New York City Transitional Finance Authority

2015 ANNUAL REPORT

For Fiscal Year

2015...

ANNUAL REPORT 2015

LETTER FROM THE CHAIRMAN

I am pleased to present the Fiscal Year 2015 annual report of the New York City Transitional Finance Authority (the “TFA”). This report contains complete audited financial information for this fiscal year, which began on July 1, 2014.

The TFA is a public benefit corporation whose primary purpose is to finance a portion of New York City’s capital improvement plan. The New York State Legislature approved the law authorizing the creation of the NYC Transitional Finance Authority on March 5, 1997 (Chapter 16 of the Laws of 1997, the “Act”). The Act included governance by a Board of five directors consisting of the following officials of the City: the Director of Management & Budget (who also serves as Chairperson), the Commissioner of Finance, the Commissioner of Design & Construction, the Comptroller, and the Speaker of the City Council.

The Act has been amended several times to increase the amount of debt the TFA is authorized to issue. Most recently, the Act was amended in 2009 which permitted the TFA to have outstanding \$13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds). In addition, the TFA may now issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City of New York, does not exceed the debt limit of the City of New York. As of June 30, 2015, the City’s debt-incurring margin within the debt limit of the City was \$21.7 billion.

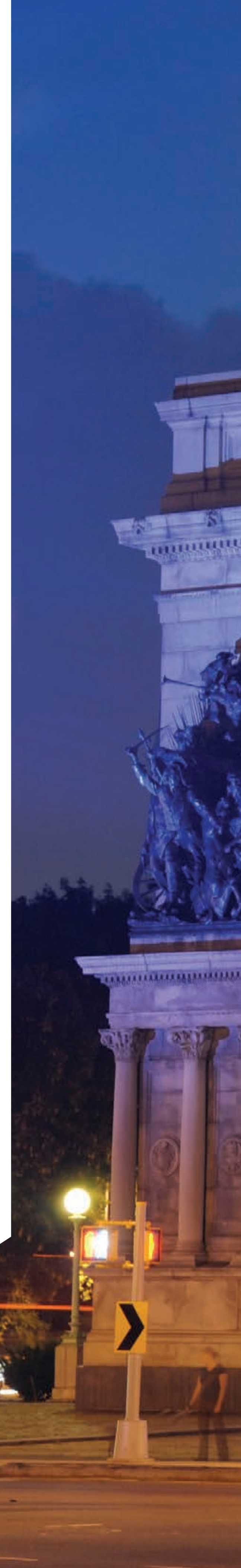
Legislation enacted in April 2006 enables the Authority to have outstanding up to \$9.4 billion of bonds, notes or other obligations for purposes of funding costs of the five-year educational facilities capital plan for the City school system, which are to be paid for from New York State Building Aid to be received by the Authority subject to annual appropriation by the New York State Legislature.

In Fiscal Year 2015, the TFA issued \$3.68 billion of Future Tax Secured Bonds and \$1.50 billion of Building Aid Revenue Bonds.

As of June 30, 2015, the TFA had \$25.49 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and \$7.43 billion of Building Aid Revenue Bonds outstanding. The TFA had \$936 million of bonds outstanding to pay costs related to or arising from the World Trade Center attack on September 11, 2001 (“Recovery Bonds”).

Respectfully submitted,

Dean A. Fuleihan
Chairman



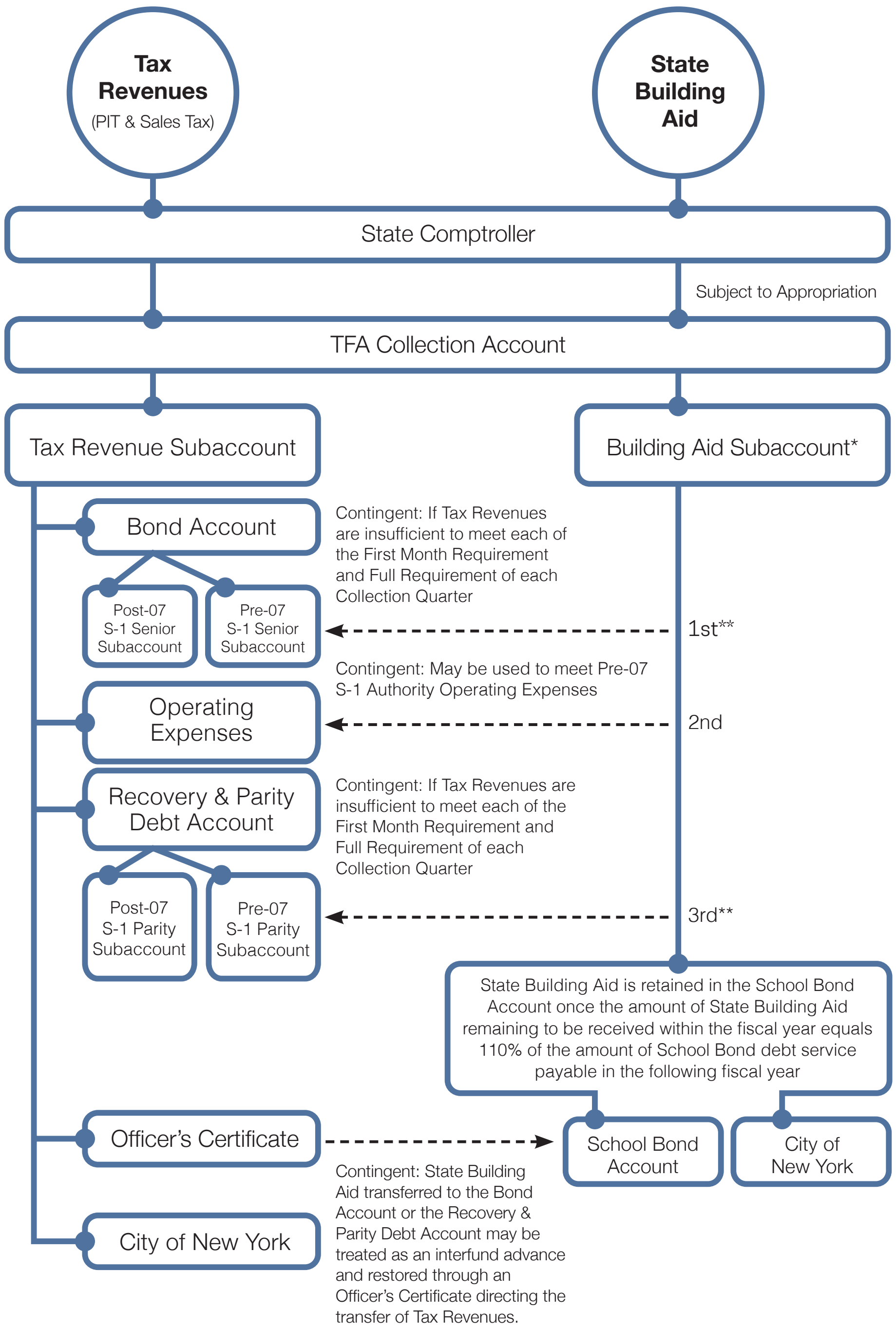
$17.4 billion

PIT and Sales Tax Revenue

$1.0 billion

New York State Building Aid

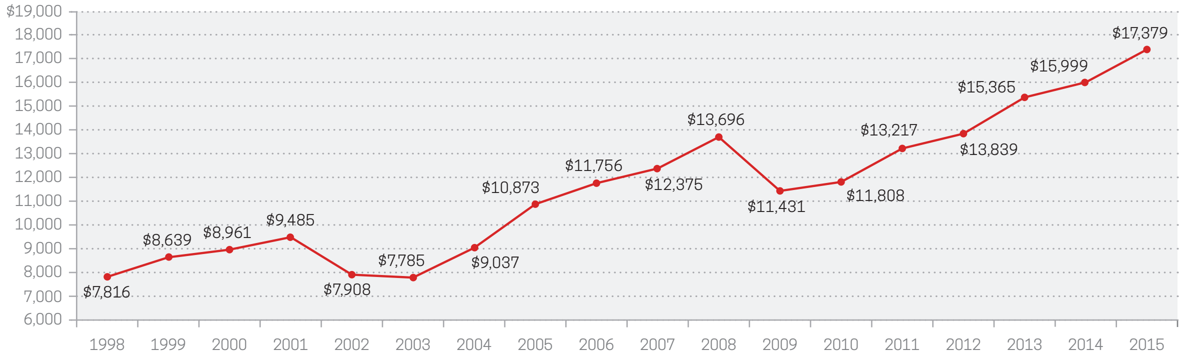
SUMMARY OF COLLECTION & APPLICATION OF REVENUES



* State Building Aid is initially available to pay debt service coming due and payable but not already provided for with respect to Senior Bonds and Parity Debt, issued prior to the Fiscal 2007 Series S-1 Building Aid Revenue Bonds.

