2017 and 2017 to 2016

Financial Highlights – 2018

- The six-month period ended April 30, 2018 yielded a total of \$152.6 million in operating revenues, representing an increase of \$7.1 million or 4.9% compared to the six-month period ended April 30, 2017. Payments in lieu of real estate taxes ("PILOT") revenue totaling \$113.3 million (74% of the Authority's operating revenues for the six-month period ended April 30, 2018), increased \$6.2 million or 5.7% compared to the six-month period ended April 30, 2017. Base rent increased \$1.4 million or 4.5% to \$31.5 million for the six-month period ended April 30, 2018. Civic facilities and other operating revenues decreased \$450 thousand or 5.9% to \$7.1 million for the six-month period ended April 30, 2018. Total operating expenses decreased \$1.4 million or 6% to \$22.7 million for the six-month period ended April 30, 2018.
- A payment of \$149 million was made in June 2018 towards the provision for the transfer to the City of New York (the "City") for the fiscal year ended October 31, 2017. A \$73.5 million provision was recorded representing the PILOT-related portion of fiscal year 2018 excess revenues that was charged to nonoperating expense for the six-month period ended April 30, 2018 (see note 13), an increase of \$7 million as compared to the six-month period ended April 30, 2017. Generally, the Authority's net position decreases with increases in the amount of excess revenues to be provided to the City, which has an adverse effect on the Authority's net position.
- The \$42 million has not been requested by the City towards the provision for the transfer for the "pay-as-you-go" capital payment for fiscal year ended October 31, 2017. As of April 30, 2018, pursuant to the 2010 Agreement (see note 13), the Authority recorded a liability of \$18.7 million for the six-month period ended April 30, 2018, as an expected payment to the City, an increase of \$280 thousand as compared to the six-month period ended April 30, 2017.
- As of April 30, 2018, \$37.7 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 \$59.4 million as of April 30, 2017.

Financial Highlights – 2017

- The six-month period ended April 30, 2017 yielded total operating revenues of \$145.5 million, an increase of 6.3% or \$8.6 million compared to the six-month period ended April 30, 2016. PILOT revenue totaling \$107.2 million (74% of the Authority's operating revenues for the six-month period ended April 30, 2017), increased \$7.0 million or 7.0% compared to the six-month period ended April 30, 2016. Base rent increased

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\$148 thousand or .5% to \$30.1 million for the six-month period ended April 30, 2017. Civic facilities and other operating revenues increased \$1.5 million or 24.8% to \$7.6 million for the six-month period ended April 30, 2017. Total operating expenses increased \$1.7 million or 7.4% to \$24.1 million for the six-month period ended April 30, 2017.

- A payment of \$135.8 million was made in June 2017 towards the provision for the transfer to the City for the fiscal year ended October 31, 2016. A \$66.5 million provision was recorded representing the PILOT-related portion of fiscal year 2017 excess revenues that was charged to nonoperating expense for the six-month period ended April 30, 2017, an increase of \$1.9 million as compared to the six-month period ended April 30, 2016. Generally, the Authority's net position decreases with increases in the amount of excess revenues to be provided to the City, which has an adverse effect on the Authority's net position.
- A payment of \$79.4 million was made in June 2017 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for fiscal years ended October 31, 2016 and 2015. As of April 30, 2017, pursuant to the 2010 Agreement, the Authority recorded an additional provision for the transfer of \$18.5 million for the six-month period ended April 30, 2017, as an expected payment to the City, an increase of \$2.2 million as compared to the six-month period ended April 30, 2016.
- As of April 30, 2017, \$59.4 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures, as compared to \$71.9 million as of April 30, 2016.

Summary Statement of Net Position

The summary statement of net position (deficit) presents the financial position of the Organization. The net position (deficit) is the difference between total assets plus total deferred outflows of resources and total liabilities plus the deferred inflows of resources. A summarized comparison of the Organization's assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position (deficit) at April 30, 2018, 2017 and 2016 is as follows:

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	April 30			2018 vs	2017 vs
	2018	2017	2016	2017	2016
Assets:					
Bank deposits, investments and rents and other receivables	\$ 11,643,339	5,854,316	6,026,549	5,789,023	(172,233)
Bond resolution restricted assets (current and noncurrent)	454,072,217	520,222,513	464,578,019	(66,150,296)	55,644,494
Battery Park City project assets, net	510,810,359	500,561,926	490,635,680	10,248,433	9,926,246
Other current and noncurrent assets	101,281,614	137,640,871	99,220,176	(36,359,257)	38,420,695
Total assets	<u>1,077,807,529</u>	<u>1,164,279,626</u>	<u>1,060,460,424</u>	<u>(86,472,097)</u>	<u>103,819,202</u>
Deferred Outflows of Resources:					
Deferred pension outflows	2,332,582	1,764,639	2,039,017	567,943	(274,378)
Deferred OPEB outflows	2,046,188	—	—	2,046,188	—
Accumulated decrease in fair value of interest rate swaps	4,897,031	19,815,828	35,643,687	(14,918,797)	(15,827,859)
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	17,960,254	19,286,164	20,612,074	(1,325,910)	(1,325,910)
Deferred costs of refunding, less accumulated amortization	53,113,064	56,893,719	60,674,374	(3,780,655)	(3,780,655)
Total deferred outflows of resources	<u>80,349,119</u>	<u>97,760,350</u>	<u>118,969,152</u>	<u>(17,411,231)</u>	<u>(21,208,802)</u>
Total assets and deferred outflows of resources	<u>\$ 1,158,156,648</u>	<u>1,262,039,976</u>	<u>1,179,429,576</u>	<u>(103,883,328)</u>	<u>82,610,400</u>
Liabilities:					
Current liabilities	\$ 388,104,300	462,181,246	356,487,114	(74,076,946)	105,694,132
Long-term liabilities	1,336,992,719	1,394,354,811	1,450,225,898	(57,362,092)	(55,871,087)
Total liabilities	<u>1,725,097,019</u>	<u>1,856,536,057</u>	<u>1,806,713,012</u>	<u>(131,439,038)</u>	<u>49,823,045</u>
Deferred Inflows of Resources:					
Deferred pension inflows	2,968,787	729,998	416,903	2,238,789	313,095
Deferred OPEB inflows	1,183,456	—	—	1,183,456	—
Total deferred inflows of resources	<u>4,152,243</u>	<u>729,998</u>	<u>416,903</u>	<u>3,422,245</u>	<u>313,095</u>
Total liabilities and deferred inflows of resources	<u>1,729,249,262</u>	<u>1,857,266,055</u>	<u>1,807,129,915</u>	<u>(128,016,793)</u>	<u>50,136,140</u>
Net Position (deficit):					
Invested in capital assets, net of related debt	7,548,275	3,530,869	(8,927,334)	4,017,406	12,458,203
Restricted	76,222,763	101,898,302	78,905,565	(25,675,539)	22,992,737
Unrestricted	(654,863,652)	(700,655,250)	(697,678,570)	45,791,598	(2,976,680)
Total net deficit	<u>(571,092,614)</u>	<u>(595,226,079)</u>	<u>(627,700,339)</u>	<u>24,133,465</u>	<u>32,474,260</u>
Total liabilities, deferred inflows of resources and net deficit	<u>\$ 1,158,156,648</u>	<u>1,262,039,976</u>	<u>1,179,429,576</u>	<u>(103,883,328)</u>	<u>82,610,400</u>

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Assets and Deferred Outflows of Resources

2018 vs. 2017

At April 30, 2018, the Organization maintained total assets and deferred outflows of resources of approximately \$1.16 billion, approximately \$103.9 million lower than \$1.26 billion at April 30, 2017.

2017 vs. 2016

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

Bank Deposits, Investments, Rents and Other Receivables

2018 vs. 2017

Bank deposits, investments, and rents and other receivables held at April 30, 2018 increased \$5.8 million over the same period last year. Bank deposits and investments increased by \$5.5 million as a result of the increase in the unpledged revenue fund account. Rents and other receivables increased by \$267 thousand, primarily due to an overall increase in total rental receivables.

2017 vs. 2016

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

Bond Resolution Restricted Assets

2018 vs. 2017

Bond resolution restricted assets are funds and accounts established in accordance with the 2003 General Bond Resolutions, and the 2009 and 2013 Revenue Bond Resolutions. Such assets of \$454.1 million at April 30, 2018 were \$66.2 million lower than the fair value of assets held at April 30, 2017 of \$520.2 million (see note 8).

Funds held in the Pledged Revenue Fund ("PRF") of \$67.4 million at April 30, 2018 were \$2.3 million more than funds held at April 30, 2017.

Funds held in the Debt Service Funds of \$76.6 million at April 30, 2018 were \$2.2 million less than funds at April 30, 2017.

Funds held in the Project Operating Fund of \$8.1 million were \$419 thousand lower than funds at April 30, 2017.

Funds held in the Residual Fund for payment to the City of \$192 million at April 30, 2018 were \$13.6 million higher than funds held at April 30, 2017.

Funds held under the resolution for project infrastructure and certain other asset costs were \$37.7 million as of April 30, 2018, or \$21.7 million less than April 30, 2017.

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2017 vs. 2016

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

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

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

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

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

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

Project Assets

At April 30, 2018, the Authority's investment in project assets, net of accumulated depreciation was \$510.8 million, an increase of \$10.2 million over April 30, 2017. The Battery Park City project ("Project") consists of approximately 92 acres of landfill created, owned, and operated by the Authority. The Project's development plan includes approximately 35 acres of parkland and open spaces and provides for the construction, by private developers, of approximately 10.7 million square feet of office space, retail space, a marina, two hotels, a multiplex cinema, museums, three public schools, a public library, and approximately 8,600 residential units.

The Authority's project assets include land, site improvements, and a residential building constructed by the Authority on Site 22. Additionally, condominium units owned by the Authority in Sites 1, 3, 16/17 and a

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community center on Sites 23 and 24, and related infrastructure improvements are included in project assets. The balances at April 30, 2018, 2017, and 2016 were as follows:

	<u>April 30</u>			<u>2018 vs</u>	<u>2017 vs</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 83,015,653	83,015,653	83,015,653	—	—
Site improvements	440,191,155	421,282,865	401,756,152	18,908,290	19,526,713
Residential building and condominium units	<u>137,057,017</u>	<u>136,983,168</u>	<u>136,709,627</u>	<u>73,849</u>	<u>273,541</u>
	660,263,825	641,281,686	621,481,432	18,982,139	19,800,254
Less accumulated depreciation	<u>149,453,466</u>	<u>140,719,760</u>	<u>130,845,752</u>	<u>(8,733,706)</u>	<u>(9,874,008)</u>
Total Battery Park City project assets	<u>\$ 510,810,359</u>	<u>500,561,926</u>	<u>490,635,680</u>	<u>10,248,433</u>	<u>9,926,246</u>

2018 vs. 2017

For the six-month period ended April 30, 2018, the increase to site improvements relates to the esplanade and restoration of piles, property line wall restoration, the Police Memorial, Irish Hunger Memorial and other minor capital improvements (see note 3(c)).

2017 vs. 2016

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

Other Current and Noncurrent Assets

Other current and noncurrent assets at April 30, 2018, 2017, and 2016 were as follows:

	<u>April 30</u>			<u>2018 vs</u>	<u>2017 vs</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Residential lease required funds	\$ 27,748,998	28,319,455	27,331,696	(570,457)	987,759
Corporate-designated, escrowed, and OPEB funds	70,056,774	106,080,152	68,365,202	(36,023,378)	37,714,950
Other assets	<u>3,475,842</u>	<u>3,241,264</u>	<u>3,523,278</u>	<u>234,578</u>	<u>(282,014)</u>
Total other current and noncurrent assets	<u>\$ 101,281,614</u>	<u>137,640,871</u>	<u>99,220,176</u>	<u>(36,359,257)</u>	<u>38,420,695</u>

2018 vs. 2017

Total other current and noncurrent assets decreased \$36.4 million from \$137.6 million at April 30, 2017 to \$101.3 million at April 30, 2018.

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Residential lease required funds, which include security deposits held for condominium buildings, decreased by \$570 thousand. Overall, corporate-designated, escrowed, and OPEB funds decreased \$36 million from April 30, 2017. The decrease is primarily due to the payment of \$37.2 million that was held in the Joint Purpose Fund that related to the liability for transfer to the City for the 2010 agreement.

