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

Financial Statements
(Together with Independent Auditors' Report)

October 31, 2018 and 2017

MARKS PANETH
ACCOUNTANTS & ADVISORS

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

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

October 31, 2018 and 2017

Table of Contents

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

MARKS PANETH
ACCOUNTANTS & ADVISORS

Independent Auditors' Report

To the Members of
Hugh L. Carey Battery Park City Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of Hugh L. Carey Battery Park City Authority (the "Organization"), a component unit of the State of New York, as of and for the years ended October 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of October 31, 2018 and 2017, and the related changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 18, the schedule of the Organization's proportionate share of the net pension liability and related ratios on page 60, the schedule of employer contributions on page 61, and the schedule of changes in total OPEB liability and related ratios on page 62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information shown on pages 63 through 72 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 31, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Marks Paneth LLP

New York, NY
January 31, 2019

Overview

The following is an overview of the financial activities of Hugh L. Carey Battery Park City Authority (the "Authority") and the Battery Park City Parks Conservancy (the "Conservancy"), a blended component unit of the Authority, collectively referred to as the "Organization" for the fiscal years ended October 31, 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 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 fiscal year ended October 31, 2018 yielded a total of $307.2 million in operating revenues, representing an increase of $11.9 million or 4.0% over the prior fiscal year. Payments in lieu of real estate taxes ("PILOT") revenue totaling $230.4 million (75% of the Authority's operating revenues for the fiscal year ended October 31, 2018) increased $11.7 million or 5.3% compared to the fiscal year ended October 31, 2017. Base rent increased $891 thousand or 1.5% to $61.8 million for the fiscal year ended October 31, 2018. Civic facilities payments and other operating revenues decreased $664 thousand or 4.6% to $13.7 million for the fiscal year ended October 31, 2018. Total operating expenses decreased $588 thousand or 1.2% to $47.2 million for the fiscal year ended October 31, 2018.

- A payment of $149.0 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 $154.8 million provision was recorded representing the PILOT-related portion of fiscal year 2018 excess revenues charged to nonoperating expenses for the fiscal year ended October 31, 2018 (see note 13). This was an increase of $5.8 million over the amount recorded for fiscal year October 31, 2017. Generally, the Authority's net position decreases with increases in the amount of excess revenues provided to the City, which has an adverse effect on the Authority's net position.

- A payment of $42.0 million was made in October 2018 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2017. As of October 31, 2018, pursuant to the 2010 Agreement (see note 13), the Authority recorded an additional provision for the transfer of $41.7 million to the City for the fiscal year ended October 31, 2018, a decrease of $300 thousand under the amount recorded for fiscal year October 31, 2017.

- As of October 31, 2018, $36.0 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 $42.2 million as of October 31, 2017.

Financial Highlights – 2017

- The fiscal year ended October 31, 2017 yielded a total of $295.3 million in operating revenues, representing an increase of $16.2 million or 5.8% over the prior fiscal year. PILOT revenue totaling $218.7 million (74% of the Authority's operating revenues for the fiscal year ended October 31, 2017) increased $13.7 million or 6.7%

compared to the fiscal year ended October 31, 2016. Base rent increased $1.3 million or 2.2% to $60.9 million for the fiscal year ended October 31, 2017. Civic facilities and other operating revenues increased $1.2 million or 8.7% to $14.4 million for the fiscal year ended October 31, 2017. Total operating expenses increased $1.5 million or 3.3% to $47.8 million for the fiscal year ended October 31, 2017.

- A payment of $135.8 million was made in June 2017 towards the provision for the transfer to the City of New York for the fiscal year ended October 31, 2016. A $149 million provision was recorded representing the PILOT-related portion of fiscal year 2017 excess revenues that was charged to nonoperating expense for the fiscal year ended October 31, 2017, an increase of $13.8 million as compared to the fiscal year ended October 31, 2016. Generally, the Authority's net position decreases with increases in the amount of excess revenues provided to the City, which has an adverse effect on the Authority's net position.

- A payment of $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 the fiscal years ended October 31, 2016 and 2015, respectively. As of October 31, 2017, pursuant to the 2010 Agreement, the Authority recorded an additional provision for transfer of $42 million for the fiscal year ended October 31, 2017, as an expected payment to the City, an increase of $44 thousand as compared to the fiscal year ended October 31, 2016.

- As of October 31, 2017, $42.2 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures, as compared to $68.8 million as of October 31, 2016.

Summary Statement of Net Position

The summary statement of net position presents the financial position of the Organization. The net position (deficit) is the difference between total assets plus total deferred outflows of resources and total liabilities plus the deferred inflows of resources. A summarized comparison of the Organization's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (deficit) at October 31, 2018, 2017 and 2016 follows:

	October 31			2018 vs	2017 vs
	2018	**2017**	**2016**	**2017**	**2016**
Assets:					
Bank deposits, investments and rents and other receivables	$ 18,722,494	5,423,816	11,033,774	13,298,678	(5,609,958)
Bond resolution restricted assets (current and noncurrent)	358,154,324	371,111,811	385,252,081	(12,957,487)	(14,140,270)
Battery Park City project assets, net	507,797,740	512,277,186	497,381,380	(4,479,446)	14,895,806
Other current and noncurrent assets	103,798,055	102,889,239	139,312,095	908,816	(36,422,856)
Total assets	988,472,613	991,702,052	1,032,979,330	(3,229,439)	(41,277,278)
Deferred Outflows of Resources:					
Deferred pension outlfows	3,495,764	2,694,997	2,751,720	800,767	(56,723)
Deferred OPEB outlfows	2,325,830	-	-	2,325,830	-
Accumulated change in fair value of interest rate swaps	-	17,752,629	35,007,049	(17,752,629)	(17,254,420)
Unamortized loss on extinguishment of bonds	17,297,298	18,623,209	19,949,119	(1,325,911)	(1,325,910)
Deferred costs of refunding, less accumulated amortization	51,222,737	55,003,391	58,784,046	(3,780,654)	(3,780,655)
Total deferred outflows of resources	74,341,629	94,074,226	116,491,934	(19,732,597)	(22,417,708)
Total assets and deferred outflows of resources	$ 1,062,814,242	1,085,776,278	1,149,471,264	(22,962,036)	(63,694,986)
Liabilities:					
Current liabilities	$ 296,720,892	293,145,616	318,929,885	3,575,276	(25,784,269)
Long-term liabilities	1,322,614,936	1,384,067,893	1,445,208,491	(61,452,957)	(61,140,598)
Total liabilities	1,619,335,828	1,677,213,509	1,764,138,376	(57,877,681)	(86,924,867)
Deferred Inflows of Resources:					
Deferred pension inflows	2,968,787	729,998	416,903	2,238,789	313,095
Deferred OPEB inlfows	1,106,608	-	-	1,106,608	-
Accumlated change in fair value of interest rate swaps	147,227	-	-	147,227	-
Total deferred inflows of resources	4,222,622	729,998	416,903	3,492,624	313,095
Net Position (Deficit):					
Invested in capital assets, net of related debt	3,736,274	(1,022,171)	(4,284,501)	4,758,445	3,262,330
Restricted	65,745,242	62,083,380	63,877,166	3,661,862	(1,793,786)
Unrestricted	(630,225,724)	(653,228,438)	(674,676,680)	23,002,714	21,448,242
Total net deficit	(560,744,208)	(592,167,229)	(615,084,015)	31,423,021	22,916,786
Total liabilities, deferred inflows of resources and net position	$ 1,062,814,242	1,085,776,278	1,149,471,264	(22,962,036)	(63,694,986)

Assets and Deferred Outflows of Resources

2018 vs. 2017

At October 31, 2018, the Organization maintained total assets and deferred outflows of resources of $1.06 billion, $23.0 million lower than the $1.09 billion at October 31, 2017, primarily due to the improvement in the fair market value of the interest rate swap and the use of bond proceeds for capital purposes.

2017 vs. 2016

At October 31, 2017, the Organization maintained total assets and deferred outflows of resources of $1.09 billion, $63.7 million lower than the $1.15 billion at October 31, 2016.

Bank Deposits, Investments, Rents and Other Receivables

2018 vs. 2017

Bank deposits, investments, and rents and other receivables held at October 31, 2018 increased $13.3 million over the same period last year. Bank deposits and investments increased by $11.7 million and rents and other receivables increased by $1.6 million. The increase in bank deposits and investments primarily relates to the re-allocation of civic facilities maintenance, retail revenue and transaction payments deposits from the bond resolution pledged revenue funds to the bond resolution unpledged revenue funds in fiscal year 2018 as compared to the prior fiscal year. The increase in rents and other receivables of $1.6 million is due to the increase in uncollected receipts of base rent and PILOT in the current year.

2017 vs. 2016

Bank deposits, investments, and rents and other receivables held at October 31, 2017 decreased $5.6 million over the same period last year. Bank deposits and investments decreased by $4.1 million and rents and other receivables decreased by $1.5 million. The decrease in bank deposits and investments primarily relates to a one-time upfront rent payment of $4 million in the prior fiscal year. The decrease in rents and other receivables of $1.5 million relates to receipts of $1.2 million in PILOT receivables in the prior year that were collected in the current fiscal year. Additionally, there was a decrease of $587 thousand in the Build America Bonds subsidy refund receivable compared to the prior year.

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 $358.2 million at October 31, 2018 were $13.0 million lower than the fair value of assets held at October 31, 2017 of $371.1 million (see note 8).

Funds held in the Pledged Revenue Fund ("PRF") of $183.6 million at October 31, 2018 were $6.3 million lower than funds held at October 31, 2017.

Funds held in the Debt Service Funds of $54.9 million at October 31, 2018 were $2.8 million lower than funds at October 31, 2017.

Funds held in the Project Operating Fund of $7.1 million were $21 thousand lower at October 31, 2018 compared to 2017.

Funds held in the Residual Fund for payment to the City of $1.6 million at October 31, 2018 were $993 thousand higher than at October 31, 2017.

Funds held under the Resolution for project infrastructure and certain other asset costs were $36.0 million as of October 31, 2018, $6.2 million less than funds held at October 31, 2017.

2017 vs. 2016

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 $371.1 million at October 31, 2017 were $14.1 million lower than the fair value of assets held at October 31, 2016 of $385.3 million.

Funds held in the Pledged Revenue Fund of $189.9 million at October 31, 2017 were $17.3 million more than funds held at October 31, 2016.

Funds held in the Debt Service Funds of $57.7 million at October 31, 2017 were $4.1 million lower than funds at October 31, 2016.

Funds held in the Project Operating Fund of $7.1 million were $1.2 million lower at October 31, 2017 compared to 2016.

Funds held in the Residual Fund for payment to the City of $616 thousand at October 31, 2017 were $226 thousand higher than at October 31, 2016.

Funds held under the Resolution for project infrastructure and certain other asset costs were $42.2 million as of October 31, 2017, $26.6 million less than funds held at October 31, 2016.

Project Assets

At October 31, 2018, the Authority's investment in project assets, net of accumulated depreciation, was $507.8 million, a decrease of $4.5 million from October 31, 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 on Sites 1, 3, 16/17, and a community center on Sites 23 and 24, and related infrastructure improvements are included in project assets. The balances at October 31, 2018, 2017 and 2016 were as follows:

	October 31			2018 vs	2017 vs
	2018	**2017**	**2016**	**2017**	**2016**
Land	$ 83,015,653	83,015,653	83,015,653	-	-
Site improvements	441,873,740	436,883,476	412,761,516	4,990,264	24,121,960
Residential building and condominium units	137,180,295	137,044,958	136,974,472	135,337	70,486
	662,069,688	656,944,087	632,751,641	5,125,601	24,192,446
Less: accumulated depreciation	(154,271,948)	(144,666,901)	(135,370,261)	(9,605,047)	(9,296,640)
Total Battery Park City project assets	$ 507,797,740	512,277,186	497,381,380	(4,479,446)	14,895,806

2018 vs. 2017

For the year ended October 31, 2018, the increase to site improvements of $5.0 million relates to the esplanade and restoration of piles, the Police Memorial, Irish Hunger Memorial, leasehold improvements, sinkhole remediation and other minor capital improvements (see note 3(c)).

