

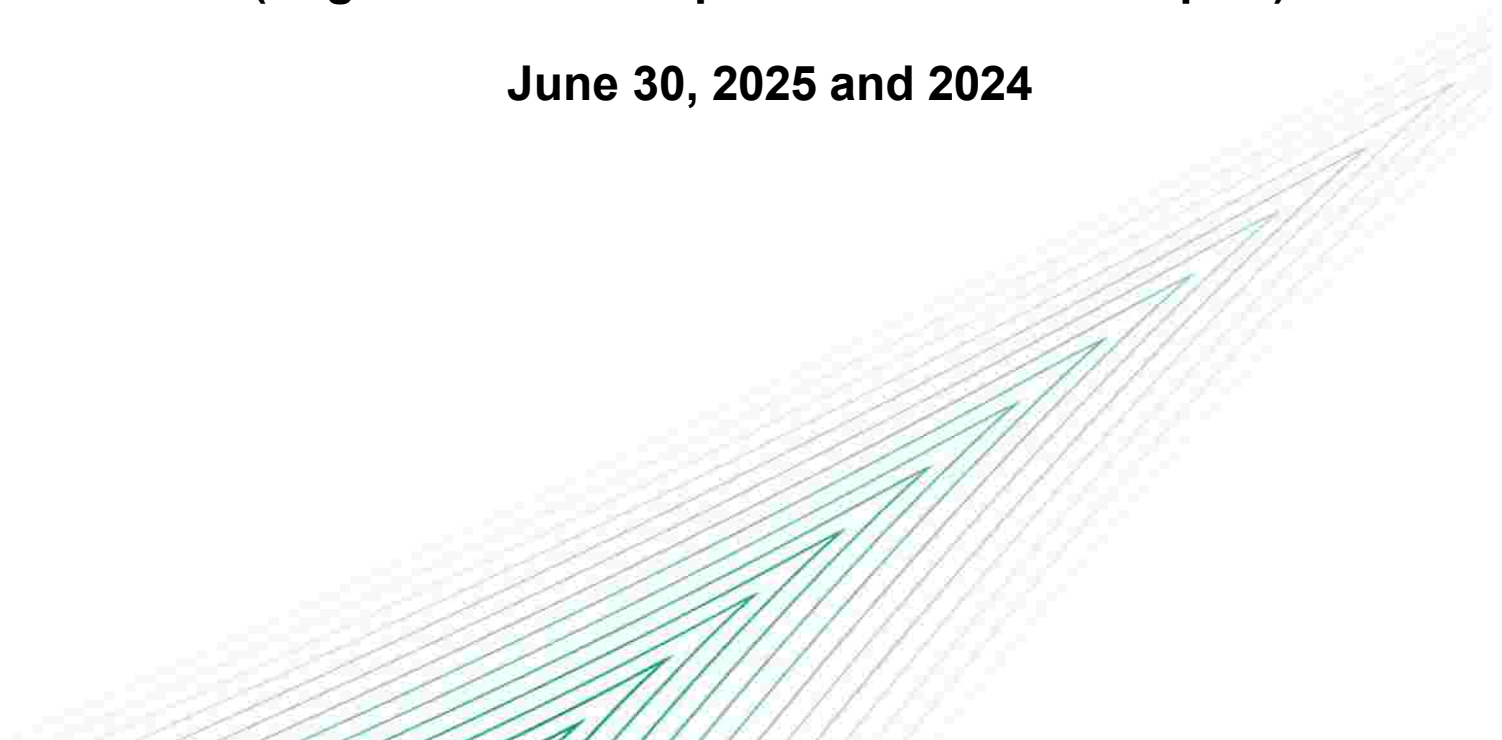


# **NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

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

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

**June 30, 2025 and 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, 2025 AND 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

### *Opinions*

We have audited the financial statements of the governmental activities and 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 years ended June 30, 2025 and 2024, 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 present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of the Authority as of June 30, 2025 and 2024, and the respective changes in financial position thereof 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 TSASC 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.

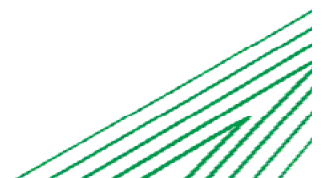
### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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 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.

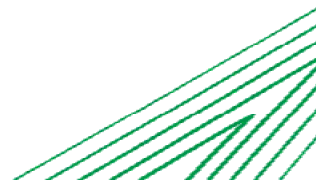


### ***Required Supplementary Information***

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.*

New York, NY  
October 2, 2025



# **NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

(A Component Unit of the City of New York)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024 (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, 2025 and 2024, 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 \$27.5 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 June 30, 2025, with such amount increasing to \$30.5 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 2025, the City's and the Authority's remaining combined debt-incurring capacity was approximately \$29.1 billion.

In fiscal years 2025 and 2024, the Authority issued \$7.9 billion and \$6.1 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, 2025 AND 2024 (unaudited) (continued)

### Future Tax Secured Bonds (continued)

In fiscal year 2025, the Authority issued \$4.9 billion of FTS Bonds to refund \$5.6 billion of outstanding FTS Bonds. The refunding resulted in an accounting gain of \$200 million. The Authority in effect reduced its aggregate FTS debt service by \$443 million and obtained an economic benefit of \$337 million.

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.

As of June 30, 2025 and 2024, the Authority's outstanding subordinate FTS Bonds were \$55.6 billion and \$49.9 billion, 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 2025 and 2024, the Authority recognized subsidy payments of \$17 million and \$34 million on its BABs, respectively, and \$48 million and \$47 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 2025 and 2024:

|                                            | Balance at<br>June 30, 2024 | Issued/<br>Converted | Retired/<br>Converted | Defeased              | Balance at<br>June 30, 2025 | Total Interest<br>Payments<br>FY 2025 |
|--------------------------------------------|-----------------------------|----------------------|-----------------------|-----------------------|-----------------------------|---------------------------------------|
|                                            | (in thousands)              |                      |                       |                       |                             |                                       |
| Subordinate FTS Bonds:                     |                             |                      |                       |                       |                             |                                       |
| Parity Bonds                               | \$ 46,869,225               | \$ 12,804,010        | \$ (1,566,910)        | \$ (3,715,065)        | \$ 54,391,260               | \$ 2,142,613                          |
| Build America Bonds                        | 1,939,590                   | -                    | (67,635)              | (1,843,390)           | 28,565                      | 41,467                                |
| Qualified School Construction Bonds        | 1,137,340                   | -                    | -                     | -                     | 1,137,340                   | 51,335                                |
| <b>Subtotal - Subordinate FTS Bonds</b>    | <b>49,946,155</b>           | <b>12,804,010</b>    | <b>(1,634,545)</b>    | <b>(5,558,455)</b>    | <b>55,557,165</b>           | <b>2,235,415</b>                      |
| <b>Total FTS Bonds Payable (par value)</b> | <b>\$ 49,946,155</b>        | <b>\$ 12,804,010</b> | <b>\$ (1,634,545)</b> | <b>\$ (5,558,455)</b> | <b>\$ 55,557,165</b>        | <b>\$ 2,235,415</b>                   |