** Within the respective retention period, once each of the First-Month and Full Requirement is satisfied, State Building Aid flows to either the School Bond Account or the City of New York.

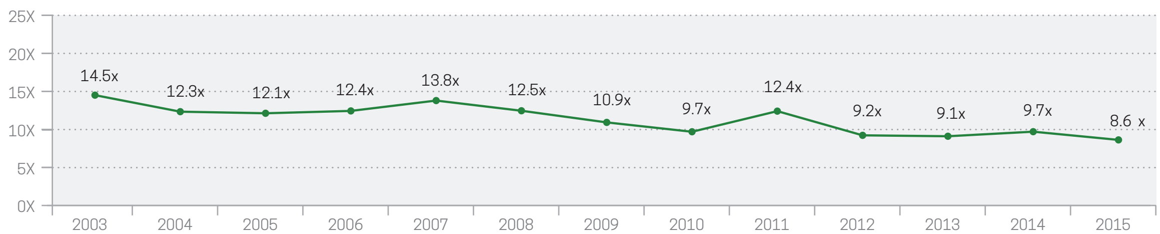
HISTORICAL AMOUNTS OF TAX REVENUES[1] (IN MILLIONS)



Source: NYC OMB. All figures shown herein are calculated on a cash basis. Figures after Fiscal Year 2004 do not reflect deductions for State Oversight Retention Requirements.

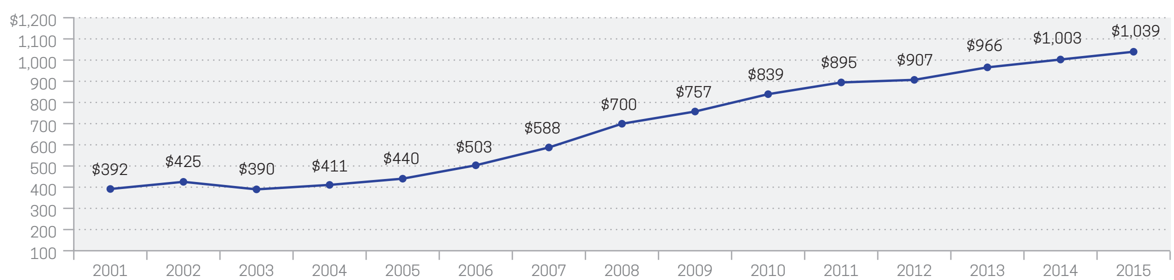
(1) The decrease in Tax Revenues from Fiscal Year 2008 to Fiscal Year 2009 is attributable, in part, to an adjustment in Fiscal Year 2009 by the State for overpayments of Personal Income Tax Revenues in Fiscal Years 2002 through 2009 in the amount of $597.3 million and, in part, to the economic recession.

DEBT SERVICE COVERAGE[1] FOR OUTSTANDING FUTURE TAX SECURED BONDS BY HISTORICAL TAX REVENUES



(1) Coverage is based on total Tax Revenues received in the Fiscal Year divided by Tax Revenues required to be retained by the Authority in such year for debt service, calculated without giving effect to prepayments of Authority debt service with grants from the City.

HISTORIC STATE BUILDING AID[1] (IN MILLIONS)



(1) The increase in State Building Aid in Fiscal Years 2001 and 2002 is largely attributable to the City's use of pay-as-you-go capital in Fiscal Years 2000 through 2002, the full amount of which was aided in Fiscal Years 2001 and 2002. Subsequently, the Education Law was changed to provide that projects paid for with pay-as-you-go capital would be aided over a 30-year period rather than in one fiscal year.

8.6x

Future Tax Secured Bonds
Debt Service Coverage

8.5 million

Population of New York City

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
New York City Transitional Finance Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the New York City Transitional Finance Authority (the "Authority"), a component unit of The City of New York, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Member of
Deloitte Touche Tohmatsu

Opinion

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2015 and 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Letter from the Chairman on page 2, and the Summary of Collection and Application of Revenues on pages 5 and 6, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Letter from the Chairman and the Summary of Collection and Application of Revenues have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

September 30, 2015

Management's Discussion and Analysis

JUNE 30, 2015 AND 2014 (UNAUDITED)

The following is a narrative overview and analysis of the financial activities of the New York City Transitional Finance Authority (the "Authority") as of June 30, 2015 and 2014 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 annual 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 is 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 original authorizing legislation limited the amount of Authority bonds and notes issued for The City of New York's (the "City's") general capital purposes ("Future Tax Secured Bonds" or "FTS Bonds") to $13.5 billion, (excluding Recovery Bonds, discussed below) as of June 30, 2009. On July 11, 2009, subsequent authorizing legislation was enacted under Chapter 182 of the Laws of New York, 2009, which permits the Authority to have outstanding $13.5 billion of FTS Bonds, (excluding Recovery Bonds). In addition, Chapter 182 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 2015, the City's and the Authority's combined

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONTINUED)*

JUNE 30, 2015 AND 2014 (UNAUDITED)

Future Tax Secured Bonds *(continued)*

debt-incurring capacity was approximately $21.7 billion. In fiscal years 2015 and 2014, the Authority issued $3.7 billion and $3.4 billion, respectively of FTS Bonds. The Authority had Future Tax Secured Senior Bonds outstanding of $1.3 billion and $1.7 billion and Subordinate bonds (excluding Recovery Bonds) of $24.2 billion and $22.3 billion as of June 30, 2015 and 2014, respectively.

The Authority is also authorized to have outstanding $2.5 billion of bonds and notes to pay costs related to or arising from the World Trade Center attack on September 11, 2001 ("Recovery Bonds"). The Authority had Recovery Bonds outstanding as of June 30, 2015 and 2014, of $936 million and $974 million, respectively.

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 payment from the United States Treasury. In fiscal years 2015 and 2014, the Authority earned subsidy payments of $53.3 million and $53.5 million on its BABs and $47.6 million and $46.1 million on its QSCBs. Starting in October 2014, subsidy payments were discounted 7.3% due to the Federal government's budget sequestration. 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 debt service activity for FTS Bonds in fiscal year 2015:

	Outstanding Principal Balance at June 30, 2014	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2015	Total Interest Payments FY 2015
			(in thousands)			
Senior FTS Bonds	$ 1,706,445	$ —	$ (126,535)	$ (292,365)	$ 1,287,545	$ 61,632
Subordinate FTS Bonds:						
Recovery Bonds	974,005	—	(37,890)	—	936,115	11,853
Parity Bonds	18,148,630	3,675,795	(595,760)	(1,158,520)	20,070,145	729,284
Build America Bonds	3,020,980	—	(27,780)	—	2,993,200	164,528
Qualified School Construction Bonds	1,137,340	—	—	—	1,137,340	20,532
Subtotal — Subordinate FTS Bonds	23,280,955	3,675,795	(661,430)	(1,158,520)	25,136,800	926,197
Total FTS Bonds Payable	**$ 24,987,400**	**$ 3,675,795**	**$ (787,965)**	**$ (1,450,885)**	**$ 26,424,345**	**$ 987,829**

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONTINUED)*

JUNE 30, 2015 AND 2014 (UNAUDITED)

Future Tax Secured Bonds *(continued)*

The following summarizes the debt service activity for FTS Bonds in fiscal year 2014:

		Outstanding Principal Balance at June 30, 2013		Issued/ Converted		Principal Retired		Principal Defeased		Outstanding Principal Balance at June 30, 2014		Total Interest Payments FY 2014
						(in thousands)						
Senior FTS Bonds	$	2,112,480	$	188,000	$	(351,160)	$	(242,875)	$	1,706,445	$	70,480
Subordinate FTS Bonds:												
Recovery Bonds		1,233,480		—		(259,475)		—		974,005		13,925
Parity Bonds		15,609,670		3,106,140		(434,315)		(132,865)		18,148,630		669,946
Build America Bonds		3,045,645		—		(24,665)		—		3,020,980		165,184
Qualified School Construction Bonds		1,047,060		90,280		—		—		1,137,340		20,532
Subtotal — Subordinate FTS Bonds		20,935,855		3,196,420		(718,455)		(132,865)		23,280,955		869,587
Total FTS Bonds Payable	**$**	**23,048,335**	**$**	**3,384,420**	**$**	**(1,069,615)**	**$**	**(375,740)**	**$**	**24,987,400**	**$**	**940,067**

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 the assignment to the Authority by 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 of the five-year educational facilities capital plan for the City school system and to pay its administrative expenses. In fiscal year 2015, the Authority issued $1.5 billion of BARBs and in fiscal year 2014 the Authority did not issue any BARBs. The Authority had BARBs outstanding of $7.4 billion and $6.1 billion as of June 30, 2015 and 2014, respectively.