2017 vs. 2016

For the year ended October 31, 2017, the increase to site improvements of $24.1 million relates to the esplanade and restoration of piles, the Police Memorial, Irish Hunger Memorial, and other minor capital improvements.

Other Current and Noncurrent Assets

Other current and noncurrent assets at October 31, 2018, 2017 and 2016 were as follows:

	October 31			2018 vs	2017 vs
	2018	**2017**	**2016**	**2017**	**2016**
Residential lease required funds	$ 28,036,068	27,569,504	27,304,097	466,564	265,407
Corporate-designated, escrowed and OPEB funds	71,016,172	70,980,613	107,248,304	35,559	(36,267,691)
Other assets	4,745,815	4,339,122	4,759,694	406,693	(420,572)
Total other current and noncurrent assets	$ 103,798,055	102,889,239	139,312,095	908,816	(36,422,856)

2018 vs. 2017

Total other current and noncurrent assets increased $909 thousand from $102.9 million at October 31, 2017 to $103.8 million at October 31, 2018.

Residential lease required funds, which include security deposits held for condominium buildings, increased by $467 thousand. Overall, corporate-designated, escrowed and OPEB funds increased $36 thousand from October 31, 2017.

2017 vs. 2016

Total other current and noncurrent assets decreased $36.4 million from $139.3 million at October 31, 2016 to $102.9 million at October 31, 2017.

Residential lease required funds, which include security deposits held for condominium buildings, increased by $265 thousand. Overall, corporate-designated, escrowed and OPEB funds decreased $36.3 million from October 31, 2016. The decrease is primarily due to the payment of $37.2 million that was held in the Joint Purpose Fund that related to the prior year's liability for transfer to the City for the 2010 agreement. Deposits and interest earnings on the Organization's OPEB funds accounted for a $1.5 million increase. Additionally, other funds held decreased by $600 thousand.

Deferred Outflows of Resources

Deferred outflows of resources at October 31, 2018, 2017, and 2016 are as follows:

		October 31			2018 vs	2017 vs
		2018	2017	2016	2017	2016
Deferred Outflows of Resources:						
Deferred pension outflows	$	3,495,764	2,694,997	2,751,720	800,767	(56,723)
Deferred OPEB outflows		2,325,830	-	-	2,325,830	-
Accumulated change in fair value of interest rate swaps		-	17,752,629	35,007,049	(17,752,629)	(17,254,420)
Unamortized loss on extinguishment of bonds		17,297,298	18,623,209	19,949,119	(1,325,911)	(1,325,910)
Deferred costs of refunding, less accumulated amortization		51,222,737	55,003,391	58,784,046	(3,780,654)	(3,780,655)
Total deferred outflows of Resources	$	74,341,629	94,074,226	116,491,934	(19,732,597)	(22,417,708)

2018 vs. 2017

Deferred pension outflows of $3.5 million at October 31, 2018 represents the Authority's portion of the deferred pension outflows from the New York State pension plan (see note 17).

Deferred OPEB outflows of $2.3 million at October 31, 2018 represents the Authority's deferred OPEB outflows resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") (see note 18).

Accumulated decrease in the fair value of interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $17.8 million at October 31, 2017. At October 31, 2018, the interest rate swaps had a positive fair value of $147 thousand. The change in value is primarily due to the rise in interest rates. The positive fair value has been included as an asset and a deferred inflow of resources in the Authority's statement of net position (deficit).

The unamortized loss on extinguishment of the 1993, 1996, 2000, and 2003 bonds decreased by $1.3 million from October 31, 2017 to October 31, 2018. The decrease is a result of the current year amortization.

The deferred cost of refunding decreased by $3.8 million from October 31, 2017 to October 31, 2018. The decrease is a result of the current year amortization.

2017 vs. 2016

The $2.7 million at October 31, 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 million at October 31, 2016, which decreased by $17.3 million to $17.8 million at October 31, 2017. The negative fair value is recorded as a liability in the Authority's statement of net position (deficit).

The unamortized loss on extinguishment of the 1993, 1996, 2000, and 2003 bonds decreased by $1.3 million from October 31, 2016 to October 31, 2017. The decrease is a result of the current year amortization.

The deferred cost of refunding decreased by $3.8 million from October 31, 2016 to October 31, 2017. The decrease is a result of the current year amortization.

Liabilities

Total liabilities at October 31, 2018, 2017 and 2016 were as follows:

	October 31				
	2018	**2017**	**2016**	**2018 vs 2017**	**2017 vs 2016**
Current liabilities:					
Accrued interest on bonds	$ 16,427,212	16,657,505	16,979,613	(230,293)	(322,108)
Accounts payable and other liabilities	3,954,301	4,814,968	9,872,399	(860,667)	(5,057,431)
Accrued pension payable	830,358	2,456,722	2,357,307	(1,626,364)	99,415
Due to the City of New York	154,773,700	148,977,077	135,836,055	5,796,623	13,141,022
Due to the City of New York 2010 Agreement	41,664,457	41,964,103	79,363,715	(299,646)	(37,399,612)
Due to the Port Authority of NY & NJ	869,381	869,381	869,381	-	-
Unearned revenue	50,484,445	50,011,122	47,421,677	473,323	2,589,445
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	297,300	-	-	297,300	-
Total current liabilities	296,720,892	293,145,616	318,929,885	3,575,276	(25,784,269)
Noncurrent liabilities:					
Unearned revenue	236,796,499	248,768,041	260,739,758	(11,971,542)	(11,971,717)
Security and other deposits	28,381,118	27,929,228	27,706,661	451,890	222,567
OPEB	40,192,000	38,272,501	36,334,354	1,919,499	1,938,147
Fair value of interest rate swaps	-	17,752,629	35,007,049	(17,752,629)	(17,254,420)
Imputed borrowing	51,222,737	55,003,391	58,784,046	(3,780,654)	(3,780,655)
Bonds outstanding:					
2009 Revenue Bonds	85,820,851	86,248,700	86,661,548	(427,849)	(412,848)
2013 Revenue Bonds	880,201,731	910,093,403	939,975,075	(29,891,672)	(29,881,672)
Total noncurrent liabilities	1,322,614,936	1,384,067,893	1,445,208,491	(61,452,957)	(61,140,598)
Total liabilities	$ 1,619,335,828	1,677,213,509	1,764,138,376	(57,877,681)	(86,924,867)

2018 vs. 2017

The Organization's total liabilities decreased $57.9 million from $1.68 billion at October 31, 2017 to $1.62 billion at October 31, 2018.

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

The $57.9 million decrease in total liabilities is due to:

- a $231 thousand decrease in accrued interest payable on bonds from $16.7 million at October 31, 2017 to $16.4 million at October 31, 2018.
- a $861 thousand decrease in accounts payable and other liabilities from $4.8 million at October 31, 2017 to $3.9 million at October 31, 2018. The decrease is primarily due to $861 thousand less of accrued expenses at fiscal year-end as compared to the prior fiscal year-end.
- a $1.6 million decrease in accrued pension payable relates to the Authority's liability portion of the New York State pension plan.
- a $154.8 million liability was recorded as of October 31, 2018, which includes fiscal 2018 PILOT-related excess revenues to be transferred to the City, an increase of $5.8 million from the prior fiscal year provision of $149.0 million.
- a $41.7 million liability was recorded as of October 31, 2018, as an expected payment to the City under the provisions of the 2010 Agreement. A payment of $42.0 million was made in October 2018 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2017.
- a $11.5 million decrease to $287.3 million in total unearned revenue from $298.8 million at October 31, 2017 due to revenue of $11.5 million recognized on leases.
- a $452 thousand increase in total security and other deposits to $28.4 million at October 31, 2018. Security deposits are held for condominium sites and not rental sites.
- a net increase of $1.9 million in OPEB liability as the Organization implemented GASB 75 during the current year. 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 $17.8 million at October 31, 2017. At October 31, 2018, the interest rate swaps had a positive fair value of $147 thousand. The positive fair value has been included as an asset and a deferred inflow of resources in the Authority's statement of net position (deficit).
- a $3.8 million decrease in the imputed borrowing represents the current year amortization of the fair value of the bifurcated swaps. The $70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds (see note 10).
- 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 $27.1 million and a $2.8 million decrease due to the amortization of the net bond premium (see note 16).

2017 vs. 2016

The Organization's total liabilities decreased $86.9 million from $1.76 billion at October 31, 2016 to $1.68 billion at October 31, 2017.

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

The $86.9 million decrease in total liabilities is due to:

- a $322 thousand decrease in accrued interest payable on bonds from $17 million at October 31, 2016 to $16.7 million at October 31, 2017.
- a $5.1 million decrease in accounts payable and other liabilities from $9.8 million at October 31, 2016 to $4.8 million at October 31, 2017. The decreases are primarily due to $2.9 million of accrued expenses for the investment purchases that were in transit at October 31, 2016, as well as a decrease of $1.9 million of accrued capital expenditures compared to the prior fiscal year.
- a $99 thousand increase in accrued pension payable relates to the Authority's liability portion of the New York State pension plan.
- a $149 million liability was recorded for the fiscal year ended October 31, 2017, which includes fiscal 2017 PILOT-related excess revenues to be transferred to the City, an increase of $13.1 million from the prior fiscal year provision of $135.9 million.
- a $42 million liability was recorded for the fiscal year ended October 31, 2017, as an expected payment to the City under the provisions of the 2010 Agreement. 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 the fiscal years ended October 31, 2016 and 2015.
- a $9.4 million decrease to $298.8 million in total unearned revenue from $308.2 million at October 31, 2016 due to revenue of $9.4 million recognized on leases.
- a $223 thousand increase in total security and other deposits to $27.9 million at October 31, 2017. Security deposits are held for condominium sites and not rental sites.
- a $1.9 million net increase in OPEB liability relating to the annual normal cost incurred for current employees and interest expense, offset by actual costs for retiree benefits paid. The Organization had a $38.3 million OPEB liability at October 31, 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 year.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $17.8 million at October 31, 2017. The negative fair value of $17.8 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position. This value decreased $17.3 million, from a negative fair value of $35 million at October 31, 2016.
- a $3.8 million decrease in the imputed borrowing represents the current year amortization of the fair value of the bifurcated swaps. The $70.1 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.

- a $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 $25.9 million and a $2.8 million decrease due to the amortization of the net bond premium.

Deferred Inflows of Resources

		October 31			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		1,106,608	—	—	1,106,608	—
Accumulated change in fair value of interest rate swaps		147,227	—	—	147,227	—
Total deferred inflows of resources	$	4,222,622	729,998	416,903	3,492,624	313,095

2018 vs. 2017

Deferred pension inflows of $3.0 million at October 31, 2018 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 17).

Deferred OPEB inflows of $1.1 million at October 31, 2018 represents the Authority's deferred OPEB inflows resulting from the implementation of GASB 75 (see note 18).

The accumulated change in fair value of interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $17.8 million at October 31, 2017. At October 31, 2018, the interest rate swaps had a positive fair value of $147 thousand given the rise in interest rates in the current year. The positive fair value has been included as an asset and a deferred inflow of resources in the Authority's statement of net position (deficit).

2017 vs. 2016

The $730 thousand at October 31, 2017 represents the Authority's portion of the deferred pension inflows from the New York State pension plan.

Net Position (Deficit)

		October 31			2018 vs	2017 vs
		2018	2017	2016	2017	2016
Net Position (deficit):						
Invested in capital assets, net of related debt	$	3,736,274	(1,022,171)	(4,284,501)	4,758,445	3,262,330
Restricted		65,745,242	62,083,380	63,877,166	3,661,862	(1,793,786)
Unrestricted		(630,225,724)	(653,228,438)	(674,676,680)	23,002,714	21,448,242
Total net position (deficit)	$	(560,744,208)	(592,167,229)	(615,084,015)	31,423,021	22,916,786

2018 vs. 2017

The change in total net position from October 31, 2017 represents a positive change of $31.4 million in the deficit position from $592.2 million at October 31, 2017 to $560.7 million at October 31, 2018.

Invested in capital assets, net of related debt, was a surplus of $3.7 million and a deficit of $1.0 million at October 31, 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 $65.7 million of restricted net position at October 31, 2018 represent resources that are subject to various external restrictions. These assets are generally restricted under bond resolutions and other agreements.

The remaining balance is classified as an unrestricted deficit totaling $630.2 million at October 31, 2018 resulting from the cumulative net excess revenues, which are transferred to the City annually (see note 13).