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024 (unaudited) (continued)

### Future Tax Secured Bonds (continued)

|                                            | Balance at<br>June 30, 2023 | Issued/<br>Converted | Retired/<br>Converted | Defeased              | Balance at<br>June 30, 2024 | Total Interest<br>Payments<br>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 (par value)</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>                   |

Debt service requirements to maturity for FTS Bonds at June 30, 2025, are as follows:

|                      | <u>Principal</u>     | <u>SUBORDINATE<br/>Interest (a)</u> | <u>Total</u>         |
|----------------------|----------------------|-------------------------------------|----------------------|
| Year ending June 30, |                      |                                     |                      |
| 2026                 | \$ 1,817,820         | \$ 2,452,702                        | \$ 4,270,522         |
| 2027                 | 2,184,830            | 2,381,411                           | 4,566,241            |
| 2028                 | 2,227,850            | 2,280,513                           | 4,508,363            |
| 2029                 | 2,261,305            | 2,187,380                           | 4,448,685            |
| 2030                 | 2,190,560            | 2,092,645                           | 4,283,205            |
| 2031 to 2035         | 11,439,720           | 8,974,023                           | 20,413,743           |
| 2036 to 2040         | 12,820,435           | 6,141,387                           | 18,961,822           |
| 2041 to 2045         | 10,898,600           | 3,414,222                           | 14,312,822           |
| 2046 to 2050         | 6,411,370            | 1,518,043                           | 7,929,413            |
| 2051 to 2055         | 3,304,675            | 305,541                             | 3,610,216            |
| <b>Total</b>         | <b>\$ 55,557,165</b> | <b>\$ 31,747,867</b>                | <b>\$ 87,305,032</b> |

(a) The variable interest rates used in this table were 2.86% on tax-exempt bonds and 3.46% 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, 2025 AND 2024 (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.

BARBs outstanding as of June 30, 2025 and 2024 were \$7.5 billion and \$7.7 billion, respectively.

In fiscal years 2025 and 2024, the Authority recognized subsidy payments of \$6 million and \$6 million on its BABs and \$10 million and \$9 million on its QSCBs, respectively.

The following summarizes the changes in debt service activity for BARBs in fiscal years 2025 and 2024:

|                                        | Balance at<br>June 30, 2024 | Issued/<br>Converted | Retired/<br>Converted | Defeased    | Balance at<br>June 30, 2025 | Total Interest<br>Payments<br>FY 2025 |
|----------------------------------------|-----------------------------|----------------------|-----------------------|-------------|-----------------------------|---------------------------------------|
|                                        | (in thousands)              |                      |                       |             |                             |                                       |
| Building Aid Revenue Bonds             | \$ 7,220,330                | \$ -                 | \$ (206,280)          | \$ -        | \$ 7,014,050                | \$ 330,791                            |
| Build America Bonds                    | 251,470                     | -                    | (9,700)               | -           | 241,770                     | 16,790                                |
| Qualified School Construction Bonds    | 200,000                     | -                    | -                     | -           | 200,000                     | 9,800                                 |
| <b>Total BARBs Payable (par value)</b> | <b>\$ 7,671,800</b>         | <b>\$ -</b>          | <b>\$ (215,980)</b>   | <b>\$ -</b> | <b>\$ 7,455,820</b>         | <b>\$ 357,381</b>                     |

|                                        | Balance at<br>June 30, 2023 | Issued/<br>Converted | Retired/<br>Converted | Defeased    | Balance at<br>June 30, 2024 | Total Interest<br>Payments<br>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 (par value)</b> | <b>\$ 7,879,185</b>         | <b>\$ -</b>          | <b>\$ (207,385)</b>   | <b>\$ -</b> | <b>\$ 7,671,800</b>         | <b>\$ 365,317</b>                     |

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024 (unaudited) (continued)

### Building Aid Revenue Bonds (continued)

Debt service requirements to maturity for BARBs at June 30, 2025 are as follows:

|                      | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>         |
|----------------------|---------------------|---------------------|----------------------|
|                      | (in thousands)      |                     |                      |
| Year ending June 30, |                     |                     |                      |
| 2026                 | \$ 230,760          | \$ 348,529          | \$ 579,289           |
| 2027                 | 404,000             | 334,593             | 738,593              |
| 2028                 | 357,225             | 317,456             | 674,681              |
| 2029                 | 373,550             | 301,511             | 675,061              |
| 2030                 | 390,750             | 284,274             | 675,024              |
| 2031 to 2035         | 2,275,560           | 1,087,249           | 3,362,809            |
| 2036 to 2040         | 2,105,780           | 505,910             | 2,611,690            |
| 2041 to 2045         | 1,014,540           | 163,203             | 1,177,743            |
| 2046 to 2050         | 298,655             | 19,002              | 317,657              |
| 2051 to 2055         | 5,000               | 75                  | 5,075                |
| Total                | <u>\$ 7,455,820</u> | <u>\$ 3,361,802</u> | <u>\$ 10,817,622</u> |

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"). 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>2025</u>         | <u>2024</u>         | <u>2023</u>       |
|-----------------------------------------------------------|---------------------|---------------------|-------------------|
|                                                           | (in thousands)      |                     |                   |
| Building aid received from New York State                 | \$ 1,676,097        | \$ 1,552,082        | \$ 1,487,322      |
| Building aid remitted to New York City                    | <u>(515,878)</u>    | <u>(515,497)</u>    | <u>(514,460)</u>  |
| Total retained for debt service<br>and operating expenses | <u>\$ 1,160,219</u> | <u>\$ 1,036,585</u> | <u>\$ 972,862</u> |