2017 vs. 2016

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

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

Deferred Outflows of Resources

Deferred outflows of resources at April 30, 2018, 2017, and 2016 were as follows:

	<u>April 30</u>			<u>2018 vs</u>	<u>2017 vs</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred Outflows of Resources:					
Deferred pension outflows	\$ 2,332,582	1,764,639	2,039,017	567,943	(274,378)
Deferred OPEB outflows	2,046,188	—	—	2,046,188	—
Accumulated change in fair value of interest rate swaps	4,897,031	19,815,828	35,643,687	(14,918,797)	(15,827,859)
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	17,960,254	19,286,164	20,612,074	(1,325,910)	(1,325,910)
Deferred costs of refunding, less accumulated amortization	53,113,064	56,893,719	60,674,374	(3,780,655)	(3,780,655)
Total deferred outflows of resources	\$ 80,349,119	97,760,350	118,969,152	(17,411,231)	(21,208,802)

2018 vs. 2017

The \$2.3 million at April 30, 2018 represents the Authority's portion of the deferred pension outflows from the New York State pension plan (see note 17).

The \$2.0 million at April 30, 2018 represents the deferred OPEB outflows from the Organization's Other Post Employment Benefit Plan ("OPEB") (see note 18).

The interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of \$19.8 million at April 30, 2017, which decreased by \$14.9 million to \$4.9 million at April 30, 2018. The negative fair value is recorded as a liability on the Authority's statement of net position (deficit).

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The unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds decreased by \$1.3 million from April 30, 2017 to April 30, 2018. The decrease is a result of the current year amortization.

The deferred cost of refunding decreased by \$3.8 million from April 30, 2017 to April 30, 2018. The decrease is a result of the current year amortization.

2017 vs. 2016

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

The interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of \$35.6 million at April 30, 2016, decreased by \$15.8 million to \$19.8 million at April 30, 2017. The negative fair value is recorded as a liability on the Authority's statement of net position (deficit).

The unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds decreased by \$1.3 million from April 30, 2016 to April 30, 2017. The decrease is a result of the current year amortization.

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

Liabilities

Total liabilities at April 30, 2018, 2017 and 2016 were as follows:

	<u>2018</u>	<u>April 30 2017</u>	<u>2016</u>	<u>2018 vs 2017</u>	<u>2017 vs 2016</u>
Current liabilities:					
Accrued interest on bonds	\$ 16,238,730	16,531,932	16,976,110	(293,202)	(444,178)
Accounts payable and other liabilities	7,262,350	10,643,661	7,317,934	(3,381,311)	3,325,727
Accrued pension payable	830,358	2,456,720	2,357,307	(1,626,362)	99,413
Due to the City of New York	222,481,167	202,349,124	188,641,141	20,132,043	13,707,983
Due to the City of New York - 2010 Agreement	60,699,013	97,818,646	53,662,141	(37,119,633)	44,156,505
Due to Port Authority of NY & NJ	869,381	869,381	869,381	—	—
Unearned revenue	50,815,166	47,301,799	45,974,676	3,513,367	1,327,123
Security and other deposits	4,738	4,738	4,738	—	—
2009 Revenue Bonds	355,000	340,000	335,000	15,000	5,000
2013 Revenue Bonds	27,060,000	27,050,000	25,890,000	10,000	1,160,000
Bond resolution fund payables	1,488,397	56,815,245	14,458,686	(55,326,848)	42,356,559
Total current liabilities	<u>388,104,300</u>	<u>462,181,246</u>	<u>356,487,114</u>	<u>(74,076,946)</u>	<u>105,694,132</u>
Noncurrent liabilities:					
Unearned revenue	244,473,911	254,753,889	262,806,865	(10,279,978)	(8,052,976)
Security and other deposits	28,106,052	27,791,813	27,662,844	314,239	128,969
OPEB	38,927,818	37,305,199	35,349,247	1,622,619	1,955,952
Fair value of interest rate swaps	4,897,031	19,815,828	35,643,687	(14,918,797)	(15,827,859)
Imputed borrowing	53,113,064	56,893,719	60,674,373	(3,780,655)	(3,780,654)
Bonds outstanding:					
2009 Revenue Bonds	85,857,276	86,285,124	86,697,972	(427,848)	(412,848)
2013 Revenue Bonds	881,617,567	911,509,239	941,390,910	(29,891,672)	(29,881,671)
Total noncurrent liabilities	<u>1,336,992,719</u>	<u>1,394,354,811</u>	<u>1,450,225,898</u>	<u>(57,362,092)</u>	<u>(55,871,087)</u>
Total liabilities	<u>\$ 1,725,097,019</u>	<u>1,856,536,057</u>	<u>1,806,713,012</u>	<u>(131,439,038)</u>	<u>49,823,045</u>

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

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April 30, 2018 and 2017 (Unaudited)

2018 vs. 2017

The Organization's total liabilities decreased \$131.4 million from \$1.86 billion at April 30, 2017 to \$1.72 billion at April 30, 2018.

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

The \$131.4 million decrease in total liabilities is due to:

- a \$293 thousand decrease in accrued interest payable on bonds from \$16.5 million at April 30, 2017 to \$16.2 million at April 30, 2018 (see notes 11 and 12).
- a \$3.4 million decrease in accounts payable and other liabilities from \$10.6 million at April 30, 2017 to \$7.3 million at April 30, 2018. This consists of primarily a decrease of \$2.1 million in accrued capital and operating expenses, as well as a decrease in contract retention costs of \$1 million (see note 15).
- a \$1.6 million decrease in accrued pension payable from \$2.5 million at April 30, 2017 to \$830 thousand at April 30, 2018 is the Authority's liability portion based on the New York State pension plan.
- the liability due to the City totaling \$222.5 million includes a \$73.5 million provision recorded for the period ended April 30, 2018, representing approximately half of the estimated fiscal year 2018 PILOT-related excess revenues to be transferred to the City, and \$149 million payable from the previous fiscal year ended October 31, 2017, which was not paid as of April 30, 2018. The \$222.5 million due to the City was \$20.1 million higher compared to the amount due at April 30, 2017 (see note 13).
- the liability due to the City under the 2010 Agreement for "pay-as-you-go" capital totaling \$60.7 million includes a \$18.7 million provision recorded for the period ended April 30, 2018, representing approximately half of the estimated fiscal 2018 amount expected payable under the 2010 Agreement, and \$42 million payable from the previous fiscal year ended October 31, 2017. The \$60.7 million due to the City was \$37.1 million lower compared to the amount due at April 30, 2017 (see note 13).
- a \$6.7 million decrease to \$295.3 million in unearned revenue from \$302 million at April 30, 2017, primarily due to a decrease in deferred revenue of \$10.3 million recognized on leases. The \$10.3 million decrease is offset by an upfront lease payment of \$3.6 million.
- a \$314 thousand increase in total security and other deposits to \$28.1 million at April 30, 2018. Security deposits are held for condominiums and not rentals.
- The Organization had a \$38.9 million OPEB liability at April 30, 2018, an increase of \$1.6 million from \$37.3 million at April 30, 2017. During the six-month period ended April 30, 2018, the Organization implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB Statement No. 75"). The effect of the implementation did not have a material impact to the Organization's financial statements.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of \$4.9 million at April 30, 2018. The negative fair value of \$4.9 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position (deficit). This value decreased \$14.9 million, from a negative fair value of \$19.8 million at April 30, 2017.

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- a \$3.8 million decrease in the imputed borrowing represents the current period amortization of the fair value of the bifurcated Swaps. The original \$70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- a \$413 thousand decrease in 2009 Revenue Bonds outstanding relating to the payment of principal of \$340 thousand and a \$73 thousand decrease due to the amortization of the net bond premium (see note 16).
- a \$29.9 million decrease in 2013 Revenue Bonds outstanding relating to the payment of principal of \$27.1 million and a \$2.8 million decrease due to the amortization of the net bond premium (see note 16).
- a \$55.3 million decrease in bond resolution funds payable relates to purchases of securities that are were in transit as of April 30, 2018. These purchases of securities pertain to the 2003 Junior and Senior Debt Service accounts.

2017 vs. 2016

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

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

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

- a \$444 thousand decrease in accrued interest payable on bonds from \$17 million at April 30, 2016 to \$16.5 million at April 30, 2017.
- a \$3.3 million increase in accounts payable and other liabilities from \$7.3 million at April 30, 2016 to \$10.6 million at April 30, 2017, primarily due to an increase of accrued capital and operating expenses of approximately \$2.6 million, as well as an increase in contract retention costs of approximately \$525 thousand.
- a \$100 thousand increase in accrued pension payable from \$2.4 million at April 30, 2016 to \$2.5 million at April 30, 2017 is the Authority's liability portion based on the New York State pension plan.
- the liability due to the City totaling \$202.3 million includes a \$66.5 million provision recorded for the period ended April 30, 2017, representing approximately half of the estimated fiscal year 2017 PILOT-related excess revenues to be transferred to the City, and \$135.8 million payable from the previous fiscal year ended October 31, 2016, which was not paid as of April 30, 2017. The \$202.3 million due to the City was \$13.7 million higher compared to the amount due at April 30, 2016.
- the liability due to the City under the 2010 Agreement for "pay-as-you-go" capital totaling \$97.8 million includes a \$18.4 million provision recorded for the period ended April 30, 2017, representing approximately half of the estimated fiscal 2017 amount expected payable under the 2010 Agreement, and \$79.4 million payable from the previous fiscal year ended October 31, 2016. The \$97.8 million due to the City was \$44.2 million higher compared to the amount due at April 30, 2016.

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- a \$6.6 million decrease to \$302 million in unearned revenue from \$309 million at April 30, 2016, primarily due to revenue of \$10.6 million recognized on leases. The \$10.6 million decrease is offset by an upfront lease payment of \$3.9 million.
- a \$129 thousand increase in total security and other deposits to \$27.8 million at April 30, 2017.
- a \$2 million increase in other postemployment benefits for the Organization relating to the annual normal cost incurred for current employees and interest expense, offset by actual costs for retiree benefits paid. The Organization had a \$37.3 million OPEB liability as of April 30, 2017. The annual required OPEB obligation is increased by normal costs for current employees and interest expense and offset by an amortization credit and the actual cost of retiree benefits paid during the period.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of \$19.8 million at April 30, 2017. The negative fair value of \$19.8 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position (deficit). This value decreased \$15.8 million, from a negative fair value of \$35.6 million at April 30, 2016.
- a \$3.8 million decrease in the imputed borrowing represents the current period amortization of the fair value of the bifurcated Swaps. The original \$70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- a \$408 thousand decrease in 2009 Revenue Bonds outstanding relating to the payment of principal of \$335 thousand and a \$73 thousand decrease due to the amortization of the net bond premium.
- a \$28.7 million decrease in 2013 Revenue Bonds outstanding relating to the payment of principal of \$25.9 million and a \$2.8 million decrease due to the amortization of the net bond premium.
- a \$42.4 million increase in bond resolution funds payable relates to purchases of securities that were in transit as of April 30, 2017. These purchases of securities pertain to the 2003 Junior and Senior Debt Service accounts.

Deferred Inflows of Resources

Deferred inflows of resources at April 30, 2018, 2017, and 2016 are as follows:

	April 30			2018 vs	2017 vs
	2018	2017	2016	2017	2016
Deferred Inflows of Resources:					
Deferred pension inflows	\$ 2,968,787	729,998	416,903	2,238,789	313,095
Deferred OPEB inflows	1,183,456	—	—	1,183,456	—
Total deferred inflows of resources	\$ 4,152,243	729,998	416,903	3,422,245	313,095

2018 vs. 2017

The \$3.0 million at April 30, 2018 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 17).

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The \$1.2 million at April 30, 2018 represents the deferred OPEB inflows from the Organization's Other Post Employment Benefit Plan (see note 18).

2017 vs. 2016

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

Net Position (Deficit)

	<u>April 30</u>			<u>2018 vs</u>	<u>2017 vs</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net Position (deficit):					
Invested in capital assets, net of related debt	\$ 7,548,275	3,530,869	(8,927,334)	4,017,406	12,458,203
Restricted	76,222,763	101,898,302	78,905,565	(25,675,539)	22,992,737
Unrestricted	<u>(654,863,652)</u>	<u>(700,655,250)</u>	<u>(697,678,570)</u>	<u>45,791,598</u>	<u>(2,976,680)</u>
Total net deficit	<u>\$ (571,092,614)</u>	<u>(595,226,079)</u>	<u>(627,700,339)</u>	<u>24,133,465</u>	<u>32,474,260</u>

2018 vs. 2017

The change in total net position from April 30, 2018 represents a positive change in the deficit position of \$24.1 million from \$595.2 million at April 30, 2017 to \$571.1 million at April 30, 2018.

Invested in capital assets, net of related debt, was a surplus of \$7.5 million and \$3.5 million at April 30, 2018 and 2017, 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 \$76.2 million of restricted net assets at April 30, 2018 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 \$654.9 million at April 30, 2018 resulting from the cumulative net excess revenues, which are transferred to the City annually.

