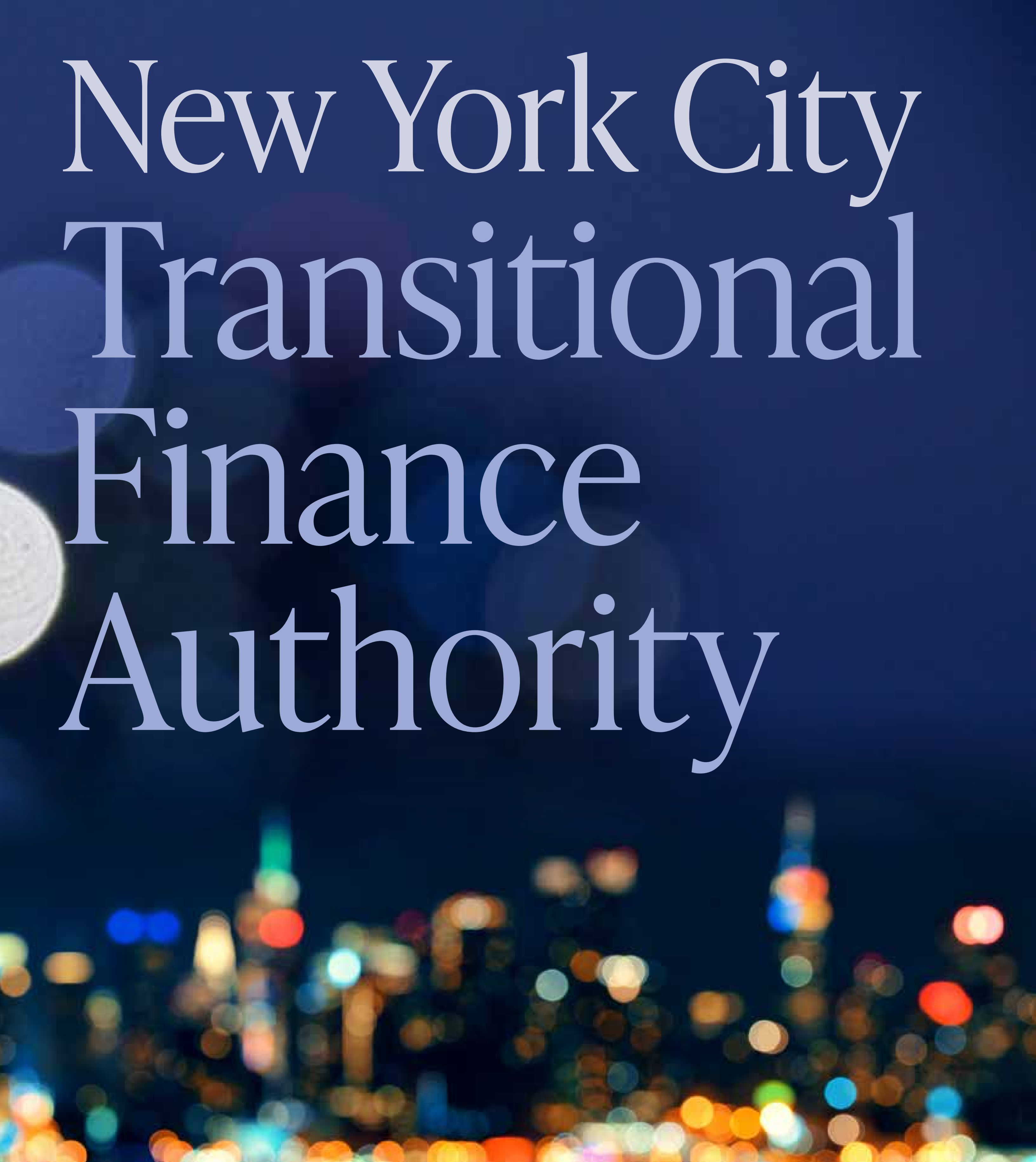
New York City Transitional Finance Authority



Annual Report 2020

Who We Are

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.

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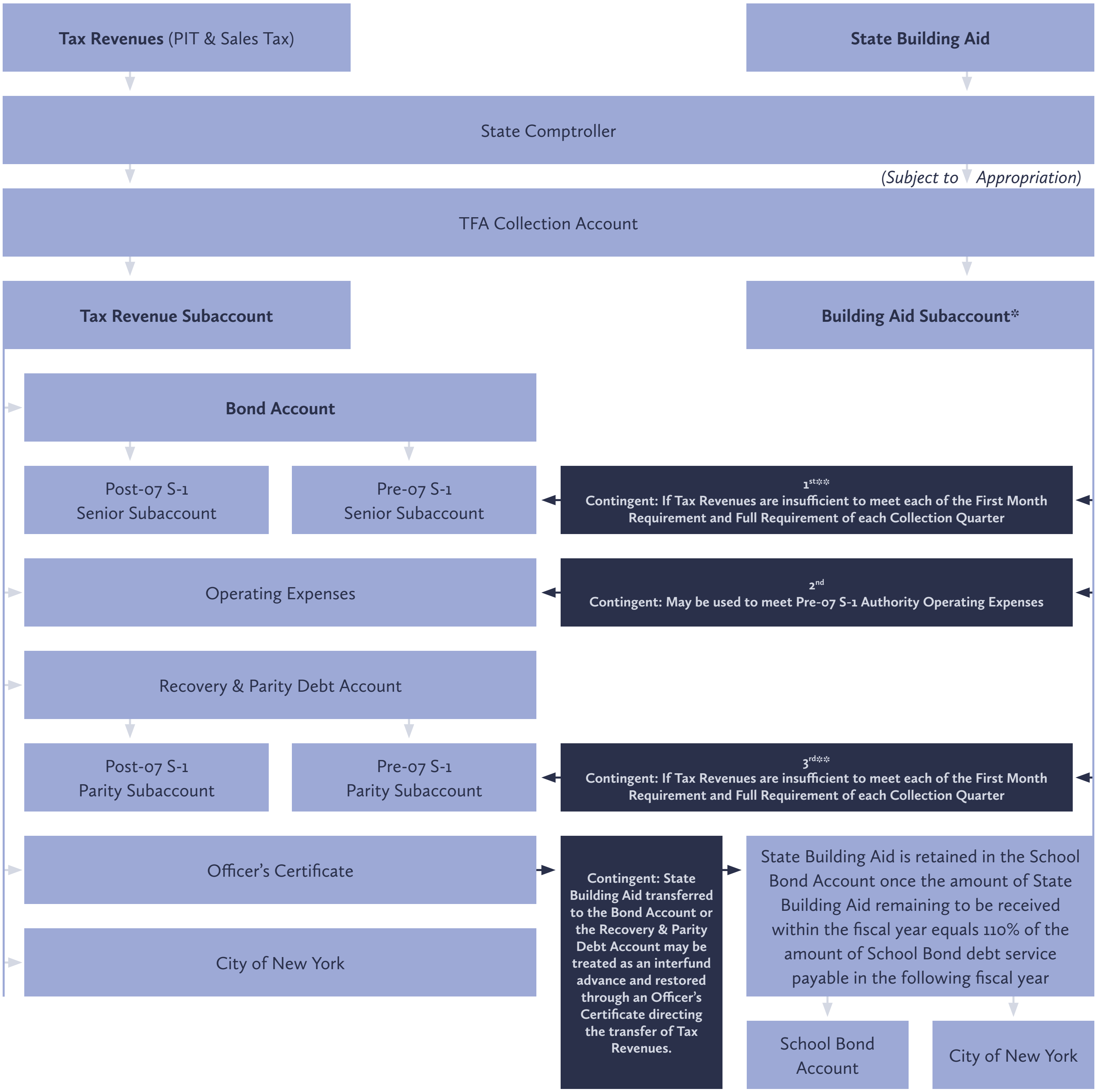
Summary of Collection & Application of Revenues



**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.*

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
markspaneth.com

MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and governmental funds of the New York City Transitional Finance Authority (the "Authority"), a component unit of The City of New York, as of and for the years ended June 30, 2020 and 2019, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of the New York City Transitional Finance Authority as of June 30, 2020 and 2019, and the respective changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Morison KSi
Independent member

Other Matter – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 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.

