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, 2019 and 2018

MARKS PANETH
ACCOUNTANTS & ADVISORS

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(A Component Unit of the State of New York)

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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, 2019 and 2018, 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, 2019 and 2018, and the related changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 20, the schedule of the Organization's proportionate share of the net pension liability on page 63, the schedule of employer contributions on page 64, and the schedule of changes in total OPEB liability and related ratios on page 65, 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 66 through 75 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 30, 2020 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 30, 2020

Morison KSi
Independent member

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, 2019 and 2018. 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 2019 to 2018 and 2018 to 2017

Financial Highlights – 2019

- The fiscal year ended October 31, 2019 yielded a total of $324.6 million in operating revenues, representing an increase of $17.3 million or 5.6% over the prior fiscal year. Payments in lieu of real estate taxes ("PILOT") revenue totaling $245.6 million (76% of the Authority's operating revenues for the fiscal year ended October 31, 2019) increased $15.3 million or 6.6% compared to the fiscal year ended October 31, 2018. Base rent increased $148 thousand or 0.24% to $62.0 million for the fiscal year ended October 31, 2019. Civic facilities payments and other operating revenues increased $1.9 million or 14.0% to $15.6 million for the fiscal year ended October 31, 2019. Total operating expenses increased $7.0 million or 14.7% to $54.2 million for the fiscal year ended October 31, 2019.

- A payment of $154.8 million was made in June 2019 towards the provision for the transfer to the City of New York (the "City") for the fiscal year ended October 31, 2018. A $155.4 million provision was recorded representing the PILOT-related portion of fiscal year 2019 excess revenues charged to nonoperating expenses for the fiscal year ended October 31, 2019 (see note 14). This was an increase of $612 thousand over the amount recorded for the fiscal year ended October 31, 2018. 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 $41.7 million was made in October 2019 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2018. As of October 31, 2019, pursuant to the 2010 Agreement (see note 14), the Authority recorded an additional provision for the transfer of $41.3 million to the City for the fiscal year ended October 31, 2019, a decrease of $338 thousand under the amount recorded for the fiscal year ended October 31, 2018.

- As of October 31, 2019, $111.3 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 $36.0 million as of October 31, 2018. The increase of $75.3 million is due to the proceeds received by the Authority from the 2019 bond issuance, to be used for certain infrastructure and capital purposes.

- On August 6, 2019, the Authority issued $672,845,000 of fixed-rate and variable-rate bonds. Proceeds were used to redeem all outstanding 2009 Series A and 2009 Series B fixed-rate bonds and all outstanding 2013

Series C, 2013 Series D, and 2013 Series E variable-rate bonds. In addition, $99,352,522 of proceeds are to be used for infrastructure and capital improvements.

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. 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 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. This was an increase of $5.8 million over the amount recorded for the fiscal year ended 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, 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 the fiscal year ended 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, as compared to $42.2 million as of October 31, 2017.

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, 2019, 2018 and 2017 follows:

	October 31 2019	2018	2017	2019 vs 2018	2018 vs 2017
Assets:					
Bank deposits, investments and rents and other receivables	$ 25,062,637	18,722,494	5,423,816	6,340,143	13,298,678
Bond resolution restricted assets (current and noncurrent)	402,094,351	358,154,324	371,111,811	43,940,027	(12,957,487)
Battery Park City project assets, net	521,956,614	507,797,740	512,277,186	14,158,874	(4,479,446)
Other current and noncurrent assets	107,146,063	103,798,055	102,889,239	3,348,008	908,816
Total assets	1,056,259,665	988,472,613	991,702,052	67,787,052	(3,229,439)
Deferred Outflows of Resources:					
Deferred pension outflows	2,147,067	3,495,764	2,694,997	(1,348,697)	800,767
Deferred OPEB outflows	2,329,507	2,325,830	-	3,677	2,325,830
Accumulated change in fair value of interest rate swaps	746,509	-	17,752,629	746,509	(17,752,629)
Unamortized loss on extinguishment of bonds	15,830,769	17,297,298	18,623,209	(1,466,529)	(1,325,911)
Deferred costs of refunding, less accumulated amortization	78,534,994	51,222,737	55,003,391	27,312,257	(3,780,654)
Total deferred outflows of resources	99,588,846	74,341,629	94,074,226	25,247,217	(19,732,597)
Total assets and deferred outflows of resources	$ 1,155,848,511	1,062,814,242	1,085,776,278	93,034,269	(22,962,036)
Liabilities:					
Current liabilities	$ 301,565,018	296,720,892	293,145,616	4,844,126	3,575,276
Long-term liabilities	1,361,085,381	1,322,614,936	1,384,067,893	38,470,445	(61,452,957)
Total liabilities	1,662,650,399	1,619,335,828	1,677,213,509	43,314,571	(57,877,681)
Deferred Inflows of Resources:					
Deferred pension inflows	835,556	2,968,787	729,998	(2,133,231)	2,238,789
Deferred OPEB inflows	8,156,163	1,106,608	-	7,049,555	1,106,608
Accumlated change in fair value of interest rate swaps	-	147,227	-	(147,227)	147,227
Total deferred inflows of resources	8,991,719	4,222,622	729,998	4,769,097	3,492,624
Net Position (Deficit):					
Net investment in capital assets	9,365,512	3,736,274	(1,022,171)	5,629,238	4,758,445
Restricted	56,501,686	65,745,242	62,083,380	(9,243,556)	3,661,862
Unrestricted	(581,660,805)	(630,225,724)	(653,228,438)	48,564,919	23,002,714
Total net deficit	(515,793,607)	(560,744,208)	(592,167,229)	44,950,601	31,423,021
Total liabilities, deferred inflows of resources and net position	$ 1,155,848,511	1,062,814,242	1,085,776,278	93,034,269	(22,962,036)

Assets and Deferred Outflows of Resources

2019 vs. 2018

At October 31, 2019, the Organization maintained total assets and deferred outflows of resources of $1.16 billion, $93.0 million higher than the $1.06 billion at October 31, 2018, primarily due to the addition of the 2019 revenue bond funds, as well as the increase in the deferred cost of refunding due to amending the interest rate swap agreements.

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 value of the interest rate swaps and the use of bond proceeds for capital purposes.

Bank Deposits, Investments, Rents and Other Receivables

2019 vs. 2018

Bank deposits, investments, and rents and other receivables held at October 31, 2019 increased $6.3 million over the same period last year. Bank deposits and investments increased by $3.7 million and rents and other receivables increased by $2.6 million. The increase in bank deposits and investments primarily relates to more unpledged revenues received in the current fiscal year compared to the prior year. The increase in rents and other receivables of $2.6 million is due to the increase in uncollected receipts of base rent and PILOT in the current year.

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.

Bond Resolution Restricted Assets

2019 vs. 2018

Bond resolution restricted assets are funds and accounts established in accordance with the 2003 General Bond Resolutions, and the 2009, 2013 and 2019 Revenue Bond Resolutions. Such assets of $402.1 million at October 31, 2019 were $43.9 million higher than the fair value of assets held at October 31, 2018 of $358.2 million (see note 8).

Funds held in the Pledged Revenue Fund ("PRF") of $181.1 million at October 31, 2019 were $2.5 million lower than funds held at October 31, 2018.

Funds held in the Debt Service Funds of $61.7 million at October 31, 2019 were $6.8 million higher than funds at October 31, 2018.
Funds held in the Project Operating Fund of $8.5 million were $1.4 million higher at October 31, 2019 compared to 2018.

Funds held in the Residual Fund for payment to the City of $2.8 million at October 31, 2019 were $1.2 million higher than at October 31, 2018.

Funds held under the Resolution for project infrastructure and certain other asset costs were $111.3 million as of October 31, 2019, $75.3 million higher than funds held at October 31, 2018.

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.

Funds held in the Pledged Revenue Fund 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.

Project Assets

At October 31, 2019, the Authority's investment in project assets, net of accumulated depreciation, was $522.0 million, an increase of $14.2 million from October 31, 2018. 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, 2019, 2018 and 2017 were as follows:

		October 31			2019 vs	2018 vs
		2019	2018	2017	2018	2017
Land	$	83,015,653	83,015,653	83,015,653	-	-
Site improvements		465,537,094	441,873,740	436,883,476	23,663,354	4,990,264
Residential building and condominium units		137,518,866	137,180,295	137,044,958	338,571	135,337
		686,071,613	662,069,688	656,944,087	24,001,925	5,125,601
Less: accumulated depreciation		(164,114,999)	(154,271,948)	(144,666,901)	(9,843,051)	(9,605,047)
Total Battery Park City project assets	$	521,956,614	507,797,740	512,277,186	14,158,874	(4,479,446)

2019 vs. 2018

For the year ended October 31, 2019, the increase to site improvements of $23.7 million relates to the esplanade and restoration of piles, Tribeca Bridge Rehabilitation, South Cove Jetty re-planking, Rector Street Grid, leasehold improvements, and other minor capital improvements (see note 3(c)).

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.

Other Current and Noncurrent Assets

Other current and noncurrent assets at October 31, 2019, 2018 and 2017 were as follows:

		October 31			2019 vs	2018 vs
		2019	2018	2017	2018	2017
Residential lease required funds	$	29,117,119	28,036,068	27,569,504	1,081,051	466,564
Corporate-designated, escrowed and OPEB funds		73,259,518	71,016,172	70,980,613	2,243,346	35,559
Fair value of interest rate swaps		-	147,227	-	(147,227)	147,227
Other assets		4,769,426	4,598,588	4,339,122	170,838	259,466
Total other current and noncurrent assets	$	107,146,063	103,798,055	102,889,239	3,348,008	908,816

2019 vs. 2018

Total other current and noncurrent assets increased $3.3 million from $103.7 million at October 31, 2018 to $107.1 million at October 31, 2019.

Residential lease required funds, which include security deposits held for condominium buildings, increased by $1.1 million. Overall, corporate-designated, escrowed and OPEB funds increased $2.2 million from October 31, 2018.

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.

Deferred Outflows of Resources

Deferred outflows of resources at October 31, 2019, 2018, and 2017 were as follows:

		October 31			2019 vs	2018 vs
		2019	**2018**	**2017**	**2018**	**2017**
Deferred Outflows of Resources:						
Deferred pension outflows	$	2,147,067	3,495,764	2,694,997	(1,348,697)	800,767
Deferred OPEB outflows		2,329,507	2,325,830	-	3,677	2,325,830
Accumulated change in fair value of interest rate swaps		746,509	-	17,752,629	746,509	(17,752,629)
Unamortized loss on extinguishment of bonds		15,830,769	17,297,298	18,623,209	(1,466,529)	(1,325,911)
Deferred costs of refunding, less accumulated amortization		78,534,994	51,222,737	55,003,391	27,312,257	(3,780,654)
Total deferred outflows of Resources	$	99,588,846	74,341,629	94,074,226	25,247,217	(19,732,597)

2019 vs. 2018

Deferred pension outflows of $2.1 million at October 31, 2019 represents the Authority's portion of the deferred pension outflows from the New York State pension plan (see note 18).

