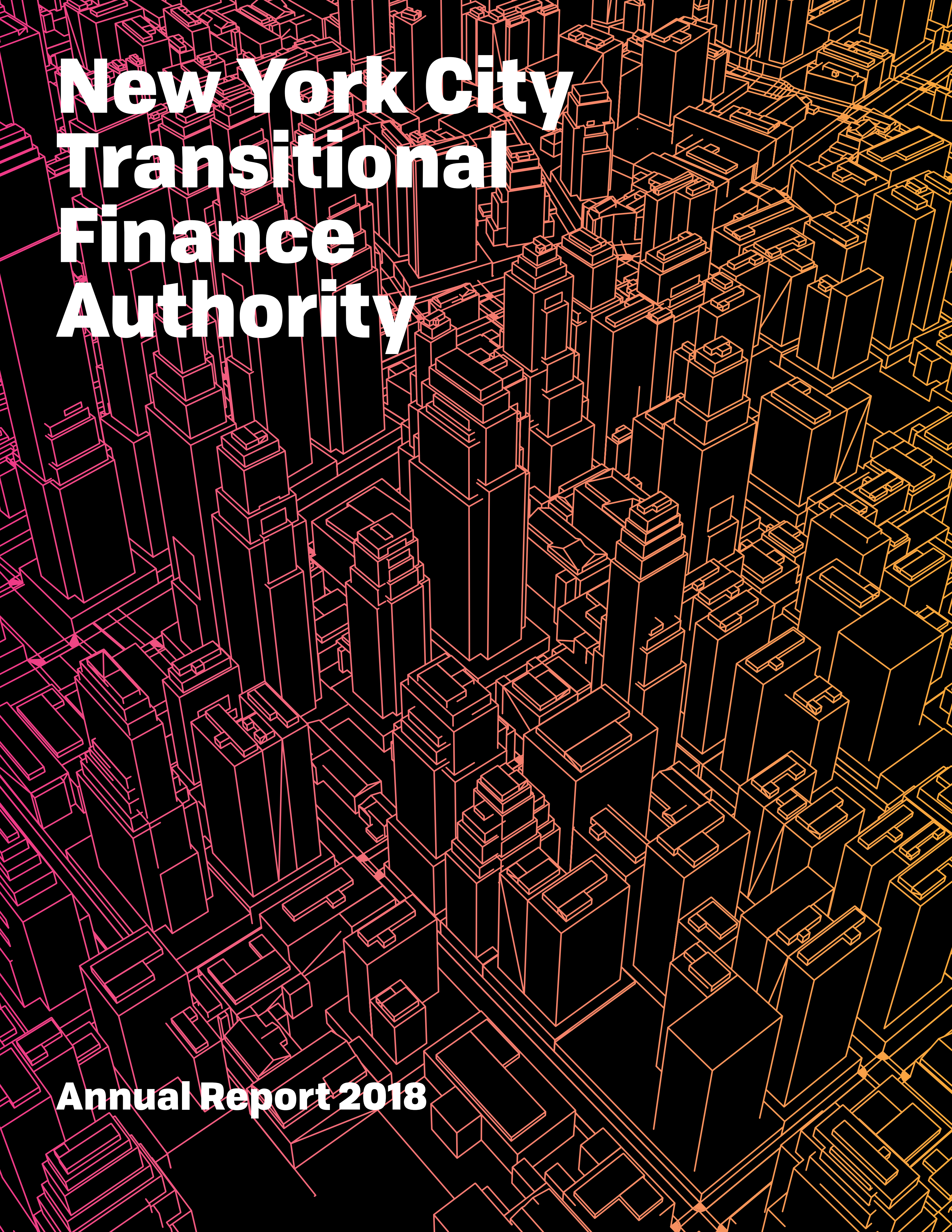
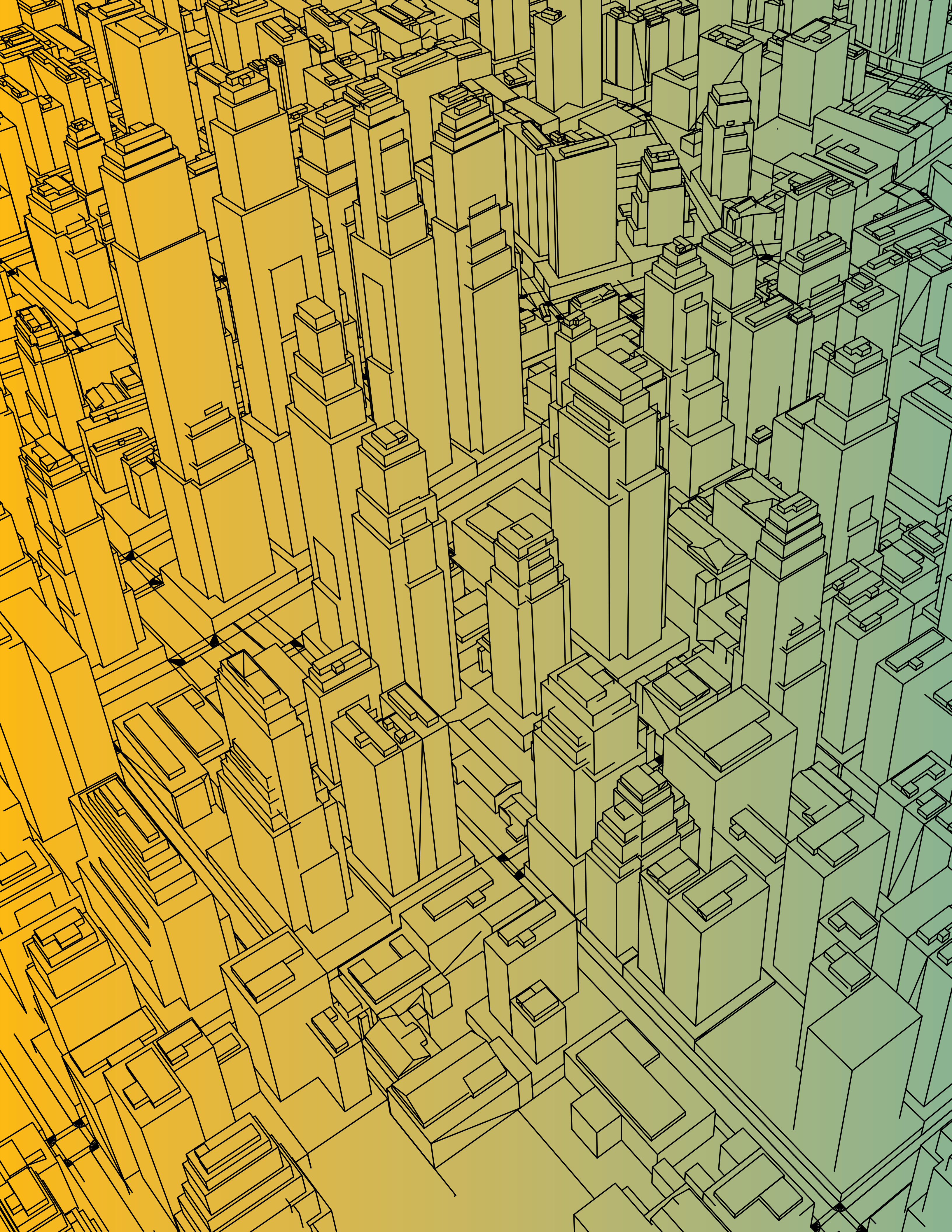
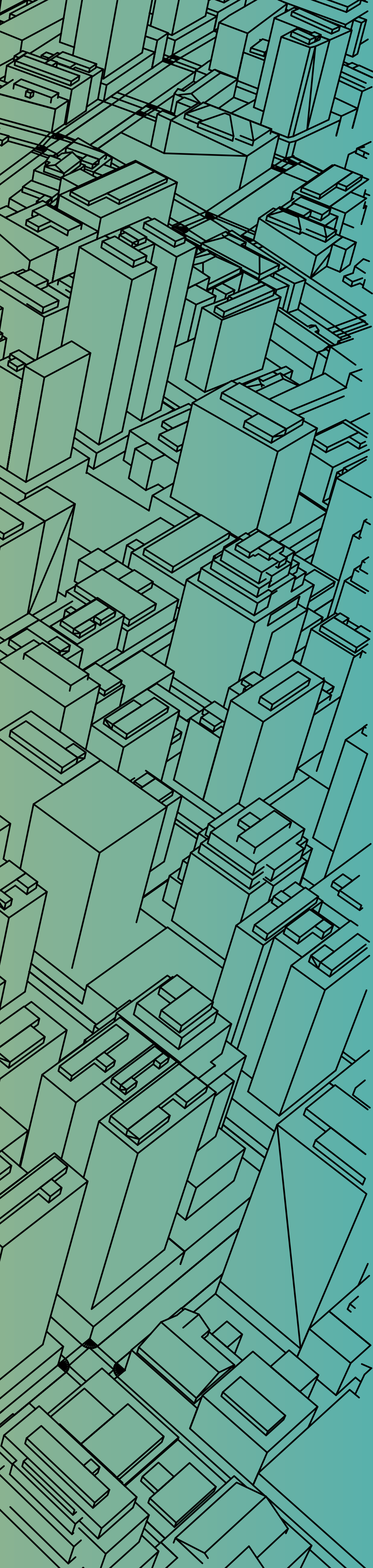
New York City Transitional Finance Authority