Marks Paneth LLP

New York, NY
September 30, 2020

MARKS PANETH
ACCOUNTANTS & ADVISORS

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, 2020 and 2019, 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 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 original authorizing legislation limited the amount of Authority debt issued for The City of New York's (the "City") general capital purposes ("Future Tax Secured Bonds" or "FTS Bonds") at $7.5 billion, (excluding Recovery Bonds, discussed below) which was amended several times to reach a total of $13.5 billion. On July 11, 2009, subsequent authorizing legislation was enacted under Chapter 182 of the Laws of New York, which permitted the Authority to have in addition to the outstanding $13.5 billion of FTS Bonds, (excluding Recovery Bonds); the ability to issue additional FTS 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 2020, the City's and the Authority's remaining combined debt-incurring capacity was approximately $37 billion.

In fiscal years 2020 and 2019, the Authority issued $3.6 billion and $4.5 billion, respectively, of new money FTS Bonds. The new money bond proceeds were used to finance the City's capital program.

Future Tax Secured Bonds (continued)

During fiscal year 2020, the Authority reoffered $138 million of FTS Bonds. The proceeds from the reoffering provided for the partial redemption and conversion of $153 million of outstanding FTS Variable Rate Demand Bonds ("VRDBs") to fixed rate bonds.

During fiscal year 2019, the Authority reoffered $152 million of FTS Bonds. The proceeds from the reoffering provided for the partial redemption and conversion of $172 million of outstanding VRDBs to fixed rate bonds. The Authority also converted $200 million of Index Rate Bonds to VRDBs.

As of June 30, 2020 and 2019, the Authority had FTS Senior Bonds outstanding of $662 million and $703 million and Subordinate bonds (excluding Recovery Bonds) of $39.6 billion and $37.3 billion, respectively.

The Authority is 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"). The Authority had Recovery Bonds outstanding as of June 30, 2020 and 2019, of $421 million and $558 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 from the United States Treasury to pay related bond interest. In fiscal years 2020 and 2019, the Authority recognized subsidy payments of $51.5 million and $52.1 million on its BABs, respectively, and $48.3 million and $48.1 million on its QSCBs, respectively. Subsidy payments have been discounted due to the federal budget sequestration; the latest discount was 5.9% beginning in October 2019. 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 2020 and 2019:

	Balance at June 30,2019	Issued/ Converted	Retired/ Converted	Balance at June 30, 2020	Total Interest Payments FY 2020
			(in thousands)		
Senior FTS Bonds	$ 703,185	$ —	$ (40,880)	$ 662,305	$ 45,064
Subordinate FTS Bonds:					
Recovery Bonds	558,450	108,185	(245,815)	420,820	10,660
Parity Bonds	33,259,760	3,605,815	(1,207,690)	35,657,885	1,373,729
Build America Bonds	2,854,605	—	(54,375)	2,800,230	157,383
Qualified School Construction Bonds	1,137,340	—	—	1,137,340	51,335
Subtotal — Subordinate FTS Bonds	37,810,155	3,714,000	(1,507,880)	40,016,275	1,593,107
Total FTS Bonds Payable	**$ 38,513,340**	**$ 3,714,000**	**$ (1,548,760)**	**$ 40,678,580**	**$ 1,638,171**

Future Tax Secured Bonds (continued)

	Balance at June 30, 2018	Issued/ Converted	Retired/ Converted	Balance at June 30, 2019	Total Interest Payments FY 2019
			(in thousands)		
Senior FTS Bonds	$ 787,825	$ —	$ (84,640)	$ 703,185	$ 50,257
Subordinate FTS Bonds:					
Recovery Bonds	682,140	—	(123,690)	558,450	14,713
Parity Bonds	29,894,655	4,826,530	(1,461,425)	33,259,760	1,241,591
Build America Bonds	2,909,090	—	(54,485)	2,854,605	159,863
Qualified School Construction Bonds	1,137,340	—	—	1,137,340	51,335
Subtotal — Subordinate FTS Bonds	34,623,225	4,826,530	(1,639,600)	37,810,155	1,467,502
Total FTS Bonds Payable	**$ 35,411,050**	**$ 4,826,530**	**$ (1,724,240)**	**$ 38,513,340**	**$ 1,517,759**

Debt service requirements to maturity for FTS Bonds, including Recovery Bonds at June 30, 2020, are as follows:

	Senior			Subordinate					
	Principal	Interest (a)	Total	Principal	Interest (a)	Total	Total Principal	Total Interest	Total Debt Service
				(in thousands)					
Year ending June 30,									
2021	$ —	$ 8,266	$ 8,266	$ 1,612,400	$ 1,651,296	$ 3,263,696	$ 1,612,400	$ 1,659,562	$ 3,271,962
2022	—	8,266	8,266	1,700,480	1,590,130	3,290,610	1,700,480	1,598,396	3,298,876
2023	—	8,266	8,266	1,723,615	1,524,050	3,247,665	1,723,615	1,532,316	3,255,931
2024	—	8,266	8,266	1,676,115	1,456,540	3,132,655	1,676,115	1,464,806	3,140,921
2025	33,900	8,071	41,971	1,613,120	1,390,934	3,004,054	1,647,020	1,399,005	3,046,025
2026 to 2030	568,095	23,093	591,188	8,285,190	5,920,358	14,205,548	8,853,285	5,943,451	14,796,736
2031 to 2035	60,310	811	61,121	8,205,865	4,170,879	12,376,744	8,266,175	4,171,690	12,437,865
2036 to 2040	—	—	—	8,876,585	2,151,823	11,028,408	8,876,585	2,151,823	11,028,408
2041 to 2045	—	—	—	5,818,225	498,642	6,316,867	5,818,225	498,642	6,316,867
2046 to 2048	—	—	—	504,680	13,793	518,473	504,680	13,793	518,473
Total	**$ 662,305**	**$ 65,039**	**$ 727,344**	**$ 40,016,275**	**$ 20,368,445**	**$ 60,384,720**	**$ 40,678,580**	**$ 20,433,484**	**$ 61,112,064**

(a) The variable interest rates used in this table were 1.13% on tax-exempt bonds, 1.84% on index bonds, and 1.60% on auction bonds.

Building Aid Revenue Bonds

The Authority is also authorized to have outstanding up to $9.4 billion of Building Aid Revenue Bonds, notes or other obligations ("BARBs"), secured by building aid from the State of New York (the "State") that is received by the Authority pursuant to an assignment with the City in fiscal year 2007 (the "Assignment"). The City assigned its building aid, which is subject to annual appropriation by the State, to the Authority for the purpose of funding costs for the City's school system's five-year educational facilities capital plans and to pay the Authority's administrative expenses. In fiscal years 2020 and 2019, the Authority issued $250 million and $2.5 billion of BARBs, respectively. BARBs outstanding as of June 30, 2020 and 2019 were $8.3 billion and $8.1 billion, respectively.

In fiscal years 2020 and 2019, the Authority recognized subsidy payments of $6.3 million and $6.6 million on its BABs and $8.8 million and $9.2 million on its QSCBs, respectively.

