

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

Financial Statements

April 30, 2021 and 2020 (Unaudited)

(With Independent Auditors' Review Report Thereon)

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

April 30, 2021 and 2020 (Unaudited)

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## **Independent Auditors' Review Report**

The Members  
Hugh L. Carey Battery Park City Authority

### **Results of Reviews of Interim Financial Information**

We have reviewed the accompanying financial statements of Hugh L. Carey Battery Park City Authority (the "Authority"), a component unit of the State of New York, which comprise the statements of net position (deficit) as of April 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position (deficit) and cash flows for the six-month periods then ended, and the related notes to the financial statements.

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

### ***Basis for Review Results***

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America ("GAAS") applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Authority and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

### ***Responsibilities of Management for the Interim Financial Information***

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with U.S. GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

*Other Matters*

***Required Supplementary Information***

Our reviews were made primarily for the purpose of obtaining a basis for reporting whether we are aware of any material modifications that should be made to the interim financial information in order for it to be in conformity with U.S. GAAP through performing limited procedures. U.S. GAAP requires that the management's discussion and analysis on pages 3 through 18, the schedule of the Authority's proportionate share of the net pension liability on page 64, the schedule of employer contributions on page 65, and the schedule of changes in total OPEB liability and related ratios on page 66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information, which is the responsibility of management, has not been subjected to the limited procedures applied in the reviews of the interim financial information. We have not audited or reviewed the supplementary information and, accordingly, we do not express an opinion or provide any assurance on it.

***Report on Supplementary Information***

The supplementary information included on pages 67 through 76, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the interim financial information. The supplementary information has been subjected to the limited procedures applied in the reviews of the interim financial information, and we did not become aware of any material modifications that should be made to such information.

A handwritten signature in cursive script that reads "Marisa Pareth CPA".

New York, NY  
November 15, 2021

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2021 and 2020 (Unaudited)

## Overview

The following is an overview of the financial activities of Hugh L. Carey Battery Park City Authority (the "Authority") and the Battery Park City Parks Conservancy (the "Conservancy"), a blended component unit of the Authority, collectively referred to as the "Organization", for the six-month periods ended April 30, 2021 and 2020. The basic financial statements, which include the statements of net position (deficit), the statements of revenues, expenses, and changes in net position (deficit), the statements of cash flows, and the notes to the financial statements, provide information about the Organization in accordance with accounting principles generally accepted in the United States of America. All transactions between the Authority and the Conservancy have been eliminated. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

## Comparison of 2021 to 2020 and 2020 to 2019

### *Financial Highlights – 2021*

- The six-month period ended April 30, 2021 yielded a total of \$189.7 million in operating revenues, representing an increase of \$20.0 million or 11.8% compared to the six-month period ended April 30, 2020. Payments in lieu of real estate taxes ("PILOT") revenue totaling \$146.4 million (77% of the Authority's operating revenues for the six-month period ended April 30, 2021), increased \$14.6 million or 11.1% compared to the six-month period ended April 30, 2020. Base rent increased \$801 thousand or 2.6% to \$32.0 million for the six-month period ended April 30, 2021. Civic facilities and other operating revenues increased \$5.2 million or 86.5% to \$11.2 million for the six-month period ended April 30, 2021. Total operating expenses increased \$2.9 million or 10.2% to \$31.2 million for the six-month period ended April 30, 2021.
- The \$185.0 million has not been requested by the City towards the provision for the transfer to the City of New York (the "City") for the fiscal year ended October 31, 2020. An \$86.8 million provision was recorded representing half the PILOT-related portion estimated for fiscal year 2021 excess revenues that was charged to nonoperating expense for the six-month period ended April 30, 2021 (see note 14), an increase of \$2.9 million as compared to the six-month period ended April 30, 2020. Generally, the Authority's net position decreases with increases in the amount of excess revenues to be provided to the City, which has an adverse effect on the Authority's net position.
- The \$44.7 million has not been requested by the City towards the provision for the transfer for the "pay-as-you-go" capital payment for fiscal year ended October 31, 2020. As of April 30, 2021, pursuant to the 2010 Agreement (see note 14), the Authority recorded the final provision of \$2.0 million for the six-month period ended April 30, 2021, as an expected payment to the City, a decrease of \$20.2 million as compared to the six-month period ended April 30, 2020.
- As of April 30, 2021, \$85.5 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 \$103.3 million as of April 30, 2020.

## HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

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April 30, 2021 and 2020 (Unaudited)

### ***Financial Highlights – 2020***

- The six-month period ended April 30, 2020 yielded a total of \$169.7 million in operating revenues, representing an increase of \$13.9 million or 8.9% compared to the six-month period ended April 30, 2019. PILOT revenue totaling \$131.8 million (78% of the Authority's operating revenues for the six-month period ended April 30, 2020), increased \$16.0 million or 13.8% compared to the six-month period ended April 30, 2019. Base rent increased \$874 thousand or 2.9% to \$31.2 million for the six-month period ended April 30, 2020. Civic facilities and other operating revenues decreased \$3.0 million or 33.0% to \$6.0 million for the six-month period ended April 30, 2020. Total operating expenses increased \$1.3 million or 4.7% to \$28.3 million for the six-month period ended April 30, 2020.
- A payment of \$155.4 million was made in April 2020 towards the provision for the transfer to the City for the fiscal year ended October 31, 2019. An \$83.9 million provision was recorded representing half the PILOT-related portion estimated for fiscal year 2020 excess revenues that was charged to nonoperating expense for the six-month period ended April 30, 2020, an increase of \$7.7 million as compared to the six-month period ended April 30, 2019. Generally, the Authority's net position decreases with increases in the amount of excess revenues to be provided to the City, which has an adverse effect on the Authority's net position.
- The \$41.3 million has not been requested by the City towards the provision for the transfer for the "pay-as-you-go" capital payment for fiscal year ended October 31, 2019. As of April 30, 2020, pursuant to the 2010 Agreement, the Authority recorded a provision of \$22.2 million for the six-month period ended April 30, 2020, as an expected payment to the City, an increase of \$1.8 million as compared to the six-month period ended April 30, 2019.
- As of April 30, 2020, \$103.3 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures, as compared to \$32.7 million as of April 30, 2019. The increase of \$70.6 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.

### ***Summary Statement of Net Position (Deficit)***

The summary statement of net position (deficit) presents the financial position of the Organization. The net position (deficit) is the difference between total assets plus total deferred outflows of resources and total liabilities plus the deferred inflows of resources. A summarized comparison of the Organization's assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position (deficit) at April 30, 2021, 2020 and 2019 is as follows:

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### Management's Discussion and Analysis

April 30, 2021 and 2020 (Unaudited)

	April 30			2021 vs 2020	2020 vs 2019
	2021	2020	2019		
<b>Assets:</b>					
Bank deposits, investments and rents and other receivables	\$ 14,198,149	12,743,076	15,147,908	1,455,073	(2,404,832)
Bond resolution restricted assets (current and noncurrent)	559,371,208	355,940,652	461,397,477	203,430,556	(105,456,825)
Battery Park City project assets, net	532,480,970	524,137,524	507,925,389	8,343,446	16,212,135
Other current and noncurrent assets	126,611,105	112,487,037	104,725,675	14,124,068	7,761,362
Total assets	<u>1,232,661,432</u>	<u>1,005,308,289</u>	<u>1,089,196,449</u>	<u>227,353,143</u>	<u>(83,888,160)</u>
<b>Deferred Outflows of Resources:</b>					
Deferred pension outflows	6,179,094	4,946,335	1,181,878	1,232,759	3,764,457
Deferred OPEB outflows	6,382,407	2,690,548	2,030,076	3,691,859	660,472
Accumulated change in fair value of interest rate swaps	3,821,911	20,094,212	14,100,277	(16,272,301)	5,993,935
Unamortized loss on extinguishment of bonds	13,882,689	15,181,409	16,634,343	(1,298,720)	(1,452,934)
Deferred costs of refunding, less accumulated amortization	69,236,058	75,435,348	49,332,409	(6,199,290)	26,102,939
Total deferred outflows of resources	<u>99,502,159</u>	<u>118,347,852</u>	<u>83,278,983</u>	<u>(18,845,693)</u>	<u>35,068,869</u>
Total assets and deferred outflows of resources	<u>\$ 1,332,163,591</u>	<u>1,123,656,141</u>	<u>1,172,475,432</u>	<u>208,507,450</u>	<u>(48,819,291)</u>
<b>Liabilities:</b>					
Current liabilities	\$ 465,412,455	264,132,816	409,524,008	201,279,639	(145,391,192)
Long-term liabilities	1,277,450,347	1,341,657,674	1,292,482,107	(64,207,327)	49,175,567
Total liabilities	<u>1,742,862,802</u>	<u>1,605,790,490</u>	<u>1,702,006,115</u>	<u>137,072,312</u>	<u>(96,215,625)</u>
<b>Deferred Inflows of Resources:</b>					
Deferred pension inflows	9,078,009	393,925	835,556	8,684,084	(441,631)
Deferred OPEB inflows	6,532,649	7,622,545	8,700,755	(1,089,896)	(1,078,210)
Total deferred inflows of resources	<u>15,610,658</u>	<u>8,016,470</u>	<u>9,536,311</u>	<u>7,594,188</u>	<u>(1,519,841)</u>
Total liabilities and deferred inflows of resources	<u>1,758,473,460</u>	<u>1,613,806,960</u>	<u>1,711,542,426</u>	<u>144,666,500</u>	<u>(97,735,466)</u>
<b>Net Position (Deficit):</b>					
Net investment in capital assets	29,581,609	17,859,530	15,261,481	11,722,079	2,598,049
Restricted	97,752,930	65,909,484	80,050,488	31,843,446	(14,141,004)
Unrestricted	(553,644,408)	(573,919,833)	(634,378,963)	20,275,425	60,459,130
Total net deficit	<u>(426,309,869)</u>	<u>(490,150,819)</u>	<u>(539,066,994)</u>	<u>63,840,950</u>	<u>48,916,175</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,332,163,591</u>	<u>1,123,656,141</u>	<u>1,172,475,432</u>	<u>208,507,450</u>	<u>(48,819,291)</u>

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***Assets and Deferred Outflows of Resources***

***2021 vs. 2020***

At April 30, 2021, the Organization maintained total assets and deferred outflows of resources of approximately \$1.33 billion, approximately \$208.5 million higher than \$1.12 billion at April 30, 2020.

***2020 vs. 2019***

At April 30, 2020, the Organization maintained total assets and deferred outflows of resources of approximately \$1.12 billion, approximately \$48.8 million lower than \$1.17 billion at April 30, 2019.

***Bank Deposits, Investments, Rents and Other Receivables***

***2021 vs. 2020***

Bank deposits, investments, and rents and other receivables held at April 30, 2021 increased \$1.5 million over April 30, 2020. Bank deposits and investments decreased by \$2.2 million as a result of the decrease in the unpledged revenue fund account. Rents and other receivables increased by \$3.7 million, primarily due to an overall increase in total rental receivables.

***2020 vs. 2019***

Bank deposits, investments, and rents and other receivables held at April 30, 2020 decreased \$2.4 million over April 30, 2019. Bank deposits and investments decreased by \$2.9 million as a result of the decrease in the unpledged revenue fund account. Rents and other receivables increased by \$475 thousand, primarily due to an overall increase in total rental receivables.

***Bond Resolution Restricted Assets***

***2021 vs. 2020***

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 \$559.4 million at April 30, 2021 were \$203.4 million higher than the fair value of assets held at April 30, 2020 of \$355.9 million (see note 8).

Funds held in the Pledged Revenue Fund of \$83.4 million at April 30, 2021 were \$4.3 million more than funds held at April 30, 2020.

Funds held in the Debt Service Funds of \$114.6 million at April 30, 2021 were \$28.4 million more than funds at April 30, 2020.

Funds held in the Project Operating Fund of \$11.3 million at April 30, 2021 were \$1.1 million higher than funds at April 30, 2020.

Funds held in the Residual Fund for payment to the City of \$229.8 million at April 30, 2021 were \$187.4 million higher than funds held at April 30, 2020.

Funds held under the resolution for project infrastructure and certain other asset costs were \$85.5 million as of April 30, 2021, or \$17.8 million less than April 30, 2020.

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### **2020 vs. 2019**

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 \$355.9 million at April 30, 2020 were \$105.5 million lower than the fair value of assets held at April 30, 2019 of \$461.4 million.

Funds held in the Pledged Revenue Fund of \$79.1 million at April 30, 2020 were \$23.9 million more than funds held at April 30, 2019.

Funds held in the Debt Service Funds of \$86.2 million at April 30, 2020 were \$1.9 million less than funds at April 30, 2019.

Funds held in the Project Operating Fund of \$10.2 million at April 30, 2020 were \$719 thousand higher than funds at April 30, 2019.

Funds held in the Residual Fund for payment to the City of \$42.4 million at April 30, 2020 were \$155.9 million lower than funds held at April 30, 2019.

Funds held under the resolution for project infrastructure and certain other asset costs were \$103.3 million as of April 30, 2020, or \$70.6 million less than April 30, 2019.

### **Project Assets**

At April 30, 2021, the Authority's investment in project assets, net of accumulated depreciation was \$532.5 million, an increase of \$8.3 million over April 30, 2020. The Battery Park City project ("Project") consists of approximately 92 acres of landfill created, owned, and operated by the Authority. The Project's development plan includes approximately 35 acres of parkland and open spaces and provides for the construction, by private developers, of approximately 10.7 million square feet of office space, retail space, a marina, two hotels, a multiplex cinema, museums, three public schools, a public library, and approximately 8,600 residential units.

The Authority's project assets include land, site improvements, and a residential building constructed by the Authority on Site 22. Additionally, condominium units owned by the Authority in Sites 1, 3, 16/17 and a community center on Sites 23 and 24, and related infrastructure improvements are included in project assets. The balances at April 30, 2021, 2020, and 2019 were as follows:

	April 30			2021 vs	2020 vs
	2021	2020	2019	2020	2019
Land	\$ 83,015,653	83,015,653	83,015,653	-	-
Site improvements	485,276,907	469,968,096	446,816,776	15,308,811	23,151,320
Residential building and condominium units	143,393,960	140,142,743	137,201,694	3,251,217	2,941,049
	711,686,520	693,126,492	667,034,123	18,560,028	26,092,369
Less: accumulated depreciation	(179,205,550)	(168,988,968)	(159,108,734)	(10,216,582)	(9,880,234)
Total Battery Park City project assets	\$ 532,480,970	524,137,524	507,925,389	8,343,446	16,212,135

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#### **2021 vs. 2020**

For the six-month period ended April 30, 2021, the increase to site improvements relates to the BPCA Resiliency programs, restoration of piles, Community Center leak remediation, leasehold improvements, and other minor capital improvements.

#### **2020 vs. 2019**

For the six-month period ended April 30, 2020, the increase to site improvements 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.