2017 vs. 2016

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

Invested in capital assets, net of related debt, was a surplus of \$3.5 million and a deficit of \$8.9 million at April 30, 2017 and 2016, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Organization's \$102 million of restricted net assets at April 30, 2017 represent resources that are subject to various external restrictions on how they may be used. These assets are generally restricted under bond resolutions and other agreements and for debt service.

The remaining balance is classified as an unrestricted deficit totaling \$700.7 million at April 30, 2017 resulting from the cumulative net excess revenues, which are transferred to the City annually.

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April 30, 2018 and 2017 (Unaudited)

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

Below is a summary of the Organization's revenues, expenses, and changes in net deficit for the six-month periods ended April 30, 2018, 2017, and 2016:

	<u>2018</u>	<u>April 30 2017</u>	<u>2016</u>	<u>2018 vs 2017</u>	<u>2017 vs 2016</u>
Operating revenues:					
Revenues from ground leases:					
Base rent	\$ 31,454,290	30,099,501	29,951,813	1,354,789	147,688
Supplemental rent	660,543	656,378	660,543	4,165	(4,165)
Payments in lieu of real estate taxes	113,301,429	107,150,341	100,163,203	6,151,088	6,987,138
Civic facilities payments and other	7,144,608	7,594,215	6,084,306	(449,607)	1,509,909
Total operating revenues	<u>152,560,870</u>	<u>145,500,435</u>	<u>136,859,865</u>	<u>7,060,435</u>	<u>8,640,570</u>
Operating expenses:					
Wages and related benefits	7,851,703	8,088,960	7,668,908	(237,257)	420,052
OPEB	193,349	1,354,822	1,079,058	(1,161,473)	275,764
Other operating and administrative expenses	9,492,575	9,019,885	8,983,199	472,690	36,686
Depreciation and amortization	5,143,019	5,633,509	4,703,990	(490,490)	929,519
Total operating expenses	<u>22,680,646</u>	<u>24,097,176</u>	<u>22,435,155</u>	<u>(1,416,530)</u>	<u>1,662,021</u>
Operating income	<u>129,880,224</u>	<u>121,403,259</u>	<u>114,424,710</u>	<u>8,476,965</u>	<u>6,978,549</u>
Nonoperating revenues (expenses):					
Investment and other income	532,570	463,673	2,638,374	68,897	(2,174,701)
Gain (loss) on project assets	—	329	(201,351)	(329)	201,680
Interest expense, net	(17,099,179)	(16,836,058)	(17,099,821)	(263,121)	263,763
Provision for transfer to the City of New York	(73,504,090)	(66,513,069)	(64,621,192)	(6,991,021)	(1,891,877)
Provision for transfer to the City of New York - 2010 Agreement	(18,734,910)	(18,454,931)	(16,218,808)	(279,979)	(2,236,123)
Eastern Border pass through NYC	—	—	(4,591)	—	4,591
West Thames Park pass through NYC	—	(72,065)	(1,549,149)	72,065	1,477,084
Pier A and Pier A Plaza pass through NYC	—	(133,202)	(619,961)	133,202	486,759
Total nonoperating expenses, net	<u>(108,805,609)</u>	<u>(101,545,323)</u>	<u>(97,676,499)</u>	<u>(7,260,286)</u>	<u>(3,868,824)</u>
Change in net position	21,074,615	19,857,936	16,748,211	1,216,679	3,109,725
Net deficit, beginning of period	<u>(592,167,229)</u>	<u>(615,084,015)</u>	<u>(644,448,550)</u>	<u>22,916,786</u>	<u>29,364,535</u>
Net deficit, end of period	<u>\$ (571,092,614)</u>	<u>(595,226,079)</u>	<u>(627,700,339)</u>	<u>24,133,465</u>	<u>32,474,260</u>

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Operating Revenue

2018 vs. 2017

Overall operating revenues for the six-month period ended April 30, 2018 totaled \$152.6 million, \$7.1 million higher than the six-month period ended April 30, 2017 of \$145.5 million. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased \$1.4 million from \$30.1 million for the six-month period ended April 30, 2017. PILOT revenue totaling \$113.3 million (74% of the total operating revenues for the six-month period ended April 30, 2018), increased by \$6.2 million over the six-month period ended April 30, 2017. The change in civic facility payments and other is a \$450 thousand decrease from \$7.6 million for the six-month period ended April 30, 2017 to \$7.1 million for the six-month period ended April 30, 2018, primarily due to a decrease in retail revenue.

2017 vs. 2016

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

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

Operating Expenses

2018 vs. 2017

Operating expenses totaled \$22.7 million for the six-month period ended April 30, 2018, representing a \$1.4 million decrease compared to the six-month period ended April 30, 2017. The expenses include: wages and related benefits; other postemployment benefits; operating and administrative expenses such as security, insurance, rent, maintenance, transportation, legal, financial, and promotional; planning/design expenditures; and depreciation and amortization.

Wages and related benefits totaling \$7.9 million were \$237 thousand lower than the prior six-month period ended April 30, 2017, primarily due to the decrease in the New York State Retirement System contribution in the amount of \$425 thousand. There was an increase of \$185 thousand due to the change in total payroll.

OPEB expenses for the Organization decreased for the six-month period ended April 30, 2018 by \$1.2 million as compared to the six-month period ended April 30, 2017 due to the implementation of GASB 75 (see note 18).

Other operating and administrative expenses of \$9.5 million increased by \$473 thousand for the six-month period ended April 30, 2018.

Depreciation and amortization expenses recorded for the six-month period ended April 30, 2018 of \$5.1 million were \$490 thousand lower than the six-month period ended April 30, 2017.

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2017 vs. 2016

Operating expenses totaled \$24.1 million for the six-month period ended April 30, 2017, representing a \$1.7 million increase compared to the six-month period ended April 30, 2016. The expenses include: wages and related benefits; other postemployment benefits; operating and administrative expenses such as security, insurance, rent, maintenance, transportation, legal, financial, and promotional; planning/design expenditures; and depreciation and amortization.

Wages and related benefits totaling \$8.1 million were \$420 thousand higher than the prior six-month period ended April 30, 2016, primarily due to the increase in the New York State Retirement System contribution in the amount of \$594 thousand. There was a decrease of \$120 thousand due to the change in total payroll.

OPEB expenses for the Organization increased for the six-month period ended April 30, 2017 by \$276 thousand as compared to the six-month period ended April 30, 2016. OPEB costs represent a pro rata share of annual interest and normal costs for postemployment medical benefits for all eligible current employees in accordance with GASB Statement No. 45.

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

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

Nonoperating Revenues (Expenses)

2018 vs. 2017

Total nonoperating expenses, net, were \$7.3 million higher for the six-month period ended April 30, 2018 than the six-month period ended April 30, 2017. A provision for a transfer to the City of \$73.5 million in excess revenues was charged to expense for the six-month period ended April 30, 2018, an increase of \$7 million from the six-month period ended April 30, 2017. A provision for transfer to the City for a pay-as-you-go fund of \$18.7 million was charged to expense for the six-month period ended April 30, 2018, an increase of \$280 thousand from the six-month period ended April 30, 2017. The Authority expended approximately \$133 thousand of capital improvements to Pier A, which is a City-owned asset, and accordingly recorded a provision for transfer to the City for that amount for the period ended April 30, 2017. The Authority recorded approximately \$72 thousand for the six-month period ended April 30, 2017 relating to the provision for transfer to the City for West Thames Park.

Investment and other income increased by \$69 thousand. Net interest expense related to outstanding bonds increased \$263 thousand compared to the six-month period ended April 30, 2017.

2017 vs. 2016

Total nonoperating expenses, net, were \$3.9 million higher for the six-month period ended April 30, 2017 than the six-month period ended April 30, 2016. A provision for a transfer to the City of \$66.5 million in excess revenues was charged to expense for the six-month period ended April 30, 2017, an increase of \$1.9 million from the six-month period ended April 30, 2016. A provision for transfer to the City for a pay-as-you-go fund of \$18.5 million was charged to expense for the six-month period ended April 30, 2017, an increase of \$2.2 million from the six-month period ended April 30, 2016.

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The Authority expended approximately \$133 thousand of capital improvements to Pier A, which is a City-owned asset, and accordingly recorded a provision for transfer to the City for that amount for the period end April 30, 2017. The amount expended for the period ended April 30, 2016 was approximately \$619 thousand, a decrease of approximately \$486 thousand. The Authority recorded approximately \$72 thousand for the six-month period ended April 30, 2017 relating to the provision for transfer to the City for West Thames Park, which was approximately \$1.4 million lower than the six-month period ended April 30, 2016.

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

Change in Net Position

The total net deficit at April 30, 2018 and 2017 was \$571.1 million and \$595.2 million, respectively.

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

Other Information

Debt Administration – The 2009 Revenue Bonds, issued in December 2009, totaling \$89 million, included \$56.6 million of federally taxable Build America Bonds and \$32.5 million (including a net premium) of tax-exempt bonds (see notes 11 and 16). As of April 30, 2018, outstanding bonds and ratings are as follows:

	<u>Outstanding debt</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Standard & Poor's (S&P)</u>
2009 Senior Revenue A Bonds	\$ 56,600,000	AAA	Aaa	Not Rated
2009 Senior Revenue B Bonds	28,410,000	AAA	Aaa	Not Rated

The 2013 Revenue Bonds, issued in October 2013, totaling \$1.02 billion, included \$407.1 million (inclusive of net premium) of fixed-rate tax exempt Senior Revenue Bonds Series A and \$6.9 million (inclusive of net premium) of federally taxable, fixed-rate Senior Revenue Bonds, Series B. In addition, the Authority directly placed \$609.5 million variable-rate Junior Revenue Bonds with three banks, comprising \$210.9 million of Series C, \$199.3 million of Series D, and \$199.3 million of Series E (see notes 12 and 16). As of April 30, 2018, outstanding bonds and ratings are as follows:

	<u>Outstanding debt</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Standard & Poor's (S&P)</u>
2013 Senior Revenue A Bonds	\$ 279,980,000	AAA	Aaa	Not Rated
2013 Junior Revenue C Bonds	206,020,000	Not Rated	Not Rated	Not Rated
2013 Junior Revenue D Bonds	192,225,000	Not Rated	Not Rated	Not Rated
2013 Junior Revenue E Bonds	192,225,000	Not Rated	Not Rated	Not Rated

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

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
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Statements of Net Position (Deficit)

April 30, 2018 and 2017 (Unaudited)

Assets	2018	2017
Current assets:		
Bank deposits	\$ 473,909	473,672
Investments (notes 3(e) and 3(k))	5,974,403	453,014
Restricted assets:		
Rents and other receivables (net of allowance for doubtful accounts of \$1,540,887 in 2018 and \$1,669,489 in 2017 (note 14(a)))	5,195,027	4,927,630
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)	343,615,730	330,706,058
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)	2,797,764	4,303,465
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)	27,680,894	42,080,722
Bond resolution fund receivables (notes 3(e), 8, 9, 12 and 14(b))	—	56,902,000
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18)	2,137,670	39,231,898
Total current assets	387,875,397	479,078,459
Noncurrent assets:		
Restricted assets:		
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)	72,775,211	73,198,752
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)	7,202,618	13,031,516
Residential lease required funds (note 3(e) and 3(k))	27,748,998	28,319,455
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18)	67,919,104	66,848,254
Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4)	510,810,359	500,561,926
Other assets	3,475,842	3,241,264
Total noncurrent assets	689,932,132	685,201,167
Total assets	1,077,807,529	1,164,279,626
Deferred Outflows of Resources		
Deferred pension outflows (note 17)	2,332,582	1,764,639
Deferred OPEB outflows (note 18)	2,046,188	—
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)	4,897,031	19,815,828
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds (note 12)	17,960,254	19,286,164
Deferred costs of refunding, less accumulated amortization of \$17,102,348 in 2018 and \$13,321,693 in 2017 (note 10)	53,113,064	56,893,719
Total deferred outflows of resources	80,349,119	97,760,350
Total assets and deferred outflows of resources	\$ 1,158,156,648	1,262,039,976

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Statements of Net Position (Deficit)

April 30, 2018 and 2017 (Unaudited)