The following summarizes the changes in debt service activity for BARBs in fiscal years 2020 and 2019:

	Balance at June 30,2019	Issued/ Converted	Retired/ Converted	Defeased	Balance at June 30, 2020	Total Interest Payments FY 2020
			(in thousands)			
Building Aid Revenue Bonds	$ 7,615,380	$ 250,000	$ (61,315)	$ —	$ 7,804,065	$ 375,190
Build America Bonds	295,750	—	—	—	295,750	20,018
Qualified School Construction Bonds	200,000	—	—	—	200,000	9,800
Total BARBs Payable	**$ 8,111,130**	**$ 250,000**	**$ (61,315)**	**$ —**	**$ 8,299,815**	**$ 405,008**

	Balance at June 30,2018	Issued/ Converted	Retired/ Converted	Defeased	Balance at June 30, 2019	Total Interest Payments FY 2019
			(in thousands)			
Building Aid Revenue Bonds	$ 7,448,505	$ 2,455,485	$ (119,835)	$ (2,168,775)	$ 7,615,380	$ 320,666
Build America Bonds	295,750	—	—	—	295,750	20,018
Qualified School Construction Bonds	200,000	—	—	—	200,000	9,800
Total BARBs Payable	**$ 7,944,255**	**$ 2,455,485**	**$ (119,835)**	**$ (2,168,775)**	**$ 8,111,130**	**$ 350,484**

Building Aid Revenue Bonds (continued)

Debt service requirements to maturity for BARBs at June 30, 2020 are as follows:

	Principal	Interest	Total
		(in thousands)	
Year ending June 30,			
2021	$ 103,835	$ 400,930	$ 504,765
2022	112,905	395,180	508,085
2023	189,335	389,349	578,684
2024	285,865	378,932	664,797
2025	300,115	365,348	665,463
2026 to 2030	1,794,265	1,573,850	3,368,115
2031 to 2035	2,234,155	1,070,294	3,304,449
2036 to 2040	2,063,670	489,615	2,553,285
2041 to 2045	970,335	149,036	1,119,371
2046 to 2050	245,335	13,939	259,274
Total	**$ 8,299,815**	**$ 5,226,473**	**$ 13,526,288**

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

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

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

	2020	2019	2018
		(in thousands)	
Building aid received from New York State	$ 1,318,607	$ 1,266,978	$ 1,211,249
Building aid remitted to New York City	(522,087)	(522,568)	(523,887)
Total retained for debt service and operating expenses	**$ 796,520**	**$ 744,410**	**$ 687,362**

Financial Highlights And Overall Analysis — Government-Wide Financial Statements

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

	2020	2019	2018	Variance 2020/2019	Variance 2019/2018
			(in thousands)		
Revenues:					
Personal income tax retained	$ 511,986	$ 443,864	$ 181,410	$ 68,122	$ 262,454
Unrestricted grants	2,549,536	2,319,545	2,174,300	229,991	145,245
Federal subsidy	114,921	116,019	116,275	(1,098)	(256)
Investment earnings	56,495	62,927	33,131	(6,432)	29,796
Other	2,200	—	730	2,200	(730)
Total revenues	**3,235,138**	**2,942,355**	**2,505,846**	**292,783**	**436,509**
Expenses:					
Distributions to New York City for general capital program	3,954,963	5,253,296	3,478,373	(1,298,333)	1,774,923
Bond interest	1,736,944	1,685,465	1,544,893	51,479	140,572
Other	152,405	171,749	162,358	(19,344)	9,391
Total expenses	**5,844,312**	**7,110,510**	**5,185,624**	**(1,266,198)**	**1,924,886**
Change in net position (deficit)	(2,609,174)	(4,168,155)	(2,679,778)	1,558,981	(1,488,377)
Net position (deficit) — beginning of year	(41,871,902)	(37,703,747)	(35,023,969)	(4,168,155)	(2,679,778)
Net position (deficit) — end of year	**$ (44,481,076)**	**$ (41,871,902)**	**$ (37,703,747)**	**$ (2,609,174)**	**$ (4,168,155)**

In fiscal years 2020, 2019 and 2018, the Authority received unrestricted grants from the City in the amount of $2.5 billion, $2.3 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 2020, 2019 and 2018, 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.

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

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

The 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 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 costs of issuance. The fluctuations in each fiscal year were primarily due to the changes in costs of issuance associated with the issuance of new bonds and changes in federal subsidies transferred to the City.

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

				Variance	
	2020	2019	2018	2020/2019	2019/2018
			(in thousands)		
Assets	$ 10,108,118	$ 9,901,660	$ 10,192,176	$ 206,458	$ (290,516)
Deferred outflows of resources	23,060	30,197	40,859	(7,137)	(10,662)
Liabilities:					
Current liabilities	3,963,712	3,465,886	3,168,873	497,826	297,013
Non-current liabilities	50,648,542	48,337,873	44,767,909	2,310,669	3,569,964
Total liabilities	**54,612,254**	**51,803,759**	**47,936,782**	**2,808,495**	**3,866,977**
Net position (deficit):					
Restricted	227,809	202,625	697,941	25,184	(495,316)
Unrestricted	(44,708,885)	(42,074,527)	(38,401,688)	(2,634,358)	(3,672,839)
Total net position (deficit)	**$ (44,481,076)**	**$ (41,871,902)**	**$ (37,703,747)**	**$ (2,609,174)**	**$ (4,168,155)**

Total assets increased between fiscal years 2020 and 2019 primarily due to the increase in debt service funds and PIT receivable as of year-end. Total assets decreased between fiscal years 2019 and 2018 primarily due to the decrease in BARBs debt service funds and capital project funds held as of year-end.

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

Total liabilities increased in fiscal years 2020, 2019 and 2018 primarily due to the issuance of new bonds.

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,

				Variance	
	2020	2019	2018	2020/2019	2019/2018
			(in thousands)		
Revenues	$ 134,687	$ 134,803	$ 136,861	$ (116)	$ (2,058)
Expenditures	135,708	141,619	139,111	(5,911)	2,508
Other financing sources	329	345	384	(16)	(39)
Net change in fund balances	(692)	(6,471)	(1,866)	5,779	(4,605)
Fund balance — beginning of year	(572)	5,899	7,765	(6,471)	(1,866)
Fund balance — end of year	**$ (1,264)**	**$ (572)**	**$ 5,899**	**$ (692)**	**$ (6,471)**

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,

				Variance	
	2020	2019	2018	2020/2019	2019/2018
			(in thousands)		
Revenues	$ 268	$ 3,978	$ 358	$ (3,710)	$ 3,620
Expenditures	1,015	2,630	2,569	(1,615)	61
Other financing sources (uses)	781	(1,340)	2,124	2,121	(3,464)
Net change in fund balances	34	8	(87)	26	95
Fund balance — beginning of year	14	6	93	8	(87)
Fund balance — end of year	**$ 48**	**$ 14**	**$ 6**	**$ 34**	**$ 8**

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 and (uses), respectively, in the governmental funds and the expenditures represent cost of issuance paid by the Authority. In fiscal years 2020, 2019 and 2018, BARBs proceeds were transferred to the City to pay certain educational facilities capital program expenditures.

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,

	2020	2019	2018	Variance 2020/2019	Variance 2019/2018
			(in thousands)		
Revenues	$ 9,431	$ 21,955	$ 5,550	$ (12,524)	$ 16,405
Expenditures	3,970,113	5,270,803	3,491,338	(1,300,690)	1,779,465
Other financing sources (uses)	3,985,832	4,753,524	3,980,425	(767,692)	773,099
Net change in fund balances	25,150	(495,324)	494,637	520,474	(989,961)
Fund balance — beginning of year	202,611	697,935	203,298	(495,324)	494,637
Fund balance — end of year	**$ 227,761**	**$ 202,611**	**$ 697,935**	**$ 25,150**	**$ (495,324)**

FTS Bonds CPF revenues are 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 represent the amount of bond proceeds transferred to the City and other financing sources and (uses) represent proceeds from bond issuances. Expenditures and other financing sources and (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,

	2020	2019	2018	Variance 2020/2019	Variance 2019/2018
			(in thousands)		
Revenues	$ 9,127	$ 7,192	$ 5,243	$ 1,935	$ 1,949
Expenditures	466,323	2,379,588	2,204,096	(1,913,265)	175,492
Other financing sources (uses)	481,365	2,315,220	1,924,399	(1,833,855)	390,821
Net change in fund balances	24,169	(57,176)	(274,454)	81,345	217,278
Fund balance — beginning of year	544,550	601,726	876,180	(57,176)	(274,454)
Fund balance — end of year	**$ 568,719**	**$ 544,550**	**$ 601,726**	**$ 24,169**	**$ (57,176)**

Revenues in the BARBs DSF fluctuate each year based on the amount on deposit at year-end, changes in interest rates and market valuation. Expenditures are primarily the debt service payments on outstanding BARBs and payment of refunded bonds. The other financing sources (uses) consist primarily of proceeds from refunding issues and State building aid retained by the Authority in fiscal years 2020, 2019 and 2018, respectively.