#### **Other Current and Noncurrent Assets**

Other current and noncurrent assets at April 30, 2021, 2020, and 2019 were as follows:

	April 30			2021 vs 2020	2020 vs 2019
	2021	2020	2019		
Residential lease required funds	\$ 29,133,606	29,037,077	28,449,030	96,529	588,047
Corporate-designated, escrowed and OPEB funds	92,871,374	79,018,319	72,525,391	13,853,055	6,492,928
Other assets	4,606,125	4,431,641	3,751,254	174,484	680,387
Total other current and noncurrent assets	\$ 126,611,105	112,487,037	104,725,675	14,124,068	7,761,362

#### **2021 vs. 2020**

Total other current and noncurrent assets increased \$14.1 million from \$112.5 million at April 30, 2020 to \$126.6 million at April 30, 2021.

Residential lease required funds, which include security deposits held for condominium buildings, increased by \$97 thousand. Overall, corporate-designated, escrowed, and OPEB funds increased \$13.9 million from April 30, 2020.

#### **2020 vs. 2019**

Total other current and noncurrent assets increased \$7.8 million from \$104.7 million at April 30, 2019 to \$112.5 million at April 30, 2020.

Residential lease required funds, which include security deposits held for condominium buildings, increased by \$588 thousand. Overall, corporate-designated, escrowed, and OPEB funds increased \$6.5 million from April 30, 2019.

#### **Deferred Outflows of Resources**

Deferred outflows of resources at April 30, 2021, 2020 and 2019 were as follows:

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April 30, 2021 and 2020 (Unaudited)

	April 30			2021 vs 2020	2020 vs 2019
	2021	2020	2019		
Deferred pension outflows	\$ 6,179,094	4,946,335	1,181,878	1,232,759	3,764,457
Deferred OPEB outflows	6,382,407	2,690,548	2,030,076	3,691,859	660,472
Accumulated change in fair value of interest rate swaps	3,821,911	20,094,212	14,100,277	(16,272,301)	5,993,935
Unamortized loss on extinguishment of bonds	13,882,689	15,181,409	16,634,343	(1,298,720)	(1,452,934)
Deferred costs of refunding, less accumulated amortization	69,236,058	75,435,348	49,332,409	(6,199,290)	26,102,939
Total deferred outflows of Resources	\$ 99,502,159	118,347,852	83,278,983	(18,845,693)	35,068,869

**2021 vs. 2020**

The \$6.2 million at April 30, 2021 represents the Authority's portion of the deferred pension outflows from the New York State pension plan (see note 18).

The \$6.4 million at April 30, 2021 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 negative fair value of \$20.1 million at April 30, 2020. At April 30, 2021, the interest rate swaps had a negative fair value of \$3.8 million. 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 bonds decreased by \$1.3 million from April 30, 2020 to April 30, 2021.

The deferred cost of refunding decreased by \$6.2 million from April 30, 2020 to April 30, 2021.

**2020 vs. 2019**

The \$4.9 million at April 30, 2020 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

The \$2.7 million at April 30, 2020 represents the Authority's deferred OPEB outflows resulting from GASB 75.

Accumulated change 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 \$14.1 million at April 30, 2019. At April 30, 2020, the interest rate swaps had a negative fair value of \$20.1 million.

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 LIBOR to the one-week 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).

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The unamortized loss on extinguishment of bonds decreased by \$1.5 million from April 30, 2019 to April 30, 2020.

The deferred cost of refunding increased by \$26.1 million from April 30, 2019 to April 30, 2020. The increase is a result of the revised swap amortization in August 2019.

**Liabilities**

Total liabilities at April 30, 2021, 2020 and 2019 were as follows:

	<u>April 30</u>			<u>2021 vs 2020</u>	<u>2020 vs 2019</u>
	<u>2021</u>	<u>2020</u>	<u>2019</u>		
Current liabilities:					
Accrued interest on bonds	\$ 11,543,971	12,250,898	15,834,832	(706,927)	(3,583,934)
Accounts payable and other liabilities	10,380,637	11,222,034	8,632,102	(841,397)	2,589,932
Accrued pension payable	30,221	7,796,174	1,897,514	(7,765,953)	5,898,660
Due to the City of New York	271,832,981	83,917,658	230,958,926	187,915,323	(147,041,268)
Due to the City of New York					
2010 Agreement	46,690,714	63,535,778	62,038,453	(16,845,064)	1,497,325
Due to the Port Authority of NY & NJ	869,381	869,381	869,381	-	-
Unearned revenue	59,972,547	55,111,155	51,545,104	4,861,392	3,566,051
Security and other deposits	4,738	4,738	4,738	-	-
2009 Revenue Bonds	-	-	335,000	-	(335,000)
2013 Revenue Bonds	27,015,000	25,375,000	28,315,000	1,640,000	(2,940,000)
2019 Revenue Bonds	4,235,000	4,050,000	-	185,000	4,050,000
Bond resolution fund payables	32,837,265	-	9,092,958	32,837,265	(9,092,958)
Total current liabilities	<u>465,412,455</u>	<u>264,132,816</u>	<u>409,524,008</u>	<u>201,279,639</u>	<u>(145,391,192)</u>
Noncurrent liabilities:					
Unearned revenue	206,869,963	218,858,605	230,810,828	(11,988,642)	(11,952,223)
Security and other deposits	29,430,625	29,204,236	28,763,340	226,389	440,896
OPEB	44,128,556	37,143,095	33,554,931	6,985,461	3,588,164
Fair value of interest rate swaps	3,821,911	20,094,212	14,100,277	(16,272,301)	5,993,935
Imputed borrowing	69,236,058	75,435,348	49,332,409	(6,199,290)	26,102,939
Bonds outstanding:					
2009 Revenue Bonds	-	-	85,449,427	-	(85,449,427)
2013 Revenue Bonds	209,012,552	239,219,224	850,470,895	(30,206,672)	(611,251,671)
2019 Revenue Bonds	714,950,682	721,702,954	-	(6,752,272)	721,702,954
Total noncurrent liabilities	<u>1,277,450,347</u>	<u>1,341,657,674</u>	<u>1,292,482,107</u>	<u>(64,207,327)</u>	<u>49,175,567</u>
Total liabilities	<u>\$ 1,742,862,802</u>	<u>1,605,790,490</u>	<u>1,702,006,115</u>	<u>137,072,312</u>	<u>(96,215,625)</u>

**2021 vs. 2020**

The Organization's total liabilities increased \$137.1 million from \$1.61 billion at April 30, 2020 to \$1.74 billion at April 30, 2021.

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

The \$137.1 million increase in total liabilities is due to:

- a \$707 thousand decrease in accrued interest payable on bonds from \$12.3 million at April 30, 2020 to \$11.5 million at April 30, 2021.
- a \$841 thousand decrease in accounts payable and other liabilities from \$11.2 million at April 30, 2020 to \$10.4 million at April 30, 2021.
- a \$7.8 million decrease in accrued pension payable from \$7.8 million at April 30, 2020 to \$30 thousand at April 30, 2021 is the Authority's liability portion based on the New York State pension plan.
- the liability due to the City includes an \$86.8 million provision recorded for the period ended April 30, 2021, representing approximately half of the estimated fiscal year 2021 PILOT-related excess revenues and \$185.0 million payable from the previous fiscal year ended October 31, 2020, to be transferred to the City. The \$271.8 million due to the City was \$187.9 million higher compared to the amount due at April 30, 2020.
- the liability due to the City under the 2010 Agreement for "pay-as-you-go" capital totaling \$46.7 million includes a \$2.0 million provision recorded for the period ended April 30, 2021, representing approximately half of the estimated fiscal 2021 amount expected payable under the 2010 Agreement, and \$44.7 million payable from the previous fiscal year ended October 31, 2020. The \$46.7 million due to the City was \$16.8 million lower compared to the amount due at April 30, 2020.
- a \$7.1 million decrease to \$266.8 million in unearned revenue from \$273.9 million at April 30, 2020, due to revenue of \$7.1 million recognized on leases.
- a \$226 thousand increase in total security and other deposits to \$29.4 million at April 30, 2021. Security deposits are held for condominiums and not rentals.
- The Organization had a \$44.1 million OPEB liability at April 30, 2021, an increase of \$7.0 million from \$37.1 million at April 30, 2020.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of \$3.8 million at April 30, 2021. The negative fair value of \$3.8 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position (deficit). This value decreased \$16.3 million, from a negative fair value of \$20.1 million at April 30, 2020.
- a \$6.2 million decrease 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.
- a \$28.6 million decrease in 2013 Revenue Bonds outstanding due to a principal payment of \$25.7 million and bond premium amortization of \$2.9 million.
- a \$6.6 million decrease in 2019 Revenue Bonds outstanding due to a principal payment of \$4.1 million and bond premium amortization of \$2.5 million.

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- a \$32.9 million increase in bond resolution funds payable relates to purchases of securities that were in transit as of April 30, 2021. These purchases of securities pertain to the 2003 Junior and Senior Debt Service accounts.

#### **2020 vs. 2019**

The Organization's total liabilities decreased \$96.2 million from \$1.70 billion at April 30, 2019 to \$1.61 billion at April 30, 2020.

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

The \$96.2 million decrease in total liabilities is due to:

- a \$3.6 million decrease in accrued interest payable on bonds from \$15.8 million at April 30, 2019 to \$12.3 million at April 30, 2020.
- a \$2.6 million increase in accounts payable and other liabilities from \$8.6 million at April 30, 2019 to \$11.2 million at April 30, 2020. The increase is primarily due to \$1.9 million more of accrued expenses at the six month period end as compared to the prior six month period end.
- a \$5.9 million increase in accrued pension payable from \$1.9 million at April 30, 2019 to \$7.8 million at April 30, 2020 is the Authority's liability portion based on the New York State pension plan.
- the liability due to the City includes an \$83.9 million provision recorded for the period ended April 30, 2020, representing approximately half of the estimated fiscal year 2020 PILOT-related excess revenues to be transferred to the City. The \$83.9 million due to the City was \$147 million lower compared to the amount due at April 30, 2019.
- the liability due to the City under the 2010 Agreement for "pay-as-you-go" capital totaling \$63.5 million includes a \$22.2 million provision recorded for the period ended April 30, 2020, representing approximately half of the estimated fiscal 2020 amount expected payable under the 2010 Agreement, and \$41.3 million payable from the previous fiscal year ended October 31, 2019. The \$63.5 million due to the City was \$1.5 million higher compared to the amount due at April 30, 2019.
- a \$8.4 million decrease to \$274.0 million in unearned revenue from \$282.4 million at April 30, 2019, due to revenue of \$8.4 million recognized on leases.
- a \$441 thousand increase in total security and other deposits to \$29.2 million at April 30, 2020. Security deposits are held for condominiums and not rentals.
- The Organization had a \$37.1 million OPEB liability at April 30, 2020, an increase of \$3.6 million from \$33.6 million at April 30, 2019.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of \$20.1 million at April 30, 2020. The negative fair value of \$20.1 million is recorded as a deferred outflow of resources and a liability on the Authority's statement of net position (deficit). This value increased \$6.0 million, from a negative fair value of \$14.1 million at April 30, 2019.

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- a \$26.1 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.
- a \$85.7 million decrease in 2009 Revenue Bonds outstanding is due to the 2019 refunding of these bonds in August 2019.
- a \$614.2 million decrease in 2013 Revenue Bonds outstanding due to the 2019 refunding of the Junior Revenue Bonds (2013CDE) in August 2019.
- a \$725.7 million increase in 2019 Revenue Bonds outstanding due to the issuance of these bonds in August 2019.
- a \$9.1 million decrease in bond resolution funds payable relates to purchases of securities that were in transit as of April 30, 2019. These purchases of securities pertain to the 2003 Junior and Senior Debt Service accounts.

#### *Deferred Inflows of Resources*

Deferred inflows of resources at April 30, 2021, 2020, and 2019 were as follows:

	April 30			2021 vs	2020 vs
	2021	2020	2019	2020	2019
Deferred Inflows of Resources:					
Deferred pension inflows	\$ 9,078,009	393,925	835,556	8,684,084	(441,631)
Deferred OPEB inflows	6,532,649	7,622,545	8,700,755	(1,089,896)	(1,078,210)
Total deferred inflows of resources	\$ 15,610,658	8,016,470	9,536,311	7,594,188	(1,519,841)

#### *2021 vs. 2020*

Deferred pension inflows of \$9.1 million at April 30, 2021 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 18).

Deferred OPEB inflows of \$6.5 million at April 30, 2021 represents the Authority's deferred OPEB inflows resulting from GASB 75 (see note 19).

#### *2020 vs. 2019*

Deferred pension inflows of \$394 thousand at April 30, 2020 represents the Authority's portion of the deferred pension inflows from the New York State pension plan.

Deferred OPEB inflows of \$7.6 million at April 30, 2020 represents the Authority's deferred OPEB inflows resulting from GASB 75.

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#### *Net Position (Deficit)*

	April 30			2021 vs	2020 vs
	2021	2020	2019	2020	2019
Net Position (deficit):					
Net investment in capital assets	\$ 29,581,609	17,859,530	15,261,481	11,722,079	2,598,049
Restricted	97,752,930	65,909,484	80,050,488	31,843,446	(14,141,004)
Unrestricted	(553,644,408)	(573,919,833)	(634,378,963)	20,275,425	60,459,130
Total net position (deficit) \$	(426,309,869)	(490,150,819)	(539,066,994)	63,840,950	48,916,175

#### *2021 vs. 2020*

The change in total net position (deficit) from April 30, 2021 represents a positive change in the deficit position of \$63.8 million from \$490.2 million at April 30, 2020 to \$426.3 million at April 30, 2021.

Net investment in capital assets was a surplus of \$29.6 million and \$17.9 million at April 30, 2021 and April 30, 2020, 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 \$97.8 million of restricted net position at April 30, 2021 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 \$553.6 million at April 30, 2021 resulting from the cumulative net excess revenues, which are transferred to the City annually.

#### *2020 vs. 2019*

The change in total net position (deficit) from April 30, 2020 represents a positive change in the deficit position of \$48.9 million from \$539.1 million at April 30, 2019 to \$490.2 million at April 30, 2020.

