

# **NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

## **Audit Committee Meeting**

**October 2, 2024**

### Agenda

1. Resolution: Approval of Minutes of Meeting of April 19, 2024
2. Presentation by management and independent auditors regarding the audited annual financial statements of the Authority
3. Resolution: Recommend to the Board of Directors the acceptance of the independent auditors' report on the audited financial statements of the Authority for the fiscal years ended June 30, 2024 and June 30, 2023 and the issuance of such financial statements.
4. Resolution: Review and Approval of the Audit Committee Charter
5. Review of Audit Committee Schedule of Dates

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Audit Committee Meeting

October 2, 2024

## Approval of Minutes

**WHEREAS**, the Audit Committee of the New York City Transitional Finance Authority has reviewed the minutes of the previous meeting of the Audit Committee held on April 19, 2024; it is therefore

**RESOLVED**, that the minutes of the Audit Committee meeting of April 19, 2024, are hereby approved.

**MINUTES OF THE MEETING OF  
THE AUDIT COMMITTEE OF  
THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

April 19, 2024

A meeting of the Audit Committee (the “Committee”) of the New York City Transitional Finance Authority (the “Authority”) was held on April 19, 2024 at approximately 2:02 p.m., conducted at 255 Greenwich Street, Room 6M4, New York, New York 10007.

The following Committee members attended, represented by their designees:

Jacques Jiha, Director of the Mayor’s Office of Management and Budget for The City of New York (the “City”), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Michael Stern;

Preston Niblack, Commissioner of the Department of Finance of the City, represented by Dara Jaffee;

Thomas Foley, Commissioner of the Department of Design and Construction of the City, represented by Rachel Laiserin; and

Adrienne Adams, Speaker of City Council, represented by Hector German, constituting a quorum. Claudia Martinez served as secretary of the meeting.

Also in attendance were members of the public, officers of the Authority and employees of various agencies of the City and the State of New York, who joined in-person and remotely.

The meeting was called to order by Mr. Stern, the Chairperson of the Committee.

Approval of Minutes of Prior Meeting

The first item on the agenda was the approval of the minutes of the prior meeting of the Committee which occurred on September 29, 2023. The minutes were circulated for review.

There being no further discussion, upon unanimous vote, the following resolution to adopt such minutes was duly approved.

**WHEREAS**, the Audit Committee of the New York City Transitional Finance Authority has reviewed the minutes of the previous meeting of the Audit Committee held on September 29, 2023; it is therefore

**RESOLVED**, that the minutes of the Audit Committee meeting of September 29, 2023, are hereby approved.

Self-Evaluation and Review of Annual Report of the Audit Committee

The second item on the agenda was a resolution approving a self-evaluation of the Audit Committee, and authorization to provide the results of the self-evaluation to the Board of Directors. Mr. Stern explained that a report outlining the Committee's actions during calendar year 2023 was circulated to the Committee for their review. Mr. Stern noted that the proposed resolution would express the Committee's belief that it is functioning in a satisfactory manner consistent with its Charter and would authorize the Chairperson to present these findings to the Board of Directors. There was no further discussion, and, upon unanimous vote, the following resolution was approved.

**WHEREAS**, Section III(k) of the Audit Committee Charter and Section 6.3 of Directive 22 of the City of New York Office of the Comptroller require the Audit Committee to issue an annual report to be prepared no later than October 30 of each year, which details the activities and decisions of the Committee for the prior calendar year;

**WHEREAS**, the Audit Committee has reviewed the Annual Report of the Audit Committee, as attached hereto and finds it to be reasonable;

**WHEREAS**, Section III(j) of the Audit Committee Charter requires the Audit Committee to conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the Audit Committee Charter; and

**WHEREAS**, the Audit Committee finds its performance to be satisfactory, effective, and in compliance with the Audit Committee Charter; it is therefore

**RESOLVED**, that the Annual Report<sup>1</sup> of the Audit Committee is hereby approved and shall be presented to the Board of Directors of the Authority.

Review of Internal Controls

The third item on the agenda was the annual review of the Authority’s Internal Controls Manual, a copy of which was in the materials provided to the Committee members. Mr. Stern explained that pursuant to the Audit Committee Charter, Section III(h), the Committee must annually review the Internal Controls Manual. He noted that changes were proposed to the Internal Controls Manual, which changes had been circulated to the Committee. He further explained that the Authority’s Comptroller, Raymond Lee, was present to answer questions. This was a review item only, and no vote was taken.

Presentation of Audit Plan Including Discussion of New Accounting and Auditing Standards

The fourth and final item on the agenda was the presentation by the Authority’s independent auditor, Mayer Hoffman, P.C. (“Mayer Hoffman”). Mr. Lee introduced Philip Marciano and Daniel McElwee, representatives of Mayer Hoffman. Mr. Marciano then referred to the firm’s Annual Pre-Audit Presentation for the Fiscal Year Ending June 30, 2024, which was distributed to the Committee members prior to the meeting. Mr. Marciano led the Committee through the required accounting communications and discussed the contents of such presentation. Mr. Marciano asked if any Committee members had any knowledge of or suspicion of fraud or activities to report in connection with the Corporation’s whistleblower policy. No Committee members reported having any such knowledge or information.

Adjournment

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<sup>1</sup> Filed with the meeting minutes.

There being no further business to come before the Committee, upon unanimous vote, the meeting was adjourned.

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GENERAL COUNSEL

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

## Audit Committee Meeting

October 2, 2024

### Financial Statements

**WHEREAS**, the Audit Committee has met with the independent auditors of the New York City Transitional Finance Authority (the “Authority”) and has reviewed the independent auditors’ report on the audited financial statements of the Authority for the fiscal years ended June 30, 2024 and June 30, 2023 and such financial statements; and

**WHEREAS**, the Audit Committee believes the independent auditors’ report and the financial statements are reasonable and appropriate; it is therefore

**RESOLVED**, that the Audit Committee recommends to the Board the acceptance of the independent auditors’ report and the authorization of the release of the audited financial statements of the Authority for the fiscal years ended June 30, 2024 and June 30, 2023; provided that both the independent auditors’ report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller of the Authority.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

## Audit Committee Meeting

October 2, 2024

### Annual Review and Approval of the Audit Committee Charter

**WHEREAS**, the Board of Directors (the “Board”) of Transitional Finance Authority (the “Authority”) originally adopted an Audit Committee Charter on October 4, 2007 and amended it on April 29, 2008, September 25, 2009 and June 20, 2011;

**WHEREAS**, pursuant to the Audit Committee Charter, section III(s), the Audit Committee of the Authority is required annually to review the Audit Committee Charter, reassess its adequacy, and recommend any proposed changes to the Governance Committee of the Authority; and

**WHEREAS**, the Audit Committee has reviewed the Audit Committee Charter, as attached hereto, finds it to be reasonable and appropriate; it is hereby

**RESOLVED**, that the Audit Committee hereby approves the Audit Committee Charter as attached hereto.



# **NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

## **Audit Committee Charter**

This Audit Committee Charter was adopted by the Board of Directors (the “Board”) of the New York City Transitional Finance Authority (the “Authority”) on September 20, 2007 and amended on April 29, 2008, September 25, 2009 and June 20, 2011.

### **I. Purpose**

The purpose of the Audit Committee (the “Committee”) is to review current best practices with respect to the management of funds, financial reporting, audit processes, and internal control, and to oversee the implementation of such practices.

### **II. Committee Membership**

- a. The Audit Committee shall be comprised of the following:
  - i. The Commissioner of the Department of Finance of the City of New York
  - ii. The Comptroller of the City of New York
  - iii. The Commissioner of the Department of Design and Construction of the City of New York
  - iv. Speaker of the City Council of the City of New York
  - v. Director of Management and Budget of the City
- b. The members shall serve until their resignation, retirement or until their successor shall be appointed.
- c. The Board shall select a Chairperson from among the Committee’s members.

### **III. Committee Powers and Responsibility**

The Committee, to the extent it deems necessary or appropriate, shall:

- a. Recommend to the Board the appointment and retention of the Authority’s independent auditors, including the terms of engagement. The Authority’s independent auditors shall be prohibited from providing non-audit services

unless they have received previous written approval from the Committee. Non-audit services include tasks that are properly the responsibility of management and directly support the Authority's operations, such as bookkeeping or other services related to the preparation of entries into accounting records or financial statements of the Authority, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, internal control procedure design and implementation, and other tasks that may involve performing management functions or making management decisions.

- b. Annually review the Authority's independent auditors' audit plan.
- c. Evaluate and oversee the Authority's independent auditors.
- d. Review the Authority's audited financial statements and auditors' reports and, when appropriate, recommend to the Board the acceptance and issuance of the Authority's audited financial statements and auditors' reports.
- e. Review auditors' communications and, if necessary, present to the Board.
- f. Review the management letter and the Authority's formal written response to the management letter, which outlines corrective actions taken with respect to comments contained in the management letter.
- g. Review complaints and concerns regarding accounting, internal controls or auditing matters.
- h. Recommend to the Board a policy on internal controls, oversee its implementation and review such policy annually.
- i. Review annual Agency Financial Integrity Compliance Statement to be sent to the Comptroller of the City of New York each year, which includes a self-assessment, report on and attestation to the adequacy of the Authority's internal controls.
- j. Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with this charter and present such evaluation to the Board.
- k. At least annually report its activities and findings to the Board, including an annual report to be prepared no later than October 30. This annual report details the activities and decisions of the Committee for the prior calendar year and is sent to the Comptroller of the City of New York.
- l. Review significant accounting and reporting issues and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- m. Meet with the independent auditors to discuss any significant issues that may have surfaced during the course of the audit.
- n. Conduct or authorize investigations into any matters within its scope of responsibility.
- o. Seek any information it requires from Authority employees and employees of other corporations or public authorities who provide services to the Authority, all of whom should be directed by the Board to cooperate with Committee requests.

- p. Meet with Authority staff, independent auditors and/or outside counsel, as necessary.
- q. Upon the affirmative vote of at least three Committee members, enter into contracts with legal counsel or financial experts, subject to the Authority's procurement guidelines and approval by the Board. The name of any financial expert retained by the Committee shall be disclosed in the annual report of the Authority. Any such financial expert should have (1) an understanding of generally accepted accounting principals and financial statements; (2) experience in preparing or auditing financial statements; (3) experience in applying such principles in connection with the accounting for estimates, accruals and reserves; (4) experience with internal accounting controls; and (5) an understanding of audit committee functions.
- r. Obtain any information and training needed to enhance the Committee members' understanding of the role of the independent auditors, the risk of management process, internal controls and a certain level of familiarity in financial reporting standards and processes.
- s. Review the Committee's charter annually, reassess its adequacy, and recommend any proposed changes to the Governance Committee.
- t. Make such recommendations to the Board related to internal controls, preparation of the annual financial statements, or the independent audit of the Authority as the Committee deems appropriate.
- u. Develop a schedule of dates, which shall be reviewed annually, by which the requirements of this Charter shall be carried out.

#### **IV. Committee Meetings**

The Committee will meet as often as it deems necessary or appropriate, but no less than twice a year, with at least one meeting each year with the Authority's independent auditors to review and discuss the independent auditors' audit plan and one meeting with the Authority's independent auditors to review the audited financial statements and management letter of the Authority. Meetings may be called at any time by the Chairperson of the Committee and shall be called by the Chairperson at the request of two members of the Committee. When meeting to discuss the financial statements of the Authority, the Committee shall have the opportunity both to meet with the independent auditors outside the presence of the Authority's management and to meet with the Authority's management outside the presence of the independent auditors. Notice of meetings shall be given in the same manner as notices of Board meetings as provided in the Authority's By-Laws. The presence of a majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee shall act only on the affirmative vote of a majority of the members at a meeting. Minutes of Committee meetings shall be recorded and kept with the minute books of the Authority; provided, however that no minutes shall be recorded for portions of

meetings held in executive session unless action is taken in such executive session.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

## Audit Committee Schedule

Adopted February 4, 2008

Amended January 12, 2009, February 22, 2010, September 27, 2012 and September 26, 2013

### April/May

1. Review the management letter and the formal written response to the management letter, which outlines corrective actions taken with respect to comments contained in the management letter (if applicable).
2. Evaluate the Authority's independent auditors and, as applicable, either decide on plan of retention or procurement of new independent auditors, or authorize management to enter into an engagement letter with existing auditors.
3. Conduct an annual self-evaluation of Committee's performance, including its effectiveness and compliance with its charter and present such evaluation to the Board.
4. At least annually report the Committee's activities and findings to the Board, including an Annual Report to be prepared no later than October 30 of each year, which details the activities and decisions of the Committee for the prior calendar year.
5. Recommend to the Board a policy on internal controls, oversee its implementation and review such policy annually.
6. Review significant accounting and reporting issues and recent professional and regulatory pronouncements, and understand their impact on the financial statements (to be done by presentation of the auditors).
7. If applicable, recommend to the Board the appointment and retention of independent auditors, including terms of engagement.
8. Review audit plan.

### September/October

1. Review the Authority's audited financial statements and auditors' reports and, when appropriate, recommend to the Board the acceptance of the and auditors' reports and issuance of the Authority's audited financial statements

2. Review auditors' communications and, if necessary, present to the Board.
3. Meet with the independent audit firm to discuss any significant issues that may have surfaced during the course of the audit.
4. Review the Committee's charter annually, reassess its adequacy, and recommend any proposed changes to the Board.
5. Annually review this schedule of dates, by which the requirements of the Charter shall be carried out.

# **NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

## **Governance Committee Meeting**

**October 2, 2024**

### Agenda

1. Resolution: Approval of Minutes of Meeting April 19, 2024
2. Resolution: Self-evaluation and discussion of presentation to Board of Directors
3. Review of compensation and benefits

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Governance Committee Meeting

October 2, 2024

## Approval of Minutes

**WHEREAS**, the Governance Committee of the New York City Transitional Finance Authority has reviewed the minutes of the previous meeting of the Governance Committee held on April 19, 2024; it is therefore

**RESOLVED**, that the minutes of the Governance Committee meeting of April 19, 2024 are hereby approved.



**MINUTES OF THE MEETING OF  
THE GOVERNANCE COMMITTEE OF  
THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

April 19, 2024

A meeting of the Governance Committee (the “Committee”) of the New York City Transitional Finance Authority (the “Authority”) was held on April 19, 2024 at approximately 2:15 p.m., conducted at 255 Greenwich Street, Room 6M4, New York, New York 10007.

The following Committee members attended, represented by their designees:

Jacques Jiha, Director of the Mayor’s Office of Management and Budget for The City of New York (the “City”), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Michael Stern;

Preston Niblack, Commissioner of the Department of Finance of the City, represented by Dara Jaffee;

Thomas Foley, Commissioner of the Department of Design and Construction of the City, represented by Rachel Laiserin; and

Adrienne Adams, Speaker of City Council, represented by Hector German, constituting a quorum. Claudia Martinez served as secretary of the meeting.

Also in attendance were members of the public, officers of the Authority and employees of various agencies of the City and the State of New York, who joined in-person and remotely.

The meeting was called to order by Mr. Stern, the Chairperson of the Committee.

Approval of Minutes of Prior Meeting

The first item on the agenda was the approval of the prior minutes of the meeting of the Committee which occurred on September 29, 2023. The minutes were circulated for the review of the Committee. There being no further discussion, upon unanimous vote, the

following resolution to adopt such minutes was duly approved.

**WHEREAS**, the Governance Committee of the New York City Transitional Finance Authority has reviewed the minutes of the previous meeting of the Governance Committee held on September 29, 2023; it is therefore

**RESOLVED**, that the minutes of the Governance Committee meeting of September 29, 2023; are hereby approved.

Recommendation to Board – Approval of Policy on the Procurement of Goods and Services

The second and final item on the agenda was the review and approval of the Authority’s Policy on the Procurement of Goods and Services. Mr. Stern noted that the Committee is required to annually review the Authority’s Policy on the Procurement of Goods and Services, and that no changes were proposed to the Policy. One typo that was present was corrected and shown in the blackline version provided to the Committee. There being no discussion, upon unanimous vote, the below resolution was approved.