In fiscal years 2015 and 2014, the Authority earned subsidy payments of $6.5 million and $6.5 million on its BABs and $9.1 million and $9.1 million on its QSCBs, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONTINUED)*

JUNE 30, 2015 AND 2014 (UNAUDITED)

Building Aid Revenue Bonds *(continued)*

The following summarizes the debt service activity for BARBs in fiscal year 2015:

	Outstanding Principal Balance at June 30, 2014	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2015	Total Interest Payments FY 2015
			(in thousands)			
Tax-exempt Bonds	$ 5,555,670	$ 1,500,000	$ (125,660)	$ —	$ 6,930,010	$ 274,165
Build America Bonds	295,750	—	—	—	295,750	20,018
Qualified School Construction Bonds	200,000	—	—	—	200,000	9,800
Total BARBs Payable	**$ 6,051,420**	**$ 1,500,000**	**$ (125,660)**	**$ —**	**$ 7,425,760**	**$ 303,983**

The following summarizes the debt service activity for BARBs in fiscal year 2014:

	Outstanding Principal Balance at June 30, 2013	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2014	Total Interest Payments FY 2014
			(in thousands)			
Tax-exempt Bonds	$ 5,658,365	$ —	$ (102,695)	$ —	$ 5,555,670	$ 278,620
Build America Bonds	295,750	—	—	—	295,750	20,018
Qualified School Construction Bonds	200,000	—	—	—	200,000	9,800
Total BARBs Payable	**$ 6,154,115**	**$ —**	**$ (102,695)**	**$ —**	**$ 6,051,420**	**$ 308,438**

In accordance with GASB standards, the building aid revenue is treated, for reporting purposes, as City revenue pledged to the Authority. The Authority retains sufficient building aid revenue to service the BARBs debt and to pay its administrative expenses. Under the criteria established by GASB, the assignment of building aid revenue by the City to the Authority is considered a collateralized borrowing, due to the City's continuing involvement necessary for collection of the building aid. The Authority reports as an asset (Due from New York City — future State building aid) the cumulative amount it has distributed to the City for the educational facilities capital plan, net of the cumulative amount of building aid it has retained. On the fund financial statements, the distributions to the City for its educational facilities capital program are reported as an other financing use of funds. Building aid retained by the Authority is treated as an other financing source, as the amount retained is accounted for as a repayment of the amounts loaned to the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONTINUED)*

JUNE 30, 2015 AND 2014 (UNAUDITED)

Building Aid Revenue Bonds *(continued)*

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,

	2015	2014	2013
		(in thousands)	
Building aid received from New York State	$ 1,039,395	$ 1,002,708	$ 965,701
Building aid remitted to New York City	(478,125)	(478,125)	(621,125)
Total retained for BARBs debt service and operating expenses	**$ 561,270**	**$ 524,583**	**$ 344,576**

Financial Highlights and Overall Analysis — Government-Wide Financial Statements

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

	2015	2014	2013	Variance 2015/2014	Variance 2014/2013
			(in thousands)		
Revenues:					
Personal income tax retained	$ 556,204	$ 1,641,311	$ 1,006,451	$ (1,085,107)	$ 634,860
Unrestricted grants	2,304,998	1,362,194	—	942,804	1,362,194
Federal subsidy	116,508	115,146	112,509	1,362	2,637
Investment earnings	2,761	2,044	4,872	717	(2,828)
Total revenues	**2,980,471**	**3,120,695**	**1,123,832**	**(140,224)**	**1,996,863**
Expenses:					
Distributions to New York City for general capital program	4,050,359	3,518,579	2,938,240	531,780	580,339
Interest expense	1,193,397	1,164,203	1,088,649	29,194	75,554
Other	175,919	153,836	164,672	22,083	(10,836)
Total expenses	**5,419,675**	**4,836,618**	**4,191,561**	**583,057**	**645,057**
Change in net position	(2,439,204)	(1,715,923)	(3,067,729)	(723,281)	1,351,806
Net position (deficit) — beginning of year	(25,299,803)	(23,583,880)	(20,516,151)	(1,715,923)	(3,067,729)
Net position (deficit) — end of year	**$ (27,739,007)**	**$ (25,299,803)**	**$ (23,583,880)**	**$ (2,439,204)**	**$ (1,715,923)**

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONTINUED)*

JUNE 30, 2015 AND 2014 (UNAUDITED)

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

In fiscal year 2015, the Authority received unrestricted grants from the City in the amount of $1.6 billion for FTS Bonds and $76.8 million for BARBs. These monies were used to fund future years debt service requirements for FTS Bonds and BARBs and will reduce the amount of future personal income tax ("PIT") and BARBs retained for such purpose. Additionally, the Authority received a grant for $636.7 million from Sales Tax Asset Receivable Corporation ("STAR"). The STAR funds were used to defease a portion of the Authority's outstanding bonds. In fiscal year 2014, the Authority received an unrestricted grant from the City in the amount of $1.4 billion. These funds were used to fund debt service requirements for FTS Bonds during the fiscal year ending June 30, 2015.

In fiscal years 2015, 2014 and 2013, the Authority earned subsidy payments on its BABs and QSCBs. The subsidy revenue fluctuated in fiscal years 2015, 2014 and 2013 due to changes in the discount rate of the Federal government's budget sequestration and issuance of additional QSCBs.

Investment earnings are primarily based on capital projects fund holdings, debt service fund holdings, interest rates and market value fluctuations during the fiscal year.

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

Interest expense increased in each fiscal year due to the increase in outstanding bonds.

Other expenses consist primarily of the Authority's administrative expenses, federal subsidies transferred to the City, and cost of issuance. The increase in fiscal year 2015 over 2014 was primarily due to $10.2 million increase in cost of issuance associated with the issuance of $1.6 billion more of new bonds, $3.4 million increase in federal subsidy transfer to the City and $7.9 million loss on cash defeasance.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONTINUED)*

JUNE 30, 2015 AND 2014 (UNAUDITED)

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

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

	2015	2014	2013	Variance 2015/2014	Variance 2014/2013
			(in thousands)		
Assets	$ 9,887,032	$ 7,878,919	$ 7,522,685	$ 2,008,113	$ 356,234
Deferred outflows of resources	82,477	69,610	104,955	12,867	(35,345)
Liabilities:					
Current liabilities	2,864,017	1,669,329	1,371,679	1,194,688	297,650
Non-current liabilities	34,844,499	31,579,003	29,839,841	3,265,496	1,739,162
Total liabilities	**37,708,516**	**33,248,332**	**31,211,520**	**4,460,184**	**2,036,812**
Net position:					
Restricted	64,421	967,978	1,536,942	(903,557)	(568,964)
Unrestricted	(27,803,428)	(26,267,781)	(25,120,822)	(1,535,647)	(1,146,959)
Total net position (deficit)	**$ (27,739,007)**	**$ (25,299,803)**	**$ (23,583,880)**	**$ (2,439,204)**	**$ (1,715,923)**

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

Total liabilities increased in fiscal years 2015 and 2014 primarily due to the issuance of new bonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONTINUED)*