Net investment in capital assets was a surplus of \$17.9 million and \$15.3 million at April 30, 2020 and April 30, 2019, 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 \$65.9 million of restricted net position at April 30, 2020 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 \$574.0 million at April 30, 2020 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 position (deficit) for the six-month periods ended April 30, 2021, 2020, and 2019:

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	<u>2021</u>	<u>April 30 2020</u>	<u>2019</u>	<u>2021 vs 2020</u>	<u>2020 vs 2019</u>
Operating revenues:					
Revenues from ground leases:					
Base rent	\$ 32,039,143	31,238,236	30,364,107	800,907	874,129
Supplemental rent	-	660,543	660,543	(660,543)	-
Payments in lieu of real estate taxes	146,417,975	131,775,210	115,788,339	14,642,765	15,986,871
Civic facilities payments and other	11,223,581	6,019,455	8,989,983	5,204,126	(2,970,528)
Total operating revenues	<u>189,680,699</u>	<u>169,693,444</u>	<u>155,802,972</u>	<u>19,987,255</u>	<u>13,890,472</u>
Operating expenses:					
Wages and related benefits	8,306,545	10,611,967	8,484,140	(2,305,422)	2,127,827
OPEB	2,580,654	1,799,087	1,683,242	781,567	115,845
Other operating and administrative expenses	14,816,095	10,500,109	11,695,099	4,315,986	(1,194,990)
Depreciation and amortization	5,516,278	5,408,755	5,178,714	107,523	230,041
Total operating expenses	<u>31,219,572</u>	<u>28,319,918</u>	<u>27,041,195</u>	<u>2,899,654</u>	<u>1,278,723</u>
Operating income	<u>158,461,127</u>	<u>141,373,526</u>	<u>128,761,777</u>	<u>17,087,601</u>	<u>12,611,749</u>
Nonoperating revenues (expenses):					
Investment and other income	(497,914)	8,824,626	8,374,802	(9,322,540)	449,824
Loss on project assets	-	(760,462)	-	760,462	(760,462)
Interest expense, net	(15,481,854)	(16,933,672)	(18,900,143)	1,451,818	1,966,471
Bond issuance costs	-	(12,344)	-	12,344	(12,344)
Provision for transfer to the City of New York	(86,796,701)	(83,914,442)	(76,185,226)	(2,882,259)	(7,729,216)
Provision for transfer to the City of New York - 2010 Agreement	(1,968,068)	(22,212,335)	(20,373,996)	20,244,267	(1,838,339)
Provision for transfer to NYC - West Thames St. Pedestrian Bridge	(417,220)	(722,109)	-	304,889	(722,109)
Total nonoperating expenses	<u>(105,161,757)</u>	<u>(115,730,738)</u>	<u>(107,084,563)</u>	<u>10,568,981</u>	<u>(8,646,175)</u>
Change in net position (deficit)	53,299,370	25,642,788	21,677,214	27,656,582	3,965,574
Net deficit, beginning of period	<u>(479,609,239)</u>	<u>(515,793,607)</u>	<u>(560,744,208)</u>	<u>36,184,368</u>	<u>44,950,601</u>
Net deficit, end of period	<u>\$ (426,309,869)</u>	<u>(490,150,819)</u>	<u>(539,066,994)</u>	<u>63,840,950</u>	<u>48,916,175</u>

**Operating Revenue**

**2021 vs. 2020**

Overall operating revenues for the six-month period ended April 30, 2021 totaled \$189.7 million, \$20.0 million higher than the six-month period ended April 30, 2020 of \$170.0 million. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased \$801 thousand from \$31.2 million for the six-month period ended April 30, 2021. PILOT revenue totaling \$146.4 million (77% of the total operating revenues for the six-month period ended April 30, 2021), increased by \$14.6 million over the six-month period ended April 30, 2020, primarily due to an increase in PILOT assessments established by the City.

The change in civic facility payments and other is a \$5.2 million increase from \$6.0 million for the six-month period ended April 30, 2020 to \$11.2 million for the six-month period ended April 30, 2021, primarily due to FEMA proceeds.

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### ***2020 vs. 2019***

Overall operating revenues for the six-month period ended April 30, 2020 totaled \$169.7 million, \$13.9 million higher than the six-month period ended April 30, 2019 of \$155.8 million. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased \$874 thousand from \$30.4 million for the six-month period ended April 30, 2019. PILOT revenue totaling \$131.8 million (78% of the total operating revenues for the six-month period ended April 30, 2020), increased by \$16.0 million over the six-month period ended April 30, 2019, primarily due to an increase in PILOT assessments established by the City.

The change in civic facility payments and other is a \$3.0 million decrease from \$9.0 million for the six-month period ended April 30, 2019 to \$6.0 million for the six-month period ended April 30, 2020, primarily due to a decrease in retail revenue.

### ***Operating Expenses***

#### ***2021 vs. 2020***

Operating expenses totaled \$31.2 million for the six-month period ended April 30, 2021, representing a \$2.9 million increase compared to the six-month period ended April 30, 2020. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses and depreciation and amortization.

Wages and related benefits totaling \$8.3 million were \$2.3 million lower than the prior six-month period ended April 30, 2020. The decrease consisted of \$2.3 million due to the change in payroll and all other benefits.

OPEB expenses for the Organization increased for the six-month period ended April 30, 2021 by \$782 thousand as compared to the six-month period ended April 30, 2020 (see note 19).

Other operating and administrative expenses of \$14.8 million increased by \$4.3 million for the six-month period ended April 30, 2021.

Depreciation and amortization expenses recorded for the six-month period ended April 30, 2021 of \$5.5 million was \$108 thousand higher than the six-month period ended April 30, 2020.

#### ***2020 vs. 2019***

Operating expenses totaled \$28.3 million for the six-month period ended April 30, 2020, representing a \$1.3 million increase compared to the six-month period ended April 30, 2019. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses and depreciation and amortization.

Wages and related benefits totaling \$10.6 million were \$2.1 million higher than the prior six-month period ended April 30, 2019. The increase consisted of \$2.1 million due to the change in payroll and all other benefits.

OPEB expenses for the Organization increased for the six-month period ended April 30, 2020 by \$116 thousand as compared to the six-month period ended April 30, 2019.

Other operating and administrative expenses of \$10.5 million decreased by \$1.2 million for the six-month period ended April 30, 2020.

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Depreciation and amortization expenses recorded for the six-month period ended April 30, 2020 of \$5.4 million were \$230 thousand higher than the six-month period ended April 30, 2019.

#### ***Nonoperating Revenues (Expenses)***

##### ***2021 vs. 2020***

Total nonoperating expenses, net, were \$10.6 million less for the six-month period ended April 30, 2021 than the six-month period ended April 30, 2020. A provision for a transfer to the City of \$86.8 million in excess revenues was charged to expense for the six-month period ended April 30, 2021, an increase of \$2.9 million from the six-month period ended April 30, 2020. A provision for transfer to the City for a pay-as-you-go fund of \$2.0 million was charged to expense for the six-month period ended April 30, 2021, a decrease of \$20.2 million from the six-month period ended April 30, 2020.

Investment and other income (loss) decreased period over period by \$9.3 million, primarily due to realized and unrealized losses in the portfolio during the period ended April 30, 2021. Net interest expense decreased by \$1.5 million for the six-month period ended April 30, 2021 compared to the six-month period ended April 30, 2020.

##### ***2020 vs. 2019***

Total nonoperating expenses, net, were \$8.6 million more for the six-month period ended April 30, 2020 than the six-month period ended April 30, 2019. A provision for a transfer to the City of \$83.9 million in excess revenues was charged to expense for the six-month period ended April 30, 2020, an increase of \$7.7 million from the six-month period ended April 30, 2019. A provision for transfer to the City for a pay-as-you-go fund of \$22.2 million was charged to expense for the six-month period ended April 30, 2020, an increase of \$1.8 million from the six-month period ended April 30, 2019.

Investment and other income increased period over period by \$449 thousand, primarily due to realized and unrealized gains in the portfolio during the period ended April 30, 2020. Net interest expense decreased by \$2.0 million, including \$1.9 million of additional interest expense that existed at April 30, 2019 but not at April 30, 2020 due to the refunding of debt in August 2019.

#### ***Change in Net Position (Deficit)***

The total net deficit at April 30, 2021 and 2020 was \$426.3 million and \$490.2 million, respectively.

The total net deficit at April 30, 2020 and 2019 was \$490.2 million and \$539.1 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 April 30, 2021 and 2020, 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”).

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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 April 30, 2021, outstanding bonds and ratings were as follows:

	<b>Outstanding debt</b>	<b>Fitch</b>	<b>Moody's</b>
2013 Senior Revenue A Bonds *	\$ 206,295,000	AAA	Aaa

\* Source: Fitch - rating as of May 11, 2021, Moody's - rating as of June 14, 2019

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 April 30, 2021, outstanding bonds and ratings were as follows:

	<b>Outstanding debt</b>	<b>Fitch</b>	<b>Moody's</b>
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*	297,300,000	AA+	Aaa
2019 Junior Revenue E Bonds	148,650,000	Not rated	Not rated

\* Source: Fitch - rating as of May 11, 2021, Moody's - rating as of June 14, 2019

**COVID-19 Pandemic** - The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Authority's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Authority is currently unable to fully determine the extent of COVID-19's impact in future periods. The Authority's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Authority continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

**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](http://www.bpca.ny.gov).

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<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Bank deposits	\$ 53,942	184,483
Investments (notes 3(e) and 3(k))	4,471,182	6,587,719
Restricted assets:		
Rents and other receivables (net of allowance for doubtful accounts of \$2,731,020 in 2021 and \$1,659,447 in 2020 (note 15))	9,673,025	5,970,874
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)	439,015,515	217,930,255
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)	251,759	208,351
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)	5,128,023	5,056,662
2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13)	32,092,758	38,123,954
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 19)	1,518,198	1,450,627
Total current assets	492,204,402	275,512,925
Noncurrent assets:		
Restricted assets:		
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)	34,818,587	34,737,123
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)	245,552	362,793
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)	7,004,195	8,787,396
2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13)	40,814,819	50,734,118
Residential lease required funds (note 3(e) and 3(k))	29,133,606	29,037,077
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 19)	91,353,176	77,567,692
Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4)	532,480,970	524,137,524
Other assets	4,606,125	4,431,641
Total noncurrent assets	740,457,030	729,795,364
Total assets	1,232,661,432	1,005,308,289
<b>Deferred Outflows of Resources</b>		
Deferred pension outflows (note 18)	6,179,094	4,946,335
Deferred OPEB outflows (note 19)	6,382,407	2,690,548
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)	3,821,911	20,094,212
Unamortized loss on extinguishment of bonds (notes 3(g), 11 and 12)	13,882,689	15,181,409
Deferred costs of refunding, less accumulated amortization of \$10,778,399 in 2021 and \$4,579,109 in 2020 (note 10)	69,236,058	75,435,348
Total deferred outflows of resources	99,502,159	118,347,852
Total assets and deferred outflows of resources	\$ 1,332,163,591	1,123,656,141

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Statements of Net Position (Deficit)

April 30, 2021 and 2020 (Unaudited)

<b>Liabilities</b>	<b>2021</b>	<b>2020</b>
Current liabilities:		
Accrued interest on bonds	\$ 11,543,971	12,250,898
Accounts payable and other liabilities (note 16)	10,380,637	11,222,034
Accrued pension payable (note 18)	30,221	7,796,174
Due to the City of New York (note 14)	271,832,981	83,917,658
Due to the City of New York - 2010 Agreement (note 14)	46,690,714	63,535,778
Due to the Port Authority of New York & New Jersey (note 20(c))	869,381	869,381
Unearned revenue (note 3(d)):		
PILOT revenue	44,517,796	41,446,373
Base rent and other revenue	15,454,751	13,664,782
Security and other deposits	4,738	4,738
2013 Revenue Bonds (notes 8, 9, 12)	27,015,000	25,375,000
2019 Revenue Bonds (notes 8, 9, 13)	4,235,000	4,050,000
Bond resolution fund payables (notes 3(e), 8, 9, 12, 16(b))	32,837,265	—
Total current liabilities	<u>465,412,455</u>	<u>264,132,816</u>
Noncurrent liabilities:		
Unearned revenue (note 3(d)):		
Base rent and other revenue	206,869,963	218,858,605
Security and other deposits	29,430,625	29,204,236
OPEB (note 19)	44,128,556	37,143,095
Fair value of interest rate swaps (notes 3(j) and 10)	3,821,911	20,094,212
Imputed borrowing (notes 3(j) and 10)	69,236,058	75,435,348
Bonds outstanding (notes 8, 9, 10, 11, 12, 13 and 17):		
2013 Revenue Bonds, less accumulated amortization of \$21,303,435 in 2021 and \$18,471,764 in 2020	209,012,552	239,219,224
2019 Revenue Bonds, less accumulated amortization of \$4,378,498 in 2021 and \$1,861,225 in 2020	714,950,682	721,702,954
Total noncurrent liabilities	<u>1,277,450,347</u>	<u>1,341,657,674</u>
Total liabilities	<u>1,742,862,802</u>	<u>1,605,790,490</u>
<b>Deferred Inflows of Resources</b>		
Deferred pension inflows (note 18)	9,078,009	393,925
Deferred OPEB inflows (note 19)	6,532,649	7,622,545
Total deferred inflows of resources	<u>15,610,658</u>	<u>8,016,470</u>
Total liabilities and deferred inflows of resources	<u>1,758,473,460</u>	<u>1,613,806,960</u>
<b>Net Position (Deficit):</b>		
Net investment in capital assets	29,581,609	17,859,530
Restricted:		
Debt service	97,204,173	62,608,297
Under bond resolutions and other agreements	548,757	3,301,187
Unrestricted (deficit)	(553,644,408)	(573,919,833)
Total net position (deficit)	<u>(426,309,869)</u>	<u>(490,150,819)</u>
Total liabilities and net position (deficit)	<u>\$ 1,332,163,591</u>	<u>1,123,656,141</u>

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

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

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

Six-month periods ended April 30, 2021 and 2020 (Unaudited)

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Revenues from ground leases (notes 5, 6, and 7):		
Base rent	\$ 32,039,143	31,238,236
Supplemental rent	—	660,543
Payments in lieu of real estate taxes (note 14)	146,417,975	131,775,210
Civic facilities payments and other	11,223,581	6,019,455
Total operating revenues	<u>189,680,699</u>	<u>169,693,444</u>
Operating expenses:		
Wages and related benefits	8,306,545	10,611,967
OPEB (note 19)	2,580,654	1,799,087
Other operating and administrative expenses	14,816,095	10,500,109
Depreciation of project assets	5,121,141	5,028,771
Other depreciation and amortization	395,137	379,984
Total operating expenses	<u>31,219,572</u>	<u>28,319,918</u>
Operating income	<u>158,461,127</u>	<u>141,373,526</u>
Nonoperating revenues (expenses):		
Investment income on funds relating to:		
2003 Revenue Bonds (note 10)	540,618	600,542
Corporate-designated, escrowed, and OPEB funds	657,748	672,403
Realized and unrealized (losses) and gains	(1,696,280)	7,551,681
Loss on project assets	—	(760,462)
Interest expense relating to:		
2003 Swap agreements – net expense	(5,692,834)	(3,629,709)
2003 Revenue Bonds (note 10)	(5,846)	(5,977)
2013 Revenue Bonds (note 12)	(3,698,489)	(4,338,364)
2019 Revenue Bonds (note 13)	(5,435,325)	(8,310,262)
Loss from extinguishment	(649,360)	(649,360)
Bond issuance costs	—	(12,344)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 14)	(86,796,701)	(83,914,442)
Provision for transfer to the City of New York per 2010 Agreement (note 14)	(1,968,068)	(22,212,335)
Provision for transfer to City of New York - West Thames Park	(417,220)	(722,109)
Total nonoperating expenses	<u>(105,161,757)</u>	<u>(115,730,738)</u>
Change in net position (deficit)	53,299,370	25,642,788
Net position (deficit), beginning of period	<u>(479,609,239)</u>	<u>(515,793,607)</u>
Net position (deficit), end of period	<u>\$ (426,309,869)</u>	<u>(490,150,819)</u>