The building aid retained by the Authority is recorded in accordance with GASB standards for an assignment of revenues treated as a collateralized borrowing (see Note 2.G in the Notes to Financial Statements for the Authority's accounting policy for recording BARBs distributions and building aid retention). Building aid retained reduced the due from the City receivable by \$824 million, \$1.0 billion, and \$973 million in fiscal years 2025, 2024, and 2023, respectively. During fiscal year 2025, the due from the City receivable reached zero and, as a result, the remaining \$336 million of building aid retained thereafter was recorded as building aid revenue.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024 (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,

|                                                            | 2025                   | 2024                   | 2023                   | Variance              |                       |
|------------------------------------------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
|                                                            |                        |                        |                        | 2025/2024             | 2024/2023             |
|                                                            | (in thousands)         |                        |                        |                       |                       |
| Revenues:                                                  |                        |                        |                        |                       |                       |
| Personal income tax revenue retained                       | \$ 774,647             | \$ 845,190             | \$ 1,282,472           | \$ (70,543)           | \$ (437,282)          |
| Building aid revenue                                       | 335,922                | -                      | -                      | 335,922               | -                     |
| Unrestricted grants                                        | 2,343,987              | 2,442,576              | 2,166,387              | (98,589)              | 276,189               |
| Federal interest subsidy                                   | 80,488                 | 95,909                 | 104,340                | (15,421)              | (8,431)               |
| Investment earnings                                        | 147,036                | 111,005                | 54,535                 | 36,031                | 56,470                |
| Other revenue                                              | 182                    | 3                      | -                      | 179                   | 3                     |
| Total revenues                                             | <u>3,682,262</u>       | <u>3,494,683</u>       | <u>3,607,734</u>       | <u>187,579</u>        | <u>(113,051)</u>      |
| Expenses:                                                  |                        |                        |                        |                       |                       |
| Distributions to New York City for general capital program | 7,868,729              | 6,571,019              | 3,940,386              | 1,297,710             | 2,630,633             |
| Bond interest                                              | 2,166,925              | 1,999,436              | 1,829,064              | 167,489               | 170,372               |
| Other                                                      | 194,933                | 114,224                | 167,153                | 80,709                | (52,929)              |
| Total expenses                                             | <u>10,230,587</u>      | <u>8,684,679</u>       | <u>5,936,603</u>       | <u>1,545,908</u>      | <u>2,748,076</u>      |
| Change in net position (deficit)                           | (6,548,325)            | (5,189,996)            | (2,328,869)            | (1,358,329)           | (2,861,127)           |
| Net position (deficit) - beginning 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>    |
| Net position (deficit) - end of year                       | <u>\$ (64,803,738)</u> | <u>\$ (58,255,413)</u> | <u>\$ (53,065,417)</u> | <u>\$ (6,548,325)</u> | <u>\$ (5,189,996)</u> |

In fiscal year 2025, the Authority recorded \$336 million in building aid revenue, compared to \$0 in both fiscal years 2024 and 2023, as a result of the reduction of the due from the City receivable to zero as discussed above in the Building Aid Revenue Bonds section.

In fiscal years 2025, 2024 and 2023, the Authority received unrestricted grants in the amount of \$2.3 billion, \$2.4 billion, and \$2.2 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 2025, 2024 and 2023, 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. 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, 2025 AND 2024 (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,

|                               | 2025            | 2024            | 2023            | Variance       |                |
|-------------------------------|-----------------|-----------------|-----------------|----------------|----------------|
|                               |                 |                 |                 | 2025/2024      | 2024/2023      |
|                               | (in thousands)  |                 |                 |                |                |
| Assets                        | \$ 5,740,561    | \$ 5,941,758    | \$ 7,238,947    | \$ (201,197)   | \$ (1,297,189) |
| Liabilities:                  |                 |                 |                 |                |                |
| Current liabilities           | 4,106,319       | 3,563,007       | 3,950,139       | 543,312        | (387,132)      |
| Non-current liabilities       | 65,935,736      | 60,289,852      | 56,050,186      | 5,645,884      | 4,239,666      |
| Total liabilities             | 70,042,055      | 63,852,859      | 60,000,325      | 6,189,196      | 3,852,534      |
| Deferred inflows of resources | 502,244         | 344,312         | 304,039         | 157,932        | 40,273         |
| Net position (deficit):       |                 |                 |                 |                |                |
| Restricted                    | 530,421         | 61              | 10,322          | 530,360        | (10,261)       |
| Unrestricted                  | (65,334,159)    | (58,255,474)    | (53,075,739)    | (7,078,685)    | (5,179,735)    |
| Total net position (deficit)  | \$ (64,803,738) | \$ (58,255,413) | \$ (53,065,417) | \$ (6,548,325) | \$ (5,189,996) |

Total assets decreased in each fiscal year when compared to previous fiscal year 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.

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 2025, 2024 and 2023 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, 2025 AND 2024 (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,

|                                            | <u>2025</u>      | <u>2024</u>     | <u>2023</u>     | <u>Variance</u>  |                   |
|--------------------------------------------|------------------|-----------------|-----------------|------------------|-------------------|
|                                            |                  |                 | (in thousands)  | <u>2025/2024</u> | <u>2024/2023</u>  |
| Revenues                                   | \$ 145,033       | \$ 74,395       | \$ 131,975      | \$ 70,638        | \$ (57,580)       |
| Expenditures                               | 137,848          | 77,241          | 136,758         | 60,607           | (59,517)          |
| Other financing sources                    | 401              | 385             | 382             | 16               | 3                 |
| Net change in fund balances                | 7,586            | (2,461)         | (4,401)         | 10,047           | 1,940             |
| Fund balance (deficit) - beginning of year | 3,059            | 5,520           | 9,921           | (2,461)          | (4,401)           |
| Fund balance (deficit) - end of year       | <u>\$ 10,645</u> | <u>\$ 3,059</u> | <u>\$ 5,520</u> | <u>\$ 7,586</u>  | <u>\$ (2,461)</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,

|                                  | <u>2025</u>  | <u>2024</u> | <u>2023</u>    | <u>Variance</u>  |                  |
|----------------------------------|--------------|-------------|----------------|------------------|------------------|
|                                  |              |             | (in thousands) | <u>2025/2024</u> | <u>2024/2023</u> |
| Revenues                         | \$ 76        | \$ 1        | \$ 4           | \$ 75            | \$ (3)           |
| Expenditures                     | -            | -           | -              | -                | -                |
| Other financing sources (uses)   | -            | -           | -              | -                | -                |
| Net change in fund balances      | 76           | 1           | 4              | 75               | (3)              |
| Fund balance - beginning of year | 5            | 4           | -              | 1                | 4                |
| Fund balance - end of year       | <u>\$ 81</u> | <u>\$ 5</u> | <u>\$ 4</u>    | <u>\$ 76</u>     | <u>\$ 1</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.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024 (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,

|                                  | 2025              | 2024         | 2023             | Variance          |                    |
|----------------------------------|-------------------|--------------|------------------|-------------------|--------------------|
|                                  |                   |              |                  | 2025/2024         | 2024/2023          |
|                                  |                   |              | (in thousands)   |                   |                    |
| Revenues                         | \$ 41,709         | \$ 14,203    | \$ 8,808         | \$ 27,506         | \$ 5,395           |
| Expenditures                     | 7,904,378         | 6,601,365    | 3,958,196        | 1,303,013         | 2,643,169          |
| Other financing sources (uses)   | 8,392,953         | 6,576,900    | 3,959,664        | 1,816,053         | 2,617,236          |
| Net change in fund balances      | 530,284           | (10,262)     | 10,276           | 540,546           | (20,538)           |
| Fund balance - beginning of year | 56                | 10,318       | 42               | (10,262)          | 10,276             |
| Fund balance - end of year       | <u>\$ 530,340</u> | <u>\$ 56</u> | <u>\$ 10,318</u> | <u>\$ 530,284</u> | <u>\$ (10,262)</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,