Liabilities	2018	2017
Current liabilities:		
Accrued interest on bonds	\$ 16,238,730	16,531,932
Accounts payable and other liabilities (note 15(a))	7,262,350	10,643,661
Accrued pension payable (note 17)	830,358	2,456,720
Due to the City of New York (note 13)	222,481,167	202,349,124
Due to the City of New York - 2010 Agreement (note 13)	60,699,013	97,818,646
Due to the Port Authority of New York & New Jersey (note 19(c))	869,381	869,381
Unearned revenue (note 3(d)):		
PILOT revenue	36,637,738	34,395,730
Base rent and other revenue	14,177,428	12,906,069
Security and other deposits	4,738	4,738
2009 Revenue Bonds (notes 8, 9, 11, and 16)	355,000	340,000
2013 Revenue Bonds (notes 8, 9, 12, and 16)	27,060,000	27,050,000
Bond resolution fund payables (notes 3(e), 8, 9, 12 and 15(b))	1,488,397	56,815,245
Total current liabilities	388,104,300	462,181,246
Noncurrent liabilities:		
Unearned revenue (note 3(d)):		
Base rent and other revenue	244,473,911	254,753,889
Security and other deposits	28,106,052	27,791,813
OPEB (note 18)	38,927,818	37,305,199
Fair value of interest rate swaps (notes 3(j) and 10)	4,897,031	19,815,828
Imputed borrowing (note 10)	53,113,064	56,893,719
Bonds outstanding (notes 8, 9, 10, 11, 12, and 16):		
2009 Revenue Bonds, less accumulated amortization of \$608,732 in 2018 and \$535,884 in 2017	85,857,276	86,285,124
2013 Revenue Bonds, less accumulated amortization of \$12,808,420 in 2018 and \$9,976,749 in 2017	881,617,567	911,509,239
Total noncurrent liabilities	1,336,992,719	1,394,354,811
Total liabilities	1,725,097,019	1,856,536,057
Deferred Inflows of Resources		
Deferred pension inflows (note 17)	2,968,787	729,998
Deferred OPEB inflows (note 18)	1,183,456	—
Total deferred inflows of resources	4,152,243	729,998
Total liabilities and deferred inflows of resources	1,729,249,262	1,857,266,055
Net Position (Deficit):		
Invested in capital assets, net of related debt	7,548,275	3,530,869
Restricted:		
Debt service	72,305,557	98,755,052
Under bond resolutions and other agreements	3,917,206	3,143,250
Unrestricted (deficit)	(654,863,652)	(700,655,250)
Total net position (deficit)	(571,092,614)	(595,226,079)
Total liabilities and net position (deficit)	\$ 1,158,156,648	1,262,039,976

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

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

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

Six-month periods ended April 30, 2018 and 2017 (Unaudited)

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Revenues from ground leases (notes 5, 6, and 7):		
Base rent	\$ 31,454,290	30,099,501
Supplemental rent	660,543	656,378
Payments in lieu of real estate taxes (note 13)	113,301,429	107,150,341
Civic facilities payments and other	7,144,608	7,594,215
Total operating revenues	<u>152,560,870</u>	<u>145,500,435</u>
Operating expenses:		
Wages and related benefits (note 17)	7,851,703	8,088,960
OPEB (note 18)	193,349	1,354,822
Other operating and administrative expenses	9,492,575	9,019,885
Depreciation of project assets	4,786,565	5,349,499
Other depreciation and amortization	356,454	284,010
Total operating expenses	<u>22,680,646</u>	<u>24,097,176</u>
Operating income	<u>129,880,224</u>	<u>121,403,259</u>
Nonoperating revenues (expenses):		
Investment income on funds relating to:		
2003 Revenue Bonds (note 10)	918,349	932,888
2009 Revenue Bonds (note 11)	—	15,049
2013 Revenue Bonds (note 12)	160,486	272,608
Corporate-designated, escrowed, and OPEB funds	708,579	697,236
Realized and unrealized (losses) and gains	(1,254,844)	(1,454,108)
Gain (loss) on project assets	—	329
Interest expense relating to:		
2003 Swap agreements – net expense (note 10)	(4,232,275)	(5,226,623)
2003 Revenue Bonds (note 10)	—	(5,879)
2009 Revenue Bonds (note 11)	(1,869,223)	(1,876,217)
2013 Revenue Bonds (note 12)	(10,334,726)	(9,064,384)
Loss from extinguishment	(662,955)	(662,955)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 13)	(73,504,090)	(66,513,069)
Provision for transfer to the City of New York per 2010 Agreement (note 13)	(18,734,910)	(18,454,931)
Provision for transfer to City of New York - West Thames Park	—	(72,065)
Provision for transfer to the City of New York - Pier A and Pier A Plaza	—	(133,202)
Total nonoperating expenses	<u>(108,805,609)</u>	<u>(101,545,323)</u>
Change in net position (deficit)	21,074,615	19,857,936
Net position (deficit), beginning of period	<u>(592,167,229)</u>	<u>(615,084,015)</u>
Net position (deficit), end of period	<u>\$ (571,092,614)</u>	<u>(595,226,079)</u>

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

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

Statements of Cash Flows

Six-month periods ended April 30, 2018 and 2017 (Unaudited)

	2018	2017
Cash flows from operating activities:		
Cash receipts from:		
Tenant payments	\$ 146,435,503	138,302,742
Miscellaneous receipts	459,306	249,317
Total cash receipts from operating activities	146,894,809	138,552,059
Cash payments for:		
Salaries and benefits	(6,915,134)	(6,883,857)
Services and supplies	(4,216,132)	(3,430,300)
Total cash payments for operating activities	(11,131,266)	(10,314,157)
Net cash provided by operating activities	135,763,543	128,237,902
Cash flows from noncapital financing activities:		
Payments to Pier A Contractors on behalf of the City of New York	—	(64,166)
Payments to Pier A Plaza Contractors on behalf of NYC	—	(170,534)
Payments from LMDC West Thames St Pedestrian Bridge	3,366,499	2,740,335
Payments to NYC EDC - West Thames St Pedestrian Bridge	(3,366,499)	(2,740,335)
Payments to New York City - West Thames Park	—	(64,912)
Net cash used in noncapital financing activities	—	(299,612)
Cash flows from capital and related financing activities:		
Development costs – site improvements and construction	(5,212,298)	(7,118,274)
Capital asset expenditures	(280,892)	(1,253,442)
Auction fees for variable debt	(5,879)	(5,879)
Swap payment made on the 2003 Swap agreement	(6,093,212)	(6,187,279)
Swap interest payments received on the 2003 Swap agreement	1,655,815	785,224
Principal paydown on 2009 Senior Revenue Bonds	(340,000)	(335,000)
Interest paid on 2009 Senior Revenue Bonds	(2,500,516)	(2,505,541)
Principal paydown on 2013 Senior Revenue Bonds	(22,160,000)	(20,995,000)
Interest paid on 2013 Senior Revenue Bonds	(7,381,950)	(7,856,825)
Principal paydown on 2013 Bonds C, D, E	(4,890,000)	(4,895,000)
Interest paid on 2013 Bonds CDE	(4,529,710)	(2,971,985)
Margin rate fees	(158,510)	—
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	589,768	1,175,748
Net cash used in capital and related financing activities	(51,307,384)	(52,163,253)
Cash flows from investing activities:		
Interest and realized gains/losses on sales of investment securities	3,388,466	2,468,491
Maturities and redemptions of investment securities	262,920,410	283,322,394
Purchases of investment securities	(417,845,252)	(317,404,603)
Net cash used in investing activities	(151,536,376)	(31,613,718)
(Decrease) Increase in cash and cash equivalents	(67,080,217)	44,161,319
Cash and cash equivalents, beginning of period	166,635,090	171,504,411
Cash and cash equivalents, end of period	\$ 99,554,873	215,665,730

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

Statements of Cash Flows

Six-month periods ended April 30, 2018 and 2017 (Unaudited)

	2018	2017
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 129,880,224	121,403,259
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for bad debt expense	61,249	87,997
Depreciation and amortization	5,143,019	5,633,509
Other	(6,366)	223,423
Changes in operating assets and liabilities:		
(Increase) in rents and other receivables	(1,718,337)	(211,587)
Decrease in other assets	606,132	705,182
Increase in accounts payable and other liabilities	4,520,283	4,131,432
(Decrease) in unearned revenue	(3,490,086)	(6,105,747)
Increase in OPEB liability	655,317	970,845
(Decrease) increase in pension liability	(1,626,364)	99,413
Changes in deferred resources:		
Decrease in deferred pension resources	2,601,204	1,300,176
(Decrease) in deferred OPEB resources	(862,732)	—
Net cash provided by operating activities	\$ 135,763,543	128,237,902
Reconciliation of cash and cash equivalents, end of period:		
Bank deposits	\$ 473,909	473,672
Cash and cash equivalents (note 3(e))	55,895,294	4,765,435
Investments with less than 91-day maturities (note 3(e))	43,185,670	210,426,623
Cash and cash equivalents, end of period	\$ 99,554,873	215,665,730

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

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2018 and 2017 (Unaudited)

(1) General

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

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

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

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

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

(2) Description of Project

The Project consists of approximately 92 acres of landfill created, owned, and operated by the Authority (see note 4). The Project’s development plan includes approximately 35 acres of parkland and open spaces and provides to private developers, 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.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2018 and 2017 (Unaudited)

(3) Summary of Significant Accounting Policies

(a) Financial Reporting

The Organization follows accounting principles generally accepted in the United States of America (“U.S. GAAP”) as promulgated by GASB.

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

(b) Use of Estimates

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

(c) Project Assets

Costs incurred by the Authority in developing the Project as of April 30, 2018 and 2017 are capitalized as project assets and classified as follows:

	Balance at October 31, 2017	Additions	Deletions	Balance at April 30, 2018
Land	\$ 83,015,653	—	—	83,015,653
Site improvements	436,883,476	3,307,679	—	440,191,155
Residential building and condominiums	137,044,958	12,059	—	137,057,017
Total project assets	<u>656,944,087</u>	<u>3,319,738</u>	<u>—</u>	<u>660,263,825</u>
Less accumulated depreciation:				
Site improvements	112,023,996	4,214,231	—	116,238,227
Residential building and condominiums	32,642,905	572,334	—	33,215,239
Total accumulated depreciation	<u>144,666,901</u>	<u>4,786,565</u>	<u>—</u>	<u>149,453,466</u>
Net project assets	<u>\$ 512,277,186</u>	<u>(1,466,827)</u>	<u>—</u>	<u>510,810,359</u>

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2018 and 2017 (Unaudited)

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

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 2018 of \$40.7 million, \$60 million, \$42.5 million, \$22.5 million, \$33.9 million, \$4.75 million and \$4 million from residential buildings on Site 22, Site 16/17, Site 3, Site 23, Site 24, Site 2A and Site 13, respectively.

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

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2018 and 2017 (Unaudited)

(e) Investments and Deposits

The Authority carries all investments at fair value. Inherent risks that could affect the Authority's ability to provide services and meet its obligations as they become due are reported in accordance with U.S. GAAP. The Authority's 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 receive the highest rating by at least one rating agency. The Organization maintains its cash in bank accounts that 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 April 30, 2018 and 2017 included within the statements of net position (deficit) as investments, corporate designated, escrowed and OPEB funds, bond resolution funds (see note 8) and residential lease required fund accounts, are as follows:

	April 30, 2018			April 30, 2017		
	Cost	Fair value	Weighted average maturity (years) (a)	Cost	Fair value	Weighted average maturity (years) (a)
U.S. Treasury securities:						
Treasury Bills	\$ 288,717,065	289,564,950	0.21	\$ 268,376,151	268,640,506	0.13
Treasury Bonds	114,030,692	110,169,599	2.91	197,167,399	196,190,681	1.98
Treasury Strips	343,043	324,649	6.70	343,043	332,503	7.72
Total						
U.S. Treasury securities	403,090,800	400,059,198		465,886,593	465,163,690	
Commercial paper	42,530,507	42,760,721	0.16	53,502,227	53,603,166	0.12
Federal agency securities	4,666,546	4,544,306	0.43	8,020,707	7,928,153	0.60
Federal agency mortgage backed securities	8,532,829	8,415,219	3.17	10,357,596	10,456,797	7.94
Municipal bonds	21,743,806	21,258,153	1.16	33,992,809	33,852,669	1.20
Supra National Bonds	25,298,141	24,919,501	1.93	22,389,660	22,403,224	1.22
Total						
investments	505,862,629	501,957,098	0.98	594,149,592	593,407,699	0.99
Cash and cash equivalents	55,895,294	55,895,294		4,765,435	4,765,435	
Total						
investments and deposits	\$ 561,757,923	557,852,392		\$ 598,915,027	598,173,134	

(a) Portfolio weighted average effective duration

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

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2018 and 2017 (Unaudited)

As of April 30, 2018 and 2017, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to \$43,185,670 and \$210,426,623, respectively.

The Authority's investment objectives for the portfolio are legal compliance, safety of principal, to meet liquidity requirements and to maximize legally allowable return.

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 General Bond Resolution, and the 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 and escrowed 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 (OPEB funds).

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.