**WHEREAS**, pursuant to Section 2824(e) of the Public Authorities Law of the State of New York, the New York City Transitional Finance Authority (the “Authority”) is required to establish a policy on the procurement of goods and services;

**WHEREAS**, the Authority adopted a consolidated Policy on the Procurement of Goods and Services (the “Policy”) on April 24, 2009 and was subsequently amended; and

**WHEREAS**, the Governance Committee has reviewed the Policy, as attached hereto, and found it to be reasonable and appropriate; it is therefore

**RESOLVED**, that the Governance Committee hereby recommends that the Board of Directors adopt the Policy with no changes, as attached hereto.

Adjournment

There being no further business to come before the Committee, upon unanimous vote, the meeting was adjourned.

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GENERAL COUNSEL

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Governance Committee Meeting

October 2, 2024

## Annual Self-Evaluation of the Governance Committee

**WHEREAS**, Section III(g) of the Governance Committee Charter requires the Governance Committee to conduct an annual self-evaluation of its functions; and

**WHEREAS**, the Governance Committee finds its functioning and performance to be satisfactory, effective, and in compliance with the Governance Committee Charter; it is therefore

**RESOLVED**, that the Governance Committee finds its functioning to be satisfactory and the Chair of the Governance Committee shall present the Committee's findings to the Board of Directors of the New York City Transitional Finance Authority.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

## Report of the Governance Committee

October 2, 2024

During fiscal year 2024, the Governance Committee of the New York City Transitional Finance Authority (the “Authority”) met twice. The Governance Committee’s actions at this meeting were as follows:

- On September 29, 2023:
  - Conducted a self-evaluation of the Committee’s functions;
  - Approved an annual report of the Committee’s findings for presentation to the Board of Directors; and
  - Reviewed the amounts that the Authority reimburses to other entities for personal services provided to the Authority.
  
- On April 19, 2024:
  - Recommended to the Board of Directors approval of Policy on the Procurement of Goods and Services.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Governance Committee Meeting

October 2, 2024

## Compensation and Benefits

The Authority has no employees. Operations of the Authority are carried out by staff of both the New York City Municipal Water Finance Authority (“NYW”) and the Office of Management and Budget of the City of New York (“OMB”). In fiscal year 2024, the Authority reimbursed NYW and OMB an aggregate of \$2,070,463 which includes \$1,372,293 salary and \$698,170 in fringe benefits, representing work performed by 30 employees of either OMB or NYW. Such reimbursement is derived from a pro rata allocation of each employee's compensation based on the time spent by such employee on work of the Authority.

# **NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

## **Board of Directors Meeting**

**October 2, 2024**

### Agenda

1. Approval of Minutes of Meeting of September 9, 2024
2. Resolution: Acceptance of the independent auditors' report on the audited financial statements for the fiscal years ended June 30, 2024 and June 30, 2023 and authorization to release such financial statements
3. Resolution: Approval of Investment Guidelines
4. Resolution: Approval of Investment Report
5. Resolution: Approval of Financially Responsible Parties List
6. Presentation by Governance Committee Chair

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Board of Directors Meeting

October 2, 2024

## Approval of Minutes

**WHEREAS**, the Board of Directors of the New York City Transitional Finance Authority has reviewed the minutes of its meeting held on September 9, 2024; it is therefore

**RESOLVED**, that the minutes of the meeting of September 9, 2024 be, and they hereby are, approved.

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

September 9, 2024

A meeting of the Board of Directors (the “Board”) of the New York City Transitional Finance Authority (the “Authority”) was held on September 9, 2024 at approximately 9:35 a.m., conducted at 255 Greenwich Street, Room 6-SE1, New York, New York 10007.

The following Board members attended, represented by their designees:

Jacques Jiha, Director of the Mayor’s Office of Management and Budget for The City of New York (the “City”), represented by David Womack;

Preston Niblack, Commissioner of the Department of Finance of the City, represented by Dara Jaffee;

Brad Lander, Comptroller of the City, represented by Michael Stern;

Thomas Foley, Commissioner of the Department of Design and Construction of the City, represented by Rachel Laiserin; and

Adrienne Adams, Speaker of the City Council, represented by Emre Edev;

constituting a quorum of the Board. Deborah Cohen served as secretary of the meeting.

Also in attendance were members of the public, officers of the Authority and employees of various agencies of the City and the State of New York, who joined in-person and remotely.

The meeting was called to order by Mr. Womack, the Chairperson of the Board.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the previous meeting of the Board which occurred on July 10, 2024. There being no discussion and following a unanimous vote, the following resolution was adopted:



**WHEREAS**, the Board of Directors of the New York City Transitional Finance Authority has reviewed the minutes of its meeting held on July 10, 2024; it is therefore

**RESOLVED**, that the minutes of the meeting of July 10, 2024 be, and they hereby are, approved.

Approval of the 135<sup>th</sup> Series Resolution Authorizing the Issuance of Fiscal 2025 Series C Future Tax Secured Bonds

The second and final item on the agenda was the approval of the One Hundred and Thirty-Fifth Series Resolution Authorizing Up to \$2,400,000,000 Future Tax Secured Bonds (the “135<sup>th</sup> Series Resolution”)<sup>1</sup>. Mr. Womack explained that the 135<sup>th</sup> Series Resolution would approve the issuance of up to \$2.4 billion of the Authority’s Fiscal 2025 Series C Future Tax Secured bonds.

He further noted that this action had been recommended by the Finance Committee. There being no discussion, following a unanimous vote, the 135<sup>th</sup> Series Resolution was adopted.

Adjournment

There being no further business to come before the Board, upon unanimous vote, the meeting was duly adjourned.

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SECRETARY

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<sup>1</sup> Filed with the meeting minutes.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Board of Directors Meeting

October 2, 2024

## Financial Statements

**WHEREAS**, the Audit Committee has met with the independent auditors of the New York City Transitional Finance Authority (the “Authority”) and has reviewed the independent auditors’ report on the audited financial statements of the Authority for the fiscal years ended June 30, 2024 and June 30, 2023 and such financial statements; and

**WHEREAS**, the Audit Committee believes the independent auditors’ report and the financial statements are reasonable and appropriate and has recommended that the Board accept the independent auditors’ report and authorize the release of the financial statements; it is therefore

**RESOLVED**, that the Board hereby accepts the independent auditors’ report on the audited financial statements of the Authority for the fiscal years ended June 30, 2024 and June 30, 2023 and authorizes the release of such audited financial statements, provided that both the independent auditors’ report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller of the Authority.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Board of Directors Meeting

October 2, 2024

## Approval of Investment Guidelines

**WHEREAS**, the New York City Transitional Finance Authority (the “Authority”), adopted Investment Guidelines on November 18, 2008 to establish policies for the investment of its funds and subsequently amended those Guidelines;

**WHEREAS**, the Authority is required annually to review its Investment Guidelines;  
and

**WHEREAS**, the Board of Directors has reviewed the Investment Guidelines, and has deemed them to be reasonable and appropriate; it is therefore

**RESOLVED**, that the Investment Guidelines, a copy of which will be filed with the Minutes of the Meeting, are hereby approved.

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## New York City Transitional Finance Authority Investment Guidelines

Adopted November 18, 1998  
Amended June 25, 2001 and  
Amended August 1, 2001 and  
Amended March 14, 2005 and  
Amended March 16, 2009  
Amended September 26, 2013 and  
~~Further~~ Amended September 28, 2018  
Further Amended October 2, 2024

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### I. Purpose

- A. Adoption. These investment guidelines (the “Guidelines”) are adopted by the Board of Directors of the New York City Transitional Finance Authority (the "Authority"), pursuant to Section 2925 of the Public Authorities Law of the State of New York.
- B. Scope. These Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Authority. For purposes of these Guidelines, funds of the Authority are all moneys and other financial resources available for investment by the Authority on its own behalf or on behalf of any other entity or individual. All such moneys shall be invested at all times to the fullest extent practicable, and in accordance with the requirements and restrictions set forth in these Guidelines.
- C. Review and Amendment. These Guidelines shall be reviewed and approved by the Board of Directors annually and may be amended by the Board of Directors from time to time.

### II. Permitted Obligations

- A. Indenture Accounts. Pursuant to Section 505(a) of the Indenture, dated as of October 1, 1997, by and between the Authority and The Bank of New York Mellon, as successor trustee, as ~~as restated December 1, 2010~~ January 25, 2024, as

supplemented (the "Indenture"),\* the School Bond Account, the ~~Recovery and~~ Parity Debt Account, the Collection Account, the Bond Account, the Redemption Account (collectively, the "Indenture Accounts") may be invested in any Eligible Investments. Terms used but not defined herein shall have the same meaning as assigned to them in the Indenture.

- B. Other Funds. Pursuant to Section 403 of the Indenture, other funds of the Authority, including but not limited to money in the Project Fund and money held by the Authority for the payment of operating expenses, may be invested in (i) Project Fund Investments, (ii) obligations of municipal corporations, public benefit corporations and local development corporations of the State, or (iii) investments permitted by Section 165.00 of the LFL or Section 2799-ee.8 of the Act or these Guidelines as they may be amended from time to time.

### III. Conditions of Investment

- A. Maturities: All investments shall mature or be redeemable at the option of the holder no later than such times as shall be necessary to provide moneys needed for payments to be made from any fund or account in which such investments are held.

B. Diversification

1. Indenture Accounts. No more than the greater of \$15 million or 50% of the amounts on deposit in the Indenture Accounts (determined at the time of investment) shall be invested in either Commercial Paper of a single issuer or Investment Agreements with a single provider.
2. Project Fund. Except for Project Fund Repurchase Agreements, U.S. Obligations and U.S. Agency Obligations, no more than the greater of \$15 million or 35% (determined at the time of investment) of the investments made from the Project Fund may be invested in securities of a single issuer.

- C. Payment for Securities. Payment for investments shall be made only upon receipt of the securities purchased. In the case of book entry form securities, payment may be made only when the custodian's account at the Federal Reserve Bank is

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\*Unless otherwise indicated, all capitalized terms shall have the meanings set forth in the Indenture.

credited for the purchased securities.

D. Custodial Arrangements.

1. All securities held by any depository designated by the Authority in bearer or book-entry form (the "Custodial Bank") are held solely as agent to the Trustee or (in the case of the Project Fund or funds held by the Authority for the payment of operating expenses) the Authority. Any securities held in registered form shall be registered in the name of the Authority or the Trustee. Payment for purchases is not to be released until the purchased securities are received by the Custodial Bank.
2. The Custodial Bank will, upon instructions of the Trustee or (in the case of the Project Fund) the Authority, release to the Treasurer of the Authority all purchased securities including those subject to repurchase. This will permit the Authority to sell such securities, if necessary.

F. Standards and Qualifications. The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:

1. Brokers, Agents, Dealers
  - a. In Government Securities: any bank or trust company organized or licensed under the laws of any state of the United States of America or of the United States of America or any national banking association or any registered broker/dealer or government securities dealer.
  - b. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the "SEC").
2. Investment Advisors: any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the SEC under the Investment Advisors Act of 1940.
3. Investment Bankers: firms retained by the Authority to serve as senior managing underwriters for negotiated sales must be registered with the SEC.
4. Custodians: any bank or trust company organized under the laws of any state of the United States of America or any national banking association with

capital and surplus of not less than \$50,000,000.

G. Contracts. The Authority shall not be required to enter into written contracts for the purchase of investments, with the exception of repurchase agreements, investment agreements or guaranteed investment contracts described in paragraphs (vi), (ix) and (x) under the definition of Eligible Investments in the Indenture.

#### IV. Reports

A. Quarterly. The Executive Director shall prepare and deliver to the Board of Directors once for each quarter of the Authority's fiscal year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

B. Annually.

1. Audit. The Authority's independent auditors shall conduct an annual audit of the Authority's investments for each fiscal year of the Authority, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.
2. Investment Report. Annually, the Executive Director shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:
  - a. The Investment Guidelines and amendments thereto since the last report;
  - b. An explanation of the Guidelines and any amendments made since the last report;
  - c. The independent audit report required by Subsection (1) above;
  - d. The investment income record of the Authority for the fiscal year; and
  - e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Authority since the last report. The Investment Report shall be submitted to the New York State Department of Audit and Control, and to the Mayor and Comptroller of the City of New York. Copies of the annual report shall also be

made available to the public upon reasonable request.

#### V. Applicability

Nothing contained in these Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds made or entered into in violation of, or without compliance with, the provisions of these Guidelines.



# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Board of Directors Meeting

October 2, 2024

## Approval of Investment Report

**WHEREAS**, the New York City Transitional Finance Authority (the “Authority”), pursuant to the Authority’s Investment Guidelines, is required to annually prepare and approve an Investment Report; and

**WHEREAS**, the Board has reviewed the attached Investment Report and has deemed it to be reasonable and appropriate, it is therefore

**RESOLVED**, that the Investment Report is hereby approved.

# **New York City Transitional Finance Authority Fiscal Year 2024 Investment Report**

I. Investment Guidelines (See Schedule 1)

II. Explanation of the Investment Guidelines

The New York City Transitional Finance Authority (the “Authority”) originally adopted Investment Guidelines on November 18, 1998, with subsequent amendments of June 25, 2001, August 1, 2001, March 14, 2005, March 16, 2009, September 26, 2013, September 28, 2018, and October 2, 2024. The Investment Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Authority. For purposes of the Investment Guidelines, funds of the Authority are all moneys and other financial resources available for investment by the Authority on its own behalf or on behalf of any other entity or individual. All such moneys shall be invested at all times to the fullest extent practicable, and in accordance with the requirements and restrictions set forth in the Investment Guidelines.

III. Results of the annual independent audit (See Schedule 2)

IV. Investment Income of record of the Authority (See Schedule 3)

V. List of total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment services to the Authority (See Schedule 3)

## SCHEDULE 1

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### **New York City Transitional Finance Authority Investment Guidelines**

Adopted November 18, 1998  
Amended June 25, 2001 and  
Amended August 1, 2001 and  
Amended March 14, 2005 and  
Amended March 16, 2009  
Amended September 26, 2013 and  
Amended September 28, 2018  
Further Amended October 2, 2024

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#### I. Purpose

- A. Adoption. These investment guidelines (the “Guidelines”) are adopted by the Board of Directors of the New York City Transitional Finance Authority (the "Authority"), pursuant to Section 2925 of the Public Authorities Law of the State of New York.
- B. Scope. These Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Authority. For purposes of these Guidelines, funds of the Authority are all moneys and other financial resources available for investment by the Authority on its own behalf or on behalf of any other entity or individual. All such moneys shall be invested at all times to the fullest extent practicable, and in accordance with the requirements and restrictions set forth in these Guidelines.
- C. Review and Amendment. These Guidelines shall be reviewed and approved by the Board of Directors annually and may be amended by the Board of Directors from time to time.

#### II. Permitted Obligations

- A. Indenture Accounts. Pursuant to Section 505(a) of the Indenture, dated as of October 1, 1997, by and between the Authority and The Bank of New York Mellon, as successor trustee, as restated January 25, 2024, as supplemented (the

"Indenture"),\* the School Bond Account, the Parity Debt Account, the Collection Account, the Bond Account, the Redemption Account (collectively, the "Indenture Accounts") may be invested in any Eligible Investments. Terms used but not defined herein shall have the same meaning as assigned to them in the Indenture.

- B. Other Funds. Pursuant to Section 403 of the Indenture, other funds of the Authority, including but not limited to money in the Project Fund and money held by the Authority for the payment of operating expenses, may be invested in (i) Project Fund Investments, (ii) obligations of municipal corporations, public benefit corporations and local development corporations of the State, or (iii) investments permitted by Section 165.00 of the LFL or Section 2799-ee.8 of the Act or these Guidelines as they may be amended from time to time.

