

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, 2016 and 2015

(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, 2016 and 2015, 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.

### Auditor's 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, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof 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(k) to the financial statements, the Trust adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended March 31, 2016. Our opinion is not modified with respect to these matters.

## 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 of Funding Progress - Other Postemployment Benefits on page 36 the Schedule of Proportionate Share of the Net Pension Liability on page 37, and the Schedule of Employer Pension Contributions on page 38 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 53, 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 , 2016, 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 to described 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 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.

In accordance with New York State Codes, Rules and Regulations, we have also issued our report dated , 2016 on the Hudson River Park Trust's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Trust's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Hudson River Park Trust's internal control over financial reporting and compliance.

Williamsville, New York  
, 2016

(Formerly Toski & Co., CPAs, P.C.)

HUDSON RIVER PARK TRUST  
(A Public Benefit Corporation of the State of New York)  
Management's Discussion and Analysis  
March 31, 2016 and 2015

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, 2015 and ending March 31, 2016 (fiscal year 2016). 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 59<sup>th</sup> 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 selecting 3 members.

As of March 31, 2016, approximately \$606.9 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 76% of new park construction is now complete or in progress. 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. In addition, the Trust has received funding as a beneficiary in connection with certain litigation and administrative settlement agreements. These settlement funds were earmarked for improvements within the Park at Pier 97, the Gansevoort Peninsula and Pier 26.

The Act also 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 2016 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 contributions generated by Friends of Hudson River Park (FoHRP) and foundation support. 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 2016 and 2015. 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 funding progress - other postemployment benefits - last three fiscal years, schedule of proportionate share of 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.

Effective April 1, 2012, the Trust adopted the provisions of the Government Accounting Standards Board (GASB) consistent with regulations promulgated by the Office of the New York State Comptroller relating to accounting, reporting and supervision requirements for public authorities. Also as part of the conversion to GASB, the Trust has adopted GASB No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB). GASB No. 45 establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities, note disclosures and RSI relating to the Trust's share of retiree and covered spouse health care and death benefits. 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.



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

During the fiscal year ended March 31, 2016, the Trust also 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 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 and required a restatement of the Trust's net position at March 31, 2015.

**Continued Impact of Storm Recovery**

Financial results for fiscal year 2016 continued to be impacted by the recovery from Hurricane Sandy which struck in late October 2012. Total costs associated with recovery from Hurricane Sandy damages, both incurred and projected, are currently estimated at approximately \$33.4 million. This is approximately \$1.4 million more than the amount estimated at the end of fiscal year 2015 as additional storm related damage was revealed during the repair process. Of the total Hurricane Sandy repair amount, \$1,932,294 was recorded in fiscal year 2013, \$7,438,300 in fiscal year 2014, \$8,574,281 in fiscal year 2015 and \$6,989,142 in fiscal year 2016. The remaining and hopefully final expenditure of approximately \$8.46 million in Hurricane Sandy restoration costs is expected in fiscal year 2017.

Final close-out expenses related to the August 2011 Tropical Storm Irene in the amount of \$518,728 were recorded in fiscal year 2016, bringing the cumulative cost total for recovery from that storm to approximately \$6.7 million. The total expenditure, incurred and projected, for both Hurricane Sandy and Tropical Storm Irene recovery is therefore estimated to be approximately \$40.1 million.

The Trust is eligible for public assistance from the Federal Emergency Management Agency (an Agency within the U.S. Department of Homeland Security) (FEMA) for expenses incurred in connection with both Hurricane Sandy and the prior Tropical Storm Irene. FEMA is expected to pay 90% for eligible costs associated with Hurricane Sandy and 75% for Tropical Storm Irene. The State is expected to pay the remaining 10% and 25% respectively for eligible costs associated with those two storms. Accordingly, in fiscal year 2016 the Trust recorded reimbursement revenue matching expected eligible costs for Tropical Storm Irene and Hurricane Sandy of \$7,507,870 - \$6,679,274 from FEMA, and \$828,596 from the State.

As the FEMA and State reimbursement process is multi-stage and exacting, accounts receivable from FEMA and State registered an increase in fiscal year 2016 of \$6,679,491. Of the Trust's total accounts receivables recorded at March 31, 2016 of \$28,687,164, the amount due from FEMA was \$15,403,963, or 54% of the total, and the amount due from State for storm recovery was \$2,410,181, or 8% of the total. Combined storm recovery costs accounted for approximately 62% of all accounts receivables.

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

**Statements of Net Position**

The following table summarizes the Trust's assets, liabilities, and net position as of March 31, 2016 and March 31, 2015 under the accrual basis of accounting.

	<u>2016</u>	<u>2015</u>	<u>Dollar change</u>	<u>Percent change</u>
Total assets	\$ <u>622,646,222</u>	<u>593,407,616</u>	<u>29,238,606</u>	5%
Total deferred outflows of resources	\$ <u>837,531</u>	<u>-</u>	<u>837,531</u>	100%
Total liabilities	\$ <u>19,659,971</u>	<u>18,387,286</u>	<u>1,272,685</u>	7%
Total deferred inflows of resources	\$ <u>8,735,884</u>	<u>2,698,932</u>	<u>6,036,952</u>	224%
Total net position	\$ <u>595,087,898</u>	<u>572,321,398</u>	<u>22,766,500</u>	4%

Overall, the Trust's net position representing assets plus deferred outflows of resources less liabilities plus deferred inflows of resources grew to \$595,087,898 in fiscal year 2016 from \$572,321,398 in fiscal year 2015, an increase of \$22,766,500 or 4%.

The Trust's total assets, net of depreciation, increased by \$29,238,606 in fiscal year 2016, or 5% compared to the previous fiscal year. This growth in total net assets in fiscal year 2016 was attributable to a combined \$12,993,978 increase in completed Park improvements, construction work in progress, and purchased equipment, a \$9,186,607 increase in accounts receivable, a \$6,889,637 increase in cash and equivalents, and a \$168,384 increase in prepaid expenses. In addition, a pension prepayment credit of \$837,531 was recorded as part of the implementation of GASB No. 68.

The Trust's total liabilities at March 31, 2016 were \$19,659,971, an increase of \$1,272,685 or 7% compared to the prior fiscal year. Approximately 94% of this increase, or \$1,199,551 compared with the prior fiscal year, was associated with the long-term OPEB liability related primarily to the implementation of GASB No. 45.