Deferred OPEB outflows of $2.3 million at October 31, 2019 represents the Authority's deferred OPEB outflows resulting from GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") (see note 19).

Accumulated change in the fair value of interest rate swap agreements, which continue in effect and continue as an effective hedge, had a positive fair value of $147 thousand at October 31, 2018. At October 31, 2019, the interest rate swaps had a negative fair value of $747 thousand. The change in value is primarily due to a revision of the swap agreement, which included an increase in the fixed interest rate, as well as a change in the floating rate index from the one-month London Inter-Bank Offered Rate ("LIBOR") to the one-week Securities Industry and Financial Markets Association ("SIFMA") as of August 2019. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statement of net position (deficit).

The unamortized loss on extinguishment of the 1993, 1996, 2000, 2003, 2009 and 2013 bonds decreased by $1.47 million from October 31, 2018 to October 31, 2019.

The deferred cost of refunding increased by $27.3 million from October 31, 2018 to October 31, 2019. The increase is a result of the revised swap amortization during the current fiscal year.

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.

Deferred OPEB outflows of $2.3 million at October 31, 2018 represents the Authority's deferred OPEB outflows resulting from GASB 75.

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.

Liabilities

Total liabilities at October 31, 2019, 2018 and 2017 were as follows:

	October 31				
	2019	**2018**	**2017**	**2019 vs 2018**	**2018 vs 2017**
Current liabilities:					
Accrued interest on bonds	$ 10,074,623	16,427,212	16,657,505	(6,352,589)	(230,293)
Accounts payable and other liabilities	6,554,103	3,954,301	4,814,968	2,599,802	(860,667)
Accrued pension payable	1,897,514	830,358	2,456,722	1,067,156	(1,626,364)
Due to the City of New York	155,389,471	154,773,700	148,977,077	615,771	5,796,623
Due to the City of New York 2010 Agreement	41,323,443	41,664,457	41,964,103	(341,014)	(299,646)
Due to the Port Authority of NY & NJ	869,381	869,381	869,381	-	-
Unearned revenue	53,974,653	50,484,445	50,011,122	3,490,208	473,323
Security and other deposits	4,738	4,738	4,738	-	-
2009 Revenue Bonds	-	355,000	340,000	(355,000)	15,000
2013 Revenue Bonds	24,590,000	27,060,000	27,050,000	(2,470,000)	10,000
Bond resolution fund payables	6,887,092	297,300	-	6,589,792	297,300
Total current liabilities	301,565,018	296,720,892	293,145,616	4,844,126	3,575,276
Noncurrent liabilities:					
Unearned revenue	224,825,159	236,796,499	248,768,041	(11,971,340)	(11,971,542)
Security and other deposits	29,112,482	28,381,118	27,929,228	731,364	451,890
OPEB	34,844,588	40,192,000	38,272,501	(5,347,412)	1,919,499
Fair value of interest rate swaps	746,509	-	17,752,629	746,509	(17,752,629)
Imputed borrowing	78,534,993	51,222,737	55,003,391	27,312,256	(3,780,654)
Bonds outstanding:					
2009 Revenue Bonds	-	85,820,851	86,248,700	(85,820,851)	(427,849)
2013 Revenue Bonds	266,010,060	880,201,731	910,093,403	(614,191,671)	(29,891,672)
2019 Revenue Bonds	727,011,590	-	-	727,011,590	-
Total noncurrent liabilities	1,361,085,381	1,322,614,936	1,384,067,893	38,470,445	(61,452,957)
Total liabilities	$ 1,662,650,399	1,619,335,828	1,677,213,509	43,314,571	(57,877,681)

2019 vs. 2018

The Organization's total liabilities increased $43.3 million from $1.62 billion at October 31, 2018 to $1.66 billion at October 31, 2019.

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

The $43.3 million increase in total liabilities is due to:

- a $6.4 million decrease in accrued interest payable on bonds from $16.4 million at October 31, 2018 to $10.1 million at October 31, 2019.

- a $2.6 million increase in accounts payable and other liabilities from $4.0 million at October 31, 2018 to $6.6 million at October 31, 2019. The increase is primarily due to $3.5 million more of accrued expenses at fiscal year-end as compared to the prior fiscal year-end. There was a decrease of $746 thousand from a PILOT abatement payable in the prior fiscal year that offset the total increase.
- a $1.1 million increase in accrued pension payable relates to the Authority's liability portion of the New York State pension plan.
- a $155.4 million liability was recorded as of October 31, 2019, which includes fiscal 2019 PILOT-related excess revenues to be transferred to the City, an increase of $616 thousand from the prior fiscal year provision of $154.8 million.
- a $41.3 million liability was recorded as of October 31, 2019, as an expected payment to the City under the provisions of the 2010 Agreement. A payment of $41.7 million was made in October 2019 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2018.
- a $8.5 million decrease to $278.8 million in total unearned revenue from $287.3 million at October 31, 2018 due to revenue of $8.5 million recognized on leases.
- a $731 thousand increase in total security and other deposits to $29.1 million at October 31, 2019. Security deposits are held for condominium sites and not rental sites.
- a net decrease of $5.3 million in OPEB liability to $34.8 million at October 31, 2019 from $40.2 million at October 31, 2018, primarily due to the change in the discount rate from the actuarial assumptions compared to the prior valuation report.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a positive fair value of $147 thousand at October 31, 2018. At October 31, 2019, the interest rate swaps had a negative fair value of $746 thousand. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statement of net position (deficit).
- a $27.3 million increase in the imputed borrowing represents the revised fair value of the bifurcated swaps at the date of refunding. The $80.0 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds (see note 10).
- a $86.2 million decrease in 2009 Revenue Bonds outstanding due to the 2019 refunding of these bonds in August 2019 (see note 17).
- a $616.7 million decrease in 2013 Revenue Bonds outstanding due to the 2019 refunding of the junior revenue bonds (2013CDE) in August 2019 (see note 17).
- a $727.0 million increase in 2019 Revenue Bonds outstanding due to the issuance of these bonds in August 2019 (see note 17).

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.

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 year ended October 31, 2018. 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.
- 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.
- 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.

Deferred Inflows of Resources

		October 31			2019 vs	2018 vs
		2019	**2018**	**2017**	**2018**	**2017**
Deferred Inflows of Resources:						
Deferred pension inflows	$	835,556	2,968,787	729,998	(2,133,231)	2,238,789
Deferred OPEB inflows		8,156,163	1,106,608	—	7,049,555	1,106,608
Accumulated change in fair value of interest rate swaps		—	147,227	—	(147,227)	147,227
Total deferred inflows of resources	$	8,991,719	4,222,622	729,998	4,769,097	3,492,624

2019 vs. 2018

Deferred pension inflows of $836 thousand at October 31, 2019 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 18).

Deferred OPEB inflows of $8.2 million at October 31, 2019 represents the Authority's deferred OPEB outflows resulting from GASB 75 (see note 19).

The accumulated change in fair value of interest rate swap agreements, which continue in effect and continue as an effective hedge, had a positive fair value of $147 thousand at October 31, 2018. At October 31, 2019, the interest rate swaps had a negative fair value of $747 thousand. The change in value is primarily due to a revision of the swap agreement, which included an increase in interest rates, as well as a change in the index from LIBOR to SIFMA as of August 2019. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statement of net position (deficit).

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.

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.

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).

Net Position (Deficit)

		October 31			2019 vs	2018 vs
		2019	2018	2017	2018	2017
Net Position (deficit):						
Net investment in capital assets	$	9,365,512	3,736,274	(1,022,171)	5,629,238	4,758,445
Restricted		56,501,686	65,745,242	62,083,380	(9,243,556)	3,661,862
Unrestricted		(581,660,805)	(630,225,724)	(653,228,438)	48,564,919	23,002,714
Total net position (deficit)	$	(515,793,607)	(560,744,208)	(592,167,229)	44,950,601	31,423,021

2019 vs. 2018

The change in total net position represents a positive change of $45.0 million in the deficit position from $560.7 million at October 31, 2018 to $515.8 million at October 31, 2019.

Net investment in capital assets was a surplus of $9.4 million and $3.7 million at October 31, 2019 and 2018, 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 $56.5 million of restricted net position at October 31, 2019 represents 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 $581.7 million at October 31, 2019 resulting from the cumulative net excess revenues, which are transferred to the City annually (see note 14).

2018 vs. 2017

The change in total net position 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.

Net investment in capital assets 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 represents 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.

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, 2019, 2018 and 2017:

	October 31			2019 vs	2018 vs
	2019	2018	2017	2018	2017
Operating revenues:					
Revenues from ground leases:					
Base rent	$ 61,976,552	61,828,459	60,937,579	148,093	890,880
Supplemental rent	1,321,086	1,321,086	1,318,476	-	2,610
Payments in lieu of real estate taxes	245,649,054	230,383,596	218,713,058	15,265,458	11,670,538
Civic facilities payments and other	15,644,134	13,713,739	14,377,919	1,930,395	(664,180)
Total operating revenues	324,590,826	307,246,880	295,347,032	17,343,946	11,899,848
Operating expenses:					
Wages and related benefits	16,734,791	15,809,938	15,333,799	924,853	476,139
OPEB	2,563,285	1,503,476	2,709,644	1,059,809	(1,206,168)
Other operating and administrative expenses	24,337,991	19,605,573	19,858,085	4,732,418	(252,512)
Depreciation and amortization	10,556,289	10,320,125	9,925,502	236,164	394,623
Total operating expenses	54,192,356	47,239,112	47,827,030	6,953,244	(587,918)
Operating income	270,398,470	260,007,768	247,520,002	10,390,702	12,487,766
Nonoperating revenues (expenses):					
Investment and other income	15,992,752	4,776,488	2,666,102	11,216,264	2,110,386
Gain (loss) on project assets	-	-	329	-	(329)
Interest expense, net	(37,232,117)	(36,923,078)	(34,102,019)	(309,039)	(2,821,059)
Bond issuance costs	(3,813,506)	-	-	(3,813,506)	-
Provision for transfer to the City of New York	(155,386,254)	(154,773,700)	(148,977,077)	(612,554)	(5,796,623)
Provision for transfer to the City of New York - 2010 Agreement	(41,326,660)	(41,664,457)	(41,964,103)	337,797	299,646
Provision for transfer to - Eastern Border	-	-	(93,246)	-	93,246
Provision for transfer to NYC - West Thames St. Pedestrian Bridge	(3,682,084)	-	(2,000,000)	(3,682,084)	2,000,000
Pier A and Pier A Plaza construction pass through NYC	-	-	(133,202)	-	133,202
Total nonoperating expenses	(225,447,869)	(228,584,747)	(224,603,216)	3,136,878	(3,981,531)
Change in net position (deficit)	44,950,601	31,423,021	22,916,786	13,527,580	8,506,235
Net deficit, beginning of year	(560,744,208)	(592,167,229)	(615,084,015)	31,423,021	22,916,786
Net deficit, end of year	$ (515,793,607)	(560,744,208)	(592,167,229)	44,950,601	31,423,021

Operating Revenues

2019 vs. 2018

Overall operating revenues for the year ended October 31, 2019 totaled $324.6 million, a net of $17.3 million higher than the year ended October 31, 2018. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased $148 thousand from $61.8 million for the year ended October 31, 2018. PILOT revenue totaling $245.7 million (76% of the total operating revenues for the fiscal year ended October 31, 2019), increased by $15.3 million over the fiscal year ended October 31, 2018, primarily due to increases in PILOT assessments established by the City. The $1.9 million change in civic facility payments and other is an increase from $13.7 million for the year ended October 31, 2018 to $15.6 million for the year ended October 31, 2019.