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,

	2020	2019	2018	Variance 2020/2019	Variance 2019/2018
			(in thousands)		
Revenues	$ 3,074,592	$ 2,774,593	$ 2,357,248	$ 299,999	$ 417,345
Expenditures	3,187,463	3,242,707	2,542,767	(55,244)	699,940
Other financing sources (uses)	481,373	681,596	568,962	(200,223)	112,634
Net change in fund balances	368,502	213,482	383,443	155,020	(169,961)
Fund balance — beginning of year	3,020,155	2,806,673	2,423,230	213,482	383,443
Fund balance — end of year	**$ 3,388,657**	**$ 3,020,155**	**$ 2,806,673**	**$ 368,502**	**$ 213,482**

In fiscal years 2020, 2019 and 2018, 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. The expenditures fluctuate each fiscal year based on the amount of principal and interest payments. 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.

Economic Outlook

The outbreak of the coronavirus disease (COVID-19), referred to herein as "COVID-19," has been declared a pandemic by the World Health Organization. The Governor of the state of New York declared a state of emergency in the State on March 7, 2020 and the Mayor declared a state of emergency in the City on March 12, 2020. The COVID-19 pandemic and resulting economic disruption have resulted in reductions in tax revenues due to significant reductions in employment and earnings subject to the personal income tax, as well as reductions in sales tax revenues. However, the ultimate impact of the COVID-19 pandemic on the amount and timing of collections of the tax revenues cannot be determined at this time. Additional changes in employment and earnings subject to the personal income tax, as well as reductions in economic activity subject to the sales tax, may occur, including, but not limited to, reductions in personal income tax revenues due to changes in residency status resulting from remote work outside the City and other employment-related changes. No assurance can be provided that the COVID-19 pandemic and resulting economic disruption will not result in lower tax revenue collections. Moody's has placed the Authority's outstanding FTS Bonds on negative outlook. Both Moody's and Fitch have placed the BARBs on negative outlook in connection with a negative outlook for the State as building aid is subject to State appropriation.

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.

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STATEMENTS OF NET POSITION (DEFICIT)

June 30, 2020 and 2019 (unaudited)

		2020		2019
		(in thousands)		
Assets:				
Unrestricted cash and cash equivalents	$	680,250	$	4,443
Restricted cash and cash equivalents		1,054,094		831,095
Unrestricted investments		1,889,333		2,137,204
Restricted investments		749,098		1,008,101
Interest receivable		2		148
Due from New York City — future State building aid		4,242,129		4,751,502
Personal income tax receivable from New York State		1,455,958		1,120,738
Federal interest subsidy receivable		37,254		30,221
Other		—		18,208
Total assets		**10,108,118**		**9,901,660**
Deferred outflows of resources:				
Unamortized deferred bond refunding costs		23,060		30,197
Total deferred outflows of resources		**23,060**		**30,197**
Liabilities:				
Personal income tax payable to New York City		1,455,958		1,120,738
Distribution payable to New York City capital programs		183,645		227,514
Accrued expenses		5,211		4,927
Accrued interest payable		647,813		656,032
Bonds payable:				
Portion due within one year		1,671,085		1,456,675
Portions due after one year		50,648,542		48,337,873
Total liabilities		**54,612,254**		**51,803,759**
Net position (deficit):				
Restricted for capital projects		227,809		202,625
Unrestricted (deficit)		(44,708,885)		(42,074,527)
Total net position (deficit)	**$**	**(44,481,076)**	**$**	**(41,871,902)**

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

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2020 and 2019

	2020	2019
	(in thousands)	
Revenues:		
Personal income tax revenue	$ 12,304,681	$ 13,479,944
Less remittances to New York City	(11,792,695)	(13,036,080)
Personal income tax revenue retained	511,986	443,864
Unrestricted grants	2,549,536	2,319,545
Federal interest subsidy	114,921	116,019
Investment earnings	56,495	62,927
Other revenue	2,200	—
Total revenues	3,235,138	2,942,355
Expenses:		
General and administrative expenses	27,820	25,434
Distribution to New York City for general capital program	3,954,963	5,253,296
Distribution of federal interest subsidy to New York City	107,888	116,185
Cost of debt issuance	16,697	30,130
Bond interest	1,736,944	1,685,465
Total expenses	5,844,312	7,110,510
Change in net position (deficit)	(2,609,174)	(4,168,155)
Net position (deficit) — beginning of year	(41,871,902)	(37,703,747)
Net position (deficit) — end of year	**$ (44,481,076)**	**$ (41,871,902)**

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

GOVERNMENTAL FUNDS BALANCE SHEET

As of June 30, 2020

	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	$ 2,688	$ —	$ —	$ —	$ 677,562	$ 680,250
Restricted cash and cash equivalents	—	135	412,112	162	641,685	1,054,094
Restricted investments	—	—	—	568,999	180,099	749,098
Unrestricted investments	—	—	—	—	1,889,333	1,889,333
Interest receivable	—	—	—	2	—	2
Personal income tax receivable from New York State	—	—	—	—	1,455,958	1,455,958
Other	329	—	—	—	—	329
Total assets	**$ 3,017**	**$ 135**	**$ 412,112**	**$ 569,163**	**$ 4,844,637**	**$ 5,829,064**
Liabilities:						
Accrued expenses payable	$ 4,281	$ 87	$ 706	$ 444	$ 22	$ 5,540
Distribution payable to New York City for capital programs	—	—	183,645	—	—	183,645
Personal income tax payable to New York City	—	—	—	—	343,958	343,958
Total liabilities	**4,281**	**87**	**184,351**	**444**	**343,980**	**533,143**
Deferred inflows of resources:						
Unavailable personal income tax revenue	—	—	—	—	1,112,000	1,112,000
Total deferred inflows of resources	**—**	**—**	**—**	**—**	**1,112,000**	**1,112,000**
Fund balances:						
Restricted for:						
Capital distribution to New York City	—	48	227,761	—	—	227, 809
Debt service	—	—	—	568,719	821,683	1,390,402
Unrestricted for:						
Assigned for debt service	—	—	—	—	2,566,974	2,566,974
Unassigned	(1,264)	—	—	—	—	(1,264)
Total fund balances	**(1,264)**	**48**	**227,761**	**568,719**	**3,388,657**	**4,183,921**
Total liabilities, deferred inflows of resources and fund balances	**$ 3,017**	**$ 135**	**$ 412,112**	**$ 569,163**	**$ 4,844,637**	**$ 5,829,064**

