

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis,
Financial Statements and
Supplemental Information
March 31, 2019 and 2018
(With Independent Auditors' Report Thereon)

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hudson River Park Trust:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Hudson River Park Trust (the Trust), a public benefit corporation of the State of New York, as of and for the years ended March 31, 2019 and 2018, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hudson River Park Trust, as of March 31, 2019 and 2018, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in note 2(b) to the financial statements, the Trust adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," during the year ended March 31, 2019. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and on pages 4 through 11, the Schedule Changes in Trust's Total OPEB Liability and Related Ratios on page 34, the Schedule of Proportionate Share of the Net Pension Liability on page 35, and the Schedule of Employer Pension Contributions on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Trust's basic financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 51, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2019, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 27, 2019

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis
March 31, 2019 and 2018

The following Management's Discussion and Analysis (MD&A) of the financial statements for Hudson River Park Trust (the Trust) provides an overview of activities and financial performance for the fiscal year beginning on April 1, 2018 and ending March 31, 2019 (fiscal year 2019). We encourage readers to consider the MD&A in conjunction with the basic financial statements and related notes which follow this section to obtain a full understanding of the Trust's financial position and results of operations.

Organizational Overview and Primary Funding

The Trust is a New York State (the State) public benefit corporation created under the Hudson River Park Act (the Act) and regulated as a State authority under the State's Public Authorities Law. The Trust is charged with the planning, construction, operation and maintenance of Hudson River Park (the Park), a waterfront park and estuarine sanctuary running along the Hudson River from West 59th Street south to Battery Park City. The mission of the Trust is to encourage, promote and expand public access to the Hudson River, promote water-based recreation, and enhance the natural, cultural, and historic aspects of the river in New York City for residents and visitors to the area. The Trust is governed by a 13 member board of directors with the Governor and Mayor each appointing 5 members and the Manhattan Borough President appointing 3 members.

As of March 31, 2019, approximately \$657.1 million has been expended on new park construction and facilities serving certain not-for-profit and public users within the Park, such as the Intrepid Museum at Pier 86 and the New York City Fire Department Marine Division at Pier 53. Management estimates that approximately 80% of new park construction is now in construction or complete. Capital funds associated with new park construction have been provided by the State and the City of New York (the City), with supplemental monies received from Federal government and private foundation sources and from the proceeds of air rights transactions. In addition, the Trust has received funding as a beneficiary in connection with certain litigation and administrative settlement agreements that were earmarked for improvements within the Park at Pier 97, the Gansevoort Peninsula and the Pier 26 Estuarium.

The Act states that, to the extent practicable and consistent with the public interest and limitations placed on commercial activity, the costs of the operation and maintenance of the Park should be paid by revenues generated within the Park. The primary sources of operating revenue in fiscal year 2019 were lease rents (including payments in lieu of real estate taxes, or PILOT) and occupancy permit fees for commercial use facilities, parking revenue from the Pier 40 garage and certain user fees. This revenue was supplemented by interest income and contributions generated by Hudson River Park Friends (HRPF), foundation support, and private contributions. In addition to presenting an overview of activities and financial performance, this MD&A provides an analysis of how the costs of operation and maintenance of the Park, including capital maintenance which is not otherwise treated as an operating expense in the financials, are being supported by internally generated revenue in furtherance of the legislative goal of financial self-sufficiency.

HUDSON RIVER PARK TRUST
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Management's Discussion and Analysis, Continued

Overview of Financial Statements

The basic financial statements consist of three main parts and include information for both fiscal years 2019 and 2018. The three sections are: (1) statements of net position (similar to a balance sheet), (2) statements of revenue, expenses and changes in net position (akin to an income statement) and (3) statements of cash flows.

The statements of net position include all of the Trust's investments in resources (assets) and the payment obligations to vendors and contractors (liabilities). It also provides the basis for evaluating the capital structure of the Trust and assessing liquidity and financial flexibility. All of the Trust's revenue and expenses are accounted for in the statements of revenue, expenses and changes in net position. These statements measure the success of the Trust's operations over the past year and can be used to determine the degree to which the Trust has recovered all of its costs through its operating revenue and other external revenue sources. The final section is the statements of cash flows, which provides information about the Trust's sources and uses of cash during the reporting period. The statements of cash flows report cash receipts, cash payments and net changes in cash resulting from operations, capital financing activities and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting periods.

Following the statements are the notes to financial statements, required supplementary information (RSI) - schedule of changes in Trust's total OPEB liability and related ratios, schedule of proportionate share of the net pension liability, schedule of employer pension contributions, and schedules 1 - 6 which present, both separately and combined, the main parts of the financial statements for: (1) planning, design and construction relating to new park construction and other major capital work and (2) administration, operations and maintenance relating to the daily functions of the Park.

The Trust adheres to the provisions of the Governmental Accounting Standards Board (GASB) consistent with regulations promulgated by the New York State Office of the Comptroller relating to accounting, reporting and supervision requirements for public authorities. The Trust has adopted GASB No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." GASB No. 75 establishes standards of financial accounting and financial reporting for defined benefit Postemployment Benefits Other Than Pensions (OPEB). As detailed in the notes section, this is an unfunded future liability as the Trust contributes only enough money to satisfy current obligations on a pay-as-you go basis.

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In addition, the Trust has previously implemented GASB No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." As further detailed in the notes section, the implementation of these statements has resulted in the reporting of deferred outflows of resources and a liability related to the Trust's participation in the New York State Employees' retirement system.

Statements of Net Position

The following table summarizes the Trust's assets, liabilities, and net position as of March 31, 2019 and March 31, 2018 under the accrual basis of accounting.

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Total assets	\$ <u>791,694,440</u>	<u>744,193,958</u>	<u>47,500,482</u>	6%
Total deferred outflows of resources	\$ <u>2,272,760</u>	<u>1,590,485</u>	<u>682,275</u>	43%
Total liabilities	\$ <u>32,456,024</u>	<u>21,225,530</u>	<u>11,230,494</u>	53%
Total deferred inflows of resources	\$ <u>4,870,788</u>	<u>2,745,004</u>	<u>2,125,784</u>	77%
Total net position	\$ <u>756,640,388</u>	<u>721,813,909</u>	<u>34,826,479</u>	5%

Overall, the Trust's net position representing assets less liabilities adjusted for deferred inflows and outflows of resources increased by \$34,826,479, or 5%, to \$756,640,388 in fiscal year 2019 compared to the prior fiscal year. This net position was distributed as net investment in capital assets of \$589,029,032, restricted funds for capital expenditures of \$119,250,012, and unrestricted funds of \$48,361,344.

Deferred outflows represent a use of net position that applies to a future period. A pension deferred outflow of \$2,272,760, which was recorded as part of the implementation of GASB Statement No. 68, increased by \$682,275 from \$1,590,485 in the prior fiscal year. This increase results from the financial performance of the New York State pension system and is not within the control of management. Deferred inflows represent increases in net position that apply to future periods. The Trust's primary deferred inflows were \$2,636,573 of prepaid lease revenue and \$2,234,215 in relation to pension accounting, for total of \$4,870,788.

The Trust's total assets, net of depreciation, increased by 6% to \$791,694,440 in fiscal year 2019. The combined increase in investments, construction-in-progress, prepaid expenses, and property and equipment exceeded the cumulative decrease in cash and equivalents (including \$100 million transferred to investments) and accounts receivable by \$47,500,482. The increase is primarily due to the \$36,911,491 increase in construction-in-progress as more appropriation revenue from the City and State was applied to the completion of the park and various capital maintenance projects including Pier 40 pile restoration work and the repair of the Morton Street bulkhead.