(f) Net Position (Deficit)

The Organization's net position (deficit) is classified in the following categories: invested in capital assets, net of related debt; restricted assets; and unrestricted assets. Invested in capital assets (net of related debt) consists 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 consist of assets restricted for specific purposes by law or by parties external to the Organization. Unrestricted assets consist of assets that are not classified as invested in capital assets (net of related debt) or assets that are not restricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, consistent with any respective restrictions, and then to use unrestricted resources as they are needed.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2018 and 2017 (Unaudited)

(g) Bond Insurance Costs

The bond insurance costs for the 2003 Bonds are included in Unamortized Loss on Extinguishment of Debt in deferred outflows of resources and are amortized using the straight-line method over the remaining period to the maturity of the extinguished 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) Other Postemployment Benefits

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“GASB 75”) governs the specifics of accounting for public other postemployment benefit (“OPEB”) plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. GASB 75 requires a liability for OPEB obligations, known as the net OPEB liability (total OPEB liability for unfunded plans), to be recognized in the statements of net position (deficit) of participating employers. Changes in the net OPEB liability (total OPEB liability for unfunded plans) will be immediately recognized as OPEB expense in the statement of revenues, expenses and changes in net position (deficit) or reported as deferred inflows/outflows of resources depending on the nature of the change. GASB 75 establishes standards for the measurement, recognition, and financial statement presentation of OPEB expenses and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. For the six-month period ended April 30, 2018, the Authority implemented GASB 75 and the effect of the implementation did not have a material impact to the Authority’s financial statements (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 and were \$53.1 million and \$57 million at April 30, 2018 and 2017, respectively. 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 \$19.8 million at April 30, 2017. The fair value increased \$14.9 million to a negative fair value of \$4.9 million at April 30, 2018. This negative fair value is recorded as a deferred outflow of resources and a liability on the Authority’s statement of net position (deficit).

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2018 and 2017 (Unaudited)

(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 Organization should utilize all reasonably available information but need not incur excessive cost or effort to do so. However, it should not ignore information that can be obtained without undue cost and effort. As such, the reporting entity's own data should be adjusted if information is reasonably available without undue cost and effort.

The fair value measurement of the Organization's assets and liabilities at April 30, 2018 and 2017 are as follows:

	April 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	\$ 289,564,950	-	-	289,564,950
Treasury Bonds	110,169,599	-	-	110,169,599
Treasury Strips	324,649	-	-	324,649
Commercial Paper	-	42,760,721	-	42,760,721
Federal Agency Securities	-	4,544,306	-	4,544,306
Federal Agency Mortgage Backed Securities	-	8,415,219	-	8,415,219
Municipal Bonds	-	21,258,153	-	21,258,153
Supra National Bonds	-	24,919,501	-	24,919,501
Total assets at fair value	\$ <u>400,059,198</u>	<u>101,897,900</u>	<u>-</u>	<u>501,957,098</u>
Liabilities at fair value:				
Interest rate swaps	-	-	4,897,031	4,897,031
Total liabilities at fair value	\$ <u>-</u>	<u>-</u>	<u>4,897,031</u>	<u>4,897,031</u>

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	April 30, 2017			
	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	\$ 268,640,506	-	-	268,640,506
Treasury Bonds	196,190,681	-	-	196,190,681
Treasury Strips	332,503	-	-	332,503
Commercial Paper	-	53,603,166	-	53,603,166
Federal Agency Securities	-	7,928,153	-	7,928,153
Federal Agency Mortgage Backed Securities	-	10,456,797	-	10,456,797
Municipal Bonds	-	33,852,669	-	33,852,669
Supra National Bonds	-	22,403,224	-	22,403,224
Total assets at fair value	<u>\$ 465,163,690</u>	<u>128,244,009</u>	<u>-</u>	<u>593,407,699</u>
Liabilities at fair value:				
Interest rate swaps	-	-	19,815,828	19,815,828
Total liabilities at fair value	<u>\$ -</u>	<u>-</u>	<u>19,815,828</u>	<u>19,815,828</u>

(l) Tax Abatements

The New York State Real Property Tax Code, Article 4, Title 2, allows for partial City property tax exemptions, namely 421a abatements for residential condominiums and 467a tax abatements for residential real property held in the cooperative or condominium form of ownership. The City determines the properties within the Project eligible for the tax abatements and the Authority administers the abatements to qualified properties by reducing the PILOT billings.

The 421a tax abatements for the six-month periods ended April 30, 2018 and 2017 were \$11.8 million, and \$12.9 million, respectively.

The 467a tax abatements for the six-month periods ended April 30, 2018 and 2017 were \$2.7 million, and \$2.9 million, respectively.

(m) New Accounting Pronouncements

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

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, (“GASB 86”) is effective for reporting periods beginning after June 15, 2017. The primary objective of GASB 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for

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transactions in which cash and other monetary assets are acquired with only existing resources – resources other than the proceeds of refunding debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished. The Authority has not completed the process of evaluating GASB 86, but does not expect it to have an impact on the Authority's financial statements.

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, (“GASB 88”) is effective for reporting periods beginning after June 15, 2018. The objective of GASB 88 is to the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement also requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The Authority has not completed the process of evaluating the impact of GASB 88 on the Authority's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, (“GASB 89”) is effective for reporting periods beginning after December 15, 2019. The objective of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The Authority has

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not completed the process of evaluating the impact of GASB 89 on the Authority's financial statements.

GASB Statement No. 90, *Majority Equity Interests*, ("GASB 90") is effective for reporting periods beginning after December 15, 2018. GASB 90 clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. The requirements of GASB 90. The Authority has not completed the process of evaluating GASB 90 but does not expect it to 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 April 30, 2018, the City had not expressed its intent regarding its right to reacquire the Project site.

(5) Commercial Development

In 1981, the Authority and Olympia & York Battery Park Company ("O&Y"), an affiliate of Olympia & York Development Limited, entered into a lease, pursuant to which O&Y constructed four buildings, consisting of approximately 8,000,000 square feet of office space and a maximum of 325,000 square feet of retail space. These buildings are collectively known as Brookfield Place ("BP"). In 1983, the lease was replaced with four separate severance leases, one of which was assigned by O&Y to the American Express Company and certain of its affiliates ("American Express"). O&Y has been reorganized as a result of bankruptcy proceedings and has changed its name to Brookfield Financial Properties ("BFP"). In September 2002, BFP acquired an interest in approximately 50% of Brookfield Place 200 Vesey Street from American Express. In November 2013, BFP acquired the lease hold interest in the New York Mercantile Exchange ("NYMEX") lease consisting of approximately 502,000 additional square feet.

As of April 30, 2018, all commercial development leases expire in 2069, provide for future base rent payments aggregating \$1 billion over the lease terms, which includes base rent of \$19 million per annum from 2019 through 2069 payable by the commercial development leases (see note 7). 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.

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(6) Residential and Other Development

In 1980, the Authority entered into a lease with a limited profit housing company (the "Housing Company"), which constructed an apartment complex consisting of 1,712 rental apartment units (the "Gateway Project"). In addition to the Gateway Project, the Authority entered into leases in the south neighborhood, pursuant to which developers constructed 18 buildings consisting of 3,785 condominium and rental units, including 113 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.

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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, 2019 through 2023 and through the end of the lease term (thereafter), are as follows (in 000s):

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Thereafter</u>	<u>Total</u>
Commercial development:							
Base rent	\$ 19,644	19,664	20,115	20,137	20,137	937,101	1,036,798
Residential developments:							
Gateway project base rent	305	305	305	305	305	5,090	6,615 (a)
S. Res. Neighborhood:							
Base rent	19,487	19,878	20,241	20,807	21,223	1,702,496	1,804,132
Other minimum payments	10,663	10,936	11,216	11,504	11,800	92,766	148,885
Subtotal S. Res.	<u>30,150</u>	<u>30,814</u>	<u>31,457</u>	<u>32,311</u>	<u>33,023</u>	<u>1,795,262</u>	<u>1,953,017</u>
N. Res. Neighborhood:							
Base rent	8,296	8,582	8,923	9,189	9,463	735,010	779,463
Other minimum payments	18,279	18,282	18,100	16,433	17,819	454,132	543,045
Subtotal N. Res.	<u>26,575</u>	<u>26,864</u>	<u>27,023</u>	<u>25,622</u>	<u>27,282</u>	<u>1,189,142</u>	<u>1,322,508</u>
Total	<u>\$ 76,674</u>	<u>77,647</u>	<u>78,900</u>	<u>78,375</u>	<u>80,747</u>	<u>3,926,595</u>	<u>4,318,938</u>

(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. Contingent payments are also excluded from the above tabulation.

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

The current and noncurrent balances in the funds and accounts established in accordance with the Authority's 2003 General Bond Resolution Funds and held by the trustee at April 30, 2018 and 2017 are as follows:

	2003 General Bond Resolution Funds			
	General Bond Resolution	Senior Bonds	Junior Bonds	Total 2003 Bonds
April 30, 2018				
Reserve Fund	\$ 72,775,211	—	—	72,775,211
Project Operating Fund	7,640,409	—	—	7,640,409
Debt Service Funds	—	46,201,850	30,387,519	76,589,369
Residual Fund	192,023,803	—	—	192,023,803
Pledged Revenue Fund	67,362,149	—	—	67,362,149
	<u>\$ 339,801,572</u>	<u>46,201,850</u>	<u>30,387,519</u>	<u>416,390,941</u>

As of April 30, 2018, there were in transit 2003 debt service bond resolution fund payables of \$1,488,397 after the payment of debt service. Accordingly this amount has been included in the bond resolution funds payable amount in the statement of net position (deficit).

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

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

In December 2009, as a result of the 2009 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bonds Resolutions and were held by trustees as follows at April 30, 2018 and 2017:

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2009 Revenue Bonds			
	2009A	2009B	Total
	Senior Revenue	Senior Revenue	2009
	Bonds	Bonds	Bonds
April 30, 2018			
<u>Project Costs Fund</u>	<u>\$ 1,471,515</u>	<u>1,326,249</u>	<u>2,797,764</u>
April 30, 2017			
<u>Project Costs Fund</u>	<u>\$ 2,977,900</u>	<u>1,325,565</u>	<u>4,303,465</u>

As of April 30, 2017, there were in transit 2009 Project Cost Fund receivables of \$902,000. Accordingly, this amount has been included in the bond resolution fund receivables in the statement of net position (deficit).

In October 2013, as a result of the 2013 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees as follows at April 30, 2018 and 2017:

2013 Revenue Bonds			
	2013A	2013B	Total
	Senior Revenue	Senior Revenue	2013
	Bonds	Bonds	Bonds
April 30, 2018			
<u>Project Costs Fund</u>	<u>\$ 34,883,512</u>	<u>—</u>	<u>34,883,512</u>
April 30, 2017			
<u>Project Costs Fund</u>	<u>\$ 55,112,238</u>	<u>—</u>	<u>55,112,238</u>

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) and the 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 thereunder 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) and the 2009 and 2013 Revenue Bonds. In December 2009, upon the issuance of the 2009 Revenue Bonds, and in October 2013, upon the

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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) and the 2009 and 2013 Revenue Bonds and on certain additional indebtedness, which may be issued by the Authority and secured by the Authority's revenue.

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

(9) Authority Bonds Authorized

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

The Act, as amended, also authorizes the Authority to issue bonds for the purpose of furthering the development of a commodities and futures exchange facility in Battery Park City in an amount not to exceed \$110 million, plus the principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness. As of April 30, 2018, no bonds were issued for this purpose.

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.

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(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. These Swaps are not treated as qualified hedges as defined by the U.S. tax code. Each swap has been determined to be an effective hedge.

	Deallocation of Swap Principal	Interest-rate swaps		
		Payment	Pro-Forma Receipts	Pro-Forma Net payment
Fiscal Year ending:				
2018 (1/2 year)	\$ —	(5,999,145)	2,156,781	(3,842,364)
2019	5,450,000	(11,904,222)	4,279,744	(7,624,478)
2020	5,500,000	(11,715,225)	4,211,796	(7,503,429)
2021	5,725,000	(11,521,482)	4,142,143	(7,379,339)
2022	5,950,000	(11,319,971)	2,158,609	(9,161,362)
2023 – 2027	33,150,000	(53,309,236)	19,165,458	(34,143,778)
2028 – 2032	225,300,000	(31,487,418)	11,320,192	(20,167,226)
2033 – 2034	66,500,000	(2,308,525)	829,949	(1,478,576)
Totals	\$ 347,575,000	(139,565,224)	48,264,672	(91,300,552)

The above table shows payments based on the Authority's pay-fixed-rate interest rate Swap payment obligation at an effective interest rate of 3.452% while the Authority's variable-rate receipts are based on the floating rate equal to 65% of 30-day LIBOR on April 30, 2018, which the counterparties are obligated to pay the Authority on a monthly basis. Although the pro-forma receipts shown are projected based on the latest interest rate at April 30, 2018 (65% of 1.9093% or 1.2410%), 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.