Annual Report 2018





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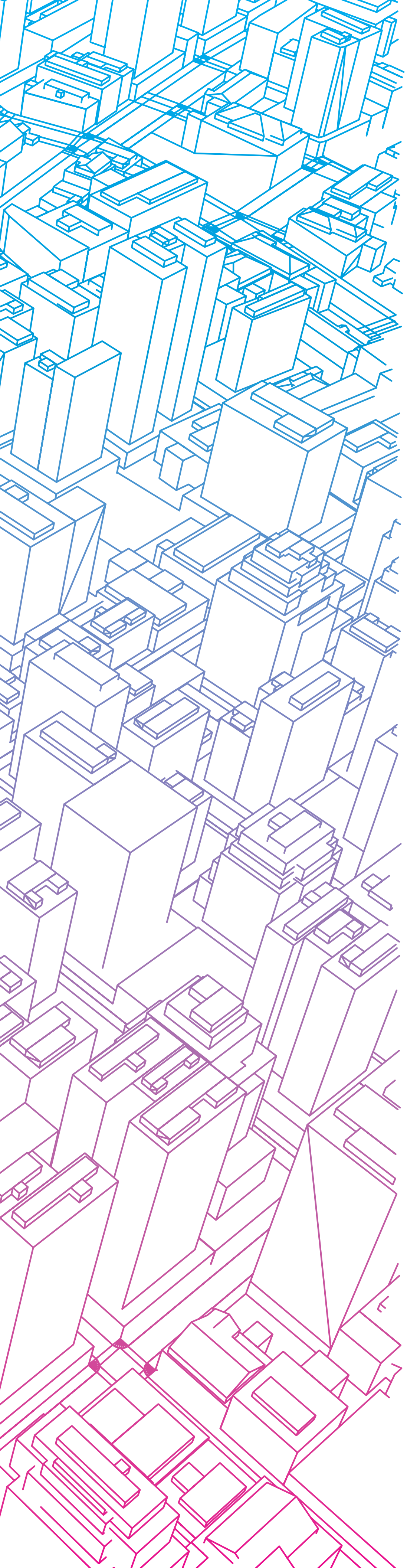


Letter from the Chairperson

I am pleased to present the Fiscal Year 2018 annual report of the New York City Transitional Finance Authority ("TFA"). This report contains complete audited financial information for this fiscal year, which began on July 1, 2017.

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, 2018, the City's debt-incurring margin within the debt limit of the City was $27.2 billion.

In addition, 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.

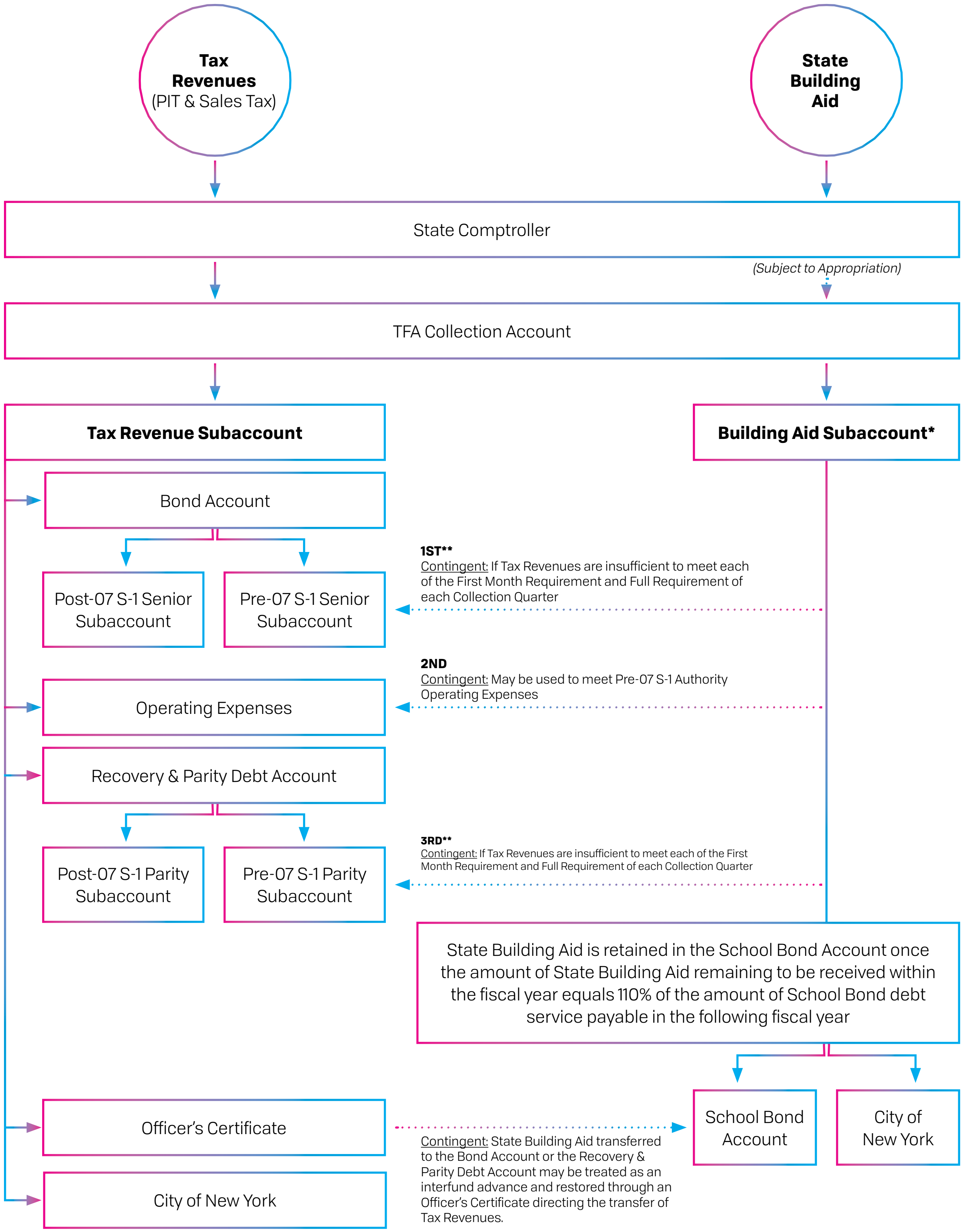
In Fiscal Year 2018, the TFA issued $3.8 billion of Future Tax Secured Bonds and $2.1 billion of Building Aid Revenue Bonds for new money, refunding, and reoffering purposes.

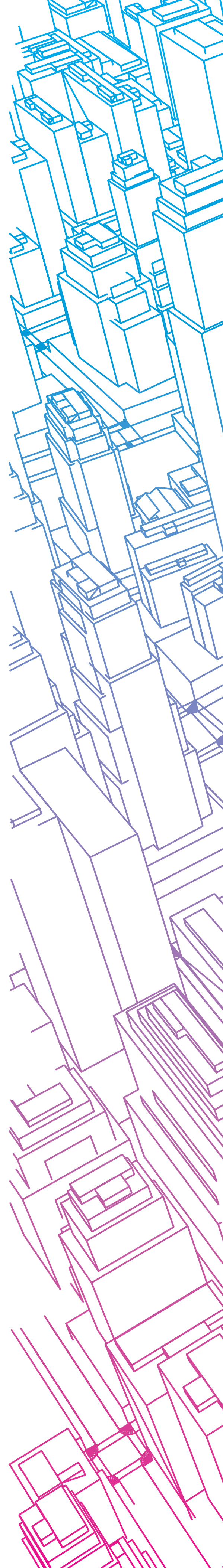
As of June 30, 2018, the TFA had $34.7 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and $7.9 billion of Building Aid Revenue Bonds par outstanding. The TFA had $682 million of Recovery Bonds par outstanding to pay costs related to or arising from the World Trade Center attack on September 11, 2001.