Total deferred inflows of resources from prepaid rental income and pensions increased in fiscal year 2016 by \$6,036,952, or 224% compared to the previous fiscal year. The increase is attributable primarily to a recorded two year prepayment of rent under a new lease for the Trust's Pier 57 property.

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

**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 year ended March 31, 2016:

	<u>2016</u>	<u>2015</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue	\$ <u>54,091,630</u>	<u>38,220,427</u>	<u>15,871,203</u>	42%
Operating expenses	\$ <u>31,304,020</u>	<u>28,983,336</u>	<u>2,320,684</u>	8%
Non-operating revenue	\$ <u>120,561</u>	<u>115,021</u>	<u>5,540</u>	5%
Prior year pension adjustment	\$ <u>(141,671)</u>	<u>-</u>	<u>(141,671)</u>	100%
Change in net position	\$ <u>22,766,500</u>	<u>9,352,112</u>	<u>13,414,388</u>	143%

Operating revenue includes both internally generated revenue from the Park and externally provided funds from FEMA and other private and governmental sources as reimbursements, appropriation revenue from the State and City applied to capital construction and, as noted below in one instance capital maintenance, amounts received from legal settlements, and contributions and foundation grants. Total operating revenue was \$54,091,630 in fiscal year 2016 compared to \$38,220,427 in fiscal year 2015, an increase of \$15,871,203 or 42%. As discussed further below, \$6,780,251 or 42% of the increase in fiscal year 2016 operating revenue was derived from internally generated revenue sources within the Park.

Externally provided reimbursement revenue increased by \$13,108,315 in fiscal 2016 compared to the prior fiscal year. The increase was attributed to reimbursements associated with storm recovery, the capital maintenance cost of Pier 40 roof repair, and the construction of a transportation improvement project. Appropriation revenue declined by \$869,528 in fiscal 2016, while revenue from settlements and grants fell by \$3,128,450. Non-operating revenue of \$120,561 increased slightly from \$115,021, reflecting a small increase in interest income. In addition to these externally provided revenues, the Trust received \$1,018,004 in contributions in fiscal 2016, primarily from FoHRP.

Total operating expenses in fiscal year 2016 were \$31,304,020 compared to \$28,983,336 in fiscal year 2015, an increase of \$2,320,684 or 8%. As detailed in the table below, excluding depreciation, amortization, and storm recovery costs, total ordinary operating expenses were \$18,813,858 in fiscal year 2016 compared \$17,648,806 in fiscal year 2015, an increase of \$1,165,052 or 7%.

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

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

The table below summarizes the Trust's internally generated operating revenue, ordinary operating expenses, operating income from within the Park, capital maintenance costs and deficit/surplus from operations for the fiscal year ended March 31, 2016. OPEB related employee compensation costs are included in the table, but depreciation, amortization and storm recovery expenses are not. Ordinary operating expenses and capital maintenance costs are net of associated reimbursement revenue.

	<u>2016</u>	<u>2015</u>
Operating revenue - revenue generated from within the Park	\$ <u>26,012,538</u>	<u>19,232,288</u>
Ordinary operating expenses:		
Employee compensation and benefits	8,420,778	8,353,800
Park programs and ordinary maintenance	7,785,991	6,706,650
General and administrative	<u>2,607,089</u>	<u>2,588,356</u>
Total ordinary operating expenses	<u>18,813,858</u>	<u>17,648,806</u>
Operating income from within the Park	7,198,680	1,583,482
Capital maintenance costs	<u>(2,887,096)</u>	<u>(2,949,038)</u>
Surplus (deficit) after capital maintenance	\$ <u>4,311,584</u>	<u>(1,365,556)</u>

Operating revenues generated by the Trust from sources within the Park totaled \$26,012,538 in fiscal year 2016 compared to \$19,232,288 in fiscal year 2015, an increase of \$6,780,250 or 35%. Revenue generated internally from within the Park comprises income from leases (including rent, percentage rent and PILOT), fees from occupancy permits, parking charges net of taxes, and user fees. It excludes categories of revenues derived from external sources and contributions. Most of the increase in internally operating generated in fiscal year 2016 was attributable to PILOT phase-in payments, a \$3.4 million lump sum non-recurring PILOT payment, and the commencement of percentage rent from a single commercial tenant. Operating revenue increases were also recorded from parking operations and event fees.

Ordinary operating expenses in fiscal year 2016 totaled \$18,813,858, an increase of \$1,165,052 or 6% from the prior fiscal year. Employee compensation of \$8,420,778 and general and administrative expenses of \$2,607,089 increased by a combined total of \$85,711, or less than 1%. Park programs and ordinary maintenance expenses of \$7,785,991 in fiscal year 2016 increased by \$1,079,341, or 16% compared to the prior fiscal year. This increase in ordinary operating expenses was primarily attributable to costs associated with park-wide security, garage and general maintenance.

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Management's Discussion and Analysis, Continued

Prior to consideration of capital maintenance, operating income from within the Park was \$7,198,680 in fiscal year 2016, an increase of \$5,615,198 from the prior fiscal year. Approximately 60% of the operating income increase from the prior fiscal year was associated with the non-recurring lump-sum PILOT payment noted above. Net of capital maintenance, positive operating income together with contributions were the principal contributory factors increasing the Trust's year end unrestricted net position to \$25,301,580.

Capital maintenance is a major repair or replacement of a deteriorated existing capital asset, such as a building roof, floating dock or playground surface which, upon completion, has a useful life in excess of 5 years. The Trust is responsible for annual capital maintenance costs for both newly constructed park improvements and older existing assets transferred from City and State management when the Park was established in 1999. These older existing assets include, among other categories, marine bulkheads and related structures, underground pipes and utilities, and the Pier 40 piles, pier deck and building structure. 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 section of the MD&A, the Trust elects to use the annual outlay for capital maintenance rather than book depreciation when determining 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 revenue, whether the Trust is currently under-investing in capital maintenance, 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 and the significant event subsequent described below.

In fiscal year 2015 the Trust was informed that City funds might be available to reimburse a portion of eligible capital maintenance work associated with Pier 40 roof repairs. Reimbursement revenue funding in the amount of \$4,800,000 did become available in fiscal year 2016 for capital maintenance consisting of roof repair work at Pier 40. Of this roof repair sum, \$2,881,428 was applied in the table above to fiscal year 2015 capital maintenance and \$1,365,556 to fiscal year 2016 capital maintenance. The net capital maintenance cost after application of this reimbursement revenue was therefore \$2,887,096 in fiscal 2016 and \$2,949,038 in fiscal year 2015 as is depicted in the table.