|                                  | 2025              | 2024              | 2023              | Variance         |                    |
|----------------------------------|-------------------|-------------------|-------------------|------------------|--------------------|
|                                  |                   |                   |                   | 2025/2024        | 2024/2023          |
|                                  |                   |                   | (in thousands)    |                  |                    |
| Revenues                         | \$ 353,746        | \$ 18,715         | \$ 9,237          | \$ 335,031       | \$ 9,478           |
| Expenditures                     | 573,362           | 572,702           | 1,147,549         | 660              | (574,847)          |
| Other financing sources (uses)   | 244,362           | 533,338           | 1,162,043         | (288,976)        | (628,705)          |
| Net change in fund balances      | 24,746            | (20,649)          | 23,731            | 45,395           | (44,380)           |
| Fund balance - beginning of year | 663,585           | 684,234           | 660,503           | (20,649)         | 23,731             |
| Fund balance - end of year       | <u>\$ 688,331</u> | <u>\$ 663,585</u> | <u>\$ 684,234</u> | <u>\$ 24,746</u> | <u>\$ (20,649)</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 year 2023, 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, 2025 AND 2024 (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,

|                                  | 2025                | 2024                | 2023                | Variance            |                   |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
|                                  |                     |                     |                     | 2025/2024           | 2024/2023         |
|                                  |                     |                     | (in thousands)      |                     |                   |
| Revenues                         | \$ 3,187,205        | \$ 3,349,118        | \$ 3,470,132        | \$ (161,913)        | \$ (121,014)      |
| Expenditures                     | 9,060,849           | 5,212,881           | 5,721,906           | 3,847,968           | (509,025)         |
| Other financing sources (uses)   | 5,600,399           | 2,051,929           | 2,680,808           | 3,548,470           | (628,879)         |
| Net change in fund balances      | (273,245)           | 188,166             | 429,034             | (461,411)           | (240,868)         |
| Fund balance - beginning of year | 3,449,178           | 3,261,012           | 2,831,978           | 188,166             | 429,034           |
| Fund balance - end of year       | <u>\$ 3,175,933</u> | <u>\$ 3,449,178</u> | <u>\$ 3,261,012</u> | <u>\$ (273,245)</u> | <u>\$ 188,166</u> |

In fiscal years 2025, 2024 and 2023, 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, 2025, 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, 2025 AND 2024

|                                                            | 2025            | 2024            |
|------------------------------------------------------------|-----------------|-----------------|
|                                                            | (in thousands)  |                 |
| <b>ASSETS:</b>                                             |                 |                 |
| Unrestricted cash and cash equivalents                     | \$ 13,344       | \$ 5,246        |
| Restricted cash and cash equivalents                       | 1,131,459       | 765,351         |
| Unrestricted investments                                   | 2,345,850       | 2,444,789       |
| Restricted investments                                     | 959,299         | 902,713         |
| Interest receivable                                        | 659             | 1,061           |
| Due from New York City - future State building aid         | -               | 824,297         |
| Personal income tax receivable from New York State         | 1,267,539       | 945,752         |
| Federal interest subsidy receivable                        | 6,434           | 51,941          |
| Other                                                      | 15,977          | 608             |
| Total assets                                               | 5,740,561       | 5,941,758       |
| <b>LIABILITIES:</b>                                        |                 |                 |
| Personal income tax payable to New York City               | 1,267,539       | 945,752         |
| Distribution payable to New York City for capital programs | 57,272          | -               |
| Accrued expenses                                           | 3,922           | 3,781           |
| Accounts payable                                           | 64              | 104             |
| Accrued interest payable                                   | 774,097         | 744,490         |
| Bonds payable:                                             |                 |                 |
| Portion due within one year                                | 2,003,425       | 1,868,880       |
| Portion due after one year                                 | 65,935,736      | 60,289,852      |
| Total liabilities                                          | 70,042,055      | 63,852,859      |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                      |                 |                 |
| Unamortized deferred bond refunding costs                  | 502,244         | 344,312         |
| Total deferred inflows of resources                        | 502,244         | 344,312         |
| <b>NET POSITION (DEFICIT):</b>                             |                 |                 |
| Restricted for capital projects                            | 530,421         | 61              |
| Unrestricted (deficit)                                     | (65,334,159)    | (58,255,474)    |
| Total net position (deficit)                               | \$ (64,803,738) | \$ (58,255,413) |

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, 2025 AND 2024**

|                                                            | <u>2025</u>            | <u>2024</u>            |
|------------------------------------------------------------|------------------------|------------------------|
|                                                            | (in thousands)         |                        |
| <b>REVENUES:</b>                                           |                        |                        |
| Personal income tax revenue                                | \$ 18,732,966          | \$ 15,453,883          |
| Less remittances to New York City                          | (17,958,319)           | (14,608,693)           |
| Personal income tax revenue retained                       | 774,647                | 845,190                |
| Building aid revenue                                       | 335,922                | -                      |
| Unrestricted grants                                        | 2,343,987              | 2,442,576              |
| Federal interest subsidy                                   | 80,488                 | 95,909                 |
| Investment earnings                                        | 147,036                | 111,005                |
| Other revenue                                              | 182                    | 3                      |
| Total revenues                                             | <u>3,682,262</u>       | <u>3,494,683</u>       |
| <b>EXPENSES:</b>                                           |                        |                        |
| General and administrative expenses                        | 19,791                 | 19,583                 |
| Distributions to New York City for general capital program | 7,868,729              | 6,571,019              |
| Distributions of federal interest subsidy to New York City | 118,057                | 57,658                 |
| Cost of debt issuance                                      | 57,085                 | 36,983                 |
| Bond interest                                              | 2,166,925              | 1,999,436              |
| Total expenses                                             | <u>10,230,587</u>      | <u>8,684,679</u>       |
| Change in net position (deficit)                           | (6,548,325)            | (5,189,996)            |
| NET POSITION (DEFICIT) - beginning of year                 | <u>(58,255,413)</u>    | <u>(53,065,417)</u>    |
| NET POSITION (DEFICIT) - end of year                       | <u>\$ (64,803,738)</u> | <u>\$ (58,255,413)</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, 2025