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The Authority's basis risk would increase should its interest rate and fees on the variable bonds exceed the swap floating rate 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 increased to a fair value of \$4.9 million at April 30, 2018. The change between the period ended April 30, 2018 and 2017 is \$14.9 million, which is recorded as deferred outflow of resources and a liability in the Authority's statements of net position (deficit).

(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 \$87,235,000. 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.
- The remaining funds were used to pay for cost of issuance and funding a reserve fund (see note 8).

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

The 2009 Series A Bonds were issued as “Build America Bonds” (“BABs”) under section 54AA of the U.S. Tax Code for which the Authority expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable by the Authority on the bonds. For the six-month periods ended April 30, 2018 and 2017, the Authority received payments from the U.S. Treasury in the amount of \$589,768 and \$1,175,748, 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.

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At April 30, 2018, the 2009 Series A Bonds consist of the following serial bonds:

	<u>Coupon rates</u>		<u>Principal amounts</u>	<u>Interest</u>	<u>BABs subsidy</u>	<u>Interest (net of BABs subsidy)</u>
Fiscal Year ending:						
2018 (1/2 year)	6.375%	\$	—	1,804,125	(589,768)	1,214,357
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	6.375%		—	3,608,250	(1,262,888)	2,345,362
2023 – 2027	6.375%		—	18,041,250	(6,314,438)	11,726,812
2028 – 2032	6.375%		—	18,041,250	(5,051,550)	12,989,700
2033 – 2037	6.375%		13,290,000	13,737,488	(6,071,008)	7,666,480
2038 – 2040	6.375%		43,310,000	5,745,469	(2,010,914)	3,734,555
Totals		\$	<u>56,600,000</u>	<u>71,802,582</u>	<u>(25,089,230)</u>	<u>46,713,352</u>

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

As of April 30, 2018, principal and interest payments due on the 2009 Series B Bonds were as follows:

	<u>Coupon rates</u>		<u>Principal amounts</u>	<u>Interest</u>
Fiscal Year ending:				
2018 (1/2 year)	3.00%	\$	—	691,291
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	3.50%		375,000	1,331,156
2023 – 2027	3.50% - 5.00%		2,005,000	6,368,144
2028 – 2032	4.00% - 5.00%		2,300,000	5,911,097
2033 – 2035	4.125% - 5.00%		22,670,000	1,538,750
Totals		\$	<u>28,410,000</u>	<u>19,930,507</u>

The Authority issued certain of the 2009 Series B Bonds at a premium of approximately \$1.81 million, which is being amortized on a straight-line basis, over the lives of the 2009 Series B Bonds. At April 30, 2018 and 2017, the unamortized net bond premium was approximately \$1.2 million.

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(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 inclusive of net premium). 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") (collectively, the "2013 Series C, D, and E Bonds") for a total of \$1,023,540,051. Bonds were issued for the following purposes:

- A total of \$948,854,807 of bonds (including \$413,707,258 of the 2013 Series A Bonds and \$535,147,549 of the 2013 Series C, D, and E Bonds) were issued to currently refund \$328,548,428 of the outstanding 2003 Series A Bonds and \$620,306,379 variable-rate 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 Bonds) was issued to finance certain infrastructure and other capital improvements.
- A total of \$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 \$18 million and \$19.3 million at April 30, 2018 and 2017, respectively, is classified in the statements of net position (deficit) as a deferred outflow of resources and is being amortized over the respective maturity of the corresponding bonds.

As of April 30, 2018, 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:

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2013 A Senior Bonds:

	<u>Coupon Rate</u>		<u>Principal amount</u>	<u>Interest</u>
Fiscal Year ending:				
2018 (1/2 year)	3.00% - 5.00%	\$	—	6,877,950
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	4.00% - 5.00%		27,015,000	9,555,350
2023 – 2027	4.00% - 5.00%		135,665,000	26,802,125
2028 – 2032	4.00% - 5.00%		43,615,000	5,345,100
Totals		\$	<u>279,980,000</u>	<u>84,769,100</u>

2013 B Senior Bonds:

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 November 1, 2017 for 2013 D and E Junior Bonds and May 1, 2019 for 2013 C Junior Bonds. Any 2013 C, D, and E Junior Bonds that are not so remarketed (or purchased or redeemed) by November 1, 2019 will bear interest thereafter at stepped-up rates that for 180 days will equal 7.5% per annum (or, if greater, a specified prime rate plus 1.5% per annum or a specified federal funds rate plus 2% per annum) and after 180 days will equal 12% per annum (or, if greater, a specified prime rate plus 3.5% per annum or a specified federal funds rate plus 4% per annum). The 2013 C, D, and E Junior Bonds also will bear interest at rates higher than the foregoing if an event of default occurs under the Authority's agreements with the initial purchasers of the 2013 C, D, and E Junior Bonds or if interest on the 2013 C, D, and E Junior Bonds is determined to be includable in gross income for federal income tax purposes. The estimated interest payments for the 2013 C, D, and E Junior Bonds shown in the table titled "2013 C, D, and E Junior Bonds" below are based upon the April 30, 2018 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.

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	Junior C		Junior D		Junior E		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal Year ending:								
2018 (1/2 year)	\$ —	2,060,200		1,769,431		1,632,951	—	5,462,582
2019	1,185,000	4,108,550	1,260,000	3,527,264	1,255,000	3,255,242	3,700,000	10,891,056
2020	1,220,000	4,084,550	1,250,000	3,504,159	1,255,000	3,233,919	3,725,000	10,822,628
2021	1,285,000	4,059,500	1,305,000	3,480,641	1,305,000	3,212,172	3,895,000	10,752,313
2022	1,285,000	4,033,750	1,395,000	3,455,787	1,395,000	3,189,235	4,075,000	10,678,772
2023 – 2027	7,330,000	19,747,400	18,405,000	16,648,945	18,400,000	15,365,076	44,135,000	51,761,421
2028 – 2032	37,785,000	17,284,350	50,165,000	13,408,509	50,165,000	12,374,624	138,115,000	43,067,483
2033 – 2037	34,990,000	14,547,600	73,520,000	7,348,536	73,525,000	6,782,111	182,035,000	28,678,247
2038 – 2042	100,150,000	8,174,000	44,925,000	1,261,591	44,925,000	1,164,282	190,000,000	10,599,873
2043	20,790,000	207,900	—	—	—	—	20,790,000	207,900
Total	\$ 206,020,000	78,307,800	192,225,000	54,404,863	192,225,000	50,209,612	590,470,000	182,922,275

The 2013 Series C Junior Bonds maturing after May 1, 2019 are subject to redemption, in whole or in part, at any time on or after November 1, 2023 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

The 2013 Series D and E Junior Bonds maturing after November 1, 2017 are subject to redemption, in whole or in part, at any time on or after November 1, 2017 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

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, funded with \$46 million and 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.

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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(c)), 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 to the City. As of April 30, 2018, 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 \$149 million of PILOT-related receipts provided for the transfer to the City during the year ended October 31, 2017 was transferred in June 2018. A provision in the amount of \$73.5 million has been charged as a nonoperating expense for the six-month period ended April 30, 2018.

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

As of April 30, 2018, the Authority has made payments totaling \$200 million to satisfy the City 421-A fund obligation. In addition, the Authority has provided from operations a total of \$131.3 million against the \$261 million City pay-as-you-go capital fund obligation and has charged a provision of \$18.7 million to nonoperating expenses for the six-month period ended April 30, 2018.

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(14) (A) Rents and Other Receivables

Rents and other receivables consisted of the following at April 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Swap interest receivable	\$ 354,536	187,929
Miscellaneous receivables	266,832	275,427
Interest receivable	800,870	1,290,657
Rents receivable	<u>5,313,676</u>	<u>4,843,106</u>
Total receivables	6,735,914	6,597,119
Less allowance for doubtful accounts	<u>(1,540,887)</u>	<u>(1,669,489)</u>
Net receivables	<u>\$ 5,195,027</u>	<u>4,927,630</u>

(B) Bond Resolution Fund Receivables

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

(15) (A) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at April 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Amounts due to vendors	\$ 1,771,076	4,170,145
Contract retention	578,308	1,617,772
State recovery costs	3,926,500	3,926,500
Accrued payroll and benefits	<u>986,466</u>	<u>929,244</u>
Total	<u>\$ 7,262,350</u>	<u>10,643,661</u>

(B) Bond Resolution Fund Payables

As of April 30, 2018, \$1,488,397 of bond resolution funds from the debt service accounts were used to purchase investments (see note 8). The securities were received by the Authority on May 2, 2018. These bond resolution funds have been recorded separately as bond resolution fund payables in the statement of net position (deficit).

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

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(16) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of April 30, 2018 and 2017 are comprised of the following obligations:

	<u>October 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>April 30, 2018</u>	<u>Due within one year</u>
<u>Authority bonds outstanding:</u>					
<u>2009 Revenue Bonds:</u>					
Series 2009A	\$ 56,600,000	—	—	56,600,000	—
Series 2009B	28,750,000	—	340,000	28,410,000	355,000
Subtotal	85,350,000	—	340,000	85,010,000	355,000
Unamortized net premiums	1,238,700	—	36,424	1,202,276	—
Subtotal 2009 Bonds	86,588,700	—	376,424	86,212,276	355,000
<u>2013 Revenue Bonds:</u>					
Series 2013A	302,140,000	—	22,160,000	279,980,000	23,360,000
Series 2013C	207,255,000	—	1,235,000	206,020,000	1,185,000
Series 2013D	194,050,000	—	1,825,000	192,225,000	1,260,000
Series 2013E	194,055,000	—	1,830,000	192,225,000	1,255,000
Subtotal	897,500,000	—	27,050,000	870,450,000	27,060,000
Unamortized net premiums	39,643,403	—	1,415,836	38,227,567	—
Subtotal 2013 Bonds	937,143,403	—	28,465,836	908,677,567	27,060,000
Total bonds outstanding	1,023,732,103	—	28,842,260	994,889,843	27,415,000
<u>Other long-term liabilities:</u>					
OPEB	38,272,501	2,764,634	2,109,317	38,927,818	—
Imputed borrowing	55,003,391	—	1,890,327	53,113,064	—
Fair value of interest rate swap	17,752,629	—	12,855,598	4,897,031	—
Unearned revenue	298,779,163	—	3,490,086	295,289,077	50,878,909
Security and other deposits	27,933,966	176,824	—	28,110,790	4,738
Total other long-term liabilities	437,741,650	2,941,458	20,345,328	420,337,780	50,883,647
Total long-term liabilities	\$ 1,461,473,753	2,941,458	49,187,588	1,415,227,623	78,298,647

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

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

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

(17) Retirement Costs

Plan Description and Benefits Provided

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

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The Authority – The Battery Park City Authority participates in the New York State and Local Employees’ Retirement System (“ERS”), and the New York State and Local Police and Fire Retirement System (“PFRS”) which are collectively referred to as 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. 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
2018	\$ 930,358
2017	712,703
2016	518,071
	<u>\$ 2,161,132</u>

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

At April 30, 2018 and 2017, the Authority reported a liability of \$830,358 and \$2,456,720, 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, 2018 and 2017, 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

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members, actuarially determined. At April 30, 2018 and 2017, the Authority's proportion was 0.0257280% and 0.0261458%, respectively.

For the six-month periods ended April 30, 2018 and 2017, the Authority recognized pension expense of \$974,840 and \$1,399,591, respectively. At April 30, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

April 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 296,161	244,736
Changes of assumptions	550,595	
Net difference between projected and actual earnings on pension plan investments	1,206,027	2,380,575
Changes in proportion and differences between LG contributions and proportionate share of contributions	279,799	343,476

April 30, 2017

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

As of April 30, 2018 and 2017, \$2,332,582 and \$1,764,639 was reported as a deferred outflow of resources, respectively and \$2,968,787 and \$729,998 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:	
2019	\$ 148,739
2020	112,712
2021	(596,491)
2022	(301,165)
2023	—
Thereafter	—

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Actuarial Assumptions

The total pension liability at the New York State System's year end of March 31, 2018 and 2017 was determined by using an actuarial valuation as of April 1, 2017 and 2016, with updated procedures used to roll forward the total pension liability to the New York State System's year end of March 31, 2018 and 2017. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2017 and 2016 valuations were as follows:

	<u>2017</u>
Interest rate	7.0%
Salary scale	
ERS	3.8%
Decrement tables	April 1, 2010 – March 31, 2015
System's Experience	
Inflation rate	2.5%
	<u>2016</u>
Interest rate	7.0%
Salary scale	
ERS	3.8%
Decrement tables	April 1, 2010 – March 31, 2015
System's Experience	
Inflation rate	2.5%

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

The actuarial assumptions used in the 2017 and 2016 valuations are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 and 2017 are summarized below.