2017 vs. 2016

The change in total net position from October 31, 2016 represents a positive change of $22.9 million in the deficit position from $615 million at October 31, 2016 to $592 million at October 31, 2017.

Invested in capital assets, net of related debt, was a deficit of $1 million and $4.3 million at October 31, 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 $62 million of restricted net position at October 31, 2017 represent resources that are subject to various external restrictions. These assets are generally restricted under bond resolutions and other agreements.

The remaining balance is classified as an unrestricted deficit totaling $653.2 million at October 31, 2017 resulting from the cumulative net excess revenues, which are transferred to the City annually.

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

Below is a summary of the Organization's revenues, expenses, and changes in net deficit for the fiscal years ended October 31, 2018, 2017 and 2016:

	October 31			2018 vs	2017 vs
	2018	2017	2016	2017	2016
Operating revenues:					
Revenues from ground leases:					
Base rent	$ 61,828,459	60,937,579	59,617,836	890,880	1,319,743
Supplemental rent	1,321,086	1,318,476	1,336,024	2,610	(17,548)
Payments in lieu of real estate taxes	230,383,596	218,713,058	204,988,037	11,670,538	13,725,021
Civic facilities payments and other	13,713,739	14,377,919	13,227,308	(664,180)	1,150,611
Total operating revenues	307,246,880	295,347,032	279,169,205	11,899,848	16,177,827
Operating expenses:					
Wages and related benefits	15,809,938	15,333,799	14,440,199	476,139	893,600
OPEB	1,503,476	2,709,644	2,555,391	(1,206,168)	154,253
Other operating and administrative expenses	19,605,573	19,858,085	19,759,574	(252,512)	98,511
Depreciation and amortization	10,320,125	9,925,502	9,551,887	394,623	373,615
Total operating expenses	47,239,112	47,827,030	46,307,051	(587,918)	1,519,979
Operating income	260,007,768	247,520,002	232,862,154	12,487,766	14,657,848
Nonoperating revenues (expenses):					
Investment and other income	4,776,488	2,666,102	4,066,232	2,110,386	(1,400,130)
Other revenue	-	-	6,958,307	-	(6,958,307)
Gain (loss) on project assets	-	329	(201,351)	(329)	201,680
Interest expense, net	(36,923,078)	(34,102,019)	(34,322,118)	(2,821,059)	220,099
Provision for transfer to the City of New York	(154,773,700)	(148,977,077)	(135,219,838)	(5,796,623)	(13,757,239)
Provision for transfer to the City of New York - 2010 Agreement	(41,664,457)	(41,964,103)	(41,920,382)	299,646	(43,721)
Provision for transfer to New York State - Route 9A Agreement	-	-	(576,174)	-	576,174
Provision for transfer to - Eastern Border	-	(93,246)	(1,707,641)	93,246	1,614,395
Provision for transfer to NYC - West Tham Pedestrian Bridge	-	(2,000,000)	-	2,000,000	(2,000,000)
Pier A and Pier A Plaza construction pass through NYC	-	(133,202)	(574,654)	133,202	441,452
Total nonoperating expenses	(228,584,747)	(224,603,216)	(203,497,619)	(3,981,531)	(21,105,597)
Change in net position (deficit)	31,423,021	22,916,786	29,364,535	8,506,235	(6,447,749)
Net deficit, beginning of year	(592,167,229)	(615,084,015)	(644,448,550)	22,916,786	29,364,535
Net deficit, end of year	$ (560,744,208)	(592,167,229)	(615,084,015)	31,423,021	22,916,786

Operating Revenues

2018 vs. 2017

Overall operating revenues for the year ended October 31, 2018 totaled $307.2 million, a net of $11.9 million higher than the year ended October 31, 2017. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased $891 thousand from $60.9 million for the year ended October 31, 2017. PILOT revenue totaling $231.1 million (75% of the total operating revenues for the fiscal year ended October 31, 2018), increased by $11.7 million over the fiscal year ended October 31, 2017, primarily due to increases in PILOT assessments established by the City. The $664 thousand change in civic facility payments and other is a decrease from $14.4 million for the year ended October 31, 2017 to $13.7 million for the year ended October 31, 2018.

2017 vs. 2016

Overall operating revenues for the year ended October 31, 2017 totaled $295.3 million, a net of $16.2 million higher than the year ended October 31, 2016. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased $1.3 million from $59.6 million for the year ended October 31, 2016. PILOT revenue totaling $218.7 million (74% of the total operating revenues for the fiscal year ended October 31, 2017), increased by $13.7 million over the fiscal year ended October 31, 2016, due to increases in PILOT assessments. The $1.2 million change in civic facility payments and other is an increase from $13.2 million for the year ended October 31, 2016 to $14.4 million for the year ended October 31, 2017.

Operating Expenses

2018 vs. 2017

Operating expenses totaled $47.2 million for the fiscal year ended October 31, 2018, representing a $588 thousand decrease compared to the fiscal year ended October 31, 2017. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses; and depreciation and amortization.

Wages and related benefits totaling $15.8 million increased $476 thousand over the previous fiscal year ended October 31, 2017. This increase consisted of wages and payroll taxes of $785 thousand, as well as an increase in health insurance of $173 thousand. These increases were offset by a $424 thousand decrease in pension expense compared to the prior fiscal year.

OPEB expenses for the Organization decreased for the fiscal year ended October 31, 2018 by $1.2 million due to the implementation of GASB 75 (see note 18).

Other operating and administrative expenses of $19.6 million decreased by $253 thousand for the year ended October 31, 2018.

Depreciation and amortization expenses for the fiscal year ended October 31, 2018 of $10.3 million was $395 thousand higher than the year ended October 31, 2017.

2017 vs. 2016

Operating expenses totaled $47.8 million for the fiscal year ended October 31, 2017, representing a $1.5 million increase compared to the fiscal year ended October 31, 2016. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses; and depreciation and amortization.

Wages and related benefits totaling $15.3 million increased $894 thousand over the previous fiscal year ended October 31, 2016. This increase consisted of pension expense and health insurance of $652 thousand and $242 thousand, respectively, compared to the prior fiscal year.

OPEB expenses for the Organization increased for the fiscal year ended October 31, 2017 by $154 thousand. OPEB costs represent a pro-rata share of annual interest and normal costs for postemployment medical benefits for all eligible current employees in accordance with GASB Statement No. 45.

Other operating and administrative expenses of $20 million increased by $99 thousand for the year ended October 31, 2017.

Depreciation and amortization expenses recorded for the fiscal year ended October 31, 2017 of $9.9 million was $374 thousand higher than the year ended October 31, 2016.

Nonoperating Revenues (Expenses)

2018 vs. 2017

Total nonoperating expenses were a net $4 million higher for the year ended October 31, 2018 than the year ended October 31, 2017. A provision for a transfer to the City of $154.8 million in excess revenues was charged to expense for the year ended October 31, 2018, an increase of $5.8 million from the year ended October 31, 2017. In addition, a provision for transfer to the City for the 2010 Agreement of $41.7 million was charged to expense for the year ended October 31, 2018, an decrease of $300 thousand from the year ended October 31, 2017.

Interest and other income increased year over year by $2.1 million primarily due to $2.5 million of realized and unrealized gains in the portfolio during the year ended October 31, 2018, which offset a $360 thousand decrease in portfolio investment income. Net interest expense increased $2.8 million, primarily due to the marginal rate fee expense on the 2013 Junior Revenue Bonds that was triggered by the decrease in the corporate tax rate, which did not exist for the year ended October 31, 2017.

2017 vs. 2016

Total nonoperating expenses were $21 million higher for the year ended October 31, 2017 than the year ended October 31, 2016. A provision for a transfer to the City of $149 million in excess revenues was charged to expense for the year ended October 31, 2017, an increase of $13.8 million from the year ended October 31, 2016. In addition, a provision for transfer to the City for the 2010 Agreement of $42 million was charged to expense for the year ended October 31, 2017, an increase of $44 thousand from the year ended October 31, 2016. The Authority expended $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 fiscal year ended October 31, 2017. The Authority expended $93 thousand for the year ended October 31, 2017 relating to the provision for transfer to the City for the Eastern Border. The Authority expended $2 million for the year ended October 31, 2017 relating to the provision for transfer to the City for the West Thames Street Pedestrian Bridge.

Interest and other income decreased year over year by $1.4 million primarily due to $1.2 million of realized and unrealized losses in the portfolio during the year ended October 31, 2017, which offset a $610 thousand increase in portfolio investment income. Other revenue decreased $6.9 million as a result of the renovations to the South Street Liberty Bridge by Brookfield in the prior fiscal year. Net interest expense decreased $220 thousand, primarily due to lower debt and amortization, which reduced the total outstanding debt, compared to the year ended October 31, 2016.

Change in Net Position (Deficit)

The total net deficits at October 31, 2018 and 2017 were $560.7 million and $592.2 million, respectively.

The total net deficits at October 31, 2017 and 2016 were $592.2 million and $615.1 million, respectively.

Other Information

Debt Administration –The 2009 Revenue Bonds, issued in December 2009, totaling $89 million, included $56.6 million of federally taxable Build America Bonds and $32.5 million (including a net premium) of tax-exempt bonds. At October 31, 2018, outstanding bonds and ratings are as follows:

	Outstanding debt	Fitch	Moody's	Standard & Poor's (S&P)
2009 Senior Revenue A Bonds	$ 56,600,000	AAA	Aaa	AAA
2009 Senior Revenue B Bonds	28,410,000	AAA	Aaa	AAA

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, comprising $210.9 million of Series C, $199.3 million of Series D, and $199.3 million of Series E (see notes 12 and 16). At October 31, 2018, outstanding bonds and ratings are as follows:

	Outstanding debt	Fitch	Moody's	Standard & Poor's (S&P)
2013 Senior Revenue A Bonds	$ 279,980,000	AAA	Aaa	AAA
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
(A Component Unit of the State of New York)

Statements of Net Position (Deficit)

October 31, 2018 and 2017

Assets		**2018**	**2017**
Current assets:			
Bank deposits	$	12,198	39,738
Investments (notes 3(e) and 3(k))		13,674,983	1,905,339
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of $1,739,208 in 2018 and $1,479,638 in 2017) (note 14)		5,035,313	3,478,739
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		248,865,435	255,377,406
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		2,039,086	2,632,550
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		29,873,475	31,330,301
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18)		2,271,566	1,927,796
Total current assets		301,772,056	296,691,869
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		73,314,165	73,502,208
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		203,607	596,739
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		3,858,556	7,672,607
Residential lease required funds (note 3(e) and 3(k))		28,036,068	27,569,504
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 18)		68,744,606	69,052,817
Fair value of interest rate swaps (note 3(j))		147,227	—
Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4)		507,797,740	512,277,186
Other assets		4,598,588	4,339,122
Total noncurrent assets		686,700,557	695,010,183
Total assets		988,472,613	991,702,052
Deferred Outflows of Resources			
Deferred pension outflows (note 17)		3,495,764	2,694,997
Deferred OPEB outflows (note 18)		2,325,830	—
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)		—	17,752,629
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds (notes 3(g) and 12)		17,297,298	18,623,209
Deferred costs of refunding, less accumulated amortization of $18,992,675 in 2018 and $15,212,021 in 2017 (note 10)		51,222,737	55,003,391
Total deferred outflows of resources		74,341,629	94,074,226
Total assets and deferred outflows of resources	$	1,062,814,242	1,085,776,278

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

Statements of Net Position (Deficit)