Respectfully submitted,

Melanie Hartzog
Chairperson

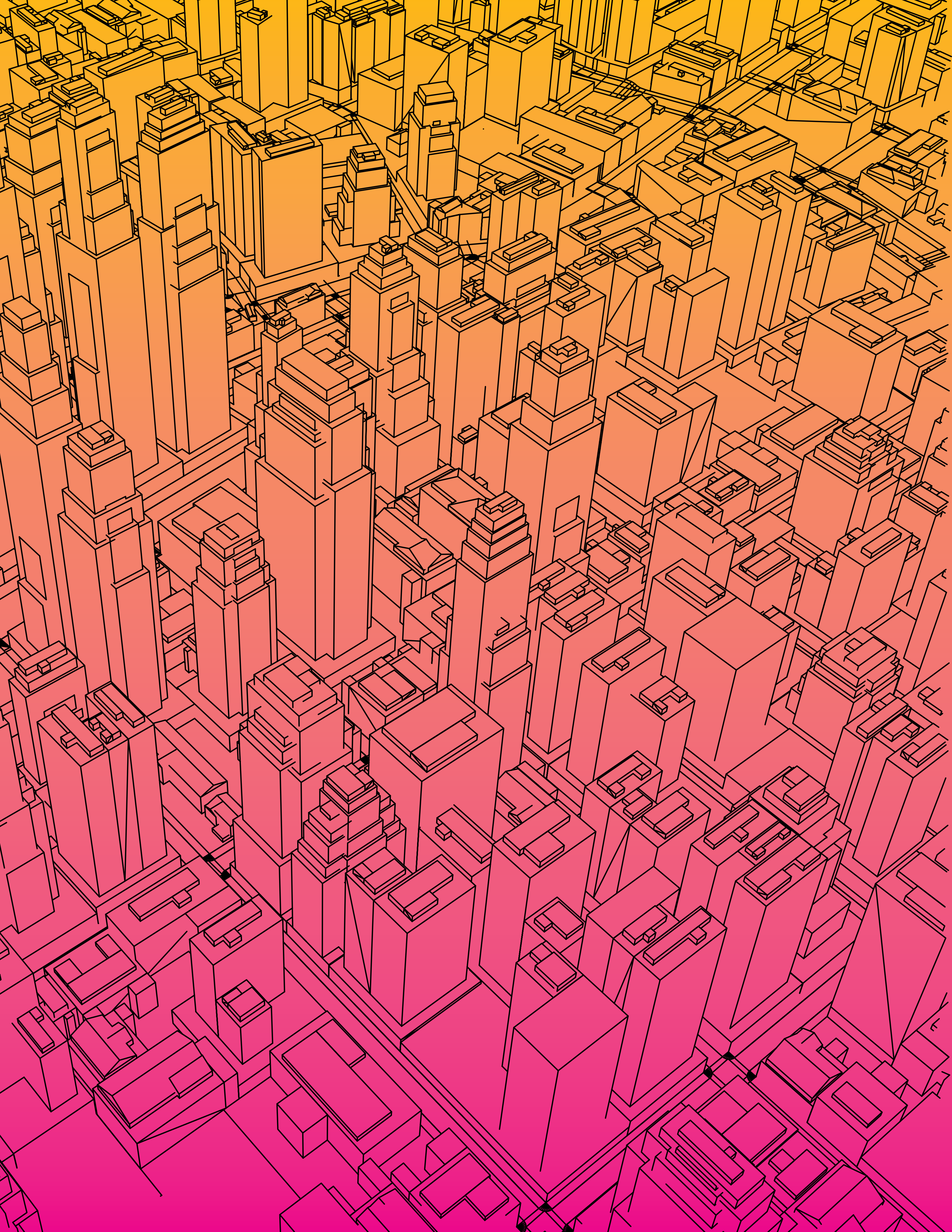
Summary of Collection & Application of Revenues





* 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 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, 2018 and 2017, 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 of the New York City Transitional Finance Authority as of June 30, 2018 and 2017, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 7 through 16 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 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017 (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, 2018 and 2017, 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, 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 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 2018, the City's and the Authority's remaining combined debt-incurring capacity was approximately $27.2 billion.

In fiscal years 2018 and 2017, the Authority issued $3.8 billion and $5.2 billion, respectively, of FTS Bonds. The Authority had Future Tax Secured Senior Bonds outstanding of $788 million and $990 million and Subordinate bonds (excluding Recovery Bonds) of $33.9 billion and $31.0 billion as of June 30, 2018 and 2017, respectively.

Future Tax Secured Bonds *(continued)*

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, 2018 and 2017, of $682 million and $800 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 2018 and 2017, the Authority recognized subsidy payments of $52.7 million and $53.2 million on its BABs, respectively, and $47.9 million and $47.8 million on its QSCBs, respectively. Subsidy payments have been discounted due to the federal budget sequestration; the latest discount was 6.6% beginning in October 2017. 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 2018:

	Outstanding Principal Balance at June 30, 2017	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2018	Total Interest Payments FY 2018
			(in thousands)			
Senior FTS Bonds	$ 989,775	$ —	$ (201,950)	$ —	$ 787,825	$ 54,261
Subordinate FTS Bonds:						
Recovery Bonds	800,165	—	(118,025)	—	682,140	14,320
Parity Bonds	26,929,740	3,776,075	(811,160)		29,894,655	1,081,451
Build America Bonds	2,956,990	—	(47,900)	—	2,909,090	161,938
Qualified School Construction Bonds	1,137,340	—	—	—	1,137,340	51,335
Subtotal — Subordinate FTS Bonds	31,824,235	3,776,075	(977,085)	—	34,623,225	1,309,044
Total FTS Bonds Payable	**$ 32,814,010**	**$ 3,776,075**	**$ (1,179,035)**	**$ —**	**$ 35,411,050**	**$ 1,363,305**

Future Tax Secured Bonds *(continued)*

The following summarizes the debt service activity for FTS Bonds in fiscal year 2017:

		Outstanding Principal Balance at June 30, 2016		Issued/ Converted		Principal Retired		Principal Defeased		Outstanding Principal Balance at June 30, 2017		Total Interest Payments FY 2017
						(in thousands)						
Senior FTS Bonds	$	1,034,610	$	—	$	(44,550)	$	(285)	$	989,775	$	55,808
Subordinate FTS Bonds:												
Recovery Bonds		906,425		—		(106,260)		—		800,165		13,946
Parity Bonds		23,248,795		5,233,595		(690,040)		(862,610)		26,929,740		910,012
Build America Bonds		2,986,555		—		(29,565)		—		2,956,990		163,440
Qualified School Construction Bonds		1,137,340		—		—		—		1,137,340		51,335
Subtotal — Subordinate FTS Bonds		28,279,115		5,233,595		(825,865)		(862,610)		31,824,235		1,138,733
Total FTS Bonds Payable	**$**	**29,313,725**	**$**	**5,233,595**	**$**	**(870,415)**	**$**	**(862,895)**	**$**	**32,814,010**	**$**	**1,194,541**

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 plan and to pay the Authority's administrative expenses. In fiscal year 2018, the Authority issued $2.1 billion of BARBs, but did not issue BARBs in fiscal year 2017. BARBs outstanding as of both June 30, 2018 and 2017 were $7.9 billion.

In both fiscal years 2018 and 2017, the Authority recognized subsidy payments of $6.5 million on its BABs and $9.1 million on its QSCBs.

Building Aid Revenue Bonds *(continued)*

The following summarizes the debt service activity for BARBs in fiscal year 2018:

	Outstanding Principal Balance at June 30, 2017	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2018	Total Interest Payments FY 2018
			(in thousands)			
Building Aid Revenue Bonds	$ 7,385,885	$ 2,083,255	$ (184,145)	$ (1,836,490)	$ 7,448,505	$ 355,939
Build America Bonds	295,750	—	—	—	295,750	20,018
Qualified School Construction Bonds	200,000	—	—	—	200,000	9,800
Total BARBs Payable	**$ 7,881,635**	**$ 2,083,255**	**$ (184,145)**	**$ (1,836,490)**	**$ 7,944,255**	**$ 385,757**

The following summarizes the debt service activity for BARBs in fiscal year 2017:

	Outstanding Principal Balance at June 30, 2016	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2017	Total Interest Payments FY 2017
			(in thousands)			
Building Aid Revenue Bonds	$ 7,548,005	$ —	$ (162,120)	$ —	$ 7,385,885	$ 362,974
Build America Bonds	295,750	—	—	—	295,750	20,018
Qualified School Construction Bonds	200,000	—	—	—	200,000	9,800
Total BARBs Payable	**$ 8,043,755**	**$ —**	**$ (162,120)**	**$ —**	**$ 7,881,635**	**$ 392,792**

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.