The annual operating surplus after capital maintenance net of reimbursement revenue for fiscal year 2016 was \$4,311,584. This represents an increase of \$5,677,140 from fiscal year 2015 when there was an operating deficit after net capital maintenance of \$1,365,556. As noted above, this improved position in fiscal year 2016 was made possible by the application of two non-recurring revenue sources - a lump sum PILOT payment from a commercial tenant and reimbursement revenue from the City to partially offset capital maintenance costs at Pier 40.

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

**Cash Flows**

As shown on the Statements of Cash Flows in 2016 the Trust had cash provided by operating activities of \$32,923,138 and investing activities of \$120,561, and expended \$26,154,062 for capital financing activities for new Park construction and equipment. Consequently, restricted and unrestricted cash and cash equivalents increased by \$6,889,637 from \$47,917,744 in fiscal year 2015 to \$54,807,381 in fiscal year 2016. This increase is primarily attributable to the deferred inflows recorded for Pier 57.

**Significant Funding Related Event Subsequent**

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, 2016, subsequent to the end of fiscal year 2016 but prior to the date of issuance of the Trust's audited financial statements, the Trust entered into a non-binding Memorandum of Understanding (MOU) with the owner of a property located directly across West Street for the sale of 200,000 square feet of development rights for \$100 million. The development rights transfer contemplated under the MOU is not yet authorized under zoning and remains subject to other public review and approvals, including the completion of the Trust's Significant Action Process pursuant to the Act and approval by the Trust's Board of Directors. Should all such authorizations and approvals be granted, the transfer may occur at the end of the fiscal year ending March 31, 2017 or at some date in the first half of the following fiscal year ending March 31, 2018. All funds received by the Trust from the development rights transfer, should it be authorized and close, must be applied to the capital maintenance repair of infrastructure at Pier 40. The future capital maintenance cost for repairs to the Pier 40 piles is currently estimated at \$104.6 million.

**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, 2<sup>nd</sup> 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 Net Position  
March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and equivalents	\$ 54,807,381	47,917,744
Accounts receivable	28,687,164	19,500,557
Prepaid expenses	244,074	75,690
Construction in progress	106,514,358	84,889,794
Property and equipment, net	<u>432,393,245</u>	<u>441,023,831</u>
Total assets	<u>622,646,222</u>	<u>593,407,616</u>
Deferred outflows of resources - pensions	<u>837,531</u>	<u>-</u>
Liabilities:		
Accounts payable	6,092,765	4,850,981
Accrued expenses	6,205,304	8,003,826
Net pension liability - proportionate share - ERS	629,872	-
Other postemployment benefits obligation	<u>6,732,030</u>	<u>5,532,479</u>
Total liabilities	<u>19,659,971</u>	<u>18,387,286</u>
Deferred inflows of resources:		
Pensions	169,123	-
Lease rents	<u>8,566,761</u>	<u>2,698,932</u>
Total deferred inflows of resources	<u>8,735,884</u>	<u>2,698,932</u>
Commitments and contingencies (notes 6 and 9)	<u>                    </u>	<u>                    </u>
Net position:		
Net investment in capital assets	538,907,603	525,913,625
Restricted for capital expenditures	30,878,715	28,900,493
Unrestricted	<u>25,301,580</u>	<u>17,507,280</u>
Total net position	<u>\$ 595,087,898</u>	<u>572,321,398</u>

See accompanying notes to financial statements.

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenue:		
Appropriations revenue	\$ 3,802,707	4,672,235
Reimbursement	21,284,181	8,175,866
Lease revenue	14,786,763	9,943,265
Parking revenue	7,278,388	6,541,525
Settlements and grants	1,974,200	5,102,650
Fees and other revenue	3,947,387	2,747,498
Contributions	<u>1,018,004</u>	<u>1,037,388</u>
Total operating revenue	<u>54,091,630</u>	<u>38,220,427</u>
Operating expenses:		
Employee compensation and benefits	8,420,778	8,353,800
Park programs and maintenance	9,029,989	7,643,565
General and administrative	3,352,787	2,588,356
Depreciation and amortization	<u>10,500,466</u>	<u>10,397,615</u>
Total operating expenses	<u>31,304,020</u>	<u>28,983,336</u>
Operating income	22,787,610	9,237,091
Non-operating revenue - earnings on investments	<u>120,561</u>	<u>115,021</u>
Change in net position	22,908,171	9,352,112
Net position at beginning of year	572,321,398	562,969,286
Change in accounting principle	<u>(141,671)</u>	<u>-</u>
Net position at end of year	<u>\$ 595,087,898</u>	<u>572,321,398</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash receipts from:		
Appropriations revenue	\$ 9,125,933	1,181,594
Reimbursement	7,186,107	9,881,798
Lease revenue	21,140,854	9,208,920
Parking revenue	7,278,388	6,541,525
Settlements and grants	819,724	5,245,098
Fees and other revenue	3,947,387	2,747,498
Contributions	1,274,459	1,051,408
Cash payments to:		
Personnel service	(4,989,137)	(4,964,620)
Fringe benefits	(2,365,877)	(2,124,521)
Vendors	(10,494,700)	(9,754,889)
Net cash provided by operating activities	<u>32,923,138</u>	<u>19,013,811</u>
Cash flows from capital financing activities:		
Expenditures for construction in progress	(25,953,963)	(14,637,875)
Other additions to property and equipment	(200,099)	(4,322,018)
Net cash used in capital financing activities	<u>(26,154,062)</u>	<u>(18,959,893)</u>
Cash flows from investing activities - earnings on investments	<u>120,561</u>	<u>115,021</u>
Net increase in cash and equivalents	6,889,637	168,939
Cash and equivalents at beginning of year	<u>47,917,744</u>	<u>47,748,805</u>
Cash and equivalents at end of year	<u>\$ 54,807,381</u>	<u>47,917,744</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>2016</u>	<u>2015</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 22,787,610	9,237,091
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	10,500,466	10,397,615
Cumulative effect of change in accounting principle	(141,671)	-
Changes in:		
Accounts receivable	(9,186,607)	(2,283,106)
Prepaid expenses	(168,384)	6,016
Deferred outflows of resources - pensions	(837,531)	-
Accounts payable	1,672,851	301,113
Accrued expenses	430,029	200,406
Net pension liability - proportionate share - ERS	629,872	-
Other postemployment benefits obligation	1,199,551	1,234,156
Deferred inflows of resources - lease rents	5,867,829	(79,480)
Deferred inflows of resources - pensions	169,123	-
Net cash provided by operating activities	<u>\$ 32,923,138</u>	<u>19,013,811</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, 2016 and 2015

(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 59<sup>th</sup> 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 1<sup>st</sup> through March 31<sup>st</sup>.

