



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





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.

CBIZ CPAs P.C.¹

New York, NY
October 3, 2024



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)

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 \$25 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.

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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)					
Senior FTS Bonds	\$ 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
Subtotal - Subordinate FTS Bonds	45,527,025	7,647,085	(1,709,080)	(1,518,875)	49,946,155	2,028,642
Total FTS Bonds Payable (par value)	\$ 45,627,025	\$ 7,647,085	\$ (1,709,080)	\$ (1,618,875)	\$ 49,946,155	\$ 2,030,962

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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)					
Senior FTS Bonds	\$ 175,400	\$ -	\$ (75,400)	\$ -	\$ 100,000	\$ 3,471
Subordinate FTS Bonds:						
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
Subtotal - Subordinate FTS Bonds	43,490,680	6,002,535	(1,553,165)	(2,413,025)	45,527,025	1,825,268
Total FTS Bonds Payable (par value)	\$ 43,666,080	\$ 6,002,535	\$ (1,628,565)	\$ (2,413,025)	\$ 45,627,025	\$ 1,828,739

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

	<u>Principal</u>	<u>SUBORDINATE</u> <u>Interest (a)</u>	<u>Total</u>
Year ending June 30,			
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
Total	\$ 49,946,155	\$ 27,725,255	\$ 77,671,410

(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

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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
Total BARBs Payable (par value)	\$ 7,879,185	\$ -	\$ (207,385)	\$ -	\$ 7,671,800	\$ 365,317

	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
Total BARBs Payable (par value)	\$ 8,153,545	\$ 563,750	\$ (191,825)	\$ (646,285)	\$ 7,879,185	\$ 374,168

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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,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
				<u>2024/2023</u>	<u>2023/2022</u>
	(in thousands)				
Revenues:					
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>
Expenses:					
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	<u>(53,065,417)</u>	<u>(50,736,548)</u>	<u>(47,037,651)</u>	<u>(2,328,869)</u>	<u>(3,698,897)</u>
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,

	2024	2023	2022	Variance	
				2024/2023	2023/2022
			(in thousands)		
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

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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	
				2024/2023	2023/2022
	(in thousands)				
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	
				2024/2023	2023/2022
	(in thousands)				
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
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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,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
				<u>2024/2023</u>	<u>2023/2022</u>
	(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	<u>\$ 56</u>	<u>\$ 10,318</u>	<u>\$ 42</u>	<u>\$ (10,262)</u>	<u>\$ 10,276</u>

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,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
				<u>2024/2023</u>	<u>2023/2022</u>
	(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	<u>\$ 663,585</u>	<u>\$ 684,234</u>	<u>\$ 660,503</u>	<u>\$ (20,649)</u>	<u>\$ 23,731</u>

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,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
				<u>2024/2023</u>	<u>2023/2022</u>
			(in thousands)		
Revenues	\$ 3,349,118	\$ 3,470,132	\$ 2,101,305	\$ (121,014)	\$ 1,368,827
Expenditures	5,212,881	5,721,906	5,295,681	(509,025)	426,225
Other financing sources (uses)	<u>2,051,929</u>	<u>2,680,808</u>	<u>2,686,060</u>	<u>(628,879)</u>	<u>(5,252)</u>
Net change in fund balances	188,166	429,034	(508,316)	(240,868)	937,350
Fund balance - beginning of year	<u>3,261,012</u>	<u>2,831,978</u>	<u>3,340,294</u>	<u>429,034</u>	<u>(508,316)</u>
Fund balance - end of year	<u>\$ 3,449,178</u>	<u>\$ 3,261,012</u>	<u>\$ 2,831,978</u>	<u>\$ 188,166</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, 6th Floor
New York, NY 10007.

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

	<u>2024</u>	<u>2023</u>
	(in thousands)	
ASSETS:		
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
	<hr/>	<hr/>
Total assets	5,941,758	7,238,947
	<hr/>	<hr/>
LIABILITIES:		
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
	<hr/>	<hr/>
Total liabilities	63,852,859	60,000,325
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES:		
Unamortized deferred bond refunding costs	344,312	304,039
	<hr/>	<hr/>
Total deferred inflows of resources	344,312	304,039
	<hr/>	<hr/>
NET POSITION (DEFICIT):		
Restricted for capital projects	61	10,322
Unrestricted (deficit)	(58,255,474)	(53,075,739)
	<hr/>	<hr/>
Total net position (deficit)	\$ (58,255,413)	\$ (53,065,417)
	<hr/>	<hr/>

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)	
REVENUES:		
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	-
	<u>3,494,683</u>	<u>3,607,734</u>
EXPENSES:		
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
	<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)						
ASSETS:						
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
Total assets	\$ 5,692	\$ 5	\$ 923	\$ 663,970	\$ 4,394,930	\$ 5,065,520
LIABILITIES:						
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
Total liabilities	2,633	-	867	385	110,752	114,637
DEFERRED INFLOWS OF RESOURCES:						
Unavailable personal income tax revenue	-	-	-	-	835,000	835,000
Total deferred inflows of resources	-	-	-	-	835,000	835,000
FUND BALANCES:						
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
Total fund balances	3,059	5	56	663,585	3,449,178	4,115,883
Total liabilities, deferred inflows of resources and fund balances	\$ 5,692	\$ 5	\$ 923	\$ 663,970	\$ 4,394,930	\$ 5,065,520