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,

	2018	2017	2016
		(in thousands)	
Building aid received from New York State	$ 1,211,249	$ 1,140,203	$ 1,094,110
Building aid remitted to New York City	(523,887)	(564,455)	(488,156)
Total retained for BARBs debt service and operating expenses	**$ 687,362**	**$ 575,748**	**$ 605,954**

Financial Highlights and Overall Analysis — Government-Wide Financial Statements

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

				Variance	
	2018	2017	2016	2018/2017	2017/2016
			(in thousands)		
Revenues:					
Personal income tax retained	$ 181,410	$ 297,251	$ 180,290	$ (115,841)	$ 116,961
Unrestricted grants	2,174,300	2,021,568	1,733,769	152,732	287,799
Federal subsidy	116,275	116,657	116,903	(382)	(246)
Investment earnings	33,131	5,910	8,466	27,221	(2,556)
Other	730	—	—	730	—
Total revenues	**2,505,846**	**2,441,386**	**2,039,428**	**64,460**	**401,958**
Expenses:					
Distributions to New York City for general capital program	3,478,373	4,721,999	3,984,060	(1,243,626)	737,939
Bond interest	1,544,893	1,425,751	1,300,474	119,142	125,277
Other	162,358	167,033	166,459	(4,675)	574
Total expenses	**5,185,624**	**6,314,783**	**5,450,993**	**(1,129,159)**	**863,790**
Change in net position (deficit)	(2,679,778)	(3,873,397)	(3,411,565)	1,193,619	(461,832)
Net position (deficit) — beginning of year	(35,023,969)	(31,150,572)	(27,739,007)	(3,873,397)	(3,411,565)
Net position (deficit) — end of year	**$ (37,703,747)**	**$ (35,023,969)**	**$ (31,150,572)**	**$ (2,679,778)**	**$ (3,873,397)**

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

In fiscal year 2018, the Authority received an unrestricted grant from the City in the amount of $2.2 billion. These funds will be used to fund FTS Bonds' future years debt service requirements to reduce the amount of personal income tax ("PIT") retained for such purpose. In fiscal year 2017, the Authority received an unrestricted grant from the City in the amount of $1.9 billion and a grant from Hudson Yards Infrastructure Corporation ("HYIC") in the amount of $112.8 million. These funds were used to fund FTS Bonds' future years debt service requirements which reduced the amount of personal income tax retained for such purpose.

In fiscal years 2018, 2017 and 2016, 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 for federal budget sequestration.

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

The 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 was 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.

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,

	2018	2017	2016	Variance 2018/2017	Variance 2017/2016
			(in thousands)		
Assets	$ 10,192,176	$ 10,413,900	$ 9,462,789	$ (221,724)	$ 951,111
Deferred outflows of resources	40,859	82,287	73,446	(41,428)	8,841
Liabilities:					
Current liabilities	3,168,873	3,528,789	2,234,955	(359,916)	1,293,834
Non-current liabilities	44,767,909	41,991,367	38,451,852	2,776,542	3,539,515
Total liabilities	**47,936,782**	**45,520,156**	**40,686,807**	**2,416,626**	**4,833,349**
Net position (deficit):					
Restricted	697,941	203,391	12,383	494,550	191,008
Unrestricted	(38,401,688)	(35,227,360)	(31,162,955)	(3,174,328)	(4,064,405)
Total net position (deficit)	**$ (37,703,747)**	**$ (35,023,969)**	**$ (31,150,572)**	**$ (2,679,778)**	**$ (3,873,397)**

Total assets decreased between fiscal years 2018 and 2017 primarily due to the decrease BARBs debt service funds and capital project funds held. Total assets increased between fiscal years 2017 and 2016 primarily due to the increase in unrestricted grant received from the City and capital project funds held.

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 2018, 2017 and 2016 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	
	2018	2017	2016	2018/2017	2017/2016
			(in thousands)		
Revenues	$ 136,861	$ 143,439	$ 142,323	$ (6,578)	$ 1,116
Expenditures	139,111	140,915	141,837	(1,804)	(922)
Other financing sources	384	316	380	68	(64)
Net change in fund balances	(1,866)	2,840	866	(4,706)	1,974
Fund balance — beginning of year	7,765	4,925	4,059	2,840	866
Fund balance — end of year	**$ 5,899**	**$ 7,765**	**$ 4,925**	**$ (1,866)**	**$ 2,840**

GF revenues fluctuate each year based on the PIT retained for administrative expenses and federal interest subsidies received. Expenditures fluctuated 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	
	2018	2017	2016	2018/2017	2017/2016
			(in thousands)		
Revenues	$ 358	$ —	$ 355	$ 358	$ (355)
Expenditures	2,569	(60)	4,301	2,629	(4,361)
Other financing sources (uses)	2,124	—	4,010	2,124	(4,010)
Net change in fund balances	(87)	60	64	(147)	(4)
Fund balance — beginning of year	93	33	(31)	60	64
Fund balance — end of year	**$ 6**	**$ 93**	**$ 33**	**$ (87)**	**$ 60**

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

The Authority's bond proceeds and distributions to the City are reported as other financing sources and (uses) in the governmental funds. In fiscal years 2018 and 2016, BARBs proceeds were transferred to the City to pay certain educational facilities capital program expenditures. In fiscal year 2017, the Authority did not issue any BARBs.

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

				Variance	
	2018	2017	2016	2018/2017	2017/2016
			(in thousands)		
Revenues	$ 5,550	$ 1,766	$ 909	$ 3,784	$ 857
Expenditures	3,491,338	4,743,582	4,002,415	(1,252,244)	741,167
Other financing sources (uses)	3,980,425	4,932,764	3,949,404	(952,339)	983,360
Net change in fund balances	494,637	190,948	(52,102)	303,689	243,050
Fund balance — beginning of year	203,298	12,350	64,452	190,948	(52,102)
Fund balance — end of year	**$ 697,935**	**$ 203,298**	**$ 12,350**	**$ 494,637**	**$ 190,948**

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,

				Variance	
	2018	2017	2016	2018/2017	2017/2016
			(in thousands)		
Revenues	$ 5,243	$ 598	$ 4,712	$ 4,645	$ (4,114)
Expenditures	2,204,096	554,912	486,102	1,649,184	68,810
Other financing sources (uses)	1,924,399	555,423	494,978	1,368,976	60,445
Net change in fund balances	(274,454)	1,109	13,588	(275,563)	(12,479)
Fund balance — beginning of year	876,180	875,071	861,483	1,109	13,588
Fund balance — end of year	**$ 601,726**	**$ 876,180**	**$ 875,071**	**$ (274,454)**	**$ 1,109**

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

Revenues in the BARBs DSF fluctuate each year due to changes in interest rates and market valuation of holdings. 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 2018, 2017 and 2016, respectively.

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

				Variance	
	2018	2017	2016	2018/2017	2017/2016
			(in thousands)		
Revenues	$ 2,357,248	$ 2,295,677	$ 1,890,978	$ 61,571	$ 404,699
Expenditures	2,542,767	2,088,557	1,781,990	454,210	306,567
Other financing sources (uses)	568,962	67,126	114,585	501,836	(47,459)
Net change in fund balances	383,443	274,246	223,573	109,197	50,673
Fund balance — beginning of year	2,423,230	2,148,984	1,925,411	274,246	223,573
Fund balance — end of year	**$ 2,806,673**	**$ 2,423,230**	**$ 2,148,984**	**$ 383,443**	**$ 274,246**

In fiscal years 2018, 2017 and 2016, the FTS Bonds DSF revenue primarily consisted of grants from the City and PIT retained by the Authority. The increase in each fiscal year was mainly due to the increase of unrestricted grant received from the City.

Expenditures increased in fiscal year 2018 over 2017 mainly due to a $477 million increase of principal and interest payments on FTS bonds. Expenditures increased in fiscal year 2017 over 2016 mainly due to a $297 million increase of principal and 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 refunding.