JUNE 30, 2015 AND 2014 (UNAUDITED)

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 project fund ("BARBs CPF"), (3) a future tax secured bonds capital project 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,

	2015	2014	2013	Variance 2015/2014	Variance 2014/2013
			(in thousands)		
Revenues	$ 142,355	$ 139,868	$ 115,419	$ 2,487	$ 24,449
Expenditures	140,548	136,530	138,083	4,018	(1,553)
Other financing sources	362	322	348	40	(26)
Net change in fund balances	2,169	3,660	(22,316)	(1,491)	25,976
Fund balance — beginning of year	1,890	(1,770)	20,546	3,660	(22,316)
Fund balance — end of year	**$ 4,059**	**$ 1,890**	**$ (1,770)**	**$ 2,169**	**$ 3,660**

GF revenues fluctuate each year based on the PIT retained for administrative expenses and federal interest subsidies received. The large variance between fiscal year 2014 and 2013 revenue was primarily due to the timing of when PIT was retained for operating expenses. Expenditures fluctuated each year mainly due to 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,

	2015	2014	2013	Variance 2015/2014	Variance 2014/2013
			(in thousands)		
Revenues	$ 12	$ —	$ 416	$ 12	$ (416)
Expenditures	8,724	—	4,851	8,724	(4,851)
Other financing sources (uses)	8,681	—	4,435	8,681	(4,435)
Net change in fund balances	(31)	—	—	(31)	—
Fund balance — beginning of year	—	—	—	—	—
Fund balance — end of year	**$ (31)**	**$ —**	**$ —**	**$ (31)**	**$ —**

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONTINUED)*

JUNE 30, 2015 AND 2014 (UNAUDITED)

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

The Authority's bond proceeds and distributions to the City are reported as other financing sources (uses) in the governmental funds. In fiscal year 2015, BARBs proceeds were transferred/due to the City to pay certain educational facilities capital program. In fiscal year 2014, the Authority did not issue any BARBs.

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

	2015	2014	2013	Variance 2015/2014	Variance 2014/2013
			(in thousands)		
Revenues	$ 1,264	$ 996	$ 1,577	$ 268	$ (581)
Expenditures	4,064,993	3,533,784	2,950,026	531,209	583,758
Other financing sources (uses)	3,160,203	2,963,824	3,148,446	196,379	(184,622)
Net change in fund balances	(903,526)	(568,964)	199,997	(334,562)	(768,961)
Fund balance — beginning of year	967,978	1,536,942	1,336,945	(568,964)	199,997
Fund balance — end of year	**$ 64,452**	**$ 967,978**	**$ 1,536,942**	**$ (903,526)**	**$ (568,964)**

CPF expenditures represent the amount of bond proceeds transferred to the City and other financing sources represent proceeds from bond issuances. Expenditures and other financing sources 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,

	2015	2014	2013	Variance 2015/2014	Variance 2014/2013
			(in thousands)		
Revenues	$ 78,292	$ 862	$ 2,499	$ 77,430	$ (1,637)
Expenditures	429,643	411,133	296,387	18,510	114,746
Other financing sources (uses)	560,951	524,261	344,644	36,690	179,617
Net change in fund balances	209,600	113,990	50,756	95,610	63,234
Fund balance — beginning of year	651,883	537,893	487,137	113,990	50,756
Fund balance — end of year	**$ 861,483**	**$ 651,883**	**$ 537,893**	**$ 209,600**	**$ 113,990**

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONTINUED)*

JUNE 30, 2015 AND 2014 (UNAUDITED)

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

Revenues in the BARBs DSF increased in fiscal year 2015 due to the receipt of an unrestricted grant from the City. Expenditures are primarily the debt service payments on outstanding BARBs. The other financing sources (uses) consist primarily of State building aid retained by the Authority in fiscal years 2015, 2014 and 2013, respectively.

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

					Variance	
		2015	2014	2013	2015/2014	2014/2013
				(in thousands)		
Revenues		$ 2,758,627	$ 2,977,058	$ 1,003,858	$ (218,431)	$ 1,973,200
Expenditures		2,413,789	2,011,783	1,755,193	402,006	256,590
Other financing sources (uses)		(15,644)	236,975	260,676	(252,619)	(23,701)
Net change in fund balances		329,194	1,202,250	(490,659)	(873,056)	1,692,909
Fund balance — beginning of year		1,596,217	393,967	884,626	1,202,250	(490,659)
Fund balance — end of year		**$ 1,925,411**	**$ 1,596,217**	**$ 393,967**	**$ 329,194**	**$ 1,202,250**

In fiscal years 2015 and 2014, the FTS Bonds DSF revenue primarily consisted of grants from the City and PIT retained by the Authority. The decrease in fiscal year 2015 over 2014 was mainly due to a decrease of $1.1 billion of PIT retained, which was offset by an increase of $866 million more of grant revenue in fiscal year 2015. The increase in fiscal year 2014 over 2013 was mainly due to an increase of $1.4 billion grant revenue and by an increase of $611 million of PIT retained in fiscal year 2014.

Expenditures increased in fiscal year 2015 over 2014 mainly due to an increase of $43 million of interest payments on FTS Bonds, an increase of cost issuance of $8.2 million, a cash defeasance of $633.8 million, which was offset by a decrease of $282 million of principal payments. Expenditures increased in fiscal year 2014 over 2013 mainly due to an increase of $163 million of principal and $101 million of interest payments on FTS Bonds. Other financing sources (uses) consist primarily of the proceeds from refunding and reoffering of FTS Bonds and payments of refunded FTS bonds. The amount fluctuates each year based on the size of the refundings.

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, New York, NY 10007.

***** END *****

STATEMENTS OF NET POSITION (DEFICIT)

AS OF JUNE 30, 2015 AND 2014

	2015	2014
	(in thousands)	
Assets:		
Unrestricted cash and cash equivalents	$ 7,555	$ 4,770
Restricted cash and cash equivalents	971,239	1,027,600
Unrestricted investments	1,667,936	1,362,270
Restricted investments	1,204,488	926,705
Due from New York City - future State building aid	5,394,283	4,240,380
Personal income tax receivable from New York State	610,735	286,641
Federal interest subsidy receivable	30,474	30,553
Other	322	—
Total assets	**9,887,032**	**7,878,919**
Deferred outflows of resources:		
Unamortized deferred bond refunding costs	82,477	69,610
Total deferred outflows of resources	**82,477**	**69,610**
Liabilities:		
Personal income tax payable to New York City	610,735	286,641
Distribution payable to New York City capital programs	990,794	99,697
Accrued expenses	5,372	3,680
Accrued interest payable	428,761	382,191
Bonds payable:		
Portion due within one year	828,355	891,140
Portions due after one year	34,844,499	31,584,983
Total liabilities	**37,708,516**	**33,248,332**
Net position (deficit):		
Restricted for capital projects	64,421	967,978
Unrestricted (deficit)	(27,803,428)	(26,267,781)
Total net position (deficit)	**$ (27,739,007)**	**$ (25,299,803)**

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

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
	(in thousands)	
Revenues:		
Personal income tax revenue	$ 10,925,168	$ 9,751,614
Less remittances to New York City	(10,368,964)	(8,110,303)
Personal income tax revenue retained	556,204	1,641,311
Unrestricted grants	2,304,998	1,362,194
Federal interest subsidy	116,508	115,146
Investment earnings	2,761	2,044
Total revenues	2,980,471	3,120,695
Expenses:		
General and administrative expenses	23,961	23,295
Distribution to New York City for general capital program	4,050,359	3,518,579
Distribution of federal interest subsidy to New York City	116,587	113,235
Cost of debt issuance	27,506	17,306
Interest expense	1,193,397	1,164,203
Loss on defeasance	7,865	—
Total expenses	5,419,675	4,836,618
Change in net position (deficit)	(2,439,204)	(1,715,923)
Net position (deficit) — beginning of year	(25,299,803)	(23,583,880)
Net position (deficit) — end of year	**$ (27,739,007)**	**$ (25,299,803)**