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

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

Statements of Cash Flows

Six-month periods ended April 30, 2021 and 2020 (Unaudited)

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Cash receipts from:		
Tenant payments	\$ 174,068,491	166,168,530
Miscellaneous receipts	3,597,685	204,082
Total cash receipts from operating activities	177,666,176	166,372,612
Cash payments for:		
Salaries and benefits	(7,744,263)	(7,760,418)
Services and supplies	(5,820,937)	(4,904,375)
Total cash payments for operating activities	(13,565,200)	(12,664,793)
Net cash provided by operating activities	164,100,976	153,707,819
Cash flows from noncapital financing activities:		
Payments from LMDC West Thames St Pedestrian Bridge	4,094,279	1,377,080
Payments to NYC EDC - West Thames St Pedestrian Bridge	(4,742,579)	(2,251,001)
Payments to New York City	—	(155,386,255)
Net cash used in noncapital financing activities	(648,300)	(156,260,176)
Cash flows from capital and related financing activities:		
Development costs – site improvements and construction	(9,036,932)	(2,715,426)
Capital asset expenditures	(369,129)	(6,517,272)
Receipts for capital projects	809,570	
Payments for bond issuance costs	—	(6,883)
Auction fees for variable debt	(5,846)	(5,977)
Swap payment made on the 2003 Swap agreement	(5,711,367)	(3,769,574)
Swap interest payments received on the 2003 Swap agreement	18,397	268,729
Principal paydown on 2013 Senior Revenue Bonds	(25,735,000)	(24,590,000)
Interest paid on 2013 Senior Revenue Bonds	(5,754,200)	(6,343,950)
Interest paid on 2019 Senior Revenue Bonds	(5,377,686)	(2,539,463)
Principal paydown on 2019 Junior Revenue Bonds	(4,050,000)	—
Interest paid on 2019 Junior Revenue Bonds	(613,907)	(3,659,547)
Remarketing fees for 2019 Junior Revenue Bonds	(74,133)	(75,103)
Bond purchase agreement fee for 2019 Junior Revenue Bonds	(662,031)	(646,952)
Net cash used in capital and related financing activities	(56,562,264)	(50,601,418)
Cash flows from investing activities:		
Interest and realized gains/losses on sales of investment securities	1,659,091	5,363,931
Maturities and redemptions of investment securities	402,230,245	516,744,440
Purchases of investment securities	(576,078,453)	(579,499,848)
Net cash used in investing activities	(172,189,117)	(57,391,477)
Decrease in cash and cash equivalents	(65,298,705)	(110,545,252)
Cash and cash equivalents, beginning of period	116,149,184	166,247,060
Cash and cash equivalents, end of period	\$ 50,850,479	55,701,808

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

Statements of Cash Flows

Six-month periods ended April 30, 2021 and 2020 (Unaudited)

	<b>2021</b>	<b>2020</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 158,461,127	141,373,526
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision (recovery of) bad debt expense	490,645	(144,425)
Depreciation and amortization	5,516,278	5,408,755
Other	5,153	(53,147)
Changes in operating assets and liabilities:		
(Increase) decrease in rents and other receivables	(3,985,775)	2,034,915
Decrease in other assets	2,596,738	1,090,564
Increase in accounts payable and other liabilities	4,847,530	4,766,074
(Decrease) in unearned revenue	(6,620,197)	(4,830,052)
Increase in OPEB liability	5,765,556	2,298,507
(Decrease) increase in pension liability	(7,765,953)	5,898,660
Changes in deferred resources:		
Deferred pension resources	8,487,922	(3,240,899)
Deferred OPEB resources	(3,698,048)	(894,659)
Net cash provided by operating activities	\$ 164,100,976	153,707,819
Reconciliation of cash and cash equivalents, end of period:		
Bank deposits	\$ 53,942	184,483
Cash and cash equivalents (note 3(e))	48,928,604	25,615,916
Investments with less than 91-day maturities (note 3(e))	1,867,933	29,901,409
Cash and cash equivalents, end of period	\$ 50,850,479	55,701,808

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

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2021 and 2020 (Unaudited)

## (1) General

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

The Authority’s reporting entity comprises itself and the Battery Park City Parks Conservancy (the “Conservancy”). The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation and is a blended component unit of the Authority 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 payments to the City and State (see note 9).

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

## (2) Description of Project

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

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

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

Notes to Financial Statements  
April 30, 2021 and 2020 (Unaudited)

**(3) Summary of Significant Accounting Policies**

**a) Financial Reporting**

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

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

**b) Use of Estimates**

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

**c) Project Assets**

Costs incurred by the Authority in developing the Project as of April 30, 2021 and 2020 are capitalized as project assets and classified as follows:

	<b>Balance at October 31, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at April 30, 2021</b>
Land	\$ 83,015,653	—	—	83,015,653
Site improvements	478,798,516	6,478,391	—	485,276,907
Residential building and condominiums	142,205,238	1,188,722	—	143,393,960
Total project assets	<u>704,019,407</u>	<u>7,667,113</u>	<u>—</u>	<u>711,686,520</u>
Less accumulated depreciation:				
Site improvements	133,766,754	4,549,085	—	138,315,839
Residential building and condominiums	40,317,656	572,055	—	40,889,711
Total accumulated depreciation	<u>174,084,410</u>	<u>5,121,140</u>	<u>—</u>	<u>179,205,550</u>
Net project assets	<u>\$ 529,934,997</u>	<u>2,545,973</u>	<u>—</u>	<u>532,480,970</u>

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

Notes to Financial Statements  
April 30, 2021 and 2020 (Unaudited)

	<b>Balance at October 31, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at April 30, 2020</b>
Land	\$ 83,015,653	—	—	83,015,653
Site improvements	465,537,094	5,346,266	915,264	469,968,096
Residential building and condominiums	137,518,866	2,623,877	—	140,142,743
Total project assets	<u>686,071,613</u>	<u>7,970,143</u>	<u>915,264</u>	<u>693,126,492</u>
Less accumulated depreciation:				
Site improvements	127,113,644	3,411,197	154,802	130,370,039
Residential building and condominiums	37,001,355	1,617,574	—	38,618,929
Total accumulated depreciation	<u>164,114,999</u>	<u>5,028,771</u>	<u>154,802</u>	<u>168,988,968</u>
Net project assets	<u>\$ 521,956,614</u>	<u>2,941,372</u>	<u>760,462</u>	<u>524,137,524</u>

The Authority records project assets at historical cost. The costs of normal maintenance of the Project that do not add to the value of the Project or extend its useful life are not capitalized. Upon completion, site improvement costs, which consist principally of infrastructure, streets, and civic and public facilities, are being depreciated by the straight-line method over the remaining lease years (to 2069). Interest costs incurred during construction related to cost of infrastructure and facilities for phases being developed were capitalized until such phases were substantially completed and ready for construction of buildings. The residential building is being depreciated over a useful life of 50 years and the condominium units through the first appraisal date of each lease.

**d) Revenue from Ground Leases**

Revenue from ground leases is recognized as income as such amounts become receivable under the provisions of each lease, except that PILOT and upfront lease payments received in advance of the period to which they apply are deferred and recognized as income during future periods. Given the nature of the Authority's operations, revenue from ground leases and related fees and agreements are considered operating revenues. All other revenues are considered nonoperating. In accordance with the lease terms, the Authority received upfront lease payments in fiscal periods prior to 2021 of \$40.7 million, \$60 million, \$42.5 million, \$22.5 million, \$33.9 million, \$4.75 million and \$4 million from residential buildings on Site 22, Site 16/17, Site 3, Site 23, Site 24, Site 2A and Site 13, respectively.

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

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**  
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Notes to Financial Statements  
April 30, 2021 and 2020 (Unaudited)

**e) Investments and Deposits**

The Authority carries all investments at fair value. Inherent risks that could affect the Authority's ability to provide services and meet its obligations as they become due are reported in accordance with U.S. GAAP. The Authority's permitted investments include: (i) 100% U.S. government guaranteed securities (U.S. Treasury notes, bonds, strips, T-bills, Ginnie Mae securities); (ii) notes, bonds, debentures, and mortgages of U.S. government-sponsored agencies provided that its obligations receive the highest credit rating at the time of purchase from all rating agencies that rate the obligation; (iii) obligations of any corporation organized under the laws of any state in the United States maturing within 270 days provided that such obligations receive the highest rating of two independent rating services (commercial paper); (iv) municipal bonds issued by the State of New York, its counties, towns and cities and New York authorities; and (v) the general obligations of any state provided that such obligations receive the highest rating by at least one rating agency. The Organization maintains its cash in bank accounts that are fully collateralized or backed by the Federal Deposit Insurance Corporation ("FDIC") or letters of credit. All investments held in funds and accounts established in accordance with bond resolutions are held as trust assets by the trustee banks in the Authority's name. Total investments held by the Authority at April 30, 2021 and 2020 included within the statements of net position (deficit) as investments, corporate designated, escrowed and OPEB funds, bond resolution funds (see note 8) and residential lease required fund accounts, are as follows:

	April 30, 2021			April 30, 2020		
	Cost	Fair value	Weighted average maturity (years) (a)	Cost	Fair value	Weighted average maturity (years) (a)
U.S. Treasury securities:						
Treasury Bills	\$ 67,879,200	67,894,169	0.29	\$ 263,962,446	265,080,840	0.30
Treasury Bonds	483,145,976	483,718,894	0.55	85,224,625	88,355,362	3.46
Treasury Strips	2,478,639	2,615,908	0.92	25,588,279	25,797,505	0.10
Total						
U.S. Treasury securities	553,503,815	554,228,971		374,775,350	379,233,707	
Commercial paper	54,637,018	54,658,298	0.29	6,349,698	6,376,673	0.26
Federal agency securities	139,999	138,790	0.44	12,562,133	12,555,599	0.54
Federal agency mortgage backed securities	2,944,858	3,067,144	3.20	4,843,754	5,001,699	2.61
Municipal bonds	7,388,693	7,493,397	1.87	27,096,891	27,042,131	1.00
Supra National Agency	17,127,487	17,332,166	3.21	14,428,780	14,758,042	3.23
Total investments	635,741,870	636,918,766	0.92	440,056,606	444,967,851	1.09
Cash and cash equivalents	48,928,604	48,928,604		25,615,916	25,615,916	
Total investments and deposits	\$ 684,670,474	685,847,370		\$ 465,672,522	470,583,767	

(a) Portfolio weighted average effective duration

## HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

### Notes to Financial Statements

April 30, 2021 and 2020 (Unaudited)

As of April 30, 2021 and 2020, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to \$1,867,933 and \$29,901,409, 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 and unrestricted. 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 net position consists of assets restricted for specific purposes by law or by parties external to the Organization. Unrestricted net position (deficit) consist of net position that are not classified as net investment in capital assets or 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 bonds in deferred outflows of resources and are amortized using the straight-line method over the remaining period to the maturity of the extinguished bonds.

## HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2021 and 2020 (Unaudited)

### ***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 April 30, 2021, 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 \$69.2 million at April 30, 2021. 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 \$3.8 million at April 30, 2021. 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 six-month period ended April 30, 2020 had a negative fair value of \$75.4 million. In addition, there was a negative fair value of \$20.1 million at April 30, 2020. This negative fair value was recorded as a deferred outflow of resources and a liability on the Authority’s statement of net position (deficit).

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**  
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Notes to Financial Statements

April 30, 2021 and 2020 (Unaudited)

**k) Fair Value Measurement and Application**

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

Level 1 inputs – observable, quoted prices for identical assets or liabilities in active markets.

Level 2 inputs – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices e.g. interest rates and yield curves.

Level 3 inputs – unobservable inputs for the asset or liability. These should be based on the best information available. The Organization should utilize all reasonably available information but need not incur excessive cost or effort to do so. However, it should not ignore information that can be obtained without undue cost and effort. As such, the reporting entity’s own data should be adjusted if information is reasonably available without undue cost and effort. The fair value measurement of the Organization’s assets and liabilities at April 30, 2021 and 2020 were as follows:

	<b>April 30, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	\$ 67,894,169	-	-	67,894,169
Treasury Bonds	483,718,894	-	-	483,718,894
Treasury Strips	2,615,908	-	-	2,615,908
Commercial Paper	-	54,658,298	-	54,658,298
Federal Agency Securities	-	138,790	-	138,790
Federal Agency Mortgage Backed Securities	-	3,067,144	-	3,067,144
Municipal Bonds	-	7,493,397	-	7,493,397
Supra National Bonds	-	17,332,166	-	17,332,166
Total assets at fair value	<u>\$ 554,228,971</u>	<u>82,689,795</u>	<u>-</u>	<u>636,918,766</u>
Liabilities at fair value:				
Interest rate swaps	\$ -	-	3,821,911	3,821,911
Total liabilities at fair value	<u>\$ -</u>	<u>-</u>	<u>3,821,911</u>	<u>3,821,911</u>

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	<b>April 30, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	\$ 265,080,840	-	-	265,080,840
Treasury Bonds	88,355,362	-	-	88,355,362
Treasury Strips	25,797,505	-	-	25,797,505
Commercial Paper	-	6,376,673	-	6,376,673
Federal Agency Securities	-	12,555,599	-	12,555,599
Federal Agency Mortgage Backed Securities	-	5,001,699	-	5,001,699
Municipal Bonds	-	27,042,131	-	27,042,131
Supra National Bonds	-	14,758,042	-	14,758,042
Total assets at fair value	\$ 379,233,707	65,734,144	-	444,967,851
Liabilities at fair value:				
Interest rate swaps	\$ -	-	20,094,212	20,094,212
Total liabilities at fair value	\$ -	-	20,094,212	20,094,212

***l) Tax Abatements***

The primary objective of GASB 77, *Tax Abatement Disclosures*, 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 six-month periods ended April 30, 2021 and 2020 were \$6.7 million, and \$9.1 million, respectively.

The 467a tax abatements for the six-month periods ended April 30, 2021 and 2020 were \$2.7 million, and \$2.8 million, respectively.

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

All of the Authority's bonds outstanding as of April 30, 2021 (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.

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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. 87, *Leases*, ("GASB 87") is effective for reporting periods beginning after June 15, 2021. The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority has started evaluating the impact of GASB 87 on the Authority's financial statements. The Authority has determined that the impact of implementation will have a material impact on the Authority's statement of net position (deficit) when implemented in April 2022.

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, 2020. The objectives 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, 2019. 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 adoption of GASB 90 did not 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, 2021. 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.

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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.