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Long Term Expected Rate of Return

Asset Type	2018 Long Term Expected Real Rate	2017 Long Term Expected Real Rate
Domestic Equity	4.55%	4.55%
International Equity	6.35%	6.35%
Private Equity	7.50%	7.75%
Real Estate	5.55%	5.80%
Absolute Return	3.75%	4.00%
Opportunistic Portfolio	5.68%	5.89%
Real Asset	5.29%	5.54%
Bonds, Cash & Mortgages	1.06%	1.06%
Inflation Indexed Bonds	1.25%	1.50%

Discount Rate

The discount rate used to calculate the total pension liability as of March 31, 2018 and 2017 was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0% , as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authorities' share of the Net Pension Liability (Asset)	\$ 6,282,699	830,358	(3,782,108)

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, 2018 and 2017 were as follows:

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	(Dollars in Thousands)	
	2018	2017
	Employees'	Employees'
	Retirement System	Retirement System
Employers' total pension liability	\$ 183,400,590	177,400,586
Plan net position	<u>(180,173,145)</u>	<u>(168,004,363)</u>
Employers' net pension liability	<u>\$ 3,227,445</u>	<u>9,396,223</u>
Ratio of plan net position to the employers' total pension liability	98.2%	94.7%

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

NYSLRS Pension Plan *
(Dollar amounts in thousands)

	2018	2017
Authority's proportion of the net pension liability (asset)	0.0257280%	0.0261458%
Authority's proportionate share of the net pension liability (asset)	\$ 830	2,457
Authority's covered-employee payroll	4,154	3,893
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.98%	63.11%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%

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

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SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

NYSLRS Pension Plan

(Dollar amounts in thousands)

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 930	713
Contributions in relation to the contractually required contribution	930	713
Contribution deficiency (excess)	-	-
Authority's covered-employee payroll	4,154	3,893
Contributions as a percentage of covered-employee payroll	22.39%	18.31%

Beginning July 1, 2013, New York State made the Voluntary Defined Contribution ("VDC") plan option available to all unrepresented (non-union) employees of NYS public employers who are paid at a rate of \$75,000 or more on an annual basis as an alternative to the ERS/TRS defined benefit plan systems. The NYS VDC is a defined contribution plan.

Defined contribution plans are retirement savings vehicles that provide benefits "defined" by employer and employee contributions to the plan and the investment earnings on those contributions.

(18) Other Postemployment Benefit Plan (OPEB)

For the period ending April 30, 2018, the Authority implemented GASB 75, which addresses accounting and financial reporting for postemployment benefits or other postemployment benefits provided to the employees of the Authority. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense as well as the methods and assumptions that are required for the valuation of total OPEB liability.

(a) Plan Description

The Authority is a participating employer in the New York State Health Insurance Program ("NYSHIP"), which is administered by the State as an agent multiple employer defined benefit plan. Under the plan the Authority provides certain healthcare benefits for eligible retired employees and their dependents under a single-employer noncontributory healthcare plan. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plan and to establish maximum obligations of the plan members to contribute to the plan. The Authority's Board is authorized to establish contribution rates for employees and retirees below those set by Civil Service Law. The Authority's plan states that employees and/or their dependents become eligible for these benefits at 55 years of age when the employee has 10 years of State service. In calculating the 10-year service requirement, all of the employee's service need not be with the Authority, but may be a composite of New York State service elsewhere, with a minimum of 3 years

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with the Authority. Employees with no prior State service must work a minimum of 10 years before they and their dependents are eligible for the retirement medical benefits. Eligible retirees hired on or after November 1, 2001, contribute 10% of the cost of single coverage and 25% of the cost of dependent coverage for health insurance benefits. The Authority covers 100% of the cost of single and dependent coverage for employees hired before November 1, 2001. A vestee is an Authority employee vested as a member of the retirement system administered by the State, has withdrawn from State service after meeting the Authority's minimum service requirement, but has not met the age requirement for continuing health insurance. As of April 30, 2018, 167 participants, including 121 employees and 46 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.

For the period ending April 30, 2018 and in accordance with GASB Statement 75, an updated actuarial valuation was completed for the valuation date of November 1, 2016. This is the date as of which the actuarial valuation is performed. The measurement date is October 31, 2017. This is the date as of which the OPEB liability is determined.

(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) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The total OPEB liability is the portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB. 75. The total annual OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and was then projected forward to the measurement date in accordance with the parameters of GASB 75. As of April 30, 2018 and 2017, \$38,927,818 and \$37,305,199, respectively, has been reported for the Authority's total OPEB liability.

For the six-month periods ending April 30, 2018 and 2017, the Authority has recognized OPEB expenses of \$193,349 and \$1,345,822, respectively.

Deferred inflows of resources and deferred outflows of resources are portion of changes in net OPEB liability that is not immediately recognized in OPEB expense. These changes include differences between expected and actual experience, changes in assumptions and differences between expected and actual earnings on plan investments. For the six-month period ending April 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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April 30, 2018

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Changes of assumptions	\$ 1,183,456	2,046,188

As of April 30, 2018, \$1,183,456 was reported as a deferred inflow of resources and \$2,046,188 was reported as a deferred outflow of resources. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended October 31:

2018	\$ 45,945
2019	492,654
2020	91,890
2021	91,890
2022	91,890
2023	91,890
Thereafter	(43,427)
	<u>\$ 862,732</u>

(d) Actuarial Methods and Assumptions

The Authority's total OPEB liability was determined by an actuarial valuation as of November 1, 2016, using the following actuarial assumption:

Significant actuarial assumption used in the November 1, 2016 valuation were as follows:

Inflation rate	2.30%
Salary scale	3.30%
Health cost	Getzen Model Version 2017
Mortality	RPH-2006 Mortality Tables

This valuation report reflects postemployment benefits that have been extended to 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. In accordance with GASB 75, the Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and expected future service. The annual healthcare cost trend rates vary based on type of health coverage valued; initial

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trends start at 0.00% to 11.9%, declining approximately 0.5% each year to an ultimate trend rate of 4.7%. The trend rates reflect a general inflation level of 2.3%.

(e) Discount Rate

The discount rate used to calculate the total OPEB liability as of October 31, 2017 was 3.35%. The discount rate is a single rate of return, when applied to all projected benefit payments equal to the sum of: (1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return. (2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate. The Municipal Bond Rate is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

(f) Sensitivity of the Net OPEB Liability to the Discount Rate Assumption

The following represents the Authority's total OPEB liability estimated as of April 30, 2018, calculated using the discount rate of 3.35%, as well as the what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.35 percent) or 1-percentage-point higher (4.35 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	2.35%	3.35%	4.35%
Total OPEB Liability	\$ 46,449,550	38,927,818	33,034,213

The following represents the Authority's total OPEB liability estimated as of April 30, 2018, calculated using the current healthcare cost trend rates as well as the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 32,115,062	38,927,818	47,940,143

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April 30, 2018 and 2017 (Unaudited)

(g) OPEB Status and Funding Progress

The Authority's OPEB obligation and the funded status of the plan as of April 30, 2018 is as follows:

OPEB Balance at November 1, 2017	\$ 38,272,501
Change of liability due to adoption of GASB 75	651,439
OPEB Balance at November 1, 2017 under GASB 75	<u>38,923,940</u>
Changes for the period:	
Service cost	1,068,660
Interest	643,772
Benefit payments	(448,249)
Changes in assumptions	<u>(1,260,305)</u>
Net changes	<u>3,878</u>
OPEB Balance at April 30, 2018	<u><u>\$ 38,927,818</u></u>

There was a \$651 thousand change in the OPEB liability as of November 1, 2016 in the Authority's financial statements due to the adoption of GASB 75. The prior period's financial statements were not restated due to immateriality.

Corporate assets held at April 30, 2018 and 2017 in separate corporate OPEB accounts for the exclusive purpose of paying OPEB obligations were approximately \$37.6 million and \$36.4 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 \$14.6 million as of April 30, 2018.
- (b) The Authority rents office space in 200 Liberty Street, formerly One World Financial Center, as well as community meeting space, field offices, and maintenance space in condominium buildings in Battery Park City. Total rent expense amounted to \$589 thousand for the six-month periods ended April 30, 2018 and 2017, respectively.

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The future minimum lease payments are as follows:

2018	\$	610,315
2019		1,220,630
2020		1,220,630
2021		867,020
2022		192,200
Thereafter		818,400
Total minimum payments required	\$	<u>4,929,195</u>

- (c) On October 23, 2007, the members of the Authority approved a proposal by the Governor to pay up to \$40 million of Special Fund monies (see note 10) to the PANYNJ for the construction of the pedestrian concourse running under Route 9A. The concourse connects the Winter Garden (on the west, at the edge of Battery Park City) and the World Trade Center site on the east. As of April 30, 2018, the Authority had disbursed a total sum of \$39,130,618 to the PANYNJ.
- (d) Pursuant to its ground lease with Goldman providing for construction by Goldman of a new world headquarters building in Battery Park City, the Authority entered into an arrangement as of July 18, 2007 under which Goldman may make purchases related to construction, furnishing, and equipping the building without liability for New York State and City sales tax, for an aggregate sales tax exemption of up to \$60 million. To qualify for the exemption, the Authority is liable for payment of Goldman's purchases in connection with the building, in an amount not to exceed \$100 million (in addition to the value of goods delivered to the building), which purchases Goldman is to make as agent of the Authority, but which Goldman is obligated to pay pursuant to its ground lease. The Goldman Sachs Group, Inc. (the corporate parent of Goldman) executed a guaranty to assure reimbursement of any amounts paid by the Authority as a consequence of this arrangement. The likelihood of any payments made directly by the Authority resulting from this arrangement is considered remote.

(20) Battery Park City Parks Conservancy Corporation

The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation. The Authority, as sole member of the Conservancy, designated the Authority's members to serve as the Conservancy's board of directors. By approval of the Board of Directors, the Conservancy added the Authority's President as an additional director. The Conservancy was formed by the Authority to comply with certain requirements of agreements between the Authority and the City pursuant to which the Authority is obligated to maintain and repair the parks and open spaces in and around Battery Park City's residential areas. In March 1988, the Authority entered into a management agreement with the Conservancy, which authorized the Conservancy to undertake all responsibilities, related to the operation, maintenance, and repair of such parks and open spaces. For the six-month periods ended April 30, 2018 and 2017, the Authority paid the Conservancy approximately \$450 thousand and \$425 thousand, respectively, for services, which are included in the Authority's operating expenses. These amounts 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 (Deficit)).

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(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
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Required Supplementary Information – Schedule of the Authority's Proportionate Share of the Net Pension Liability
For the Periods Ended April 30 (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)

	2018	2017	2016	2015
The Authority's proportion of the net pension liability (asset)	0.02572800%	0.02614580%	0.01468700%	0.01539080%
The Authority's proportionate share of the net pension liability (asset)	\$ 830	\$ 2,457	\$ 2,357	\$ 519
The Authority's covered employee payroll	\$ 4,154	\$ 3,893	\$ 3,983	\$ 3,843
The Authority's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	19.98%	63.11%	59.18%	13.51%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.90%

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
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Required Supplementary Information – Schedule of Employer Contributions
Six-Month Periods Ended April 30 (Unaudited)

Schedule of Employer Contributions

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 930	\$ 713	\$ 518	\$ 709	\$ 605	\$ 541	\$ 527	\$ 624	\$ 357	\$ 397
Contribution in relation to the actuarially determined contribution	\$ 930	\$ 713	\$ 518	\$ 709	\$ 605	\$ 541	\$ 527	\$ 624	\$ 357	\$ 397
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The Authority's covered employee payroll	\$ 4,154	\$ 3,893	\$ 3,983	\$ 3,843	\$ 4,427	\$ 4,220	\$ 3,061	\$ 4,589	\$ 5,245	\$ 5,001
Contribution as a percentage of covered employee payroll	22.39%	18.31%	13.01%	18.45%	13.67%	12.82%	17.22%	13.60%	6.81%	7.94%

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

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Required Supplementary Information – Schedule of Changes in Total OPEB Liability and Related Ratios

For the Period Ended April 30, 2018

(Dollar amounts in thousands)

Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 1,069
Interest cost	644
Effect of assumption changes or inputs	(1)
Effect of economic/demographic gains or (losses)	(1,260)
Benefit Payments	<u>(448)</u>
Net Change in Total OPEB Liability	4
Total OPEB Liability - Beginning	<u>\$ 38,923</u>
Total OPEB Liability - Ending	<u><u>\$ 38,927</u></u>
Covered employee payroll	<u><u>\$ 4,471</u></u>
Total OPEB Liability as a Percentage of Covered Employee Payroll	871%

Notes to Schedule:

This schedule is intended to present the 10 most current fiscal years of data. However, only one period of data is available with the adoption of GASB Statement 75 for the period ended April 30, 2018.