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Management's Discussion and Analysis, Continued

The Trust's total liabilities at March 31, 2019 were \$32,456,024, an increase of \$ 11,230,494, or 53% compared to the prior fiscal year. This was primarily attributable to an actuarial increase in OPEB under GASB Statement No. 75 that requires the Trust to record the full OPEB liability versus the previous method which allowed for amortization of the OPEB liability. Accounts payable and accrued expenses also increased during the year reflecting increased construction activity and billings for security and sanitation services.

Statements of Revenue, Expenses and Changes in Net Position

The table below summarizes the Trust's revenue, expenses and changes in net position for the fiscal years ended March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue	\$ <u>73,205,702</u>	<u>146,741,579</u>	<u>(73,535,877)</u>	(50%)
Operating expenses	\$ <u>34,945,900</u>	<u>32,365,058</u>	<u>2,580,842</u>	8%
Non-operating revenue	\$ <u>1,889,522</u>	<u>736,827</u>	<u>1,152,695</u>	156%
Change in net position	\$ <u>40,149,324</u>	<u>115,113,348</u>	<u>(74,964,024)</u>	(65%)

Operating revenue includes internally generated revenue from the Park, appropriation revenue from the State and City applied to new park construction and capital maintenance, reimbursements, and private contributions and foundation grants. Total operating revenue was \$73,205,702 in fiscal year 2019 compared to \$146,741,579 in fiscal year 2018, a net decrease of \$73,535,877 or 50%. However adjusted for the one time sale of Pier 40 development rights of \$99,866,562 in fiscal year 2018, operating revenue increased by \$26,325,029, or 56%. Non-operating revenue of \$1,889,522 increased from \$736,827, reflecting an increase in interest income.

Total operating expenses in fiscal year 2019, including depreciation and amortization, were \$34,945,900 compared to \$32,365,058 in the prior fiscal year, an increase of \$2,580,842 or 8 %.

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Management's Discussion and Analysis, Continued

Internally-Generated Revenue, Ordinary Operating Expenses and Capital Maintenance Costs

The table below summarizes, on a pro forma basis, the Trust's internally generated operating revenue, ordinary operating expenses, operating income from within the Park, capital maintenance (CM) costs and deficit/surplus from operations for the fiscal years ended March 31, 2019 and 2018. OPEB related employee compensation costs are included in the table, but depreciation, amortization and storm recovery expenses are not.

	<u>2019</u>	<u>2018</u>
Operating revenue - revenue generated from within the Park	\$ <u>37,264,128</u>	<u>31,201,376</u>
Ordinary operating expenses:		
Employee compensation and benefits	9,366,716	8,386,785
OPEB and pension obligations	1,101,809	2,144,939
Park programs and ordinary maintenance	8,996,305	7,578,961
General and administrative	<u>2,344,072</u>	<u>2,754,616</u>
Total ordinary operating expenses	<u>21,808,902</u>	<u>20,865,301</u>
Operating income from within the Park	15,455,226	10,336,075
Gross capital maintenance (CM) costs	31,126,769	10,584,879
Surplus (deficit) after gross CM costs	<u>(15,671,543)</u>	<u>(248,804)</u>
Reimbursement revenue applied to CM costs	27,822,652	8,231,772
Net CM costs	<u>(3,304,117)</u>	<u>(2,353,107)</u>
Surplus (deficit) after net CM costs	\$ <u>12,151,109</u>	<u>7,982,968</u>

Operating revenue generated by the Trust from sources within the Park totaled \$37,264,128 in fiscal year 2019 compared to \$31,201,376 in fiscal year 2018, an increase of \$6,062,752, or 19%. Seventy-four percent (74%) of revenue generated internally from within the Park, or \$27,560,697, was derived from leases (including base rents, percentage rents and PILOTs) and fees from occupancy permits; 20%, or \$7,580,553, came from parking charges net of local and state taxes; and 6%, or \$2,120,859, was from user fees and other revenue. The increase in lease revenue was primarily attributable to a lump sum base rent payment and initiation of a new supplemental rent stream from the Trust's Pier 57 property. Garage revenue net of parking taxes increased by \$207,898, while user fees and other revenue, which includes event and sponsorship revenue, declined by \$387,351.

Ordinary operating expenses in fiscal year 2019 totaled \$21,808,902, an increase of \$676,748 or 3% from the prior fiscal year. Total employee compensation and benefits of \$9,366,716 increased by \$979,931, or 12%, and accounted for 43% of total ordinary operating expenses.

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Management's Discussion and Analysis, Continued

Payroll for full time employees of \$5,878,971 increased by \$491,926, or 9% reflecting, in part, an increase in full time head count from 72 to 77 which includes project management staff to handle the growing volume of new park construction. The largest personnel category increase by percentage was fringe medical which increased by 28%, or \$255,294, to \$1,171,681. Total overtime payroll for all employees increased by \$8,691, or 13%, in fiscal year 2019 to \$75,732.

Approximately 5% of ordinary operating expenses, or \$1.1 million, is attributable to an increase in OPEB liability recorded in connection with the implementation of GASB Statement No. 75. As indicated above, OPEB and the net pension liability are actuarially determined unfunded future liabilities. While the increase amounts for both OPEB and pension costs are expensed, the Trust contributes only enough money to satisfy current obligations on a pay-as-you go basis with the balance recorded as an accrued liability.

Other than personnel services (OTPS) park programs and ordinary maintenance represented 41% of ordinary operating expenses, and OTPS general and administrative costs accounted for 11% of ordinary operating expenses. Compared to the prior fiscal year, OTPS park programs and ordinary maintenance expenses increased by \$1,150,491 or 15%, to \$8,996,305. The largest category increases in ordinary operating expenses were security, janitorial and sanitation, and utilities (primarily water charges). General and administrative OTPS costs decreased by \$410,544, or 15%, to \$2,244,072. Notably, within OTPS general and administrative costs, legal fees decreased by \$685,193, or 79%, from the prior fiscal year to \$187,658. This decrease in legal costs was associated primarily with the cessation of the Pier 55 litigation. As of the end of fiscal year 2018 the litigation had ceased due to an intervention by the Governor, and the Pier 55 project proceeded during fiscal year 2019 without significant legal costs.

Prior to consideration of capital maintenance, operating income from within the Park was \$15,455,226 in fiscal year 2019, a 53% increase from \$10,069,222 in the prior fiscal year. The increase is primarily attributable to the one time lump sum increase in lease revenue noted above.

Capital maintenance is a major repair or replacement of a deteriorated existing capital asset, such as a building roof, pier pile, bulkhead, floating dock or playground surface which, upon completion, has a useful life in excess of 5 years. Capital maintenance is recorded on the financial statements as either a "construction in progress" asset or an improvement (but not an operating expense). In this pro forma section of the MD&A, the Trust elects to use the annual outlay for capital maintenance rather than book depreciation when discussing the annual operating deficit/surplus. Management believes that this approach helps elucidate the extent to which the legislative goal of financial self-sufficiency is being achieved within the reporting fiscal year. This single year approach does not address whether trending operating expenses and future capital maintenance obligations can be met from existing resources and future operating revenue, whether the Trust is currently under-investing in capital maintenance, whether reimbursement revenue for capital maintenance can be expected in the future, or whether financial self-sufficiency is achievable in the long-term. These matters are the subject of on-going analysis and planning by staff of the Trust in consultation with the Board of Directors.

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Management's Discussion and Analysis, Continued

Gross capital maintenance costs (i.e., prior to application of reimbursement revenue from City and State sources) was \$31,126,769 in fiscal year 2019, an increase of \$20,541,896, or 194%, compared to the prior fiscal year. Although gross capital maintenance costs were substantially higher in fiscal year 2019 compared to the prior fiscal year, net capital maintenance costs in fiscal year 2019 increased more modestly to \$3,304,117 compared to \$2,353,107 in fiscal year 2018, as offsetting appropriation revenue and application of restricted funds used for capital maintenance reimbursement from City, State and air rights sources increased from \$8,231,772 to \$27,822,652.