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.

Operating Expenses

2019 vs. 2018

Operating expenses totaled $54.2 million for the fiscal year ended October 31, 2019, representing a $7.0 million increase compared to the fiscal year ended October 31, 2018. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses; and depreciation and amortization.

Wages and related benefits totaling $16.7 million increased $925 thousand over the previous fiscal year ended October 31, 2018. This increase consisted of wages and payroll taxes of $500 thousand, as well as an increase in other benefits of approximately $425 thousand.

OPEB expenses for the Organization increased for the fiscal year ended October 31, 2019 by $1.1 million due to the increase in the discount rate based on actuarial assumptions compared to the prior year (see note 19).

Other operating and administrative expenses of $24.3 million increased by $4.7 million for the year ended October 31, 2019.

Depreciation and amortization expenses for the fiscal year ended October 31, 2019 of $10.6 million was $236 thousand higher than the year ended October 31, 2018.

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.

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.

Nonoperating Revenues (Expenses)

2019 vs. 2018

Total nonoperating expenses were a net $3.1 million lower for the year ended October 31, 2019 than the year ended October 31, 2018. A provision for a transfer to the City of $155.4 million in excess revenues was charged to expense for the year ended October 31, 2019, an increase of $613 thousand from the year ended October 31, 2018. In addition, a provision for transfer to the City for the 2010 Agreement of $41.3 million was charged to expense for the year ended October 31, 2019, a decrease of $338 thousand from the year ended October 31, 2018.

Investment and other income increased year over year by $11.2 million primarily due to $11.6 million of realized and unrealized gains in the portfolio during the year ended October 31, 2019, which offset a $382 thousand decrease in portfolio investment income. Net interest expense decreased $310 thousand, including $3.9 million of additional interest expense that did not exist at October 31, 2018 for the issuance in the current fiscal year for the 2019 revenue bonds. This amount was offset by less interest expense of $3.6 million at October 31, 2019 compared to October 31, 2018 for the 2009 and 2013 Revenue bonds, as well as the net interest expense for swaps.

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, a decrease of $300 thousand from the year ended October 31, 2017.

Investment 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.

Change in Net Position (Deficit)

The total net deficits at October 31, 2019 and 2018 were $515.8 million and $560.7 million, respectively.

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

Other Information

Debt Administration – On December 22, 2009, the Authority issued $56,600,000 of fixed-rate Senior Revenue Bonds, Series A (Federally Taxable – Build America Bonds), (the "2009 Series A Bonds") and $30,635,000) of fixed-rate Senior Revenue Bonds, Series 2009 B (the "2009 Series B Bonds") (see notes 11 and 17). At October 31, 2019, there were no 2009 Series A Bonds or 2009 Series B Bonds outstanding.

On October 23, 2013, the Authority issued $356,085,000 of fixed-rate Senior Revenue Bonds, Series 2013A (Tax-Exempt Bonds) (the "2013 Series A Bonds") and $6,700,000 of fixed-rate Senior Revenue Bonds, Series 2013B (the "2013 Series B Bonds"). In addition, the Authority directly placed $609,530,000 of variable-rate Junior Revenue Bonds with three banks or bank affiliates, comprising $210,865,000 of Junior Revenue Bonds, Series 2013C (the "2013 Series C Bonds"), $199,330,000 of Junior Revenue Bonds, Series 2013D (the "2013 Series D Bonds"), and $199,335,000 of Junior Revenue Bonds, Series 2013E (the "2013 Series E Bonds") (collectively, the "2013 Series C, D, and E Bonds") (see notes 12 and 17). At October 31, 2019, outstanding bonds and ratings were as follows:

		Outstanding debt	Fitch	Moody's
2013 Senior Revenue A Bonds *	$	256,620,000	AAA	Aaa

* Source: Fitch - rating on March 17, 2017, Moody's - rating on October 19, 2018

On August 6, 2019, the Authority issued $72,765,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019A (Sustainability Bonds) (the "2019 Series A Bonds"), $146,510,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019B (the "2019 Series B Bonds"), and $3,570,000 of fixed-rate Senior Revenue Bonds, Series 2019C (Federally Taxable) (Sustainability Bonds) (the "2019 Series C Bonds"). On that date, the Authority also issued $300,000,000 of variable-rate Junior Revenue Bonds, Series 2019D (Adjustable Rate Bonds) (the "2019 Series D Bonds"), composed of $150,000,000 of Subseries 2019D-1 and $150,000,000 of Subseries 2019D-2) and sold $150,000,000 of variable-rate Junior Revenue Bonds, Series 2019E (the "2019 Series E Bonds") to a bank (see notes 13 and 17). At October 31, 2019, outstanding bonds and ratings were as follows:

		Outstanding debt	Fitch	Moody's
2019 Senior Revenue A Bonds*	$	72,765,000	AAA	Aaa
2019 Senior Revenue B Bonds*		146,510,000	AAA	Aaa
2019 Senior Revenue C Bonds*		3,570,000	AAA	Aaa
2019 Junior Revenue D Bonds**		300,000,000	AA+	Aa1
2019 Junior Revenue E Bonds		150,000,000	Not rated	Not rated

* Source: Fitch - rating on May 23, 2019, Moody's - rating on June 14, 2019
** Source: Fitch - rating on July 12, 2019, Moody's - rating on June 14, 2019

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 Chief Financial Officer, 200 Liberty Street, 24th Floor, New York, NY 10281. The Authority's Web site is: www.bpca.ny.gov.

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

Statements of Net Position (Deficit)

October 31, 2019 and 2018

Assets		2019	2018
Current assets:			
Bank deposits	$	42,936	12,198
Investments (notes 3(e) and 3(k))		17,347,836	13,674,983
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of $1,803,872 in 2019 and $1,739,208 in 2018) (note 15)		7,671,865	5,035,313
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		257,480,288	248,865,435
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		1,345,342	2,039,086
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		10,413,173	29,873,475
2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13)		55,397,072	—
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 19)		1,484,830	2,271,566
Total current assets		351,183,342	301,772,056
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)		33,338,267	73,314,165
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)		261,624	203,607
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)		4,104,844	3,858,556
2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13)		39,753,741	—
Residential lease required funds (note 3(e) and 3(k))		29,117,119	28,036,068
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 19)		71,774,688	68,744,606
Fair value of interest rate swaps (notes 3(j) and 10)		—	147,227
Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4)		521,956,614	507,797,740
Other assets		4,769,426	4,598,588
Total noncurrent assets		705,076,323	686,700,557
Total assets		1,056,259,665	988,472,613
Deferred Outflows of Resources			
Deferred pension outflows (note 18)		2,147,067	3,495,764
Deferred OPEB outflows (note 19)		2,329,507	2,325,830
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)		746,509	—
Unamortized loss on extinguishment of 1993, 1996, 2000, 2003, 2009 and 2013 bonds (notes 3(g), 11 and 12)		15,830,769	17,297,298
Deferred costs of refunding, less accumulated amortization of $1,479,464 in 2019 and $18,992,675 in 2018 (note 10)		78,534,994	51,222,737
Total deferred outflows of resources		99,588,846	74,341,629
Total assets and deferred outflows of resources	$	1,155,848,511	1,062,814,242

(Continued)

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

Statements of Net Position (Deficit)

October 31, 2019 and 2018

Liabilities		**2019**	**2018**
Current liabilities:			
Accrued interest on bonds	$	10,074,623	16,427,212
Accounts payable and other liabilities (note 16)		6,554,103	3,954,301
Accrued pension payable (note 18)		1,897,514	830,358
Due to the City of New York (note 14)		155,389,471	154,773,700
Due to the City of New York - 2010 Agreement (note 14)		41,323,443	41,664,457
Due to the Port Authority of New York & New Jersey (note 20(c))		869,381	869,381
Unearned revenue (note 3(d)):			
PILOT revenue		40,995,851	37,627,181
Base rent and other revenue		12,978,802	12,857,264
Security and other deposits		4,738	4,738
2009 Revenue Bonds (notes 8, 9, and 11)		—	355,000
2013 Revenue Bonds (notes 8, 9, and 12)		24,590,000	27,060,000
Bond resolution fund payables (notes 3(e), 8, 9, 12)		6,887,092	297,300
Total current liabilities		301,565,018	296,720,892
Noncurrent liabilities:			
Unearned revenue (note 3(d)):			
Base rent and other revenue		224,825,159	236,796,499
Security and other deposits		29,112,482	28,381,118
OPEB (note 19)		34,844,588	40,192,000
Fair value of interest rate swaps (notes 3(j) and 10)		746,509	—
Imputed borrowing (note 3(j) and 10)		78,534,993	51,222,737
Bonds outstanding (notes 8, 9, 10, 11, 12, 13 and 17):			
2009 Revenue Bonds, less accumulated amortization of $645,157 in 2018		—	85,820,851
2013 Revenue Bonds, less accumulated amortization of $17,244,992 in 2019 and $14,413,320 in 2018		266,010,060	880,201,731
2019 Revenue Bonds, less accumulated amortization of $602,589 in 2019		727,011,590	—
Total noncurrent liabilities		1,361,085,381	1,322,614,936
Total liabilities		1,662,650,399	1,619,335,828
Deferred Inflows of Resources			
Deferred pension inflows (note 18)		835,556	2,968,787
Deferred OPEB inflows (note 19)		8,156,163	1,106,608
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)		—	147,227
Total deferred inflows of resources		8,991,719	4,222,622
Net Position (Deficit)			
Net investment in capital assets		9,365,512	3,736,274
Restricted:			
Debt service		47,462,490	53,817,709
Under bond resolutions and other agreements		9,039,196	11,927,533
Unrestricted (deficit)		(581,660,805)	(630,225,724)
Total net position (deficit)		(515,793,607)	(560,744,208)
Total liabilities, deferred inflows of resources and net position (deficit)	$	1,155,848,511	1,062,814,242