October 31, 2018 and 2017

Liabilities		**2018**	**2017**
Current liabilities:			
Accrued interest on bonds	$	16,427,212	16,657,505
Accounts payable and other liabilities (note 15)		3,954,301	4,814,968
Accrued pension payable (note 17)		830,358	2,456,722
Due to the City of New York (note 13)		154,773,700	148,977,077
Due to the City of New York - 2010 Agreement (note 13)		41,664,457	41,964,103
Due to the Port Authority of New York & New Jersey (note 19(c))		869,381	869,381
Unearned revenue (note 3(d)):			
PILOT revenue		37,627,181	37,064,427
Base rent and other revenue		12,857,264	12,946,695
Security and other deposits		4,738	4,738
2009 Revenue Bonds (notes 8, 9, and 11)		355,000	340,000
2013 Revenue Bonds (notes 8, 9, and 12)		27,060,000	27,050,000
Bond resolution fund payables (notes 3(e), 8, 9, 12 and 15(b))		297,300	—
Total current liabilities		296,720,892	293,145,616
Noncurrent liabilities:			
Unearned revenue (note 3(d)):			
Base rent and other revenue		236,796,499	248,768,041
Security and other deposits		28,381,118	27,929,228
OPEB (note 18)		40,192,000	38,272,501
Fair value of interest rate swaps (notes 3(j) and 10)		—	17,752,629
Imputed borrowing (note 3(j) and 10)		51,222,737	55,003,391
Bonds outstanding (notes 8, 9, 10, 11, 12 and 16):			
2009 Revenue Bonds, less accumulated amortization of $645,157 in 2018 and $572,308 in 2017		85,820,851	86,248,700
2013 Revenue Bonds, less accumulated amortization of $14,413,320 in 2018 and $11,581,648 in 2017		880,201,731	910,093,403
Total noncurrent liabilities		1,322,614,936	1,384,067,893
Total liabilities		1,619,335,828	1,677,213,509
Deferred Inflows of Resources			
Deferred pension inflows (note 17)		2,968,787	729,998
Deferred OPEB inflows (note 18)		1,106,608	—
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)		147,227	—
Total deferred inflows of resources		4,222,622	729,998
Net Position (Deficit)			
Invested in capital assets, net of related debt		3,736,274	(1,022,171)
Restricted:			
Debt service		53,817,709	55,055,548
Under bond resolutions and other agreements		11,927,533	7,027,832
Unrestricted (deficit)		(630,225,724)	(653,228,438)
Total net position (deficit)		(560,744,208)	(592,167,229)
Total liabilities, deferred inflows of resources and net position (deficit)	$	1,062,814,242	1,085,776,278

See accompanying notes to financial statements.

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

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

Years Ended October 31, 2018 and 2017

		2018	2017
Operating revenues:			
Revenues from ground leases (notes 5, 6, and 7):			
Base rent	$	61,828,459	60,937,579
Supplemental rent		1,321,086	1,318,476
Payments in lieu of real estate taxes (note 13)		230,383,596	218,713,058
Civic facilities payments and other		13,713,739	14,377,919
Total operating revenues		307,246,880	295,347,032
Operating expenses:			
Wages and related benefits		15,809,938	15,333,799
OPEB (note 18)		1,503,476	2,709,644
Other operating and administrative expenses		19,605,573	19,858,085
Depreciation of project assets		9,605,047	9,296,640
Other depreciation and amortization		715,078	628,862
Total operating expenses		47,239,112	47,827,030
Operating income		260,007,768	247,520,002
Nonoperating revenues (expenses):			
Investment income on funds relating to:			
2003 Revenue Bonds (note 10)		1,896,937	1,945,225
2009 Revenue Bonds (note 11)		—	19,396
2013 Revenue Bonds (note 12)		208,669	518,641
Corporate-designated, escrowed, and OPEB funds		1,411,643	1,393,928
Realized and unrealized gains and (losses)		1,259,239	(1,211,088)
Gain on project assets		—	329
Interest expense relating to:			
2003 Swap agreements – net expense		(7,832,317)	(9,953,492)
2003 Revenue Bonds (note 10)		(11,758)	(11,758)
2009 Revenue Bonds (note 11)		(3,738,446)	(3,752,435)
2013 Revenue Bonds (note 12)		(24,014,647)	(19,058,424)
Loss on extinguishment from debt		(1,325,910)	(1,325,910)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 13)		(154,773,700)	(148,977,077)
Provision for transfer to the City of New York per 2010 agreement (note 13)		(41,664,457)	(41,964,103)
Provision for transfer to the City of New York - Pier A and Pier A Plaza		—	(133,202)
Provision for transfer to the City of New York - Eastern Border		—	(93,246)
Provision for transfer to the State of New York - West Thames St Pedestrian Bridge		—	(2,000,000)
Total nonoperating expenses		(228,584,747)	(224,603,216)
Change in net position (deficit)		31,423,021	22,916,786
Net deficit, beginning of year		(592,167,229)	(615,084,015)
Net deficit, end of year	$	(560,744,208)	(592,167,229)

See accompanying notes to financial statements.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Statements of Cash Flows
Years Ended October 31, 2018 and 2017

		2018	2017
Cash flows from operating activities:			
Cash receipts from:			
Tenant payments	$	292,795,251	284,918,728
Miscellaneous receipts		1,094,842	924,424
Total cash receipts from operating activities		293,890,093	285,843,152
Cash payments for:			
Salaries and benefits		(16,631,523)	(15,906,036)
Services and supplies		(18,933,288)	(19,152,884)
Total cash payments for operating activities		(35,564,811)	(35,058,920)
Net cash provided by operating activities		258,325,282	250,784,232
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 the City of New York		—	(170,534)
Payments from LMDC West Thames St Pedestrian Bridge		9,593,161	6,312,667
Payments to NYC EDC - West Thames St Pedestrian Bridge		(9,593,161)	(8,312,668)
Payments to Eastern Border Contractors on behalf of the City of New York		—	(93,246)
Payments to the City of New York		(190,941,180)	(215,199,770)
Net cash used in noncapital financing activities		(190,941,180)	(217,527,717)
Cash flows from capital and related financing activities:			
Development costs – site improvements and construction		(6,829,475)	(24,968,672)
Capital asset expenditures		(815,866)	(915,761)
Auction fees for variable debt		(11,758)	(11,758)
Swap payment made on the 2003 Swap agreement		(12,092,356)	(12,280,490)
Swap interest payments received on the 2003 Swap agreement		3,968,783	2,096,014
Interest paid on 2009 Senior Revenue Bonds		(4,995,931)	(5,006,056)
Principal paydown on 2009 Senior Revenue Bonds		(340,000)	(335,000)
Interest paid on 2013 Senior Revenue Bonds		(14,259,900)	(15,238,775)
Principal paydown on 2013 Senior Revenue Bonds		(22,160,000)	(20,995,000)
Interest paid on 2013 Bonds CDE		(10,219,390)	(6,874,337)
Principal paydown on 2013 Bonds CDE		(4,890,000)	(4,895,000)
Margin rate fees		(2,210,603)	—
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury		1,179,537	1,763,622
Net cash used in capital and related financing activities		(73,676,959)	(87,661,213)
Cash flows from investing activities:			
Interest and realized gains received on investment securities		7,574,929	5,492,719
Maturities and redemptions of investment securities		594,564,182	562,691,260
Purchases of investment securities		(626,942,139)	(518,648,603)
Net cash (used in) provided by investing activities		(24,803,028)	49,535,376
Decrease in cash and cash equivalents		(31,095,885)	(4,869,322)
Cash and cash equivalents, beginning of year		166,635,090	171,504,412
Cash and cash equivalents, end of year	$	135,539,205	166,635,090

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Statements of Cash Flows
Years Ended October 31, 2018 and 2017

		2018	2017
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	260,007,768	247,520,002
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for bad debt expense		259,570	(101,854)
Depreciation and amortization		10,320,125	9,925,502
Other		41,103	50,642
Changes in operating assets and liabilities:			
(Increase) decrease in rents and other receivables		(1,736,322)	1,044,773
(Increase) decrease in other assets		(317,215)	31,784
Decrease in accounts payable and other liabilities		(889,827)	(612,310)
Decrease in revenue received in advance		(11,498,219)	(9,382,272)
Increase in OPEB		1,919,499	1,938,147
Changes in deferred resources:			
Decrease in deferred pension resources		1,438,022	369,818
Increase in deferred OPEB resources		(1,219,222)	—
Net cash provided by operating activities	$	258,325,282	250,784,232
Reconciliation to cash and cash equivalents, end of year:			
Bank deposits	$	12,198	39,738
Cash and cash equivalents (note 3(e))		35,638,035	32,060,205
Investments with less than 91-day maturities (note 3(e))		99,888,972	134,535,147
Cash and cash equivalents, end of year	$	135,539,205	166,635,090

See accompanying notes to financial statements.

(1) General

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

The Authority's reporting entity comprises itself and the Battery Park City Parks Conservancy (the "Conservancy"). The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation and is a blended component unit of the Authority in accordance with Governmental Accounting Standards Board ("GASB") standards. The Conservancy's assets, liabilities, and results of operations are combined with the operations of the Authority for financial reporting purposes (see note 20).

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

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

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

(2) Description of Project

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

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

(3) Summary of Significant Accounting Policies

(a) Financial Reporting

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

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

(b) Use of Estimates

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

(c) Project Assets

Costs incurred by the Authority in developing the Project as of October 31, 2018 and 2017 are capitalized as project assets and are classified as follows:

	Balance at October 31, 2017	Additions	Deletions	Balance at October 31, 2018
Land	$ 83,015,653	—	—	83,015,653
Site improvements	436,883,476	4,990,264	—	441,873,740
Residential building and condominiums	137,044,958	135,337	—	137,180,295
Total project assets	656,944,087	5,125,601	—	662,069,688
Less: accumulated depreciation:				
Site improvements	112,023,996	8,460,380	—	120,484,376
Residential building and condominiums	32,642,905	1,144,667	—	33,787,572
Total accumulated depreciation	144,666,901	9,605,047	—	154,271,948
Net project assets	$ 512,277,186	(4,479,446)	—	507,797,740

		Balance at October 31, 2016	Additions	Deletions	Balance at October 31, 2017
Land	$	83,015,653	—	—	83,015,653
Site improvements		412,761,516	24,121,960	—	436,883,476
Residential building and condominiums		136,974,472	70,486	—	137,044,958
Total project assets		632,751,641	24,192,446	—	656,944,087
Less: accumulated depreciation:					
Site improvements		103,872,131	8,151,865	—	112,023,996
Residential building and condominiums		31,498,130	1,144,775	—	32,642,905
Total accumulated depreciation		135,370,261	9,296,640	—	144,666,901
Net project assets	$	497,381,380	14,895,806	—	512,277,186

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 fiscal year ended October 31, 2010, the Authority received $169.3 million from the escrow account as the project was completed and various conditions were performed by the City. Base rent revenue relating to the one-time payment is being recognized on a pro rata basis over the lease term, which ends in 2069.

(e) *Investments*

The Authority carries all investments at fair value. Inherent risks that could affect the Authority’s ability to provide services and meet its obligations as they become due are reported in accordance with U.S.

GAAP. The Authority's 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 October 31, 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:

	October 31, 2018			October 31, 2017		
	Cost	Fair value	Weighted average maturity (years) (a)	Cost	Fair value	Weighted average maturity (years) (a)
U.S. Treasury securities:						
Treasury Bills	$ 226,595,757	227,862,341	0.05	$ 204,969,350	205,483,095	0.04
Treasury Bonds	97,341,850	93,195,332	3.10	127,214,877	125,708,856	2.81
Treasury Strips	343,043	326,245	6.20	343,043	333,915	7.21
Total U.S. Treasury securities	324,280,650	321,383,918		332,527,270	331,525,866	
Commercial paper	63,024,475	63,476,945	0.05	39,705,945	39,800,777	0.03
Federal agency securities	2,002,830	1,859,912	0.40	11,797,705	11,714,172	0.22
Federal agency mortgage backed securities	5,075,643	4,974,729	2.49	6,875,021	6,911,215	2.36
Municipal bonds	15,020,253	14,509,198	1.61	24,577,759	24,314,418	1.30
Small Business Administration	2,115,086	2,032,288	4.92	2,480,445	2,480,908	6.04
Supra National Agency	27,390,282	27,006,522	1.64	22,843,203	22,759,706	2.12
Total investments	438,909,219	435,243,512	0.91	440,807,348	439,507,062	1.09
Cash and cash equivalents	35,638,035	35,638,035		32,060,205	32,060,205	
Total investments	$ 474,547,254	470,881,547		$ 472,867,553	471,567,267	

(a) Portfolio weighted average effective duration

As of October 31, 2018 and 2017, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to $135,527,007 and $166,595,352, 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 assists (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.