Operating income generated from within the park, less gross capital maintenance costs, resulted in a deficit of \$15,671,543 in fiscal year 2019 as compared to a much smaller deficit of \$515,657 in the prior fiscal year. Thus, notwithstanding the one time increase in rental revenue the Trust did not achieve a break-even result in fiscal year 2019. After consideration of capital maintenance reimbursement revenue, which included the application of air rights proceeds, the Trust generated a surplus of \$12,151,109 in fiscal year 2019, an increase of \$4,434,993, or 57%, compared to the prior fiscal year. Since reimbursement revenue is only available for fixed amounts on a project-by-project basis and cannot be assured in future years, annual surpluses such as those generated in fiscal years 2019 and 2018 are held for future capital maintenance and other extraordinary and unexpected expenses.

Cash Flows

As shown on the Statements of Cash Flows, in fiscal year 2019 the Trust had net cash provided by operating activities of \$52,260,414 as compared to \$128,597,263 in fiscal year 2018. Adjusted for sale of air rights the net cash generated by operating activities increased by \$23,529,713. Cash flow from investing activities from interest income increased by \$1,152,695, and it was reduced by \$100 million as cash was transferred to investment accounts. The Trust expended \$43,939,002 for capital financing activities for new Park construction and equipment. Consequently, restricted and unrestricted cash and cash equivalents declined by \$90,220,549. This decrease in cash and equivalents at the end of the fiscal year is attributable to a transfer of cash to investment accounts.

Impact of Storm Recovery

Hurricane Sandy, which struck in late October 2012, continues to exert an impact on the Trust's Statements of Net Position. Total costs associated with recovery from Hurricane Sandy damages are approximately \$34.6 million. The Trust expects to receive full reimbursement for all storm related costs from Federal (FEMA) and State sources. As of the end of fiscal year 2019, the Trust has received \$22,241,240 in reimbursement revenue for its outlays, or 65% of the total expended.

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Management's Discussion and Analysis, Continued

Of the Trust's total accounts receivables recorded at March 31, 2019 of \$13,920,982, the amount due from FEMA is \$3,954,766, or 28% of the total, and the amount due from the State for storm recovery is \$2,174,512, or 16% of the total. Combined storm recovery costs from FEMA and the State accounted for approximately 44% of all accounts receivables. An additional \$6.2 million of Trust repair expenditures, already incurred and included in the \$34.6 million estimated total cost, is awaiting FEMA approval at which point it will be recognized as an account receivable. Thus, as of March 31, 2019, approximately 19% the total amount expended by the Trust for Hurricane Sandy storm recovery has yet to be received as a reimbursement or included as a receivable from Federal and State sources.

Significant Events Subsequent: Development Rights Transactions

Under a 2013 amendment to the Act, the Trust became legislatively authorized to transfer available development rights to eligible receiving sites located one block east of West Street to the extent permitted under applicable provisions of the New York City Zoning Resolution and subject to certain other public review and approval requirements. On May 9, 2019 and then on May 31, 2019, the Trust closed on sales of 158,000 square feet in the aggregate of unused development rights from the Chelsea section of Hudson River Park to two developers. The total consideration was \$48,165,000 with an additional \$3 million due at, and subsequent to, the issuance of certificates of occupancies for buildings to be constructed on the two private receiving sites. All funds received by the Trust from these development rights transfers are restricted and must be applied to new park construction and capital maintenance costs in Manhattan Community Board 4. Funds received by the Trust from the fiscal year 2018 development rights transfer are similarly restricted to Pier 40 repairs and improvements.

Contacting the Trust's Financial Management

This MD&A is intended to provide a general overview of the Trust's finances. Questions concerning any of the information provided herein, or requests for additional information, should be addressed to the Chief Financial Officer, Hudson River Park Trust, Pier 40, 2nd Floor, 353 West Street, New York, New York 10014.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Revenue, Expenses and Changes in Net Position
Years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue:		
Sale of development rights	\$ -	99,866,562
Appropriations revenue	21,034,502	9,030,357
Reimbursement	11,625,961	5,167,074
Lease revenue	27,560,697	21,234,929
Parking revenue	7,580,553	7,434,861
Settlements and grants	2,750	336,000
Fees and other revenue	2,120,859	2,531,586
Contributions	3,280,380	1,140,210
	<u>73,205,702</u>	<u>146,741,579</u>
Total operating revenue		
Operating expenses:		
Employee compensation and benefits	10,465,168	10,531,724
Park programs and maintenance	9,364,468	7,937,317
General and administrative	3,574,006	3,314,129
Depreciation and amortization	11,542,258	10,581,888
	<u>34,945,900</u>	<u>32,365,058</u>
Total operating expenses		
Operating income	38,259,802	114,376,521
Non-operating revenue - earnings on investments	1,889,522	736,827
Change in net position	40,149,324	115,113,348
Net position at beginning of year, as previously stated	721,813,909	606,700,561
Cumulative effect of change in accounting principle	(5,322,845)	-
Net position at beginning of year	<u>716,491,064</u>	<u>606,700,561</u>
Net position at end of year	<u>\$ 756,640,388</u>	<u>721,813,909</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Cash Flows
Years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash receipts from:		
Sale of development rights	\$ -	99,866,562
Appropriations revenue	22,386,158	8,620,950
Reimbursement	11,513,063	8,729,994
Lease revenue	27,269,620	16,923,821
Parking revenue	7,611,656	7,403,758
Settlements and grants	2,750	2,512,902
Fees and other revenue	2,056,979	2,508,210
Contributions	3,360,462	1,140,210
Cash payments to:		
Personnel service	(6,396,606)	(5,857,793)
Fringe benefits	(2,927,876)	(2,502,538)
Vendors	(12,615,792)	(10,748,813)
Net cash provided by operating activities	<u>52,260,414</u>	<u>128,597,263</u>
Cash flows from capital financing activities:		
Expenditures for construction in progress	(31,548,638)	(13,556,155)
Other additions to property and equipment	(12,390,364)	(2,977,150)
Net cash used in capital financing activities	<u>(43,939,002)</u>	<u>(16,533,305)</u>
Cash flows from investing activities:		
Purchases of investments	(100,431,483)	-
Earnings on investments	1,889,522	736,827
Net cash provided by (used in) investing activities	<u>(98,541,961)</u>	<u>736,827</u>
Net change in cash and equivalents	(90,220,549)	112,800,785
Cash and equivalents at beginning of year	<u>178,340,493</u>	<u>65,539,708</u>
Cash and equivalents at end of year	<u>\$ 88,119,944</u>	<u>178,340,493</u>

(Continued)

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Cash Flows, Continued

	<u>2019</u>	<u>2018</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 38,259,802	114,376,521
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	11,542,258	10,581,888
Changes in:		
Accounts receivable	593,830	4,240,508
Prepaid expenses	(123,781)	59,865
Deferred outflows of resources - pensions - ERS	(682,275)	1,634,792
Accounts payable	1,020,022	321,596
Accrued expenses	(534,682)	147,626
Net pension liability - proportionate share - ERS	(1,054,368)	(1,351,949)
Other postemployment benefits obligation, net cumulative effect	1,113,824	1,928,468
Deferred inflows of resources - pensions - ERS	1,724,628	(66,372)
Deferred inflows of resources - lease rents	401,156	(3,275,680)
Net cash provided by operating activities	<u>\$ 52,260,414</u>	<u>128,597,263</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)

Notes to Financial Statements

March 31, 2019 and 2018

(1) Organization

Hudson River Park Trust (the Trust) is a public benefit corporation authorized under the Hudson River Park Act (the Act) approved by the Senate and the Assembly of the State of New York (the State). The Act also created the Hudson River Park (the Park). The Park is an area, generally, from the northern boundary of Battery Park City to the northern boundary of 59th Street in New York City (the City) between the United States pier-head line and West Street, Eleventh Avenue, or Twelfth Avenue, whichever is more westerly. As a public benefit corporation, the Trust is exempt from any and all Federal, State and City income and franchise taxes and sales taxes.