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, 2019 and 2018

		2019	2018
Operating revenues:			
Revenues from ground leases (notes 5, 6, and 7):			
Base rent	$	61,976,552	61,828,459
Supplemental rent		1,321,086	1,321,086
Payments in lieu of real estate taxes (note 14)		245,649,054	230,383,596
Civic facilities payments and other		15,644,134	13,713,739
Total operating revenues		324,590,826	307,246,880
Operating expenses:			
Wages and related benefits		16,734,791	15,809,938
OPEB (note 19)		2,563,285	1,503,476
Other operating and administrative expenses		24,337,991	19,605,573
Depreciation of project assets		9,843,050	9,605,047
Other depreciation and amortization		713,239	715,078
Total operating expenses		54,192,356	47,239,112
Operating income		270,398,470	260,007,768
Nonoperating revenues (expenses):			
Investment income on funds relating to:			
2003 Revenue Bonds (note 10)		1,689,182	1,896,937
2013 Revenue Bonds (note 12)		—	208,669
Corporate-designated, escrowed, and OPEB funds		1,446,145	1,411,643
Realized and unrealized gains and (losses)		12,857,425	1,259,239
Interest expense relating to:			
2003 Swap agreements – net expense		(6,559,659)	(7,832,317)
2003 Revenue Bonds (note 10)		(11,758)	(11,758)
2009 Revenue Bonds (note 11)		(2,839,568)	(3,738,446)
2013 Revenue Bonds (note 12)		(22,554,175)	(24,014,647)
2019 Revenue Bonds (note 13)		(3,947,574)	—
Loss on extinguishment from debt		(1,319,383)	(1,325,910)
Bond issuance costs		(3,813,506)	—
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 14)		(155,386,254)	(154,773,700)
Provision for transfer to the City of New York per 2010 agreement (note 14)		(41,326,660)	(41,664,457)
Provision for transfer to the City of New York - West Thames St Pedestrian Bridge		(3,682,084)	—
Total nonoperating expenses		(225,447,869)	(228,584,747)
Change in net position (deficit)		44,950,601	31,423,021
Net deficit, beginning of year		(560,744,208)	(592,167,229)
Net deficit, end of year	$	(515,793,607)	(560,744,208)

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, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash receipts from:		
Tenant payments	$ 308,747,786	292,795,251
Miscellaneous receipts	1,289,559	1,094,842
Total cash receipts from operating activities	310,037,345	293,890,093
Cash payments for:		
Salaries and benefits	(17,090,879)	(16,631,523)
Services and supplies	(21,945,459)	(18,933,288)
Total cash payments for operating activities	(39,036,338)	(35,564,811)
Net cash provided by operating activities	271,001,007	258,325,282
Cash flows from noncapital financing activities:		
Payments from LMDC West Thames St Pedestrian Bridge	8,876,962	9,593,161
Payments to NYC EDC - West Thames St Pedestrian Bridge	(12,559,046)	(9,593,161)
Payments to the City of New York	(196,438,157)	(190,941,180)
Net cash used in noncapital financing activities	(200,120,241)	(190,941,180)
Cash flows from capital and related financing activities:		
Development costs – site improvements and construction	(20,608,174)	(6,829,475)
Capital asset expenditures	(634,835)	(815,866)
Payments for bond issuance costs	(3,812,006)	—
Auction fees for variable debt	(11,758)	(11,758)
Swap payment made on the 2003 Swap agreement	(16,515,397)	(12,092,356)
Swap interest payments received on the 2003 Swap agreement	5,004,789	3,968,783
Interest paid on 2009 Senior Revenue Bonds	(4,984,619)	(4,995,931)
Principal paydown on 2009 Senior Revenue Bonds	(355,000)	(340,000)
Interest paid on 2013 Senior Revenue Bonds	(13,221,900)	(14,259,900)
Principal paydown on 2013 Senior Revenue Bonds	(23,360,000)	(22,160,000)
Interest paid on 2013 Bonds CDE	(10,840,004)	(10,219,390)
Principal paydown on 2013 Bonds CDE	(3,700,000)	(4,890,000)
Interest paid on 2019 Junior Revenue Bonds	(1,076,959)	—
Remarketing fees for Series 2019D	(23,014)	—
Margin rate fees	(3,185,927)	(2,210,603)
Proceeds from 2019 Bonds issuance	102,113,563	—
Payments for 2019 Bonds issuance	(52,461,627)	—
Transfer from Escrow Account for Bond Refunding	4,214,509	—
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	905,894	1,179,537
Net cash used in capital and related financing activities	(42,552,465)	(73,676,959)
Cash flows from investing activities:		
Interest and realized gains received on investment securities	11,552,913	7,574,929
Maturities and redemptions of investment securities	786,932,813	594,564,182
Purchases of investment securities	(796,106,172)	(626,942,139)
Net cash provided by (used in) investing activities	2,379,554	(24,803,028)
Increase (decrease) in cash and cash equivalents	30,707,855	(31,095,885)
Cash and cash equivalents, beginning of year	135,539,205	166,635,090
Cash and cash equivalents, end of year	$ 166,247,060	135,539,205

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Statements of Cash Flows
Years Ended October 31, 2019 and 2018

		2019	2018
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	270,398,470	260,007,768
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for bad debt expense		1,273,834	259,570
Depreciation and amortization		10,556,289	10,320,125
Other		229,324	41,103
Changes in operating assets and liabilities:			
(Increase) in rents and other receivables		(4,489,185)	(1,736,322)
(Increase) in other assets		(328,909)	(317,215)
(Decrease) Increase in accounts payable and other liabilities		(138,772)	736,537
(Decrease) in revenue received in advance		(8,481,132)	(11,498,219)
(Decrease) Increase in OPEB		(5,347,412)	1,919,499
Increase (Decrease) in pension liability		1,067,156	(1,626,364)
Changes in deferred resources:			
Deferred pension resources		(784,534)	1,438,022
Deferred OPEB resources		7,045,878	(1,219,222)
Net cash provided by operating activities	$	271,001,007	258,325,282
Reconciliation to cash and cash equivalents, end of year:			
Bank deposits	$	42,936	12,198
Cash and cash equivalents (note 3(e))		56,878,028	35,638,035
Investments with less than 91-day maturities (note 3(e))		109,326,096	99,888,972
Cash and cash equivalents, end of year	$	166,247,060	135,539,205

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 21).

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, 2019 and 2018 were capitalized as project assets and were classified as follows:

	Balance at October 31, 2018	Additions	Deletions	Balance at October 31, 2019
Land	$ 83,015,653	—	—	83,015,653
Site improvements	441,873,740	23,663,354	—	465,537,094
Residential building and condominiums	137,180,295	338,571	—	137,518,866
Total project assets	662,069,688	24,001,925	—	686,071,613
Less: accumulated depreciation:				
Site improvements	120,484,376	6,629,268	—	127,113,644
Residential building and condominiums	33,787,572	3,213,783	—	37,001,355
Total accumulated depreciation	154,271,948	9,843,051	—	164,114,999
Net project assets	$ 507,797,740	14,158,874	—	521,956,614

		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

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 2019 of $40.7 million, $60 million, $42.5 million, $22.5 million, $33.9 million, $4.75 million and $4 million from residential buildings on Site 22, Site 16/17, Site 3, Site 23, Site 24, Site 2A and Site 13, respectively.

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

(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, 2019 and 2018, 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, were as follows:

	October 31, 2019			October 31, 2018		
	Cost	Fair value	Weighted average maturity (years) (a)	Cost	Fair value	Weighted average maturity (years) (a)
U.S. Treasury securities:						
Treasury Bills	$ 343,208,285	344,511,546	0.16	$ 226,595,757	227,862,341	0.05
Treasury Bonds	75,021,743	74,786,480	3.26	97,341,850	93,195,332	3.10
Treasury Strips	343,043	363,566	5.26	343,043	326,245	6.20
Total U.S. Treasury securities	418,573,071	419,661,592		324,280,650	321,383,918	
Commercial paper	18,042,099	18,227,872	0.01	63,024,475	63,476,945	0.05
Federal agency securities	—	—	—	2,002,830	1,859,912	0.40
Federal agency mortgage backed securities	5,865,363	5,936,683	2.79	5,075,643	4,974,729	2.49
Municipal bonds	10,812,947	10,808,574	1.52	15,020,253	14,509,198	1.61
Small Business Administration	—	—	—	2,115,086	2,032,288	4.92
Supra National Agency	10,275,437	10,306,075	1.09	27,390,282	27,006,522	1.64
Total investments	463,568,917	464,940,796	0.74	438,909,219	435,243,512	0.91
Cash and cash equivalents	56,878,028	56,878,028		35,638,035	35,638,035	
Total investments	$ 520,446,945	521,818,824		$ 474,547,254	470,881,547	

(a) Portfolio weighted average effective duration

As of October 31, 2019 and 2018, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to $166,204,124 and $135,527,007, 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 2003 General Bond Resolution, and the 2009, 2013 and 2019 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: net investment in capital assets; restricted assets; and unrestricted assets. Net investment in capital assets 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 net investment in capital assets 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.

(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. 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.

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

On August 6, 2019, the Authority refunded its 2013 Series C, 2013 Series D, and 2013 Series E variable-rate Junior Revenue Bonds and issued 2019 Series D and 2019 Series E variable-rate bonds. The interest rates on these bonds were hedged by interest rate swaps, which were bifurcated as of the date of the refunding. As defined by GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"), debt-type instruments (swaps) with market exposure are accounted for by bifurcating the transaction between a borrowing and an embedded derivative. The fair values of each element of the bifurcation can be made by estimating the fair value of the instrument (swaps) less the fair value of the borrowing. GASB 53 requires that associated interest swaps be tested for hedge effectiveness to qualify for the application of hedge accounting. On October 31, 2019, the associated interest swaps were tested and qualified for hedge accounting. Accordingly, the fair value of the interest rate swaps on August 6, 2019 of negative $80 million was recorded as an imputed borrowing and a deferred outflow of resources by the Authority. These amounts are being amortized on a straight-line basis over the remaining life of the swaps and were $78.5 million at October 31, 2019. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as a hedge, had a negative fair value (from August 6, 2019) of $747 thousand at October 31, 2019. This negative fair value is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position (deficit). The amount recorded as imputed borrowing and deferred outflow of resources for the fiscal year ended October 31, 2018 was calculated based on the bifurcation of the swaps which occurred on October 23, 2013, and had a negative fair value of $70.1 million. This amount was amortized on a straight line basis and was $51.2 million at October 31, 2018. In addition, there was a positive fair value (from October 23, 2013) of $147 thousand at October 31, 2018. This positive fair value was 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, 2019 and 2018 were as follows:

October 31, 2019

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	$ 344,511,546	-	-	344,511,546
Treasury Bonds	74,786,480	-	-	74,786,480
Treasury Strips	363,566	-	-	363,566
Commercial Paper	-	18,227,872	-	18,227,872
Federal Agency Mortgage Backed Securities	-	5,936,683	-	5,936,683
Municipal Bonds	-	10,808,574	-	10,808,574
Supra National Bonds	-	10,306,075	-	10,306,075
Total assets at fair value	$ 419,661,592	45,279,204	-	464,940,796
Liabilities at fair value:				
Interest rate swaps	$ -	-	746,509	746,509
Total liabilities at fair value	$ -	-	746,509	746,509

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

(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, 2019 and 2018 were $19.2 million and $22.0 million, respectively.

The 467a tax abatements for the years ended October 31, 2019 and 2018 were $7.6 million and $6.3 million, respectively.