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

GOVERNMENTAL FUNDS BALANCE SHEETS

AS OF JUNE 30, 2015

		Capital Projects		Debt Service		
	General Fund	Building Aid Revenue Bonds	Future Tax Secured	Building Aid Revenue Bonds	Future Tax Secured	Total Governmental Funds
			(in thousands)			
Assets:						
Unrestricted cash and cash equivalents	$ 7,551	$ —	$ —	$ 1	$ 3	$ 7,555
Restricted cash and cash equivalents	—	607,960	84,182	161	278,936	971,239
Restricted investments	—	224,471	139,883	784,562	55,572	1,204,488
Unrestricted investments	—	—	—	76,799	1,591,137	1,667,936
Personal income tax receivable from New York State	—	—	—	—	610,735	610,735
Other	362	—	—	322	—	684
Total assets	**$ 7,913**	**$ 832,431**	**$ 224,065**	**$ 861,845**	**$ 2,536,383**	**$ 4,462,637**
Liabilities:						
Accrued expenses	$ 3,854	$ 728	$ 553	$ 362	$ 237	$ 5,734
Distribution payable to New York City for capital programs	—	831,734	159,060	—	—	990,794
Personal income tax payable to New York City	—	—	—	—	107,735	107,735
Total liabilities	**3,854**	**832,462**	**159,613**	**362**	**107,972**	**1,104,263**
Deferred inflows of resources:						
Unavailable personal income tax revenue	—	—	—	—	503,000	503,000
Total deferred inflows of resources	**—**	**—**	**—**	**—**	**503,000**	**503,000**
Fund balances:						
Restricted for:						
Capital distribution to New York City	—	(31)	64,452	—	—	64,421
Debt service	—	—	—	784,657	334,271	1,118,928
Unrestricted for:						
Assigned for debt service	—	—	—	76,826	1,591,140	1,667,966
Unassigned	4,059	—	—	—	—	4,059
Total fund balances	**4,059**	**(31)**	**64,452**	**861,483**	**1,925,411**	**2,855,374**
Total liabilities, deferred inflows of resources and fund balances	**$ 7,913**	**$ 832,431**	**$ 224,065**	**$ 861,845**	**$ 2,536,383**	**$ 4,462,637**

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

GOVERNMENTAL FUNDS BALANCE SHEETS

AS OF JUNE 30, 2014

	General Fund	Capital Projects: Building Aid Revenue Bonds	Capital Projects: Future Tax Secured	Debt Service: Building Aid Revenue Bonds	Debt Service: Future Tax Secured	Total Governmental Funds
			(in thousands)			
Assets:						
Unrestricted cash and cash equivalents	$ 4,770	$ —	$ —	$ —	$ —	$ 4,770
Restricted cash and cash equivalents	—	16	803,140	103,558	120,886	1,027,600
Restricted investments	—	—	264,845	548,647	113,213	926,705
Unrestricted investments	—	—	—	—	1,362,270	1,362,270
Personal income tax receivable from New York State	—	—	—	—	286,641	286,641
Other	322	—	—	—	—	322
Total assets	**$ 5,092**	**$ 16**	**$ 1,067,985**	**$ 652,205**	**$ 1,883,010**	**$ 3,608,308**
Liabilities:						
Accrued expenses	$ 3,202	$ 16	$ 310	$ 322	$ 152	$ 4,002
Distribution payable to New York City for capital programs	—	—	99,697	—	—	99,697
Personal income tax payable to New York City	—	—	—	—	48,641	48,641
Total liabilities	**3,202**	**16**	**100,007**	**322**	**48,793**	**152,340**
Deferred inflows of resources:						
Unavailable personal income tax revenue	—	—	—	—	238,000	238,000
Total deferred inflows of resources	**—**	**—**	**—**	**—**	**238,000**	**238,000**
Fund balances:						
Restricted for:						
Capital distribution to New York City	—	—	967,978	—	—	967,978
Debt service	—	—	—	651,883	233,947	885,830
Unrestricted for:						
Assigned for debt service	—	—	—	—	1,362,270	1,362,270
Unassigned	1,890	—	—	—	—	1,890
Total fund balances	**1,890**	**—**	**967,978**	**651,883**	**1,596,217**	**3,217,968**
Total liabilities, deferred inflows of resources and fund balances	**$ 5,092**	**$ 16**	**$ 1,067,985**	**$ 652,205**	**$ 1,883,010**	**$ 3,608,308**

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

RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENTS OF NET POSITION (DEFICIT)

AS OF JUNE 30, 2015 AND 2014

	2015	2014
	(in thousands)	
Total fund balances — governmental funds	$ 2,855,374	$ 3,217,968
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.	(1,822,749)	(1,437,303)
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.	30,474	30,553
BARBs proceeds are reported as an 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.	5,394,283	4,240,380
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	(33,850,105)	(31,038,820)
Accrued interest payable	(428,761)	(382,191)
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.	82,477	69,610
Net position (deficit) of governmental activities	**$ (27,739,007)**	**$ (25,299,803)**

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

GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2015

		Capital Projects		Debt Service		
	General Fund	Building Aid Revenue Bonds	Future Tax Secured	Building Aid Revenue Bonds	Future Tax Secured	Total Governmental Funds
			(in thousands)			
Revenues:						
Personal income tax revenue	$ 25,763	$ —	$ —	$ —	$ 10,634,405	$ 10,660,168
Less remittances to New York City	—	—	—	—	(10,103,964)	(10,103,964)
Personal income tax revenue retained	25,763	—	—	—	530,441	556,204
Unrestricted grants	—	—	—	76,825	2,228,173	2,304,998
Federal interest subsidy	116,587	—	—	—	—	116,587
Investment earnings	5	12	1,264	1,467	13	2,761
Total revenues	142,355	12	1,264	78,292	2,758,627	2,980,550
Expenditures:						
Interest expense	—	—	—	303,983	987,829	1,291,812
Costs of debt issuance	—	8,724	14,634	—	—	23,358
Distributions to New York City for general capital program	—	—	4,050,359	—	—	4,050,359
Distributions of federal interest subsidy to New York City	116,587	—	—	—	—	116,587
Defeasance Escrow	—	—	—	—	633,847	633,847
Principal amount of bonds retired	—	—	—	125,660	787,965	913,625
Refunding bond issuance costs	—	—	—	—	4,148	4,148
General and administrative expenses	23,961	—	—	—	—	23,961
Total expenditures	140,548	8,724	4,064,993	429,643	2,413,789	7,057,697
Excess (deficiency) of revenues over expenditures	**1,807**	**(8,712)**	**(4,063,729)**	**(351,351)**	**344,838**	**(4,077,147)**
Other financing sources (uses):						
Principal amount of bonds issues	—	1,500,000	2,890,000	—	—	4,390,000
Distributors to New York City for educational facilities capital programs	—	(1,715,174)	—	—	—	(1,715,174)
Refunding bond proceeds	—	—	—	—	785,795	785,795
Bond premium, net of discount	—	223,898	270,767	—	137,092	631,757
Payments of refunded bonds	—	—	—	—	(939,095)	(939,095)
Transfer from New York City — building aid	—	—	—	561,270	—	561,270
Transfers in (out)	362	(43)	(564)	(319)	564	—
Total other financing sources (uses)	**362**	**8,681**	**3,160,203**	**560,951**	**(15,644)**	**3,714,553**
Net changes in fund balances	2,169	(31)	(903,526)	209,600	329,194	(362,594)
Fund balances — beginning of year	1,890	—	967,978	651,883	1,596,217	3,217,968
Fund balances — end of year	**$ 4,059**	**$ (31)**	**$ 64,452**	**$ 861,483**	**$ 1,925,411**	**$ 2,855,374**