To finance the construction of the Park, the State and the City have together pledged approximately \$382 million to the Trust. Funding provided by the U.S. Department of Housing and Urban Development (HUD) has amounted to approximately \$103.3 million, including \$30.7 million for the replacement of Pier 86 leased to the Intrepid Museum and \$72.6 million passed through the Lower Manhattan Development Corporation for capital construction in the 9/11 community development catchment area. As of March 31, 2016, the amount which has not been drawn down from the City and State combined is approximately \$49.6 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 Trust's financial statement presentation is prepared in accordance with the provisions of GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States of America in the GASB's authoritative literature. The more significant accounting policies are described below.

(b) 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 - non-expendable - Net position subject to externally imposed stipulations requiring the Trust to retain the related assets in perpetuity.

Restricted - expendable - 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.

At March 31, 2016 and 2015, the Trust had no restricted non-expendable net position resources.

(c) 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

(d) Cash and Equivalents

For purposes of the statement 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, 2016, 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, 2016. Total financial institution (bank) balances at March 31, 2016 amounted to \$55,634,472. Total deposits are categorized as follows:

<u>A</u>	<u>B</u>	<u>C</u>
\$ <u>55,634,472</u>	<u>-</u>	<u>-</u>

Cash and equivalents at March 31, 2016 consists of interest bearing and non-interest bearing checking accounts.

(e) Accounts Receivable

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

(f) 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.

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

(g) 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.

(h) Other Postemployment Benefits Obligation

In accordance with GASB Statement No. 45, the Trust recognizes in its financial statements, the financial impact of postemployment benefits principally employer funded healthcare costs.

(i) Deferred Inflows of Resources - Lease Rents

Deferred inflows of resources consist of lease agreements with Texas Eastern Transmission L.P. (Texas Eastern) 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 the years ended March 31, 2016 and 2015, the Trust recognized revenue from this lease of \$92,500.

The lease agreement with Pier 57 LLC is for a property located at West Street at West 15<sup>th</sup> Street in the Borough of Manhattan. The lease allows Pier 57 LLC to construct, maintain, repair, and operate commercial use and public space within the Park at a location known as Pier 57. Pier 57 LLC has paid the Trust \$5,956,394 for a period of two years as construction during the construction phase of the project. Revenue is to be recognized in the amount of \$2,978,197 per year for the years following April 1, 2016.

Also included in deferred outflows of resources are prepaid tenant rents amounting to \$189,950. The future revenue recognition for lease rents and occupancy permit fees are as follows:

2017	\$ 3,260,647
2018	3,070,697
2019	92,500
2020	92,500
2021	92,500
Thereafter	<u>1,957,917</u>
	<u>\$ 8,566,761</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

(j) Deferred Outflows and Inflows of Resources - Pensions

In the Statement 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 Statement 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 subsequent to the measurement date.

(k) Accounting and Financial Reporting for Pensions

During the fiscal year ended March 31, 2016, the Trust adopted the provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transitions for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Trust to report as an asset and/or liability its proportionate share of the collective pension asset and/or liability in the New York State Employees' Retirement System. The implementation of the Statements also requires the Trust to report a deferred outflow and/or inflow for the effect of the net change in the Trust's proportionate share of the collective net pension asset and/or liability and difference during the measurement period between the Trust's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as deferred outflows are the Trust contributions to the pension systems subsequent to the March 31, 2015 measurement date. See notes 8 and 10 for the financial statement impact of implementation on the financial statements.

(l) Revenue Recognition

Appropriations revenues are recognized upon requisition by the Trust for identified approved capital commitments. 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.

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

(m) 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.

(n) 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.

(o) Reclassification

Reclassifications have been made to certain 2015 balances in order to conform them to the 2016 presentation.

(3) Property and Equipment

Property and equipment at March 31, 2016 and 2015 consist of the following:

	<u>Lives</u>	<u>2016</u>	<u>2015</u>
Pier improvements	10-50 years	\$ 500,189,282	498,519,501
Machinery and equipment	7 years	2,222,672	2,131,601
Computer equipment	5 years	885,543	885,543
Software	3 years	1,481,710	1,448,670
Automobiles	5 years	1,145,264	1,107,176
Furniture and fixtures	5 years	421,173	383,273
Office renovation	5 years	<u>486,350</u>	<u>486,350</u>
Total property and equipment		506,831,994	504,962,114
Less accumulated depreciation and amortization		<u>(74,438,749)</u>	<u>(63,938,283)</u>
Net property and equipment		\$ <u>432,393,245</u>	<u>441,023,831</u>

(4) Other Postemployment Benefits Obligation

The Trust reports its Other Postemployment Benefits (OPEB) in compliance with GASB Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." GASB Statement No. 45 requires governmental entities, including the Trust, to recognize in its financial statements the financial impact of postemployment benefits, principally employer funded health care and death benefits which the Trust provides for retired employees. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Trust.



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

(4) Other Postemployment Benefits Obligation, Continued

The following table summarizes the Trust's valuation of OPEB costs and obligations at March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Unfunded accrued liability	\$ 8,175,642	8,175,642
Annual required contribution (30 year amortization)	1,311,052	1,311,052
Annual OPEB cost	1,292,099	1,292,099
Valuation payroll	5,133,081	4,994,206
Annual OPEB expense (as % of payroll)	25.2%	25.9%

Actuarial valuations, the most recent of which was completed as of March 31, 2014, involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short-term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

The Trust participates, pursuant to the provisions of Section 163(4) of the New York State Civil Service Law, in the New York State Health Insurance Program (NYSHIP), an Agent Multiple-Employer plan. NYSHIP is administered through the Department of Civil Service and the Trust pays the cost of administration.

