NIAGARA FRONTIER
TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

FINANCIAL STATEMENTS

MARCH 31, 2021

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

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March 31, 2021

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Niagara Frontier Transportation Authority

We have audited the accompanying balance sheets of Niagara Frontier Transportation Authority (the Authority) (a component unit of the State of New York), a business-type activity, as of March 31, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 auditors' 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 financial position of the Authority as of March 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) on pages i through ix (preceding the financial statements), and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 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 financial statements, and other knowledge we obtained during our audit of the 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.

Additional Information
The additional information on pages 36 through 38 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

June 24, 2021

Niagara Frontier Transportation Authority
Serving the Niagara Region

181 Ellicott Street
Buffalo, New York 14203
716-855-7300
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MANAGEMENT'S CERTIFICATION OF THE FINANCIAL STATEMENTS

Management certifies that, based on our knowledge, the information provided herein is accurate, correct and does not contain any untrue statement of material fact; does not omit any material fact, which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made; and fairly presents, in all material respects, the financial position, changes in financial position, and cash flows of the Authority as of, and for, the period presented in the financial statements.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY

Kimberley A. Minkel Executive Director	John T. Cox Chief Financial Officer	Patrick J. Dalton Director of Internal Audit and Corporate Compliance

June 24, 2021

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Niagara Frontier Transportation Authority's (the Authority) internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenses of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting. Management assessed the effectiveness of the Authority's internal control over financial reporting as of March 31, 2021, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework*. Based on that assessment, management concluded that, as of March 31, 2021, the Authority's internal control over financial reporting is effective based on the criteria established in *Internal Control – Integrated Framework*.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY

Kimberley A. Minkel
Executive Director

John T. Cox
Chief Financial Officer

Patrick J. Dalton
Director of Internal Audit and Corporate Compliance

June 24, 2021

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Management's Discussion and Analysis

For the Years Ended March 31, 2021, 2020, and 2019
(Unaudited)

This management's discussion and analysis (MD&A) of the Niagara Frontier Transportation Authority (the Authority) provides an introduction and overview to the Authority's financial activities as of and for the years ended March 31, 2021, 2020, and 2019, which should be read in conjunction with the Authority's financial statements and notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. It begins by presenting and explaining the financial statements. These statements have been prepared according to accounting principles generally accepted in the United States of America (GAAP). Revenues and expenses are recorded using the accrual basis of accounting, meaning that they are recorded by the Authority as earned/incurred, regardless of when cash is received or paid.

The financial statements of the Authority encompass the activity of the NFTA, which includes aviation operations and property management, and Niagara Frontier Transit Metro System, Inc. (Metro), a blended component unit of the Authority, which primarily provides surface transportation.

Effective April 1, 2018, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The statement requires full accrual of the other postemployment benefits (OPEB) liability as opposed to the previous accounting treatment of amortizing the prior service cost. The cumulative effect on the 2019 statements is a decrease in beginning of year net position totaling $308.9 million.

The *Balance Sheets* present information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Authority's financial position is strengthening or weakening.

The *Statements of Revenues, Expenses and Changes in Net Position* show the results of the Authority's operations during the year and reflect both operating and non-operating activities. Changes in net position reflect the operational impact of the current year's activities on the financial position of the Authority.

The *Statements of Cash Flows* provide an analysis of the sources and uses of cash. The cash flow statements show net cash provided or used in operating, non-capital financing, capital and related financing, and investing activities.

The notes to the financial statements include additional information which provides a further understanding of the financial statements.

FINANCIAL HIGHLIGHTS

Summarized Balance Sheets

(in thousands)	March 31,		
	2021	2020	2019
Current assets	$ 183,026	$ 108,826	$ 74,515
Restricted assets	90,390	109,670	124,437
Capital assets, net	636,841	628,668	610,145
Deferred outflows of resources related to pensions and OPEB	114,639	36,489	41,914
Total assets and deferred outflows of resources	$ 1,024,896	$ 883,653	$ 851,011
Current liabilities	$ 68,949	$ 62,318	$ 47,086
Noncurrent liabilities	789,677	802,652	783,741
Deferred inflows of resources related to pensions and OPEB	107,012	4,396	15,004
Total liabilities and deferred inflows of resources	965,638	869,366	845,831
Net position:			
Net investment in capital assets	479,780	454,462	424,249
Restricted	85,195	102,661	116,886
Unrestricted	(505,717)	(542,836)	(535,955)
Total net position	59,258	14,287	5,180
Total liabilities, deferred inflows of resources, and net position	$ 1,024,896	$ 883,653	$ 851,011

The changes in total net position over time serve as a useful indicator of the Authority's financial position. Net investment in capital assets represents the Authority's net capital assets, offset by any payables or debt outstanding used to finance the capital asset purchases. Restricted net assets consist primarily of cash and investments restricted in accordance with bonding requirements or assets whose use is limited to specific purposes in accordance with various agreements. Unrestricted net position deficits of $505.7 million, $542.8 million, and $536.0 million at March 31, 2021, 2020, and 2019 result primarily from the accrual of other postemployment benefits. As a result of the Authority's activities, March 31, 2021 net position increased $45.0 million from March 31, 2020 and March 31, 2020 net position increased $9.1 million from March 31, 2019.