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

GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Capital Projects: Building Aid Revenue Bonds	Capital Projects: Future Tax Secured	Debt Service: Building Aid Revenue Bonds	Debt Service: Future Tax Secured	Total Governmental Funds
			(in thousands)			
Revenues:						
Personal income tax revenue	$ 26,629	$ —	$ —	$ —	$ 9,533,985	$ 9,560,614
Less remittances to New York City	—	—	—	—	(7,919,303)	(7,919,303)
Personal income tax revenue retained	26,629	—	—	—	1,614,682	1,641,311
Unrestricted grants	—	—	—	—	1,362,194	1,362,194
Federal interest subsidy	113,235	—	—	—	—	113,235
Investment earnings	4	—	996	862	182	2,044
Total revenues	139,868	—	996	862	2,977,058	3,118,784
Expenditures:						
Interest expense	—	—	—	308,438	940,067	1,248,505
Costs of debt issuance	—	—	15,205	—	—	15,205
Distributions to New York City for general capital program	—	—	3,518,579	—	—	3,518,579
Distributions of federal interest subsidy New York City	113,235	—	—	—	—	113,235
Principal amount of bonds retired	—	—	—	102,695	1,069,615	1,172,310
Refunding bond issuance costs	—	—	—	—	2,101	2,101
General and administrative expenses	23,295	—	—	—	—	23,295
Total expenditures	136,530	—	3,533,784	411,133	2,011,783	6,093,230
Excess (deficiency) of revenues over expenditures	**3,338**	**—**	**(3,532,788)**	**(410,271)**	**965,275**	**(2,974,446)**
Other financing sources (uses):						
Principal amount of bonds issued	—	—	2,805,280	—	—	2,805,280
Refunding bond proceeds	—	—	—	—	579,140	579,140
Bond premium, net of discount	—	—	159,846	—	46,049	205,895
Payments of refunded bonds	—	—	—	—	(389,516)	(389,516)
Transfer from New York City — building aid	—	—	—	524,583	—	524,583
Transfers in (out)	322	—	(1,302)	(322)	1,302	—
Total other financing sources (uses)	**322**	**—**	**2,963,824**	**524,261**	**236,975**	**3,725,382**
Net changes in fund balances	3,660	—	(568,964)	113,990	1,202,250	750,936
Fund balances — beginning of year	(1,770)	—	1,536,942	537,893	393,967	2,467,032
Fund balances — end of year	**$ 1,890**	**$ —**	**$ 967,978**	**$ 651,883**	**$ 1,596,217**	**$ 3,217,968**

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

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, 2015 AND 2014

	2015	2014
	(in thousands)	
Net change in fund balances — total governmental funds	$ (362,594)	$ 750,936
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).	(5,175,795)	(3,384,420)
Refunding bond proceeds and payments to refunded bond escrow holder are reported as other financing sources and uses in the governmental funds financial statements, but increase and decrease long-term liabilities in the statements of net position (deficit).	939,095	389,516
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.	(8,128)	(41,833)
Repayment (including defeasance) of bond principal is an expenditure in the governmental funds financial statements, but the repayment reduces long-term liabilities in the statement of net position (deficit).	1,547,472	1,172,310
Payments to defease bonds prior to maturity are reported as expenditures in the governmental funds financial statements. However, in the statements of net position (deficit), only the difference between the carrying value of the defeased bonds and the amount paid to defease the bonds are reported as period revenues or expenses.	(7,865)	—
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.	(453,707)	(54,697)
Distributions to the City's educational facilities capital program from BARBs proceeds are reported as an other financing use in governmental funds financial statements. However, in the statements of net position (deficit), distributions of BARBs proceeds are reported as due from New York City-future State building aid.	1,715,174	—
Retention of building aid is reported similar to a transfer from the City, as an other financing source 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.	(561,270)	(524,583)
Federal interest subsidy on BABs and QSCBs is recognized when the related bond interest cost is reported. On the statement 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.	(79)	1,911
Interest is reported on the statement 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.	(71,507)	(25,063)
Change in net position (deficit) — governmental activities	**$ (2,439,204)**	**$ (1,715,923)**

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

Notes to Financial Statements

JUNE 30, 2015 AND 2014

1. Organization and Nature of Activities

The New York City Transitional Finance Authority (the "Authority") 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 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 is currently authorized to have outstanding $13.5 billion of FTS Bonds. In addition, the Authority is authorized 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. The Authority is also allowed to issue up to 20 percent of its total outstanding FTS Bonds as variable rate bonds. As of June 30, 2015, the City's and the Authority's combined debt-incurring capacity was approximately $21.7 billion.

On September 13, 2001, the State Legislature authorized the Authority to have outstanding an additional $2.5 billion of bonds and notes ("Recovery Bonds") to fund the City's costs related to and arising from events on September 11, 2001 at the World Trade Center, notwithstanding the limits discussed above.

State legislation enacted in April 2006 additionally enables the Authority to have outstanding up to $9.4 billion of Building Aid Revenue Bonds ("BARBs"), notes or other obligations for purposes of funding costs of the five-year educational facilities capital plan for the City school system and 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.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

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 Governmental Accounting Standard Board ("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 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 is 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. 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 of Directors of the Authority (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.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

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

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 us 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.

C. Bond and bond anticipation note 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, as well as debt issuance costs, 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 loss incurred in a current or advance refunding of outstanding bonds and are reported as a deferred outflow 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. In the governmental funds financial statements, costs of the bond refunding are reported as expenditures when incurred.

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.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

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

F. The Authority receives the City personal income taxes, imposed pursuant to the 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. Funds for FTS Bonds debt service are required to be set aside prior to the due date of the principal and interest. Personal income taxes 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 year 2015, the Authority received unrestricted grants for future debt service payments and reduced the amount of PIT retained for such purpose as described in Note 6.

G. The Authority receives building aid payments by the State, subject to State annual appropriation, pursuant to the assignment by the City of the building aid payments to the Authority to service its building aid revenue bonds and pay a portion of its administrative expenses. Due to the City's continuing involvement necessary for the collection of the building aid, this assignment is considered a collateralized borrowing between the City and the Authority pursuant to GASB standards. The Authority reports, on its statements of net position (deficit), an asset (Due from New York City — future State building aid) representing the cumulative amount it has distributed to the City for the educational facilities capital plan, net of the cumulative amount of building aid it has retained. On the fund financial statements, the distributions to the City for its educational facilities capital program are reported as an other financing use of funds. Building aid retained by the Authority is treated as an other financing source as the amount retained is accounted for as a repayment of the amounts loaned to the City. During the years ended June 30, 2015 and 2014, the Authority retained $561 million and $525 million, respectively of State building aid to be used for BARBs debt service and its administrative expenses.

H. To maintain the exemption from Federal income tax of interest on bonds issued by the Authority, the Authority will fund amounts required to be rebated 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 2015 and 2014.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

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

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, no subsidy receivable is reported.

I. Recent Accounting Pronouncements:

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 February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). GASB 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements. The provisions of GASB 72 are effective for fiscal years beginning after June 15, 2015; however, TFA has early adopted the standard during fiscal year 2015. Pursuant to the standard, TFA has disclosed the hierarchy of valuation inputs and valuation techniques in its notes to the financial statements.

- In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provision of GASB 67* and GASB 68 ("GASB 73"). GASB 73 provides guidance on assets accumulated for pension plans that are not administered through a trust and provides clarity on certain provision of GASB 67 and GASB 68. The requirements for GASB 73 are effective for fiscal years beginning after June 15, 2015. TFA has not completed the process of evaluating GASB 73, but does not expect it to have an impact on TFA's financial statements as it has no employees.

- In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"). GASB 74 establishes financial reporting standards to state and local governmental other postemployment benefit ("OPEB") plans. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016. TFA has not completed the process of evaluating GASB 74, but does not expect it to have an impact on TFA's financial statements as it has no employees.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

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

- In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 establishes accounting and financial reporting standards for OPEB that is provided to employees of state and local governmental employers. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017. TFA has not completed the process of evaluating GASB 75, but does not expect it to have an impact on TFA's financial statements as it has no employees.

- In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"). GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction of other event is not specified within the source of authoritative GAAP. The requirements of GASB 76 are effective for fiscal years beginning after June 15, 2015. TFA has not completed the process of evaluating GASB 76, but does not expect it to have an impact on TFA's financial statements.

J. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Authority's management to make estimates and assumptions in determining the reported amounts of assets, deferred outflow of resources, liabilities and deferred inflow of resources, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*
JUNE 30, 2015 AND 2014

3. Cash and Cash Equivalents

The Authority's cash and cash equivalents as of June 30, 2015 and 2014 are as follows:

		2015		2014
		(in thousands)		
Restricted cash and cash equivalents:				
Cash	$	27	$	3
Cash equivalents (see Note 4)		971,212		1,027,597
Total restricted cash and cash equivalents		**971,239**		**1,027,600**
Unrestricted cash and cash equivalents:				
Cash		303		243
Cash equivalents (see Note 4)		7,252		4,527
Total unrestricted cash and cash equivalents		**7,555**		**4,770**
Total cash and cash equivalents	**$**	**978,794**	**$**	**1,032,370**

As of June 30, 2015 and 2014, the Authority's restricted cash and cash equivalents consisted of bank deposits, money market funds, U.S. Treasuries, and securities of government sponsored enterprises held by the Authority's Trustee in the Trustee's name.