|                                                                    |              | Capital Projects           |                          | Debt Service               |                          |                          |
|--------------------------------------------------------------------|--------------|----------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
|                                                                    | General Fund | Building Aid Revenue Bonds | Future Tax Secured Bonds | Building Aid Revenue Bonds | Future Tax Secured Bonds | Total Governmental Funds |
| (in thousands)                                                     |              |                            |                          |                            |                          |                          |
| ASSETS:                                                            |              |                            |                          |                            |                          |                          |
| Unrestricted cash and cash equivalents                             | \$ 13,340    | \$ -                       | \$ -                     | \$ -                       | \$ 4                     | \$ 13,344                |
| Restricted cash and cash equivalents                               | -            | 81                         | 587,779                  | 3,897                      | 539,702                  | 1,131,459                |
| Restricted investments                                             | -            | -                          | -                        | 668,991                    | 290,308                  | 959,299                  |
| Unrestricted investments                                           | -            | -                          | -                        | -                          | 2,345,850                | 2,345,850                |
| Interest receivable                                                | 56           | -                          | 4                        | 268                        | 331                      | 659                      |
| Personal income tax receivable from New York State                 | -            | -                          | -                        | -                          | 1,267,539                | 1,267,539                |
| Other                                                              | 401          | -                          | -                        | 15,576                     | -                        | 15,977                   |
| Total assets                                                       | \$ 13,797    | \$ 81                      | \$ 587,783               | \$ 688,732                 | \$ 4,443,734             | \$ 5,734,127             |
| LIABILITIES:                                                       |              |                            |                          |                            |                          |                          |
| Accrued expenses payable                                           | \$ 3,088     | \$ -                       | \$ 171                   | \$ 401                     | \$ 262                   | \$ 3,922                 |
| Accounts payable                                                   | 64           | -                          | -                        | -                          | -                        | 64                       |
| Distribution payable to New York City for capital programs         | -            | -                          | 57,272                   | -                          | -                        | 57,272                   |
| Personal income tax payable to New York City                       | -            | -                          | -                        | -                          | 213,539                  | 213,539                  |
| Total liabilities                                                  | 3,152        | -                          | 57,443                   | 401                        | 213,801                  | 274,797                  |
| DEFERRED INFLOWS OF RESOURCES:                                     |              |                            |                          |                            |                          |                          |
| Unavailable personal income tax revenue                            | -            | -                          | -                        | -                          | 1,054,000                | 1,054,000                |
| Total deferred inflows of resources                                | -            | -                          | -                        | -                          | 1,054,000                | 1,054,000                |
| FUND BALANCES:                                                     |              |                            |                          |                            |                          |                          |
| Restricted for:                                                    |              |                            |                          |                            |                          |                          |
| Capital distribution to New York City                              | -            | 81                         | 530,340                  | -                          | -                        | 530,421                  |
| Debt service                                                       | -            | -                          | -                        | 688,331                    | 830,077                  | 1,518,408                |
| Unrestricted for:                                                  |              |                            |                          |                            |                          |                          |
| Assigned for debt service                                          | -            | -                          | -                        | -                          | 2,345,856                | 2,345,856                |
| Unassigned                                                         | 10,645       | -                          | -                        | -                          | -                        | 10,645                   |
| Total fund balances                                                | 10,645       | 81                         | 530,340                  | 688,331                    | 3,175,933                | 4,405,330                |
| Total liabilities, deferred inflows of resources and fund balances | \$ 13,797    | \$ 81                      | \$ 587,783               | \$ 688,732                 | \$ 4,443,734             | \$ 5,734,127             |

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

|  |              | Capital Projects           |                          | Debt Service               |                          |                          |
|--|--------------|----------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
|  | General Fund | Building Aid Revenue Bonds | Future Tax Secured Bonds | Building Aid Revenue Bonds | Future Tax Secured Bonds | Total Governmental Funds |
|  |              |                            |                          |                            |                          |                          |
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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, 2025 AND 2024

|                                                                                                                                                                                                                                                                                                                                                                                                        | <u>2025</u>            | <u>2024</u>            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                        | (in thousands)         |                        |
| Total fund balances - governmental funds                                                                                                                                                                                                                                                                                                                                                               | \$ 4,405,330           | \$ 4,115,883           |
| 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.                                                                                                                         | (4,926,176)            | (4,540,777)            |
| 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. | 6,434                  | 51,941                 |
| 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                |
| 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                                                                                                                                                                                                                                                                                                                                                                                          | (63,012,985)           | (57,617,955)           |
| Accrued interest payable                                                                                                                                                                                                                                                                                                                                                                               | (774,097)              | (744,490)              |
| 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.                                                                                        | (502,244)              | (344,312)              |
| Net position (deficit) of governmental activities                                                                                                                                                                                                                                                                                                                                                      | <u>\$ (64,803,738)</u> | <u>\$ (58,255,413)</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, 2025

|                                                            | 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                                | \$ 17,101                  | \$ -                     | \$ -                       | \$ 18,496,865            | \$ 18,513,966            |
| Less remittances to New York City                          | -                          | -                        | -                          | (17,739,319)             | (17,739,319)             |
| Personal income tax revenue retained                       | 17,101                     | -                        | -                          | 757,546                  | 774,647                  |
| Building aid revenue                                       | -                          | -                        | 335,922                    | -                        | 335,922                  |
| Unrestricted grants                                        | -                          | -                        | -                          | 2,343,987                | 2,343,987                |
| Federal interest subsidy                                   | 125,995                    | -                        | -                          | -                        | 125,995                  |
| Investment earnings                                        | 1,937                      | 3                        | 41,600                     | 85,672                   | 147,036                  |
| Other revenue                                              | -                          | 73                       | 109                        | -                        | 182                      |
| Total revenues                                             | 145,033                    | 76                       | 41,709                     | 3,187,205                | 3,727,769                |
| <b>EXPENDITURES:</b>                                       |                            |                          |                            |                          |                          |
| Bond interest                                              | -                          | -                        | 357,382                    | 2,235,415                | 2,592,797                |
| Costs of debt issuance                                     | -                          | 35,649                   | -                          | 21,436                   | 57,085                   |
| Distributions to New York City for general capital program | -                          | 7,868,729                | -                          | -                        | 7,868,729                |
| Distributions of federal interest subsidy to New York City | 118,057                    | -                        | -                          | -                        | 118,057                  |
| Defeasance escrow                                          | -                          | -                        | -                          | 5,169,453                | 5,169,453                |
| Principal amount of bonds retired                          | -                          | -                        | 215,980                    | 1,634,545                | 1,850,525                |
| General and administrative expenses                        | 19,791                     | -                        | -                          | -                        | 19,791                   |
| Total expenditures                                         | 137,848                    | -                        | 7,904,378                  | 9,060,849                | 17,676,437               |
| <b>Excess (deficiency) of revenues over expenditures</b>   | <b>7,185</b>               | <b>76</b>                | <b>(7,862,669)</b>         | <b>(5,873,644)</b>       | <b>(13,948,668)</b>      |
| <b>OTHER FINANCING SOURCES (USES):</b>                     |                            |                          |                            |                          |                          |
| Principal amount of bonds issued                           | -                          | 7,850,000                | -                          | -                        | 7,850,000                |
| Refunding bond proceeds                                    | -                          | -                        | -                          | 4,954,010                | 4,954,010                |
| Bond premium, net of discount                              | -                          | 573,037                  | -                          | 533,098                  | 1,106,135                |
| Payments of refunded bonds                                 | -                          | -                        | -                          | (496,327)                | (496,327)                |
| Transfer from New York City - building aid                 | -                          | -                        | 824,297                    | -                        | 824,297                  |
| Transfers in (out)                                         | 401                        | (30,084)                 | (579,935)                  | 609,618                  | -                        |
| Total other financing sources (uses)                       | 401                        | 8,392,953                | 244,362                    | 5,600,399                | 14,238,115               |
| Net changes in fund balances                               | 7,586                      | 76                       | 530,284                    | (273,245)                | 289,447                  |
| FUND BALANCES (DEFICIT) - beginning of year                | 3,059                      | 5                        | 56                         | 3,449,178                | 4,115,883                |
| FUND BALANCES - end of year                                | \$ 10,645                  | \$ 81                    | \$ 530,340                 | \$ 3,175,933             | \$ 4,405,330             |