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)

AS OF JUNE 30, 2018 AND 2017

		2018		2017
		(in thousands)		
Assets:				
Unrestricted cash and cash equivalents	$	9,579	$	90,252
Restricted cash and cash equivalents		916,998		1,806,773
Unrestricted investments		2,469,622		1,921,154
Restricted investments		875,708		746,627
Due from New York City - future State building aid		4,934,917		5,064,874
Personal income tax receivable from New York State		925,711		753,222
Federal interest subsidy receivable		30,387		30,531
Other		29,254		467
Total assets		**10,192,176**		**10,413,900**
Deferred outflows of resources:				
Unamortized deferred bond refunding costs		40,859		82,287
Total deferred outflows of resources		**40,859**		**82,287**
Liabilities:				
Personal income tax payable to New York City		925,711		753,222
Distribution payable to New York City capital programs		184,523		1,050,020
Accrued expenses		4,399		4,687
Accrued interest payable		581,865		536,455
Bonds payable:				
Portion due within one year		1,472,375		1,184,405
Portions due after one year		44,767,909		41,991,367
Total liabilities		**47,936,782**		**45,520,156**
Net position (deficit):				
Restricted for capital projects		697,941		203,391
Unrestricted (deficit)		(38,401,688)		(35,227,360)
Total net position (deficit)	**$**	**(37,703,747)**	**$**	**(35,023,969)**

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

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
	(in thousands)	
Revenues:		
Personal income tax revenue	$ 13,605,654	$ 11,090,809
Less remittances to New York City	(13,424,244)	(10,793,558)
Personal income tax revenue retained	181,410	297,251
Unrestricted grants	2,174,300	2,021,568
Federal interest subsidy	116,275	116,657
Investment earnings	33,131	5,910
Gain on defeasance	730	—
Total revenues	2,505,846	2,441,386
Expenses:		
General and administrative expenses	22,692	24,164
Distribution to New York City for general capital program	3,478,373	4,721,999
Distribution of federal interest subsidy to New York City	116,419	116,751
Cost of debt issuance	23,247	25,727
Bond interest	1,544,893	1,425,751
Loss on defeasance	—	391
Total expenses	5,185,624	6,314,783
Change in net position (deficit)	(2,679,778)	(3,873,397)
Net position (deficit) — beginning of year	(35,023,969)	(31,150,572)
Net position (deficit) — end of year	**$ (37,703,747)**	**$ (35,023,969)**

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

GOVERNMENTAL FUNDS BALANCE SHEET

AS OF JUNE 30, 2018

		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	$ 8,815	$ —	$ —	$ —	$ 764	$ 9,579
Restricted cash and cash equivalents	—	276	516,188	117,323	283,211	916,998
Restricted investments	—	—	366,721	455,900	53,087	875,708
Unrestricted investments	—	—	—	—	2,469,622	2,469,622
Personal income tax receivable from New York State	—	—	—	—	925,711	925,711
Other	384	—	—	29,254	—	29,638
Total assets	**$ 9,199**	**$ 276**	**$ 882,909**	**$ 602,477**	**$ 3,732,395**	**$ 5,227,256**
Liabilities:						
Accrued expenses payable	$ 3,300	$ 270	$ 451	$ 751	$ 11	$ 4,783
Distribution payable to New York City for capital programs	—	—	184,523	—	—	184,523
Personal income tax payable to New York City	—	—	—	—	63,711	63,711
Total liabilities	**3,300**	**270**	**184,974**	**751**	**63,722**	**253,017**
Deferred inflows of resources:						
Unavailable personal income tax revenue	—	—	—	—	862,000	862,000
Total deferred inflows of resources	**—**	**—**	**—**	**—**	**862,000**	**862,000**
Fund balances:						
Restricted for:						
Capital distribution to New York City	—	6	697,935	—	—	697,941
Debt service	—	—	—	601,726	336,287	938,013
Unrestricted for:						
Assigned for debt service	—	—	—	—	2,470,386	2,470,386
Unassigned	5,899	—	—	—	—	5,899
Total fund balances	**5,899**	**6**	**697,935**	**601,726**	**2,806,673**	**4,112,239**
Total liabilities, deferred inflows of resources and fund balances	**$ 9,199**	**$ 276**	**$ 882,909**	**$ 602,477**	**$ 3,732,395**	**$ 5,227,256**

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

GOVERNMENTAL FUNDS BALANCE SHEET

AS OF JUNE 30, 2017

		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	$ 11,197	$ —	$ —	$ —	$ 79,055	$ 90,252
Restricted cash and cash equivalents	—	178	1,229,148	260,777	316,670	1,806,773
Restricted investments	—	—	24,915	601,161	120,551	746,627
Unrestricted investments	—	—	—	14,091	1,907,063	1,921,154
Personal income tax receivable from New York State	—	—	—	—	753,222	753,222
Other	316	—	—	467	—	783
Total assets	**$ 11,513**	**$ 178**	**$ 1,254,063**	**$ 876,496**	**$ 3,176,561**	**$ 5,318,811**
Liabilities:						
Accrued expense payable	$ 3,748	$ 85	$ 745	$ 316	$ 109	$ 5,003
Distribution payable to New York City for capital programs	—	—	1,050,020	—	—	1,050,020
Personal income tax payable to New York City	—	—	—	—	78,222	78,222
Total liabilities	**3,748**	**85**	**1,050,765**	**316**	**78,331**	**1,133,245**
Deferred inflows of resources:						
Unavailable personal income tax revenue	—	—	—	—	675,000	675,000
Total deferred inflows of resources	**—**	**—**	**—**	**—**	**675,000**	**675,000**
Fund balances:						
Restricted for:						
Capital distribution to New York City	—	93	203,298	—	—	203,391
Debt service	—	—	—	862,090	437,112	1,299,202
Unrestricted for:						
Assigned for debt service	—	—	—	14,090	1,986,118	2,000,208
Unassigned	7,765	—	—	—	—	7,765
Total fund balances	**7,765**	**93**	**203,298**	**876,180**	**2,423,230**	**3,510,566**
Total liabilities, deferred inflows of resources and fund balances	**$ 11,513**	**$ 178**	**$ 1,254,063**	**$ 876,496**	**$ 3,176,561**	**$ 5,318,811**

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, 2018 AND 2017

		2018		2017
		(in thousands)		
Total fund balances — governmental funds	$	4,112,239	$	3,510,566
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.		(2,884,979)		(2,480,127)
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.		30,387		30,531
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.		4,934,917		5,064,874
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		(43,355,305)		(40,695,645)
Accrued interest payable		(581,865)		(536,455)
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.		40,859		82,287
Net position (deficit) of governmental activities	**$**	**(37,703,747)**	**$**	**(35,023,969)**

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, 2018

		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	$ 20,250	$ —	$ —	$ —	$ 13,398,404	$ 13,418,654
Less remittances to New York City	—	—	—	—	(13,237,244)	(13,237,244)
Personal income tax revenue retained	20,250	—	—	—	161,160	181,410
Unrestricted grants	—	—	—	—	2,174,300	2,174,300
Federal interest subsidy	116,419	—	—	—	—	116,419
Investment earnings	192	358	5,550	5,243	21,788	33,131
Total revenues	136,861	358	5,550	5,243	2,357,248	2,505,260
Expenditures:						
Bond interest	—	—	—	385,757	1,363,305	1,749,062
Costs of debt issuance	—	2,569	12,965	7,286	427	23,247
Distributions to New York City for general capital program	—	—	3,478,373	—	—	3,478,373
Distributions of federal interest subsidy to New York City	116,419	—	—	—	—	116,419
Defeasance Escrow	—	—	—	1,626,908	—	1,626,908
Principal amount of bonds retired	—	—	—	184,145	1,179,035	1,363,180
General and administrative expenses	22,692	—	—	—	—	22,692
Total expenditures	139,111	2,569	3,491,338	2,204,096	2,542,767	8,379,881
Deficiency of revenues over expenditures	**(2,250)**	**(2,211)**	**(3,485,788)**	**(2,198,853)**	**(185,519)**	**(5,874,621)**
Other financing sources (uses):						
Principal amount of bonds issued	—	500,000	3,615,000	—	—	4,115,000
Distributions to New York City for educational facilities capital programs	—	(557,406)	—	—	—	(557,406)
Refunding bond proceeds	—	—	—	1,583,255	161,075	1,744,330
Bond premium, net of discount	—	59,969	367,230	258,158	37,958	723,315
Payments of refunded bonds	—	—	—	(236,307)	—	(236,307)
Transfer from New York City — building aid	—	—	—	687,362	—	687,362
Transfers in (out)	384	(439)	(1,805)	(368,069)	369,929	—
Total other financing sources (uses)	**384**	**2,124**	**3,980,425**	**1,924,399**	**568,962**	**6,476,294**
Net changes in fund balances	(1,866)	(87)	494,637	(274,454)	383,443	601,673
Fund balances — beginning of year	7,765	93	203,298	876,180	2,423,230	3,510,566
Fund balances — end of year	**$ 5,899**	**$ 6**	**$ 697,935**	**$ 601,726**	**$ 2,806,673**	**$ 4,112,239**