NYSHIP does not currently issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. The Trust specific obligation to pay OPEB costs is dependent on the employee's date of hire and labor agreement. Certain retiree costs, described below, are first applied against the value of the retiree's existing sick leave bank balance. A plan summary follows:

(a) Plan Types

Medical - New York State Health Insurance Program which includes participation in various insurance plans and HMO's and which also includes drug coverage. Details may be found in the Summary Program Description of the New York State Health Insurance Program Booklet.

(b) Eligibility

At least 55 years old with 10 years of service if date of hire is before retiring.

(c) Benefit/Cost Sharing

The Trust contributes 75% - 90% of costs for retirees and 90% for a retiree's spouse.

(d) Spouse Benefit - Yes

(e) Surviving Spouse Benefit

Coverage continues, provided election to continue contribution 10% of individual medical plan.

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

(4) Other Postemployment Benefits Obligation, Continued

(f) Funding Policy

The obligations of the plan members, employers and other entities are established by action of the Trust pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The Trust currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

The following summary schedule presents the Annual OPEB Cost and Net OPEB Obligation for the years ended March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Normal cost	\$ 923,422	923,422
Amortization of unfunded actuarial accrued liability	<u>387,630</u>	<u>387,630</u>
Annual required contribution (ARC)	1,311,052	1,311,052
Interest on net OPEB obligation	171,933	171,933
Adjustment to ARC	<u>(190,886)</u>	<u>(190,886)</u>
Annual OPEB cost	1,292,099	1,292,099
Contribution/expected benefit payment	<u>(92,548)</u>	<u>(57,943)</u>
Increase in net OPEB obligation	1,199,551	1,234,156
Net OPEB obligation at beginning of year	<u>5,532,479</u>	<u>4,298,323</u>
Net OPEB obligation at end of year	\$ <u>6,732,030</u>	<u>5,532,479</u>

The annual OPEB costs are recorded in the Trust's 2016 and 2015 statements of revenue, expenses, and changes in net position in the amount of \$1,199,551 and \$1,234,156, respectively. The net OPEB obligation is recorded in the Trust's statements of net position in the amount of \$6,732,030 and \$5,532,479, at March 31, 2016 and 2015, respectively.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and 2015 are as follows:

<u>Year ending</u>	<u>Annual OPEB cost</u>	<u>Cost contributed</u>	<u>Net OPEB obligation</u>
3/31/16	\$ 1,292,099	7.2%	6,732,030
3/31/15	1,292,099	4.5%	5,532,479

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

(4) Other Postemployment Benefits Obligation, Continued

The following are the actuarial methods and assumptions used in calculating the obligations related to the Trust's postemployment benefit plan:

Funding interest rate	4.0%
2015 trend rate (Med/Rx)	5.50%
Ultimate Medical/Rx cost trend rate	5.50%
Year ultimate trend rate reached	2020
Annual payroll growth rate	2.00%
Actuarial cost method	Attained age
Remaining amortization period at March 31, 2016	25 years
Amortization period	30 year level percentage of payroll

(5) Related Party Transactions

Related party transactions as of and for the years ended March 31, 2016 and 2015 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, 2016 and 2015, the Trust had requested \$3,802,707 and \$4,672,235, 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.

New York City Economic Development Corporation agreed to provide \$4,800,000 in funding to the Trust for repairs to roof areas at Pier 40.

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. At March 31, 2016, the Trust paid \$2,725,068 for the services provided.

The Trust has an agreement for property maintenance services with the New York State Department of Transportation. At March 31, 2016 and 2015, the amount included in accounts receivable in the accompanying statement of net position amounted to \$395,016 and \$385,567, respectively.

New York State Division of Homeland Security and Emergency Services agreed to provide \$2,882,448 to the Trust for the local match requirement of the Disaster Grants - Public Assistance (Presidentially Declared Disasters) funds.

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

(5) Related Party Transactions, Continued

(b) New York City Related Parties

As a result of the Act, the Trust succeeded to several leases held by New York City agencies. Prior to 2002, those agencies collected the rents directly and remitted them to the Trust periodically. As of January 1, 2002, the Trust began billing and collecting from the tenants directly. In addition, the 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 entered into a license agreement with The City's Department of Sanitation to provide parking for United Parcel Service employees for \$202,229 quarterly. This agreement concluded on February 29, 2016.

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

The Trust entered into an agreement, as permittor, to a month-to-month operating permit with the New York City Police Department calling for fee payments of \$7,118 per month. This agreement concluded on July 6, 2015.

All lease and permit revenue is considered unrestricted.

(6) Commitments

Commitments at March 31, 2016 and 2015 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, 2016 and 2015, was \$103,286 and \$79,448, respectively, for equipment rentals.

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:

2017	\$ 75,720
2018	46,752
2019	<u>5,714</u>
	\$ <u>128,186</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, 2016 and 2015 amounted to \$2,350,384 and \$1,405,859, respectively.

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

(6) Commitments, Continued

(b) Tenant Permits and Leases, Continued

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, 2016 and 2015 amounted to \$12,436,379 and \$8,537,406, respectively. Minimum rental payments to be received under the long-term lease agreements as of March 31, 2016, are as follows:

2017	\$ 12,606,994
2018	13,155,923
2019	19,829,931
2020	<u>13,661,856</u>
	\$ <u>59,254,704</u>

(7) Restricted for Capital Expenditures

Net position restricted for capital expenditures at March 31, 2016 and 2015 is summarized as follows:

<u>Source</u>	<u>2016</u>	<u>2015</u>
City of New York	\$ 23,785,322	21,763,146
New York State Department of Environmental Conservation	4,047,063	4,036,937
Other	<u>3,046,330</u>	<u>3,100,410</u>
Total restricted for capital expenditures	\$ <u>30,878,715</u>	<u>28,900,493</u>

(8) Retirement Plan

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Trust participates in the New York State and Local Employees' Retirement System (ERS). 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

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

(8) Retirement Plan, Continued

(a) Plan Descriptions and Benefits Provided, Continued

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](http://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 21, 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>
2016	\$ 707,967
2015	700,867
2014	778,956

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

At March 31, 2016, 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, 2015. 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.