(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 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 year ended October 31, 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 $51 million and $55 million at October 31, 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 $17.8 million at October 31, 2017. The fair value increased to a positive fair value of $147 thousand at October 31, 2018. This positive fair value is recorded as a deferred inflow of resources and an asset on the Authority's statement of net position (deficit).

(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 October 31, 2018 and 2017 are as follows:

October 31, 2018

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	$ 227,862,341	-	-	227,862,341
Treasury Bonds	93,195,332	-	-	93,195,332
Treasury Strips	326,245	-	-	326,245
Commercial Paper	-	63,476,945	-	63,476,945
Federal Agency Securities	-	1,859,912	-	1,859,912
Federal Agency Mortgage Backed Securities	-	4,974,729	-	4,974,729
Municipal Bonds	-	14,509,198	-	14,509,198
Small Business Administration	-	2,032,288	-	2,032,288
Supra National Bonds	-	27,006,522	-	27,006,522
Interest rate swaps	-	-	147,227	147,227
Total assets at fair value	$ 321,383,918	113,859,594	147,227	435,390,739

October 31, 2017

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	$ 205,483,095	-	-	205,483,095
Treasury Bonds	125,708,856	-	-	125,708,856
Treasury Strips	333,915	-	-	333,915
Commercial Paper	-	39,800,777	-	39,800,777
Federal Agency Securities	-	11,714,172	-	11,714,172
Federal Agency Mortgage Backed Securities	-	6,911,215	-	6,911,215
Municipal Bonds	-	24,314,418	-	24,314,418
Small Business Administration	-	2,480,908	-	2,480,908
Supra National Bonds	-	22,759,706	-	22,759,706
Total assets at fair value	$ 331,525,866	107,981,196	-	439,507,062
Liabilities at fair value:				
Interest rate swaps	$ -	-	17,752,629	17,752,629

(l) Tax Abatements

The primary objective of GASB 77 is to disclose the nature and magnitude of the reduction in tax revenues through tax abatement programs. The New York State Real Property Tax Code, Article 4, Title 2, allows for partial City property tax exemptions, namely 421a abatements for residential condominiums and 467a tax abatements for residential real property held in the cooperative or condominium form of ownership. The City determines the properties within the Project eligible for the tax abatements and the Authority administers the abatements to qualified properties by reducing future PILOT billings.

The 421a tax abatements for the years ended October 31, 2018 and 2017 were $22.0 million and $24.9 million, respectively.

The 467a tax abatements for the years ended October 31, 2018 and 2017 were $6.3 million and $6.2 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.

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

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

GASB Statement No. 87, *Leases*, ("GASB 87") is effective for reporting periods beginning after December 15, 2019. The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority has not completed the process of evaluating the impact of GASB 87 on the Authority's financial statements.

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 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 October 31, 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 October 31, 2018, all commercial development leases expire in 2069, provide for future base rent payments aggregating $1.0 billion over the lease terms, which includes base rent of $19.6 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.

(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.

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):

		2019	2020	2021	2022	2023	Thereafter	Total	
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.		30,150	30,814	31,457	32,311	33,023	1,795,262	1,953,017	
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	454,133	543,046	
Subtotal N. Res.		26,575	26,864	27,023	25,622	27,282	1,189,143	1,322,509	
Total	$	76,674	77,647	78,900	78,375	80,747	3,926,596	4,318,939	

(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.

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

The current and noncurrent balance in the funds and accounts established in accordance with the Authority's 2003 General Bond Resolution Funds and held by trustees are as follows at October 31, 2018 and 2017:

		2003 General Bond Resolution Funds			
October 31, 2018		General Bond Resolution	Senior Bonds	Junior Bonds	Total General Bond Resolution
Reserve Fund	$	73,314,165	—	—	73,314,165
Project Operating Fund		7,105,761	—	—	7,105,761
Debt Service Funds		—	36,358,365	18,554,674	54,913,039
Residual Fund		1,608,563	—	—	1,608,563
Pledged Revenue Fund		183,601,590	—	—	183,601,590
Subordinated Payment Fund		1,636,482	—	—	1,636,482
	$	267,266,561	36,358,365	18,554,674	322,179,600

For the year ended October 31, 2018, there were in transit 2003 debt service bond resolution fund payables of $297,300. Accordingly, this amount has been included in the bond resolution funds payable amount in the statement of net position (deficit).

October 31, 2017		2003 General Bond Resolution Funds: General Bond Resolution	Senior Bonds	Junior Bonds	Total General Bond Resolution
Reserve Fund	$	73,502,208	—	—	73,502,208
Project Operating Fund		7,126,592	—	—	7,126,592
Debt Service Funds		—	34,971,660	22,733,872	57,705,532
Residual Fund		615,832	—	—	615,832
Pledged Revenue Fund		189,929,450	—	—	189,929,450
	$	271,174,082	34,971,660	22,733,872	328,879,614

In December 2009, as a result of the 2009 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees as follows at October 31, 2018 and 2017:

October 31, 2018		2009 Revenue Bonds: 2009A Senior Revenue Bonds	2009B Senior Revenue Bonds	Total 2009 Bonds
Project Costs Fund	$	1,010,367	1,232,326	2,242,693

October 31, 2017		2009 Revenue Bonds: 2009A Senior Revenue Bonds	2009B Senior Revenue Bonds	Total 2009 Bonds
Project Costs Fund	$	1,905,552	1,323,737	3,229,289

In October 2013, as a result of the 2013 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees as follows at October 31, 2018 and 2017:

		2013 Revenue Bonds		
October 31, 2018		**2013A Senior Revenue Bonds**	**2013B Senior Revenue Bonds**	**Total 2013 Bonds**
Project Costs Fund	$	33,732,031	—	33,732,031

		2013 Revenue Bonds		
October 31, 2017		**2013A Senior Revenue Bonds**	**2013B Senior Revenue Bonds**	**Total 2013 Bonds**
Project Costs Fund	$	39,002,908	—	39,002,908

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 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 October 31, 2018, no bonds were issued for this purpose.

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

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

(10) 2003 Interest Rate Exchange Agreements (Swaps)

On October 2, 2003, the Authority executed Swaps with three counterparties. The Swaps were executed in conjunction with the Authority's issuance of $400 million of its 2003 Series C Bonds. The total notional amount of the Swaps was $400 million. The effective date for the Swaps was October 16, 2003, which coincided with the delivery date of the 2003 Series C Bonds. The Authority executed the Swaps in order to effectively convert the variable-rate 2003 Series C Bonds to a net fixed rate. Based on the Swaps, the Authority owes interest calculated at a fixed rate of 3.452% to the counterparties that is paid semiannually. In return, the counterparties owe the Authority floating-rate interest equal to 65% of 30-day LIBOR, which is paid to the Authority on a monthly basis. The original notional amounts of the Swaps and the amortization thereof match the original principal amount of the refunded 2003 Series C Bonds and the amortization thereof. The Swaps were not terminated in connection with the issuance of the 2013 Series C, D, and E Bonds or the refunding of the 2003 Series C Bonds. 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
Year ended October 31:				
2019	$ 5,450,000	(11,904,222)	5,170,929	(6,733,293)
2020	5,500,000	(11,715,225)	5,088,833	(6,626,392)
2021	5,725,000	(11,521,482)	5,004,675	(6,516,807)
2022	5,950,000	(11,319,971)	4,917,144	(6,402,827)
2023	5,950,000	(11,111,125)	4,826,426	(6,284,699)
2024 – 2028	68,850,000	(51,548,716)	22,391,615	(29,157,101)
2029 – 2033	216,325,000	(23,864,971)	10,366,412	(13,498,559)
2034	33,625,000	(580,368)	252,099	(328,269)
Totals	$ 347,375,000	(133,566,080)	58,018,133	(75,547,947)

The above table shows payments based on the Authority’s pay-fixed-rate interest rate Swap payment obligation at an effective interest rate of 3.452% while the Authority's variable-rate receipts are based on the floating rate equal to 65% of 30-day LIBOR on October 31, 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 October 31, 2018 (65% of 2.3069% or 1.4995%), actual receipts will depend on the actual fluctuation of 30-day LIBOR.

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

The 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. These amounts are being amortized on a straight line basis over the remaining life of the swaps and were $51 million and $55 million at October 31, 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 $17.8 million at October 31, 2017. The fair value increased $17.9 million to a positive fair value of $147 thousand at October 31, 2018. This positive fair value is recorded as a deferred inflow of resources and an asset on the Authority’s statement 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 years ended October 31, 2018 and 2017, the Authority received payments from the U.S. Treasury in the amount of $1,179,537 and $1,763,622, respectively, pursuant to the subsidy. BABs already issued will continue to receive subsidies. The Authority has no assurances about future legislation or changes that may affect the availability, amount, or receipt of such subsidy payments.

At October 31, 2018, the 2009 Series A Bonds consisted of the following term bonds:

	Coupon rates	Principal amounts	Interest	BABs subsidy	Interest (net of BABs subsidy)
Year ended October 31:					
2019	6.375%	$ -	3,608,250	(1,179,537)	2,428,713
2020	6.375%	-	3,608,250	(1,179,537)	2,428,713
2021	6.375%	-	3,608,250	(1,179,537)	2,428,713
2022	6.375%	-	3,608,250	(1,179,537)	2,428,713
2023	6.375%	-	3,608,250	(1,179,537)	2,428,713
2024 – 2028	6.375%	-	16,237,125	(5,307,916)	10,929,209
2029 – 2033	6.375%	65,000	18,041,250	(4,718,148)	13,323,102
2034 – 2038	6.375%	33,480,000	13,313,869	(5,897,685)	7,416,184
2039 – 2040	6.375%	23,055,000	4,364,963	(3,538,611)	826,352
Totals		$ 56,600,000	69,998,457	(25,360,045)	44,638,412

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

As of October 31, 2018, principal and interest payments due on the 2009 Series B Bonds were as follows:

	Coupon rates		Principal amounts	Interest
Year ended October 31:				
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	3.50%		390,000	1,312,181
2024 – 2028	3.50% - 5.00%		2,025,000	5,669,341
2029 – 2033	4.00% - 5.00%		10,425,000	5,864,469
2034 – 2035	4.125% - 5.00%		14,135,000	972,000
Totals		$	28,410,000	19,239,216

The Authority issued certain of the 2009 Series B Bonds at a premium of $1.81 million, which is being amortized on a straight-line basis, over the lives of the 2009 Series B Bonds. At both October 31, 2018 and 2017, the unamortized net bond premium was $1.2 million.

The 2009 Series B 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.

(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 $17.3 million at October 31, 2018, is classified in the statement of net position (deficit) as a deferred outflow of resources and is being amortized over the respective maturity of the corresponding bonds.

As of October 31, 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 (see note 11):

2013 A Senior Bonds:

Year ended October 31:	Coupon Rate		Principal amount	Interest
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	4.00% - 5.00%		28,380,000	8,178,050
2024 – 2028	5.00%		115,180,000	20,536,500
2029 – 2033	5.00%		35,720,000	3,432,675
Totals		$	279,980,000	77,891,150

The 2013 Series A Senior Bonds maturing after November 1, 2023 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.

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 October 31, 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.