GASB Statement No. 92, *Omnibus 2020*, ("GASB 92"). GASB 92 is generally effective for reporting periods beginning after June 15, 2021. The objective of GASB 92 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Authority has not completed the process of evaluating GASB 92, but does not expect it to have an impact on the Authority's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, ("GASB 93"). Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate ("IBOR") – most notably, the London Interbank Offered Rate ("LIBOR"). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of GASB 93 is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Authority has not completed the process of evaluating GASB 93, but does not expect it to have an impact on the Authority's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, ("GASB 94"). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has not completed the process of evaluating GASB 94, but does not expect it to have an impact on the Authority's financial statements.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). The requirements GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has not completed the process of evaluating GASB 96, but does not expect it to have an impact on the Authority's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, ("GASB 97"). The objectives of GASB 97 are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board

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and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Authority has not completed the process of evaluating GASB 97, but does not expect it to have an impact on the Authority's financial statements.

#### **(4) Rights of City to Reacquire Project Site**

The fee interest in the Project site formerly owned by the City was conveyed to the Authority in the early 1980s for a nominal consideration. The City has the right to reacquire the Project site at any time, subject to the then existing leases, for a nominal consideration after: (a) all notes, bonds, and other indebtedness incurred by the Authority, or for which the Authority's revenues have been pledged, have been repaid or defeased; and (b) satisfaction or provision for payment of its contractual obligations and other contingent liabilities. The City may provide for repayment or defeasance of indebtedness incurred by the Authority under its various bond resolutions. As of April 30, 2021, 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 leasehold interest in the New York Mercantile Exchange ("NYMEX") lease consisting of approximately 502,000 additional square feet.

As of April 30, 2021, all commercial development leases expire in 2069 and provide for future base rent payments aggregating \$977 million over the lease terms, which includes base rent of \$20.1 million per annum from 2022 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.

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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.

### **(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

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of the Authority's five fiscal years ending from October 31, 2022 through 2026 and through the end of the lease term (thereafter), were as follows (in 000s):

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Thereafter</u>	<u>Total</u>
Commercial development:							
Base rent	\$ 20,137	20,137	20,137	20,137	20,137	876,691	977,376
Residential developments:							
Gateway project base rent	305	305	305	305	305	4,174	5,699 (a)
S. Res. Neighborhood:							
Base rent	20,807	21,223	21,609	22,006	22,857	1,636,025	1,744,527
Other minimum payments	11,504	11,801	12,105	12,417	12,738	55,507	116,072
Subtotal S. Res.	<u>32,311</u>	<u>33,024</u>	<u>33,714</u>	<u>34,423</u>	<u>35,595</u>	<u>1,691,532</u>	<u>1,860,599</u>
N. Res. Neighborhood:							
Base rent	9,189	9,463	9,743	10,029	10,324	704,915	753,663
Other minimum payments	16,433	17,819	18,990	20,472	21,745	392,925	488,384
Subtotal N. Res.	<u>25,622</u>	<u>27,282</u>	<u>28,733</u>	<u>30,501</u>	<u>32,069</u>	<u>1,097,840</u>	<u>1,242,047</u>
Total	<u>\$ 78,375</u>	<u>80,748</u>	<u>82,889</u>	<u>85,366</u>	<u>88,106</u>	<u>3,670,237</u>	<u>4,085,721</u>

(a) Does not include extension period (see note 6).

Amounts in the above tabulation do not include PILOT (other than minimum supplemental, incremental or minimum PILOT rent payments under the residential leases) and other payments to be received under the ground leases. These minimum payments will be recorded as revenues (supplemental rents) only to the extent that minimum amounts exceed PILOT revenues due. Contingent payments are also excluded from the above tabulation.

**(8) 2003 General Bond Resolution Funds and 2009, 2013 and 2019 Revenue Bond Resolution Funds**

The current and noncurrent balances in the funds and accounts established in accordance with the Authority's 2003 General Bond Resolution Funds and held by the trustee at April 30, 2021 and 2020 were as follows:

	<u>2003 General Bond Resolution Funds</u>			
	<u>General</u>	<u>Senior</u>	<u>Junior</u>	<u>Total General</u>
<u>April 30, 2021</u>	<u>Bond</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bond</u>
	<u>Resolution</u>			<u>Resolution</u>
Reserve Fund	\$ 34,818,588	—	—	34,818,588
Project Operating Fund	11,260,102	—	—	11,260,102
Debt Service Funds	—	83,927,847	30,663,974	114,591,821
Residual Fund	229,794,317	—	—	229,794,317
Pledged Revenue Fund	83,369,274	—	—	83,369,274
	<u>\$ 359,242,281</u>	<u>83,927,847</u>	<u>30,663,974</u>	<u>473,834,102</u>

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<u>April 30, 2020</u>	<b>2003 General Bond Resolution Funds</b>			<b>Total General Bond Resolution</b>
	<b>General Bond Resolution</b>	<b>Senior Bonds</b>	<b>Junior Bonds</b>	
Reserve Fund	\$ 34,737,123	—	—	34,737,123
Project Operating Fund	10,228,263	—	—	10,228,263
Debt Service Funds	—	55,606,825	30,574,920	86,181,745
Residual Fund	42,404,531	—	—	42,404,531
Pledged Revenue Fund	79,115,716	—	—	79,115,716
	\$ 166,485,633	55,606,825	30,574,920	252,667,378

As of April 30, 2021, there were in transit 2003 debt service bond resolution fund payables of \$32,837,265 after the payment of debt service. Accordingly, this amount has been included in the bond resolution funds payable amount in the statement of net position (deficit).

In December 2009, as a result of the 2009 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bonds Resolutions and were held by trustees as follows at April 30, 2021 and 2020:

<u>April 30, 2021</u>	<b>2009 Revenue Bonds</b>		
	<b>2009A Senior Revenue Bonds</b>	<b>2009B Senior Revenue Bonds</b>	<b>Total 2009 Bonds</b>
Project Costs Fund	\$ 497,311	—	497,311

<u>April 30, 2020</u>	<b>2009 Revenue Bonds</b>		
	<b>2009A Senior Revenue Bonds</b>	<b>2009B Senior Revenue Bonds</b>	<b>Total 2009 Bonds</b>
Project Costs Fund	\$ 571,062	82	571,144

In October 2013, as a result of the 2013 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees as follows at April 30, 2021 and 2020:

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<u>April 30, 2021</u>	<u>2013 Revenue Bonds</u>		
	<u>2013A Senior Revenue Bonds</u>	<u>2013B Senior Revenue Bonds</u>	<u>Total 2013 Bonds</u>
Project Costs Fund	\$ 12,132,218	—	12,132,218

<u>April 30, 2020</u>	<u>2013 Revenue Bonds</u>		
	<u>2013A Senior Revenue Bonds</u>	<u>2013B Senior Revenue Bonds</u>	<u>Total 2013 Bonds</u>
Project Costs Fund	\$ 13,844,058	—	13,844,058

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 April 30, 2021 and 2020:

<u>April 30, 2020</u>	<u>2019 Revenue Bonds</u>			
	<u>2019A Senior Revenue Bonds</u>	<u>2019B Senior Revenue Bonds</u>	<u>2019C Senior Revenue Bonds</u>	<u>Total 2019 Bonds</u>
Cost of Issuance	\$ 5,628	—	—	5,628
Project Cost Funds	75,634,720	9,667,606	3,550,118	88,852,444
	\$ 75,640,348	9,667,606	3,550,118	88,858,072

  

<u>April 30, 2021</u>	<u>2019 Revenue Bonds</u>			
	<u>2019A Senior Revenue Bonds</u>	<u>2019B Senior Revenue Bonds</u>	<u>2019C Senior Revenue Bonds</u>	<u>Total 2019 Bonds</u>
Cost of Issuance	\$ 5,628	—	—	5,628
Project Cost Funds	60,199,176	9,148,251	3,554,522	72,901,949
	\$ 60,204,804	9,148,251	3,554,522	72,907,577

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

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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 April 30, 2021, 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

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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 Securities Industry and Financial Markets Association ("SIFMA") through August 2024, and thereafter 65% one-month London Interbank Offered Rate ("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.

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	Swap Notional Amortization	Interest-rate swaps		
		Payment	Pro-Forma Receipts	Pro-Forma Net payment
Fiscal Year Ending:				
2021 (1/2 year)	\$ -	5,810,604	119,389	(5,691,215)
2022	5,950,000	11,516,726	336,295	(11,180,431)
2023	6,150,000	11,304,250	606,293	(10,697,957)
2024	6,400,000	11,083,872	1,281,198	(9,802,674)
2025	6,600,000	10,855,592	1,688,779	(9,166,813)
2026 – 2030	144,225,000	44,986,525	10,512,174	(34,474,351)
2031 – 2034	161,575,000	10,388,935	3,106,543	(7,282,392)
Totals	\$ 330,900,000	105,946,504	17,650,671	(88,295,833)

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 April 30, 2021 (one-week SIFMA and 65% of one-month LIBOR, 0.06% and 0.1073%, 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 matches 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.

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On April 30, 2021, 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 \$69.2 million at April 30, 2021. 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 \$3.8 million at April 30, 2021. 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 as of April 30, 2020 had a negative fair value of \$75.4 million. In addition, there was a negative fair value of \$20.1 million at April 30, 2020. This negative fair value was recorded as a deferred outflow of resources and a liability on the Authority's statement of net position (deficit).

#### **(11) 2009 Revenue Bonds**

On December 22, 2009, the Authority issued \$56,600,000 of fixed-rate Senior Revenue Bonds, 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 April 30, 2021 and 2020, 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 \$13.9 million and \$15.2 million at April 30, 2021 and 2020, 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 April 30 2021, principal and interest payments due on the 2013 Series A Senior Revenue Bonds were as follows:

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**2013 Series A Senior Revenue Bonds:**

	<u>Coupon Rate</u>	<u>Principal amount</u>	<u>Interest</u>
Fiscal Year Ending:			
2021 (1/2 year)	4.00% - 5.00%	\$ —	5,754,200
2022	4.00% - 5.00%	27,015,000	9,555,350
2023	4.00% - 5.00%	28,380,000	8,178,050
2024	4.00% - 5.00%	29,760,000	6,730,050
2025	5.00%	28,740,000	5,267,550
2026 – 2030	5.00%	73,670,000	11,130,000
2031 – 2032	4.00% - 5.00%	18,730,000	841,575
Totals		<u>\$ 206,295,000</u>	<u>47,456,775</u>

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

**2013 C, D, and E Junior Revenue Bonds:**

All 2013 Series C, D, 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 April 30, 2021, the full \$5 million had been used for the construction of Pier A Plaza and the remaining balances were transferred to the City.

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**(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 2019E (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 April 30, 2021, 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:**

	<u>Coupon Rate</u>	<u>Principal amount</u>	<u>Interest</u>
Fiscal Year Ending:			
2021 (1/2 Year)	—	\$ —	1,673,450
2022	—	—	3,346,900
2023	—	—	3,346,900
2024	—	—	3,346,900
2025	—	—	3,346,900
2026 – 2030	—	—	16,734,500
2031 – 2035	—	—	16,734,500
2036 – 2040	—	—	16,734,500
2041 – 2045	4.00%	29,135,000	14,383,600
2046 – 2050	4.00% - 5.00%	43,630,000	5,666,750
Totals		\$ 72,765,000	85,314,900

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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:**

	<u>Coupon Rate</u>	<u>Principal amount</u>	<u>Interest</u>
Fiscal Year Ending:			
2021 (1/2 Year)	—	\$ —	3,659,075
2022	—	—	7,318,150
2023	—	—	7,318,150
2024	—	—	7,318,150
2025	—	—	7,318,150
2026 – 2030	5.00%	810,000	36,550,750
2031 – 2035	5.00%	25,355,000	34,339,375
2036 – 2040	5.00%	93,905,000	22,595,375
2041 – 2044	4.00% - 5.00%	26,440,000	686,725
Totals		\$ <u>146,510,000</u>	<u>127,103,900</u>

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:**

	<u>Coupon Rate</u>	<u>Principal amount</u>	<u>Interest</u>
Fiscal Year Ending:			
2021 (1/2 Year)	—	\$ —	45,161
2022	—	—	90,321
2023	—	—	90,321
2024	—	—	90,321
2025	—	—	90,321
2026 – 2029	2.53%	3,570,000	225,803
Totals		\$ <u>3,570,000</u>	<u>632,248</u>

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.

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**2019 Series D Junior Revenue Bonds:**

Both subseries of the 2019 Series D Bonds are variable-rate demand bonds and bear 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 April 30, 2021, principal and interest payments due on the 2019 Series D and Series E variable-rate bonds were as follows:

Fiscal Year Ending:	Junior D		Junior E		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021 (1/2 Year)	\$ -	878,545	-	528,463	-	1,407,008
2022	2,820,000	1,878,114	1,415,000	1,115,707	4,235,000	2,993,821
2023	2,930,000	2,244,320	1,470,000	1,297,001	4,400,000	3,541,321
2024	3,090,000	2,726,864	1,545,000	1,536,402	4,635,000	4,263,266
2025	4,970,000	3,159,598	2,490,000	1,749,708	7,460,000	4,909,306
2026 – 2030	74,700,000	18,072,432	37,335,000	9,768,820	112,035,000	27,841,252
2031 – 2035	112,850,000	13,239,930	56,425,000	7,051,382	169,275,000	20,291,312
2036 – 2039	95,940,000	2,481,608	47,970,000	1,315,685	143,910,000	3,797,293
Total	<u>\$ 297,300,000</u>	<u>44,681,411</u>	<u>148,650,000</u>	<u>24,363,168</u>	<u>445,950,000</u>	<u>69,044,579</u>

The above schedule reflects interest on one-week SIFMA on April 30, 2021 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.

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The \$185.0 million of PILOT-related receipts provided for the transfer to the City during the year ended October 31, 2020 has not yet been requested. A provision in the amount of \$86.8 million has been charged as a nonoperating expense for the six-month period ended April 30, 2021.

In January 2010, the City and the Authority signed an amendment to the Settlement agreement (the “2010 Agreement”) to distribute \$861 million of accumulated and future excess revenues from the Joint Purpose Fund. The City and State were each allocated \$200 million to be distributed in a pari passu basis.

After meeting that \$400 million obligation, an additional amount of up to \$200 million is to be distributed by the Authority to a City 421-A affordable housing fund followed by a \$261 million distribution to a City pay-as-you-go capital fund. All funds are to be paid as available in the Joint Purpose Fund and there is no time limit or a minimum for the amount that needs to be paid or accrued over time.

As of April 30, 2021, 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 \$261 million against the \$261 million City pay-as-you-go capital fund obligation, which includes the current year provision of \$2.0 million to nonoperating expenses for the six-month period ended April 30, 2021.

### (15) Rents and Other Receivables

Rents and other receivables consisted of the following at April 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Rents receivable	\$ 11,757,486	6,801,694
Interest receivable	537,947	787,975
Miscellaneous receivables	108,612	40,652
Total receivables	12,404,045	7,630,321
Less allowance for doubtful accounts	(2,731,020)	(1,659,447)
Net receivables	\$ 9,673,025	5,970,874

### (16) (A) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at April 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Amounts due to vendors	\$ 3,373,930	5,862,862
Contract retention costs	1,351,744	919,925
State recovery costs	4,446,500	3,500,000
Accrued payroll and benefits	1,208,463	939,247
Total	\$ 10,380,637	11,222,034

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**(B) Bond Resolution Fund Payables**

As of April 30, 2021, \$32,837,265 of bond resolution funds from the debt service accounts were used to purchase investments (see note 8). The securities were received by the Authority on May 3, 2021.