Actuarial valuation date	3/31/2015
Net pension liability	\$ 629,872
Trust's proportion of the Plan's net pension liability	0.018645%

For the year ended March 31, 2016, the Trust recognized pension expense of \$527,760 for ERS. At March 31, 2016 the Trust's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

(8) Retirement Plan, Continued

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,163	-
Net difference between projected and actual earnings on pension plan investments	109,401	-
Changes in proportion and differences between the Trust's contributions and proportionate share of contributions	-	169,123
Trust's contributions subsequent to the March 31, 2015 measurement date	<u>707,967</u>	<u>-</u>
Total	\$ <u>837,531</u>	<u>169,123</u>

Trust contributions subsequent to the March 31, 2016 measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u>	<u>ERS</u>
2016	\$ 9,890
2017	9,890
2018	9,890
2019	9,890
2020	-
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:

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

(8) Retirement Plan, Continued

(c) Actuarial Assumptions, Continued

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.5%
Salary scale	4.9% Average
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

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 below:

Measurement date	March 31, 2015
Asset type:	
Domestic equity	7.30%
International equity	8.55%
Real estate	8.25%
Private equity	11.00%
Absolute return strategies	6.75%
Opportunities portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation - indexed bonds	4.00%



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

(8) Retirement Plan, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. 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.

(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 calculated using the discount rate of 7.5%, 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 (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension (asset) liability	\$ <u>4,198,372</u>	<u>629,872</u>	<u>(2,382,826)</u>

(f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)
Valuation date	3/31/2015
Employers' total pension liability	\$(164,592)
Plan net position	<u>161,213</u>
Employers' net pension asset/(liability)	\$ <u>(3,379)</u>
Ratio of plan net position to the Employers' total pension asset/(liability)	97.95%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Retirement contributions as of March 31, 2016 and 2015 represent the projected employer contribution for the period of April 1, 2015 through March 31, 2016 and April 1, 2014 through March 31, 2015, 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.

HUDSON RIVER PARK TRUST  
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Notes to Financial Statements, Continued

(9) Contingencies

Contingencies at March 31, 2016 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.

(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.

(10) Cumulative Effect of Change in Accounting Principle

During the fiscal year ended March 31, 2016, the Trust implemented GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." The implementation of these Statements 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 systems. The Trust's net position at April 1, 2015 has been restated as follows:

Net position at beginning of year, as previously stated	\$ 572,321,398
GASB Statement No. 68 implementation:	
Beginning System liability - Employees' Retirement System as of March 31, 2015	(842,540)
Beginning deferred outflow of resources resulting from:	
Differences between expected and actual experience	-
Contributions subsequent to the measurement date	<u>700,869</u>
Cumulative effect of implementation	<u>(141,671)</u>
Net position at beginning of year, as restated	\$ <u>572,179,727</u>

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

(11) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 72 - "Fair Value Measurement and Application" establishes a hierarchy of inputs to valuation techniques to determine fair value measurements for financial statement purposes. The requirements of this statement are effective for financial statements for reporting periods after June 15, 2015 which is the fiscal year beginning April 1, 2016 for the Trust. This statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement, issued in June 2015, establishes requirements for defined benefit pension plans and defined contribution pension plans that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as requirements for the assets accumulated for purposes of providing those pensions. The requirements of this Statement for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions as well as the requirements for pension plans within the scope of Statements 67 and 68 are effective for fiscal years beginning after June 15, 2015, which is the fiscal year beginning April 1, 2016. This statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning April 1, 2017 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. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with 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. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning April 1, 2018 for the Trust. This statement is not expected to have a material effect 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

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

GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement, issued in June 2015, supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning April 1, 2016 for the Trust. This Statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 77 - "Tax Abatement Disclosures." This Statement, issued in August 2015, requires governments that enter into tax abatement agreements to disclose taxes abated, the gross amount of such taxes abated during the period and any other commitments made by the government other than to abate taxes, as a part of the abatement agreement. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning April 1, 2016 for the Trust. This statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning April 1, 2016 for the Trust. This statement is not expected to have a material effect 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

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

GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. For the Trust, this statement becomes effective for the fiscal year beginning April 1, 2016. This statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends the blending requirements for the financial statement presentation of component units of all state and local governments. It requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning April 1, 2017 for the Trust. This Statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 81 - "Irrevocable Split-Interest Agreements." This Statement, issued in March 2016, establishes accounting and reporting standards for irrevocable split-interest agreements with characteristics that are equivalent to irrevocable split-interest agreements in which a donor irrevocably transfers resources to an intermediary who administers these resources for the unconditional benefit of a government and at least one other beneficiary. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2016. For the Trust, this statement becomes effective for the fiscal year beginning April 1, 2017. This statement is not expected to have a material effect 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

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

GASB Statement No. 82 - "Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73." This Statement, issued in March 2016, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the Trust, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, which is the fiscal year beginning April 1, 2018 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  
Required Supplementary Information - Schedule of Funding Progress -  
Other Postemployment Benefits  
Last Three Fiscal Years

<u>Valuation date</u>	<u>Actuarial</u> Value of <u>assets</u>	<u>Accrued</u> <u>liability</u>	<u>Unfunded</u> actuarial <u>accrued</u> <u>liability</u>	<u>Funded</u> <u>ratio</u>	<u>Covered</u> <u>payroll</u>	<u>Unfunded</u> liability as a percentage of covered <u>payroll</u>
April 1, 2016	\$ -	8,175,642	8,175,642	0.0%	4,391,701	173.8%
April 1, 2015	-	8,175,642	8,175,642	0.0%	4,483,394	182.4%
April 1, 2014	-	8,175,642	8,175,642	0.0%	4,605,905	177.5%

HUDSON RIVER PARK TRUST  
Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability  
For the year ended March 31, 2016

NYSERS Pension Plan	
Trust's proportion of the net pension liability	0.0186450%
Trust's proportionate share of the net pension liability	\$ 629,872
Trust's covered payroll	\$ 4,391,701
Trust's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	14.34%
Plan fiduciary net position as a percentage of the total pension liability	97.95%

\* The amounts presented for each fiscal year were determined as of the March 31, 2015 measurement dates of the plans.