	Junior C		Junior D		Junior E		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year ended October 31:								
2019	$ 1,185,000	4,519,405	1,260,000	4,023,495	1,255,000	3,791,715	3,700,000	12,334,615
2020	1,220,000	4,492,950	1,250,000	3,997,140	1,255,000	3,766,878	3,725,000	12,256,968
2021	1,285,000	4,465,395	1,305,000	3,970,313	1,305,000	3,741,547	3,895,000	12,177,255
2022	1,285,000	4,437,125	1,395,000	3,941,963	1,395,000	3,714,830	4,075,000	12,093,918
2023	1,390,000	4,407,700	1,420,000	3,912,405	1,420,000	3,686,976	4,230,000	12,007,081
2024 – 2028	14,150,000	21,485,860	25,570,000	18,529,455	25,565,000	17,462,251	65,285,000	57,477,566
2029 – 2033	29,635,000	18,271,165	58,135,000	14,157,728	58,135,000	13,342,369	145,905,000	45,771,262
2034 – 2038	47,415,000	15,095,905	71,375,000	6,860,963	71,380,000	6,465,987	190,170,000	28,422,855
2039 – 2043	108,455,000	6,696,745	30,515,000	646,958	30,515,000	609,680	169,485,000	7,953,383
Total	$ 206,020,000	83,872,250	192,225,000	60,040,420	192,225,000	56,582,233	590,470,000	200,494,903

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 notes 10 and 11) is secured by and is payable, after satisfaction of certain administrative, operating, and maintenance obligations of the Authority, solely from certain pledged lease revenues and Swap receipts which are required to be deposited and maintained in the Pledged Revenue Fund ("PRF") established under the 2003 General Bond Resolution. The PRF, including income and earnings on investments thereof, has been pledged and assigned to a trustee for the benefit of the owners of the 2009 Bonds and the 2013 Bonds and certain other beneficiaries, as their respective interest may appear. In addition, the Bonds, and certain swap payments and reimbursement obligations, are secured by the Reserve Fund established under the 2003 General Bond Resolution. The rights to payment of the 2009 and 2013 Senior Bonds, senior swap payments, and senior reimbursement obligations from amounts in the PRF and the Reserve Fund are senior to the rights to payment of the 2013 Junior Bonds, junior swap payments, and junior reimbursement obligations from such amounts. As of each November 1, amounts in the PRF in excess of funding requirements for project operating expenses and 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. 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 October 31, 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 $149.0 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 $154.8 million has been charged as a nonoperating expense for the year ended October 31, 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 October 31, 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 $173.2 million against the $261 million City pay-as-you-go capital fund obligation, which includes the current year provision of $41.7 million charged to nonoperating expenses for the year ended October 31, 2018.

(14) Rents and Other Receivables

Rents and other receivables consisted of the following at October 31, 2018 and 2017:

		2018	2017
Swap interest receivable	$	440,670	243,481
Miscellaneous receivables		67,265	222,023
Interest receivable		737,001	852,723
Rents receivable		5,529,585	3,640,150
Total receivables		6,774,521	4,958,377
Less allowance for doubtful accounts		(1,739,208)	(1,479,638)
Net receivables	$	5,035,313	3,478,739

(15) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at October 31, 2018 and 2017:

		2018	2017
Amounts due to vendors	$	2,686,384	3,103,362
Contract retention costs		516,376	1,117,397
Due to developers		37,416	37,416
Accrued payroll and benefits		714,125	556,793
Total	$	3,954,301	4,814,968

(16) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of October 31, 2018 and 2017 were comprised of the following obligations:

	October 31, 2017	Additions	Deletions	October 31, 2018	Due within one year
Authority bonds outstanding:					
2009 Revenue Bonds:					
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	—	72,849	1,165,851	—
Subtotal 2009 Bonds	86,588,700	—	412,849	86,175,851	355,000
2013 Revenue Bonds:					
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	—	2,831,672	36,811,731	—
Subtotal 2013 Bonds	937,143,403	—	29,881,672	907,261,731	27,060,000
Total bonds outstanding	1,023,732,103	—	30,294,521	993,437,582	27,415,000
Other long-term liabilities:					
OPEB	38,272,501	4,879,500	2,960,001	40,192,000	—
Imputed borrowing	55,003,391	—	3,780,654	51,222,737	—
Fair value of interest rate swap	17,752,629	—	17,752,629	—	—
Unearned revenue	298,779,163	—	11,498,219	287,280,944	50,484,445
Security and other deposits	27,933,966	451,890	—	28,385,856	4,738
Total other long-term liabilities	437,741,650	5,331,390	35,991,503	407,081,537	50,489,183
Total long-term liabilities	$ 1,461,473,753	5,331,390	66,286,024	1,400,519,119	77,904,183

Security and other deposits classified as due within one year represent amounts held on behalf of others that may become callable by the Authority within the year.

The October 31, 2018 column less the due within one year equals the non-current liabilities total.

The Organization's bonds and other long-term liabilities as of October 31, 2017 and 2016 were comprised of the following obligations:

	October 31, 2016	Additions	Deletions	October 31, 2017	Due within one year
Authority bonds outstanding:					
2009 Revenue Bonds:					
Series 2009A	$ 56,600,000	—	—	56,600,000	—
Series 2009B	29,085,000	—	335,000	28,750,000	340,000
Subtotal	85,685,000	—	335,000	85,350,000	340,000
Unamortized net premiums	1,311,548	—	72,848	1,238,700	—
Subtotal 2009 Bonds	86,996,548	—	407,848	86,588,700	340,000
2013 Revenue Bonds:					
Series 2013A	323,135,000	—	20,995,000	302,140,000	22,160,000
Series 2013C	208,440,000	—	1,185,000	207,255,000	1,235,000
Series 2013D	195,905,000	—	1,855,000	194,050,000	1,825,000
Series 2013E	195,910,000	—	1,855,000	194,055,000	1,830,000
Subtotal	923,390,000	—	25,890,000	897,500,000	27,050,000
Unamortized net premiums	42,475,075	—	2,831,672	39,643,403	—
Subtotal 2013 Bonds	965,865,075	—	28,721,672	937,143,403	27,050,000
Total bonds outstanding	1,052,861,623	—	29,129,520	1,023,732,103	27,390,000
Other long-term liabilities:					
OPEB	36,334,354	3,075,012	1,136,865	38,272,501	—
Imputed borrowing	58,784,046	—	3,780,655	55,003,391	—
Fair value of interest rate swap	35,007,049	—	17,254,420	17,752,629	—
Unearned revenue	308,161,435	—	9,382,272	298,779,163	50,011,122
Security and other deposits	27,711,399	222,567	—	27,933,966	4,738
Total other long-term liabilities	465,998,283	3,297,579	31,554,212	437,741,650	50,015,860
Total long-term liabilities	$ 1,518,859,906	3,297,579	60,683,732	1,461,473,753	77,405,860

Security and other deposits classified as due within one year represent amounts held on behalf of others that may become callable by the Authority within the year.

The October 31, 2017 column less the due within one year equals the non-current liabilities total.

(17) Retirement Costs

Plan Descriptions and Benefits Provided

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

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.

Benefits

The benefits employees will receive are governed by the RSSL. Employees are placed in tiers depending on when they last became members. The benefits in all tiers are 1.67% of the final average salary for each year of service if members retire with less than 20 years. If members retire with more than 20 years of service, the percentages vary according to the tier they are in. The minimum service requirements and minimum age requirement varies according to the tier the employee is in.

Annual cost of living adjustments are provided to pensioners after waiting periods defined in the plan. The adjustments are a percentage of the annual retirement benefit as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost of living percentage is 50% of the Consumer Price Index but not less than 1% or more than 3%.

Ordinary disability benefits are usually one third of salary and are provided to eligible members after ten years or, in some cases, five years of service. Accidental disability benefits are either 75% of salary with an offset for any workers' compensation benefits received or the ordinary disability benefit with the year of service eligibility requirement dropped, depending on the tier. Death benefits are payable upon the death, before retirement, of a member who meets the eligibility requirements as set forth by law. The benefit is generally three times the member's annual salary.

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
	$	2,161,132

At the end of fiscal year 2018, the Authority pre-funded the 2019 required contribution in the amount of $1,163,182 which has been included in deferred outflows of resources in the accompanying financial statements.

At the end of fiscal year 2017, the Authority pre-funded the 2018 required contribution in the amount of $930,358 which has been included in deferred outflows of resources in the accompanying financial statements.

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

At October 31, 2018 and 2017, the Authority reported a liability of $830,358 and $2,456,722, 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 members, actuarially determined. At October 31, 2018 and 2017, the Authority's proportion was 0.0257280% and 0.0261458%, respectively.

For the years ended October 31, 2018 and 2017, the Authority recognized pension expense of $974,840 and $1,399,591, respectively. At October 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

October 31, 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
LG contributions subsequent to the measurement date		1,163,182	
Total	$	3,495,764	2,968,787

October 31, 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
LG contributions subsequent to the measurement date		930,358	
Total	$	2,694,997	729,998

As of October 31, 2018 and 2017, $3,495,764 and $2,694,997 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, including a deferred outflow of resources amounting to $1,163,182 and $930,358 as of October 31, 2018 and 2017, respectively, related to pensions resulting from the Authority's contributions subsequent to the measurement date that will be recognized as pension expense in the next fiscal year. 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 October 31:		
2019	$	148,739
2020		112,712
2021		(596,491)
2022		(301,165)
2023		—
Thereafter		—

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 update 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 valuations used the following actuarial assumptions.

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

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

2016	
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 April 1, 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocations as of March 31, 2018 and 2017 are summarized below.

Long Term Expected Rate of Return

	2018	**2017**
Asset Type	Long Term Expected Real Rate	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:

2018		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)

2017		1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authorities' share of the Net Pension Liability (Asset)	$	7,846,276	2,456,722	(2,100,140)

Pension plan fiduciary net position

The components of the current-year net pension liability of the New York State System's employers plan year-end of March 31, 2018 and 2017 were as follows:

(Dollars in Thousands)

		2018 Employees' Retirement System	**2017 Employees' Retirement System**
Employers' total pension liability	$	183,400,590	177,400,586
Plan net position		(180,173,145)	(168,004,363)
Employers' net pension liability	$	3,227,445	9,396,223
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 payroll		8,071	8,054
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		10.28%	30.51%
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.

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

NYSLRS Pension Plan
(Dollar amounts in thousands)

		2018	2017
Contractually required contribution	$	930	713
Contributions in relation to the contractually required contribution		930	713
Contribution deficiency (excess)		-	-
Authority's covered payroll		8,071	8,054
Contributions as a percentage of covered payroll		11.52%	8.85%

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

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

(18) Other Postemployment Benefits

For the year ended October 31, 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 with the Authority. Employees with no prior State service must work a minimum of 10 years before they and their dependents are eligible for the retirement medical benefits. Eligible retirees hired on or after November 1, 2001, contribute 10% of the cost of single coverage and 25% of the cost of dependent coverage for health insurance benefits. The Authority covers 100% of the cost of single and dependent coverage for employees hired before November 1, 2001. A vestee is an Authority employee vested as a member of the retirement system administered by the State, has withdrawn from State service after meeting the Authority's minimum service requirement, but has not met the age requirement for continuing health insurance. As of October 31, 2018, 174 participants, including 125 employees and 49 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 year ended October 31, 2018 and in accordance with GASB 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. No assets are accumulated in a trust that meets all of the criteria of GASB 75 paragraph 4, as the contributions are not irrevocable.

(b) Funding

The contribution requirements (funding) of the Authority's total OPEB obligation are at the discretion of management as approved by the members of the Board. The Authority's total 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 October 31, 2018 and 2017, $40,192,000 and $38,272,501, respectively, was reported for the Authority's total OPEB liability.

For the years ended October 31, 2018 and 2017, the Authority recognized OPEB expenses of $1,503,476 and $2,709,644, respectively.

Deferred inflows of resources and deferred outflows or resources are portion of changes in total 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. As of October 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

October 31, 2018

		Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of assumptions	$	1,106,608	2,325,830

As of October 31, 2018, $1,106,608 was reported as a deferred inflow of resources and $2,325,830 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:		
2019	$	895,089
2020		91,890
2021		91,890
2022		91,890
2023		91,890
Thereafter		(43,427)
	$	1,219,222

(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 assumptions:

Significant actuarial assumptions 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 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 October 31, 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:

		1% Decrease 2.35%	Current Discount 3.35%	1% Increase 4.35%
Total OPEB Liability	$	47,958,000	40,192,000	34,107,000

The following represents the Authority's total OPEB liability estimated as of October 31, 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:

		1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$	33,158,000	40,192,000	49,497,000

(g) OPEB Status and Funding Progress

The Authority's OPEB obligation and the funded status of the plan as of October 31, 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		38,923,940
Changes for the period:		
Service cost		2,137,320
Interest		1,287,544
Benefit payments		(896,498)
Changes in assumptions		(1,260,306)
Net changes		1,268,060
OPEB Balance at October 31, 2018	$	40,192,000

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 October 31, 2018 and 2017 in separate corporate OPEB accounts for the exclusive purpose of paying OPEB obligations were approximately $37.8 million and $38.1 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 statements of net position (deficit) 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 $26.6 million as of October 31, 2018.