### III. Conditions of Investment

- A. Maturities: All investments shall mature or be redeemable at the option of the holder no later than such times as shall be necessary to provide moneys needed for payments to be made from any fund or account in which such investments are held.
- B. Diversification
1. Indenture Accounts. No more than the greater of \$15 million or 50% of the amounts on deposit in the Indenture Accounts (determined at the time of investment) shall be invested in either Commercial Paper of a single issuer or Investment Agreements with a single provider.
  2. Project Fund. Except for Project Fund Repurchase Agreements, U.S. Obligations and U.S. Agency Obligations, no more than the greater of \$15 million or 35% (determined at the time of investment) of the investments made from the Project Fund may be invested in securities of a single issuer.
- C. Payment for Securities. Payment for investments shall be made only upon receipt of the securities purchased. In the case of book entry form securities, payment may be made only when the custodian's account at the Federal Reserve Bank is credited for the purchased securities.

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\*Unless otherwise indicated, all capitalized terms shall have the meanings set forth in the Indenture.

D. Custodial Arrangements.

1. All securities held by any depository designated by the Authority in bearer or book-entry form (the "Custodial Bank") are held solely as agent to the Trustee or (in the case of the Project Fund or funds held by the Authority for the payment of operating expenses) the Authority. Any securities held in registered form shall be registered in the name of the Authority or the Trustee. Payment for purchases is not to be released until the purchased securities are received by the Custodial Bank.
2. The Custodial Bank will, upon instructions of the Trustee or (in the case of the Project Fund) the Authority, release to the Treasurer of the Authority all purchased securities including those subject to repurchase. This will permit the Authority to sell such securities, if necessary.

F. Standards and Qualifications. The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:

1. Brokers, Agents, Dealers
  - a. In Government Securities: any bank or trust company organized or licensed under the laws of any state of the United States of America or of the United States of America or any national banking association or any registered broker/dealer or government securities dealer.
  - b. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the "SEC").
2. Investment Advisors: any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the SEC under the Investment Advisors Act of 1940.
3. Investment Bankers: firms retained by the Authority to serve as senior managing underwriters for negotiated sales must be registered with the SEC.
4. Custodians: any bank or trust company organized under the laws of any state of the United States of America or any national banking association with capital and surplus of not less than \$50,000,000.

G. Contracts. The Authority shall not be required to enter into written contracts for the purchase of investments, with the exception of repurchase agreements, investment agreements or guaranteed investment contracts described in paragraphs (vi), (ix) and (x) under the definition of Eligible Investments in the Indenture.

#### IV. Reports

A. Quarterly. The Executive Director shall prepare and deliver to the Board of Directors once for each quarter of the Authority's fiscal year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

B. Annually.

1. Audit. The Authority's independent auditors shall conduct an annual audit of the Authority's investments for each fiscal year of the Authority, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.
2. Investment Report. Annually, the Executive Director shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:
  - a. The Investment Guidelines and amendments thereto since the last report;
  - b. An explanation of the Guidelines and any amendments made since the last report;
  - c. The independent audit report required by Subsection (1) above;
  - d. The investment income record of the Authority for the fiscal year; and
  - e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Authority since the last report. The Investment Report shall be submitted to the New York State Department of Audit and Control, and to the Mayor and Comptroller of the City of New York. Copies of the annual report shall also be made available to the public upon reasonable request.

## V. Applicability

Nothing contained in these Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds made or entered into in violation of, or without compliance with, the provisions of these Guidelines.

**INDEPENDENT AUDITORS' REPORT**

The Members of the Board of Directors  
New York City Transitional Finance Authority  
New York, NY

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and the governmental funds of New York City Transitional Finance Authority (the "Authority"), a component unit of The City of New York, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September XX, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the terms, covenants, provisions or conditions of its Investment Guidelines insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance with the Investment Guidelines referred to above. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the Investment Guidelines, insofar as they relate to accounting matters.

This report is intended solely for the information of the Authority's Audit Committee, Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties, unless permission is granted.

September XX, 2024  
New York, NY



SCHEDULE 3

**New York City Transitional Finance Authority  
Annual Investment Report  
As of and for the year ended June 30, 2024**

**Investment Income for FY 2024 (accrual basis)** \$ 111,006,969

**Investment Fees for FY 2024:**

The Bank of New York Mellon \$ 451,151

**Cash Equivalent and Investment by Funds**

<u>Fund</u>	<u>Fair Value</u>
Debt Service	\$ 4,111,931,440
Cost Of Issuance	954,170
Operating	4,963,499
<b>Cash Equivalent and Investment</b>	<b>\$ 4,117,849,108</b>
<b>Cash</b>	<b>\$ 250,000</b>
<b>Total Cash, Cash Equivalents and Investments</b>	<b>\$ 4,118,099,109</b>

**Cash Equivalent and Investment by Security Types**

<u>Description</u>	<u>Fair Value</u>	<u>Maturities in Years</u>	
		<u>Less than 1</u>	<u>1 to 5</u>
Government Money Market	\$ 27,869,396	\$ 27,869,396	\$ -
Federal Home Loan Mortgage Corporation Discount Notes	\$ 48,946,006	\$ 48,946,006	\$ -
Federal Home Loan Bank Discount Notes	\$ 3,728,151,683	\$ 3,728,151,683	\$ -
United States Treasuries	\$ 312,882,023	\$ -	\$ 312,882,023
<b>Cash Equivalent and Investment</b>	<b>\$ 4,117,849,108</b>	<b>\$ 3,804,967,085</b>	<b>\$ 312,882,023</b>
<b>Cash</b>	<b>\$ 250,000</b>		
<b>Total Cash, Cash Equivalents and Investments</b>	<b>\$ 4,118,099,109</b>	<b>\$ 3,804,967,085</b>	<b>\$ 312,882,023</b>

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Board of Directors Meeting

October 2, 2024

## Approval of List of Financially Responsible Insurers and Liquidity Agreement and Letter of Credit Providers

**WHEREAS**, in accordance with Section 2799-gg(2) of the New York City Transitional Finance Authority Act (the “Act”), the Authority expects from time to time to obtain credit or liquidity facilities and insurance facilities relating to bonds issued by the Authority; and

**WHEREAS**, the Board of Directors is required to make a determination that the parties to such agreements which will provide credit or liquidity support or insurance to the Authority’s bonds are “financially responsible parties” in accordance with paragraph a and paragraphs c through g of Section 168.00 of the Local Finance Law; and

**WHEREAS**, the Board has determined that a credit or liquidity provider meeting the criteria set forth below shall be deemed to be a financially responsible party in compliance with Section 2799-gg(2) of the Act, it is therefore

**RESOLVED**, that the financial institutions listed on Schedule I hereto shall be deemed to be financially responsible parties in accordance with paragraph a and paragraphs c through g of Section 168.00 of the Local Finance Law, with which the Authority expects it may, and its Officers are hereby authorized to, enter into agreements to provide credit or liquidity support or insurance during the next 12 months, provided that such repurchase obligation shall not exceed \$2 billion with respect to any single financial institution listed on Schedule I hereto except as otherwise provided therein; and

**FURTHER RESOLVED**, that a financial institution not listed on Schedule I but otherwise meeting the following criteria shall be deemed to be a financially responsible party in accordance with paragraph a and paragraphs c through g of Section 168.00 of the Local Finance Law, provided that such repurchase obligation shall not exceed \$1 billion with respect to such financial institution and:

- With respect to institutions providing letters of credit or insurance in connection with bonds, long-term credit ratings of such financial institution are provided by at least two of Standard & Poor’s Rating Services, Fitch, Inc., and Moody’s Investor’s Service, or their successors, and the long-term credit ratings of such financial institution are AA- or above by each of Standard & Poor’s Ratings Services and Fitch, Inc, or their successors, and Aa3 or above by Moody’s Investor’s Service, Inc., or its successor;

- With respect to institutions providing liquidity facilities, the short-term credit ratings of such financial institution are provided by at least two of Standard & Poor's Rating Services, Fitch, Inc., and Moody's Investor's Service, or their successors, and the short-term credit rating of such financial institution is A-1 or above by Standard & Poor's Ratings Services, or its successor, F1 by Fitch, Inc., or its successor, and P-1 by Moody's Investor's Services, Inc., or its successor; and
- In each case, such financial institution shall have capital of at least \$500 million dollars.

## SCHEDULE I <sup>1</sup>

### LIST OF FINANCIALLY RESPONSIBLE INSTITUTIONS WITH WHICH THE AUTHORITY EXPECTS IT MAY ENTER INTO CREDIT, LIQUIDITY OR INSURANCE FACILITIES DURING THE NEXT 12 MONTHS

Updated ~~910/292/234~~

Bank of America, N.A.  
Bank of New York Mellon  
~~Bank of the West~~  
Barclays Bank, PLC  
BMO Harris Bank N.A.  
Citibank, N.A.  
JPMorgan Chase Bank, N.A.  
MizuhoBank, Ltd.  
Morgan Stanley Bank, N.A.  
MUFG Bank, Ltd  
PNC Bank, National Association  
Royal Bank of Canada  
State Street Bank and Trust Company  
Sumitomo Mitsui Banking Corporation  
TD Bank, N.A.  
UBS AGU.S. Bank, N.A.  
U.S. Bancorp  
Wells Fargo Bank, N.A.

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<sup>1</sup> Certain financial institutions were included in the Authority's determination of Financial Responsible Parties during previous periods. Agreements entered into pursuant to such previous authorizations may continue.



# New York City Transitional Finance Authority

AUDIT RESULTS FOR YEAR ENDED JUNE 30, 2024

OCTOBER 2, 2024



# Your Engagement Leadership Team



**John D'Amico**

Engagement Shareholder

☎ Direct: 212.710.1808

✉ Email: [John.Damico@cbiz.com](mailto:John.Damico@cbiz.com)



**Daniel McElwee**

Engagement Senior Manager

☎ Direct: 212.201.2992

✉ Email: [Daniel.McElwee@cbiz.com](mailto:Daniel.McElwee@cbiz.com)

**Other Audit Members:**

Jessy Ruiz, Senior

Asad Khan, Associate

# Agenda

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- Service Delivery Timeline
- Audit Results
- Major Estimates and Judgments
- Appendix:
  - Management's Representations
  - Draft Financial Statements
  - Draft *Government Auditing Standards* Reports
  - Draft Management Letter
  - Draft Investment Compliance Report
- Executive Session

# Service Delivery Timeline

Audit Services	2024	2023
Preliminary communications held and draft engagement letters shared	April 9, 2024	April 14, 2023
<b>Audit scope presentation to the Audit Committee</b>	April 19, 2024	April 20, 2023
Audit fieldwork to begin	August 19, 2024	August 15, 2023
Draft financials received from management	September 20, 2024	Mid-September 2023
<b>Review audit results with the Audit Committee</b>	October 2, 2024	September 29, 2023
Report issuance soon after approval by the Audit Committee and Board of Directors	October 2, 2024	September 29, 2023

CBIZ is a business consulting, tax, and financial services provider that works closely with CBIZ CPAs P.C., an independent CPA firm that provides audit, review, and attest services. CBIZ and CBIZ CPAs P.C. are members of Kreston Global, an international network of independent accounting firms. In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.



# Audit Results

Matter	Conclusion
<p><b>Opinions on Financial Statements and Footnotes</b></p>	<ul style="list-style-type: none"><li>■ We have completed our evidence gathering process for us to provide reasonable assurance that the financial statements are free from material misstatement whether caused by error or fraud.</li><li>■ We are prepared to issue our auditor’s report that includes our opinions that the financial statements are fairly stated in all material respects in accordance with accounting principles generally accepted in the United States of America (“U.S.GAAP”) subject to the following open items:<ul style="list-style-type: none"><li>■ Finalization of testing and completion of review over certain audit areas.</li><li>■ Receipt of legal letter from Norton Rose Fulbright</li><li>■ Review of the draft financial statements and audit documentation by an independent Engagement Quality Reviewer</li><li>■ Approval by the Committee</li><li>■ Receipt of the signed management representation letter</li></ul></li><li>■ There are no deviations in the proposed audit report, meaning this report is considered “clean” or “unmodified.”</li></ul>

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# Audit Results



Matter	Conclusion
<b>Other Matters</b>	<ul style="list-style-type: none"><li>▪ No instances of fraud or illegal acts were noted.</li><li>▪ No material uncertainties were noted.</li><li>▪ No significant changes were required to our planned audit strategy or areas of risk of significant risk of material misstatement discussed in our planning communication.</li></ul>



# Audit Results

Matter	Conclusion
<b>Required Supplemental Information</b>	<ul style="list-style-type: none"><li>▪ With respect to the required supplementary information (management’s discussion and analysis) accompanying the basic financial statements, we have applied certain limited procedures including:<ul style="list-style-type: none"><li>▪ Making inquiries of management about the methods of preparing the information.</li><li>▪ Comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements.</li><li>▪ 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.</li></ul></li></ul>

# Audit Results

Matter	Conclusion
<b>Reporting under Government Auditing Standards</b>	<ul style="list-style-type: none"><li>▪ No instances of noncompliance or other matters identified and reported.</li><li>▪ No matters relative to internal controls identified and reported from our consideration of controls over financial reporting assessed during the audit.</li></ul>
<b>Reporting on Investment Compliance</b>	<ul style="list-style-type: none"><li>▪ In connection with our audit, nothing came to our attention that caused us to believe that the Organization had not complied, in all material respects, with the terms, covenants, provisions or conditions of its Investment Guidelines insofar as they relate to financial and accounting matters.</li></ul>

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# Audit Results

## Changes in Accounting Policies

- None that had an impact on the financial statements.

## Significant Unusual Transactions

- None noted.

## Alternative Accounting Policies

- No alternative accounting policies were discussed with management.

**We consider management's communications with those charged with governance to be in line with best practices.**

Our responsibilities were covered in our planning meeting with the Audit Committee at the start of the audit process

# Audit Results

Matter	Conclusion
<b>Auditor Detected Adjustments and Recorded</b>	None
<b>Waived Adjustments not Recorded</b>	None
<b>Financial Statement Disclosures</b>	The disclosures are neutral, consistent, and clear.
<b>Other Information in Documents Containing Audited Financial Statements</b>	We are not aware of other documents that contain the audited financial statements that require work on our part. If the Organization plans to publish an annual report, or like document, we have informed management of the requirement of us performing a consistency read prior to this information being posted or published.
<b>Conflict of Interest and Related Party Matters</b>	None
<b>Disagreements with Management</b>	None
<b>Management Consultations with Other Accountants</b>	None per management
<b>Auditor Consultations Outside Engagement Team</b>	None
<b>Issues Discussed Prior to Our Retention</b>	None
<b>Significant Difficulties Encountered</b>	None

# Major Management's Estimates & Judgments

Certain aspects of accounting are more qualitative and thus require more judgment and estimation by management. The following items represent the more significant qualitative areas:

Management's Estimates & Judgments	Audit Results
<p><b>Personal Income Tax Receivable from New York State (the "State")</b> <b>(Important Judgment)</b></p>	<ul style="list-style-type: none"><li>■ TFA receives The City of New York's (the "City") personal income taxes, collected on behalf of TFA by the State, to service its future tax secured debt and pay a portion of its administrative expenses. At fiscal year-end, TFA recognizes a receivable for the estimated personal income tax receivable from the State, as well as a liability for personal income tax payable to the City.</li><li>■ As part of our audit procedures, we have confirmed the personal income tax payments received by TFA from the State and amounts distributed to the City and have evaluated management's estimate of the personal income tax receivable and payable and found the amounts to be reasonable.</li></ul>

# Major Management's Estimates & Judgments

Certain aspects of accounting are more qualitative and thus require more judgment and estimation by management. The following items represent the more significant qualitative areas:

Management's Estimates & Judgments	Audit Results
<p><b>Due from The City – State Building Aid</b> <b>(Important Judgment)</b></p>	<ul style="list-style-type: none"><li>■ TFA receives building aid payments from the State to service its building aid revenue bonds (“BARBs”) and pay a portion of its administrative expenses.</li><li>■ TFA reports in its statement of net position an amount due from the City for state building aid representing the cumulative amount it has distributed to the City for the educational facilities capital plan, net of the cumulative amount of building aid TFA has retained to be used for BARBs debt service and administrative expenses.</li><li>■ We have performed audit procedures, including confirmation of amounts distributed by TFA to the City, to evaluate management’s calculation of the state building aid due from the City at year-end and have determined the estimate to be reasonable.</li></ul>



# Questions and Discussion

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# Appendix

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Draft Management Representation Letter

September XX, 2024

CBIZ CPAs P.C.  
685 Third Avenue  
New York, NY 10017

This representation letter is provided in connection with your audits of the financial statements of the New York City Transitional Finance Authority (the "Authority"), which comprise the respective financial position of the governmental activities and governmental funds as of June 30, 2024 and 2023 and the respective changes in financial position for the years then ended, and the related notes to the financial statements (collectively, the "financial statements") for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The representations in this letter, whether or not explicitly so indicate, are made with reference to material matters. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 7, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the required supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information required by U.S. GAAP to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

- 9) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.
- 10) The Authority and its affiliates do not have any agreements or relationships with Kreston member or Bentleys firms serving as a professional service provider, investor, lender, director, or otherwise that may impact CBIZ CPAs' independence.

**Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, meeting minutes and other matters.
  - b) Additional information that you have requested from us for the purpose of the audits.
  - c) Unrestricted access to persons at the Authority from whom you determined it necessary to obtain audit evidence.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of any related parties and all the related party relationships and transactions of which we are aware, if any.

**Government—specific**

- 19) We have made available to you all financial records and related data.
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of laws and regulations, provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.
- 25) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 26) We have followed all applicable laws and regulations in adopting, approving and amending budgets.
- 27) The financial statements properly classify all funds and activities.
- 28) Components of net position (restricted and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 29) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 30) We are responsible for making the fair value measurements and disclosures included in the financial statements in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), including determining the fair value of investments for which a readily determinable fair value does not exist, using the inputs described in Level 2 and Level 3 of the fair value hierarchy. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, in accordance with the fair value techniques included in GASB 72, considered the appropriateness of valuation methods, adequately supported any significant assumptions used and ensured that the presentation and disclosure of the fair value measurements are in accordance with U.S. GAAP, including the disclosure requirements of GASB 72. We believe the assumptions and methods used by us are in accordance with the definition of fair value in GASB 72 and the disclosures adequately describe the level of the inputs used in the fair value measurement, in accordance with the fair value hierarchy in GASB 72.
- 31) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
- 32) We acknowledge our responsibility for the required supplementary information ("RSI"). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 33) Management has informed us of all documents that may comprise other information that it expects to issue, including as applicable an annual report.

34) The final version of the document(s) to be included in the annual report will be provided to you as soon as available, and prior to the issuance of the annual report.

35) We have provided to you our evaluation of the Authority's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.

Signature: \_\_\_\_\_

Printed Name: David Womack

Title: President

Signature: \_\_\_\_\_

Printed Name: Raymond Lee

Title: Comptroller

DRAFT

# Draft Financial Statements

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**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**

**Financial Statements  
(Together with Independent Auditors' Report)**

**June 30, 2024 and 2023**



NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY  
(A Component Unit of The City of New York)

FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)

JUNE 30, 2024 AND 2023

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors  
New York City Transitional Finance Authority  
New York, NY

### *Opinions*

We have audited the financial statements of the governmental activities and governmental funds of the New York City Transitional Finance Authority (the "Authority"), a component unit of The City of New York, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the governmental funds of the Authority as of June 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**CBIZ CPAs P.C.**  
685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[cbizcpas.com](http://cbizcpas.com)

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

New York, NY  
September XX, 2024

DRAFT - Subject to Material Change



# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited)

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The following is a narrative overview and analysis of the financial activities of the New York City Transitional Finance Authority (the "Authority" or "TFA") as of June 30, 2024 and 2023, and for the years then ended. It should be read in conjunction with the Authority's government-wide financial statements, governmental funds financial statements and the notes to the financial statements. The financial statements consist of four parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; (3) the governmental funds financial statements; and (4) the notes to the financial statements.

The government-wide financial statements of the Authority, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with Governmental Accounting Standards Board ("GASB") standards. This is to provide the reader with a broad overview of the Authority's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Authority's governmental funds financial statements (general, capital, and debt service funds) are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are considered available if received within two months after the fiscal year end. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable and liabilities on arbitrage rebate payable, which are recognized when due.

The reconciliations of the governmental funds balance sheets to the statements of net position (deficit) and reconciliations of the governmental funds statements of revenues, expenditures and changes in fund balances to the statements of activities are presented to assist the reader in understanding the differences between government-wide and governmental funds financial statements.

### **Future Tax Secured Bonds**

The Authority's authorizing legislation (the "Act"), as amended, currently permits the Authority to have \$21.5 billion of Authority debt issued for the City of New York's (the "City") general capital purposes ("Future Tax Secured Bonds" or "FTS Bonds") outstanding as of July 1, 2024, with such amount increasing to \$27.5 billion as of July 1, 2025. The Act also permits the Authority to issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. At the end of fiscal year 2024, the City's and the Authority's remaining combined debt-incurring capacity was approximately \$31 billion.

In fiscal years 2024 and 2023, the Authority issued \$6.1 billion and \$3.8 billion, respectively, of new money FTS Bonds. The new money bond proceeds were used to finance the City's capital program.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

### Future Tax Secured Bonds (continued)

In fiscal year 2024, the Authority issued \$1.4 billion of FTS Bonds to refund \$1.6 billion of outstanding FTS Bonds. The refunding resulted in an accounting gain of \$66 million. The Authority in effect reduced its aggregate FTS debt service by \$172 million and obtained an economic benefit of \$158 million.

In fiscal year 2023, the Authority issued \$2.1 billion of FTS Bonds to refund \$2.5 billion of outstanding FTS Bonds. The refunding resulted in an accounting gain of \$7 million. The Authority in effect reduced its aggregate FTS debt service by \$234 million and obtained an economic benefit of \$222 million.

In fiscal year 2024, the Authority reoffered and converted \$75 million of FTS Bonds between modes from index to variable rates. In fiscal year 2023, the Authority reoffered \$72 million of FTS Bonds. The proceeds from the reoffering provided for the redemption and conversion of \$75 million of outstanding FTS variable rate demand bonds to fixed rate bonds.

As of June 30, 2024 and 2023, the Authority's outstanding subordinate FTS Bonds were \$49.9 billion and \$45.5 billion, respectively. As of June 30, 2024 and 2023, the Authority's outstanding senior FTS Bonds were \$0 and \$100 million, respectively.

The Authority was also authorized to have outstanding up to \$2.5 billion of bonds and notes to pay costs arising from the World Trade Center attack on September 11, 2001 ("Recovery Bonds"). In fiscal year 2023, the Authority retired all of its outstanding Recovery Bonds.

Build America Bonds ("BABs") and Qualified School Construction Bonds ("QSCBs") are taxable bonds that were created under the American Recovery and Reinvestment Act of 2009 ("ARRA" or "Stimulus Act") whereby the Authority receives a cash subsidy from the United States Treasury to pay related bond interest. In fiscal years 2024 and 2023, the Authority recognized subsidy payments of \$34 million and \$40 million on its BABs, respectively, and \$47 million and \$50 million on its QSCBs, respectively. Subsidy payments have been discounted due to the federal budget sequestration; the latest discount was 5.7% beginning in October 2021. The proceeds of the BABs were used to finance the City's capital expenditures and the QSCBs proceeds were used to finance the City's educational facilities.

The following summarizes the changes in debt service activity for FTS Bonds in fiscal years 2024 and 2023:

	Balance at June 30, 2023	Issued/ Converted	Retired/ Converted	Defeased	Balance at June 30, 2024	Total Interest Payments FY 2024
	(in thousands)					
<b>Senior FTS Bonds</b>	\$ 100,000	\$ -	\$ -	\$ (100,000)	\$ -	\$ 2,320
Subordinate FTS Bonds:						
Parity Bonds	42,353,665	7,647,085	(1,612,650)	(1,518,875)	46,869,225	1,865,766
Build America Bonds	2,036,020	-	(96,430)	-	1,939,590	111,541
Qualified School Construction Bonds	1,137,340	-	-	-	1,137,340	51,335
<b>Subtotal - Subordinate FTS Bonds</b>	<b>45,527,025</b>	<b>7,647,085</b>	<b>(1,709,080)</b>	<b>(1,518,875)</b>	<b>49,946,155</b>	<b>2,028,642</b>
<b>Total FTS Bonds Payable</b>	<b>\$ 45,627,025</b>	<b>\$ 7,647,085</b>	<b>\$ (1,709,080)</b>	<b>\$ (1,618,875)</b>	<b>\$ 49,946,155</b>	<b>\$ 2,030,962</b>

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

### Future Tax Secured Bonds (continued)

	Balance at June 30, 2022	Issued/ Converted	Retired/ Converted	Defeased	Balance at June 30, 2023	Total Interest Payments FY 2023
	(in thousands)					
<b>Senior FTS Bonds</b>	\$ 175,400	\$ -	\$ (75,400)	\$ -	\$ 100,000	\$ 3,471
<b>Subordinate FTS Bonds:</b>						
Recovery Bonds	142,550	-	(142,550)	-	-	811
Parity Bonds	40,082,795	6,002,535	(1,318,640)	(2,413,025)	42,353,665	1,656,892
Build America Bonds	2,127,995	-	(91,975)	-	2,036,020	116,230
Qualified School Construction Bonds	1,137,340	-	-	-	1,137,340	51,335
<b>Subtotal - Subordinate FTS Bonds</b>	<b>43,490,680</b>	<b>6,002,535</b>	<b>(1,553,165)</b>	<b>(2,413,025)</b>	<b>45,527,025</b>	<b>1,825,268</b>
<b>Total FTS Bonds Payable</b>	<b>\$ 43,666,080</b>	<b>\$ 6,002,535</b>	<b>\$ (1,628,565)</b>	<b>\$ (2,413,025)</b>	<b>\$ 45,627,025</b>	<b>\$ 1,828,739</b>

Debt service requirements to maturity for FTS Bonds at June 30, 2024, are as follows:

Year ending June 30,	<b>SUBORDINATE</b>		Total
	Principal	Interest (a)	
2025	\$ 1,691,080	\$ 2,190,022	\$ 3,881,102
2026	1,864,030	2,130,743	3,994,773
2027	2,100,165	2,054,104	4,154,269
2028	2,222,665	1,954,588	4,177,253
2029	2,134,330	1,863,235	3,997,565
2030 to 2034	10,463,435	7,978,541	18,441,976
2035 to 2039	11,742,905	5,438,398	17,181,303
2040 to 2044	10,340,930	2,825,168	13,166,098
2045 to 2049	5,240,440	1,075,877	6,316,317
2050 to 2054	2,146,175	214,579	2,360,754
<b>Total</b>	<b>\$ 49,946,155</b>	<b>\$ 27,725,257</b>	<b>\$ 77,671,412</b>

(a) The variable interest rates used in this table were 3.67% on tax-exempt bonds and 4.03% on index bonds.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

### Building Aid Revenue Bonds

The Authority is also authorized to have outstanding up to \$9.4 billion of Building Aid Revenue Bonds, notes or other obligations ("BARBs"), secured by building aid from the State of New York (the "State") that is received by the Authority pursuant to an assignment with the City in fiscal year 2007 (the "Assignment"). The City assigned its building aid, which is subject to annual appropriation by the State, to the Authority for the purpose of funding costs for the City's school system's five-year educational facilities capital plans and to pay the Authority's administrative expenses.

In fiscal year 2023, the Authority issued \$564 million of BARBs to refund \$646 million of outstanding BARBs. The refunding resulted in an accounting loss of \$4 million. The Authority in effect reduced its aggregate BARBs debt service by \$74 million and obtained an economic benefit of \$68 million.

BARBs outstanding as of June 30, 2024 and 2023 were \$7.7 billion and \$7.9 billion, respectively.

In fiscal years 2024 and 2023, the Authority recognized subsidy payments of \$6 million and \$5 million on its BABs and \$9 million and \$4 million on its QSCBs, respectively.

The following summarizes the changes in debt service activity for BARBs in fiscal years 2024 and 2023:

	Balance at June 30, 2023	Issued/ Converted	Retired/ Converted	Defeased	Balance at June 30, 2024	Total Interest Payments FY 2024
	(in thousands)					
Building Aid Revenue Bonds	\$ 7,418,610	\$ -	\$ (198,280)	\$ -	\$ 7,220,330	\$ 338,091
Build America Bonds	260,575	-	(9,105)	-	251,470	17,426
Qualified School Construction Bonds	200,000	-	-	-	200,000	9,800
<b>Total BARBs Payable</b>	<b>\$ 7,879,185</b>	<b>\$ -</b>	<b>\$ (207,385)</b>	<b>\$ -</b>	<b>\$ 7,671,800</b>	<b>\$ 365,317</b>

	Balance at June 30, 2022	Issued/ Converted	Retired/ Converted	Defeased	Balance at June 30, 2023	Total Interest Payments FY 2023
	(in thousands)					
Building Aid Revenue Bonds	\$ 7,684,380	\$ 563,750	\$ (183,235)	\$ (646,285)	\$ 7,418,610	\$ 346,368
Build America Bonds	269,165	-	(8,590)	-	260,575	18,000
Qualified School Construction Bonds	200,000	-	-	-	200,000	9,800
<b>Total BARBs Payable</b>	<b>\$ 8,153,545</b>	<b>\$ 563,750</b>	<b>\$ (191,825)</b>	<b>\$ (646,285)</b>	<b>\$ 7,879,185</b>	<b>\$ 374,168</b>



# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

### Building Aid Revenue Bonds (continued)

Debt service requirements to maturity for BARBs at June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(in thousands)		
Year ending June 30,			
2025	\$ 222,955	\$ 357,381	\$ 580,336
2026	230,760	348,529	579,289
2027	397,025	334,593	731,618
2028	357,225	317,456	674,681
2029	373,550	301,511	675,061
2030 to 2034	2,165,125	1,200,670	3,365,795
2035 to 2039	2,366,710	612,275	2,978,985
2040 to 2044	1,107,760	212,986	1,320,746
2045 to 2049	419,820	33,168	452,988
2050 to 2054	30,870	614	31,484
Total	<u>\$ 7,671,800</u>	<u>\$ 3,719,183</u>	<u>\$ 11,390,983</u>

In accordance with GASB standards, the building aid revenue is treated, for reporting purposes, as City revenue pledged to the Authority. Under the criteria established by GASB, the assignment of building aid revenue by the City to the Authority is considered a collateralized borrowing, due to the City's continuing involvement necessary for collection of the building aid. The Authority reports as an asset (Due from New York City — future State building aid) for the cumulative amount it has distributed to the City for the educational facilities capital plan, offset by the cumulative amount of building aid it has retained. On the fund financial statements, the distributions to the City for its educational facilities capital program are reported as other financing (uses) of funds.

The Authority retains sufficient building aid revenue to service the BARBs debt and to pay its administrative expenses in accordance with the TFA's Trust Indenture ("Indenture"). Building aid retained by the Authority is treated as other financing sources, as the amount retained is accounted for as a repayment of the amounts treated as loaned to the City.