As of June 30, 2015 and 2014, the Authority's unrestricted cash and cash equivalents consisted of bank deposits, money market funds and securities of government sponsored enterprises held by the Authority's Trustee in the Trustee's name.

As of June 30, 2015 and 2014, the carrying amounts and bank balances of unrestricted bank deposits were $303 thousand and $243 thousand, respectively. In fiscal year 2015, $51 thousand was uninsured and uncollaterized.

The Authority's investments classified as cash equivalents included U.S. Government Securities and Commercial Paper 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).

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

4. Investments

Each account of the Authority that is held pursuant to the Indenture between the Authority and its Trustee, as amended and as restated December 1, 2010, (the "Indenture") 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 as of June 30, 2015 and 2014, are as follows:

	2015	2014
	(in thousands)	
Restricted investments and cash equivalents:		
Money market funds	$ 3,851	$ 3,933
Federal Home Loan Mortgage Corporation discount notes	220,851	184
Federal Home Loan Bank discount notes	457,421	452,162
Farmer Mac discount notes	—	39,947
Federal National Mortgage Association discount notes	419,867	418,988
U.S. Treasuries	218,213	111,313
Commercial paper	855,497	927,775
Total restricted investments and cash equivalents	**2,175,700**	**1,954,302**
Less: amounts reported as restricted cash equivalents	(971,212)	(1,027,597)
Total restricted investments	**$ 1,204,488**	**$ 926,705**
Unrestricted investments and cash equivalents:		
Money market funds	7,252	4,527
Federal Home Loan Mortgage Corporation discount notes	1,071,166	1,362,270
Federal National Mortgage Association discount notes	596,770	—
Total unrestricted investments and cash equivalents	**1,675,188**	**1,366,797**
Less: amounts reported as unrestricted cash equivalents	(7,252)	(4,527)
Total unrestricted investments	**$ 1,667,936**	**$ 1,362,270**

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

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, 2015 and 2014:

- Money Market Funds of $11.1 million and $8.5 million respectively, are valued based on various market and industry inputs (Level 2 inputs).
- U.S. Treasury securities of $218.2 million and $111.3 million respectively, are valued using quoted market prices (Level 1 inputs).
- U.S. Agencies securities of $2.8 billion and $2.3 billion respectively, are valued using a matrix pricing model (Level 2 inputs).
- Commercial paper of $855.5 million and $927.8 million respectively, are value 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 commercial paper. All commercial paper held by the Authority is non-asset backed commercial paper and is rated A1+ by Standard Poor's Rating Services and P1 by Moody's Investor Services.

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, 2015, TFA's investments are in eligible U.S Government sponsored entities and commercial paper. These are 78% and 22% of TFA total investments, respectively.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

5. Long-Term Liabilities

Pursuant to the New York City Transitional Finance Authority Act (the "Act"), as amended, the Authority is authorized to have outstanding $13.5 billion of FTS Bonds, excluding Recovery Bonds. In addition, Chapter 182 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. As of June 30, 2015, the City's and the Authority's combined debt-incurring capacity was approximately $21.7 billion. The Authority is also authorized to have outstanding $2.5 billion of Recovery Bonds and notes to pay costs related to or arising from the World Trade Center attack on September 11, 2001.

The Indenture permits the Authority to issue Senior and Subordinate FTS Bonds which consists of Recovery Bonds, Build America Bonds, Qualified School Construction Bonds, and other parity debt. As of June 30, 2015 and 2014, the Authority had $1.3 billion and $1.7 billion, respectively, of Senior bonds outstanding. The Authority is authorized to issue Senior FTS Bonds in an amount not to exceed $12 billion in outstanding principal and subject to a $330 million limit on quarterly debt service. Subordinate FTS Bonds outstanding as of June 30, 2015 and 2014, were $25.1 billion and $23.3 billion, respectively. Total FTS Bonds outstanding at June 30, 2015 and 2014, were $26.4 billion and $25.0 billion, respectively.

In fiscal year 2015, the changes in FTS long-term debt were as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
		(in thousands)		
Senior FTS Bonds	$ 1,706,445	$ —	$ (418,900)	$ 1,287,545
Subordinate FTS Bonds:				
Recovery Bonds	974,005	—	(37,890)	936,115
Parity Bonds	18,148,630	3,675,795	(1,754,280)	20,070,145
Build America Bonds	3,020,980	—	(27,780)	2,993,200
Qualified School Construction Bonds	1,137,340	—	—	1,137,340
Subtotal — Subordinate FTS Bonds	**23,280,955**	**3,675,795**	**(1,819,950)**	**25,136,800**
Total before premiums/discounts (net)	**24,987,400**	**3,675,795**	**(2,238,850)**	**26,424,345**
Premiums/(discounts)(net)	1,247,241			1,434,301
Total FTS Bonds Payable	**$ 26,234,641**			**$ 27,858,646**
Due within one year				$ 696,350

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

5. Long-Term Liabilities *(continued)*

In fiscal year 2014, the changes in FTS long-term debt were as follows:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
		(in thousands)		
Senior FTS Bonds	$ 2,112,480	$ 188,000	$ (594,035)	$ 1,706,445
Subordinate FTS Bonds:				
Recovery Bonds	1,233,480	—	(259,475)	974,005
Parity Bonds	15,609,670	3,106,140	(567,180)	18,148,630
Build America Bonds	3,045,645	—	(24,665)	3,020,980
Qualified School Construction Bonds	1,047,060	90,280	—	1,137,340
Subtotal — Subordinate FTS Bonds	**20,935,855**	**3,196,420**	**(851,320)**	**23,280,955**
Total before premiums/discounts (net)	**23,048,335**	**3,384,420**	**(1,445,355)**	**24,987,400**
Premiums/(discounts)(net)	1,184,388			1,247,241
Total FTS Bonds Payable	**$ 24,232,723**			**$ 26,234,641**
Due within one year				$ 765,480

As of June 30, 2015, the interest rates on the Authority's outstanding FTS fixed rate bonds ranged from 1.00% to 5.50% on tax-exempt bonds and .68% to 6.27% on taxable bonds.

The Authority funds its debt service requirements for all FTS Bonds and its administrative expenses from personal income taxes collected on its behalf by the State and, under certain circumstances if it were necessary, sales taxes. Sales taxes are only available to the Authority if the amounts of personal income tax revenues fall below statutorily specified debt service coverage levels. No sales tax revenues were received or required during the fiscal years ended June 30, 2015 and 2014. The Authority remits any excess personal income tax not required for its debt service payments and its administrative expenses to the City. The Authority has no taxing power.

On June 30, 2015 and 2014, the Authority had $4.0 billion and $3.6 billion, respectively, of FTS variable rate bonds outstanding, consisting of $222.4 million of Auction Rate Securities ("ARS"), $440.3 million and $377.2 million, respectively, of Index Rate Bonds, and $3.3 billion and $3.0 billion, respectively, of Variable Rate Demand Bonds ("VRDBs"). The interest rate on the ARSs is established weekly by an auction agent at the lowest clearing rate based upon bids received from broker dealers. The interest rate on the ARS cannot exceed 12%. In fiscal years 2015 and 2014, the interest rate on the ARS averaged .43% and .39%, respectively, and on the Index Rate Bonds .79% and .84%, respectively. The Authority's Index Rate Bonds pay interest based on a specified index. Such bonds also provide for an increased rate of

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

5. Long-Term Liabilities *(continued)*

interest commencing on an identified step up date if such bonds are not converted or refunded. The VRDBs bear a daily rate, a two day rate or a weekly rate and represent the lowest rate of interest that would cause the adjustable rate bonds to have a market value equal to the principal amount. The rates cannot exceed 9% on tax exempt bonds and 12% on taxable bonds. In fiscal years 2015 and 2014, the VRDB rates averaged .15% and .17%, respectively, on tax exempt bonds.