Changes of assumptions

Changes of assumptions reflect the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Period Ended</u>	<u>Percentage</u>
2018	3.35%

The Authority funds OPEB benefits on a pay-as-you-go basis and contributions are not actuarially determined. Therefore, the required supplementary information related to actuarially determined contributions for the 10 most current periods ended is not applicable.

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

April 30, 2018 (Unaudited)

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current assets:			
Bank deposits	\$ 380,841	93,068	473,909
Investments	5,974,403	—	5,974,403
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of \$1,540,887)	5,193,132	1,895	5,195,027
2003 Revenue Bond Resolution Funds	343,615,730	—	343,615,730
2009 Revenue Bond Resolution Funds	2,797,764	—	2,797,764
2013 Revenue Bond Resolution Funds	27,680,894	—	27,680,894
Corporate-designated and escrowed funds	<u>2,137,670</u>	<u>—</u>	<u>2,137,670</u>
Total current assets	<u>387,780,434</u>	<u>94,963</u>	<u>387,875,397</u>
Noncurrent assets:			
Restricted assets:			
2003 Revenue Bond Resolution Funds	72,775,211	—	72,775,211
2013 Revenue Bond Resolution Funds	7,202,618	—	7,202,618
Residential lease required funds	27,748,998	—	27,748,998
Corporate-designated, escrowed, and OPEB funds	67,919,104	—	67,919,104
Battery Park City project assets – at cost, less accumulated depreciation	510,810,359	—	510,810,359
Other assets	<u>3,356,920</u>	<u>118,922</u>	<u>3,475,842</u>
Total noncurrent assets	<u>689,813,210</u>	<u>118,922</u>	<u>689,932,132</u>
Total assets	<u>1,077,593,644</u>	<u>213,885</u>	<u>1,077,807,529</u>
Deferred Outflows of Resources			
Deferred pension outflows	2,332,582	—	2,332,582
Deferred OPEB outflows	2,046,188	—	2,046,188
Accumulated change in fair value of interest rate swaps	4,897,031	—	4,897,031
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	17,960,254	—	17,960,254
Deferred costs of refunding, less accumulated amortization of \$17,102,348	<u>53,113,064</u>	<u>—</u>	<u>53,113,064</u>
Total deferred outflows of resources	<u>80,349,119</u>	<u>—</u>	<u>80,349,119</u>
Total assets and deferred outflows of resources	<u>\$ 1,157,942,763</u>	<u>213,885</u>	<u>1,158,156,648</u>

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
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Other Supplementary Information – Combining Statement of Net Position (Deficit)

April 30, 2018 (Unaudited)

Liabilities	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current liabilities:			
Accrued interest on bonds	\$ 16,238,730	—	16,238,730
Accounts payable and other liabilities	7,183,460	78,890	7,262,350
Accrued pension payable	830,358	—	830,358
Due to the City of New York	222,481,167	—	222,481,167
Due to the City of New York - 2010 Agreement	60,699,013	—	60,699,013
Due to the Port Authority of New York & New Jersey	869,381	—	869,381
Unearned revenue:			
PILOT revenue	36,637,738	—	36,637,738
Base rent and other revenue	14,177,428	—	14,177,428
Security and other deposits	4,738	—	4,738
2009 Revenue Bonds	355,000	—	355,000
2013 Revenue Bonds	27,060,000	—	27,060,000
Bond resolution fund payables	1,488,397	—	1,488,397
Total current liabilities	388,025,410	78,890	388,104,300
Noncurrent liabilities:			
Unearned revenue:			
Base rent and other revenue	244,473,911	—	244,473,911
Security and other deposits	28,106,052	—	28,106,052
OPEB	38,927,818	—	38,927,818
Fair value of interest rate swaps	4,897,031	—	4,897,031
Imputed borrowing	53,113,064	—	53,113,064
Bonds outstanding:			
2009 Revenue Bonds, less accumulated amortization of \$608,732	85,857,276	—	85,857,276
2013 Revenue Bonds, less accumulated amortization of \$12,808,420	881,617,567	—	881,617,567
Total noncurrent liabilities	1,336,992,719	—	1,336,992,719
Total liabilities	1,725,018,129	78,890	1,725,097,019
Deferred Inflows of Resources			
Deferred pension inflows	2,968,787	—	2,968,787
Deferred OPEB inflows	1,183,456	—	1,183,456
Total deferred inflows of resources	4,152,243	—	4,152,243
Net Position (Deficit):			
Invested in capital assets, net of related debt	7,548,275	—	7,548,275
Restricted:			
Debt service	72,305,557	—	72,305,557
Under bond resolutions and other agreements	3,917,206	—	3,917,206
Unrestricted (deficit)	(654,998,647)	134,995	(654,863,652)
Total net position (deficit)	(571,227,609)	134,995	(571,092,614)
Total liabilities and net position (deficit)	\$ 1,157,942,763	213,885	1,158,156,648

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

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

April 30, 2017 (Unaudited)

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

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

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

April 30, 2017 (Unaudited)

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

See independent auditors' review report.

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

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

Six-month period ended April 30, 2018 (Unaudited)

	<u>Battery Park City Authority</u>	<u>Battery Park City Parks Conservancy</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues:				
Revenues from ground leases:				
Base rent	\$ 31,454,290	—	—	31,454,290
Supplemental rent	660,543	—	—	660,543
Payments in lieu of real estate taxes	113,301,429	—	—	113,301,429
Civic facilities payments and other	7,144,608	450,000	(450,000)	7,144,608
Total operating revenues	<u>152,560,870</u>	<u>450,000</u>	<u>(450,000)</u>	<u>152,560,870</u>
Operating expenses:				
Wages and related benefits	7,851,703	—	—	7,851,703
OPEB	193,349	—	—	193,349
Other operating and administrative expenses	9,579,799	362,776	(450,000)	9,492,575
Depreciation of project assets	4,786,565	—	—	4,786,565
Other depreciation and amortization	311,400	45,054	—	356,454
Total operating expenses	<u>22,722,816</u>	<u>407,830</u>	<u>(450,000)</u>	<u>22,680,646</u>
Operating income	<u>129,838,054</u>	<u>42,170</u>	<u>—</u>	<u>129,880,224</u>
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	918,349	—	—	918,349
2013 Revenue Bonds	160,486	—	—	160,486
Corporate-designated, escrowed, and OPEB funds	708,579	—	—	708,579
Realized and unrealized losses	(1,254,844)	—	—	(1,254,844)
Interest expense relating to:				
2003 Swap agreements – net expense	(4,232,275)	—	—	(4,232,275)
2009 Revenue Bonds	(1,869,223)	—	—	(1,869,223)
2013 Revenue Bonds	(10,334,726)	—	—	(10,334,726)
Loss from extinguishment	(662,955)	—	—	(662,955)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(73,504,090)	—	—	(73,504,090)
Provision for transfer to the City of New York per 2010 agreement	(18,734,910)	—	—	(18,734,910)
Total nonoperating expenses	<u>(108,805,609)</u>	<u>—</u>	<u>—</u>	<u>(108,805,609)</u>
Change in net position (deficit)	21,032,445	42,170	—	21,074,615
Net position (deficit), beginning of period	<u>(592,260,054)</u>	<u>92,825</u>	<u>—</u>	<u>(592,167,229)</u>
Net position (deficit), end of period	<u>\$ (571,227,609)</u>	<u>134,995</u>	<u>—</u>	<u>(571,092,614)</u>

See independent auditors' review report.

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

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

Six-month period ended April 30, 2017 (Unaudited)

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

See independent auditors' review report.

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

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2018 (Unaudited)

	<u>Battery Park City Authority</u>	<u>Battery Park City Parks Conservancy</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	\$ 146,435,503	—	—	146,435,503
Receipts from the Authority	—	450,000	(450,000)	—
Miscellaneous receipts	459,306	—	—	459,306
Total cash receipts from operating activities	<u>146,894,809</u>	<u>450,000</u>	<u>(450,000)</u>	<u>146,894,809</u>
Cash payments for:				
Salaries and benefits	(6,915,134)	—	—	(6,915,134)
Services and supplies	(4,298,542)	(367,590)	450,000	(4,216,132)
Total cash payments for operating activities	<u>(11,213,676)</u>	<u>(367,590)</u>	<u>450,000</u>	<u>(11,131,266)</u>
Net cash provided by operating activities	<u>135,681,133</u>	<u>82,410</u>	<u>—</u>	<u>135,763,543</u>
Cash flows from noncapital financing activities:				
Payments from LMDC West Thames St Pedestrian Bridge	3,366,499	—	—	3,366,499
Payments to NYC EDC - West Thames St Pedestrian Bridge	(3,366,499)	—	—	(3,366,499)
Net cash used in noncapital financing activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(5,212,298)	—	—	(5,212,298)
Capital asset expenditures	(280,892)	—	—	(280,892)
Auction fees for variable debt	(5,879)	—	—	(5,879)
Swap payment made on the 2003 Swap agreement	(6,093,212)	—	—	(6,093,212)
Swap interest payments received on the 2003 Swap agreement	1,655,815	—	—	1,655,815
Principal paydown on 2009 Senior Revenue Bonds	(340,000)	—	—	(340,000)
Interest paid on 2009 Senior Revenue Bonds	(2,500,516)	—	—	(2,500,516)
Principal paydown on 2013 Senior Revenue Bonds	(22,160,000)	—	—	(22,160,000)
Interest paid on 2013 Senior Revenue Bonds	(7,381,950)	—	—	(7,381,950)
Principal paydown on 2013 Bonds C, D, E	(4,890,000)	—	—	(4,890,000)
Interest paid on 2013 Bonds C, D, E	(4,529,710)	—	—	(4,529,710)
Margin rate fees	(158,510)	—	—	(158,510)
2009 Senior Revenue Bonds - Build America Bonds refund from U.S. Treasury	589,768	—	—	589,768
Net cash used in capital and related financing activities	<u>(51,307,384)</u>	<u>—</u>	<u>—</u>	<u>(51,307,384)</u>
Cash flows from investing activities:				
Interest and realized gains/losses on sales of investment securities	3,388,466	—	—	3,388,466
Maturities and redemptions of investment securities	262,920,410	—	—	262,920,410
Purchases of investment securities	(417,845,252)	—	—	(417,845,252)
Net cash used in investing activities	<u>(151,536,376)</u>	<u>—</u>	<u>—</u>	<u>(151,536,376)</u>
(Decrease) Increase in cash and cash equivalents	<u>(67,162,627)</u>	<u>82,410</u>	<u>—</u>	<u>(67,080,217)</u>
Cash and cash equivalents, beginning of period	166,624,432	10,658	—	166,635,090
Cash and cash equivalents, end of period	<u>\$ 99,461,805</u>	<u>93,068</u>	<u>—</u>	<u>99,554,873</u>

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

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2018 (Unaudited)

	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 129,838,054	42,170	129,880,224
Adjustments to reconcile operating income to net cash provided by operating activities:			
Bad debt expense	61,249	—	61,249
Depreciation and amortization	5,097,965	45,054	5,143,019
Other	(6,366)	—	(6,366)
Changes in operating assets and liabilities:			—
(Increase) in rents and other receivables	(1,718,337)	—	(1,718,337)
Decrease in other assets	606,132	—	606,132
Increase (decrease) in accounts payable and other liabilities	4,525,097	(4,814)	4,520,283
(Decrease) in unearned revenue	(3,490,086)	—	(3,490,086)
Increase in OPEB	655,317	—	655,317
(Decrease) in pension liability	(1,626,364)	—	(1,626,364)
Changes in deferred resources:			
Decrease in deferred pension resources	2,601,204	—	2,601,204
(Decrease) in deferred OPEB resources	(862,732)	—	(862,732)
Net cash provided by operating activities	\$ 135,681,133	82,410	135,763,543
Reconciliation of cash and cash equivalents, end of period:			
Bank deposits	\$ 380,841	93,068	473,909
Cash and cash equivalents	55,895,294	—	55,895,294
Investments with less than 91-day maturities	43,185,670	—	43,185,670
Cash and cash equivalents, end of period	\$ 99,461,805	93,068	99,554,873

See independent auditors' review report.

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

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2017 (Unaudited)

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

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

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2017 (Unaudited)

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

See independent auditors' review report.