The Trust has authority over the planning, construction, operation, and maintenance of the Park. It replaces such authority formerly granted to the New York State Department of Transportation, the New York State Urban Development Corporation, and the Hudson River Park Conservancy. In doing so, the Trust succeeded its predecessors in all contracts, leases, licenses, and other obligations related to the Park, excluding debt and financial obligations to other public benefit corporations or governmental entities.

The Trust is a joint venture of the City and the State. Under the Act, the State and City, with respect to its real property in the Park, granted the Trust a possessory interest in such real property for a term not to exceed 99 years. Title to any real property within the Park currently held by the State or the City remains with those entities.

The Trust's Board is comprised of 13 members. The Governor and the Mayor each appoint five members and the Manhattan Borough President appoints three members. The Trust came into existence upon the appointment of eight of its 13 member board. The first eight appointments occurred on March 4, 1999. Accordingly, the by-laws of the Trust established the fiscal year as April 1st through March 31st.

To finance the construction of the Park, the State and the City have together pledged approximately \$553 million to the Trust. Funding provided by the U.S. Department of Housing and Urban Development (HUD) has amounted to approximately \$110.7 million, including \$30.7 million for the replacement of Pier 86 leased to the Intrepid Museum and \$80 million passed through the Lower Manhattan Development Corporation for capital construction in the 9/11 community development catchment area. As of March 31, 2019, the amount which has not been drawn down from the City and State combined is approximately \$169 million. In addition, the Trust will receive revenues from leases and interest on short-term investments. Furthermore, the Trust has authority to accept contributions for its purpose and to accept appropriations and grants from Federal, State and local governments.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applied to government units, as modified by the State and the City regarding the definition of capital expenditures. De minimis costs associated with salaries of employees of the Trust directly or indirectly involved with managing or accounting for construction activities are expensed as incurred. Such costs would be capitalizable, as construction in progress, under accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental accounting and financial reporting principles. The more significant accounting policies are described below.

(b) Adoption of New Accounting Standards

During the fiscal year ended March 31, 2019, the Trust adopted GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

(c) Net Position

The Trust's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation from outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted for capital expenditures - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Trust or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, or the Trust's Board of Directors.

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Cash and Equivalents

For purposes of the statements of cash flows, cash and equivalents includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

At March 31, 2019, the Trust's financial institution cash account balances amounted certificates of deposits. Deposits are recorded at cost plus accrued interest and categorized as either:

- (a) Insured or collateralized with securities held by the entity or by its agent in the entity's name, or
- (b) Collateralized with securities held with by the pledging financial institution's trust department or agency in the entity's name, or
- (c) Uncollateralized.

Deposits in bank accounts and investments in the Trust's name in financial institutions are covered by federal depository insurance and other collateral which has been assigned to funds over the FDIC coverage at March 31, 2019. Total financial institution (bank) balances at March 31, 2019 amounted to \$88,149,520. Total deposits are categorized as follows:

<u>A</u>	<u>B</u>	<u>C</u>
\$ <u>88,149,520</u>	<u> -</u>	<u> -</u>

Cash and equivalents at March 31, 2019 and 2018 consists of interest bearing and non-interest bearing checking accounts.

(f) Investments

Investments are reported at fair value in the statements of net position, and investment income, including changes in fair value, are reported as revenue in the statements of revenue, expenses and changes in net position.

(g) Accounts Receivable

Accounts receivable are comprised of amounts due on leases and reimbursable construction costs from the Federal, State and City governments.

(h) Construction in Progress

Construction in progress includes all costs and expenditures incurred for suppliers and contractors associated with the planning, development, and construction of the Park as authorized by the Act. These expenditures include the costs of environmental studies necessary for obtaining permits, design and engineering costs, and legal costs related to the construction of the Park. These will become property and equipment and subject to depreciation expense upon completion.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(i) Property and Equipment

Property and equipment are recorded at cost or at fair market value in the case of donated equipment. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

(j) Other Postemployment Benefits Obligation

In accordance with GASB Statement No. 75, the Trust recognizes in its financial statements, the financial impact of postemployment benefits principally employer funded healthcare costs.

(k) Deferred Inflows of Resources - Lease Rents

Deferred inflows of resources consist of lease agreements with Texas Eastern Transmission L.P. (Texas Eastern), Circle Line and Super Pier 57 LLC (Pier 57 LLC). The lease agreement with Texas Eastern is for possessory interest in Trust property located along Route 9A in the Borough of Manhattan. The lease allows Texas Eastern to construct, operate, and maintain a natural gas pipeline within a right of way along the Gansevoort Peninsula and land located under water within the Hudson River, between the Southwest corner of the Peninsula to the U.S. Pierhead line as part of the New Jersey - New York expansion project. Texas Eastern has paid the Trust \$2,775,000 for a period of 30 years. For each of the years ended March 31, 2019 and 2018, the Trust recognized revenue from the Texas Eastern lease of \$92,500.

The future revenue recognition for lease rents and occupancy permit fees are as follows:

2020	\$ 587,317
2021	92,500
2022	92,500
2023	92,500
2024	92,500
Thereafter	<u>1,679,256</u>
	<u>\$ 2,636,573</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(l) Deferred Outflows and Inflows of Resources - Pensions

In the Statements of Net Position, in addition to assets, the Trust will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Trust has two items that qualify for reporting in this category. The first item is related to pensions reported in the Statements of Net Position. This represents the effect of the net change in the Trust's proportion of the collective net pension asset or liability and difference during the measurement period between the Trust's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Trust contributions to the pension system (ERS System) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Trust has one item that qualifies for reporting in this category. This item is related to pensions and represents changes in the Trust's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the Trust's contributions and its proportion share of total contributions to the pension system not included in pension expense.

(m) Revenue Recognition

Appropriations revenues are recognized upon requisition by the Trust for identified capital commitments approved by the State and City. Such revenue is restricted to specific capital expenditures authorized by the Act. Lease revenues are recognized as rentals become due over the life of the lease. Rental payments received in advance are deferred until earned. Escalations based upon consumer price indices are recognized prospectively over the remainder of the lease. All leases between the Trust and the tenants of the property are operating leases. Lease revenues and other revenues may be used for Trust operations, as well as for capital expenditures. Reimbursement revenue consist of amounts received as the result of State and Federal awards. Contributions are amounts receivable for donor restricted purposes or unrestricted purposes.

(n) Subsequent Events

The Trust has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(o) Income Taxes

The Trust is a Public Benefit Corporation of the State of New York. As such income earned in the exercise of its essential governmental function is exempt from State and Federal income taxes.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(3) Fair Value of Investments

Authorization of investments in securities is governed by written internal guidelines, statutes and State guidelines.