(b) The Authority rents office space in Brookfield Place 200 Liberty Street, as well as community meeting space, field offices and maintenance space in condominium buildings in Battery Park City. Total rent expense amounted to $1.2 million and $1.1 million for the years ended October 31, 2018 and 2017, respectively. The future minimum lease payments are as follows:

Year ended October 31:		
2019	$	1,220,630
2020		1,220,630
2021		875,287
2022		204,600
2023		204,600
Thereafter		477,400
Total minimum payments required	$	4,203,147

(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 12) to the PANYNJ for the pedestrian underpass under Route 9A. The concourse will connect the Winter Garden (on the west, at the edge of Battery Park City) and the World Trade Center site on the east. As of October 31, 2018, the Authority had disbursed a total sum of $39,130,619 to the PANYNJ.

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

(20) Battery Park City Parks Conservancy

The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation. The Authority, as sole member of the Conservancy, designated the Authority's members to serve as the Conservancy's Board of Directors. The Conservancy was formed by the Authority to comply with certain requirements of agreements between the Authority and the City pursuant to which the Authority is obligated to maintain and repair the parks and open spaces in and around Battery Park City's residential areas. In March 1988, the Authority entered into a management agreement with the Conservancy, which authorized the Conservancy to undertake all responsibilities, related to the operation, maintenance, and repair of such parks and open spaces. For each of the fiscal years ended October 31, 2018 and 2017, the Authority paid the Conservancy $1.2 million for services, which are included in the Authority's operating expenses. This is 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)).

(21) Litigation

The Authority is a party to litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. Authority management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the Authority, and that any potential losses would in any event be covered by the Authority's various insurance policies.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of the Organization's Proportionate Share of the Net Pension Liability and Related Ratios
Last 10 Fiscal Years * (Unaudited)

Schedule of the Organization'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 payroll	$ 8,071	$ 8,054	$ 5,664	$ 3,843
The Authority's proportionate share of the net pension liability (asset) as a percentage of covered payroll	10.28%	30.51%	41.61%	13.51%
Plan fiduciary net position as a percentage of the total pension liability	98.20%	94.70%	90.70%	98.10%

Notes to Schedule:
* Data is not available for years prior to the fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* .

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

Measurement Date - March 31:	Percentage
2018	7.00%
2017	7.00%
2016	7.00%
2015	7.50%

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of Employer Contributions
Last 10 Fiscal Years (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	$ 710	$ 605	$ 541	$ 527	$ 624	$ 357	$ 397
Contribution in relation to the actuarially determined contribution	$ 930	$ 713	$ 518	$ 710	$ 605	$ 541	$ 527	$ 624	$ 357	$ 397
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Authority's covered payroll	$ 8,071	$ 8,054	$ 5,664	$ 3,843	$ 4,427	$ 4,220	$ 3,061	$ 4,589	$ 5,245	$ 5,001
Contribution as a percentage of covered payroll	11.52%	8.85%	9.15%	18.48%	13.67%	12.82%	17.22%	13.60%	6.81%	7.94%

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of Changes in Total OPEB Lability and Related Ratios
Last 10 Fiscal Years * (Unaudited)

(Dollar amounts in thousands)

Schedule of Changes in Total OPEB Liability and Related Ratios

		2018
Total OPEB Liability		
Service cost	$	2,137
Interest cost		1,288
Effect of economic/demographic gains or (losses)		(1,260)
Benefit Payments		(896)
Net Change in Total OPEB Liability		1,269
Total OPEB Liability - Beginning	$	38,923
Total OPEB Liability - Ending	$	40,192
Covered employee payroll	$	9,406
Total OPEB Liability as a Percentage of Covered Employee Payroll		427%

Notes to Schedule:

This schedule is intended to present the 10 most current fiscal years of data. However, only one year of data is available with the adoption of GASB Statement 75 during the year ended October 31, 2018.

Changes of assumptions

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

Year Ended	Percentage
2018	3.35%

The assets that have been accumulated do not meet the definition of a trust as defined in GASB Statement 75 to pay related benefits, as the assets are not irrevocable. The Authority funds OPEB benefits on a pay-as-you-go basis and contributions are not actuarially determined.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Other Supplementary Information – Combining Statement of Net Position (Deficit)
October 31, 2018

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current assets:			
Bank deposits	$ 11,548	650	12,198
Investments	13,674,983	—	13,674,983
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of $1,739,208)	5,035,313	—	5,035,313
2003 General Bond Resolution Funds	248,865,435	—	248,865,435
2009 Revenue Bond Resolution Funds	2,039,086	—	2,039,086
2013 Revenue Bond Resolution Funds	29,873,475	—	29,873,475
Corporate-designated, escrowed, and OPEB funds	2,271,566	—	2,271,566
Total current assets	301,771,406	650	301,772,056
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds	73,314,165	—	73,314,165
2009 Revenue Bond Resolution Funds	203,607	—	203,607
2013 Revenue Bond Resolution Funds	3,858,556	—	3,858,556
Residential lease required funds	28,036,068	—	28,036,068
Corporate-designated, escrowed, and OPEB funds	68,744,606	—	68,744,606
Fair value of interest rate swaps	147,227		147,227
Battery Park City project assets – at cost, less accumulated depreciation	507,797,740	—	507,797,740
Other assets	4,528,935	69,653	4,598,588
Total noncurrent assets	686,630,904	69,653	686,700,557
Total assets	988,402,310	70,303	988,472,613
Deferred Outflows of Resources			
Deferred pension outflows	3,495,764	—	3,495,764
Deferred OPEB outflows	2,325,830	—	2,325,830
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	17,297,298	—	17,297,298
Deferred costs of refunding, less accumulated amortization of $18,992,675	51,222,737	—	51,222,737
Total deferred outflows of resources	74,341,629	—	74,341,629
Total assets and deferred outflows of resources	$ 1,062,743,939	70,303	1,062,814,242

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Other Supplementary Information – Combining Statement of Net Position (Deficit)
October 31, 2018

Liabilities		Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current liabilities:				
Accrued interest on bonds	$	16,427,212	—	16,427,212
Accounts payable and other liabilities		3,931,958	22,343	3,954,301
Accrued pension payable		830,358	—	830,358
Due to the City of New York		154,773,700	—	154,773,700
Due to the City of New York - 2010 Agreement		41,664,457	—	41,664,457
Due to the Port Authority of New York & New Jersey		869,381	—	869,381
Unearned revenue:				
PILOT revenue		37,627,181	—	37,627,181
Base rent and other revenue		12,857,264	—	12,857,264
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		297,300	—	297,300
Total current liabilities		296,698,549	22,343	296,720,892
Noncurrent liabilities:				
Unearned revenue:				
Base rent and other revenue		236,796,499	—	236,796,499
Security and other deposits		28,381,118	—	28,381,118
OPEB		40,192,000	—	40,192,000
Imputed borrowing		51,222,737	—	51,222,737
Bonds outstanding:				
2009 Revenue Bonds, less accumulated amortization of $645,157		85,820,851	—	85,820,851
2013 Revenue Bonds, less accumulated amortization of $14,413,320		880,201,731	—	880,201,731
Total noncurrent liabilities		1,322,614,936	—	1,322,614,936
Total liabilities		1,619,313,485	22,343	1,619,335,828
Deferred Inflows of Resources				
Deferred pension inflows		2,968,787	—	2,968,787
Deferred OPEB inflows		1,106,608	—	1,106,608
Accumulated change in fair value of interest rate swaps		147,227	—	147,227
Total deferred inflows of resources		4,222,622	—	4,222,622
Net Position (Deficit)				
Invested in capital assets, net of related debt		3,736,274	—	3,736,274
Restricted:				
Debt service		53,817,709	—	53,817,709
Under bond resolutions and other agreements		11,927,533	—	11,927,533
Unrestricted (deficit)		(630,273,684)	47,960	(630,225,724)
Total net position (deficit)		(560,792,168)	47,960	(560,744,208)
Total liabilities, deferred inflows of resources and net position (deficit)	$	1,062,743,939	70,303	1,062,814,242

See accompanying independent auditors' report.

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

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

October 31, 2017

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current assets:			
Bank deposits	$ 29,080	10,658	39,738
Investments	1,905,339	—	1,905,339
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of $1,479,638)	3,476,844	1,895	3,478,739
2003 General Bond Resolution Funds	255,377,406	—	255,377,406
2009 Revenue Bond Resolution Funds	2,632,550	—	2,632,550
2013 Revenue Bond Resolution Funds	31,330,301	—	31,330,301
Corporate-designated, escrowed, and OPEB funds	1,927,796	—	1,927,796
Total current assets	296,679,316	12,553	296,691,869
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds	73,502,208	—	73,502,208
2009 Revenue Bond Resolution Funds	596,739	—	596,739
2013 Revenue Bond Resolution Funds	7,672,607	—	7,672,607
Residential lease required funds	27,569,504	—	27,569,504
Corporate-designated, escrowed, and OPEB funds	69,052,817	—	69,052,817
Battery Park City project assets – at cost, less accumulated depreciation	512,277,186	—	512,277,186
Other assets	4,175,146	163,976	4,339,122
Total noncurrent assets	694,846,207	163,976	695,010,183
Total assets	991,525,523	176,529	991,702,052
Deferred Outflows of Resources			
Deferred pension outflows	2,694,997	—	2,694,997
Accumulated decrease in fair value of interest rate swaps	17,752,629	—	17,752,629
Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds	18,623,209	—	18,623,209
Deferred costs of refunding, less accumulated amortization of $15,212,021	55,003,391	—	55,003,391
Total deferred outflows of resources	94,074,226	—	94,074,226
Total assets and deferred outflows of resources	$ 1,085,599,749	176,529	1,085,776,278

(Continued)

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

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

October 31, 2017

Liabilities	**Battery Park City Authority**	**Battery Park City Parks Conservancy**	**Total**
Current liabilities:			
Accrued interest on bonds	$ 16,657,505	—	16,657,505
Accounts payable and other liabilities	4,731,264	83,704	4,814,968
Accrued pension payable	2,456,722	—	2,456,722
Due to the City of New York	148,977,077	—	148,977,077
Due to the City of New York - 2010 Agreement	41,964,103	—	41,964,103
Due to the Port Authority of New York & New Jersey	869,381	—	869,381
Unearned revenue:			
PILOT revenue	37,064,427	—	37,064,427
Base rent and other revenue	12,946,695	—	12,946,695
Security and other deposits	4,738	—	4,738
2009 Revenue Bonds	340,000	—	340,000
2013 Revenue Bonds	27,050,000	—	27,050,000
Total current liabilities	293,061,912	83,704	293,145,616
Noncurrent liabilities:			
Unearned revenue:			
Base rent and other revenue	248,768,041	—	248,768,041
Security and other deposits	27,929,228	—	27,929,228
OPEB	38,272,501	—	38,272,501
Fair value of interest rate swaps	17,752,629	—	17,752,629
Imputed borrowing	55,003,391	—	55,003,391
Bonds outstanding:			
2009 Revenue Bonds, less accumulated amortization of $572,308	86,248,700	—	86,248,700
2013 Revenue Bonds, less accumulated amortization of $11,581,648	910,093,403	—	910,093,403
Total noncurrent liabilities	1,384,067,893	—	1,384,067,893
Total liabilities	1,677,129,805	83,704	1,677,213,509
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	(1,022,171)	—	(1,022,171)
Restricted:			
Debt service	55,055,548	—	55,055,548
Under bond resolutions and other agreements	7,027,832	—	7,027,832
Unrestricted (deficit)	(653,321,263)	92,825	(653,228,438)
Total net position (deficit)	(592,260,054)	92,825	(592,167,229)
Total liabilities, deferred inflows of resources and net position (deficit)	$ 1,085,599,749	176,529	1,085,776,278

See accompanying independent auditors' report.