Below is a table summarizing the total building aid revenues from the State, remittances to the City and the balances retained by the Authority for the fiscal years ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>
	(in thousands)		
Building aid received from New York State	\$ 1,552,082	\$ 1,487,322	\$ 1,353,103
Building aid remitted to New York City	(515,497)	(514,460)	(515,379)
Total retained for debt service and operating expenses	<u>\$ 1,036,585</u>	<u>\$ 972,862</u>	<u>\$ 837,724</u>

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023 (unaudited) (continued)**

**Financial Highlights and Overall Analysis — Government-Wide Financial Statements**

The following summarizes the activities of the Authority for the years ended June 30,

	2024	2023	2022	Variance	
				2024/2023	2023/2022
	(in thousands)				
<b>Revenues:</b>					
Personal income tax retained	\$ 845,190	\$ 1,282,472	\$ 174,654	\$ (437,282)	\$ 1,107,818
Unrestricted grants	2,442,576	2,166,387	1,964,686	276,189	201,701
Federal interest subsidy	95,909	104,340	102,944	(8,431)	1,396
Investment earnings	111,005	54,535	(19,257)	56,470	73,792
Other	3	-	118	3	(118)
Total revenues	<u>3,494,683</u>	<u>3,607,734</u>	<u>2,223,145</u>	<u>(113,051)</u>	<u>1,384,589</u>
<b>Expenses:</b>					
Distributions to New York City for general capital program	6,571,019	3,940,386	4,113,031	2,630,633	(172,645)
Bond interest	1,999,436	1,829,064	1,655,128	170,372	173,936
Other	114,224	167,153	153,883	(52,929)	13,270
Total expenses	<u>8,684,679</u>	<u>5,936,603</u>	<u>5,922,042</u>	<u>2,748,076</u>	<u>14,561</u>
Change in net position (deficit)	(5,189,996)	(2,328,869)	(3,698,897)	(2,861,127)	1,370,028
Net position (deficit) - beginning of year	(53,065,417)	(50,736,548)	(47,037,651)	(2,328,869)	(3,698,897)
Net position (deficit) - end of year	<u>\$ (58,255,413)</u>	<u>\$ (53,065,417)</u>	<u>\$ (50,736,548)</u>	<u>\$ (5,189,996)</u>	<u>\$ (2,328,869)</u>

In fiscal years 2024, 2023 and 2022, the Authority received unrestricted grants in the amount of \$2.4 billion, \$2.2 billion, and \$2.0 billion, respectively. These funds were used to fund FTS Bonds' future years debt service requirements which reduced the amount of personal income tax ("PIT") retained for such purpose.

In fiscal years 2024, 2023 and 2022, the Authority earned subsidy payments on its BABs and QSCBs, which fluctuate each year due to the changes in the amount of bonds outstanding and changes on the discounted rate from federal budget sequestration.

Investment earnings are primarily determined by capital projects fund holdings, debt service fund holdings, interest rates and market value fluctuations during the fiscal year. The negative amounts for the fiscal year ended June 30, 2022 primarily resulted from the changes in market value on U.S. Treasury Strip in the sinking fund accounts. Generally, all investments held by the Authority are expected to be held to maturity and, as such, will not realize losses on market valuations.

The amount of distributions to the City fluctuates each year depending on the capital funding needs of the City and related issuance of debt.

Interest expense fluctuated each fiscal year due to the amount of outstanding bonds and the interest rates paid on those bonds.

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023 (unaudited) (continued)**

**Financial Highlights and Overall Analysis — Government-Wide Financial Statements**  
**(continued)**

Other expenses consist primarily of the Authority's administrative expenses, federal subsidies transferred to the City, and costs of issuance and fluctuate each year due to: changes in liquidity fees payments on outstanding variable debt, changes in the amount of BABs and QSCBs outstanding, and changes in the amount of new bond issuances during the year, respectively.

The following summarizes the Authority's assets, liabilities, and net position (deficits) as of June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
			(in thousands)	<u>2024/2023</u>	<u>2023/2022</u>
Assets	\$ 5,941,758	\$ 7,238,947	\$ 7,036,963	\$ (1,297,189)	\$ 201,984
Liabilities:					
Current liabilities	3,563,007	3,950,139	3,075,518	(387,132)	874,621
Non-current liabilities	60,289,852	56,050,186	54,575,483	4,239,666	1,474,703
Total liabilities	63,852,859	60,000,325	57,651,001	3,852,534	2,349,324
Deferred inflows of resources	344,312	304,039	122,510	40,273	181,529
Net position (deficit):					
Restricted	61	10,322	42	(10,261)	10,280
Unrestricted	(58,255,474)	(53,075,739)	(50,736,590)	(5,179,735)	(2,339,149)
Total net position (deficit)	\$ (58,255,413)	\$ (53,065,417)	\$ (50,736,548)	\$ (5,189,996)	\$ (2,328,869)

Total assets decreased in fiscal year 2024 when compared to fiscal year 2023 primarily due to a decrease of debt service funds, a decrease in PIT receivable as of year-end, and a decrease in future State building aid due from the City, offset by an increase of unrestricted grants received. Total assets increased in fiscal year 2023 when compared to fiscal year 2022 primarily due to an increase of debt service funds, an increase in PIT receivable as of year-end, and an increase of unrestricted grants received, offset by a decrease in future State building aid due from the City.

The deferred outflows of resources and deferred inflows of resources represent the difference between removing the carrying amount of refunded bonds and the recording of the new bonds. The deferred outflows of resources fluctuate each year based on the amount of bonds refunded and the amortization scheduled.

Total liabilities increased in fiscal years 2024, 2023 and 2022 primarily due to the issuance of new bonds.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

### Financial Highlights and Overall Analysis — Governmental Funds Financial Statements

The Authority uses five governmental funds for reporting its activities: (1) a general fund (“GF”), (2) a building aid revenue bonds capital projects fund (“BARBs CPF”), (3) a future tax secured bonds capital projects fund (“FTS Bonds CPF”), (4) a building aid revenue bonds debt service fund (“BARBs DSF”), and (5) a future tax secured bonds debt service fund (“FTS Bonds DSF”).

The following summarizes the GF activities of the Authority for the years ended June 30,

	2024	2023	2022	Variance	
			(in thousands)	2024/2023	2023/2022
Revenues	\$ 74,395	\$ 131,975	\$ 127,623	\$ (57,580)	\$ 4,352
Expenditures	77,241	136,758	123,811	(59,517)	12,947
Other financing sources	385	382	338	3	44
Net change in fund balances	(2,461)	(4,401)	4,150	1,940	(8,551)
Fund balance (deficit) - beginning of year	5,520	9,921	5,771	(4,401)	4,150
Fund balance (deficit) - end of year	<u>\$ 3,059</u>	<u>\$ 5,520</u>	<u>\$ 9,921</u>	<u>\$ (2,461)</u>	<u>\$ (4,401)</u>

GF revenues fluctuate each year based on the PIT retained for administrative expenses and federal interest subsidies received. Expenditures fluctuate each year for administrative expenses and the amount of federal subsidies transferred to the City.

The following summarizes the BARBs CPF activities of the Authority for the years ended June 30,

	2024	2023	2022	Variance	
			(in thousands)	2024/2023	2023/2022
Revenues	\$ 1	\$ 4	\$ 23	\$ (3)	\$ (19)
Expenditures	-	-	-	-	-
Other financing sources (uses)	-	-	(72,727)	-	72,727
Net change in fund balances	1	4	(72,704)	(3)	72,708
Fund balance - beginning of year	4	-	72,704	4	(72,704)
Fund balance - end of year	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 4</u>

BARBs CPF revenues are interest earnings and fluctuate each year based on the amount on deposit at year-end, interest rates, and market value fluctuations.

BARBs proceeds and distributions to the City are reported as other financing sources (uses), respectively, in the governmental funds and the expenditures represent cost of issuance paid by the Authority. In fiscal year 2022, BARBs proceeds were transferred to the City to pay certain educational facilities capital program expenditures.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

### Financial Highlights and Overall Analysis — Governmental Funds Financial Statements (continued)

The following summarizes the FTS Bonds CPF activities of the Authority for the years ended June 30,

	2024	2023	2022	Variance	
				2024/2023	2023/2022
			(in thousands)		
Revenues	\$ 14,203	\$ 8,808	\$ 240	\$ 5,395	\$ 8,568
Expenditures	6,601,365	3,958,196	4,130,491	2,643,169	(172,295)
Other financing sources (uses)	6,576,900	3,959,664	4,129,825	2,617,236	(170,161)
Net change in fund balances	(10,262)	10,276	(426)	(20,538)	10,702
Fund balance - beginning of year	10,318	42	468	10,276	(426)
Fund balance - end of year	\$ 56	\$ 10,318	\$ 42	\$ (10,262)	\$ 10,276

FTS Bonds CPF revenues are mainly interest earnings and fluctuate each year based on the amount on deposit at year-end, interest rates, and market value fluctuations.

FTS Bonds CPF expenditures mainly represent the amount of bond proceeds transferred to the City and other financing sources (uses) represent proceeds from bond issuances. Expenditures and other financing sources (uses) fluctuate each year depending on the capital funding needs of the City.

The following summarizes the BARBs DSF activities of the Authority for the years ended June 30,

	2024	2023	2022	Variance	
				2024/2023	2023/2022
			(in thousands)		
Revenues	\$ 18,715	\$ 9,237	\$ (5,305)	\$ 9,478	\$ 14,542
Expenditures	572,702	1,147,549	1,257,685	(574,847)	(110,136)
Other financing sources (uses)	533,338	1,162,043	1,307,630	(628,705)	(145,587)
Net change in fund balances	(20,649)	23,731	44,640	(44,380)	(20,909)
Fund balance - beginning of year	684,234	660,503	615,863	23,731	44,640
Fund balance - end of year	\$ 663,585	\$ 684,234	\$ 660,503	\$ (20,649)	\$ 23,731

Revenues in the BARBs DSF fluctuate each year based on the amount on deposit at year-end, changes in interest rates and market valuation, as previously discussed. Expenditures are primarily the debt service payments on outstanding BARBs and payment of refunded bonds. In fiscal years 2023 and 2022, other financing sources (uses) consisted primarily of proceeds from refunding issues and State building aid retained by the Authority.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

### Financial Highlights and Overall Analysis — Governmental Funds Financial Statements (continued)

The following summarizes the FTS Bonds DSF activities of the Authority for the years ended June 30,

	2024	2023	2022	Variance	
				2024/2023	2023/2022
	(in thousands)				
Revenues	\$ 3,349,118	\$ 3,470,132	\$ 2,101,305	\$ (121,014)	\$ 1,368,827
Expenditures	5,212,882	5,721,906	5,295,681	(509,024)	426,225
Other financing sources (uses)	2,051,929	2,680,808	2,686,060	(628,879)	(5,252)
Net change in fund balances	188,165	429,034	(508,316)	(240,869)	937,350
Fund balance - beginning of year	3,261,012	2,831,978	3,340,294	429,034	(508,316)
Fund balance - end of year	<u>\$ 3,449,177</u>	<u>\$ 3,261,012</u>	<u>\$ 2,831,978</u>	<u>\$ 188,165</u>	<u>\$ 429,034</u>

In fiscal years 2024, 2023 and 2022, the FTS Bonds DSF revenues primarily consisted of grants from the City and PIT retained by the Authority. The DSF revenues fluctuate each fiscal year based on the amount of unrestricted grants received from the City and PIT retained for debt service.

Expenditures are primarily the debt service payments on outstanding FTS bonds and defeasances. The expenditures fluctuate each fiscal year based on the amount of principal and interest payments as well as amounts deposited to defeasance escrows. Other financing sources (uses) consist primarily of the proceeds from refunding and reoffering of FTS Bonds and payments of refunded FTS bonds and fluctuate each year based on the size of the refunding.

### Ratings

As of June 30, 2024, TFA FTS Subordinated Bonds were rated Aa1, AAA, and AAA by Moody's, S&P, and Fitch, respectively. TFA BARBs were rated Aa2, AA, and AA.

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to:

Investor Relations  
The New York City Transitional Finance Authority  
255 Greenwich Street, 6<sup>th</sup> Floor  
New York, NY 10007.

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# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## STATEMENTS OF NET POSITION (DEFICIT) AS OF JUNE 30, 2024 AND 2023

	2024	2023
	(in thousands)	
<b>ASSETS:</b>		
Unrestricted cash and cash equivalents	\$ 5,246	\$ 8,393
Restricted cash and cash equivalents	765,351	879,578
Unrestricted investments	2,444,789	2,171,683
Restricted investments	902,713	884,305
Interest receivable	1,061	815
Due from New York City - future State building aid	824,297	1,860,881
Personal income tax receivable from New York State	945,752	1,400,153
Federal interest subsidy receivable	51,941	13,691
Other	608	19,448
	<u>5,941,758</u>	<u>7,238,947</u>
Total assets		
<b>LIABILITIES:</b>		
Personal income tax payable to New York City	945,752	1,400,153
Accrued expenses	3,781	3,134
Accounts payable	104	-
Accrued interest payable	744,490	705,737
Bonds payable:		
Portion due within one year	1,868,880	1,841,115
Portion due after one year	60,289,852	56,050,186
	<u>63,852,859</u>	<u>60,000,325</u>
Total liabilities		
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unamortized deferred bond refunding costs	344,312	304,039
Total deferred inflows of resources	<u>344,312</u>	<u>304,039</u>
<b>NET POSITION (DEFICIT):</b>		
Restricted for capital projects	61	10,322
Unrestricted (deficit)	<u>(58,255,474)</u>	<u>(53,075,739)</u>
Total net position (deficit)	<u>\$ (58,255,413)</u>	<u>\$ (53,065,417)</u>

The accompanying notes are an integral part of these financial statements.

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
	(in thousands)	
<b>REVENUES:</b>		
Personal income tax revenue	\$ 15,453,883	\$ 17,715,050
Less remittances to New York City	(14,608,693)	(16,432,578)
Personal income tax revenue retained	845,190	1,282,472
Unrestricted grants	2,442,576	2,166,387
Federal interest subsidy	95,909	104,340
Investment earnings	111,005	54,535
Other revenue	3	-
Total revenues	<u>3,494,683</u>	<u>3,607,734</u>
<b>EXPENSES:</b>		
General and administrative expenses	19,583	19,996
Distribution to New York City for general capital program	6,571,019	3,940,386
Distribution of federal interest subsidy to New York City	57,658	116,762
Cost of debt issuance	36,983	30,395
Bond interest	1,999,436	1,829,064
Total expenses	<u>8,684,679</u>	<u>5,936,603</u>
Change in net position (deficit)	(5,189,996)	(2,328,869)
NET POSITION (DEFICIT) - beginning of year	<u>(53,065,417)</u>	<u>(50,736,548)</u>
NET POSITION (DEFICIT) - end of year	<u>\$ (58,255,413)</u>	<u>\$ (53,065,417)</u>

The accompanying notes are an integral part of these financial statements.



**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**GOVERNMENTAL FUNDS BALANCE SHEET**  
**AS OF JUNE 30, 2024**

	General Fund	Capital Projects		Debt Service		Total Governmental Funds
		Building Aid Revenue Bonds	Future Tax Secured Bonds	Building Aid Revenue Bonds	Future Tax Secured Bonds	
(in thousands)						
<b>ASSETS:</b>						
Unrestricted cash and cash equivalents	\$ 5,213	\$ -	\$ -	\$ -	\$ 33	\$ 5,246
Restricted cash and cash equivalents	-	5	919	1,006	763,421	765,351
Restricted investments	-	-	-	662,227	240,486	902,713
Unrestricted investments	-	-	-	-	2,444,789	2,444,789
Interest receivable	36	-	4	572	449	1,061
Personal income tax receivable from New York State	-	-	-	-	945,752	945,752
Other	443	-	-	165	-	608
<b>Total assets</b>	<b>\$ 5,692</b>	<b>\$ 5</b>	<b>\$ 923</b>	<b>\$ 663,970</b>	<b>\$ 4,394,930</b>	<b>\$ 5,065,520</b>
<b>LIABILITIES:</b>						
Accrued expenses payable	\$ 2,529	\$ -	\$ 867	\$ 385	\$ -	\$ 3,781
Accounts payable	104	-	-	-	-	104
Personal income tax payable to New York City	-	-	-	-	110,752	110,752
<b>Total liabilities</b>	<b>2,633</b>	<b>-</b>	<b>867</b>	<b>385</b>	<b>110,752</b>	<b>114,637</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable personal income tax revenue	-	-	-	-	835,000	835,000
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>835,000</b>	<b>835,000</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Capital distribution to New York City	-	5	56	-	-	61
Debt service	-	-	-	663,585	1,004,354	1,667,939
Unrestricted for:						
Assigned for debt service	-	-	-	-	2,444,824	2,444,824
Unassigned	3,059	-	-	-	-	3,059
<b>Total fund balances</b>	<b>3,059</b>	<b>5</b>	<b>56</b>	<b>663,585</b>	<b>3,449,178</b>	<b>4,115,883</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,692</b>	<b>\$ 5</b>	<b>\$ 923</b>	<b>\$ 663,970</b>	<b>\$ 4,394,930</b>	<b>\$ 5,065,520</b>

The accompanying notes are an integral part of these financial statements.