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

GOVERNMENTAL FUNDS BALANCE SHEET

As of June 30, 2019

		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	$ 3,462	$ —	$ —	$ —	$ 981	$ 4,443
Restricted cash and cash equivalents	—	99	252,656	129	578,211	831,095
Restricted investments	—	—	177,796	526,673	303,632	1,008,101
Unrestricted investments	—	—	—	—	2,137,204	2,137,204
Interest receivable	8	—	1	1	138	148
Personal income tax receivable from New York State	—	—	—	—	1,120,738	1,120,738
Other	345	—	—	18,208	—	18,553
Total assets	**$ 3,815**	**$ 99**	**$ 430,453**	**$ 545,011**	**$ 4,140,904**	**$ 5,120,282**
Liabilities:						
Accrued expenses payable	$ 4,387	$ 85	$ 328	$ 461	$ 11	$ 5,272
Distribution payable to New York City for capital programs	—	—	227,514	—	—	227,514
Personal income tax payable to New York City	—	—	—	—	155,738	155,738
Total liabilities	**4,387**	**85**	**227,842**	**461**	**155,749**	**388,524**
Deferred inflows of resources:						
Unavailable personal income tax revenue	—	—	—	—	965,000	965,000
Total deferred inflows of resources	**—**	**—**	**—**	**—**	**965,000**	**965,000**
Fund balances:						
Restricted for:						
Capital distribution to New York City	—	14	202,611	—	—	202,625
Debt service	—	—	—	544,550	881,891	1,426,441
Unrestricted for:						
Assigned for debt service	—	—	—	—	2,138,264	2,138,264
Unassigned	(572)	—	—	—	—	(572)
Total fund balances	**(572)**	**14**	**202,611**	**544,550**	**3,020,155**	**3,766,758**
Total liabilities, deferred inflows of resources and fund balances	**$ 3,815**	**$ 99**	**$ 430,453**	**$ 545,011**	**$ 4,140,904**	**$ 5,120,282**

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, 2020 and 2019

	2020	2019
	(in thousands)	
Total fund balances — governmental funds	$ 4,183,921	$ 3,766,758
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.	(3,341,232)	(3,170,078)
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.	37,254	30,221
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.	4,242,129	4,751,502
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	(48,978,395)	(46,624,470)
Accrued interest payable	(647,813)	(656,032)
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.	23,060	30,197
Net position (deficit) of governmental activities	**$ (44,481,076)**	**$ (41,871,902)**

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, 2020

	General Fund	Capital Projects		Debt Service		Total Governmental Funds
		Building Aid Revenue Bonds	Future Tax Secured	Building Aid Revenue Bonds	Future Tax Secured	
			(in thousands)			
Revenues:						
Personal income tax revenue	$ 24,379	$ —	$ —	$ —	$ 12,133,302	$ 12,157,681
Less remittances to New York City	—	—	—	—	(11,645,695)	(11,645,695)
Personal income tax revenue retained	24,379	—	—	—	487,607	511,986
Unrestricted grants	—	—	—	—	2,549,536	2,549,536
Federal interest subsidy	107,888	—	—	—	—	107,888
Investment earnings	220	268	9,431	9,127	37,449	56,495
Other revenue	2,200	—	—	—	—	2,200
Total revenues	134,687	268	9,431	9,127	3,074,592	3,228,105
Expenditures:						
Bond interest	—	—	—	405,008	1,638,171	2,043,179
Costs of debt issuance	—	1,015	15,150	—	532	16,697
Distributions to New York City for general capital program	—	—	3,954,963	—	—	3,954,963
Distributions of federal interest subsidy to New York City	107,888	—	—	—	—	107,888
Principal amount of bonds retired	—	—	—	61,315	1,548,760	1,610,075
General and administrative expenses	27,820	—	—	—	—	27,820
Total expenditures	135,708	1,015	3,970,113	466,323	3,187,463	7,760,622
Excess (deficiency) of revenues over expenditures	**(1,021)**	**(747)**	**(3,960,682)**	**(457,196)**	**(112,871)**	**(4,532,517)**
Other financing sources (uses):						
Principal amount of bonds issued	—	250,000	3,576,260	—	—	3,826,260
Distributions to New York City for educational facilities capital programs	—	(287,147)	—	—	—	(287,147)
Refunding bond proceeds	—	—	—	—	137,740	137,740
Bond premium, net of discount	—	38,193	421,911	—	16,203	476,307
Transfer from New York City — building aid	—	—	—	796,520	—	796,520
Transfers in (out)	329	(265)	(12,339)	(315,155)	327,430	—
Total other financing sources (uses)	**329**	**781**	**3,985,832**	**481,365**	**481,373**	**4,949,680**
Net changes in fund balances	(692)	34	25,150	24,169	368,502	417,163
Fund balances — beginning of year	(572)	14	202,611	544,550	3,020,155	3,766,758
Fund balances — end of year	**$ (1,264)**	**$ 48**	**$ 227,761**	**$ 568,719**	**$ 3,388,657**	**$ 4,183,921**

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, 2019

	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	$ 18,295	$ —	$ —	$ —	$ 13,358,649	$ 13,376,944
Less remittances to New York City	—	—	—	—	(12,933,080)	(12,933,080)
Personal income tax revenue retained	18,295	—	—	—	425,569	443,864
Unrestricted grants	—	—	—	—	2,319,545	2,319,545
Federal interest subsidy	116,185	—	—	—	—	116,185
Investment earnings	323	3,978	21,955	7,192	29,479	62,927
Total revenues	134,803	3,978	21,955	7,192	2,774,593	2,942,521
Expenditures:						
Bond interest	—	—	—	350,484	1,517,759	1,868,243
Costs of debt issuance	—	2,630	17,507	9,285	708	30,130
Distributions to New York City for general capital program	—	—	5,253,296	—	—	5,253,296
Distributions of federal interest subsidy to New York City	116,185	—	—	—	—	116,185
Defeasance escrow	—	—	—	1,899,984	—	1,899,984
Principal amount of bonds retired	—	—	—	119,835	1,724,240	1,844,075
General and administrative expenses	25,434	—	—	—	—	25,434
Total expenditures	141,619	2,630	5,270,803	2,379,588	3,242,707	11,037,347
Excess (deficiency) of revenues over expenditures	**(6,816)**	**1,348**	**(5,248,848)**	**(2,372,396)**	**(468,114)**	**(8,094,826)**
Other financing sources (uses):						
Principal amount of bonds issued	—	500,000	4,475,000	—	—	4,975,000
Distributions to New York City for educational facilities capital programs	—	(560,994)	—	—	—	(560,994)
Refunding bond proceeds	—	—	—	1,955,485	351,530	2,307,015
Bond premium, net of discount	—	63,622	302,229	211,581	20,879	598,311
Payments of refunded bonds	—	—	—	(314,397)	—	(314,397)
Transfer from New York City — building aid	—	—	—	744,410	—	744,410
Transfers in (out)	345	(3,968)	(23,705)	(281,859)	309,187	—
Total other financing sources (uses)	**345**	**(1,340)**	**4,753,524**	**2,315,220**	**681,596**	**7,749,345**
Net changes in fund balances	(6,471)	8	(495,324)	(57,176)	213,482	(345,481)
Fund balances — beginning of year	5,899	6	697,935	601,726	2,806,673	4,112,239
Fund balances — end of year	**$ (572)**	**$ 14**	**$ 202,611**	**$ 544,550**	**$ 3,020,155**	**$ 3,766,758**

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, 2020 and 2019

	2020	2019
	(in thousands)	
Net change in fund balances — total governmental funds	$ 417,163	$ (345,481)
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).	(3,826,260)	(4,975,000)
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).	(137,740)	(1,992,618)
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.	(7,137)	(7,137)
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).	1,610,075	3,744,059
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.	(171,154)	(311,025)
Distributions to the City's educational facilities capital program from BARBs proceeds are reported as other financing sources (uses) 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.	287,147	560,994
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.	(796,520)	(744,410)
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.	7,033	(166)
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.	8,219	(97,371)
Change in net position (deficit) — governmental activities	**$ (2,609,174)**	**$ (4,168,155)**

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

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 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 limited the amount of Authority debt issued for the City’s general capital purposes (FTS Bonds) at $7.5 billion, (excluding Recovery Bonds, discussed below) which was amended several times to reach a total of $13.5 billion. On July 11, 2009, subsequent authorizing legislation was enacted under Chapter 182 of the Laws of New York, 2009, which permitted the Authority to have in addition to the outstanding $13.5 billion of FTS Bonds (excluding Recovery Bonds) the ability to issue additional FTS 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 2020, the City’s and the Authority’s remaining combined debt incurring capacity was approximately $37 billion.