During fiscal year 2015, the Authority issued $786.0 million of FTS bonds to refund $871.9 million of outstanding FTS bonds. This refunding resulted in an accounting loss of $21 million. The Authority in effect reduced its aggregate debt service by $103 million and obtained an economic benefit of $96.0 million.

During fiscal year 2015, the Authority defeased $579.0 million of outstanding FTS bonds using the grant received from STAR. This resulted in an accounting loss of $7.9 million.

During fiscal year 2014, the Authority issued $350 million of FTS bonds to refund $375.7 million of outstanding FTS bonds. This refunding resulted in an accounting loss of $6.5 million. The Authority in effect reduced its aggregate debt service by $24.2 million and obtained an economic benefit of $22.5 million.

The bonds refunded with defeasance collateral have been removed from the financial statements as a liability of the Authority. As of June 30, 2015 and 2014, the Authority had FTS Bonds refunded with defeasance collateral totaling $12.4 billion and $11.0 billion, respectively, of which $1.7 billion and $0.8 billion, respectively, are still to be paid from the defeasance collateral held in the escrow accounts on deposit with the Authority's escrow Trustee.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

5. Long-Term Liabilities *(continued)*

Debt service requirements as of June 30, 2015, for FTS Bonds, including Recovery Bonds, payable to their maturity are as follows:

	Senior		Subordinate				Total
	Principal	Interest (a)	Principal	Interest (a)	Total Principal	Total Interest	Debt Service
			(in thousands)				
Year ending June 30,							
2016	$ 40,125	$ 14,108	$ 667,530	$ 997,226	$ 707,655	$ 1,011,334	$ 1,718,989
2017	38,145	12,277	816,770	1,014,701	854,915	1,026,978	1,881,893
2018	3,350	11,281	916,195	982,891	919,545	994,172	1,913,717
2019	12,940	10,889	1,187,950	945,033	1,200,890	955,922	2,156,812
2020	45,565	10,450	1,164,115	900,834	1,209,680	911,284	2,120,964
2021 to 2025	240,165	33,799	5,609,705	3,850,214	5,849,870	3,884,013	9,733,883
2026 to 2030	825,740	10,767	4,755,740	2,731,072	5,581,480	2,741,839	8,323,319
2031 to 2035	81,515	324	4,330,085	1,705,893	4,411,600	1,706,217	6,117,817
2036 to 2040	—	—	4,172,235	666,220	4,172,235	666,220	4,838,455
2041 to 2045	—	—	1,516,475	48,688	1,516,475	48,688	1,565,163
Total	**$ 1,287,545**	**$ 103,895**	**$ 25,136,800**	**$ 13,842,772**	**$ 26,424,345**	**$ 13,946,667**	**$ 40,371,012**

(a) The variable interest rates used in this table were .15% on tax-exempt bonds and .43% on auction bonds.

In addition to the Authority's authorization to issue FTS Bonds, State legislation enacted in April 2006 enables the Authority to have outstanding up to $9.4 billion of Building Aid Revenue Bonds, notes or other obligations ("BARBs") for purposes of funding costs of the five-year educational facilities capital plan for the City's school system and certain administrative expenditures. As of June 30, 2015 and 2014, the Authority had $7.4 billion and $6.1 billion, respectively, of BARBs outstanding.

Under this legislation, the BARBs are secured by the State building aid payable by the State and assigned to the Authority by the City. These State aid payments are subject to annual appropriation from the State. In accordance with the legislation and the Indenture, BARBs' bond holders do not have any right to the personal income tax revenues or sales tax revenues.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

5. Long-Term Liabilities *(continued)*

In fiscal year 2015, the changes in BARBs long-term debt were as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
		(in thousands)		
Tax-exempt Bonds	$ 5,555,670	$ 1,500,000	$ (125,660)	$ 6,930,010
Build America Bonds	295,750	—	—	295,750
Qualified School Construction Bonds	200,000	—	—	200,000
Total before premiums/discounts (net)	**6,051,420**	**1,500,000**	**(125,660)**	**7,425,760**
Premiums/(discounts)(net)	190,062			388,448
Total BARBs Payable	**$ 6,241,482**			**$ 7,814,208**
Due within one year				**$ 132,005**

In fiscal year 2014, the changes in BARBs long-term debt were as follows:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
		(in thousands)		
Tax-exempt Bonds	$ 5,658,365	$ —	$ (102,695)	$ 5,555,670
Build America Bonds	295,750	—	—	295,750
Qualified School Construction Bonds	200,000	—	—	200,000
Total before premiums/discounts (net)	**6,154,115**	**—**	**(102,695)**	**6,051,420**
Premiums/(discounts)(net)	204,043			190,062
Total BARBs Payable	**$ 6,358,158**			**$ 6,241,482**
Due within one year				**$ 125,660**

As of June 30, 2015 the interest rates on the Authority's outstanding BARBs fixed rate bonds ranged from 2.00% to 6.00% on tax-exempt bonds and 4.80% to 7.13% on taxable bonds.

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

5. Long-Term Liabilities *(continued)*

Debt service requirements at June 30, 2015 for BARBs payable to maturity are as follows:

		Principal		Interest		Total
				(in thousands)		
Year ending June 30,						
2016	$	137,985	$	354,097	$	492,082
2017		169,095		364,178		533,273
2018		179,395		356,675		536,070
2019		187,180		348,671		535,851
2020		197,745		340,250		537,995
2021 to 2025		1,136,410		1,550,391		2,686,801
2026 to 2030		1,470,480		1,223,687		2,694,167
2031 to 2035		1,864,665		799,633		2,664,298
2036 to 2040		1,614,875		299,106		1,913,981
2041 to 2045		467,930		41,478		509,408
Total	$	7,425,760	$	5,678,166	$	13,103,926

As of June 30, 2015 and 2014, the Authority maintained its required debt service accounts as follows:

	June 30, 2015				June 30, 2014			
		Principal		Interest		Principal		Interest
				(in thousands)				
Required for FTS	$	106,735	$	205,796	$	43,735	$	190,735
Required for BARBs		137,985		354,097		131,640		303,982
Total	**$**	**244,720**	**$**	**559,893**	**$**	**175,375**	**$**	**494,717**

NOTES TO FINANCIAL STATEMENTS *(CONTINUED)*

JUNE 30, 2015 AND 2014

5. Long-Term Liabilities *(continued)*

The Authority held $1.6 billion and $1.4 billion in excess of amounts required to be retained for FTS Bonds debt service under the Indenture as of June 30, 2015 and 2014, respectively. The Authority held $350.9 million and $205.2 million in excess of amounts required to be retained for BARBs debt service under the Indenture as of June 30, 2015 and 2014, respectively.

6. Unrestricted Grants

In fiscal year 2015, the Authority received unrestricted grants from the City in the amount of $1.6 billion for FTS Bonds and $76.8 million for BARBs. These funds were used to fund future year's debt service requirements for FTS Bonds and BARBs and will reduce the amount of future PIT and BARBs retained for such purpose. Additionally, the Authority received a grant for $636.7 million from STAR. The STAR funds were used to defease a portion of the Authority's outstanding bonds. In fiscal year 2014, the Authority received an unrestricted grant from the City in the amount of $1.4 billion. These funds were used to fund debt service requirements for FTS Bonds during the fiscal year ending June 30, 2015. The City 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 September 29, 2015, the Authority issued $1.2 billion, Fiscal 2016 Series A FTS Bonds, comprised of Subseries A-1, $750 million of tax-exempt bonds; Subseries A-2, $190 million of taxable bonds; Subseries A-3, $60 million of taxable bonds; Subseries A-4 to A-5, $150 million of tax-exempt variable rate bonds. The proceeds of the Fiscal 2016 Series A FTS Bonds will be used for the City's capital programs.

***** END *****

DIRECTORS

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Jacques Jiha
Commissioner of Finance of the City of New York

Scott M. Stringer
Comptroller of the City of New York

Feniosky Peña-Mora
Commissioner of the Department of Design and Construction of the City of New York

Melissa Mark-Viverito
Speaker of the Council of the City of New York

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