The Trust recognizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Trust has the following recurring fair value measurements as of March 31, 2019:

- Cash in the amount of \$52,311,434 (Level 1 inputs)
- Money market fund with investments in United States Government debt in the amount of \$48,120,049 (Level 2 inputs)

(4) Property and Equipment

Property and equipment at March 31, 2019 and 2018 consist of the following:

	<u>Lives</u>	<u>2019</u>	<u>2018</u>
Pier improvements	10-50 years	\$ 556,022,024	544,842,874
Machinery and equipment	7 years	3,337,278	3,141,285
Computer equipment	5 years	1,188,748	1,090,028
Software	3 years	1,655,110	1,655,110
Automobiles	5 years	2,153,840	1,274,065
Furniture and fixtures	5 years	421,173	421,173
Office renovation	5 years	<u>523,076</u>	<u>486,350</u>
Total property and equipment		565,301,249	552,910,885
Less accumulated depreciation and amortization		(107,029,834)	(95,487,576)
Net property and equipment		\$ <u>458,271,415</u>	<u>457,423,309</u>

(5) Other Postemployment Benefits Obligation

The Trust previously implemented the accounting and disclosure requirements of GASB Statement No. 45 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (OPEB). The Trust implemented GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" effective for its fiscal year beginning April 1, 2018. With adoption of GASB No. 75, the method of calculating and recording the OPEB liability was changed significantly and therefore the Trust has determined that presentation of GASB No. 45 information for the prior year is not warranted.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(5) Other Postemployment Benefits Obligation, Continued

Plan description - The Trust provides continuation of medical coverage to employees who have completed 10 years of service with New York State and 3 years of service with the Trust at employee rates throughout retirement.

The Trust, on an annual basis, accrues the cost which represents the present value of the postemployment benefits to be paid over the estimated lives of the employees.

Total expenditures charged to administration, operations and maintenance for the years ended March 31, 2019 and 2018 amounted to \$285,696 and \$131,581, respectively. At March 31, 2019 the liability for active and retired employees included in non-current accrued fringe benefits amounted to \$17,002,324.

The number of participants as of March 31, 2019 was as follows:

Active employees	70
Retired employees	13
Spouses of employees	<u>29</u>
Total	<u>112</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.0%
Discount rate	3.7%
Healthcare cost trend rates	4.6% to 4.7%

Changes in the Total OPEB Liability

Original OPEB liability as of April 1, 2018 (under GASB 45)	\$ 10,565,655
Cumulative effect of change in accounting principle (required by GASB 75)	<u>5,322,845</u>
Total OPEB liability as of April 1, 2018	<u>15,888,500</u>
Changes for the year:	
Service cost	1,106,111
Interest on total OPEB liability	594,911
Differences between actual and expected experience	192,206
Changes in assumptions	(493,708)
Benefit payments	<u>(285,696)</u>
Total changes	<u>1,113,824</u>
Total OPEB liability as of March 31, 2019	\$ <u>17,002,324</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(5) Other Postemployment Benefits Obligation, Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Trust, as well as what the Trust's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.7%) or 1-percentage-point higher (4.7%) than the current discount rate:

	1% Decrease (2.7%)	Discount Rate (3.7%)	1% Increase (4.7%)
Total OPEB liability	\$ <u>20,214,550</u>	<u>17,002,324</u>	<u>14,457,410</u>

This analysis represents sensitivity of the OPEB liability as of March 31, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates

The following presents the total OPEB liability of the Trust, as well as what the Trust's total OPEB liability would be if it were calculated using a rate that is 1-percentage point lower (3.6% to 3.7%) or 1-percentage point higher (5.6% to 5.7%) than the current rate:

	1% Decrease (3.6% to 3.7%)	Current Trend Rate (4.6% to 4.7%)	1% Increase (5.6% to 5.7%)
Total OPEB liability	\$ <u>13,563,730</u>	<u>17,002,324</u>	<u>21,529,600</u>

This analysis represents sensitivity of the OPEB liability as of March 31, 2019.

(6) Related Party Transactions

Related party transactions as of and for the years ended March 31, 2019 and 2018 consist of the following:

(a) Affiliates of New York State and the City of New York

The Trust was due monies related to leases and occupancy agreements which it succeeded from the date of dedication of the Park by the Act to March 31, 2000.

At March 31, 2019 and 2018, the Trust had requested \$21,034,502 and \$9,030,357, respectively, of funds appropriated by the State and City in accordance with the Act for the value of construction contracts authorized to date.

The Trust succeeded the State of New York under an agreement which allows the Port Authority of New York and New Jersey to use certain properties for no monthly rental payments.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(6) Related Party Transactions, Continued

(a) Affiliates of New York State and the City of New York, Continued

The Trust entered into a contract beginning July 1, 2015 with New York City Department of Parks and Recreation to provide security services in the park over a three year term in the amount of \$8,294,329. During the years ended March 31, 2019 and 2018, the Trust paid \$2,822,043 and \$2,277,774, respectively, for the services provided.

The Trust has an agreement for property maintenance services with the New York State Department of Transportation. At March 31, 2019 and 2018, the amount included in accounts receivable in the accompanying statements of net position amounted to \$199,445 and \$74,953, respectively.

New York State Division of Homeland Security and Emergency Services agreed to provide the Trust the local match requirement of the Disaster Grants - Public Assistance (Presidentially Declared Disasters) funds. At March 31, 2019 and 2018, the amount included in accounts receivable in the accompanying statements of net position amounted to \$1,820,724 and \$2,478,381, respectively.

(b) New York City Related Parties

As a result of the Act, the Trust succeeded to several leases held by New York City agencies. New York City Economic Development Corporation (NYCEDC) collects rents under percentage leases and remits the monies to the Trust semi-annually on behalf of New York City.

The Trust succeeded, as permit, to a month-to-month operating permit with the New York City Fire Department calling for fee payments of \$5,886 per month.

All lease and permit revenue is considered unrestricted.

(7) Commitments

Commitments at March 31, 2019 and 2018 consist of the following:

(a) Equipment Leases

The Trust leases certain equipment under non-cancelable month-to-month and other non-cancelable operating leases with remaining terms of 12 months or less. Included in general and administrative expenses for the years ended March 31, 2019 and 2018, was \$126,586 and \$96,608, respectively, for equipment rentals.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(7) Commitments, Continued

(a) Equipment Leases, Continued

The Trust has also entered into various long-term equipment leases used for operations. Future minimum payments required under the above-mentioned leases are as follows:

2020		\$ 3,588
2021		3,588
2022		3,588
2023		3,588
2024		<u>3,588</u>
		<u>\$ 17,940</u>

(b) Tenant Permits and Leases

The Trust succeeded, as permittor, to several month-to-month and other non-cancelable operating leases with terms of 12 months or less from State and City sources. The revenue under these permits for the years ended March 31, 2019 and 2018 amounted to \$2,616,715 and \$2,897,903, respectively.

The Trust also succeeded as lessor, to long-term (more than twelve months) non-cancelable leases. The revenue received under these leases for the years ended March 31, 2019 and 2018 amounted to \$24,943,982 and \$17,461,025, respectively. Minimum rental payments to be received under the long-term lease agreements as of March 31, 2019, are as follows:

2020		\$ 17,175,530
2021		17,089,431
2022		17,176,717
2023		17,408,845
2024		<u>17,174,055</u>
		<u>\$ 86,024,578</u>

(8) Restricted for Capital Expenditures

Net position restricted for capital expenditures at March 31, 2019 and 2018 is summarized as follows:

<u>Source</u>	<u>2019</u>	<u>2018</u>
City of New York	\$ 23,929,269	23,692,346
New York State Department of Environmental Conservation	4,116,473	4,075,716
Sale of development rights - Pier 40	84,574,451	99,650,215
Other	<u>6,730,819</u>	<u>4,336,454</u>
Total restricted for capital expenditures	<u>\$ 119,351,012</u>	<u>131,754,731</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Trust participates in the New York State and Local Retirement System. This is a cost-sharing multiple-employer retirement system. 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 Trust (the Trust), 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 Trust and is the administrative head of the System. System benefits are established under the provision 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 Trust 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/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined 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 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. Those joining on or after April 1, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

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

	<u>ERS</u>
2019	\$ 666,639
2018	636,752
2017	600,181

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

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

At March 31, 2019 and 2018, the Trust reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2018 and 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Trust's proportionate share of the net pension liability was based on a projection of the Trust's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the Trust.