HUDSON RIVER PARK TRUST  
Required Supplementary Information  
Schedule of Employer Pension Contributions  
For the year ended March 31, 2016

	NYSERS Pension Plan					
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 707,967	700,867	778,956	681,115	657,910	444,878
Contributions in relation to the contractually required contribution	<u>707,967</u>	<u>700,867</u>	<u>778,956</u>	<u>681,115</u>	<u>657,910</u>	<u>444,878</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trust's covered employee payroll	\$ 4,391,701	4,692,545	4,312,067	3,991,706	3,741,465	3,783,641
Contributions as a percentage of covered employee payroll	16.12%	14.94%	18.06%	17.06%	17.58%	11.76%

HUDSON RIVER PARK TRUST  
(A Public Benefit Corporation of the State of New York)  
Supplementary Information  
Combining Statement of Net Position  
March 31, 2016

	<u>Planning design and construction</u>	<u>Administration, operations and maintenance</u>	<u>Total</u>
Assets:			
Cash and equivalents	\$ 12,024,892	42,782,489	54,807,381
Accounts receivable	681,246	28,005,918	28,687,164
Prepaid expenses	-	244,074	244,074
Construction in progress	106,514,358	-	106,514,358
Property and equipment, net	-	432,393,245	432,393,245
Total assets	<u>119,220,496</u>	<u>503,425,726</u>	<u>622,646,222</u>
Deferred outflows of resources - pensions	-	837,531	837,531
Liabilities:			
Accounts payable	1,065,117	5,027,648	6,092,765
Accrued expenses	4,164,544	2,040,760	6,205,304
Net pension liability - proportionate share - ERS	-	629,872	629,872
Other postemployment benefits obligation	-	6,732,030	6,732,030
Total liabilities	<u>5,229,661</u>	<u>14,430,310</u>	<u>19,659,971</u>
Deferred inflows of resources:			
Pensions	-	169,123	169,123
Lease rents	-	8,566,761	8,566,761
Total deferred inflows of resources	-	<u>8,735,884</u>	<u>8,735,884</u>
Net position:			
Net investment in capital assets	106,514,358	432,393,245	538,907,603
Restricted for capital expenditures	30,878,715	-	30,878,715
Unrestricted	<u>(23,402,238)</u>	<u>48,703,818</u>	<u>25,301,580</u>
Total net position	<u>\$ 113,990,835</u>	<u>481,097,063</u>	<u>595,087,898</u>

HUDSON RIVER PARK TRUST  
(A Public Benefit Corporation of the State of New York)  
Supplementary Information  
Combining Statement of Net Position  
March 31, 2015

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Assets:			
Cash and equivalents	\$ 14,722,938	33,194,806	47,917,744
Accounts receivable	6,004,472	13,496,085	19,500,557
Prepaid expenses	-	75,690	75,690
Construction in progress	84,889,794	-	84,889,794
Property and equipment, net	-	441,023,831	441,023,831
Total assets	<u>105,617,204</u>	<u>487,790,412</u>	<u>593,407,616</u>
Liabilities:			
Accounts payable	1,496,184	3,354,797	4,850,981
Accrued expenses	6,393,095	1,610,731	8,003,826
Other postemployment benefits obligation	-	5,532,479	5,532,479
Total liabilities	<u>7,889,279</u>	<u>10,498,007</u>	<u>18,387,286</u>
Deferred inflows of resources - lease rents	-	2,698,932	2,698,932
Net position:			
Net investment in capital assets	84,889,794	441,023,831	525,913,625
Restricted for capital expenditures	28,900,493	-	28,900,493
Unrestricted	(16,062,362)	33,569,642	17,507,280
Total net position	<u>\$ 97,727,925</u>	<u>474,593,473</u>	<u>572,321,398</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, 2016

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Operating revenue:			
Appropriations revenue	\$ 3,802,707	-	3,802,707
Reimbursement	10,425,866	10,858,315	21,284,181
Lease revenue	-	14,786,763	14,786,763
Parking revenue	-	7,278,388	7,278,388
Settlements and grants	1,962,000	12,200	1,974,200
Fees and other revenue	-	3,947,387	3,947,387
Contributions	-	1,018,004	1,018,004
Total operating revenue	<u>16,190,573</u>	<u>37,901,057</u>	<u>54,091,630</u>
Operating expenses:			
Employee compensation and benefits	-	8,420,778	8,420,778
Park programs and maintenance	-	9,029,989	9,029,989
General and administrative	-	3,352,787	3,352,787
Depreciation and amortization	-	10,500,466	10,500,466
Total operating expenses	<u>-</u>	<u>31,304,020</u>	<u>31,304,020</u>
Operating income	16,190,573	6,597,037	22,787,610
Non-operating revenue - earnings on investments	<u>72,337</u>	<u>48,224</u>	<u>120,561</u>
Change in net position	16,262,910	6,645,261	22,908,171
Net position at beginning of year	97,727,925	474,593,473	572,321,398
Change in accounting principle	<u>-</u>	<u>(141,671)</u>	<u>(141,671)</u>
Net position at end of year	<u>\$ 113,990,835</u>	<u>481,097,063</u>	<u>595,087,898</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, 2015

	<u>Planning design and construction</u>	<u>Administration, operations and maintenance</u>	<u>Total</u>
Operating revenue:			
Appropriations revenue	\$ 4,672,235	-	4,672,235
Reimbursement	284,404	7,891,462	8,175,866
Lease revenue	-	9,943,265	9,943,265
Parking revenue	-	6,541,525	6,541,525
Settlements and grants	5,097,000	5,650	5,102,650
Fees and other revenue	-	2,747,498	2,747,498
Contributions	-	1,037,388	1,037,388
Total operating revenue	<u>10,053,639</u>	<u>28,166,788</u>	<u>38,220,427</u>
Operating expenses:			
Employee compensation and benefits	-	8,353,800	8,353,800
Park programs and maintenance	-	7,643,565	7,643,565
General and administrative	-	2,588,356	2,588,356
Depreciation and amortization	-	10,397,615	10,397,615
Total operating expenses	<u>-</u>	<u>28,983,336</u>	<u>28,983,336</u>
Operating income (loss)	10,053,639	(816,548)	9,237,091
Non-operating revenue - earnings on investments	<u>69,013</u>	<u>46,008</u>	<u>115,021</u>
Change in net position	10,122,652	(770,540)	9,352,112
Transfers	(11,949,120)	11,949,120	-
Net position at beginning of year	<u>99,554,393</u>	<u>463,414,893</u>	<u>562,969,286</u>
Net position at end of year	<u>\$ 97,727,925</u>	<u>474,593,473</u>	<u>572,321,398</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, 2016