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, 2017

	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	$ 26,615	$ —	$ —	$ —	$ 11,065,194	$ 11,091,809
Less remittances to New York City	—	—	—	—	(10,794,558)	(10,794,558)
Personal income tax revenue retained	26,615	—	—	—	270,636	297,251
Unrestricted grants	—	—	—	—	2,021,568	2,021,568
Federal interest subsidy	116,751	—	—	—	—	116,751
Investment earnings	73	—	1,766	598	3,473	5,910
Total revenues	143,439	—	1,766	598	2,295,677	2,441,480
Expenditures:						
Bond interest	—	—	—	392,792	1,194,541	1,587,333
Costs of debt issuance	—	(60)	21,583	—	—	21,523
Distributions to New York City for general capital program	—	—	4,721,999	—	—	4,721,999
Distributions of federal interest subsidy to New York City	116,751	—	—	—	—	116,751
Defeasance Escrow	—	—	—	—	19,397	19,397
Principal amount of bonds retired	—	—	—	162,120	870,415	1,032,535
Refunding bond issuance costs	—	—	—	—	4,204	4,204
General and administrative expenses	24,164	—	—	—	—	24,164
Total expenditures	140,915	(60)	4,743,582	554,912	2,088,557	7,527,906
Excess (deficiency) of revenues over expenditures	**2,524**	**60**	**(4,741,816)**	**(554,314)**	**207,120**	**(5,086,426)**
Other financing sources (uses):						
Principal amount of bonds issued	—	—	4,400,000	—	—	4,400,000
Refunding bond proceeds	—	—	—	—	833,595	833,595
Bond premium, net of discount	—	—	533,758	—	120,907	654,665
Payments of refunded bonds	—	—	—	—	(908,379)	(908,379)
Transfer from New York City — building aid	—	—	—	575,748	—	575,748
Transfers in (out)	316	—	(994)	(20,325)	21,003	—
Total other financing sources (uses)	**316**	—	**4,932,764**	**555,423**	**67,126**	**5,555,629**
Net changes in fund balances	2,840	60	190,948	1,109	274,246	469,203
Fund balances — beginning of year	4,925	33	12,350	875,071	2,148,984	3,041,363
Fund balances — end of year	**$ 7,765**	**$ 93**	**$ 203,298**	**$ 876,180**	**$ 2,423,230**	**$ 3,510,566**

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, 2018 AND 2017

	2018	2017
	(in thousands)	
Net change in fund balances — total governmental funds	$ 601,673	$ 469,203
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).	(4,115,000)	(4,400,000)
Refunding bond proceeds and payments to refunded bond escrows are reported as other financing sources (uses) in the governmental funds financial statements, but increase and decrease long-term liabilities in the statements of net position (deficit).	(1,508,023)	74,784
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.	(7,347)	(9,461)
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).	2,990,088	1,051,932
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.	730	(391)
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.	(460,033)	(425,597)
Distributions to the City's educational facilities capital program from BARBs proceeds are reported as an 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.	557,406	—
Retention of building aid is reported similar to a transfer from the City, as an 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.	(687,362)	(575,748)
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.	(144)	(94)
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.	(51,766)	(58,025)
Change in net position (deficit) — governmental activities	**$ (2,679,778)**	**$ (3,873,397)**

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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'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 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 2018, the City's and the Authority's remaining combined debt incurring capacity was approximately $27.2 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 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. 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. 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.

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, 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 years 2018 and 2017, 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 an 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, 2018 and 2017, the Authority retained $687 million and $576 million, respectively, of State building aid to be used for BARBs debt service and its administrative expenses.

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

H. To maintain the exemption from Federal income tax on interest of bonds issued by the Authority, the Authority is required to rebate amounts to the Federal government pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The Code requires the payment to the United States Treasury of the excess of the amount earned on all obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue, together with any earnings attributable to such excess. Construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. The Authority was not required to make an arbitrage rebate payment in fiscal years 2018 and 2017.

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. 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 November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, ("GASB 83"). GASB 83 addresses accounting and financial reporting for certain asset retirement obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. The requirements of GASB 83 are effective for fiscal years beginning after June 15, 2018. The adoption of GASB 83 did not have an impact on TFA's financial statements as it has no such obligations.
- 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. TFA has not completed the process of evaluating GASB 84, but does not expect it to have an impact on TFA's financial statements, as it does not enter into fiduciary activities.
- In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, ("GASB 86"). The primary objective of GASB 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets are acquired with only existing resources – resources other than the proceeds of refunding debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished. The requirements of GASB 86 are effective for fiscal years beginning after June 15, 2017. The adoption of GASB 86 did not have an impact on TFA's financial statements as it has not entered into such defeasances.

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

- 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 financings 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 lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. 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 any lease agreements.

- In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, ("GASB 88"). The objective of GASB 88 is to improve consistency in the information that is disclosed in notes to government financial statements related to debt by defining debt for the purpose of note disclosure and establishes additional note disclosure requirements related to debt obligations of governments, including direct borrowing and direct placements. The requirements of GASB 88 are effective for fiscal years beginning after June 15, 2018. TFA has not completed the process of evaluating GASB 88, but does not expect it to have a significant impact on TFA's financial statements.

- In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, ("GASB 89"). The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and cost of borrowing for a reporting period and to simplify accounting for certain interest costs by requiring interest costs incurred before the end of a construction period to be recognized as an expense/expenditure in governmental fund and government-wide financial statements. The requirements of GASB 89 are effective for fiscal years beginning after December 15, 2019. TFA has not completed the process of evaluating GASB 89, 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 as of June 30, 2018 and 2017 were as follows:

		2018		2017
			(in thousands)	
Restricted cash and cash equivalents:				
Cash	$	4	$	7
Cash equivalents (see Note 4)		916,994		1,806,766
Total restricted cash and cash equivalents		**916,998**		**1,806,773**
Unrestricted cash and cash equivalents:				
Cash		250		193
Cash equivalents (see Note 4)		9,329		90,059
Total unrestricted cash and cash equivalents		**9,579**		**90,252**
Total cash and cash equivalents	**$**	**926,577**	**$**	**1,897,025**

As of June 30, 2018 and 2017, the Authority's restricted cash and cash equivalents consisted of bank deposits, money market funds, and securities of government sponsored enterprises held by the Authority's Trustee in the Trustee's name.

As of June 30, 2018 and 2017, 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, 2018 and 2017, the carrying amounts and bank balances of bank deposits were $254 thousand and $200 thousand, respectively. These deposits were covered by the Federal Deposit Insurance Corporation.

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, as of June 30, 2018 and 2017 were as follows:

		2018		2017
		(in thousands)		
Restricted investments and cash equivalents:				
Money market funds	$	13,005	$	11,336
Federal Home Loan Bank discount notes (Maturing within one year)		805,019		830,054
Federal Home Loan Mortgage Corporation discount notes (Maturing within one year)		—		170,934
Federal National Mortgage Association discount notes (Maturing within one year)		—		139,208
U.S. Treasuries (Maturing within one year)		366,721		93,259
U.S. Treasuries (Maturing within five to ten years)		92,386		55,404
Commercial paper (Maturing within one year)		515,571		1,253,198
Total restricted investments and cash equivalents		**1,792,702**		**2,553,393**
Less: amounts reported as restricted cash equivalents		(916,994)		(1,806,766)
Total restricted investments	**$**	**875,708**	**$**	**746,627**
Unrestricted investments and cash equivalents:				
Money market funds	$	9,329	$	11,038
Federal Home Loan Bank discount notes (Maturing within one year)		2,469,622		1,056,362
Federal Home Loan Mortgage Corporation discount notes (Maturing within one year)		—		929,722
Federal National Mortgage Association discount notes (Maturing within one year)		—		14,091
Total unrestricted investments and cash equivalents		**2,478,951**		**2,011,213**
Less: amounts reported as unrestricted cash equivalents		(9,329)		(90,059)
Total unrestricted investments	**$**	**2,469,622**	**$**	**1,921,154**

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, 2018 and 2017:

- Money Market Funds of $22.3 million and $22.4 million, respectively, are valued based on various market and industry inputs (Level 2 inputs).
- U.S. Treasury securities of $459.1 million and $148.7 million, respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. Agencies securities of $3.3 billion and $3.1 billion, respectively, are valued using a matrix pricing model (Level 2 inputs).
- Commercial paper of $515.6 million and $1.3 billion, respectively, are valued using a matrix pricing model (Level 2 inputs).