Measurement date	3/31/2018	3/31/2017
Net pension liability	\$ 622,889	\$ 1,677,257
Trust's proportion of the Plan's net pension liability	0.0192998%	0.0178503%

For the years ended March 31, 2019 and 2018, the Trust recognized pension expense of \$651,626 and \$871,227, respectively, for ERS. At March 31, 2019 and 2018 the Trust's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2019</u>		<u>2018</u>	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 222,164	183,588	42,030	254,701
Changes of assumptions	413,027	-	573,012	-
Net difference between projected and actual earnings on pension plan investments	904,697	1,785,781	335,016	-
Changes in proportion and differences between the Trust's contributions and proportionate share of contributions	66,233	264,846	3,675	254,886
Trust's contributions subsequent to the measurement date	<u>666,639</u>	<u>-</u>	<u>636,752</u>	<u>-</u>
Total	<u>\$ 2,272,760</u>	<u>2,234,215</u>	<u>1,590,485</u>	<u>509,587</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

Trust contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan ended</u>	<u>ERS</u>
2019	\$ 34,927
2020	43,679
2021	(487,945)
2022	(218,755)
2023	-
Thereafter	-

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2018	March 31, 2017
Actuarial valuation date	April 1, 2017	April 1, 2016
Interest rate	7%	7%
Salary scale	3.8% Average	3.8% Average
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%

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

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

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(c) Actuarial Assumptions, Continued

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

Measurement date	March 31, 2018	
	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Asset type:		
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Inflation - indexed bonds	4.00%	1.25%

The real rate of return is net of the long-term inflation assumption of 2.50%.

(d) Discount Rate

The actuarial discount rate used to calculate the total pension liability was 7% for March 31, 2019 and 2018. 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.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

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

The following presents the Trust's proportionate share of the net pension liability at March 31, 2019 calculated using the discount rate of 7%, as well as what the Trust's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Employer's proportionate share of the net pension (asset) liability	\$ <u>4,712,946</u>	<u>622,889</u>	<u>(2,837,136)</u>

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective valuation dates, were as follows:

	(Dollars in Millions)	
Valuation date	3/31/2018	3/31/2017
Employers' total pension liability	\$ 183,400	177,400
Plan net position	<u>(180,173)</u>	<u>(168,004)</u>
Employers' net pension liability	\$ <u>3,227</u>	<u>9,396</u>
Ratio of plan net position to the Employers' total pension liability	98.2%	94.7%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of March 31, 2019 and 2018 represent the projected employer contribution for the period of April 1, 2018 through March 31, 2019 and April 1, 2017 through March 31, 2018, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

(10) Contingencies

Contingencies at March 31, 2019 consist of the following:

(a) Litigation

The Trust is also involved in various claims and lawsuits, both for and against the Trust, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Trust's financial position.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(10) Contingencies, Continued

(b) Other

The Trust generates lease and parking revenue from waterfront properties which are inherently dependent on high levels of capital maintenance. A failure by the Trust or its tenants to address such maintenance could have a material effect on the value of the Trust's assets and its operating revenue. However, it is difficult to estimate the effect, if any, to the Trust's assets or operating revenue.

(c) Terrorist Attack of October 31, 2017

On October 31, 2017 a terrorist attack occurred on the State owned bikeway adjacent to Hudson River Park. There are currently 18 lawsuits filed against the Trust along with other defendants, including the City of New York and Home Depot. As of the issuance date of these financial statements there has only been limited discovery and the outcome of the litigation, and maximum exposure for which the Trust may be contingently liable in such litigation, is currently unknown. The Trust carries liability insurance that covers a portion of the contingent liability.

(11) Contributions

Contributions received of March 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Friends of Hudson River Park Trust	\$ 1,020,000	1,139,884
AP - ISC Leroy, LLC	2,250,000	-
Other	<u>10,380</u>	<u>326</u>
	<u>\$ 3,280,380</u>	<u>1,140,210</u>

(12) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning April 1, 2019 for the Trust. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning April 1, 2019 for the Trust. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires 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. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019, which is the fiscal year beginning April 1, 2020 for the Trust. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning April 1, 2019 for the Trust. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Trust.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning April 1, 2020 for the Trust. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 90 - “Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61.” This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning April 1, 2019 for the Trust. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

GASB Statement No. 91 - “Conduit Debt Obligations.” This Statement, issued in May of 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning April 1, 2021 for the Trust. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Trust.

(13) Cumulative Effect of Change in Accounting Principle

During the year ended March 31, 2019, the Trust implemented GASB Statement No. 75 - “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for postemployment benefits. The Trust’s net position at March 31, 2018 has been restated as follows:

Net position at beginning of year, as previously stated	\$ 721,813,909
GASB Statement No. 75 implementation:	
GASB Statement No. 45 total OPEB obligation reversal	10,565,655
Beginning total OPEB liability	<u>(15,888,500)</u>
Net position at beginning of year, as restated	\$ <u>716,491,064</u>

HUDSON RIVER PARK TRUST
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Required Supplementary Information
Schedule of Changes in Trust's
Total OPEB Liability and Related Ratios
For the year ended March 31, 2019

Total OPEB liability:	
Service cost	\$ 1,106,111
Interest on total OPEB liability	594,911
Differences between actual and expected experience	192,206
Changes in assumptions	(493,708)
Benefit payments	<u>(285,696)</u>
Net change in total OPEB liability	1,113,824
Total OPEB liability - beginning	<u>15,888,500</u>
Total OPEB liability- ending	<u>\$ 17,002,324</u>
Covered payroll	\$ 5,152,017
Total OPEB liability as a percentage of covered payroll	330.0%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.8%
2019	3.7%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Trust is presenting information for those years for which information is available.

HUDSON RIVER PARK TRUST
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability
 For the year ended March 31, 2019

NYSERS Pension Plan				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Trust's proportion of the net pension liability	0.0192998%	0.0178503%	0.0188732%	0.0186450%
Trust's proportionate share of the net pension liability	\$ 622,889	1,677,257	3,029,206	629,872
Trust's covered payroll	\$ 5,152,017	4,727,541	4,423,662	4,391,701
Trust's proportionate share of the net pension liability as a percentage of its covered payroll	12.09%	35.48%	68.48%	14.34%
Plan fiduciary net position as a percentage of the total pension liability	98.20%	94.70%	90.70%	97.50%

* This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

HUDSON RIVER PARK TRUST
 Required Supplementary Information
 Schedule of Employer Pension Contributions
 For the year ended March 31, 2019

	NYSERS Pension Plan							
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 666,639	636,752	600,181	707,967	700,867	778,956	681,115	657,910
Contributions in relation to the contractually required contribution	<u>666,639</u>	<u>636,752</u>	<u>600,181</u>	<u>707,967</u>	<u>700,867</u>	<u>778,956</u>	<u>681,115</u>	<u>657,910</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trust's covered employee payroll	\$ 5,152,017	4,727,541	4,423,662	4,391,701	4,692,545	4,312,067	3,991,706	3,741,465
Contributions as a percentage of covered employee payroll	12.94%	13.47%	13.57%	16.12%	14.94%	18.06%	17.06%	17.58%

* This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Combining Statement of Net Position
March 31, 2019