These bond resolution funds have been recorded separately as bond resolution fund payables in the statement of net position (deficit).

**(17) Long-Term Liabilities**

The Organization's bonds and other long-term liabilities as of April 30, 2021 were comprised of the following obligations:

	<u>October 31, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>April 30, 2021</u>	<u>Due within one year</u>
<b><u>Authority bonds outstanding:</u></b>					
<b><u>2013 Revenue Bonds:</u></b>					
Series 2013A	\$ 232,030,000	—	25,735,000	206,295,000	27,015,000
Unamortized net premiums	31,148,388	—	1,415,836	29,732,552	—
Subtotal 2013 Bonds	<u>263,178,388</u>	<u>—</u>	<u>27,150,836</u>	<u>236,027,552</u>	<u>27,015,000</u>
<b><u>2019 Revenue Bonds:</u></b>					
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	—	2,700,000	297,300,000	2,820,000
Series 2019E	150,000,000	—	1,350,000	148,650,000	1,415,000
Subtotal	<u>672,845,000</u>	<u>—</u>	<u>4,050,000</u>	<u>668,795,000</u>	<u>4,235,000</u>
Unamortized net premiums	51,649,318	—	1,258,636	50,390,682	—
Subtotal 2019 Bonds	<u>724,494,318</u>	<u>—</u>	<u>5,308,636</u>	<u>719,185,682</u>	<u>4,235,000</u>
Total bonds outstanding	<u>987,672,706</u>	<u>—</u>	<u>32,459,472</u>	<u>955,213,234</u>	<u>31,250,000</u>
<b><u>Other long-term liabilities:</u></b>					
OPEB	38,363,000	6,286,767	521,211	44,128,556	—
Imputed borrowing	72,335,703	—	3,099,645	69,236,058	—
Fair value of interest rate swap	16,159,650	—	12,337,739	3,821,911	—
Unearned revenue	273,462,707	—	6,620,197	266,842,510	59,972,547
Security and other deposits	29,411,256	24,107	—	29,435,363	4,738
Total other long-term liabilities	<u>429,732,316</u>	<u>6,310,874</u>	<u>22,578,792</u>	<u>413,464,398</u>	<u>59,977,285</u>
Total long-term liabilities	<u>\$ 1,417,405,022</u>	<u>6,310,874</u>	<u>55,038,264</u>	<u>1,368,677,632</u>	<u>91,227,285</u>

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 April 30, 2021 column less the due within one year equals the non-current liabilities total.

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The Organization's bonds and other long-term liabilities as of April 30, 2020 were comprised of the following obligations:

<b>Authority bonds outstanding:</b>	<b>October 31, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>April 30, 2020</b>	<b>Due within one year</b>
<b>2013 Revenue Bonds:</b>					
Series 2013A	\$ 256,620,000	—	24,590,000	232,030,000	25,375,000
Subtotal	256,620,000	—	24,590,000	232,030,000	25,375,000
Unamortized net premiums	33,980,060	—	1,415,836	32,564,224	—
Subtotal 2013 Bonds	290,600,060	—	26,005,836	264,594,224	25,375,000
<b>2019 Revenue Bonds:</b>					
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	2,700,000
Series 2019E	150,000,000	—	—	150,000,000	1,350,000
Subtotal	672,845,000	—	—	672,845,000	4,050,000
Unamortized net premiums	54,166,590	—	1,258,636	52,907,954	—
Subtotal 2019 Bonds	727,011,590	—	1,258,636	725,752,954	4,050,000
Total bonds outstanding	1,017,611,650	—	27,264,472	990,347,178	29,425,000
<b>Other long-term liabilities:</b>					
OPEB	34,844,588	3,159,554	861,047	37,143,095	—
Imputed borrowing	78,534,993	—	3,099,645	75,435,348	—
Fair value of interest rate swap	746,509	19,347,703	—	20,094,212	—
Unearned revenue	278,799,812	—	4,830,052	273,969,760	55,111,155
Security and other deposits	29,117,220	91,754	—	29,208,974	4,738
Total other long-term liabilities	422,043,122	22,599,011	8,790,744	435,851,389	55,115,893
Total long-term liabilities	\$ 1,439,654,772	22,599,011	36,055,216	1,426,198,567	84,540,893

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 April 30, 2020 column less the due within one year equals the non-current liabilities total.

**(18) Retirement Costs**

**Plan Description and Benefits Provided**

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

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***The Authority*** – The Battery Park City Authority participates in the New York State and Local Employees’ Retirement System (“ERS”), and the New York State and Local Police and Fire Retirement System (“PFRS”) which are collectively referred to as the System. These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (“RSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees’ Group Life Insurance Plan (“GLIP”), which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://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 vary 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.

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Contributions for the current year and two preceding years were equal to 100 percent of the contributions required and were as follows:

Year	ERS
2021	\$ 1,036,588
2020	965,189
2019	1,165,323
	\$ 3,167,100

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

At April 30, 2021 and 2020, the Authority reported a liability of \$30,221 and \$7,796,174, 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, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At April 30, 2021 and 2020, the Authority's proportion was 0.0303502% and 0.0294411%, respectively.

For the six-month periods ended April 30, 2021 and 2020, the Authority recognized pension expense of \$736,775 and \$2,657,761, respectively. At April 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**April 30, 2021**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 369,079	-
Changes of assumptions	5,556,649	104,800
Net difference between projected and actual earnings on pension plan investments	-	8,681,223
Changes in proportion and differences between LG contributions and proportionate share of contributions	253,366	291,986
Total	\$ 6,179,094	9,078,009

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**April 30, 2020**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 458,836	-
Changes of assumptions	156,978	135,548
Net difference between projected and actual earnings on pension plan investments	3,996,698	-
Changes in proportion and differences between LG contributions and proportionate share of contributions	333,823	258,377
Total	\$ 4,946,335	393,925

As of April 30, 2021 and 2020, \$6,179,094 and \$4,946,335 was reported as a deferred outflow of resources, respectively, and \$9,078,009 and \$393,925 was reported as a deferred inflow of resources, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended March 31:	
2022	\$ (527,690)
2023	(176,328)
2024	(500,716)
2025	(1,694,181)
2026	-
Thereafter	-
	\$ (2,898,915)

**Actuarial Assumptions**

The total pension liability at the New York State System's year end of March 31, 2021 and 2020 was determined by using an actuarial valuation as of April 1, 2020 and 2019, with updated procedures used to roll forward the total pension liability to the New York State System's year end of March 31, 2021 and 2020.

Significant actuarial assumptions used in the April 1, 2020 and 2019 valuations were as follows:

	<u>2020</u>
Interest rate	5.9%
Salary scale	
ERS	4.4%
Decrement tables	April 1, 2015 – March 31, 2020
System's Experience	
Inflation rate	2.7%

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	<u>2019</u>
Interest rate	6.8%
Salary scale	
ERS	4.2%
Decrement tables	April 1, 2010 – March 31, 2015
System’s Experience	
Inflation rate	2.5%

The actuarial assumptions used in the 2020 valuation is based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020.

The actuarial assumptions used in the 2019 valuation is based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2018.

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, 2021 and 2020 are summarized below.

**2021**

**March 31, 2021**

Asset Type	Target Allocation	Long Term Expected Real Rate
Domestic Equity	32.0%	4.05%
International Equity	15.0%	6.30%
Private Equity	10.0%	6.75%
Real Estate	9.0%	4.95%
Opportunistic/ARS portfolio	3.0%	4.50%
Credit	4.0%	3.63%
Real Assets	3.0%	5.95%
Fixed Income	23.0%	0.00%
Cash	1.0%	0.50%

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**2020**

**March 31, 2020**

Asset Type	Target Allocation	Long Term Expected Real Rate
Domestic Equity	36.00%	4.05%
International Equity	14.00%	6.15%
Private Equity	10.00%	6.75%
Real Estate	10.00%	4.95%
Absolute Return	2.00%	3.25%
Opportunistic Portfolio	3.00%	4.65%
Real Asset	3.00%	5.95%
Bonds, Cash & Mortgages	18.00%	0.75%
Inflation Indexed Bonds	4.00%	0.50%

The real rate of return is net of the long-term inflation assumption of 2.0% for April 1, 2020 and 2.5% for April 1, 2019.

**Discount Rate**

The discount rate used to calculate the total pension liability as of March 31, 2021 and 2020 was 5.9% and 6.8%, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.9%, 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 (4.9%) or 1-percentage-point higher (6.9%) than the current rate:

**April 30, 2021**

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Authority's share of the Net Pension Liability (Asset)	\$ 8,388,153	30,221	(7,677,749)



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Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plan and to establish maximum obligations of the plan members to contribute to the plan.

The Authority's Board is authorized to establish contribution rates for employees and retirees below those set by Civil Service Law. The Authority's plan states that employees and/or their dependents become eligible for these benefits at 55 years of age when the employee has 10 years of State service. In calculating the 10-year service requirement, all of the employee's service need not be with the Authority, but may be a composite of New York State service elsewhere, with a minimum of 3 years with the Authority.

Employees with no prior State service must work a minimum of 10 years before they and their dependents are eligible for the retirement medical benefits. Eligible retirees hired on or after November 1, 2001, contribute 10% of the cost of single coverage and 25% of the cost of dependent coverage for health insurance benefits. The Authority covers 100% of the cost of single and dependent coverage for employees hired before November 1, 2001. A vestee is an Authority employee vested as a member of the retirement system administered by the State, has withdrawn from State service after meeting the Authority's minimum service requirement, but has not met the age requirement for continuing health insurance. As of April 30, 2021, 186 participants, including 131 employees and 55 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 periods ending April 30, 2021 and 2020 and in accordance with GASB Statement 75, updated actuarial valuations were completed for the valuation dates of November 1, 2020 and November 1, 2018. These are the dates as of which the actuarial valuations were performed. The measurement dates are October 31, 2020 and 2019, respectively. These are the dates as of which the OPEB liabilities were determined.

#### ***b) Funding***

The contribution requirements (funding) of the Authority's net OPEB obligation are at the discretion of management as approved by the members of the Board. The Authority's net OPEB obligation continues to be financed on a pay-as-you-go basis from assets segregated for the exclusive purpose of paying OPEB obligations.

#### ***c) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The total OPEB liability is the portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB. 75. The total annual OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and was then projected forward to the measurement date in accordance with the parameters of GASB 75. As of April 30, 2021 and 2020, \$44,128,556 and \$37,143,095, respectively, has been reported for the Authority's total OPEB liabilities.

For the six-month periods ending April 30, 2021 and 2020, the Authority has recognized OPEB expenses of \$2,580,654 and \$1,799,087, respectively.

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Deferred inflows of resources and deferred outflows of resources are a portion of changes in net OPEB liability that is not immediately recognized in OPEB expense.

These changes include differences between expected and actual experience, changes in assumptions and differences between expected and actual earnings on plan investments. As of April 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>April 30, 2021</b>		
	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Changes of assumptions	\$ 6,532,649	6,382,407

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of April 30, 2021 will be recognized in OPEB expense as follows:

Year ended October 31:	
2022	\$ (35,222)
2023	(200,744)
2024	(200,744)
2025	(397,215)
2026	(323,370)
Thereafter	1,007,053
	\$ (150,242)

<b>April 30, 2020</b>		
	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Changes of assumptions	\$ 7,622,545	2,690,548

***d) Actuarial Methods and Assumptions***

The Authority's total OPEB liabilities were determined by actuarial valuations as of November 1, 2020 and November 1, 2018, using the following actuarial assumptions:

2020

Inflation rate	2.2%
Salary scale	3.2%

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Health cost            Getzen Model Version 2020

Mortality             MP-2020 Mortality Tables

2018

Inflation rate        2.30%

Salary scale         3.30%

Health cost Getzen Model Version 2019

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.

2020

The annual healthcare cost trend rates vary based on type of health coverage valued; initial trends start at 5.3% to 6.2%, declining approximately 0.1% each year to an ultimate trend rate of 3.3%. The trend rates reflect a general inflation level of 2.2%.

2018

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%.

***e) Discount Rate***

The discount rate used to calculate the total OPEB liability as of October 31, 2020 and 2019 were 2.15% and 3.67%, 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.

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

The following represents the Authority's total OPEB liability estimated as of April 30, 2021, calculated using the discount rate of 2.15%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.15 percent) or 1-percentage-point higher (3.15 percent) than the current rate:

**April 30, 2021**

		1% Decrease 1.15%	Current Discount 2.15%	1% Increase 3.15%
Total OPEB Liability	\$	52,646,350	44,128,556	37,419,025

The following represents the Authority's total OPEB liability estimated as of April 30, 2021, calculated using the current healthcare cost trend rates as well as what 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	\$	36,587,458	44,128,556	54,114,891

The following represents the Authority's total OPEB liability estimated as of April 30, 2020, calculated using the discount rate of 3.67%, 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 (2.67 percent) or 1-percentage-point higher (4.67 percent) than the current rate:

**April 30, 2020**

		1% Decrease 2.67%	Current Discount 3.67%	1% Increase 4.67%
Total OPEB Liability	\$	43,905,011	37,143,095	31,790,880

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April 30, 2021 and 2020 (Unaudited)

The following represents the Authority's total OPEB liability estimated as of April 30, 2020, calculated using the current healthcare cost trend rates as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 30,827,520	37,143,095	46,463,814

**g) OPEB Status and Funding Progress**

The Authority's OPEB obligation and the funded status of the plan as of April 30, 2021 was as follows:

OPEB Balance at November 1, 2020	\$ <u>38,363,000</u>
Changes for the period:	
Service cost	1,149,000
Interest	736,652
Benefit payments	(521,211)
Changes in assumptions	<u>4,401,115</u>
Net changes	<u>5,765,556</u>
OPEB Balance at April 30, 2021	\$ <u><u>44,128,556</u></u>

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

The discount rate decreased from 3.67% to 2.15%.

Healthcare related assumptions (NYSHIP premiums, per capita claims costs and healthcare trend) were updated from 2019 to 2020.

The mortality improvement scale was updated from MP-2018 to MP-2020.