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)						
ASSETS:						
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
Total assets	\$ 8,444	\$ 4	\$ 10,393	\$ 684,616	\$ 4,661,300	\$ 5,364,757
LIABILITIES:						
Accrued expenses payable	\$ 2,924	\$ -	\$ 75	\$ 382	\$ 135	\$ 3,516
Personal income tax payable to New York City	-	-	-	-	362,153	362,153
Total liabilities	2,924	-	75	382	362,288	365,669
DEFERRED INFLOWS OF RESOURCES:						
Unavailable personal income tax revenue	-	-	-	-	1,038,000	1,038,000
Total deferred inflows of resources	-	-	-	-	1,038,000	1,038,000
FUND BALANCES:						
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
Total fund balances	5,520	4	10,318	684,234	3,261,012	3,961,088
Total liabilities, deferred inflows of resources and fund balances	\$ 8,444	\$ 4	\$ 10,393	\$ 684,616	\$ 4,661,300	\$ 5,364,757

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
STATEMENT 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)						
REVENUES:						
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
EXPENDITURES:						
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	-	-	-	-	1,466,202	1,466,202
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	5,212,881	12,464,189
Excess (deficiency) of revenues over expenditures	(2,846)	1	(6,587,162)	(553,987)	(1,863,763)	(9,007,757)
OTHER FINANCING SOURCES (USES):						
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)	188,166	154,795
FUND BALANCES (DEFICIT) - beginning of year	5,520	4	10,318	684,234	3,261,012	3,961,088
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
STATEMENT 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)						
REVENUES:						
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
EXPENDITURES:						
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
Excess (deficiency) of revenues over expenditures	(4,783)	4	(3,949,388)	(1,138,312)	(2,251,774)	(7,344,253)
OTHER FINANCING SOURCES (USES):						
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	\$ 154,795	\$ 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).	3,382,667	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

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 \$25 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

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

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NOTES TO FINANCIAL STATEMENTS

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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 the Authority’s debt service and its administrative expenses.

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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.

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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”). 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.

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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)	
Restricted cash and cash equivalents:		
Cash	\$ -	\$ 222
Cash equivalents	765,351	879,356
Total restricted cash and cash equivalents	<u>765,351</u>	<u>879,578</u>
Unrestricted cash and cash equivalents:		
Cash	250	250
Cash equivalents	4,996	8,143
Total unrestricted cash and cash equivalents	<u>5,246</u>	<u>8,393</u>
Total cash and cash equivalents	<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

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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)	
Restricted investments and cash equivalents:		
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
Total restricted investments and cash equivalents	1,668,064	1,763,661
Less: amounts reported as restricted cash equivalents	(765,351)	(879,356)
Total restricted investments	<u>\$ 902,713</u>	<u>\$ 884,305</u>
Unrestricted investments and cash equivalents:		
Money market funds	\$ 4,996	\$ 8,143
Federal Home Loan Bank discount notes (Maturing within one year)	2,444,789	2,171,683
Total unrestricted investments and cash equivalents	2,449,785	2,179,826
Less: amounts reported as unrestricted cash equivalents	(4,996)	(8,143)
Total unrestricted investments	<u>\$ 2,444,789</u>	<u>\$ 2,171,683</u>

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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 \$25 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, 2024 and 2023, the Authority’s outstanding senior FTS Bonds were \$0 and \$100 million, respectively. 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
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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	-
Total before premiums/discounts	45,627,025	7,647,085	(3,327,955)	49,946,155	1,652,900
Premiums/(discounts)(net)	3,629,507	651,605	(425,022)	3,856,090	
Total FTS Debt	\$ 49,256,532	\$ 8,298,690	\$ (3,752,977)	\$ 53,802,245	\$ 1,652,900

	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	-
Total before premiums/discounts	43,666,080	6,002,535	(4,041,590)	45,627,025	1,633,730
Premiums/(discounts)(net)	3,693,395	447,608	(511,496)	3,629,507	
Total FTS Debt	\$ 47,359,475	\$ 6,450,143	\$ (4,553,086)	\$ 49,256,532	\$ 1,633,730

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

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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>
	(in thousands)								
Year ending June 30,									
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	2,825,167	13,166,097
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	214,580	2,360,755	-	-	-	2,146,175	214,580	2,360,755
	\$ 49,671,155	\$ 27,535,544	\$ 77,206,699	\$ 275,000	\$ 189,711	\$ 464,711	\$ 49,946,155	\$ 27,725,255	\$ 77,671,410

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

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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	-
Total before premiums/discounts	7,879,185	-	(207,385)	7,671,800	215,980
Premiums/(discounts)(net)	755,584	-	(70,898)	684,686	
Total BARBs Debt	\$ 8,634,769	\$ -	\$ (278,283)	\$ 8,356,486	\$ 215,980

	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	-
Total before premiums/discounts	8,153,545	563,750	(838,110)	7,879,185	207,385
Premiums/(discounts)(net)	797,888	75,220	(117,524)	755,584	
Total BARBs Debt	\$ 8,951,433	\$ 638,970	\$ (955,634)	\$ 8,634,769	\$ 207,385

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

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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	<u>30,870</u>		<u>614</u>		<u>31,484</u>
Total	<u>\$ 7,671,800</u>	\$	<u>3,719,183</u>	\$	<u>11,390,983</u>

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY
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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 3, 2024
2015A-4		100,000,000	Mizuho Bank, Ltd.	July 3, 2024
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	\$	<u>2,487,040,000</u>		

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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.

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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:

	<u>June 30, 2024</u>			<u>June 30, 2023</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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.

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