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Assets:			
Cash and equivalents	\$ 7,249,293	80,870,651	88,119,944
Accounts receivable	-	13,920,982	13,920,982
Prepaid expenses	-	192,999	192,999
Investments	100,431,483	-	100,431,483
Construction in progress	130,757,617	-	130,757,617
Property and equipment, net	-	458,271,415	458,271,415
Total assets	<u>238,438,393</u>	<u>553,256,047</u>	<u>791,694,440</u>
Deferred outflows of resources - pensions - ERS	-	2,272,760	2,272,760
Liabilities:			
Accounts payable	1,838,930	2,827,082	4,666,012
Accrued expenses	7,880,768	2,284,031	10,164,799
Net pension liability - proportionate share - ERS	-	622,889	622,889
Other postemployment benefits obligation	-	17,002,324	17,002,324
Total liabilities	<u>9,719,698</u>	<u>22,736,326</u>	<u>32,456,024</u>
Deferred inflows of resources:			
Pensions - ERS	-	2,234,215	2,234,215
Lease rents	-	2,636,573	2,636,573
Total deferred inflows of resources	-	<u>4,870,788</u>	<u>4,870,788</u>
Net position:			
Net investment in capital assets	130,757,617	458,271,415	589,029,032
Restricted for capital expenditures	119,351,012	-	119,351,012
Unrestricted	<u>(21,389,934)</u>	<u>69,650,278</u>	<u>48,260,344</u>
Total net position	<u>\$ 228,718,695</u>	<u>527,921,693</u>	<u>756,640,388</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Combining Statement of Net Position
March 31, 2018

	Planning design and construction	Administration, operations and maintenance	Total
Assets:			
Cash and equivalents	\$ 105,370,823	72,969,670	178,340,493
Accounts receivable	1,351,656	13,163,156	14,514,812
Prepaid expenses	-	69,218	69,218
Construction in progress	93,846,126	-	93,846,126
Property and equipment, net	<u>-</u>	<u>457,423,309</u>	<u>457,423,309</u>
Total assets	<u>200,568,605</u>	<u>543,625,353</u>	<u>744,193,958</u>
Deferred outflows of resources - pensions - ERS	<u>-</u>	<u>1,590,485</u>	<u>1,590,485</u>
Liabilities:			
Accounts payable	1,048,438	1,807,060	2,855,498
Accrued expenses	3,308,407	2,818,713	6,127,120
Net pension liability - proportionate share - ERS	-	1,677,257	1,677,257
Other postemployment benefits obligation	<u>-</u>	<u>10,565,655</u>	<u>10,565,655</u>
Total liabilities	<u>4,356,845</u>	<u>16,868,685</u>	<u>21,225,530</u>
Deferred inflows of resources:			
Pensions - ERS	-	509,587	509,587
Lease rents	<u>-</u>	<u>2,235,417</u>	<u>2,235,417</u>
Total deferred inflows of resources	<u>-</u>	<u>2,745,004</u>	<u>2,745,004</u>
Net position:			
Net investment in capital assets	93,846,126	457,423,309	551,269,435
Restricted for capital expenditures	131,754,731	-	131,754,731
Unrestricted	<u>(29,389,097)</u>	<u>68,178,840</u>	<u>38,789,743</u>
Total net position	<u>\$ 196,211,760</u>	<u>525,602,149</u>	<u>721,813,909</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Combining Statement of Revenue, Expenses and Changes in Net Position
Year ended March 31, 2019

	<u>Planning design and construction</u>	<u>Administration, operations and maintenance</u>	<u>Total</u>
Operating revenue:			
Appropriations revenue	\$ 21,034,502	-	21,034,502
Reimbursement	10,395,406	1,230,556	11,625,962
Lease revenue	-	27,560,697	27,560,697
Parking revenue	-	7,580,553	7,580,553
Settlements and grants	-	2,750	2,750
Fees and other revenue	-	2,120,859	2,120,859
Contributions	-	3,280,380	3,280,380
Total operating revenue	<u>31,429,908</u>	<u>41,775,795</u>	<u>73,205,703</u>
Operating expenses:			
Employee compensation and benefits	-	10,465,168	10,465,168
Park programs and maintenance	-	9,364,468	9,364,468
General and administrative	-	3,574,006	3,574,006
Depreciation and amortization	-	11,542,258	11,542,258
Total operating expenses	<u>-</u>	<u>34,945,900</u>	<u>34,945,900</u>
Operating income	31,429,908	6,829,895	38,259,803
Non-operating revenue - earnings on investments	<u>1,077,027</u>	<u>812,495</u>	<u>1,889,522</u>
Change in net position	<u>32,506,935</u>	<u>7,642,390</u>	<u>40,149,325</u>
Net position at beginning of year, as previously stated	196,211,760	525,602,149	721,813,909
Cumulative effect of change in accounting principle	<u>-</u>	<u>(5,322,845)</u>	<u>(5,322,845)</u>
Net position at beginning of year, restated	<u>196,211,760</u>	<u>520,279,304</u>	<u>716,491,064</u>
Net position at end of year	<u>\$ 228,718,695</u>	<u>527,921,694</u>	<u>756,640,389</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Combining Statement of Revenue, Expenses and Changes in Net Position
Year ended March 31, 2018

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Operating revenue:			
Sale of development rights	\$ 99,866,562	-	99,866,562
Appropriations revenue	9,030,357	-	9,030,357
Reimbursement	5,136,442	30,632	5,167,074
Lease revenue	-	21,234,929	21,234,929
Parking revenue	-	7,434,861	7,434,861
Settlements and grants	-	336,000	336,000
Fees and other revenue	-	2,531,586	2,531,586
Contributions	-	1,140,210	1,140,210
	<u>114,033,361</u>	<u>32,708,218</u>	<u>146,741,579</u>
Total operating revenue			
Operating expenses:			
Employee compensation and benefits	-	10,531,724	10,531,724
Park programs and maintenance	-	7,937,317	7,937,317
General and administrative	-	3,314,129	3,314,129
Depreciation and amortization	-	10,581,888	10,581,888
	<u>-</u>	<u>32,365,058</u>	<u>32,365,058</u>
Total operating expenses			
Operating income	114,033,361	343,160	114,376,521
Non-operating revenue - earnings on investments	<u>442,097</u>	<u>294,730</u>	<u>736,827</u>
Change in net position	114,475,458	637,890	115,113,348
Transfers	(41,099,890)	41,099,890	-
Net position at beginning of year	<u>122,836,192</u>	<u>483,864,369</u>	<u>606,700,561</u>
Net position at end of year	<u>\$ 196,211,760</u>	<u>525,602,149</u>	<u>721,813,909</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Combining Statement of Cash Flows
Year ended March 31, 2019

	<u>Planning design and construction</u>	<u>Administration, operations and maintenance</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from:			
Appropriations revenue	\$ 22,386,158	-	22,386,158
Reimbursement	10,395,406	1,117,657	11,513,063
Lease revenue	-	27,269,620	27,269,620
Parking revenue	-	7,611,656	7,611,656
Settlements and grants	-	2,750	2,750
Fees and other revenue	-	2,056,979	2,056,979
Contributions	-	3,360,462	3,360,462
Cash payments to:			
Personnel service	-	(6,396,606)	(6,396,606)
Fringe benefits	-	(2,927,876)	(2,927,876)
Vendors	-	(12,615,792)	(12,615,792)
Net cash provided by operating activities	<u>32,781,564</u>	<u>19,478,850</u>	<u>52,260,414</u>
Cash flows from capital financing activities:			
Expenditures for construction in progress	(31,548,638)	-	(31,548,638)
Other additions to property and equipment	-	(12,390,364)	(12,390,364)
Net cash used in capital financing activities	<u>(31,548,638)</u>	<u>(12,390,364)</u>	<u>(43,939,002)</u>
Cash flows from investing activities:			
Purchases of investments	(100,431,483)	-	(100,431,483)
Earnings on investments	1,077,027	812,495	1,889,522
Net cash provided by (used in) investing activities	<u>(99,354,456)</u>	<u>812,495</u>	<u>(98,541,961)</u>
Net change in cash and equivalents	(98,121,530)	7,900,981	(90,220,549)
Cash and equivalents at beginning of year	<u>105,370,823</u>	<u>72,969,670</u>	<u>178,340,493</u>
Cash and equivalents at end of year	<u>\$ 7,249,293</u>	<u>80,870,651</u>	<u>88,119,944</u>