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**GOVERNMENTAL FUNDS BALANCE SHEET**  
**AS OF JUNE 30, 2023**

	General Fund	Capital Projects		Debt Service		Total Governmental Funds
		Building Aid Revenue Bonds	Future Tax Secured Bonds	Building Aid Revenue Bonds	Future Tax Secured Bonds	
(in thousands)						
<b>ASSETS:</b>						
Unrestricted cash and cash equivalents	\$ 8,022	\$ -	\$ -	\$ -	\$ 371	\$ 8,393
Restricted cash and cash equivalents	-	3	10,392	11,324	857,859	879,578
Restricted investments	-	-	-	653,682	230,623	884,305
Unrestricted investments	-	-	-	-	2,171,683	2,171,683
Interest receivable	40	1	1	162	611	815
Personal income tax receivable from New York State	-	-	-	-	1,400,153	1,400,153
Other	382	-	-	19,448	-	19,830
<b>Total assets</b>	<b>\$ 8,444</b>	<b>\$ 4</b>	<b>\$ 10,393</b>	<b>\$ 684,616</b>	<b>\$ 4,661,300</b>	<b>\$ 5,364,757</b>
<b>LIABILITIES:</b>						
Accrued expenses payable	\$ 2,924	\$ -	\$ 75	\$ 382	\$ 135	\$ 3,516
Personal income tax payable to New York City	-	-	-	-	362,153	362,153
<b>Total liabilities</b>	<b>2,924</b>	<b>-</b>	<b>75</b>	<b>382</b>	<b>362,288</b>	<b>365,669</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable personal income tax revenue	-	-	-	-	1,038,000	1,038,000
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,038,000</b>	<b>1,038,000</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Capital distribution to New York City	-	4	10,318	-	-	10,322
Debt service	-	-	-	684,234	1,088,956	1,773,190
Unrestricted for:						
Assigned for debt service	-	-	-	-	2,172,056	2,172,056
Unassigned	5,520	-	-	-	-	5,520
<b>Total fund balances</b>	<b>5,520</b>	<b>4</b>	<b>10,318</b>	<b>684,234</b>	<b>3,261,012</b>	<b>3,961,088</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,444</b>	<b>\$ 4</b>	<b>\$ 10,393</b>	<b>\$ 684,616</b>	<b>\$ 4,661,300</b>	<b>\$ 5,364,757</b>

The accompanying notes are an integral part of these financial statements.

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS  
TO THE STATEMENTS OF NET POSITION (DEFICIT)  
AS OF JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
	(in thousands)	
Total fund balances - governmental funds	\$ 4,115,883	\$ 3,961,088
Amounts reported for governmental activities in the statements of net position (deficit) are different because:		
Bond premiums are reported as other financing sources in the governmental funds financial statements when received. However, in the statements of net position (deficit), bond premiums are reported as a component of bonds payable and amortized over the life of the bonds.	(4,540,777)	(4,385,091)
Federal interest subsidy on BABs and QSCBs is recognized when the related bond interest is reported. On the statements of net position (deficit), the amount of the subsidy applicable to the accrued bond interest is receivable as of fiscal year end. However, in the governmental funds balance sheets where no bond interest is reported as payable until due, no subsidy receivable is reported.	51,941	13,691
BARBs proceeds are reported as other financing sources in the governmental funds financial statements. However, in the statements of net position (deficit), they are reported as due from the City.	824,297	1,860,881
Some liabilities are not due and payable in the current period from financial resources available currently at year-end and are therefore not reported in the governmental funds financial statements, but are reported in the statements of net position (deficit). Those liabilities consist of:		
Bonds payable	(57,617,955)	(53,506,210)
Accrued interest payable	(744,490)	(705,737)
Costs of bond refundings are reported as expenditures in governmental funds financial statements. However, in the statements of net position (deficit), those costs and the related gain or loss are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.	(344,312)	(304,039)
Net position (deficit) of governmental activities	<u>\$ (58,255,413)</u>	<u>\$ (53,065,417)</u>

The accompanying notes are an integral part of these financial statements.

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**GOVERNMENTAL FUNDS**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Capital Projects		Debt Service		Total Governmental Funds	
	General Fund	Building Aid Revenue Bonds	Future Tax Secured Bonds	Building Aid Revenue Bonds		Future Tax Secured Bonds
(in thousands)						
<b>REVENUES:</b>						
Personal income tax revenue	\$ 15,417	\$ -	\$ -	\$ -	\$ 15,641,466	\$ 15,656,883
Less remittances to New York City	-	-	-	-	(14,811,693)	(14,811,693)
Personal income tax revenue retained	15,417	-	-	-	829,773	845,190
Unrestricted grants	-	-	-	-	2,442,576	2,442,576
Federal interest subsidy	57,658	-	-	-	-	57,658
Investment earnings	1,320	1	14,203	18,715	76,766	111,005
Other revenue	-	-	-	-	3	3
Total revenues	74,395	1	14,203	18,715	3,349,118	3,456,432
<b>EXPENDITURES:</b>						
Bond interest	-	-	-	365,317	2,030,962	2,396,279
Costs of debt issuance	-	-	30,346	-	6,637	36,983
Distributions to New York City for general capital program	-	-	6,571,019	-	-	6,571,019
Distributions of federal interest subsidy to New York City	57,658	-	-	-	-	57,658
Defeasance escrow	-	-	-	-	1,466,203	1,466,203
Principal amount of bonds retired	-	-	-	207,385	1,709,080	1,916,465
General and administrative expenses	19,583	-	-	-	-	19,583
Total expenditures	77,241	-	6,601,365	572,702	5,212,882	12,464,190
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,846)</b>	<b>1</b>	<b>(6,587,162)</b>	<b>(553,987)</b>	<b>(1,863,764)</b>	<b>(9,007,758)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Principal amount of bonds issued	-	-	6,130,000	-	-	6,130,000
Refunding bond proceeds	-	-	-	-	1,517,085	1,517,085
Bond premium, net of discount	-	-	463,063	-	188,542	651,605
Payments of refunded bonds	-	-	-	-	(172,723)	(172,723)
Transfer from New York City - building aid	-	-	-	1,036,585	-	1,036,585
Transfers in (out)	385	-	(16,163)	(503,247)	519,025	-
Total other financing sources (uses)	385	-	6,576,900	533,338	2,051,929	9,162,552
Net changes in fund balances	(2,461)	1	(10,262)	(20,649)	188,165	154,794
FUND BALANCES (DEFICIT) - beginning of year	5,520	4	10,318	684,234	3,261,013	3,961,089
FUND BALANCES - end of year	\$ 3,059	\$ 5	\$ 56	\$ 663,585	\$ 3,449,178	\$ 4,115,883

The accompanying notes are an integral part of these financial statements.

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**GOVERNMENTAL FUNDS**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Capital Projects		Debt Service		Total Governmental Funds
		Building Aid Revenue Bonds	Future Tax Secured Bonds	Building Aid Revenue Bonds	Future Tax Secured Bonds	
(in thousands)						
<b>REVENUES:</b>						
Personal income tax revenue	\$ 14,600	\$ -	\$ -	\$ -	\$ 17,216,450	\$ 17,231,050
Less remittances to New York City	-	-	-	-	(15,948,578)	(15,948,578)
Personal income tax revenue retained	14,600	-	-	-	1,267,872	1,282,472
Unrestricted grants	-	-	-	-	2,166,387	2,166,387
Federal interest subsidy	116,762	-	-	-	-	116,762
Investment earnings	613	4	8,808	9,237	35,873	54,535
Total revenues	131,975	4	8,808	9,237	3,470,132	3,620,156
<b>EXPENDITURES:</b>						
Bond interest	-	-	-	374,168	1,828,738	2,202,906
Costs of debt issuance	-	-	17,810	2,855	9,730	30,395
Distributions to New York City for general capital program	-	-	3,940,386	-	-	3,940,386
Distributions of federal interest subsidy to New York City	116,762	-	-	-	-	116,762
Defeasance escrow	-	-	-	578,701	2,254,873	2,833,574
Principal amount of bonds retired	-	-	-	191,825	1,628,565	1,820,390
General and administrative expenses	19,996	-	-	-	-	19,996
Total expenditures	136,758	-	3,958,196	1,147,549	5,721,906	10,964,409
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,783)</b>	<b>4</b>	<b>(3,949,388)</b>	<b>(1,138,312)</b>	<b>(2,251,774)</b>	<b>(7,344,253)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Principal amount of bonds issued	-	-	3,800,000	-	-	3,800,000
Refunding bond proceeds	-	-	-	563,750	2,202,535	2,766,285
Bond premium, net of discount	-	-	166,466	75,220	281,143	522,829
Payments of refunded bonds	-	-	-	(72,940)	(186,139)	(259,079)
Transfer from New York City - building aid	-	-	-	972,862	-	972,862
Transfers in (out)	382	-	(6,802)	(376,849)	383,269	-
Total other financing sources (uses)	382	-	3,959,664	1,162,043	2,680,808	7,802,897
Net changes in fund balances	(4,401)	4	10,276	23,731	429,034	458,644
FUND BALANCES (DEFICIT) - beginning of year	9,921	-	42	660,503	2,831,978	3,502,444
FUND BALANCES (DEFICIT) - end of year	\$ 5,520	\$ 4	\$ 10,318	\$ 684,234	\$ 3,261,012	\$ 3,961,088

The accompanying notes are an integral part of these financial statements.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## RECONCILIATIONS OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
	(in thousands)	
Net change in fund balances - total governmental funds	\$ 154,794	\$ 458,644
Amounts reported for governmental activities in the statements of activities are different because:		
Bond proceeds provide current financial resources to governmental funds financial statements but bonds issued increase long-term liabilities on the statements of net position (deficit).	(6,130,000)	(3,800,000)
Refunding bond proceeds and payments to refunded bond escrows are reported as other financing sources (uses) in the governmental funds financial statements, but increase and decrease long-term liabilities in the statements of net position (deficit).	(1,344,362)	(2,507,206)
The governmental funds financial statements report costs of bond refundings as expenditures. However, in the statements of activities, the costs of bond refundings are amortized over the shorter of the life of the bonds refunded or the life of the bonds issued to advance refund the bonds.	26,146	20,610
Payment (including defeasance) of bond principal is an expenditure in the governmental funds financial statements, but the payment reduces long-term liabilities in the statements of net position (deficit).	3,382,668	4,653,964
The governmental funds financial statements report bond premiums/discounts as other financing sources (uses). However, in the statements of activities, bond premiums/discounts are amortized over the lives of the related debt as interest expense.	(221,525)	(92,706)
Retention of building aid is reported similar to a transfer from the City, as other financing sources (uses) in the governmental funds financial statements. However, in the statements of activities, building aid retained is reported as a reduction of the amount due from New York City-future State building aid.	(1,036,585)	(972,862)
Federal interest subsidy on BABs and QSCBs is recognized when the related bond interest cost is reported. On the statements of activities, the subsidy revenue in the amount applicable to the accrued bond interest expense is accrued as of fiscal year end. However, in the governmental funds financial statements where interest expenditure is reported when due, no subsidy revenue is accrued as of year end.	38,251	(12,422)
Interest is reported on the statements of activities on the accrual basis. However, interest is reported as an expenditure in the governmental funds financial statements when the outlay of financial resources is due.	(59,383)	(76,891)
Change in net position (deficit) - governmental activities	<u>\$ (5,189,996)</u>	<u>\$ (2,328,869)</u>

The accompanying notes are an integral part of these financial statements.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 1. Organization and Nature of Activities

The New York City Transitional Finance Authority (the “Authority” or “TFA”) is a corporate governmental entity constituting a public benefit corporation and an instrumentality of the State of New York (the “State”). The Authority is governed by a Board of Directors (the “Board”) of five directors, consisting of the following officials of The City of New York (the “City”): the Director of Management and Budget (who also serves as Chairperson), the Commissioner of Finance, the Commissioner of Design and Construction, the City Comptroller, and the Speaker of the City Council. Although legally separate from the City, the Authority is a financing instrumentality of the City and is included in the City’s financial statements as a blended component unit, in accordance with the Governmental Accounting Standards Board (“GASB”) standards.

The Authority was created by State legislation enacted in 1997 to issue and sell bonds and notes (“Future Tax Secured Bonds” or “FTS Bonds”) to fund a portion of the capital program of the City, the purpose of which is to maintain, rebuild and expand the infrastructure of the City, and to pay the Authority’s administrative expenses.

The Authority’s original authorizing legislation (the “Act”), as amended, currently permits the Authority to have \$21.5 billion of Authority debt issued for the City of New York’s (the “City”) general capital purposes (“Future Tax Secured Bonds” or “FTS Bonds”) outstanding as of July 1, 2024, with such amount increasing to \$27.5 billion as of July 1, 2025. The Act also permits the Authority to issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. At the end of fiscal year 2024, the City’s and the Authority’s remaining combined debt incurring capacity was approximately \$31 billion.

In addition, State legislation enacted in April 2006 enabled the Authority to have outstanding up to \$9.4 billion of Building Aid Revenue Bonds (“BARBs”), notes or other obligations for purposes of funding the City school system’s costs of its five-year educational facilities capital plan and pay the Authority’s administrative expenses.

The Authority does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which the Authority pays a management fee and overhead based on its allocated share of personnel and overhead costs.

### 2. Summary of Significant Accounting Policies

- A. The government-wide financial statements of the Authority, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The statements of net position (deficit) and the statements of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Authority’s governmental funds financial statements (general, capital projects and debt service funds) are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 2. Summary of Significant Accounting Policies (continued)

becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are considered available if received within two months after the fiscal year end. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable and liabilities on arbitrage rebate payable, which are recognized when due.

The Authority uses five governmental funds for reporting its activities: (1) a general fund (“GF”), (2) a building aid revenue bonds capital projects fund (“BARBs CPF”), (3) a future tax secured bonds capital projects fund (“FTS Bonds CPF”), (4) a building aid revenue bonds debt service fund (“BARBs DSF”), and (5) a future tax secured bonds debt service fund (“FTS Bonds DSF”). The two capital project funds account for resources to be transferred to the City’s capital programs in satisfaction of amounts due to the City and the two debt service funds account for the accumulation of resources for payment of principal and interest on outstanding debts. The general fund accounts for and reports all financial resources not accounted for in the capital and debt service funds, including the Authority’s administrative expenses.

- B. The fund balances are classified as either: 1) nonspendable, 2) restricted, or 3) unrestricted. Unrestricted fund balance is further classified as: (a) committed, (b) assigned, or (c) unassigned.

Fund balance that cannot be spent because it is not in spendable form is defined as nonspendable. Resources constrained for debt service or redemption in accordance with TFA’s Trust Indenture, (the “Indenture”) are classified as restricted on the statements of net position (deficit) and the governmental funds balance sheets.