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               |                          |                          |
|------------------------------------------------------------|--------------|----------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
|                                                            | General Fund | Building Aid Revenue Bonds | Future Tax Secured Bonds | Building Aid Revenue Bonds | Future Tax Secured Bonds | Total Governmental Funds |
| (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 - 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)

## 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, 2025 AND 2024

|                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>2025</u>           | <u>2024</u>           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                       | (in thousands)        |                       |
| Net change in fund balances - total governmental funds                                                                                                                                                                                                                                                                                                                                                                | \$ 289,447            | \$ 154,795            |
| 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).                                                                                                                                                                                                                             | (7,850,000)           | (6,130,000)           |
| 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).                                                                                                                                                             | (4,457,683)           | (1,344,362)           |
| 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.                                                                                                                     | 42,458                | 26,146                |
| 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).                                                                                                                                                                                                         | 7,019,978             | 3,382,667             |
| 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.                                                                                                                                                                 | (598,769)             | (221,525)             |
| 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.                                                                                               | (824,297)             | (1,036,585)           |
| 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. | (45,507)              | 38,251                |
| 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.                                                                                                                                                                                              | (123,952)             | (59,383)              |
| Change in net position (deficit) - governmental activities                                                                                                                                                                                                                                                                                                                                                            | <u>\$ (6,548,325)</u> | <u>\$ (5,189,996)</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, 2025 AND 2024

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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 \$27.5 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 June 30, 2025, with such amount increasing to \$30.5 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 2025, the City’s and the Authority’s remaining combined debt incurring capacity was approximately \$29.1 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, 2025 AND 2024

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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, 2025 AND 2024

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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 2025 and 2024, 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 from 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), a receivable (Due from New York City — future State building aid) equal to the amount of building aid revenue bonds proceeds the Authority has distributed to the City for the educational facilities capital plan. Building aid subsequently retained reduces the receivable. If there is no receivable balance, building aid retained is recorded as revenues in the statements of activities.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

On the fund financial statements, the building aid revenue bonds distributions to the City for its educational facilities capital program are reported as other financing uses. While there is a receivable balance (as described above), 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. Building aid retained while there is no receivable balance is recorded as revenues. During the years ended June 30, 2025 and 2024, the Authority retained \$1.2 billion (of which \$336 million was recorded as revenues after the receivable balance reached zero) and \$1 billion, respectively, of State building aid to be used for the Authority's debt service and its administrative expenses.

- 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 2025 and 2024.

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. 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. The implementation of GASB 101 did not have any impact on TFA's financial statements.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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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, have begun to occur, or are more than likely than not to begin to occur within 12 months of the date the financial statements are issued 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. The implementation of GASB 102 did not have an immediate impact on TFA’s financial statements as there were no events that met the GASB 102 criteria for required reporting.
  - In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*, (“GASB 103”). GASB 103 improves components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. 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.
  - In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, (“GASB 104”). GASB 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosures and also requires additional disclosures for capital assets held for sale. The requirements for GASB 104 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. TFA does not expect GASB 104 to have an impact on its financial statements as TFA does not have any capital assets.
- 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.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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### 3. Cash and Cash Equivalents

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

|                                                     | <u>2025</u>                | <u>2024</u>              |
|-----------------------------------------------------|----------------------------|--------------------------|
|                                                     | (in thousands)             |                          |
| <b>Restricted cash and cash equivalents:</b>        |                            |                          |
| Cash                                                | \$ 221                     | \$ -                     |
| Cash equivalents                                    | <u>1,131,238</u>           | <u>765,351</u>           |
| <b>Total restricted cash and cash equivalents</b>   | <u>1,131,459</u>           | <u>765,351</u>           |
| <b>Unrestricted cash and cash equivalents:</b>      |                            |                          |
| Cash                                                | 250                        | 250                      |
| Cash equivalents                                    | <u>13,094</u>              | <u>4,996</u>             |
| <b>Total unrestricted cash and cash equivalents</b> | <u>13,344</u>              | <u>5,246</u>             |
| <b>Total cash and cash equivalents</b>              | <u><u>\$ 1,144,803</u></u> | <u><u>\$ 770,597</u></u> |

As of June 30, 2025 and 2024, 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, 2025 and 2024, 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 both June 30, 2025 and 2024, the carrying amounts and bank balances of bank deposits were \$250 thousand. 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, 2025 AND 2024