(Continued)

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Combining Statement of Cash Flows, Continued

	<u>Planning design and construction</u>	<u>Administration, operations and maintenance</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 31,429,908	6,829,894	38,259,802
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	-	11,542,258	11,542,258
Changes in:			
Accounts receivable	1,351,656	(757,826)	593,830
Prepaid expenses	-	(123,781)	(123,781)
Deferred outflows of resources - pensions - ERS	-	(682,275)	(682,275)
Accounts payable	-	1,020,022	1,020,022
Accrued expenses	-	(534,682)	(534,682)
Net pension liability - proportionate share - ERS	-	(1,054,368)	(1,054,368)
Other postemployment benefits obligation	-	1,113,824	1,113,824
Deferred inflows of resources - pensions - ERS	-	1,724,628	1,724,628
Deferred inflows of resources - lease rents	-	401,156	401,156
Net cash provided by operating activities	<u>\$ 32,781,564</u>	<u>19,478,850</u>	<u>52,260,414</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Combining Statement of Cash Flows
Year ended March 31, 2018

	<u>Planning design and construction</u>	<u>Administration, operations and maintenance</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from:			
Sale of development rights	\$ 99,866,562	-	99,866,562
Appropriations revenue	8,620,950	-	8,620,950
Reimbursement	5,136,442	3,593,552	8,729,994
Lease revenue	-	16,923,821	16,923,821
Parking revenue	-	7,403,758	7,403,758
Settlements and grants	-	2,512,902	2,512,902
Fees and other revenue	-	2,508,210	2,508,210
Contributions	-	1,140,210	1,140,210
Cash payments to:			
Personnel service	-	(5,857,793)	(5,857,793)
Fringe benefits	-	(2,502,538)	(2,502,538)
Vendors	-	(10,748,813)	(10,748,813)
Net cash provided by operating activities	<u>113,623,954</u>	<u>14,973,309</u>	<u>128,597,263</u>
Cash flows from capital financing activities:			
Expenditures for construction in progress	(13,556,155)	-	(13,556,155)
Other additions to property and equipment	<u>-</u>	<u>(2,977,150)</u>	<u>(2,977,150)</u>
Net cash used in capital financing activities	<u>(13,556,155)</u>	<u>(2,977,150)</u>	<u>(16,533,305)</u>
Cash flows from investing activities - earnings on investments			
	<u>442,097</u>	<u>294,730</u>	<u>736,827</u>
Net increase in cash and equivalents	100,509,896	12,290,889	112,800,785
Cash and equivalents at beginning of year	<u>4,860,927</u>	<u>60,678,781</u>	<u>65,539,708</u>
Cash and equivalents at end of year	<u>\$ 105,370,823</u>	<u>72,969,670</u>	<u>178,340,493</u>

(Continued)

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Combining Statement of Cash Flows, Continued

	<u>Planning design and construction</u>	<u>Administration, operations and maintenance</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 114,033,361	343,160	114,376,521
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	-	10,581,888	10,581,888
Changes in:			
Accounts receivable	(409,407)	4,649,915	4,240,508
Prepaid expenses	-	59,865	59,865
Deferred outflows of resources - pensions - ERS	-	1,634,792	1,634,792
Accounts payable	-	321,596	321,596
Accrued expenses	-	147,626	147,626
Net pension liability - proportionate share - ERS	-	(1,351,949)	(1,351,949)
Other postemployment benefits obligation	-	1,928,468	1,928,468
Deferred inflows of resources - pensions - ERS	-	(66,372)	(66,372)
Deferred inflows of resources - lease rents	-	(3,275,680)	(3,275,680)
Net cash provided by operating activities	<u>\$ 113,623,954</u>	<u>14,973,309</u>	<u>128,597,263</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Hudson River Park Trust:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of Hudson River Park Trust (the Trust) as of and for the year ended March 31, 2019, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated June 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 27, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Hudson River Park Trust:

Report on Compliance for Each Major Federal Program

We have audited Hudson River Park Trust's (the Trust) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Trust's major federal programs for the year ended March 31, 2019. The Trust's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Trust's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Trust's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Trust's compliance.

Opinion on Each Major Federal Program

In our opinion, Hudson River Park Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2019.

Report on Internal Control Over Compliance

Management of Hudson River Park Trust is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Trust's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 27, 2019

REPORT ON INVESTMENT COMPLIANCE WITH SECTION 201.3
OF TITLE TWO OF THE OFFICIAL COMPILATION OF CODES,
RULES AND REGULATIONS OF THE STATE OF NEW YORK

The Board of Directors
Hudson River Park Trust:

We have examined the Hudson River Park Trust's (the Trust), a public benefit corporation of the State of New York State, compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York (Section 201.3) during the year ended March 31, 2019. Management is responsible for the Trust's compliance with Section 201.3. Our responsibility is to express an opinion on the Trust's compliance with Section 201.3 based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about the Trust's compliance with Section 201.3. An examination involves performing procedures to obtain evidence about the Trust's compliance with Section 201.3. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Trust's compliance with Section 201.3, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Trust complied in all material respects with Section 201.3 during the year ended March 31, 2019.

In accordance with Government Auditing Standards, we are required to report significant deficiencies in internal control, violations of provisions of laws, regulations, contracts, or grant agreements, and abuse that are material to the Trust's compliance with Section 201.3 and any fraud or illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain views of management on those matters. We performed our examination to express an opinion on Trust's compliance with Section 201.3 and not for the purpose of expressing an opinion on internal control over compliance with Section 201.3 or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of Trust management, the Board of Directors, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 27, 2019

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Schedule of Expenditures of Federal Awards
Year ended March 31, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Recipients</u>
U.S. Department of Transportation - passed through New York State - Department of Transportation - Highway Planning and Construction	20.205	-	\$ 1,549,466	-
U.S. Department of Homeland Security - passed through New York State Division of Homeland Security and Emergency Services - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4085	2,150,403	-
U.S. Department of Housing and Urban Development - passed through Lower Manhattan Development Corporation - Community Development Block Grants/State's Program	14.228	10434	<u>7,905,536</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 11,605,405</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Schedule of Expenditures of Federal Awards
March 31, 2019

(1) Reporting Entity

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of federal financial assistance programs administered by the Hudson River Park Trust (the Trust), an entity as defined in the basic financial statements.

(2) Basis of Accounting

The Schedule is presented on the accrual basis of accounting and the amounts presented are derived from the Trust's general ledger. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the Schedule up to such amounts.

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent such costs are included in the Federal financial reports used as the source for the data presented. The Trust does use the 10% de minimis rule.

(4) Matching Costs

Matching costs such as, the Trust's share of certain program costs, are not included in the Schedule.

(5) Subrecipients

The Trust did not provide any funding to subrecipients during the year ended March 31, 2019.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Schedule of Findings and Questioned Costs
Year ended March 31, 2019

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? ___ Yes X No
2. Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes X None reported
3. Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified? ___ Yes X No
5. Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? ___ Yes X No

7. The Trust's major programs audited were:

<u>Name of Federal Programs</u>	<u>CFDA Number</u>
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Community Development Block Grants/State's Program	14.228

8. Dollar threshold used to distinguish between Type A and Type B programs. \$ 750,000
9. Auditee qualified as low-risk auditee? X Yes ___ No

Part II - FINANCIAL STATEMENT FINDINGS

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No reportable findings or questioned costs.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Status of Prior Year Audit Findings
Year ended March 31, 2019

There were no findings or questioned costs with regard to the prior year financial statements (March 31, 2018).