The Board constitutes the Authority’s highest level of decision-making authority and resolutions adopted by the Board that constrain fund balances for a specific purpose are accounted for and reported as committed for such purpose unless and until a subsequent resolution altering the commitment is adopted by the Board.

Fund balances which are constrained for use for a specific purpose based on the direction of any officer of the Authority duly authorized under its bond indenture to direct the movement of such funds are accounted for and reported as assigned for such purpose, unless or until a subsequent authorized action by the same or another duly authorized officer, or by the Board, is taken which removes or changes the assignment. Authorized officers allowed to assign funds are comprised of the Executive Director, Comptroller, Treasurer, Secretary, Deputy Comptroller, Assistant Secretaries and Assistant Treasurer.

When both restricted and unrestricted resources are available for use for a specific purpose, it is the Authority’s policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is the Authority’s policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

Resources constrained for debt service or redemption in accordance with the Authority’s Indenture are classified as restricted on the statements of net position (deficit) and the governmental funds balance sheets.



# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

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### 2. Summary of Significant Accounting Policies (continued)

- C. Premiums and discounts are capitalized and amortized over the lives of the related debt using the interest method in the government-wide financial statements. The governmental funds financial statements recognize the premiums and discounts during the current period. Bond premiums and discounts are presented as additions or reductions to the face amount of the bonds payable. Bond issuance costs are recognized in the period incurred both on the government-wide and governmental funds financial statements.
- D. Deferred bond refunding costs represent the accounting gain/loss incurred in a current or advance refunding of outstanding bonds and are reported as a deferred inflows/outflows of resources on the government-wide financial statements. The deferred bond refunding costs are amortized over the shorter of the remaining life of the old debt or the life of the new debt.
- E. Interest expense is recognized on the accrual basis in the government-wide financial statements. Interest expenditures are recognized when bond interest is due in the governmental funds financial statements.
- F. The Authority receives the City personal income taxes (“PIT”), imposed pursuant to State law and collected on behalf of the Authority by the State, to service its future tax secured debt and pay a portion of its administrative expenses. In fiscal year 2023, the Authority began to receive the City’s portion of Pass-Through Entity Tax (“PTET”) on certain partnerships and S corporations that elect to pay such tax and whose partners and shareholders receive a corresponding credit against their PIT liabilities. All PTET revenues received by the Authority will be treated as PIT revenues under the Indenture, and run through the flow of funds as PIT revenues. Funds for FTS Bonds debt service are required to be set aside prior to the due date of the principal and interest. PIT in excess of amounts needed to pay debt service and administrative expenses of the Authority are available to be remitted to the City. In fiscal years 2024 and 2023, the Authority received unrestricted grants for future debt service payments and reduced the amount of PIT retained for such purpose as described in Note 6.
- G. The Authority receives building aid payments by the State, subject to State annual appropriation, pursuant to the assignment by the City of the building aid payments to the Authority to service its building aid revenue bonds and pay a portion of its administrative expenses. Due to the City’s continuing involvement necessary for the collection of the building aid, this assignment is considered a collateralized borrowing between the City and the Authority pursuant to GASB standards. The Authority reports, on its statements of net position (deficit), an asset (Due from New York City — future State building aid) representing the cumulative amount it has distributed to the City for the educational facilities capital plan, net of the cumulative amount of building aid it has retained. On the fund financial statements, the distributions to the City for its educational facilities capital program are reported as other financing (uses) of funds. Building aid retained by the Authority is treated as other financing sources as the amount retained is accounted for as a repayment of the amounts loaned to the City. During the years ended June 30, 2024 and 2023, the Authority retained \$1.0 billion and \$973 million, respectively, of State building aid to be used for BARBs debt service and its administrative expenses.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

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### 2. Summary of Significant Accounting Policies (continued)

H. To maintain the exemption from Federal income tax on interest of bonds issued by the Authority, the Authority is required to rebate amounts to the Federal government pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The Code requires the payment to the United States Treasury of the excess of the amount earned on all obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue, together with any earnings attributable to such excess. Construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. The Authority was not required to make an arbitrage rebate payment in fiscal years 2024 and 2023.

The Authority receives a subsidy from the United States Treasury due to the Authority's issuance of taxable Build America Bonds ("BABs") and taxable Qualified School Construction Bonds ("QSCBs") under the American Recovery and Reinvestment Act of 2009. This subsidy is recognized when the related bond interest is reported. On the statements of net position (deficit), the amount of the subsidy related to the accrued bond interest is reported as a receivable at year end, while in the governmental funds balance sheets where no bond interest is reported as payable until due, a subsidy receivable is not reported.

I. As a component unit of the City, the Authority implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards requiring implementation in the current year and standards which may impact the Authority in future years:

- In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections-An Amendment to GASB Statement No. 62*, ("GASB 100"). GASB 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements for GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Early application is encouraged. The adoption of GASB 100 did not have an immediate impact on TFA's financial statements as there were no accounting changes or error corrections in the current fiscal year.
- In June 2022, GASB issued Statement No. 101, *Compensated Absences*, ("GASB 101"). GASB 101 updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements for GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Early application is encouraged. TFA has not completed the process of evaluating GASB 101 but does not expect it to have an impact on TFA's financial statements as it does not have employees.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

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### 2. Summary of Significant Accounting Policies (continued)

- In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*, (“GASB 102”). GASB 102 improves financial reporting by requiring disclosures of certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements for GASB 102 are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. TFA has not completed the process of evaluating GASB 102 but expects it to have an impact on TFA’s disclosures.
  - In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*, (“GASB 103”). GASB 103 The requirements for GASB 103 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. TFA has not completed the process of evaluating GASB 103 but expects it to have an impact on the presentation of TFA’s financial statements.
- J. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Authority’s management to make estimates and assumptions in determining the reported amounts of assets, deferred outflow of resources, liabilities and deferred inflow of resources, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

DRAFT - Subject to Managerial Changes

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**3. Cash and Cash Equivalents**

The Authority's cash and cash equivalents consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
	(in thousands)	
<b>Restricted cash and cash equivalents:</b>		
Cash	\$ -	\$ 222
Cash equivalents	<u>765,351</u>	<u>879,356</u>
<b>Total restricted cash and cash equivalents</b>	<u>765,351</u>	<u>879,578</u>
<b>Unrestricted cash and cash equivalents:</b>		
Cash	250	250
Cash equivalents	<u>4,996</u>	<u>8,143</u>
<b>Total unrestricted cash and cash equivalents</b>	<u>5,246</u>	<u>8,393</u>
<b>Total cash and cash equivalents</b>	<u>\$ 770,597</u>	<u>\$ 887,971</u>

As of June 30, 2024 and 2023, the Authority's restricted cash and cash equivalents consisted of bank deposits, money market funds, and securities of government sponsored enterprises held by the Authority's Trustee in the Trustee's name.

As of June 30, 2024 and 2023, the Authority's unrestricted cash and cash equivalents consisted of bank deposits, money market funds, and securities of government sponsored enterprises held by the Authority's Trustee in the Trustee's name.

As of June 30, 2024 and 2023, the carrying amounts and bank balances of bank deposits were \$250 thousand and \$472 thousand, respectively. All balances were FDIC insured in both years.

The Authority's investments classified as cash equivalents included U.S. Government Securities that have an original maturity date of 90 days or less from the date of purchase. The Authority values those investments at fair value (see Note 4 below for a discussion of the Authority's investment policy).

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

### 4. Investments

Each account of the Authority that is held pursuant to the Indenture between the Authority and its Trustee may be invested in securities or categories of investments that are specifically enumerated as permitted investments for such account pursuant to the Indenture.

The Authority's investments, including cash equivalents, consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
	(in thousands)	
<b>Restricted investments and cash equivalents:</b>		
Money market funds	\$ 22,873	\$ 25,037
Federal Home Loan Bank discount notes (Maturing within one year)	1,283,363	1,203,176
Federal Home Loan Mortgage Corporation discount notes (Maturing within one year)	48,946	166,910
Federal National Mortgage Association discount notes (Maturing within one year)	-	50,177
U.S. Treasuries (Maturing within one year)	-	10,271
U.S. Treasuries (Maturing within one to five years)	312,882	308,090
<b>Total restricted investments and cash equivalents</b>	<b>1,668,064</b>	<b>1,763,661</b>
Less: amounts reported as restricted cash equivalents	<u>(765,351)</u>	<u>(639,337)</u>
<b>Total restricted investments</b>	<b><u>\$ 902,713</u></b>	<b><u>\$ 887,488</u></b>
<b>Unrestricted investments and cash equivalents:</b>		
Money market funds	\$ 4,996	\$ 12,940
Federal Home Loan Bank discount notes (Maturing within one year)	2,444,789	1,961,816
<b>Total unrestricted investments and cash equivalents</b>	<b>2,449,785</b>	<b>1,974,756</b>
Less: amounts reported as unrestricted cash equivalents	<u>(4,996)</u>	<u>(12,940)</u>
<b>Total unrestricted investments</b>	<b><u>\$ 2,444,789</u></b>	<b><u>\$ 1,961,816</u></b>

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 4. Investments (continued)

#### *Fair Value Hierarchy*

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

The Authority has the following recurring fair value measurements as of June 30, 2024 and 2023:

- Money Market Funds of \$28 million and \$33 million, respectively, are valued based on various market and industry inputs (Level 2 inputs).
- U.S. Treasury securities of \$313 million and \$318 million, respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. Agencies securities of \$3.8 billion and \$3.6 billion, respectively, are valued using a matrix pricing model (Level 2 inputs).

**Custodial Credit Risk** — Is the risk that, in the event of the failure of the custodian, the Authority may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are held in the Trustee's name by the Trustee.

**Credit Risk** — The Authority's investments are primarily government-sponsored enterprise discount notes and treasuries.

**Interest Rate Risk** — Substantially all of the Authority's investments mature in one year or less. Investments with longer term maturities are not expected to be liquidated prior to maturity, thereby limiting exposure from rising interest rates.

**Concentration of Credit Risk** — Concentration of credit risk is the risk of loss attributed to the magnitude of TFA's investments in a single issuer (5% or more). TFA's investment policy places no limit on the amount TFA may invest in any one issuer of eligible government obligations as defined in the Indenture. As of June 30, 2024, 100% of TFA's investments were in eligible U.S. Government sponsored entities.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 5. Long-Term Liabilities

#### *Debt Program*

Pursuant to the New York City Transitional Finance Authority Act (the “Act”), the Authority issues FTS Bonds payable from PIT imposed by the City and, if such PIT revenues are insufficient, from sales taxes imposed by the City. The Authority is authorized to have outstanding \$21.5 billion of FTS Bonds (excluding BARBs as described below) and to issue additional FTS Bonds provided that the amount of such additional FTS Bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. As of June 30, 2024, the City’s and the Authority’s remaining combined debt-incurring capacity was approximately \$31 billion.

The Authority funds its debt service requirements for all FTS Bonds and its administrative expenses from PIT collected on its behalf by the State and, if necessary, sales taxes. Sales taxes are only available to the Authority if PIT revenues fall below statutorily specified debt service coverage levels. No sales tax revenues were received or required during the fiscal years ended June 30, 2024 and 2023. The Authority remits excess PIT not required for its debt service payments and its administrative expenses to the City.

In addition, the Authority is permitted to have outstanding up to \$9.4 billion of BARBs or other obligations for purposes of funding the City school system’s five-year educational facilities capital plan. As of June 30, 2024 and 2023, the Authority had \$7.7 billion and \$7.9 billion, respectively, of BARBs outstanding. The BARBs are secured by the building aid payable by the State to the City and assigned to the Authority. These State building aid payments are subject to annual appropriation by the State. BARBs are not payable from PIT revenues or sales tax revenues. However, in the event of a payment default, BARBs are payable from an intercept of State education aid otherwise payable to the City.

The Authority’s Indenture includes events of default, certain of which (relating to failure to pay debt service, insolvency, State actions impacting security for the bonds and failure to meet specified coverage levels) could result in acceleration of TFA bonds if so directed by a majority in interest of Senior bondholders.

#### *Changes in Long-term Liabilities – FTS Bonds*

The Indenture permits the Authority to issue both Senior and Subordinate FTS Bonds. FTS Bonds include BABs, QSCBs, and other forms of debt obligations. As of June 30, 2023, the Authority had \$100 million of senior FTS Bonds outstanding. Subordinate FTS Bonds outstanding as of June 30, 2024 and 2023, were \$49.9 billion and \$45.5 billion, respectively. Total FTS Bonds outstanding at June 30, 2024 and 2023, were \$49.9 billion and \$45.6 billion, respectively.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

### 5. Long-Term Liabilities (continued)

Outstanding Authority bonds are payable from all money and securities in any of the Accounts defined in and established by the Indenture, subject to the priority of application of such money and securities to FTS Bonds and BARBs, as specified in the Indenture.

As of June 30, 2024, the interest rates on the Authority's outstanding fixed-rate FTS Bonds ranged from 2.00% to 5.50% on tax-exempt bonds and 0.45% to 5.80% on taxable bonds.

In fiscal years 2024 and 2023, the changes in FTS long-term debt were as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Due within one year
	(in thousands)				
Senior Bonds	\$ 100,000	\$ -	\$ (100,000)	\$ -	\$ -
Subordinate Bonds	45,177,025	7,647,085	(3,152,955)	49,671,155	1,652,900
Subordinate Bonds from Direct Borrowings	350,000		(75,000)	275,000	-
<b>Total before premiums/discounts</b>	<b>45,627,025</b>	<b>7,647,085</b>	<b>(3,327,955)</b>	<b>49,946,155</b>	<b>1,652,900</b>
Premiums/(discounts)(net)	3,629,507	651,605	(425,022)	3,856,090	
<b>Total FTS Debt</b>	<b>\$ 49,256,532</b>	<b>\$ 8,298,690</b>	<b>\$ (3,752,977)</b>	<b>\$ 53,802,245</b>	<b>\$ 1,652,900</b>

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due within one year
	(in thousands)				
Senior Bonds	\$ 175,400	\$ -	\$ (75,400)	\$ 100,000	\$ -
Subordinate Bonds	43,132,180	6,002,535	(3,957,690)	45,177,025	1,633,730
Subordinate Bonds from Direct Borrowings	358,500		(8,500)	350,000	-
<b>Total before premiums/discounts</b>	<b>43,666,080</b>	<b>6,002,535</b>	<b>(4,041,590)</b>	<b>45,627,025</b>	<b>1,633,730</b>
Premiums/(discounts)(net)	3,693,395	447,608	(511,496)	3,629,507	
<b>Total FTS Debt</b>	<b>\$ 47,359,475</b>	<b>\$ 6,450,143</b>	<b>\$ (4,553,086)</b>	<b>\$ 49,256,532</b>	<b>\$ 1,633,730</b>



**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**5. Long-Term Liabilities (continued)**

*Issuances - FTS*

In fiscal years 2024 and 2023, the Authority issued \$6.1 billion and \$3.8 billion, respectively, of new money FTS Bonds. The new money bond proceeds were used to finance the City's capital program.

In fiscal year 2024, the Authority issued \$1.4 billion of FTS Bonds to refund \$1.6 billion of outstanding FTS Bonds. The refunding resulted in an accounting gain of \$66 million. The Authority in effect reduced its aggregate FTS debt service by \$172 million and obtained an economic benefit of \$158 million. In fiscal year 2024, the Authority reoffered and converted \$75 million of FTS Bonds between modes from index to variable rates.

In fiscal year 2023, the Authority issued \$2.1 billion of FTS Bonds to refund \$2.4 billion of outstanding FTS Bonds. The refunding resulted in an accounting gain of \$7 million. The Authority in effect reduced its aggregate FTS debt service by \$234 million and obtained an economic benefit of \$222 million. In fiscal year 2023, the Authority reoffered \$72 million of FTS Bonds. The proceeds from the reoffering provided for the redemption and conversion of \$75 million of outstanding FTS Variable Rate Demand Bonds ("VRDBs") to fixed rate bonds.