(m) Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

All of the Authority's bonds outstanding as of October 31, 2019 (see notes 11, 12 and 13) are governed by the 2003 General Bond Resolution, which states that upon any event of default, the Trustee may, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the outstanding bonds, proceed to protect and enforce the rights of the Bondholders, as the Trustee, shall deem most effectual to protect and enforce such rights. The 2003 General Bond Resolution does not, however, contain any remedial provision for acceleration of bond maturity. The Authority's Supplemental Resolutions pertaining to the 2019 Series D Bonds and the 2019 Series E Bonds, respectively, provide that the occurrence and during the continuance of an event of default, the Bonds of each of those series, and all obligations secured under the applicable Supplemental Resolution, shall bear interest at a default rate, which shall be payable by the Authority to each Bondholder on each interest payment date.

(n) 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 adoption of GASB 84 did not have an impact on the Authority's financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, ("GASB 86") is effective for reporting periods beginning after June 15, 2017. The primary objective of GASB 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for 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 adoption of GASB 86 did not 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 is evaluating the impact of GASB 87 on the Authority's financial statements. The Authority has determined that the impact of implementation may have a material impact on the Authority's statement of net position (deficit) which it plans to implement in April 2021.

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 improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. GASB 88 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 adoption of GASB 88 required certain additional disclosures as disclosed in note 3(m).

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 but does not expect it to have an impact 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 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.

GASB Statement No. 91, *Conduit Debt Obligations*, ("GASB 91") is effective for reporting periods beginning after December 15, 2020. The primary objective of GASB 91 is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The Authority has not completed the process of evaluating GASB 91, 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, 2019, 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, 2019, all commercial development leases expire in 2069, provide for future base rent payments aggregating $1 billion over the lease terms, which includes base rent of $19.7 million per annum from 2020 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 has entered into 30 leases of residential buildings consisting of 8,275 units containing 3,750 condominium and 4,525 rental units, including 115 condominium units in a mixed-use building containing a museum and The Wagner Hotel. 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. Certain leases provide for an abatement equivalent to the real estate tax abatements assessed by the New York City Department of Finance.

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, 2020 through 2024 and through the end of the lease term (thereafter), are as follows (in 000s):

		2020	2021	2022	2023	2024	Thereafter	Total	
Commercial development:									
Base rent	$	19,644	20,115	20,137	20,137	20,137	916,964	1,017,134	
Residential developments:									
Gateway project base rent		305	305	305	305	305	4,785	6,310	(a)
S. Res. Neighborhood:									
Base rent		19,878	20,241	20,807	21,223	21,609	1,680,887	1,784,645	
Other minimum payments		10,936	11,216	11,504	11,800	12,105	80,662	138,223	
Subtotal S. Res.		30,814	31,457	32,311	33,023	33,714	1,761,549	1,922,868	
N. Res. Neighborhood:									
Base rent		8,582	8,923	9,189	9,463	9,743	725,267	771,167	
Other minimum payments		18,282	18,100	16,433	17,819	18,990	435,142	524,766	
Subtotal N. Res.		26,864	27,023	25,622	27,282	28,733	1,160,409	1,295,933	
Total	$	77,627	78,900	78,375	80,747	82,889	3,843,707	4,242,245	

(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, 2013 and 2019 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 were as follows at October 31, 2019 and 2018:

		2003 General Bond Resolution Funds			
October 31, 2019		**General Bond Resolution**	**Senior Bonds**	**Junior Bonds**	**Total General Bond Resolution**
Reserve Fund	$	33,338,266	—	—	33,338,266
Project Operating Fund		8,489,364	—	—	8,489,364
Debt Service Funds		—	46,645,530	15,086,175	61,731,705
Residual Fund		2,808,077	—	—	2,808,077
Pledged Revenue Fund		181,102,278	—	—	181,102,278
Subordinated Payment Fund		3,348,865	—	—	3,348,865
	$	229,086,850	46,645,530	15,086,175	290,818,555

As of October 31, 2019, there were in transit 2003 Debt Service Bond Resolution Fund payables of $6,887,092. Accordingly, this amount has been included in the bond resolution funds payable amount in the statement of net position (deficit).

		2003 General Bond Resolution Funds			
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

As of 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).

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, 2019 and 2018:

October 31, 2019		2009 Revenue Bonds 2009A Senior Revenue Bonds	2009B Senior Revenue Bonds	Total 2009 Bonds
Project Costs Fund	$	686,191	920,775	1,606,966

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

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, 2019 and 2018:

October 31, 2019		2013 Revenue Bonds 2013A Senior Revenue Bonds	2013B Senior Revenue Bonds	Total 2013 Bonds
Project Costs Fund	$	14,518,017	—	14,518,017

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

In August 2019, as a result of the 2019 Senior Revenue Bonds and Junior Revenue Bonds issuances, 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, 2019:

October 31, 2019		2019 Revenue Bonds 2019A Senior Revenue Bonds	2019B Senior Revenue Bonds	2019C Senior Revenue Bonds	Total 2019 Bonds
Cost of Issuance	$	12,496	—	—	12,496
Project Cost Funds		82,034,904	9,586,803	3,516,610	95,138,317
	$	82,047,400	9,586,803	3,516,610	95,150,813

Investments of amounts in funds and accounts established under the various 2003 General Bond Resolutions and 2009, 2013 and 2019 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, 2013 and 2019 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 for the 2013 Series A Senior Revenue Bonds.

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, 2013 and 2019 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, 2019, 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).

The Act, as amended on December 12, 2019, also authorizes the Authority to issue bonds for the purpose of financing capital costs in connection with a program of infrastructure construction, improvements and other capital expenditures for the project area in an aggregate principal amount not to exceed $500 million, plus the funding of any related debt service reserve funds, provide capitalized interest, and to provide for fees and other charges and expenses including any underwriter's discounts, related to the issuance of such bonds or notes.

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, which amortize consistent with the original amortization schedule for the 2003 Series C Bonds. 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.

In July 2019, the Authority amended the terms of its Swap agreements with all counterparties. The Authority changed the fixed-rate of interest owed semiannually to counterparties from 3.452% to a range of 3.499% to 3.512%, which is now due to be paid monthly. In return, the counterparties owe the Authority floating-rate interest equal to one-week SIFMA through August 2024, and thereafter 65% one-month LIBOR until maturity. The original notional amounts of the Swaps and the amortization thereof match the original principal amount and amortization schedule of the refunded 2003 Series C Bonds. The Swaps were not terminated in connection with the issuance of the 2019 Series D Bonds and the 2019 Series E Bonds. Each Swap has been determined to be a hedge of the Authority's variable-rate obligations on the 2019 Series D Bonds and the 2019 Series E Bonds.

	Swap Notional Amortization	Interest-rate swaps		
		Payment	Pro-Forma Receipts	Pro-Forma Net payment
Year ended October 31:				
2020	$ 5,500,000	(11,918,850)	3,801,000	(8,117,850)
2021	5,725,000	(11,721,739)	3,738,140	(7,983,599)
2022	5,950,000	(11,516,726)	3,672,760	(7,843,966)
2023	6,150,000	(11,304,250)	3,605,000	(7,699,250)
2024	6,400,000	(11,083,872)	3,534,720	(7,549,152)
2025 – 2029	105,825,000	(49,377,403)	16,303,541	(33,073,862)
2030 – 2034	206,575,000	(16,853,649)	5,564,775	(11,288,874)
Totals	$ 342,125,000	(123,776,489)	40,219,936	(83,556,553)

The above table shows payments based on the Authority's pay-fixed-rate interest rate Swap payment obligation at an effective interest rate of 3.499% to 3.512%, while the Authority's variable-rate receipts are based on the floating rate equal to one-week SIFMA through August 6, 2024, thereafter 65% of one-month LIBOR to maturity, which the counterparties are obligated to pay on a monthly basis. Although the pro-forma receipts shown are projected based on the latest interest rate at October 31, 2019 (one-week SIFMA and 65% of one-month LIBOR, 1.12% and 1.16%, respectively), actual receipts will depend on the actual fluctuation of one-week SIFMA and one-month 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 of "Baa1" or higher 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 reduced its basis risk on the Swaps for the five-year period of the amendment to one-week SIFMA, which match the variable rate on the Series 2019 D Bonds and the Series 2019 E Bonds. Starting in June of 2024, the Swaps floating rate index reverts back to 65% of one-month LIBOR, which may result in additional basis risk.

On August 6, 2019, the Authority refunded its 2013 Series C, 2013 Series D, and 2013 Series E variable-rate Junior Revenue Bonds and issued 2019 Series D and 2019 Series E variable-rate bonds. The interest rates on these bonds were hedged by interest rate swaps, which were bifurcated as of the date of the refunding. As defined by GASB 53, debt-type instruments (swaps) with market exposure are accounted for by bifurcating the transaction between a borrowing and an embedded derivative. The fair values of each element of the bifurcation can be made by estimating the fair value of the instrument (swaps) less the fair value of the borrowing. GASB 53 requires that associated interest swaps be tested for hedge effectiveness to qualify for the application of hedge accounting. On October 31, 2019, the associated interest swaps were tested and qualified for hedge accounting. Accordingly, the fair value of the interest rate swaps on August 6, 2019 of negative $80 million was recorded as an imputed borrowing and a deferred outflow of resources by the Authority. These amounts are being amortized on a straight-line basis over the remaining life of the swaps and were $78.5 million at October 31, 2019. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as a hedge, had a negative fair value (from August 6, 2019) of $747 thousand at October 31, 2019. This negative fair value is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position (deficit). The amount recorded as imputed borrowing and deferred outflow of resources for the fiscal year ended October 31, 2018 was calculated based on the bifurcation of the swaps which occurred on October 23, 2013, and had a negative fair value of $70.1 million. This amount was amortized on a straight line basis and was $51.2 million at October 31, 2018. In addition, there was a positive fair value (from October 23, 2013) of $147 thousand at October 31, 2018. This positive fair value was recorded as a deferred inflow of resources and an asset on the Authority's statement of net position (deficit).

The amount recorded as imputed borrowing and deferred outflow of resources for the fiscal year ended October 31, 2018 was calculated based on the bifurcation of the swaps, which occurred on October 23, 2013, and had a negative fair value of $70.1 million. This amount was amortized on a straight line basis and was $51.2 million at October 31, 2018. In addition, there was a positive fair value (from October 23, 2013) of $147 thousand at October 31, 2018. This positive fair value was recorded as a deferred inflow of resources and an asset on the Authority's statement of net position (deficit).

Debt service on the 2013 and 2019 Bonds and the 2003 Swap agreements (see notes 12 and 13) 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 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 2013 and 2019 Bonds and certain other beneficiaries, as their respective interest may appear. In addition, the 2013 Series A Senior Revenue Bonds are secured by the Reserve Fund established under the 2003 General Bond Resolution. The rights to payment of the 2013 and 2019 Senior Bonds and senior reimbursement obligations are senior to the payment of the 2019 Junior Bonds, junior swap payments, and junior reimbursement obligations from amounts in the PRF. 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 (see notes 8 and 9).

(11) 2009 Revenue Bonds

On December 22, 2009, the Authority issued $56,600,000 of fixed-rate Senior Revenue Bonds, Series 2009A (Federally Taxable—Build America Bonds) (the “2009 Series A Bonds”) and $30,635,000 of fixed-rate Senior Revenue Bonds, Series 2009B (the “2009 Series B Bonds”) (see note 17). At October 31, 2019, there were no 2009 Series A Bonds or 2009 Series B Bonds outstanding.