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

Credit Risk — The Authority's investments are primarily government-sponsored enterprise discount notes and 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, 2018, TFA's investments were in eligible U.S. Government sponsored entities and commercial paper. These are 88% and 12% of TFA total investments, respectively.

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, 2018, the City's and the Authority's remaining combined debt incurring capacity was approximately $27.2 billion. The Authority is also authorized to have outstanding $2.5 billion of Recovery Bonds and notes to pay costs 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, BABs, QSCBs, and other parity debt. As of June 30, 2018 and 2017, the Authority had $787.8 million and $989.8 million, 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, 2018 and 2017, were $34.6 billion and $31.8 billion, respectively. Total FTS Bonds outstanding at June 30, 2018 and 2017, were $35.4 billion and $32.8 billion, respectively.

In fiscal year 2018, the changes in FTS long-term debt were as follows:

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
		(in thousands)		
Senior FTS Bonds	$ 989,775	$ —	$ (201,950)	$ 787,825
Subordinate FTS Bonds:				
Recovery Bonds	800,165	—	(118,025)	682,140
Parity Bonds	26,929,740	3,776,075	(811,160)	29,894,655
Build America Bonds	2,956,990	—	(47,900)	2,909,090
Qualified School Construction Bonds	1,137,340	—	—	1,137,340
Subtotal — Subordinate FTS Bonds	**31,824,235**	**3,776,075**	**(977,085)**	**34,623,225**
Total before premiums/discounts (net)	**32,814,010**	**3,776,075**	**(1,179,035)**	**35,411,050**
Premiums/(discounts)(net)	2,046,234	405,188	(214,060)	2,237,362
Total FTS Bonds Payable	**$ 34,860,244**	**$ 4,181,263**	**$ (1,393,095)**	**$ 37,648,412**
Due within one year				$ 1,352,540

5. Long-Term Liabilities *(continued)*

In fiscal year 2017, the changes in FTS long-term debt were as follows:

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
		(in thousands)		
Senior FTS Bonds	$ 1,034,610	$ —	$ (44,835)	$ 989,775
Subordinate FTS Bonds:				
Recovery Bonds	906,425	—	(106,260)	800,165
Parity Bonds	23,248,795	5,233,595	(1,552,650)	26,929,740
Build America Bonds	2,986,555	—	(29,565)	2,956,990
Qualified School Construction Bonds	1,137,340	—	—	1,137,340
Subtotal — Subordinate FTS Bonds	**28,279,115**	**5,233,595**	**(1,688,475)**	**31,824,235**
Total before premiums/discounts (net)	**29,313,725**	**5,233,595**	**(1,733,310)**	**32,814,010**
Premiums/(discounts)(net)	1,620,813	654,664	(229,243)	2,046,234
Total FTS Bonds Payable	**$ 30,934,538**	**$ 5,888,259**	**$ (1,962,553)**	**$ 34,860,244**
Due within one year				$ 1,000,260

As of June 30, 2018, the interest rates on the Authority's outstanding FTS fixed rate bonds ranged from 2.00% to 5.50% on tax exempt bonds and 1.25% 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, 2018 and 2017. 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, 2018 and 2017, the Authority had $4.1 billion and $4.2 billion, respectively, of FTS variable rate bonds outstanding, consisting of $222.4 million of Auction Rate Securities ("ARS"), $892.8 million and $610.9 million, respectively, of Index Rate Bonds, and $3.0 billion and $3.4 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 2018 and 2017, the interest rate on the ARS averaged 1.30% and .84%, respectively, and on the Index Rate Bonds 1.79% and 1.34%, respectively. The Authority's Index Rate Bonds pay interest based on a specified index. Such bonds also provide for an increased rate of interest commencing on an identified step up date if such bonds are not converted or

5. Long-Term Liabilities *(continued)*

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. In fiscal years 2018 and 2017, the VRDB rates averaged 1.15% and .77%, respectively, on tax-exempt bonds.

During fiscal year 2018, the Authority issued $161.1 million of FTS Reoffered bonds. The proceeds from the reoffering was used for the conversion of $198.6 million of outstanding FTS VRDBs to fixed rate bonds.

During fiscal year 2017, the Authority issued $794.6 million of FTS bonds to refund $862.9 million of outstanding FTS bonds. This refunding resulted in an accounting loss of $18.3 million. The Authority in effect reduced its aggregate debt service by $99.2 million and obtained an economic benefit of $85.0 million.

The bonds refunded with defeasance collateral have been removed from the financial statements as a liability of the Authority. As of June 30, 2018 and 2017, the Authority had FTS Bonds refunded with defeasance collateral totaling $13.7 billion of which $705 million and $1.3 billion, respectively, are still to be paid from the defeasance collateral held in the escrow accounts on deposit with the Authority's escrow Trustee.

5. Long-Term Liabilities *(continued)*

Debt service requirements as of June 30, 2018, for FTS Bonds, including Recovery Bonds, payable to their maturity are as follows:

	Senior		Subordinate				
	Principal	Interest (a)	Principal	Interest (a)	Total Principal	Total Interest	Total Debt Service
			(in thousands)				
Year ending June 30,							
2019	$ 12,940	$ 9,324	$ 1,370,740	$ 1,436,519	$ 1,383,680	$ 1,445,843	$ 2,829,523
2020	3,380	8,923	1,425,580	1,390,002	1,428,960	1,398,925	2,827,885
2021	—	8,834	1,480,500	1,336,851	1,480,500	1,345,685	2,826,185
2022	—	8,834	1,513,230	1,281,880	1,513,230	1,290,714	2,803,944
2023	—	8,834	1,531,930	1,225,702	1,531,930	1,234,536	2,766,466
2024 to 2028	455,210	36,639	7,010,455	5,269,958	7,465,665	5,306,597	12,772,262
2029 to 2033	316,295	5,023	6,656,450	3,768,695	6,972,745	3,773,718	10,746,463
2034 to 2038	—	—	6,925,245	2,206,376	6,925,245	2,206,376	9,131,621
2039 to 2043	—	—	5,523,775	667,752	5,523,775	667,752	6,191,527
2044 to 2047	—	—	1,185,320	42,094	1,185,320	42,094	1,227,414
Total	**$ 787,825**	**$ 86,411**	**$ 34,623,225**	**$ 18,625,829**	**$ 35,411,050**	**$ 18,712,240**	**$ 54,123,290**

(a) The variable interest rates used in this table were 1.15% on tax-exempt bonds and 1.30% 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 BARBs, notes or other obligations for purposes of funding costs for the City's school system's five year educational facilities capital plan and pay related Authority administrative expenditures. As of June 30, 2018 and 2017, the Authority had $7.9 billion 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.

5. Long-Term Liabilities *(continued)*

In fiscal year 2018, the changes in BARBs long-term debt were as follows:

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
		(in thousands)		
Building Aid Revenue Bonds	$ 7,385,885	$ 2,083,255	$ (2,020,635)	$ 7,448,505
Build America Bonds	295,750	—	—	295,750
Qualified School Construction Bonds	200,000	—	—	200,000
Total before premiums/discounts (net)	**7,881,635**	**2,083,255**	**(2,020,635)**	**7,944,255**
Premiums/(discounts)(net)	433,893	318,127	(104,403)	647,617
Total BARBs Payable	**$ 8,315,528**	**$ 2,401,382**	**$ (2,125,038)**	**$ 8,591,872**
Due within one year				**$ 119,835**

In fiscal year 2017, the changes in BARBs long-term debt were as follows:

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
		(in thousands)		
Tax-exempt Bonds	$ 7,548,005	$ —	$ (162,120)	$ 7,385,885
Build America Bonds	295,750	—	—	295,750
Qualified School Construction Bonds	200,000	—	—	200,000
Total before premiums/discounts (net)	**8,043,755**	—	**(162,120)**	**7,881,635**
Premiums/(discounts)(net)	464,194	—	(30,301)	433,893
Total BARBs Payable	**$ 8,507,949**	**$ —**	**$ (192,421)**	**$ 8,315,528**
Due within one year				**$ 184,145**

As of June 30, 2018, the interest rates on the Authority's outstanding BARBs fixed rate bonds ranged from 2.0% to 6.0% on tax exempt bonds and 2.0% to 7.13% on taxable bonds.