*Defeasances - FTS*

The bonds refunded with defeasance collateral have been removed from the financial statements as a liability of the Authority. The Authority had FTS Bonds refunded with defeasance collateral that are held in escrow accounts on deposit with the Authority's Trustee. As of June 30, 2024 and 2023, \$261 million and \$209 million, respectively, of the Authority's defeased bonds were still outstanding.

*Annual Requirements - FTS*

Debt service requirements to maturity for FTS Bonds at June 30, 2024 are as follows:

	<u>FTS Bonds</u>			<u>FTS Bonds from Direct Borrowings</u>			<u>Total</u>	<u>Total</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest (a)</u>	<u>Total</u>	<u>Principal</u>	<u>Interest (a)</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
Year ending June 30,	(in thousands)								
2025	\$ 1,691,080	\$ 2,179,792	\$ 3,870,872	\$ -	\$ 10,230	\$ 10,230	\$ 1,691,080	\$ 2,190,022	\$ 3,881,102
2026	1,864,030	2,120,513	3,984,543	-	10,230	10,230	1,864,030	2,130,743	3,994,773
2027	2,100,165	2,043,874	4,144,039	-	10,230	10,230	2,100,165	2,054,104	4,154,269
2028	2,222,665	1,944,358	4,167,023	-	10,230	10,230	2,222,665	1,954,588	4,177,253
2029	2,134,330	1,853,005	3,987,335	-	10,230	10,230	2,134,330	1,863,235	3,997,565
2030 to 2034	10,463,435	7,927,391	18,390,826	-	51,150	51,150	10,463,435	7,978,541	18,441,976
2035 to 2039	11,742,905	5,387,248	17,130,153	-	51,150	51,150	11,742,905	5,438,398	17,181,303
2040 to 2044	10,065,930	2,788,906	12,854,836	275,000	36,261	311,261	10,340,930	2,825,168	13,166,098
2045 to 2049	5,240,440	1,075,877	6,316,317	-	-	-	5,240,440	1,075,877	6,316,317
2050 to 2054	2,146,175	214,579	2,360,754	-	-	-	2,146,175	214,579	2,360,754
	<b>\$ 49,671,155</b>	<b>\$ 27,535,545</b>	<b>\$ 77,206,700</b>	<b>\$ 275,000</b>	<b>\$ 189,711</b>	<b>\$ 464,711</b>	<b>\$ 49,946,155</b>	<b>\$ 27,725,257</b>	<b>\$ 77,671,412</b>

(a) The variable interest rates used in this table were 3.67% on tax-exempt bonds and 4.03% on index bonds.

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
(A Component Unit of The City of New York)

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**5. Long-Term Liabilities (continued)**

*Changes in Long-term Liabilities – BARBs*

As of June 30, 2024, the interest rates on the Authority’s outstanding fixed-rate BARBs ranged from 1.00% to 5.25% on tax-exempt bonds and 0.64% to 6.83% on taxable bonds.

In fiscal years 2024 and 2023, the changes in BARBs long-term debt were as follows:

	Balance at <u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2024</u>	Due within <u>one year</u>
	(in thousands)				
Building Aid Revenue Bonds	\$ 7,418,610	\$ -	\$ (198,280)	\$ 7,220,330	\$ 214,980
Build America Bonds	260,575	-	(9,105)	251,470	1,000
Qualified School Construction Bonds	200,000	-	-	200,000	-
<b>Total before premiums/discounts</b>	<b>7,879,185</b>	<b>-</b>	<b>(207,385)</b>	<b>7,671,800</b>	<b>215,980</b>
Premiums/(discounts)(net)	755,584	-	(70,898)	684,686	-
<b>Total BARBs Debt</b>	<b>\$ 8,634,769</b>	<b>\$ -</b>	<b>\$ (278,283)</b>	<b>\$ 8,356,486</b>	<b>\$ 215,980</b>

	Balance at <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2023</u>	Due within <u>one year</u>
	(in thousands)				
Building Aid Revenue Bonds	\$ 7,684,380	\$ 563,750	\$ (829,520)	\$ 7,418,610	\$ 198,795
Build America Bonds	269,165	-	(8,590)	260,575	8,590
Qualified School Construction Bonds	200,000	-	-	200,000	-
<b>Total before premiums/discounts</b>	<b>8,153,545</b>	<b>563,750</b>	<b>(838,110)</b>	<b>7,879,185</b>	<b>207,385</b>
Premiums/(discounts)(net)	797,888	75,220	(117,524)	755,584	-
<b>Total BARBs Debt</b>	<b>\$ 8,951,433</b>	<b>\$ 638,970</b>	<b>\$ (955,634)</b>	<b>\$ 8,634,769</b>	<b>\$ 207,385</b>

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 5. Long-Term Liabilities (continued)

#### *Issuances - BARBs*

In fiscal year 2023, the Authority issued \$564 million of Series 2023 S-1 BARBs. The proceeds from the sale of the 2023 S-1 bonds refunded \$646 million of outstanding BARBs. As a result of this transaction, the Authority reduced its BARBs debt service by \$74 million and obtained an economic benefit of \$68 million.

#### *Defeasances - BARBs*

The bonds refunded with defeasance collateral have been removed from the financial statements as a liability of the Authority. The Authority had BARBs refunded with defeasance collateral that are held in escrow accounts on deposit with the Authority's Trustee. As of June 30, 2024 and 2023, \$194 million and \$275 million, of the Authority's defeased bonds, respectively, were still outstanding.

#### *Annual Requirements - BARBs*

Debt service requirements to maturity for BARBs at June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(in thousands)		
Year ending June 30,			
2025	\$ 222,955	\$ 357,381	\$ 580,336
2026	230,760	348,529	579,289
2027	397,025	334,593	731,618
2028	357,225	317,456	674,681
2029	373,550	301,511	675,061
2030 to 2034	2,165,125	1,200,670	3,365,795
2035 to 2039	2,366,710	612,275	2,978,985
2040 to 2044	1,107,760	212,986	1,320,746
2045 to 2049	419,820	33,168	452,988
2050 to 2054	30,870	614	31,484
Total	<u>\$ 7,671,800</u>	<u>\$ 3,719,183</u>	<u>\$ 11,390,983</u>

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 5. Long-Term Liabilities (continued)

#### *Variable Rate Demand Bonds – FTS*

As of June 30, 2024, the Authority had 22 series of Variable Rate Demand Bonds (“VRDBs”) outstanding that may be tendered at the option of their holders (see below).

Series	Outstanding		Provider	Expiration Date
	Principal Amount			
2011A-4	100,000,000		Barclays Bank PLC	April 12, 2027
2013A-4	50,000,000		JPMorgan Chase Bank, N.A.	August 10, 2026
2013A-7	111,075,000		State Street Bank and Trust Company	August 13, 2026
2013C-4	62,965,000		JPMorgan Chase Bank, N.A.	November 29, 2024
2013C-5	148,000,000		Sumitomo Mitsui Banking Corporation	November 17, 2025
2014B-3	75,000,000		Barclays Bank PLC	March 29, 2027
2014D-3	100,000,000		Mizuho Bank, Ltd.	April 15, 2027
2014D-4	100,000,000		Mizuho Bank, Ltd.	April 15, 2027
2015A-3	100,000,000		Mizuho Bank, Ltd.	July 2, 2027
2015A-4	100,000,000		Mizuho Bank, Ltd.	July 2, 2027
2015-E3	100,000,000		JPMorgan Chase Bank, N.A.	April 21, 2028
2015-E4	90,000,000		Bank of America, N.A.	April 21, 2026
2016A-4	100,000,000		Bank of America, N.A.	September 25, 2026
2016-E4	150,000,000		JPMorgan Chase Bank, N.A.	February 24, 2028
2018C-6	100,000,000		Sumitomo Mitsui Banking Corporation	May 4, 2028
2018C-7	75,000,000		TD Bank, N.A.	May 21, 2027
2019A-4	200,000,000		JPMorgan Chase Bank, N.A.	August 10, 2026
2019B-4	200,000,000		JPMorgan Chase Bank, N.A.	September 24, 2026
2019B-5	75,000,000		U.S. Bank National Association	September 24, 2024
2019C-4	150,000,000		Barclays Bank PLC	April 12, 2027
2023A-2	200,000,000		UBS AG	July 30, 2027
2023A-3	100,000,000		The Bank of New York Mellon	August 4, 2025
Total	\$ 2,487,040,000			

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 5. Long-Term Liabilities (continued)

As of June 30, 2024 and 2023, the Authority had \$2.5 billion and \$2.6 billion, respectively, of VRDBs outstanding. The VRDBs are remarketed by remarketing agents on a daily or weekly basis. Interest rates determined by such remarketing agents for such periods represent the lowest rate of interest that would cause the VRDBs to have a market value equal to par. Interest rates cannot exceed 9% on tax-exempt bonds. In fiscal years 2024 and 2023, the VRDBs rates averaged 3.67% and 2.27%, respectively, on tax-exempt bonds.

The VRDBs are backed by either a Standby Bond Purchase Agreement (“SBPA”) or a Letter of Credit (“LOC”), providing for the purchase of the VRDBs by a bank in the event they cannot be remarketed. In such case, the interest rate on the VRDBs would typically increase and would be determined by reference to specified index rates plus a spread (in some cases, with a minimum rate), up to a maximum rate of 25%. No VRDBs were held by such banks during the fiscal years ended June 30, 2024 or June 30, 2023. SBPAs and LOCs may be terminated by the respective banks upon the occurrence of specified events of default.

#### *Index Bonds*

As of June 30, 2024 and 2023, the Authority had \$275 million and \$350 million, respectively, of Index Rate Bonds outstanding, which were not publicly offered but were purchased by banks through direct placements. The Authority’s Index Rate Bonds pay interest based on a specified index. Some Index Rate Bonds continue to pay interest based on such index through maturity. Other Index Rate Bonds provide for an increased rate of interest commencing on an identified step-up date if such bonds are not converted or refunded in advance of such date. Such increased rate of interest is, in some cases, 9% and, in other cases, based on a specified index rate plus a spread. In fiscal years 2024 and 2023, interest rates on the Index bonds averaged 4.04% and 3.00%, respectively.

#### *Auction Bonds*

As of June 30, 2024 and 2023, the Authority had \$0 million and \$103 million, respectively, of Auction Rate Securities (“ARS”) outstanding. The interest rate on the ARS is established weekly by an auction agent at the lowest clearing rate based upon bids received from broker dealers. The interest rate on the ARS cannot exceed 12%. In fiscal years 2024 and 2023, interest rates on the ARS bonds averaged 4.07% and 2.98%, respectively. In fiscal year 2024, the Authority refunded all outstanding ARS bonds.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

### 5. Long-Term Liabilities (continued)

#### *Retention Requirements*

As of June 30, 2024 and 2023, the Authority was required to hold in its debt service accounts the following:

	June 30, 2024			June 30, 2023		
	Principal	Interest	(in thousands) Total	Principal	Interest	Total
Required for FTS	\$ 287,335	\$ 477,609	\$ 764,944	\$ 387,920	\$ 472,503	\$ 860,423
Required for BARBs	222,955	357,381	580,336	214,360	365,317	579,677
Total	<u>\$ 510,290</u>	<u>\$ 834,990</u>	<u>\$ 1,345,280</u>	<u>\$ 602,280</u>	<u>\$ 837,820</u>	<u>\$ 1,440,100</u>

The Authority held \$2.4 billion and \$2.2 billion in excess of amounts required to be retained for FTS Bonds debt service under the Indenture as of June 30, 2024 and 2023, respectively. The Authority held \$10.5 million and \$8.0 million in excess of amounts required to be retained for BARBs debt service under the Indenture as of June 30, 2024 and 2023, respectively.

### 6. Unrestricted Grants

In fiscal years 2024 and 2023, the Authority received unrestricted grants in the amount of \$2.4 billion and \$2.2 billion, respectively. These grants were used to fund future year's debt service requirements for FTS Bonds and reduced the amount of PIT retained for such purpose. These grants are reported as assigned for debt service in the governmental funds balance sheets.

### 7. Administrative Costs

The Authority's management fee, overhead and expenditures related to carrying out the Authority's duties, including remarketing and liquidity fees not funded from bond proceeds or investment earnings, are funded from the personal income taxes, building aid revenue and grant revenue.

### 8. Subsequent Events

On July 30, 2024, the Authority issued \$2.5 billion of Fiscal 2025 Series A&B FTS Bonds, comprised of Subseries A-1, \$2.1 billion of tax-exempt bonds; Subseries A-2, \$121 million of taxable bonds; Subseries B-1, \$167 million of tax-exempt bonds, and Subseries B-2, \$89 million of taxable bonds. The proceeds from Fiscal 2025 Series A&B were used to refund prior outstanding FTS Bonds.

On October 1, 2024, the Authority issued \$2.1 billion, Fiscal 2025 Series C FTS Bonds, comprised of Subseries C-1, \$1.5 billion of tax-exempt bonds; Subseries C-2, \$300 million of taxable bonds; Subseries C-3, \$200 million of tax-exempt variable rate bonds, and Subseries C-4, \$100 million of tax-exempt variable rate bonds. The proceeds of the Fiscal 2025 Series C FTS Bonds will be used for the City's capital programs.

\* \* \* \* \*



# Draft *Government Auditing Standards Reports*

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**New York City Transitional Finance Authority**

**(A Component Unit of The City of New York)**

**Financial Statements  
(Together with Independent Auditors' Report)**

**and**

**June 30, 2024 and 2023**

**Reports in Accordance with  
*Government Auditing Standards***

**June 30, 2024**



NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY  
(A Component Unit of The City of New York)

FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)

JUNE 30, 2024 AND 2023

and

Reports in Accordance with *Government Auditing Standards*

JUNE 30, 2024

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors  
New York City Transitional Finance Authority  
New York, NY

### Report on the Audits of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and governmental funds of the New York City Transitional Finance Authority (the "Authority"), a component unit of The City of New York, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the governmental funds of the Authority as of June 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September XX, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

New York, NY  
September XX, 2024

DRAFT - Subject to Material Change



**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**

To the Members of the Board of Directors  
New York City Transitional Finance Authority  
New York, NY

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 financial statements of the governmental activities and governmental funds of the New York City Transitional Finance Authority (the "Authority") as of and for the year ended June 30, 2024, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September XX, 2024.

***Report on Internal Control Over Financial Reporting***

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

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 entity'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.

**CBIZ CPAs P.C.**  
685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[cbizcpas.com](http://cbizcpas.com)



### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Authority'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

New York, NY  
September XX, 2024

DRAFT - Subject to Material Change

# Draft Management Letter

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September XX, 2024

To the Members of the Board of Directors  
New York City Transitional Finance Authority  
New York, NY

In planning and performing our audit of the financial statements of New York City Transitional Finance Authority (the "Authority") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This report is intended solely for the information and use of the Board of Directors, Audit Committee and management of New York City Transitional Finance Authority and is not intended to be and should not be used by anyone other than these specified parties, unless permission is granted.

Sincerely,

CBIZ CPAs P.C.

**CBIZ CPAs P.C.**  
685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
**cbizcpas.com**





# Draft Investment Compliance Report

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## INDEPENDENT AUDITORS' REPORT

The Members of the Board of Directors  
New York City Transitional Finance Authority  
New York, NY

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and the governmental funds of New York City Transitional Finance Authority (the "Authority"), a component unit of The City of New York, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September XX, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the terms, covenants, provisions or conditions of its Investment Guidelines insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance with the Investment Guidelines referred to above. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the Investment Guidelines, insofar as they relate to accounting matters.

This report is intended solely for the information of the Authority's Audit Committee, Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties, unless permission is granted.

September XX, 2024  
New York, NY

**CBIZ CPAs P.C.**  
685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[cbizcpas.com](http://cbizcpas.com)

# Executive Session

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