In addition, 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.

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 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 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.

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.

2. Summary of Significant Accounting Policies (continued)

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.

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 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.

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 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. 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 2020 and 2019, the Authority received unrestricted grants for future debt service payments and reduced the amount of PIT retained for such purpose as described in Note 6.

G. The Authority receives building aid payments by the State, subject to State annual appropriation, pursuant to the assignment by the City of the building aid payments to the Authority to service its building aid revenue bonds and pay a portion of its administrative expenses. Due to the City's continuing involvement necessary for the collection of the building aid, this assignment is considered a collateralized borrowing between the City and the Authority pursuant to GASB standards. The Authority reports, on its statements of net position (deficit), an asset (Due from New York City — future State building aid) representing the cumulative amount it has distributed to the City for the educational facilities capital plan, net of the cumulative amount of building aid it has retained. On the fund financial statements, the distributions to the City for its educational facilities capital program are reported as other financing (uses) of funds. Building aid retained by the Authority is treated as other financing sources as the amount retained is accounted for as a repayment of the amounts loaned to the City. During the years ended June 30, 2020 and 2019, the Authority retained $797 million and $744 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 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 2020 and 2019.

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 January 2017, GASB issued Statement *No. 84, Fiduciary Activities,* ("GASB 84"). The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of GASB 84 are effective for fiscal years beginning after December 15, 2018. The adoption of GASB 84 did not have an impact on TFA's financial statements, as it does not enter into fiduciary activities.

- In June 2017, GASB issued Statement *No. 87, Leases,* ("GASB 87"). The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor is required to recognize a lease receivable and a deferred inflows of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for fiscal years beginning after December 15, 2019. TFA has not completed the process of evaluating GASB 87 but does not expect it to have an impact on TFA's financial statements, as it does not enter into lease agreements.

- In August 2018, GASB issued Statement *No. 90, Majority Equity Interests,* ("GASB 90"). GASB 90 clarifies the accounting and financial reporting requirements for a state and local government's majority equity interest in an organization that remains legally separate after acquisition. The requirements of GASB 90 are effective for fiscal years beginning after December 15, 2018. The adoption of GASB 90 did not have an impact on TFA's financial statements, as it has not made such acquisitions.

- In January 2020, GASB issued Statement *No. 92, Omnibus 2020,* ("GASB 92"). GASB 92 enhances the comparability in accounting and financial reporting as well as improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements for GASB 92 are effective for reporting periods beginning after June 15, 2020. TFA has not completed the process of evaluating GASB 92 but does not expect it to have an impact on TFA's financial statements.

- In March 2020, GASB issued Statement *No. 93, Replacement of Interbank Offered Rates,* ("GASB 93"). GASB 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate ("IBOR") — most notably, the London Interbank Offered Rate ("LIBOR") resulting from global reference rate reform. LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements for GASB 93 are effective for reporting periods beginning after June 15, 2020. TFA has not completed the process of evaluating GASB 93 but does not expect it to have an impact on TFA's financial statements.

- In March 2020, GASB issued Statement *No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* ("GASB 94"). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. TFA has not completed the process of evaluating GASB 94 but does not expect it to have an impact on TFA's financial statements as it does not enter into PPPs.

- In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* ("GASB 95"). GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements,* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. TFA has not completed the process of evaluating GASB 96 but does not expect it to have an impact on TFA's financial statements as it does not enter into SBITAs.

2. Summary of Significant Accounting Policies (continued)

- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* ("GASB 97"). The objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. TFA has not completed the process of evaluating GASB 97 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.

3. Cash and Cash Equivalents

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

		2020		2019
			(in thousands)	
Restricted cash and cash equivalents:				
Cash	$	121	$	100
Cash equivalents		1,053,973		830,995
Total restricted cash and cash equivalents		**1,054,094**		**831,095**
Unrestricted cash and cash equivalents:				
Cash		812		250
Cash equivalents		679,438		4,193
Total unrestricted cash and cash equivalents		**680,250**		**4,443**
Total cash and cash equivalents	**$**	**1,734,344**	**$**	**835,538**

As of June 30, 2020 and 2019, the Authority's restricted cash and cash equivalents consisted of bank deposits, money market funds, commercial paper, and securities of government sponsored enterprises held by the Authority's Trustee in the Trustee's name.

As of June 30, 2020 and 2019, the Authority's unrestricted cash and cash equivalents consisted of bank deposits and money market funds held by the Authority's Trustee in the Trustee's name.

As of June 30, 2020 and 2019, the carrying amounts and bank balances of bank deposits were $933 thousand and $350 thousand, respectively. In fiscal year 2020, $319 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).

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, consisted of the following at June 30:

	2020	2019
	(in thousands)	
Restricted investments and cash equivalents:		
Money market funds	$ 14,152	$ 9,725
Federal Home Loan Bank discount notes (Maturing within one year)	1,175,621	1,183,911
Federal National Mortgage Association discount notes (Maturing within one year)	—	73,012
U.S. Treasuries (Maturing within one year)	310,982	126,741
U.S. Treasuries (Maturing within five to ten years)	202,330	142,704
Commercial paper (Maturing within one year)	99,986	303,003
Total restricted investments and cash equivalents	**1,803,071**	**1,839,096**
Less: amounts reported as restricted cash equivalents	(1,053,973)	(830,995)
Total restricted investments	**$ 749,098**	**$ 1,008,101**
Unrestricted investments and cash equivalents:		
Money market funds	$ 679,438	$ 4,193
Federal Home Loan Bank discount notes (Maturing within one year)	220,393	2,023,807
Federal Farm Credit discount notes (Maturing within one year)	349,627	99,450
Federal National Mortgage Association discount notes (Maturing within one year)	—	13,947
U.S. Treasuries (Maturing within one year)	1,319,313	—
Total unrestricted investments and cash equivalents	**2,568,771**	**2,141,397**
Less: amounts reported as unrestricted cash equivalents	(679,438)	(4,193)
Total unrestricted investments	**$ 1,889,333**	**$ 2,137,204**

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, 2020 and 2019:

- Money Market Funds of $694 million and $14 million, respectively, are valued based on various market and industry inputs (Level 2 inputs).
- U.S. Treasury securities of $1.8 billion and $269 million, respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. Agencies securities of $1.7 billion and $3.4 billion, respectively, are valued using a matrix pricing model (Level 2 inputs).
- Commercial paper of $100 million and $303 million, 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 commercial paper. All commercial paper held by the Authority is non-asset backed commercial paper and is rated A-1 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, 2020, TFA's investments were in eligible U.S. Government sponsored entities and commercial paper. These are 98% and 2% of TFA total investments, respectively.

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 personal income taxes imposed by the City and, if such personal income tax revenues are insufficient, from sales taxes imposed by the City. The Authority is authorized to have outstanding $13.5 billion of FTS Bonds (excluding Recovery Bonds and 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, 2020, the City's and the Authority's remaining combined debt incurring capacity was approximately $37 billion. The Authority is also authorized to have outstanding $2.5 billion of Recovery Bonds to pay costs arising from the World Trade Center attack on September 11, 2001.

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, if necessary, sales taxes. Sales taxes are only available to the Authority if 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, 2020 and 2019. The Authority remits excess personal income tax 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, 2020 and 2019, the Authority had $8.3 billion and $8.1 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 personal income tax 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 Recovery Bonds, BABs, QSCBs, and other forms of debt obligations. As of June 30, 2020 and 2019, the Authority had $662 million and $703 million, respectively, of Senior FTS Bonds outstanding. In addition to its statutory limitations described above, the Authority is authorized pursuant to its Indenture 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, 2020 and 2019, were $40 billion and $38 billion, respectively. Total FTS Bonds outstanding at June 30, 2020 and 2019, were $41 billion and $39 billion, respectively.