All Series 2009A and 2009B Bonds maturing after November 1, 2019 were refunded on August 6, 2019 and as of that date are no longer debt obligations of the Authority.

The Authority issued certain of the 2009 Series B Bonds at a premium of $1.81 million, which were being amortized on a straight-line basis until the bonds were refunded on August 6, 2019. The remaining unamortized net bond premiums of approximately $1.1 million were reclassified to Gain (Loss) on Extinguishment of Debt, when the bonds were refunded.

(12) 2013 Revenue Bonds

On October 23, 2013, the Authority issued $356,085,000 of fixed-rate Senior Revenue Bonds, Series 2013A (Tax-Exempt Bonds) (the “2013 Series A Bonds”) and $6,700,000 of fixed-rate Senior Revenue Bonds, Series 2013B Federally Taxable Bonds) (the “2013 Series B Bonds”). In addition, the Authority directly placed $609,530,000 of variable-rate Junior Revenue Bonds with three banks or bank affiliates, comprising $210,865,000 of Junior Revenue Bonds, Series 2013C (the “2013 Series C Bonds”), $199,330,000 of Junior Revenue Bonds, Series 2013D (the “2013 Series D Bonds”), and $199,335,000 of Junior Revenue Bonds, Series 2013E (the “2013 Series E Bonds”) (collectively, the “2013 Series C, D, and E Bonds").

The cumulative unamortized loss on redemption or maturity of bonds, including the unamortized bond insurance costs, collectively totaling $15.8 million and $17.3 million at October 31, 2019 and 2018, respectively, 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, 2019, principal and interest payments due on the 2013 Series A Senior Revenue Bonds were as follows:

2013 Series A Senior Revenue Bonds:

Year ended October 31:	Coupon Rate		Principal amount	Interest
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	5.00%		29,760,000	6,730,050
2025 – 2029	5.00%		93,705,000	15,314,375
2030 – 2032	4.00% - 5.00%		27,435,000	1,924,750
Totals		$	256,620,000	64,669,250

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 Series C, D, and E Junior Revenue Bonds:

All 2013 Series C, D, and E Junior Revenue Bonds were refunded on August 6, 2019 and, as of that date, are no longer obligations of the Authority.

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 20(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, 2019, the full $5 million had been used for the construction of Pier A Plaza and the remaining balances were transferred to the City.

(13) 2019 Revenue Bonds

On August 6, 2019, the Authority issued $72,765,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019A (Sustainability Bonds) (the “2019 Series A Bonds”), $146,510,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019B (the “2019 Series B Bonds”), and $3,570,000 of fixed-rate Senior Revenue Bonds, Series 2019C (Federally Taxable) (the “2019 Series C Bonds”). On that date, the Authority also issued

$300,000,000 of variable-rate Junior Revenue Bonds, Series 2019D (Adjustable Rate Bonds) (the "2019 Series D Bonds"), composed of $150,000,000 of Subseries 2019D-1 and $150,000,000 of Subseries 2019D-2) and sold $150,000,000 of variable-rate Junior Revenue Bonds, Series 2018E (the "2019 Series E Bonds") to a bank.

Proceeds of the Series 2019 Bonds were issued for the following purposes:

- A total of $3,813,506 of proceeds were allocated to pay for costs of issuance.
- A total of $99,352,522 of proceeds (comprising $86,150,000 from the 2019 Series A Bonds, $9,702,522 from the 2019 Series B Bonds, and $3,500,000 from the 2019 Series C Bonds) are to be used for certain infrastructure and other capital improvements.
- A total of $671,425,000 of proceeds of the 2019 Series B Bonds, the 2019 Series D Bonds, and the 2019 Series E Bonds was used to refund the 2009 Series A Bonds ($56,600,000), 2009 Series B Bonds ($28,055,000), the 2013 Series C Bonds ($204,835,000), the 2013 Series D Bonds ($190,965,000), and the 2013 Series E Bonds ($190,970,000).

As of October 31, 2019, principal and interest payments due on the fixed-rate Senior Revenue Bonds, 2019 Series A, 2019 Series B and 2019 Series C were as follows:

2019 Series A Senior Revenue Bonds

	Coupon Rate	Principal amount	Interest
Year ended October 31:			
2020	—	$ —	2,463,690
2021	—	—	3,346,900
2022	—	—	3,346,900
2023	—	—	3,346,900
2024	—	—	3,346,900
2025 – 2029	—	—	16,734,500
2030 – 2034	—	—	16,734,500
2035 – 2039	—	—	16,734,500
2040 – 2044	4.00%	21,540,000	15,397,100
2045 – 2049	4.00% - 5.00%	41,625,000	7,760,150
2050	4.00%	9,600,000	240,000
Totals		$ 72,765,000	89,452,040

The 2019 Series A Senior Revenue Bonds maturing on or after November 1, 2030 are subject to redemption, in whole or in part, at any time on or after November 1, 2029 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

2019 Series B Senior Revenue Bonds

Year ended October 31:	Coupon Rate	Principal amount	Interest
2020	—	$ —	5,386,972
2021	—	—	7,318,150
2022	—	—	7,318,150
2023	—	—	7,318,150
2024	—	—	7,318,150
2025 – 2029	5.00%	395,000	36,580,875
2030 – 2034	5.00%	18,195,000	35,428,125
2035 – 2039	5.00%	57,955,000	26,391,875
2040 – 2044	4.00% - 5.00%	69,965,000	3,089,500
Totals		$ 146,510,000	136,149,947

The 2019 Series B Senior Revenue Bonds maturing on or after November 1, 2030 are subject to redemption, in whole or in part, at any time on or after November 1, 2029 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

2019 Series C Senior Revenue Bonds

Year ended October 31:	Coupon Rate	Principal amount	Interest
2020	—	$ —	66,486
2021	—	—	90,321
2022	—	—	90,321
2023	—	—	90,321
2024	—	—	90,321
2025 – 2029	2.53%	3,570,000	316,124
Totals		$ 3,570,000	743,894

The 2019 Series C Senior Revenue Bonds are subject to redemption, in whole or in part, on any Business Day at the option of the Authority, for the full issue price plus accrued interest or the sum of the present value of the remaining scheduled payments of principal and interest to maturity.

2019 Series D Junior Revenue Bonds:

Both subseries of the 2019 Series D Bonds are variable-rate demand bonds bears interest at a variable-rate based on one-week SIFMA plus applicable fees. The Authority has also entered into a stand-by purchase agreement as liquidity support for each of the two subseries. The Authority has the right to cause the 2019 Series D Bonds to be repurchased from the initial purchasers on any business day at the discretion of the Authority.

2019 Series E Junior Revenue Bonds:

The 2019 Series E Bonds bear interest at a variable-rate based on one-week SIFMA plus a spread. The Authority has the right to cause the 2019 Series E Bonds to be repurchased from the initial purchasers on any business day upon 20 days prior written notice.

As of October 31, 2019, principal and interest payments due on the 2019 Series D and Series E variable-rate bonds were as follows:

		Junior D		Junior E		Total	
		Principal	Interest	Principal	Interest	Principal	Interest
Year ended October 31:							
2020	$	—	3,544,110	—	1,904,959	—	5,449,069
2021		2,700,000	4,756,800	1,350,000	2,556,780	4,050,000	7,313,580
2022		2,820,000	4,711,680	1,415,000	2,532,442	4,235,000	7,244,122
2023		2,930,000	4,664,800	1,470,000	2,507,158	4,400,000	7,171,958
2024		3,090,000	4,615,360	1,545,000	2,480,584	4,635,000	7,095,944
2025 – 2029		60,530,000	20,740,960	30,250,000	11,147,578	90,780,000	31,888,538
2030 – 2034		106,930,000	13,309,920	53,465,000	7,154,082	160,395,000	20,464,002
2035 – 2039		121,000,000	3,526,240	60,505,000	1,895,526	181,505,000	5,421,766
Total	$	300,000,000	59,869,870	150,000,000	32,179,109	450,000,000	92,048,979

The above schedule reflects interest on one-week SIFMA on October 30, 2019 plus applicable fees.

(14) 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, 2013 and 2019 Revenue Bonds (see notes 11, 12 and 13), 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 $154.8 million of PILOT-related receipts provided for the transfer to the City during the year ended October 31, 2018 was transferred in June 2019. A provision in the amount of $155.4 million has been charged as a nonoperating expense for the year ended October 31, 2019.

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, 2019, 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 $214.9 million against the $261 million City pay-as-you-go capital fund obligation, which includes the current year provision of $41.3 million charged to nonoperating expenses for the year ended October 31, 2019.

(15) Rents and Other Receivables

Rents and other receivables consisted of the following at October 31, 2019 and 2018:

		2019	2018
Rents receivable	$	8,835,635	5,529,585
Interest receivable		598,476	737,001
Miscellaneous receivables		41,626	67,265
Swap interest receivable		-	440,670
Total receivables		9,475,737	6,774,521
Less allowance for doubtful accounts		(1,803,872)	(1,739,208)
Net receivables	$	7,671,865	5,035,313

(16) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at October 31, 2019 and 2018:

		2019	2018
Amounts due to vendors	$	4,666,885	2,686,384
Contract retention costs		659,816	516,376
Accrued bond fees		327,043	—
Due to developers		37,416	37,416
Accrued payroll and benefits		862,943	714,125
Total	$	6,554,103	3,954,301

(17) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of October 31, 2019 and 2018 were comprised of the following obligations:

	October 31, 2018	Additions	Deletions	October 31, 2019	Due within one year
Authority bonds outstanding:					
2009 Revenue Bonds:					
Series 2009A	$ 56,600,000	—	56,600,000	—	—
Series 2009B	28,410,000	—	28,410,000	—	—
Subtotal	85,010,000	—	85,010,000	—	—
Unamortized net premiums	1,165,851	—	1,165,851	—	—
Subtotal 2009 Bonds	86,175,851	—	86,175,851	—	—
2013 Revenue Bonds:					
Series 2013A	279,980,000	—	23,360,000	256,620,000	24,590,000
Series 2013C	206,020,000	—	206,020,000	—	—
Series 2013D	192,225,000	—	192,225,000	—	—
Series 2013E	192,225,000	—	192,225,000	—	—
Subtotal	870,450,000	—	613,830,000	256,620,000	24,590,000
Unamortized net premiums	36,811,731	—	2,831,671	33,980,060	—
Subtotal 2013 Bonds	907,261,731	—	616,661,671	290,600,060	24,590,000
2019 Revenue Bonds:					
Series 2019A	—	72,765,000	—	72,765,000	—
Series 2019B	—	146,510,000	—	146,510,000	—
Series 2019C	—	3,570,000	—	3,570,000	—
Series 2019D	—	300,000,000	—	300,000,000	—
Series 2019E	—	150,000,000	—	150,000,000	—
Subtotal	—	672,845,000	—	672,845,000	—
Unamortized net premiums	—	54,769,179	602,589	54,166,590	—
Subtotal 2019 Bonds	—	727,614,179	602,589	727,011,590	—
Total bonds outstanding	993,437,582	727,614,179	703,440,111	1,017,611,650	24,590,000
Other long-term liabilities:					
OPEB	40,192,000	4,581,344	9,928,756	34,844,588	—
Imputed borrowing	51,222,737	28,791,720	1,479,464	78,534,993	—
Fair value of interest rate swap	—	30,886,269	30,139,760	746,509	—
Unearned revenue	287,280,944	—	8,481,132	278,799,812	53,974,653
Security and other deposits	28,385,856	731,364	—	29,117,220	4,738
Total other long-term liabilities	407,081,537	64,990,697	50,029,112	422,043,122	53,979,391
Total long-term liabilities	$ 1,400,519,119	792,604,876	753,469,223	1,439,654,772	78,569,391

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, 2019 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, 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.