	Planning design and construction	Administration, operations and maintenance	Total
Cash flows from operating activities:			
Cash receipts from:			
Appropriations revenue	\$ 9,125,933	-	9,125,933
Reimbursement	10,425,866	(3,239,759)	7,186,107
Lease revenue	-	21,140,854	21,140,854
Parking revenue	-	7,278,388	7,278,388
Settlements and grants	1,962,000	(1,142,276)	819,724
Fees and other revenue	-	3,947,387	3,947,387
Contributions	-	1,274,459	1,274,459
Cash payments to:			
Personnel service	-	(4,989,137)	(4,989,137)
Fringe benefits	-	(2,365,877)	(2,365,877)
Vendors	-	(10,494,700)	(10,494,700)
Net cash provided by operating activities	<u>21,513,799</u>	<u>11,409,339</u>	<u>32,923,138</u>
Cash flows from capital financing activities:			
Expenditures for construction in progress	(24,284,182)	(1,669,781)	(25,953,963)
Other additions to property and equipment	-	(200,099)	(200,099)
Net cash used in capital financing activities	<u>(24,284,182)</u>	<u>(1,869,880)</u>	<u>(26,154,062)</u>
Cash flows from investing activities - earnings on investments	<u>72,337</u>	<u>48,224</u>	<u>120,561</u>
Net increase (decrease) in cash and equivalents	(2,698,046)	9,587,683	6,889,637
Cash and equivalents at beginning of year	<u>14,722,938</u>	<u>33,194,806</u>	<u>47,917,744</u>
Cash and equivalents at end of year	<u>\$ 12,024,892</u>	<u>42,782,489</u>	<u>54,807,381</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	\$ 16,190,573	6,597,037	22,787,610
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	-	10,500,466	10,500,466
Cumulative effect of change in accounting principle	-	(141,671)	(141,671)
Changes in:			
Accounts receivable	5,323,226	(14,509,833)	(9,186,607)
Prepaid expenses	-	(168,384)	(168,384)
Deferred outflows of resources - pensions	-	(837,531)	(837,531)
Accounts payable	-	1,672,851	1,672,851
Accrued expenses	-	430,029	430,029
Net pension liability - proportionate share - ERS	-	629,872	629,872
Other postemployment benefits obligation	-	1,199,551	1,199,551
Deferred inflows of resources - lease rents	-	5,867,829	5,867,829
Deferred inflows of resources - pensions	-	169,123	169,123
Net cash provided by operating activities	<u>\$ 21,513,799</u>	<u>11,409,339</u>	<u>32,923,138</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, 2016

	<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	\$ 9,125,933	-	9,125,933
Reimbursement	10,425,866	(3,239,759)	7,186,107
Lease revenue	-	21,140,854	21,140,854
Parking revenue	-	7,278,388	7,278,388
Settlements and grants	1,962,000	(1,142,276)	819,724
Fees and other revenue	-	3,947,387	3,947,387
Contributions	-	1,274,459	1,274,459
Cash payments to:			
Personnel service	-	(4,989,137)	(4,989,137)
Fringe benefits	-	(2,365,877)	(2,365,877)
Vendors	-	(10,494,700)	(10,494,700)
Net cash provided by operating activities	<u>21,513,799</u>	<u>11,409,339</u>	<u>32,923,138</u>
Cash flows from capital financing activities:			
Expenditures for construction in progress	(24,284,182)	(1,669,781)	(25,953,963)
Other additions to property and equipment	-	(200,099)	(200,099)
Net cash used in capital financing activities	<u>(24,284,182)</u>	<u>(1,869,880)</u>	<u>(26,154,062)</u>
Cash flows from investing activities - earnings on investments	<u>72,337</u>	<u>48,224</u>	<u>120,561</u>
Net increase (decrease) in cash and equivalents	(2,698,046)	9,587,683	6,889,637
Cash and equivalents at beginning of year	<u>14,722,938</u>	<u>33,194,806</u>	<u>47,917,744</u>
Cash and equivalents at end of year	<u>\$ 12,024,892</u>	<u>42,782,489</u>	<u>54,807,381</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	\$ 16,190,573	6,597,037	22,787,610
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	-	10,500,466	10,500,466
Cumulative effect of change in accounting principle	-	(141,671)	(141,671)
Changes in:			
Accounts receivable	5,323,226	(14,509,833)	(9,186,607)
Prepaid expenses	-	(168,384)	(168,384)
Deferred outflows of resources - pensions	-	(837,531)	(837,531)
Accounts payable	-	1,672,851	1,672,851
Accrued expenses	-	430,029	430,029
Net pension liability - proportionate share - ERS	-	629,872	629,872
Other postemployment benefits obligation	-	1,199,551	1,199,551
Deferred inflows of resources - lease rents	-	5,867,829	5,867,829
Deferred inflows of resources - pensions	-	169,123	169,123
Net cash provided by operating activities	<u>\$ 21,513,799</u>	<u>11,409,339</u>	<u>32,923,138</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, 2016, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated , 2016.

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.

Williamsville, New York  
, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY 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, 2016. 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 the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Trust's major federal programs 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 each 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, 2016.

### 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.

Williamsville, New York  
, 2016

## INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors  
Hudson River Park Trust:

### Report on Investment Program Compliance

We have audited the Hudson River Park Trust's (the Trust), compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended March 31, 2016.

### Management's Responsibility

Management is responsible for 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 related to its investment program.

### Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the Trust's investment 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 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment 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 investment program. However, our audit does not provide a legal determination of the Trust's compliance.

### Opinion on Investment 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 its investment program for the year ended March 31, 2016.

## Report on Internal Control Over Compliance

Management of the 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 the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, 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 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 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 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.

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 Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

Williamsville, New York  
, 2016

HUDSON RIVER PARK TRUST  
(A Public Benefit Corporation of the State of New York)  
Schedule of Expenditures of Federal Awards  
March 31, 2016

<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 - Public Assistance Highway Planning and Construction	20.205	-	\$ 4,658,606	-
U.S. Department of Homeland Security - passed through New York State:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4020	389,046	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4085	6,290,228	-
Total Expenditures of Federal Awards			<u>\$ 11,337,880</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 Federal Awards  
March 31, 2016

(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.

(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, 2016.

HUDSON RIVER PARK TRUST  
(A Public Benefit Corporation of the State of New York)  
Schedule of Findings and Questioned Costs  
Year ended March 31, 2016

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:

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 program audited was Public Assistance Highway Planning and Construction, CFDA No. 20.205

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, 2016

There were no findings or questioned costs with regard to the prior year financial statements (March 31, 2015).