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, 2020, the interest rates on the Authority's outstanding fixed-rate FTS Bonds ranged from 2.00% to 5.50% on tax exempt bonds and 1.29% to 6.27% on taxable bonds.

In fiscal years 2020 and 2019, the changes in FTS long-term debt were as follows:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Due within one year
		(in thousands)			
Senior Bonds	$ 603,185	$ —	$ (40,880)	$ 562,305	$ —
Senior Bonds from Direct Borrowings	100,000	—	—	100,000	—
Subordinate Bonds	37,320,155	3,714,000	(1,475,280)	39,558,875	1,540,125
Subordinate Bonds from Direct Borrowings	490,000	—	(32,600)	457,400	34,100
Total before premiums/discounts	38,513,340	3,714,000	(1,548,760)	40,678,580	1,574,225
Premiums/(discounts)(net)	2,336,454	438,114	(240,155)	2,534,413	
Total FTS Debt	**$ 40,849,794**	**$ 4,152,114**	**$ (1,788,915)**	**$ 43,212,993**	**$ 1,574,225**

	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019	Due within one year
		(in thousands)			
Senior Bonds	$ 616,125	$ —	$ (12,940)	$ 603,185	$ 3,380
Senior Bonds from Direct Borrowings	171,700	—	(71,700)	100,000	—
Subordinate Bonds	33,902,125	4,826,530	(1,408,500)	37,320,155	1,359,380
Subordinate Bonds from Direct Borrowings	721,100	—	(231,100)	490,000	32,600
Total before premiums/discounts	35,411,050	4,826,530	(1,724,240)	38,513,340	1,395,360
Premiums/(discounts)(net)	2,237,362	323,108	(224,016)	2,336,454	
Total FTS Debt	**$ 37,648,412**	**$ 5,149,638**	**$ (1,948,256)**	**$ 40,849,794**	**$ 1,395,360**

5. Long-Term Liabilities (continued)

Issuances — FTS

In fiscal years 2020 and 2019, the Authority issued $3.6 billion and $4.5 billion, respectively, of new money FTS Bonds. The new money bond proceeds were used to finance the City's capital program.

During fiscal year 2020, the Authority reoffered $138 million of FTS Bonds. The proceeds provided for the partial redemption and conversion of $153 million of outstanding VRDBs to fixed rate bonds.

During fiscal year 2019, the Authority reoffered $152 million of FTS Bonds. The proceeds provided for the partial redemption and conversion of $172 million of outstanding VRDBs to fixed rate bonds. The Authority also converted $200 million of Index Rate Bonds to VRDBs.

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, 2020 and 2019, $85 million and $199 million, of the Authority's defeased bonds, respectively, were still outstanding.

Annual Requirements — FTS

Debt service requirements to maturity for FTS Bonds, including Recovery Bonds at June 30, 2020 are as follows:

	FTS Bonds			FTS Bonds from Direct Borrowings					
	Principal	Interest (a)	Total	Principal	Interest (a)	Total	Total Principal	Total Interest	Total Debt Service
				(in thousands)					
Year ending June 30,									
2021	$ 1,578,300	$ 1,647,803	$ 3,226,103	$ 34,100	$ 11,758	$ 45,858	$ 1,612,400	$ 1,659,561	$ 3,271,961
2022	1,664,680	1,587,398	3,252,078	35,800	10,998	46,798	1,700,480	1,598,396	3,298,876
2023	1,686,115	1,522,116	3,208,231	37,500	10,200	47,700	1,723,615	1,532,316	3,255,931
2024	1,676,115	1,455,014	3,131,129	—	9,792	9,792	1,676,115	1,464,806	3,140,921
2025	1,647,020	1,389,212	3,036,232	—	9,792	9,792	1,647,020	1,399,004	3,046,024
2026 to 2030	8,753,285	5,900,499	14,653,784	100,000	42,952	142,952	8,853,285	5,943,451	14,796,736
2031 to 2035	8,266,175	4,133,611	12,399,786	—	38,080	38,080	8,266,175	4,171,691	12,437,866
2036 to 2040	8,863,010	2,113,964	10,976,974	13,575	37,858	51,433	8,876,585	2,151,822	11,028,407
2041 to 2045	5,530,320	475,033	6,005,353	287,905	23,609	311,514	5,818,225	498,642	6,316,867
2046 to 2048	456,160	12,405	468,565	48,520	1,390	49,910	504,680	13,795	518,475
Total	**$ 40,121,180**	**$ 20,237,055**	**$ 60,358,235**	**$ 557,400**	**$ 196,429**	**$ 753,829**	**$ 40,678,580**	**$ 20,433,484**	**$ 61,112,064**

(a) The variable interest rates used in this table were 1.13% on tax-exempt bonds, 1.84% on index bonds, and 1.60% on auction bonds.

5. Long-Term Liabilities (continued)

Changes in Long-term Liabilities — BARBs

As of June 30, 2020, the interest rates on the Authority's outstanding fixed-rate BARBs ranged from 2.00% to 5.25% on tax exempt bonds and 2.45% to 7.13% on taxable bonds.

In fiscal years 2020 and 2019, the changes in BARBs long-term debt were as follows:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Due within one year
		(in thousands)			
Building Aid Revenue Bonds	$ 7,615,380	$ 250,000	$ (61,315)	$ 7,804,065	$ 95,420
Build America Bonds	295,750	—	—	295,750	1,440
Qualified School Construction Bonds	200,000	—	—	200,000	—
Total before premiums/discounts	**8,111,130**	**250,000**	**(61,315)**	**8,299,815**	**96,860**
Premiums/(discounts)(net)	833,624	38,193	(64,998)	806,819	
Total BARBs Debt	**$ 8,944,754**	**$ 288,193**	**$ (126,313)**	**$ 9,106,634**	**$ 96,860**

	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019	Due within one year
		(in thousands)			
Building Aid Revenue Bonds	$ 7,448,505	$ 2,455,485	$ (2,288,610)	$ 7,615,380	$ 61,315
Build America Bonds	295,750	—	—	295,750	—
Qualified School Construction Bonds	200,000	—	—	200,000	—
Total before premiums/discounts	**7,944,255**	**2,455,485**	**(2,288,610)**	**8,111,130**	**61,315**
Premiums/(discounts)(net)	647,617	275,203	(89,196)	833,624	
Total BARBs Debt	**$ 8,591,872**	**$ 2,730,688**	**$ (2,377,806)**	**$ 8,944,754**	**$ 61,315**

Issuances — BARBs

In fiscal years 2020 and 2019, the Authority issued $250 million and $500 million, respectively, of new money BARBs. The new money bond proceeds were used for the purpose of funding costs for the City school system's five-year educational facilities capital plan.

5. Long-Term Liabilities (continued)

During fiscal year 2019, as further detailed below, the Authority issued $2.0 billion of BARBs to refund $2.2 billion of outstanding BARBs. The refunding resulted in an accounting loss of $22.4 million. The Authority in effect reduced its aggregate debt service by $348.4 million and obtained an economic benefit of $326.5 million.

- On July 26, 2018, the Authority issued $543.9 million of fixed-rate tax-exempt and taxable BARBs, Series 2019 S-2A&B. The proceeds from the sale of the 2019 S-2A&B bonds refunded $613.4 million of outstanding BARBs. As a result of this transaction, the Authority reduced its debt service by $121.0 million and obtained an economic gain of $113.1 million.
- On October 25, 2018, the Authority issued $1.4 billion of fixed-rate tax-exempt and taxable BARBs, Series 2019 S-3A&B. The proceeds from the sale of the 2019 S-3A&B bonds refunded $1.6 billion of outstanding BARBs. As a result of this transaction, the Authority reduced its debt service by $227.4 million and obtained an economic gain of $213.4 million.