(18) 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 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 RSSL, 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
2019	$	1,165,323
2018		930,358
2017		712,703
	$	2,808,384

At the end of fiscal year 2019, the Authority pre-funded the 2020 required contribution in the amount of $965,189 which has been included in deferred outflows of resources in the accompanying financial statements.

At the end of fiscal year 2018, the Authority pre-funded the 2019 required contribution in the amount of $1,165,323 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, 2019 and 2018, the Authority reported a liability of $1,897,514 and $830,358, 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, 2019 and 2018, 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, 2019 and 2018, the Authority's proportion was 0.0267810% and 0.0257280%, respectively**.**

For the years ended October 31, 2019 and 2018, the Authority recognized pension expense of $1,247,811 and $974,840, respectively. At October 31, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

October 31, 2019

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	373,660	127,377
Changes of assumptions		476,957	
Net difference between projected and actual earnings on pension plan investments			487,007
Changes in proportion and differences between LG contributions and proportionate share of contributions		331,261	221,172
LG contributions subsequent to the measurement date		965,189	
Total	$	2,147,067	835,556

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

As of October 31, 2019 and 2018, $2,147,067 and $3,495,764 was reported as a deferred outflow of resources, respectively, and $835,556 and $2,968,787 was reported as a deferred inflow of resources, respectively, including a deferred outflow of resources amounting to $965,189 and $1,163,182 as of October 31, 2019 and 2018, 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:		
2020	$	1,373,842
2021		(330,717)
2022		(22,107)
2023		290,493
2024		–
Thereafter		–
	$	1,311,511

Actuarial Assumptions

The total pension liability at the System's year-end of March 31, 2019 and 2018 was determined by using an actuarial valuation as of April 1, 2018 and 2017, with update procedures used to roll forward the total pension liability to the System's year-end of March 31, 2019 and 2018.

Significant actuarial assumptions used in the April 1, 2018 and 2017 valuations were as follows:

2018	
Interest rate	7.0%
Salary scale	
ERS	4.2%
Decrement tables	April 1, 2010 – March 31, 2015
System's Experience	

Inflation rate	2.5%

<u>2017</u>

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

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 2018 and 2017 valuations are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class and the target asset allocation as of March 31, 2019 and 2018 are summarized below.

Asset Type	Target Allocation	Long Term Expected Real Rate
Domestic Equity	36.00%	4.55%
International Equity	14.00%	6.35%
Private Equity	10.00%	7.50%
Real Estate	10.00%	5.55%
Absolute Return	2.00%	3.75%
Opportunistic Portfolio	3.00%	5.68%
Real Asset	3.00%	5.29%
Bonds, Cash & Mortgages	18.00%	1.06%
Inflation Indexed Bonds	4.00%	1.25%

Discount Rate

The discount rates used to calculate the total pension liability as of March 31, 2019 and 2018 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:

October 31, 2019

		1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's share of the Net Pension Liability (Asset)	$	8,296,233	1,897,514	(3,477,864)

October 31, 2018

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

Pension plan fiduciary net position

The components of the current-year net pension liability of the System's plan year-end of March 31, 2019 and 2018 were as follows:

(Dollars in Thousands)

		2019 Employees' Retirement System	2018 Employees' Retirement System
Employers' total pension liability	$	189,803,429	183,400,590
Plan net position		(182,718,124)	(180,173,145)
Employers' net pension liability	$	7,085,305	3,227,445
Ratio of plan net position to the employers' total pension liability		96.3%	98.2%

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

(19) Other Postemployment Benefits (OPEB)

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, 2019, 179 participants, including 126 employees and 53 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 years ended October 31, 2019 and 2018 and in accordance with GASB Statement 75, updated actuarial valuations were completed for the valuation dates of November 1, 2018 and November 1, 2016, respectively. These are the dates as of which the actuarial valuations were performed. The measurement dates are October 31, 2018 and 2017, respectively. These are the dates as of which the OPEB liabilities were determined.

(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, 2019 and 2018, $34,844,588 and $40,192,000, respectively, was reported for the Authority's total OPEB liability.

For the years ended October 31, 2019 and 2018, the Authority recognized OPEB expenses of $2,563,285 and $1,503,476, 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, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

October 31, 2019

	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of assumptions	$ 8,156,163	2,329,507

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:	
2020	$ 45,592
2021	(819,228)
2022	(819,228)
2023	(819,228)
2024	(819,228)
Thereafter	(2,595,336)
	$ (5,826,656)

October 31, 2018

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

(d) Actuarial Methods and Assumptions

The Authority's total OPEB liabilities were determined by actuarial valuations as of November 1, 2018 and 2016, using the following actuarial assumptions:

Significant actuarial assumptions used in the November 1, 2018 and 2016 valuations were as follows:

<u>2018</u>

Inflation rate	2.30%
Salary scale	3.30%
Health cost	Getzen Model Version 2019
Mortality	RPH-2006 Mortality Tables

2016

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

These valuation reports reflect 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.

<u>2018</u>

The annual healthcare cost trend rates vary based on type of health coverage valued; initial trends start at 5.5% to 6.6%, declining approximately 0.1% each year to an ultimate trend rate of 4.6%. The trend rates reflect a general inflation level of 2.3%.

<u>2016</u>

The annual healthcare cost trend rates vary based on type of health coverage valued; initial trends start at 0.0% 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 rates used to calculate the total OPEB liability as of October 31, 2019 and 2018 were 3.85% and 3.35%, respectively. 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, 2019, calculated using the discount rate of 3.85%, 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 (2.85 percent) or 1-percentage-point higher (4.85 percent) than the current rate:

October 31, 2019

		1% Decrease 2.85%	Current Discount 3.85%	1% Increase 4.85%
Total OPEB Liability	$	41,110,536	34,844,588	29,875,435

The following represents the Authority's total OPEB liability estimated as of October 31, 2019, 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	$	29,259,752	34,844,588	42,140,229

October 31, 2018

		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, 2019 is as follows:

OPEB Balance at November 1, 2018	$	40,192,000
Changes for the period:		
Service cost		2,103,000
Interest		1,401,514
Benefit payments		(925,199)
Changes in assumptions		(7,926,727)
Net changes		(5,347,412)
OPEB Balance at October 31, 2019	$	34,844,588

The following is a list of significant changes in the actuarial assumptions from the prior year:

The discount rate increased from 3.35% to 3.85%.

Healthcare related assumptions (NYSHIP premiums, per capita claims costs and healthcare trend) were updated from 2017 to 2019.

The mortality improvement scale was updated from MP-2016 to MP-2018.

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, 2017 in the Authority's financial statements due to the adoption of GASB 75.

Corporate assets held at October 31, 2019 and 2018 in separate corporate OPEB accounts for the exclusive purpose of paying OPEB obligations were approximately $40.6 million and $37.8 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.

(20) Commitments and Other Matters

(a) The Authority has entered into construction and other related contracts, having unexpended balances aggregating $37.1 million as of October 31, 2019.

(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 $1.3 million and $1.2 million for the years ended October 31, 2019 and 2018, respectively. The future minimum lease payments are as follows:

Year ended October 31:	
2020	$ 1,195,430
2021	857,287
2022	204,600
2023	204,600
2024	204,600
Thereafter	272,800
Total minimum payments required	$ 2,939,317

(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, 2019, 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.

(21) Battery Park City Parks Conservancy

The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation. The Authority, as sole member of the Conservancy, designated the Authority's members to serve as the Conservancy's Board of Directors. 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, 2019 and 2018, the Authority paid the Conservancy $1.1 million and $1.2 million, respectively 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)).

(22) 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
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)

	2019	**2018**	**2017**	**2016**	**2015**
The Authority's proportion of the net pension liability (asset)	0.02678100%	0.02572800%	0.02614580%	0.01468700%	0.01539080%
The Authority's proportionate share of the net pension liability (asset)	$ 1,898	$ 830	$ 2,457	$ 2,357	$ 519
The Authority's covered payroll	$ 8,735	$ 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	21.73%	10.28%	30.51%	41.61%	13.51%
Plan fiduciary net position as a percentage of the total pension liability	96.30%	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
2019	7.00%
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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 1,165	$ 930	$ 713	$ 518	$ 710	$ 605	$ 541	$ 527	$ 624	$ 357
Contribution in relation to the actuarially determined contribution	$ 1,165	$ 930	$ 713	$ 518	$ 710	$ 605	$ 541	$ 527	$ 624	$ 357
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Authority's covered payroll	$ 8,735	$ 8,071	$ 8,054	$ 5,664	$ 3,843	$ 4,427	$ 4,220	$ 3,061	$ 4,589	$ 5,245
Contribution as a percentage of covered payroll	13.34%	11.52%	8.85%	9.15%	18.48%	13.67%	12.82%	17.22%	13.60%	6.81%

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

		2019	2018
Total OPEB Liability			
Service cost	$	2,103	2,137
Interest cost		1,402	1,288
Effect of economic/demographic gains or (losses)		(7,927)	(1,260)
Benefit Payments		(925)	(896)
Net Change in Total OPEB Liability		(5,347)	1,269
Total OPEB Liability - Beginning		40,192	38,923
Total OPEB Liability - Ending	$	34,845	40,192
Covered employee payroll	$	9,943	9,406
Total OPEB Liability as a Percentage of Covered Employee Payroll		350%	427%

Notes to Schedule:

This schedule is intended to present the 10 most current fiscal years of data. However, only two years of data are 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
2019	3.85%
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. Therefore, the required supplementary information related to actuarially determined contributions for the last 10 fiscal years is not applicable.