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

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

Year Ended October 31, 2018

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 61,828,459	—	—	61,828,459
Supplemental rent	1,321,086	—	—	1,321,086
Payments in lieu of real estate taxes	230,383,596	—	—	230,383,596
Civic facilities payments and other	13,713,739	1,150,000	(1,150,000)	13,713,739
Total operating revenues	307,246,880	1,150,000	(1,150,000)	307,246,880
Operating expenses:				
Wages and related benefits	15,809,938	—	—	15,809,938
OPEB	1,503,476	—	—	1,503,476
Other operating and administrative expenses	19,655,031	1,100,542	(1,150,000)	19,605,573
Depreciation of project assets	9,605,047	—	—	9,605,047
Other depreciation and amortization	620,755	94,323	—	715,078
Total operating expenses	47,194,247	1,194,865	(1,150,000)	47,239,112
Operating income	260,052,633	(44,865)	—	260,007,768
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	1,896,937	—	—	1,896,937
2013 Revenue Bonds	208,669	—	—	208,669
Corporate-designated, escrowed, and OPEB funds	1,411,643	—	—	1,411,643
Realized and unrealized gains	1,259,239	—	—	1,259,239
Interest expense relating to:				
2003 Swap agreements – net expense	(7,832,317)	—	—	(7,832,317)
2003 Revenue Bonds	(11,758)	—	—	(11,758)
2009 Revenue Bonds	(3,738,446)	—	—	(3,738,446)
2013 Revenue Bonds	(24,014,647)	—	—	(24,014,647)
Loss on extinguishment from debt	(1,325,910)	—	—	(1,325,910)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(154,773,700)	—	—	(154,773,700)
Provision for transfer to the City of New York per 2010 agreement	(41,664,457)	—	—	(41,664,457)
Total nonoperating expenses	(228,584,747)	—	—	(228,584,747)
Change in net position (deficit)	31,467,886	(44,865)	—	31,423,021
Net position (deficit), beginning of year	(592,260,054)	92,825	—	(592,167,229)
Net position (deficit), end of year	$ (560,792,168)	47,960	—	(560,744,208)

See accompanying independent auditors' report.

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

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

Year Ended October 31, 2017

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 60,937,579	—	—	60,937,579
Supplemental rent	1,318,476	—	—	1,318,476
Payments in lieu of real estate taxes	218,713,058	—	—	218,713,058
Civic facilities payments and other	14,377,868	1,182,304	(1,182,253)	14,377,919
Total operating revenues	295,346,981	1,182,304	(1,182,253)	295,347,032
Operating expenses:				
Wages and related benefits	15,333,799	—	—	15,333,799
OPEB	2,709,644	—	—	2,709,644
Other operating and administrative expenses	19,860,120	1,180,218	(1,182,253)	19,858,085
Depreciation of project assets	9,296,640	—	—	9,296,640
Other depreciation and amortization	498,764	130,098	—	628,862
Total operating expenses	47,698,967	1,310,316	(1,182,253)	47,827,030
Operating income	247,648,014	(128,012)	—	247,520,002
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	1,945,225	—	—	1,945,225
2009 Revenue Bonds	19,396	—	—	19,396
2013 Revenue Bonds	518,641	—	—	518,641
Corporate-designated, escrowed, and OPEB funds	1,393,928	—	—	1,393,928
Realized and unrealized losses	(1,211,088)	—	—	(1,211,088)
Gain on project assets	329	—	—	329
Interest expense relating to:				
2003 Swap agreements – net expense	(9,953,492)	—	—	(9,953,492)
2003 Revenue Bonds	(11,758)	—	—	(11,758)
2009 Revenue Bonds	(3,752,435)	—	—	(3,752,435)
2013 Revenue Bonds	(19,058,424)	—	—	(19,058,424)
Loss on extinguishment from debt	(1,325,910)	—	—	(1,325,910)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(148,977,077)	—	—	(148,977,077)
Provision for transfer to the City of New York per 2010 agreement	(41,964,103)	—	—	(41,964,103)
Provision for transfer to the City of New York - Pier A and Pier A Plaza	(133,202)	—	—	(133,202)
Provision for transfer to the City of New York - Eastern Border	(93,246)	—	—	(93,246)
Provision for transfer to the City of New York - West Thames St Pedestrian Bridge	(2,000,000)			(2,000,000)
Total nonoperating expenses	(224,603,216)	—	—	(224,603,216)
Change in net position (deficit)	23,044,798	(128,012)	—	22,916,786
Net position (deficit), beginning of year	(615,304,852)	220,837	—	(615,084,015)
Net position (deficit), end of year	$ (592,260,054)	92,825	—	(592,167,229)

See accompanying independent auditors' report.

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

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2018

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 292,795,251	—	—	292,795,251
Receipts from the Authority	—	1,150,000	(1,150,000)	—
Miscellaneous receipts	1,058,460	36,382	—	1,094,842
Total cash receipts from operating activities	293,853,711	1,186,382	(1,150,000)	293,890,093
Cash payments for:				
Salaries and benefits	(16,631,523)	—	—	(16,631,523)
Services and supplies	(18,886,898)	(1,196,390)	1,150,000	(18,933,288)
Total cash payments for operating activities	(35,518,421)	(1,196,390)	1,150,000	(35,564,811)
Net cash provided by (used in) operating activities	258,335,290	(10,008)	—	258,325,282
Cash flows from noncapital financing activities:				
Payments from LMDC West Thames St Pedestrian Bridge	9,593,161	—	—	9,593,161
Payments to NYC EDC - West Thames St Pedestrian Bridge	(9,593,161)	—	—	(9,593,161)
Payments to the City of New York	(190,941,180)	—	—	(190,941,180)
Net cash used in noncapital financing activities	(190,941,180)	—	—	(190,941,180)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(6,829,475)	—	—	(6,829,475)
Capital asset expenditures	(815,866)	—	—	(815,866)
Auction fees for variable debt	(11,758)	—	—	(11,758)
Swap payment made on the 2003 Swap agreement	(12,092,356)	—	—	(12,092,356)
Swap interest payments received on the 2003 Swap agreement	3,968,783	—	—	3,968,783
Interest paid on 2009 Senior Revenue Bonds	(4,995,931)	—	—	(4,995,931)
Principal paydown on 2009 Senior Revenue Bonds	(340,000)	—	—	(340,000)
Interest paid on 2013 Senior Revenue Bonds	(14,259,900)	—	—	(14,259,900)
Principal paydown on 2013 Senior Revenue Bonds	(22,160,000)	—	—	(22,160,000)
Interest paid on 2013 Bonds CDE	(10,219,390)	—	—	(10,219,390)
Principal paydown on 2013 Bonds CDE	(4,890,000)	—	—	(4,890,000)
Margin rate fees	(2,210,603)	—	—	(2,210,603)
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	1,179,537	—	—	1,179,537
Net cash used in capital and related financing activities	(73,676,959)	—	—	(73,676,959)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	7,574,929	—	—	7,574,929
Maturities and redemptions of investment securities	594,564,182	—	—	594,564,182
Purchases of investment securities	(626,942,139)	—	—	(626,942,139)
Net cash used in investing activities	(24,803,028)	—	—	(24,803,028)
Decrease in cash and cash equivalents	(31,085,877)	(10,008)	—	(31,095,885)
Cash and cash equivalents, beginning of year	166,624,432	10,658	—	166,635,090
Cash and cash equivalents, end of year	$ 135,538,555	650	—	135,539,205

(Continued)

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

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2018

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 260,052,633	(44,865)	—	260,007,768
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Provision for bad debt expense	259,570	—	—	259,570
Depreciation and amortization	10,225,802	94,323	—	10,320,125
Other	41,103	—	—	41,103
Changes in operating assets and liabilities:				
(Increase) decrease in rents and other receivables	(1,736,572)	250	—	(1,736,322)
(Increase) decrease in other assets	(318,860)	1,645	—	(317,215)
Decrease in accounts payable and other liabilities	(828,466)	(61,361)	—	(889,827)
Decrease in revenue received in advance	(11,498,219)	—	—	(11,498,219)
Increase in OPEB	1,919,499	—	—	1,919,499
Changes in deferred resources:				
Decrease in deferred pension resources	1,438,022	—	—	1,438,022
Increase in deferred OPEB resources	(1,219,222)	—	—	(1,219,222)
Net cash provided by (used in) operating activities	$ 258,335,290	(10,008)	—	258,325,282
Reconciliation to cash and cash equivalents, end of year:				
Bank deposits	$ 11,548	650	—	12,198
Cash and cash equivalents	35,638,035	—	—	35,638,035
Investments with less than 91-day maturities	99,888,972	—	—	99,888,972
Cash and cash equivalents, end of year	$ 135,538,555	650	—	135,539,205

See accompanying independent auditors' report.

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

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2017

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 284,918,728	—	—	284,918,728
Receipts from the Authority	—	1,211,000	(1,211,000)	—
Miscellaneous receipts	903,951	20,473	—	924,424
Total cash receipts from operating activities	285,822,679	1,231,473	(1,211,000)	285,843,152
Cash payments for:				
Salaries and benefits	(15,906,036)	—	—	(15,906,036)
Services and supplies	(19,142,419)	(1,221,465)	1,211,000	(19,152,884)
Total cash payments for operating activities	(35,048,455)	(1,221,465)	1,211,000	(35,058,920)
Net cash provided by operating activities	250,774,224	10,008	—	250,784,232
Cash flows from noncapital financing activities:				
Payments to Pier A Contractors on behalf of the City of New York	(64,166)	—	—	(64,166)
Payments to Pier A Plaza Contractors on behalf of the City of New York	(170,534)	—	—	(170,534)
Payments from LMDC West Thames St Pedestrian Bridge	6,312,667	—	—	6,312,667
Payments to NYC EDC - West Thames St Pedestrian Bridge	(8,312,668)	—	—	(8,312,668)
Payments to Eastern Border Contractors on behalf of the City of New York	(93,246)	—	—	(93,246)
Payments to the City of New York	(215,199,770)	—	—	(215,199,770)
Net cash used in noncapital financing activities	(217,527,717)	—	—	(217,527,717)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(24,968,672)	—	—	(24,968,672)
Capital asset expenditures	(915,761)	—	—	(915,761)
Auction fees for variable debt	(11,758)	—	—	(11,758)
Swap payment made on the 2003 Swap agreement	(12,280,490)	—	—	(12,280,490)
Swap interest payments received on the 2003 Swap agreement	2,096,014	—	—	2,096,014
Interest paid on 2009 Senior Revenue Bonds	(5,006,056)	—	—	(5,006,056)
Principal paydown on 2009 Senior Revenue Bonds	(335,000)	—	—	(335,000)
Interest paid on 2013 Senior Revenue Bonds	(15,238,775)	—	—	(15,238,775)
Principal paydown on 2013 Senior Revenue Bonds	(20,995,000)	—	—	(20,995,000)
Interest paid on 2013 Bonds CDE	(6,874,337)	—	—	(6,874,337)
Principal paydown on 2013 Bonds CDE	(4,895,000)	—	—	(4,895,000)
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	1,763,622	—	—	1,763,622
Net cash used in capital and related financing activities	(87,661,213)	—	—	(87,661,213)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	5,492,719	—	—	5,492,719
Maturities and redemptions of investment securities	562,691,260	—	—	562,691,260
Purchases of investment securities	(518,648,603)	—	—	(518,648,603)
Net cash provided by investing activities	49,535,376	—	—	49,535,376
(Decrease) increase in cash and cash equivalents	(4,879,330)	10,008	—	(4,869,322)
Cash and cash equivalents, beginning of year	171,503,762	650	—	171,504,412
Cash and cash equivalents, end of year	$ 166,624,432	10,658	—	166,635,090

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

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2017

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	$ 247,648,014	(128,012)	—	247,520,002
Adjustments to reconcile operating income to net cash provided by operating activities:				
Provision for bad debt expense	(101,854)	—	—	(101,854)
Depreciation and amortization	9,795,404	130,098	—	9,925,502
Other	50,642	—	—	50,642
Changes in operating assets and liabilities:				
Decrease in rents and other receivables	1,027,395	17,378	—	1,044,773
Decrease in other assets	29,944	1,840	—	31,784
(Decrease) in accounts payable and other liabilities	(601,014)	(11,296)	—	(612,310)
(Decrease) in revenue received in advance	(9,382,272)	—	—	(9,382,272)
Increase in OPEB	1,938,147	—	—	1,938,147
Decrease in deferred pension resources	369,818	—	—	369,818
Net cash provided by operating activities	$ 250,774,224	10,008	—	250,784,232
Reconciliation to cash and cash equivalents, end of year:				
Bank deposits	$ 29,080	10,658	—	39,738
Cash and cash equivalents	32,060,205	—	—	32,060,205
Investments with less than 91-day maturities	134,535,147	—	—	134,535,147
Cash and cash equivalents, end of year	$ 166,624,432	10,658	—	166,635,090

See accompanying independent auditors' report.