During fiscal year 2018, the Authority issued $1.6 billion of BARBs to refund $1.8 billion of outstanding BARBS. The refunding resulted in an accounting loss of $20.4 million. The Authority in effect reduced its aggregate debt service by $271.4 million and obtained an economic benefit of $256.8 million.

The bonds refunded with defeasance collateral have been removed from the financial statements as a liability of the Authority. As of June 30, 2018, the Authority had BARBS refunded with defeasance collateral totaling $1.8 billion of which $220 million are still to be paid from the defeasance collateral held in the escrow accounts on deposit with the Authority's escrow Trustee.

5. Long-Term Liabilities *(continued)*

Debt service requirements at June 30, 2018 for BARBs payable to maturity are as follows:

	Principal	Interest	Total
		(in thousands)	
Year ending June 30,			
2019	$ 126,810	$ 384,754	$ 511,564
2020	157,745	389,475	547,220
2021	164,440	382,573	547,013
2022	174,030	375,103	549,133
2023	252,930	365,275	618,205
2024 to 2028	1,503,785	1,617,041	3,120,826
2029 to 2033	1,884,815	1,187,497	3,072,312
2034 to 2038	2,255,695	643,019	2,898,714
2039 to 2043	1,084,425	191,963	1,276,388
2044 to 2048	339,580	24,315	363,895
Total	**$ 7,944,255**	**$ 5,561,015**	**$ 13,505,270**

As of June 30, 2018 and 2017, the Authority was required to hold in its debt service accounts the following:

	June 30, 2018		June 30, 2017	
	Principal	Interest	Principal	Interest
		(in thousands)		
Required for FTS	$ 197,220	$ 380,486	$ 166,435	$ 327,123
Required for BARBs	126,810	384,754	191,120	391,066
Total	**$ 324,030**	**$ 765,240**	**$ 357,555**	**$ 718,189**

5. Long-Term Liabilities *(continued)*

The Authority held $2.2 billion and $1.9 billion in excess of amounts required to be retained for FTS Bonds debt service under the Indenture as of June 30, 2018 and 2017, respectively. The Authority held $22.4 million and $260.9 million in excess of amounts required to be retained for BARBs debt service under the Indenture as of June 30, 2018 and 2017, respectively.

6. Unrestricted Grants

In fiscal year 2018, the Authority received an unrestricted grant from the City in the amount of $2.2 billion. These funds will be used to fund future year's debt service requirements for FTS Bonds and will reduce the amount of PIT retained for such purpose. In fiscal year 2017, the Authority received an unrestricted grant from the City in the amount of $1.9 billion. These funds were used to fund future year's debt service requirements for FTS Bonds and reduced the amount of PIT retained for such purpose. Additionally, in fiscal year 2017, the Authority received a grant from HYIC in the amount of $112.8 million. These funds were also used toward the Authority's future debt service payments. 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 July 26, 2018, the Authority issued $500.0 million of tax-exempt Fiscal 2019 Series S-1 BARBs. The proceeds from the Series S-1 bonds will be used to fund the costs of the five-year educational facilities capital plan for the City's school system. The Authority also issued $429.3 million of tax-exempt Fiscal 2019 Subseries S-2A BARBs and $114.6 million of taxable Fiscal 2019 Subseries S-2B BARBs. The proceeds from Series S-2A and S-2B were used to refund prior outstanding BARBs.

On August 10, 2018, the Authority issued $1.35 billion, Fiscal 2019 Series A FTS Bonds, comprised of Subseries A-1, $850.0 million of tax-exempt bonds; Subseries A-2, $134.3 million of taxable bonds; Subseries A-3, $165.7 million of taxable bonds, and Subseries A-4, $200.0 million of tax-exempt variable rate bonds. The proceeds of the Fiscal 2019 Series A FTS Bonds will be used for the City's capital programs.

On September 25, 2018, the Authority issued $1.53 billion, Fiscal 2019 Series B FTS Bonds, comprised of Subseries B-1, $750.0 million of tax-exempt bonds; Subseries B-2, $186.4 million of taxable bonds; Subseries B-3, $313.6 million of taxable bonds; Subseries B-4, $200.0 million of tax-exempt variable rate bonds, and Subseries B-5, $75.0 million of tax-exempt variable rate bonds The proceeds of the Fiscal 2019 Series B FTS Bonds will be used for the City's capital programs. The Authority also reoffered $151.5 million of its outstanding FTS VRDBs as fixed rate bonds.

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DIRECTORS

Melanie Hartzog, Chairperson
Director of Management and Budget of the City

Jacques Jiha
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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Deputy Comptroller
Kemraj Narine

Assistant Secretary
Albert M. Rodriguez

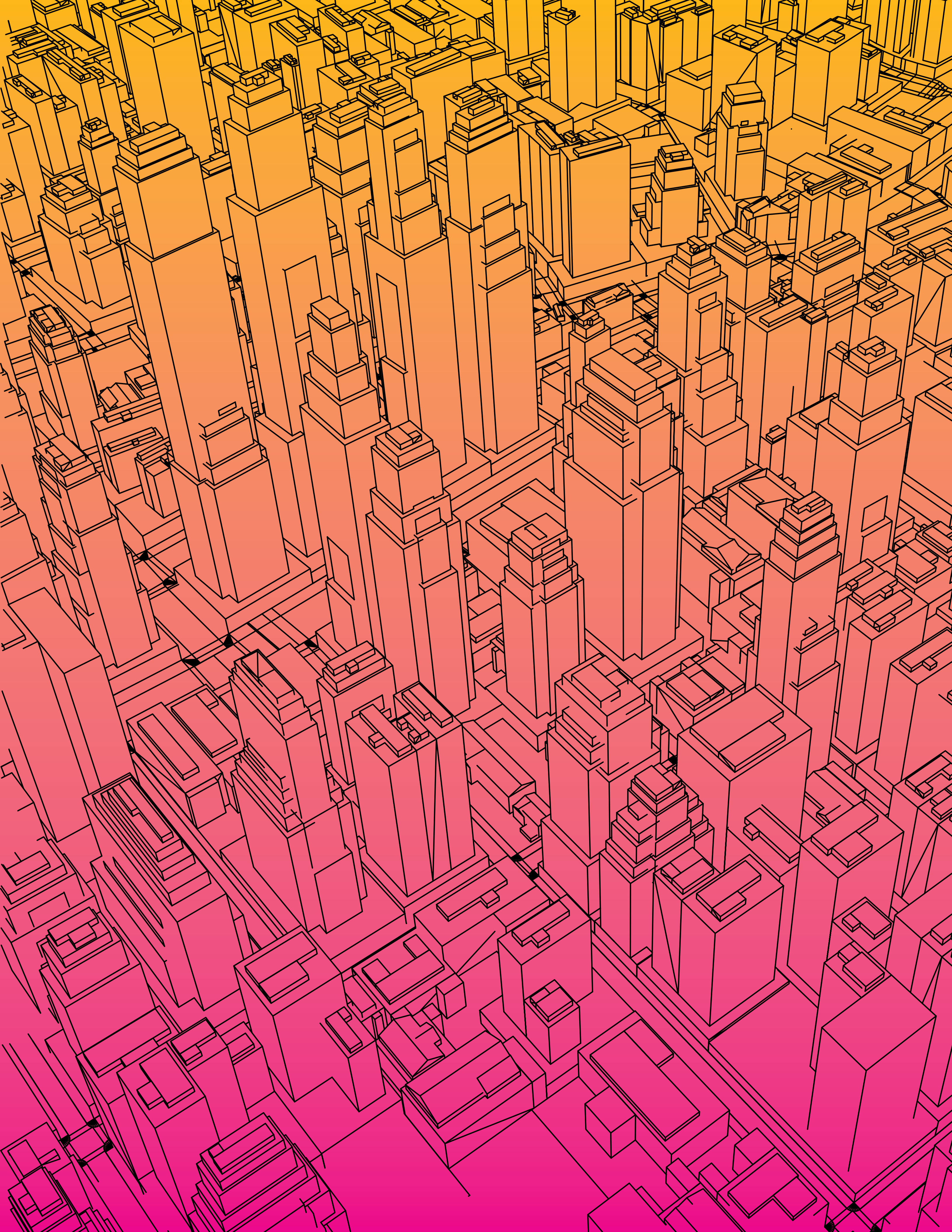
Assistant Secretary
Jeffrey M. Werner

Assistant Treasurer
Laura A. Tarbox

Accounting Manager
Nameca Sharma

AUTHORITY CONTACT

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



New York City TRANSITIONAL FINANCE AUTHORITY

The 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