Defeasances — BARBs

The bonds refunded with defeasance collateral have been removed from the financial statements as a liability of the Authority. The Authority had BARBs refunded with defeasance collateral that are held in escrow accounts on deposit with the Authority's Trustee. As of June 30, 2020 and 2019, $312 million and $432 million, of the Authority's defeased bonds, respectively, were still outstanding.

Annual Requirements — BARBs

Debt service requirements to maturity for BARBs at June 30, 2020 are as follows:

	Principal	Interest	Total
		(in thousands)	
Year ending June 30,			
2021	$ 103,835	$ 400,930	$ 504,765
2022	112,905	395,180	508,085
2023	189,335	389,349	578,684
2024	285,865	378,932	664,797
2025	300,115	365,348	665,463
2026 to 2030	1,794,265	1,573,850	3,368,115
2031 to 2035	2,234,155	1,070,294	3,304,449
2036 to 2040	2,063,670	489,615	2,553,285
2041 to 2045	970,335	149,036	1,119,371
2046 to 2050	245,335	13,939	259,274
Total	**$ 8,299,815**	**$ 5,226,473**	**$ 13,526,288**

5. Long-Term Liabilities (continued)

Variable Rate Demand Bonds — FTS

As of June 30, 2020, the Authority had 38 series of Variable Rate Demand Bonds (“VRDBs”) outstanding that may be tendered at the option of their holders (see below).

Series		Outstanding Principal Amount	Provider	Expiration Date
1999A-1	$	75,400,000	TD Bank	December 17, 2023
2001C		74,400,000	PNC	April 6, 2021
2003-1A		29,500,000	Helaba	December 14, 2020
2003-1C		21,800,000	JPMorgan Chase	November 1, 2022
2003-1D		17,600,000	Helaba	December 14, 2020
2003-1E		11,700,000	Sumitomo	November 27, 2020
2003-2F		10,000,000	Sumitomo	November 27, 2020
2003-3G		31,300,000	Bank of New York	October 1, 2021
2003A-2		175,000,000	MUFG Bank, Ltd	October 9, 2020
2003A-3		25,000,000	MUFG Bank, Ltd	October 9, 2020
2003A-4		100,000,000	TD Bank	October 15, 2024
2003C-2		37,500,000	Helaba	December 14, 2020
2003C-4		37,500,000	Helaba	December 14, 2020
2003C-5		37,500,000	Bank of America	November 29, 2021
2010F-5		148,500,000	Sumitomo	February 26, 2021
2010G-5		150,000,000	Barclays	June 2, 2021
2010G-6		100,000,000	Barclays	April 12, 2024
2011A-4		100,000,000	Barclays	April 12, 2024
2013A-4		50,000,000	JPMorgan Chase	August 10, 2021
2013A-5		50,000,000	U.S. Bank	August 27, 2021
2013A-6		100,000,000	State Street	August 13, 2021
2013A-7		150,000,000	State Street	August 13, 2021
2013C-4		100,000,000	JPMorgan Chase	November 29, 2024
2013C-5		148,000,000	Sumitomo	November 17, 2020
2014B-3		75,000,000	Barclays	March 29, 2024
2014D-3		100,000,000	Mizuho	April 15, 2021
2014D-4		100,000,000	Mizuho	April 15, 2021
2015A-3		100,000,000	Mizuho	July 6, 2021
2015A-4		100,000,000	Mizuho	July 6, 2021
2015-E3		100,000,000	JPMorgan Chase	April 21, 2023
2015-E4		90,000,000	Bank of America	April 22, 2022
2016A-4		100,000,000	Bank of America	September 27, 2022
2016-E4		150,000,000	JPMorgan Chase	February 24, 2023
2018C-6		100,000,000	Sumitomo	May 26, 2023
2019A-4		200,000,000	JPMorgan Chase	August 10, 2021
2019B-4		200,000,000	JPMorgan Chase	September 24, 2021
2019B-5		75,000,000	U.S. Bank	September 24, 2021
2019C-4		150,000,000	Barclays	April 12, 2024
Total	**$**	**3,420,700,000**		

5. Long-Term Liabilities (continued)

As of June 30, 2020 and 2019, the Authority had $3.4 billion and $3.6 billion, respectively, of VRDBs outstanding. The VRDBs are remarketed by remarketing agents on a daily, two-day 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 2020 and 2019, the VRDBs rates averaged 1.13% and 1.57%, 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 ending June 30, 2020 or June 30, 2019. SBPAs and LOCs may be terminated by the respective banks upon the occurrence of specified events of default.

Index Bonds

As of June 30, 2020 and 2019, the Authority had $557 million and $590 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 2020 and 2019, interest rates on the Index bonds averaged 1.84% and 2.18%, respectively.

Auction Bonds

As of June 30, 2020 and 2019, the Authority had $191 million and $207 million, respectively, of Auction Rate Securities ("ARS") outstanding. The interest rate on the ARS is established weekly by an auction agent at the lowest clearing rate based upon bids received from broker dealers. The interest rate on the ARS cannot exceed 12%. In fiscal years 2020 and 2019, the interest rate on the ARS averaged 1.60% and 1.85%, respectively.

Retention Requirements

As of June 30, 2020 and 2019, the Authority was required to hold in its debt service accounts the following:

	June 30, 2020			June 30, 2019		
	Principal	Interest	Total	Principal	Interest	Total
			(in thousands)			
Required for FTS	$ 274,995	$ 426,874	$ 701,869	$ 176,645	$ 435,104	$ 611,749
Required for BARBs	103,835	400,930	504,765	68,290	405,008	473,298
Total	**$ 378,830**	**$ 827,804**	**$ 1,206,634**	**$ 244,935**	**$ 840,112**	**$ 1,085,047**

The Authority held $2.5 billion and $2.3 billion in excess of amounts required to be retained for FTS Bonds debt service under the Indenture as of June 30, 2020 and 2019, respectively. The Authority held $261 thousand and $2.8 million in excess of amounts required to be retained for BARBs debt service under the Indenture as of June 30, 2020 and 2019, respectively.

6. Unrestricted Grants

In fiscal years 2020 and 2019, the Authority received unrestricted grants from the City in the amount of $2.5 billion and $2.3 billion, respectively. These City grants were used to fund future year's debt service requirements for FTS Bonds and reduced the amount of PIT retained for such purpose. 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 1, 2020, the Authority issued $1.62 billion, Fiscal 2021 Series A&B FTS Bonds, comprised of Series A, $1.27 billion of tax-exempt bonds; Subseries B-1, $79 million of tax-exempt bonds; Subseries B-2, $135 million of taxable bonds, and Subseries B-3, $140 million of taxable bonds. The proceeds from Fiscal 2021 Series A&B FTS Bonds were used to refund prior outstanding FTS Bonds.

On September 24, 2020, the Authority issued $1.07 billion, Fiscal 2021 Series C FTS Bonds, comprised of Subseries C-1, $900 million of tax-exempt bonds and Subseries C-2, $173 million of taxable bonds. The proceeds of the Fiscal 2021 Series C FTS Bonds will be used for the City's capital programs. The Authority also reoffered $200 million of FTS Bonds converting outstanding VRDBs to fixed rate bonds.

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Leadership

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Jacques Jiha, Ph.D., Chairperson
Director of Management and Budget of the City

Michael Hyman
Acting Commissioner of Finance of the City

Scott Stringer
Comptroller of the City

Lorraine Grillo
Commissioner of the Department of Design and Construction of the City

Corey Johnson
Speaker of the City Council

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Kemraj Narine
Deputy Comptroller

Albert M. Rodriguez
Assistant Secretary

Jeffrey Werner
Assistant Secretary

Laura Tarbox
Deputy Treasurer

Nameca Sharma
Accounting Manager

AUTHORITY CONTACT

Jason Goh
(212) 788-5864 or
GohJ@omb.nyc.gov

New York City
Transitional
Finance
Authority

255 Greenwich Street, 6th Floor, New York, NY 10007 Phone: 212.788.5864 Fax: 212.788.9197 www.nyc.gov/tfa