### 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>2025</u>         | <u>2024</u>         |
|-------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                     | (in thousands)      |                     |
| <b>Restricted investments and cash equivalents:</b>                                 |                     |                     |
| Money market funds                                                                  | \$ 22,515           | \$ 22,873           |
| Federal Home Loan Bank discount notes<br>(Maturing within one year)                 | 1,082,388           | 1,283,363           |
| Federal Home Loan Mortgage Corporation discount notes<br>(Maturing within one year) | -                   | 48,946              |
| U.S. Treasuries<br>(Maturing within one year)                                       | 25,076              | -                   |
| U.S. Treasuries<br>(Maturing within one to five years)                              | 373,549             | 312,882             |
| Commercial paper<br>(Maturing within one year)                                      | <u>587,009</u>      | <u>-</u>            |
| <b>Total restricted investments and cash equivalents</b>                            | 2,090,537           | 1,668,064           |
| Less: amounts reported as restricted cash equivalents                               | <u>(1,131,238)</u>  | <u>(765,351)</u>    |
| <b>Total restricted investments</b>                                                 | <u>\$ 959,299</u>   | <u>\$ 902,713</u>   |
| <b>Unrestricted investments and cash equivalents:</b>                               |                     |                     |
| Money market funds                                                                  | \$ 13,094           | \$ 4,996            |
| Federal Home Loan Bank discount notes<br>(Maturing within one year)                 | <u>2,345,850</u>    | <u>2,444,789</u>    |
| <b>Total unrestricted investments and cash equivalents</b>                          | 2,358,944           | 2,449,785           |
| Less: amounts reported as unrestricted cash equivalents                             | <u>(13,094)</u>     | <u>(4,996)</u>      |
| <b>Total unrestricted investments</b>                                               | <u>\$ 2,345,850</u> | <u>\$ 2,444,789</u> |

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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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, 2025 and 2024:

- Money Market Funds of \$36 million and \$28 million, respectively, are valued based on various market and industry inputs (Level 2 inputs).
- U.S. Treasury securities of \$399 million and \$313 million, respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. Agencies securities of \$4.0 billion and \$3.8 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, 2025, TFA's investments were in eligible U.S. Government sponsored entities and commercial paper. These are 87% and 13% of TFA total investments, respectively.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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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 \$27.5 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, 2025, the City’s and the Authority’s remaining combined debt-incurring capacity was approximately \$29.1 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, 2025 and 2024. 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, 2025 and 2024, the Authority had \$7.5 billion and \$7.7 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. Subordinate FTS Bonds outstanding as of June 30, 2025 and 2024, were \$55.6 billion and \$49.9 billion, respectively. Total FTS Bonds outstanding at June 30, 2025 and 2024, were \$55.6 billion and \$49.9 billion, respectively.



# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

### 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, 2025, the interest rates on the Authority's outstanding fixed-rate FTS Bonds ranged from 2.00% to 5.50% on tax-exempt bonds and 0.57% to 5.66% on taxable bonds.

In fiscal years 2025 and 2024, the changes in FTS long-term debt were as follows:

|                                          | Balance at<br>June 30, 2024 | Additions            | Deletions             | Balance at<br>June 30, 2025 | Due within<br>one year |
|------------------------------------------|-----------------------------|----------------------|-----------------------|-----------------------------|------------------------|
|                                          | (in thousands)              |                      |                       |                             |                        |
| Subordinate Bonds                        | \$ 49,671,155               | \$ 12,804,010        | \$ (7,193,000)        | \$ 55,282,165               | \$ 1,779,640           |
| Subordinate Bonds from Direct Borrowings | 275,000                     | -                    | -                     | 275,000                     | -                      |
| <b>Total before premiums/discounts</b>   | 49,946,155                  | 12,804,010           | (7,193,000)           | 55,557,165                  | 1,779,640              |
| Premiums/(discounts)(net)                | 3,856,090                   | 1,106,135            | (651,044)             | 4,311,181                   | -                      |
| <b>Total FTS Debt</b>                    | <b>\$ 53,802,245</b>        | <b>\$ 13,910,145</b> | <b>\$ (7,844,044)</b> | <b>\$ 59,868,346</b>        | <b>\$ 1,779,640</b>    |

|                                          | Balance at<br>June 30, 2023 | Additions           | Deletions             | Balance at<br>June 30, 2024 | Due within<br>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>   | 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                   | -                      |
| <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>    |

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

#### *Issuances - FTS*

In fiscal years 2025 and 2024, the Authority issued \$7.9 billion and \$6.1 billion, respectively, of new money FTS Bonds. The new money bond proceeds were used to finance the City's capital program.

In fiscal year 2025, the Authority issued \$4.9 billion of FTS Bonds to refund \$5.6 billion of outstanding FTS Bonds. The refunding resulted in an accounting gain of \$200 million. The Authority, in effect, reduced its aggregate FTS debt service by \$443 million and obtained an economic benefit of \$337 million.

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.

#### *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, 2025 and 2024, \$1.2 billion and \$261 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, 2025 are as follows:

| Year ending June 30, | FTS Bonds      |               |               | FTS Bonds from Direct Borrowings |              |            | Total         | Total         | Total         |
|----------------------|----------------|---------------|---------------|----------------------------------|--------------|------------|---------------|---------------|---------------|
|                      | Principal      | Interest (a)  | Total         | Principal                        | Interest (a) | Total      | Principal     | Interest      | Debt Service  |
|                      | (in thousands) |               |               |                                  |              |            |               |               |               |
| 2026                 | \$ 1,817,820   | \$ 2,444,661  | \$ 4,262,481  | \$ -                             | \$ 8,041     | \$ 8,041   | \$ 1,817,820  | \$ 2,452,702  | \$ 4,270,522  |
| 2027                 | 2,184,830      | 2,373,370     | 4,558,200     | -                                | 8,041        | 8,041      | 2,184,830     | 2,381,411     | 4,566,241     |
| 2028                 | 2,227,850      | 2,272,472     | 4,500,322     | -                                | 8,041        | 8,041      | 2,227,850     | 2,280,513     | 4,508,363     |
| 2029                 | 2,261,305      | 2,179,338     | 4,440,643     | -                                | 8,041        | 8,041      | 2,261,305     | 2,187,380     | 4,448,685     |
| 2030                 | 2,190,560      | 2,084,604     | 4,275,164     | -                                | 8,041        | 8,041      | 2,190,560     | 2,092,645     | 4,283,205     |
| 2031 to 2035         | 11,439,720     | 8,933,818     | 20,373,538    | -                                | 40,205       | 40,205     | 11,439,720    | 8,974,023     | 20,413,743    |
| 2036 to 2040         | 12,806,860     | 6,101,480     | 18,908,340    | 13,575                           | 39,908       | 53,483     | 12,820,435    | 6,141,387     | 18,961,822    |
| 2041 to 2045         | 10,637,175     | 3,393,463     | 14,030,638    | 261,425                          | 20,759       | 282,184    | 10,898,600    | 3,414,222     | 14,312,822    |
| 2046 to 2050         | 6,411,370      | 1,518,043     | 7,929,413     | -                                | -            | -          | 6,411,370     | 1,518,043     | 7,929,413     |
| 2051 to 2055         | 3,304,675      | 305,541       | 3,610,216     | -                                | -            | -          | 3,304,675     | 305,541       | 3,610,216     |
|                      | \$ 55,282,165  | \$ 31,606,790 | \$ 86,888,955 | \$ 275,000                       | \$ 141,077   | \$ 416,077 | \$ 55,557,165 | \$ 31,747,867 | \$ 87,305,032 |

(a) The variable interest rates used in this table were 2.86% on tax-exempt bonds and 3.46% on index bonds.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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

#### *Changes in Long-term Liabilities – BARBs*

As of June 30, 2025, the interest rates on the Authority's outstanding fixed-rate BARBs ranged from 1.00% to 5.25% on tax-exempt bonds and 0.91% to 6.83% on taxable bonds.