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April 30, 2021 and 2020 (Unaudited)

The Authority's OPEB obligation and the funded status of the plan as of April 30, 2020 was as follows:

OPEB Balance at November 1, 2019	\$	<u>34,844,588</u>
Changes for the period:		
Service cost		973,714
Interest		699,601
Benefit payments		(453,410)
Changes in assumptions		<u>1,078,602</u>
Net changes		<u>2,298,507</u>
OPEB Balance at April 30, 2020	\$	<u><u>37,143,095</u></u>

Corporate assets held at April 30, 2021 and 2020 in separate corporate OPEB accounts for the exclusive purpose of paying OPEB obligations were approximately \$42.5 million and \$42.6 million, respectively. The Authority has segregated assets for the exclusive purpose of paying OPEB obligations, the funds cannot be irrevocably dedicated for that purpose and therefore cannot be held as a funded OPEB asset. The OPEB assets are therefore included in the 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 approximately \$66.2 million as of April 30, 2021.
- (b) The Authority rents office space in 200 Liberty Street, formerly One World Financial Center, as well as community meeting space, field offices, and maintenance space in condominium buildings in Battery Park City. Total rent expense for the six-month periods ended April 30, 2021 and 2020, amounted to \$591 thousand and \$606 thousand, respectively.

The future minimum lease payments are as follows:

2021	\$	619,617
2022		1,709,752
2023		1,702,552
2024		1,702,552
2025		1,702,552
Thereafter		<u>9,245,874</u>
Total minimum payments required	\$	<u><u>16,682,899</u></u>

- (c) On October 23, 2007, the members of the Authority approved a proposal by the Governor to pay up to \$40 million of Special Fund monies (see note 12) to the PANYNJ for the construction of the pedestrian concourse running under Route 9A.

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The concourse connects the Winter Garden (on the west, at the edge of Battery Park City) and the World Trade Center site on the east. As of April 30, 2021, the Authority had disbursed a total sum of \$39,130,618 to the PANYNJ.

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

### **(21) Battery Park City Parks Conservancy Corporation**

The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation. The Authority, as sole member of the Conservancy, designated the Authority's members to serve as the Conservancy's Board of Directors. By approval of the Board of Directors, the Conservancy added the Authority's President as an additional director.

The Conservancy was formed by the Authority to comply with certain requirements of agreements between the Authority and the City pursuant to which the Authority is obligated to maintain and repair the parks and open spaces in and around Battery Park City's residential areas. In March 1988, the Authority entered into a management agreement with the Conservancy, which authorized the Conservancy to undertake all responsibilities, related to the operation, maintenance, and repair of such parks and open spaces. For the six-month period ended April 30, 2020, the Authority paid the Conservancy \$400 thousand, for services, which are included in the Authority's operating expenses. This amount was eliminated in the blending of the Conservancy's financial statements into the Authority's financial statements (see Other Supplementary Information – Combining Statement of Revenues, Expenses and Changes in 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.

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Notes to Financial Statements

April 30, 2021 and 2020 (Unaudited)

**(23) COVID-19**

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Authority's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Authority is currently unable to fully determine the extent of COVID-19's impact in future periods. The Authority's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Authority continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**  
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Required Supplementary Information – Schedule of the Authority's Proportionate Share of the Net Pension Liability  
For the Periods Ended April 30 (Unaudited)

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
The Authority's proportion of the net pension liability (asset)	0.03035020%	0.02944110%	0.02678100%	0.02572800%	0.02614580%	0.01468700%	0.01539080%
The Authority's proportionate share of the net pension liability (asset)	\$ 30	\$ 7,796	\$ 1,898	\$ 830	\$ 2,457	\$ 2,357	\$ 519
The Authority's covered payroll	\$ 4,632	\$ 4,673	\$ 4,076	\$ 4,154	\$ 3,893	\$ 3,983	\$ 3,843
The Authority's proportionate share of the net pension liability (asset) as a percentage of covered payroll	0.65%	166.83%	46.57%	19.98%	63.11%	59.18%	13.51%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

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Required Supplementary Information – Schedule of Employer Contributions  
Six-Month Periods Ended April 30 (Unaudited)

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

		<b>2021</b>		<b>2020</b>		<b>2019</b>		<b>2018</b>		<b>2017</b>		<b>2016</b>		<b>2015</b>		<b>2014</b>		<b>2013</b>		<b>2012</b>
Actuarially determined contribution	\$	1,036	\$	965	\$	1,165	\$	930	\$	713	\$	518	\$	709	\$	605	\$	541	\$	527
Contribution in relation to the actuarially determined contribution	\$	1,036	\$	965	\$	1,165	\$	930	\$	713	\$	518	\$	709	\$	605	\$	541	\$	527
Contribution deficiency (excess)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
The Authority's covered payroll	\$	4,632	\$	4,673	\$	4,076	\$	4,154	\$	3,893	\$	3,983	\$	3,843	\$	4,427	\$	4,220	\$	3,061
Contribution as a percentage of covered payroll		22.37%		20.65%		28.58%		22.39%		18.31%		13.01%		18.45%		13.67%		12.82%		17.22%

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Required Supplementary Information – Schedule of Changes in Total OPEB Liability and Related Ratios  
For the Periods Ended April 30  
(Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 1,149	974	1,052	1,069
Interest cost	737	700	701	644
Effect of assumption changes or inputs	2,480	(13)	212	(1)
Effect of economic/demographic gains or (losses)	1,921	1,091	(8,139)	(1,260)
Benefit Payments	(521)	(453)	(463)	(448)
<b>Net Change in Total OPEB Liability</b>	5,766	2,299	(6,637)	4
<b>Total OPEB Liability - Beginning</b>	\$ 38,363	34,845	40,192	38,923
<b>Total OPEB Liability - Ending</b>	\$ 44,129	37,144	33,555	38,927
<b>Covered payroll</b>	\$ 4,577	4,402	4,354	4,471
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	964%	844%	771%	871%

**Notes to Schedule:**

This schedule is intended to present the 10 most current fiscal years of data. However, four periods of data are available with the adoption of GASB Statement 75 for the periods ended April 30, 2018 through April 30, 2021.

Changes of assumptions

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

<u>Period Ended</u>	<u>Percentage</u>
2021	2.15%
2020	3.67%
2019	3.85%
2018	3.35%

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

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

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

April 30, 2021 (Unaudited)

<b>Assets</b>	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Total</b>
Current assets:			
Bank deposits	\$ 19,550	34,392	53,942
Investments	4,471,182	—	4,471,182
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of \$2,731,020)	9,673,025	—	9,673,025
2003 General Bond Resolution Funds	439,015,515	—	439,015,515
2009 Revenue Bond Resolution Funds	251,759	—	251,759
2013 Revenue Bond Resolution Funds	5,128,023	—	5,128,023
2019 Revenue Bond Resolution Funds	32,092,758	—	32,092,758
Corporate-designated, escrowed and OPEB funds	1,518,198	—	1,518,198
Total current assets	<u>492,170,010</u>	<u>34,392</u>	<u>492,204,402</u>
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds	34,818,587	—	34,818,587
2009 Revenue Bond Resolution Funds	245,552	—	245,552
2013 Revenue Bond Resolution Funds	7,004,195	—	7,004,195
2019 Revenue Bond Resolution Funds	40,814,819	—	40,814,819
Residential lease required funds	29,133,606	—	29,133,606
Corporate-designated, escrowed, and OPEB funds	91,353,176	—	91,353,176
Battery Park City project assets – at cost, less accumulated depreciation	532,480,970	—	532,480,970
Other assets	4,606,125	—	4,606,125
Total noncurrent assets	<u>740,457,030</u>	<u>—</u>	<u>740,457,030</u>
Total assets	<u>1,232,627,040</u>	<u>34,392</u>	<u>1,232,661,432</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension outflows	6,179,094	—	6,179,094
Deferred OPEB outflows	6,382,407	—	6,382,407
Accumulated change in fair value of interest rate swaps	3,821,911	—	3,821,911
Unamortized loss on extinguishment of bonds	13,882,689	—	13,882,689
Deferred costs of refunding, less accumulated amortization of \$10,778,399	69,236,058	—	69,236,058
Total deferred outflows of resources	<u>99,502,159</u>	<u>—</u>	<u>99,502,159</u>
Total assets and deferred outflows of resources	<u>\$ 1,332,129,199</u>	<u>34,392</u>	<u>1,332,163,591</u>

See independent auditors' review report.

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

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

April 30, 2021 (Unaudited)

<b>Liabilities</b>	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Total</b>
Current liabilities:			
Accrued interest on bonds	\$ 11,543,971	—	11,543,971
Accounts payable and other liabilities	10,380,637	—	10,380,637
Accrued pension payable	30,221	—	30,221
Due to the City of New York	271,832,981	—	271,832,981
Due to the City of New York - 2010 Agreement	46,690,714	—	46,690,714
Due to the Port Authority of New York & New Jersey	869,381	—	869,381
Unearned revenue:			
PILOT revenue	44,517,796	—	44,517,796
Base rent and other revenue	15,454,751	—	15,454,751
Security and other deposits	4,738	—	4,738
2013 Revenue Bonds	27,015,000	—	27,015,000
2019 Revenue Bonds	4,235,000	—	4,235,000
Bond resolution fund payables	32,837,265	—	32,837,265
Total current liabilities	<u>465,412,455</u>	<u>—</u>	<u>465,412,455</u>
Noncurrent liabilities:			
Unearned revenue:			
Base rent and other revenue	206,869,963	—	206,869,963
Security and other deposits	29,430,625	—	29,430,625
OPEB	44,128,556	—	44,128,556
Fair value of interest rate swaps	3,821,911	—	3,821,911
Imputed borrowing	69,236,058	—	69,236,058
Bonds outstanding:			
2013 Revenue Bonds, less accumulated amortization of \$21,303,435	209,012,552	—	209,012,552
2019 Revenue Bonds, less accumulated amortization of \$4,378,498	714,950,682	—	714,950,682
Total noncurrent liabilities	<u>1,277,450,347</u>	<u>—</u>	<u>1,277,450,347</u>
Total liabilities	<u>1,742,862,802</u>	<u>—</u>	<u>1,742,862,802</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension inflows	9,078,009	—	9,078,009
Deferred OPEB inflows	6,532,649	—	6,532,649
Total deferred inflows of resources	<u>15,610,658</u>	<u>—</u>	<u>15,610,658</u>
<b>Net Position (Deficit):</b>			
Net investment in capital assets	29,581,609	—	29,581,609
Restricted:			
Debt service	97,204,173	—	97,204,173
Under bond resolutions and other agreements	548,757	—	548,757
Unrestricted (deficit)	<u>(553,678,800)</u>	<u>34,392</u>	<u>(553,644,408)</u>
Total net position (deficit)	<u>(426,344,261)</u>	<u>34,392</u>	<u>(426,309,869)</u>
Total liabilities and net position (deficit)	<u>\$ 1,332,129,199</u>	<u>34,392</u>	<u>1,332,163,591</u>

See independent auditors' review report.

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

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

April 30, 2020 (Unaudited)

<b>Assets</b>	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Current assets:			
Bank deposits	\$ 25,019	159,464	184,483
Investments	6,587,719	—	6,587,719
Restricted assets:			
Rents and other receivables (net of allowance for doubtful accounts of \$1,659,447)	5,970,874	—	5,970,874
2003 General Bond Resolution Funds	217,930,255	—	217,930,255
2009 Revenue Bond Resolution Funds	208,351	—	208,351
2013 Revenue Bond Resolution Funds	5,056,662	—	5,056,662
2019 Revenue Bond Resolution Funds	38,123,954	—	38,123,954
Corporate-designated, escrowed and OPEB funds	<u>1,450,627</u>	<u>—</u>	<u>1,450,627</u>
Total current assets	<u>275,353,461</u>	<u>159,464</u>	<u>275,512,925</u>
Noncurrent assets:			
Restricted assets:			
2003 General Bond Resolution Funds	34,737,123	—	34,737,123
2009 Revenue Bond Resolution Funds	362,793	—	362,793
2013 Revenue Bond Resolution Funds	8,787,396	—	8,787,396
2019 Revenue Bond Resolution Funds	50,734,118	—	50,734,118
Residential lease required funds	29,037,077	—	29,037,077
Corporate-designated, escrowed, and OPEB funds	77,567,692	—	77,567,692
Battery Park City project assets – at cost, less accumulated depreciation	524,137,524	—	524,137,524
Other assets	<u>4,405,692</u>	<u>25,949</u>	<u>4,431,641</u>
Total noncurrent assets	<u>729,769,415</u>	<u>25,949</u>	<u>729,795,364</u>
Total assets	<u>1,005,122,876</u>	<u>185,413</u>	<u>1,005,308,289</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension outflows	4,946,335	—	4,946,335
Deferred OPEB outflows	2,690,548	—	2,690,548
Accumulated change in fair value of interest rate swaps	20,094,212	—	20,094,212
Unamortized loss on extinguishment of bonds	15,181,409	—	15,181,409
Deferred costs of refunding, less accumulated amortization of \$4,579,109	<u>75,435,348</u>	<u>—</u>	<u>75,435,348</u>
Total deferred outflows of resources	<u>118,347,852</u>	<u>—</u>	<u>118,347,852</u>
Total assets and deferred outflows of resources	<u>\$ 1,123,470,728</u>	<u>185,413</u>	<u>1,123,656,141</u>

See independent auditors' review report.

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

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

April 30, 2020 (Unaudited)

<b>Liabilities</b>	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Total</b>
<b>Current liabilities:</b>			
Accrued interest on bonds	\$ 12,250,898	—	12,250,898
Accounts payable and other liabilities	11,183,073	38,961	11,222,034
Accrued pension payable	7,796,174	—	7,796,174
Due to the City of New York	83,917,658	—	83,917,658
Due to the City of New York - 2010 Agreement	63,535,778	—	63,535,778
Due to the Port Authority of New York & New Jersey	869,381	—	869,381
<b>Unearned revenue:</b>			
PILOT revenue	41,446,373	—	41,446,373
Base rent and other revenue	13,664,782	—	13,664,782
Security and other deposits	4,738	—	4,738
2013 Revenue Bonds	25,375,000	—	25,375,000
2019 Revenue Bonds	4,050,000	—	4,050,000
Total current liabilities	<u>264,093,855</u>	<u>38,961</u>	<u>264,132,816</u>
<b>Noncurrent liabilities:</b>			
<b>Unearned revenue:</b>			
Base rent and other revenue	218,858,605	—	218,858,605
Security and other deposits	29,204,236	—	29,204,236
OPEB	37,143,095	—	37,143,095
Fair value of interest rate swaps	20,094,212	—	20,094,212
Imputed borrowing	75,435,348	—	75,435,348
<b>Bonds outstanding:</b>			
2013 Revenue Bonds, less accumulated amortization of \$18,471,764	239,219,224	—	239,219,224
2019 Revenue Bonds, less accumulated amortization of \$1,861,225	721,702,954	—	721,702,954
Total noncurrent liabilities	<u>1,341,657,674</u>	<u>—</u>	<u>1,341,657,674</u>
Total liabilities	<u>1,605,751,529</u>	<u>38,961</u>	<u>1,605,790,490</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension inflows	393,925	—	393,925
Deferred OPEB inflows	7,622,545	—	7,622,545
Total deferred inflows of resources	<u>8,016,470</u>	<u>—</u>	<u>8,016,470</u>
<b>Net Position (Deficit):</b>			
Net investment in capital assets	17,859,530	—	17,859,530
<b>Restricted:</b>			
Debt service	62,608,297	—	62,608,297
Under bond resolutions and other agreements	3,301,187	—	3,301,187
Unrestricted (deficit)	<u>(574,066,285)</u>	<u>146,452</u>	<u>(573,919,833)</u>
Total net position (deficit)	<u>(490,297,271)</u>	<u>146,452</u>	<u>(490,150,819)</u>
Total liabilities and net position (deficit)	<u>\$ 1,123,470,728</u>	<u>185,413</u>	<u>1,123,656,141</u>

See independent auditors' review report.