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, 2019

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current assets:			
Bank deposits	$ 13,435	29,501	42,936
Investments	17,347,836	—	17,347,836
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of $1,803,872)	7,671,865	—	7,671,865
2003 General Bond Resolution Funds	257,480,288	—	257,480,288
2009 Revenue Bond Resolution Funds	1,345,342	—	1,345,342
2013 Revenue Bond Resolution Funds	10,413,173	—	10,413,173
2019 Revenue Bond Resolution Funds	55,397,072	—	55,397,072
Corporate-designated, escrowed, and OPEB funds	1,484,830	—	1,484,830
Total current assets	351,153,841	29,501	351,183,342
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds	33,338,267	—	33,338,267
2009 Revenue Bond Resolution Funds	261,624	—	261,624
2013 Revenue Bond Resolution Funds	4,104,844	—	4,104,844
2019 Revenue Bond Resolution Funds	39,753,741		39,753,741
Residential lease required funds	29,117,119	—	29,117,119
Corporate-designated, escrowed, and OPEB funds	71,774,688	—	71,774,688
Battery Park City project assets – at cost, less accumulated depreciation	521,956,614	—	521,956,614
Other assets	4,732,034	37,392	4,769,426
Total noncurrent assets	705,038,931	37,392	705,076,323
Total assets	1,056,192,772	66,893	1,056,259,665
Deferred Outflows of Resources			
Deferred pension outflows	2,147,067	—	2,147,067
Deferred OPEB outflows	2,329,507	—	2,329,507
Accumulated decrease in fair value of interest rate swaps	746,509	—	746,509
Unamortized loss on extinguishment of 1993, 1996, 2000, 2003, 2009 and 2013 bonds	15,830,769	—	15,830,769
Deferred costs of refunding, less accumulated amortization of $1,479,464	78,534,994	—	78,534,994
Total deferred outflows of resources	99,588,846	—	99,588,846
Total assets and deferred outflows of resources	$ 1,155,781,618	66,893	1,155,848,511

(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, 2019

Liabilities		**Battery Park City Authority**	**Battery Park City Parks Conservancy**	**Total**
Current liabilities:				
Accrued interest on bonds	$	10,074,623	—	10,074,623
Accounts payable and other liabilities		6,484,526	69,577	6,554,103
Accrued pension payable		1,897,514	—	1,897,514
Due to the City of New York		155,389,471	—	155,389,471
Due to the City of New York - 2010 Agreement		41,323,443	—	41,323,443
Due to the Port Authority of New York & New Jersey		869,381	—	869,381
Unearned revenue:				
PILOT revenue		40,995,851	—	40,995,851
Base rent and other revenue		12,978,802	—	12,978,802
Security and other deposits		4,738	—	4,738
2013 Revenue Bonds		24,590,000	—	24,590,000
Bond resolution fund payables		6,887,092	—	6,887,092
Total current liabilities		301,495,441	69,577	301,565,018
Noncurrent liabilities:				
Unearned revenue:				
Base rent and other revenue		224,825,159	—	224,825,159
Security and other deposits		29,112,482	—	29,112,482
OPEB		34,844,588	—	34,844,588
Fair value of interest rate swaps		746,509	—	746,509
Imputed borrowing		78,534,993	—	78,534,993
Bonds outstanding:				
2013 Revenue Bonds, less accumulated amortization of $17,244,992		266,010,060	—	266,010,060
2019 Revenue Bonds, less accumulated amortization of $602,589		727,011,590	—	727,011,590
Total noncurrent liabilities		1,361,085,381	—	1,361,085,381
Total liabilities		1,662,580,822	69,577	1,662,650,399
Deferred Inflows of Resources				
Deferred pension inflows		835,556	—	835,556
Deferred OPEB inflows		8,156,163	—	8,156,163
Total deferred inflows of resources		8,991,719	—	8,991,719
Net Position (Deficit)				
Net investment in capital assets		9,365,512	—	9,365,512
Restricted:				
Debt service		47,462,490	—	47,462,490
Under bond resolutions and other agreements		9,039,196	—	9,039,196
Unrestricted (deficit)		(581,658,121)	(2,684)	(581,660,805)
Total net position (deficit)		(515,790,923)	(2,684)	(515,793,607)
Total liabilities, deferred inflows of resources and net position (deficit)	$	1,155,781,618	66,893	1,155,848,511

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, 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
Accumulated decrease in fair value of interest rate swaps		—	—	—
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)				
Net investment in capital assets		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 Revenues, Expenses, and Changes in Net Position (Deficit)

Year Ended October 31, 2019

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 61,976,552	—	—	61,976,552
Supplemental rent	1,321,086	—	—	1,321,086
Payments in lieu of real estate taxes	245,649,054	—	—	245,649,054
Civic facilities payments and other	15,644,134	1,125,000	(1,125,000)	15,644,134
Total operating revenues	324,590,826	1,125,000	(1,125,000)	324,590,826
Operating expenses:				
Wages and related benefits	16,734,791	—	—	16,734,791
OPEB	2,563,285	—	—	2,563,285
Other operating and administrative expenses	24,319,608	1,143,383	(1,125,000)	24,337,991
Depreciation of project assets	9,843,050	—	—	9,843,050
Other depreciation and amortization	680,978	32,261	—	713,239
Total operating expenses	54,141,712	1,175,644	(1,125,000)	54,192,356
Operating income	270,449,114	(50,644)	—	270,398,470
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	1,689,182	—	—	1,689,182
Corporate-designated, escrowed, and OPEB funds	1,446,145	—	—	1,446,145
Realized and unrealized gains	12,857,425	—	—	12,857,425
Interest expense relating to:				
2003 Swap agreements – net expense	(6,559,659)	—	—	(6,559,659)
2003 Revenue Bonds	(11,758)	—	—	(11,758)
2009 Revenue Bonds	(2,839,568)	—	—	(2,839,568)
2013 Revenue Bonds	(22,554,175)	—	—	(22,554,175)
2019 Revenue Bonds	(3,947,574)	—	—	(3,947,574)
Loss on extinguishment from debt	(1,319,383)	—	—	(1,319,383)
Bond issuance costs	(3,813,506)	—	—	(3,813,506)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(155,386,254)	—	—	(155,386,254)
Provision for transfer to the City of New York per 2010 agreement	(41,326,660)	—	—	(41,326,660)
Provision for transfer to the City of New York - West Thames St Pedestrian Bridge	(3,682,084)			(3,682,084)
Total nonoperating expenses	(225,447,869)	—	—	(225,447,869)
Change in net position (deficit)	45,001,245	(50,644)	—	44,950,601
Net position (deficit), beginning of year	(560,792,168)	47,960	—	(560,744,208)
Net position (deficit), end of year	$ (515,790,923)	(2,684)	—	(515,793,607)

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 losses	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 Cash Flows

Year Ended October 31, 2019

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 308,747,786	—	—	308,747,786
Receipts from the Authority	—	1,125,000	(1,125,000)	—
Miscellaneous receipts	1,289,559	—	—	1,289,559
Total cash receipts from operating activities	310,037,345	1,125,000	(1,125,000)	310,037,345
Cash payments for:				
Salaries and benefits	(17,090,879)	—	—	(17,090,879)
Services and supplies	(21,974,310)	(1,096,149)	1,125,000	(21,945,459)
Total cash payments for operating activities	(39,065,189)	(1,096,149)	1,125,000	(39,036,338)
Net cash provided by operating activities	270,972,156	28,851	—	271,001,007
Cash flows from noncapital financing activities:				
Payments from LMDC West Thames St Pedestrian Bridge	8,876,962	—	—	8,876,962
Payments to NYC EDC - West Thames St Pedestrian Bridge	(12,559,046)	—	—	(12,559,046)
Payments to the City of New York	(196,438,157)	—	—	(196,438,157)
Net cash used in noncapital financing activities	(200,120,241)	—	—	(200,120,241)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(20,608,174)	—	—	(20,608,174)
Capital asset expenditures	(634,835)	—	—	(634,835)
Payments for bond issuance costs	(3,812,006)	—	—	(3,812,006)
Auction fees for variable debt	(11,758)	—	—	(11,758)
Swap payment made on the 2003 Swap agreement	(16,515,397)	—	—	(16,515,397)
Swap interest payments received on the 2003 Swap agreement	5,004,789	—	—	5,004,789
Interest paid on 2009 Senior Revenue Bonds	(4,984,619)	—	—	(4,984,619)
Principal paydown on 2009 Senior Revenue Bonds	(355,000)	—	—	(355,000)
Interest paid on 2013 Senior Revenue Bonds	(13,221,900)	—	—	(13,221,900)
Principal paydown on 2013 Senior Revenue Bonds	(23,360,000)	—	—	(23,360,000)
Interest paid on 2013 Bonds CDE	(10,840,004)	—	—	(10,840,004)
Principal paydown on 2013 Bonds CDE	(3,700,000)	—	—	(3,700,000)
Interest paid on 2019 Junior Revenue Bonds	(1,076,959)	—	—	(1,076,959)
Remarketing fees for Series 2019D	(23,014)	—	—	(23,014)
Margin rate fees	(3,185,927)	—	—	(3,185,927)
Proceeds from 2019 Bonds issuance	102,113,563	—	—	102,113,563
Payments for 2019 Bonds issuance	(52,461,627)	—	—	(52,461,627)
Transfer from Escrow Account for Bond Refunding	4,214,509	—	—	4,214,509
2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury	905,894	—	—	905,894
Net cash used in capital and related financing activities	(42,552,465)	—	—	(42,552,465)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	11,552,913	—	—	11,552,913
Maturities and redemptions of investment securities	786,932,813	—	—	786,932,813
Purchases of investment securities	(796,106,172)	—	—	(796,106,172)
Net cash provided by investing activities	2,379,554	—	—	2,379,554
Increase in cash and cash equivalents	30,679,004	28,851	—	30,707,855
Cash and cash equivalents, beginning of year	135,538,555	650	—	135,539,205
Cash and cash equivalents, end of year	$ 166,217,559	29,501	—	166,247,060

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, 2019

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 270,449,114	(50,644)	—	270,398,470
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Provision for bad debt expense	1,273,834	-	—	1,273,834
Depreciation and amortization	10,524,028	32,261	—	10,556,289
Other	229,324	—	—	229,324
Changes in operating assets and liabilities:				
(Increase) in rents and other receivables	(4,489,185)	—	—	(4,489,185)
(Increase) in other assets	(328,909)	—	—	(328,909)
(Decrease) increase in accounts payable and other liabilities	(186,006)	47,234	—	(138,772)
(Decrease) in revenue received in advance	(8,481,132)	—	—	(8,481,132)
(Decrease) in OPEB	(5,347,412)	—	—	(5,347,412)
Increase in pension liability	1,067,156	—	—	1,067,156
Changes in deferred resources:				
Deferred pension resources	(784,534)	—	—	(784,534)
Deferred OPEB resources	7,045,878	—	—	7,045,878
Net cash provided by operating activities	$ 270,972,156	28,851	—	271,001,007
Reconciliation to cash and cash equivalents, end of year:				
Bank deposits	$ 13,435	29,501	—	42,936
Cash and cash equivalents	56,878,028	—	—	56,878,028
Investments with less than 91-day maturities	109,326,096	—	—	109,326,096
Cash and cash equivalents, end of year	$ 166,217,559	29,501	—	166,247,060

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	$	260,052,633	(44,865)	—	260,007,768
Adjustments to reconcile operating income 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)
Increase (decrease) in accounts payable and other liabilities		797,898	(61,361)	—	736,537
(Decrease) in revenue received in advance		(11,498,219)	—	—	(11,498,219)
Increase in OPEB		1,919,499	—	—	1,919,499
(Decrease) in pension liability		(1,626,364)			(1,626,364)
Changes in deferred resources:					
Deferred pension resources		1,438,022	—	—	1,438,022
Deferred OPEB resources		(1,219,222)	—	—	(1,219,222)
Net cash provided by 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.