In fiscal years 2025 and 2024, the changes in BARBs long-term debt were as follows:

|                                        | Balance at<br>June 30, 2024 | Additions   | Deletions           | Balance at<br>June 30, 2025 | Due within<br>one year |
|----------------------------------------|-----------------------------|-------------|---------------------|-----------------------------|------------------------|
|                                        | (in thousands)              |             |                     |                             |                        |
| Building Aid Revenue Bonds             | \$ 7,220,330                | \$ -        | \$ (206,280)        | \$ 7,014,050                | \$ 219,785             |
| Build America Bonds                    | 251,470                     | -           | (9,700)             | 241,770                     | 4,000                  |
| Qualified School Construction Bonds    | 200,000                     | -           | -                   | 200,000                     | -                      |
| <b>Total before premiums/discounts</b> | <b>7,671,800</b>            | <b>-</b>    | <b>(215,980)</b>    | <b>7,455,820</b>            | <b>223,785</b>         |
| Premiums/(discounts)(net)              | 684,686                     | -           | (69,692)            | 614,994                     | -                      |
| <b>Total BARBs Debt</b>                | <b>\$ 8,356,486</b>         | <b>\$ -</b> | <b>\$ (285,672)</b> | <b>\$ 8,070,814</b>         | <b>\$ 223,785</b>      |

|                                        | Balance at<br>June 30, 2023 | Additions   | Deletions           | Balance at<br>June 30, 2024 | Due within<br>one year |
|----------------------------------------|-----------------------------|-------------|---------------------|-----------------------------|------------------------|
|                                        | (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>      |

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

#### *Defeasances - BARBs*

The Authority had BARBs refunded with defeasance collateral that are held in escrow accounts on deposit with the Authority's Trustee. The bonds refunded with defeasance collateral have been removed from the financial statements as a liability of the Authority. As of June 30, 2025 and 2024, \$108 million and \$194 million of the Authority's defeased bonds, respectively, were still outstanding.

#### *Annual Requirements - BARBs*

Debt service requirements to maturity for BARBs at June 30, 2025 are as follows:

|                      | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>         |
|----------------------|---------------------|---------------------|----------------------|
|                      | (in thousands)      |                     |                      |
| Year ending June 30, |                     |                     |                      |
| 2026                 | \$ 230,760          | \$ 348,529          | \$ 579,289           |
| 2027                 | 404,000             | 334,593             | 738,593              |
| 2028                 | 357,225             | 317,456             | 674,681              |
| 2029                 | 373,550             | 301,511             | 675,061              |
| 2030                 | 390,750             | 284,274             | 675,024              |
| 2031 to 2035         | 2,275,560           | 1,087,249           | 3,362,809            |
| 2036 to 2040         | 2,105,780           | 505,910             | 2,611,690            |
| 2041 to 2045         | 1,014,540           | 163,203             | 1,177,743            |
| 2046 to 2050         | 298,655             | 19,002              | 317,657              |
| 2051 to 2055         | 5,000               | 75                  | 5,075                |
| Total                | <u>\$ 7,455,820</u> | <u>\$ 3,361,802</u> | <u>\$ 10,817,622</u> |

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

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

As of June 30, 2025, the Authority had 26 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, 2029  |
| 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      | August 20, 2027    |
| 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     |
| 2025 C-3 |             | 200,000,000   | Sumitomo Mitsui Banking Corporation | October 1, 2029    |
| 2024 C-4 |             | 100,000,000   | Sumitomo Mitsui Banking Corporation | October 1, 2029    |
| 2025 H-2 |             | 200,000,000   | TD Bank, N.A.                       | April 1, 2030      |
| 2025 H-3 |             | 100,000,000   | Bank of America, N.A.               | March 30, 2029     |
| Total    | \$          | 3,087,040,000 |                                     |                    |

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

As of June 30, 2025 and 2024, the Authority had \$3.1 billion and \$2.5 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 2025 and 2024, the VRDBs rates averaged 2.86% and 3.67%, 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, 2025 or June 30, 2024. SBPAs and LOCs may be terminated by the respective banks upon the occurrence of specified events of default.

#### *Index Bonds*

As of June 30, 2025 and 2024, the Authority had \$275 million and \$275 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 2025 and 2024, interest rates on the Index bonds averaged 3.46% and 4.04%, respectively.

#### *Auction Bonds*

In fiscal year 2024, the Authority refunded all outstanding auction rate bonds.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

(A Component Unit of the City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

#### *Retention Requirements*

As of June 30, 2025 and 2024, the Authority was required to hold in its debt service accounts the following:

|                    | June 30, 2025     |                   |                     | June 30, 2024     |                   |                     |
|--------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
|                    | (in thousands)    |                   |                     |                   |                   |                     |
|                    | Principal         | Interest          | Total               | Principal         | Interest          | Total               |
| Required for FTS   | \$ 164,185        | \$ 377,873        | \$ 542,058          | \$ 287,335        | \$ 477,609        | \$ 764,944          |
| Required for BARBs | 230,760           | 348,528           | 579,288             | 222,955           | 357,381           | 580,336             |
| Total              | <u>\$ 394,945</u> | <u>\$ 726,401</u> | <u>\$ 1,121,346</u> | <u>\$ 510,290</u> | <u>\$ 834,990</u> | <u>\$ 1,345,280</u> |

The Authority held \$2.3 billion and \$2.4 billion in excess of amounts required to be retained for FTS Bonds debt service under the Indenture as of June 30, 2025 and 2024, respectively. The Authority held \$10.4 million and \$10.5 million in excess of amounts required to be retained for BARBs debt service under the Indenture as of June 30, 2025 and 2024, respectively.

### 6. Unrestricted Grants

In fiscal years 2025 and 2024, the Authority received unrestricted grants in the amount of \$2.3 billion and \$2.4 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 August 12, 2025, the Authority issued \$1.7 billion of Fiscal 2026 Series A FTS Bonds, comprising \$1.5 billion of Subseries A-1 tax-exempt bonds and \$200 million of Subseries A-2 of tax-exempt bonds. The proceeds from Fiscal 2026 Series A will be used to finance the City's capital program.

On August 28, 2025, the Authority issued \$870 million of Fiscal 2026 Series S-1 BARBs. The proceeds of the Fiscal 2026 Series S-1 BARBs were used to refund prior outstanding BARBs .

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