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

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

Six-month period ended April 30, 2021 (Unaudited)

	<u>Battery Park City Authority</u>	<u>Battery Park City Parks Conservancy</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues:				
Revenues from ground leases:				
Base rent	\$ 32,039,143	—	—	32,039,143
Supplemental rent	—	—	—	—
Payments in lieu of real estate taxes	146,417,975	—	—	146,417,975
Civic facilities payments and other	11,223,581	—	—	11,223,581
Total operating revenues	<u>189,680,699</u>	<u>—</u>	<u>—</u>	<u>189,680,699</u>
Operating expenses:				
Wages and related benefits	8,306,545	—	—	8,306,545
OPEB	2,580,654	—	—	2,580,654
Other operating and administrative expenses	14,816,095	—	—	14,816,095
Depreciation of project assets	5,121,141	—	—	5,121,141
Other depreciation and amortization	395,137	—	—	395,137
Total operating expenses	<u>31,219,572</u>	<u>—</u>	<u>—</u>	<u>31,219,572</u>
Operating income	<u>158,461,127</u>	<u>—</u>	<u>—</u>	<u>158,461,127</u>
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	540,618	—	—	540,618
Corporate-designated, escrowed, and OPEB funds	657,748	—	—	657,748
Realized and unrealized gains	(1,696,280)	—	—	(1,696,280)
Interest expense relating to:				
2003 Swap agreements – net expense	(5,692,834)	—	—	(5,692,834)
2003 Revenue Bonds	(5,846)	—	—	(5,846)
2013 Revenue Bonds	(3,698,489)	—	—	(3,698,489)
2019 Revenue Bonds	(5,435,325)	—	—	(5,435,325)
Loss on extinguishment from debt	(649,360)	—	—	(649,360)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(86,796,701)	—	—	(86,796,701)
Provision for transfer to the City of New York per 2010 agreement	(1,968,068)	—	—	(1,968,068)
Provision for transfer to City of New York - West Thames Bridge	(417,220)	—	—	(417,220)
Total nonoperating expenses	<u>(105,161,757)</u>	<u>—</u>	<u>—</u>	<u>(105,161,757)</u>
Change in net position (deficit)	53,299,370	—	—	53,299,370
Net position (deficit), beginning of period	<u>(479,643,631)</u>	<u>34,392</u>	<u>—</u>	<u>(479,609,239)</u>
Net position (deficit), end of period	<u>\$ (426,344,261)</u>	<u>34,392</u>	<u>—</u>	<u>(426,309,869)</u>

See independent auditors' review report.

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

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

Six-month period ended April 30, 2020 (Unaudited)

	<u>Battery Park City Authority</u>	<u>Battery Park City Parks Conservancy</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues:				
Revenues from ground leases:				
Base rent	\$ 31,238,236	—	—	31,238,236
Supplemental rent	660,543	—	—	660,543
Payments in lieu of real estate taxes	131,775,210	—	—	131,775,210
Civic facilities payments and other	6,019,455	400,000	(400,000)	6,019,455
Total operating revenues	<u>169,693,444</u>	<u>400,000</u>	<u>(400,000)</u>	<u>169,693,444</u>
Operating expenses:				
Wages and related benefits	10,611,967	—	—	10,611,967
OPEB	1,799,087	—	—	1,799,087
Other operating and administrative expenses	10,660,687	239,422	(400,000)	10,500,109
Depreciation of project assets	5,028,771	—	—	5,028,771
Other depreciation and amortization	368,542	11,442	—	379,984
Total operating expenses	<u>28,469,054</u>	<u>250,864</u>	<u>(400,000)</u>	<u>28,319,918</u>
Operating income	<u>141,224,390</u>	<u>149,136</u>	<u>—</u>	<u>141,373,526</u>
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	600,542	—	—	600,542
Corporate-designated, escrowed, and OPEB funds	672,403	—	—	672,403
Realized and unrealized gains	7,551,681	—	—	7,551,681
Loss on project assets	(760,462)	—	—	(760,462)
Interest expense relating to:				
2003 Swap agreements – net expense	(3,629,709)	—	—	(3,629,709)
2003 Revenue Bonds	(5,977)	—	—	(5,977)
2013 Revenue Bonds	(4,338,364)	—	—	(4,338,364)
2019 Revenue Bonds	(8,310,262)	—	—	(8,310,262)
Loss on extinguishment from debt	(649,360)	—	—	(649,360)
Bond issuance costs	(12,344)	—	—	(12,344)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(83,914,442)	—	—	(83,914,442)
Provision for transfer to the City of New York per 2010 agreement	(22,212,335)	—	—	(22,212,335)
Provision for transfer to City of New York - West Thames Bridge	(722,109)	—	—	(722,109)
Total nonoperating expenses	<u>(115,730,738)</u>	<u>—</u>	<u>—</u>	<u>(115,730,738)</u>
Change in net position (deficit)	25,493,652	149,136	—	25,642,788
Net position (deficit), beginning of period	<u>(515,790,923)</u>	<u>(2,684)</u>	<u>—</u>	<u>(515,793,607)</u>
Net position (deficit), end of period	<u>\$ (490,297,271)</u>	<u>146,452</u>	<u>—</u>	<u>(490,150,819)</u>

See independent auditors' review report.

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

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2021 (Unaudited)

	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Eliminations</b>	<b>Total</b>
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	\$ 174,068,491	—	—	174,068,491
Miscellaneous receipts	3,597,685	—	—	3,597,685
Total cash receipts from operating activities	<u>177,666,176</u>	<u>—</u>	<u>—</u>	<u>177,666,176</u>
Cash payments for:				
Salaries and benefits	(7,744,263)	—	—	(7,744,263)
Services and supplies	(5,820,937)	—	—	(5,820,937)
Total cash payments for operating activities	<u>(13,565,200)</u>	<u>—</u>	<u>—</u>	<u>(13,565,200)</u>
Net cash provided by operating activities	<u>164,100,976</u>	<u>—</u>	<u>—</u>	<u>164,100,976</u>
Cash flows from noncapital financing activities:				
Payments from LMDC West Thames St Pedestrian Bridge	4,094,279	—	—	4,094,279
Payments to NYC EDC - West Thames St Pedestrian Bridge	(4,742,579)	—	—	(4,742,579)
Net cash used in noncapital financing activities	<u>(648,300)</u>	<u>—</u>	<u>—</u>	<u>(648,300)</u>
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(9,036,932)	—	—	(9,036,932)
Capital asset expenditures	(369,129)	—	—	(369,129)
Receipts for capital projects	809,570	—	—	809,570
Auction fees for variable debt	(5,846)	—	—	(5,846)
Swap payment made on the 2003 Swap agreement	(5,711,367)	—	—	(5,711,367)
Swap interest payments received on the 2003 Swap agreement	18,397	—	—	18,397
Principal paydown on 2013 Senior Revenue Bonds	(25,735,000)	—	—	(25,735,000)
Interest paid on 2013 Senior Revenue Bonds	(5,754,200)	—	—	(5,754,200)
Interest paid on 2019 Senior Revenue Bonds	(5,377,686)	—	—	(5,377,686)
Principal paydown on 2019 Junior Revenue Bonds	(4,050,000)	—	—	(4,050,000)
Interest paid on 2019 Junior Revenue Bonds	(613,907)	—	—	(613,907)
Remarketing fees for 2019 Junior Revenue Bonds	(74,133)	—	—	(74,133)
Bond purchase agreement fee for 2019 Junior Revenue Bonds	(662,031)	—	—	(662,031)
Net cash used in capital and related financing activities	<u>(56,562,264)</u>	<u>—</u>	<u>—</u>	<u>(56,562,264)</u>
Cash flows from investing activities:				
Interest and realized gains/losses on sales of investment securities	1,659,091	—	—	1,659,091
Maturities and redemptions of investment securities	402,230,245	—	—	402,230,245
Purchases of investment securities	(576,078,453)	—	—	(576,078,453)
Net cash used in investing activities	<u>(172,189,117)</u>	<u>—</u>	<u>—</u>	<u>(172,189,117)</u>
Decrease in cash and cash equivalents	(65,298,705)	—	—	(65,298,705)
Cash and cash equivalents, beginning of period	116,114,792	34,392	—	116,149,184
Cash and cash equivalents, end of period	<u>\$ 50,816,087</u>	<u>34,392</u>	<u>—</u>	<u>50,850,479</u>

See independent auditors' review report.

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

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2021 (Unaudited)

	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Total</b>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 158,461,127	—	158,461,127
Adjustments to reconcile operating income to net cash provided by operating activities:			
Bad debt expense	490,645	—	490,645
Depreciation and amortization	5,516,278	—	5,516,278
Other	5,153	—	5,153
Changes in operating assets and liabilities:			—
(Increase) in rents and other receivables	(3,985,775)	—	(3,985,775)
Decrease in other assets	2,596,738	—	2,596,738
Increase in accounts payable and other liabilities	4,847,530	—	4,847,530
(Decrease) in unearned revenue	(6,620,197)	—	(6,620,197)
Increase in OPEB	5,765,556	—	5,765,556
(Decrease) in pension liability	(7,765,953)	—	(7,765,953)
Changes in deferred resources:			
Deferred pension resources	8,487,922	—	8,487,922
Deferred OPEB resources	(3,698,048)	—	(3,698,048)
Net cash provided by operating activities	\$ 164,100,976	—	164,100,976
Reconciliation of cash and cash equivalents, end of period:			
Bank deposits	\$ 19,550	34,392	53,942
Cash and cash equivalents	48,928,604	—	48,928,604
Investments with less than 91-day maturities	1,867,933	—	1,867,933
Cash and cash equivalents, end of period	\$ 50,816,087	34,392	50,850,479

See independent auditors' review report.

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

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2020 (Unaudited)

	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Eliminations</b>	<b>Total</b>
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	\$ 166,168,530	—	—	166,168,530
Receipts from the Authority	—	400,000	(400,000)	—
Miscellaneous receipts	204,082	—	—	204,082
Total cash receipts from operating activities	<u>166,372,612</u>	<u>400,000</u>	<u>(400,000)</u>	<u>166,372,612</u>
Cash payments for:				
Salaries and benefits	(7,760,418)	—	—	(7,760,418)
Services and supplies	(5,034,338)	(270,037)	400,000	(4,904,375)
Total cash payments for operating activities	<u>(12,794,756)</u>	<u>(270,037)</u>	<u>400,000</u>	<u>(12,664,793)</u>
Net cash provided by operating activities	<u>153,577,856</u>	<u>129,963</u>	<u>—</u>	<u>153,707,819</u>
Cash flows from noncapital financing activities:				
Payments from LMDC West Thames St Pedestrian Bridge	1,377,080	—	—	1,377,080
Payments to NYC EDC - West Thames St Pedestrian Bridge	(2,251,001)	—	—	(2,251,001)
Payments to New York City	(155,386,255)	—	—	(155,386,255)
Net cash used in noncapital financing activities	<u>(156,260,176)</u>	<u>—</u>	<u>—</u>	<u>(156,260,176)</u>
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(2,715,426)	—	—	(2,715,426)
Capital asset expenditures	(6,517,272)	—	—	(6,517,272)
Payments for bond issuance costs	(6,883)	—	—	(6,883)
Auction fees for variable debt	(5,977)	—	—	(5,977)
Swap payment made on the 2003 Swap agreement	(3,769,574)	—	—	(3,769,574)
Swap interest payments received on the 2003 Swap agreement	268,729	—	—	268,729
Principal paydown on 2013 Senior Revenue Bonds	(24,590,000)	—	—	(24,590,000)
Interest paid on 2013 Senior Revenue Bonds	(6,343,950)	—	—	(6,343,950)
Interest paid on 2019 Senior Revenue Bonds	(2,539,463)	—	—	(2,539,463)
Interest paid on 2019 Junior Revenue Bonds	(3,659,547)	—	—	(3,659,547)
Remarketing fees for 2019 Junior Revenue Bonds	(75,103)	—	—	(75,103)
Bond purchase agreement fee for 2019 Junior Revenue Bonds	(646,952)	—	—	(646,952)
Net cash used in capital and related financing activities	<u>(50,601,418)</u>	<u>—</u>	<u>—</u>	<u>(50,601,418)</u>
Cash flows from investing activities:				
Interest and realized gains/losses on sales of investment securities	5,363,931	—	—	5,363,931
Maturities and redemptions of investment securities	516,744,440	—	—	516,744,440
Purchases of investment securities	(579,499,848)	—	—	(579,499,848)
Net cash used in investing activities	<u>(57,391,477)</u>	<u>—</u>	<u>—</u>	<u>(57,391,477)</u>
Increase (decrease) in cash and cash equivalents	<u>(110,675,215)</u>	<u>129,963</u>	<u>—</u>	<u>(110,545,252)</u>
Cash and cash equivalents, beginning of period	<u>166,217,559</u>	<u>29,501</u>	<u>—</u>	<u>166,247,060</u>
Cash and cash equivalents, end of period	<u>\$ 55,542,344</u>	<u>159,464</u>	<u>—</u>	<u>55,701,808</u>

See independent auditors' review report.

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

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2020 (Unaudited)

	<u>Battery Park City Authority</u>	<u>Battery Park City Parks Conservancy</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 141,224,390	149,136	141,373,526
Adjustments to reconcile operating income to net cash provided by operating activities:			
Recovery of bad debt	(144,425)	—	(144,425)
Depreciation and amortization	5,397,313	11,442	5,408,755
Other	(53,147)	—	(53,147)
Changes in operating assets and liabilities:			—
(Increase) in rents and other receivables	2,034,915	—	2,034,915
Decrease in other assets	1,090,564	—	1,090,564
Increase in accounts payable and other liabilities	4,796,689	(30,615)	4,766,074
(Decrease) in unearned revenue	(4,830,052)	—	(4,830,052)
(Decrease) in OPEB	2,298,507	—	2,298,507
Increase in pension liability	5,898,660	—	5,898,660
Changes in deferred resources:			
Deferred pension resources	(3,240,899)	—	(3,240,899)
Deferred OPEB resources	(894,659)	—	(894,659)
Net cash provided by operating activities	<u>\$ 153,577,856</u>	<u>129,963</u>	<u>153,707,819</u>
Reconciliation of cash and cash equivalents, end of period:			
Bank deposits	\$ 25,019	159,464	184,483
Cash and cash equivalents	25,615,916	—	25,615,916
Investments with less than 91-day maturities	29,901,409	—	29,901,409
Cash and cash equivalents, end of period	<u>\$ 55,542,344</u>	<u>159,464</u>	<u>55,701,808</u>

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