Current assets increased $74.2 million from March 31, 2020 to March 31, 2021 primarily due to an increase in cash and grants receivable relating to federal CARES Act and CRRSA Act funds appropriated by Congress to address the impact of the Coronavirus (COVID-19) pandemic. Restricted assets decreased $19.3 million as proceeds from sale of Series 2019A Airport Revenue Bonds were expended during the year on the related airport construction project. Deferred outflows of resources increased $78.2 million due to changes in assumptions and differences between the projected and actual investment earnings related to certain pension and OPEB plans as well as amounts recognized for payments made subsequent to the respective plans' measurement dates.

Current assets increased $34.3 million from March 31, 2019 to March 31, 2020 primarily due to an increase in grants receivable relating to federal CARES Act funds. Restricted assets decreased $14.8 million as proceeds from sale of Series 2019A Airport Revenue Bonds were expended during the year on the related airport construction project. Deferred outflows of resources decreased $5.4 million due to changes in assumptions and differences between the projected and actual investment earnings related to certain pension and OPEB plans as well as amounts recognized for payments made subsequent to the respective plans' measurement dates.

Current liabilities increased $6.6 million from March 31, 2020 to March 31, 2021 due to an increase in accounts payable and accrued expenses resulting from normal operations.

Current liabilities increased $15.2 million from March 31, 2019 to March 31, 2020 due to the first principal payment on the Series 2019A Airport Revenue Bonds coming due on April 1, 2020 and an increase in accounts payable and accrued expenses primarily related to the ongoing BNIA terminal expansion project.

Current year principal payments and decreases in other postemployment benefits of $35.0 million, along with a decrease in the liability for self-insured claims of $2.0 million, partially offset by increases in net pension liabilities of $25.6 million, contributed to an overall decrease in noncurrent liabilities of $12.9 million at March 31, 2021 compared to March 31, 2020. Deferred inflows of resources increased $102.6 million primarily as a result of changes in assumptions related to the Authority's OPEB plan. This increase is largely offset by the $78.2 million increase in deferred outflows discussed previously, and together will be amortized through expenses over the next six years.

Principal payments offset by increases in self-insured claims of $1.2 million, net pension liabilities of $4.5 million, and other postemployment benefits of $33.1 million, along with a decrease in other noncurrent liabilities of $2.5 million, resulted in an overall increase in noncurrent liabilities of $18.9 million at March 31, 2020 compared to March 31, 2019.

Refer to the Capital Assets and Debt Administration sections of this MD&A for further details.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Management's Discussion and Analysis

For the Years Ended March 31, 2021, 2020, and 2019
(Unaudited)

Summarized Statements of Revenues, Expenses and Changes in Net Position

(in thousands)	Years ended March 31,		
	2021	2020	2019
Operating revenues:			
Fares	$ 12,084	$ 34,815	$ 35,510
Concessions and commissions	10,377	29,862	31,133
Rental income	15,231	18,276	18,616
Airport fees and services	17,116	19,209	19,864
Other operating revenues	5,365	6,010	5,713
Total operating revenues	60,173	108,172	110,836
Operating expenses:			
Salaries and employee benefits	130,170	131,930	138,416
Other postemployment benefits	41,614	47,162	44,064
Depreciation	51,230	51,082	51,933
Maintenance and repairs	19,087	22,380	21,934
Transit fuel and power	1,737	3,840	4,330
Utilities	4,099	4,004	4,943
Insurance and injuries	4,531	6,206	4,816
Other operating expenses	14,269	19,329	16,325
Total operating expenses	266,737	285,933	286,761
Operating loss	(206,564)	(177,761)	(175,925)
Non-operating revenues, net	206,354	152,300	127,929
Change in net position before capital contributions	(210)	(25,461)	(47,996)
Capital contributions	45,181	34,568	21,564
Change in net position	44,971	9,107	(26,432)
Net position – beginning of year	14,287	5,180	340,538
Cumulative effect of a change in accounting principle	-	-	(308,926)
Net position, beginning, as restated	14,287	5,180	31,612
Net position – end of year	$ 59,258	$ 14,287	$ 5,180

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
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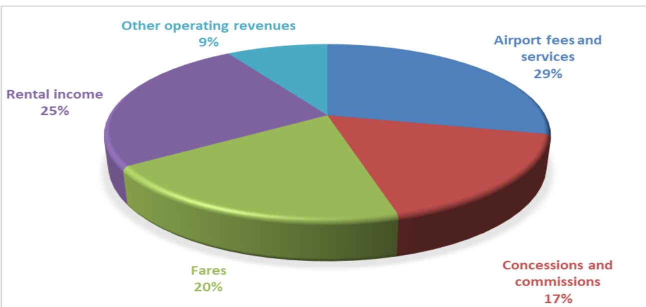
Management's Discussion and Analysis

For the Years Ended March 31, 2021, 2020, and 2019
(Unaudited)

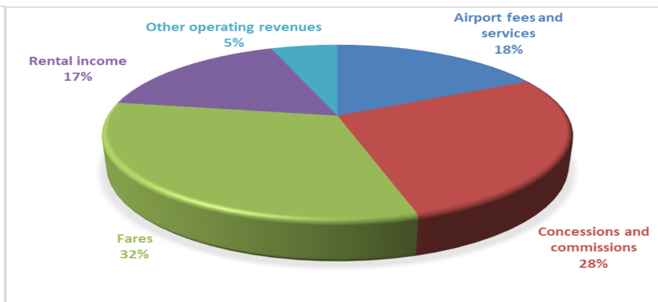
Summary of Revenues, Expenses and Changes in Net Position

The charts below summarize operating revenues by source (in thousands).

2021



2020

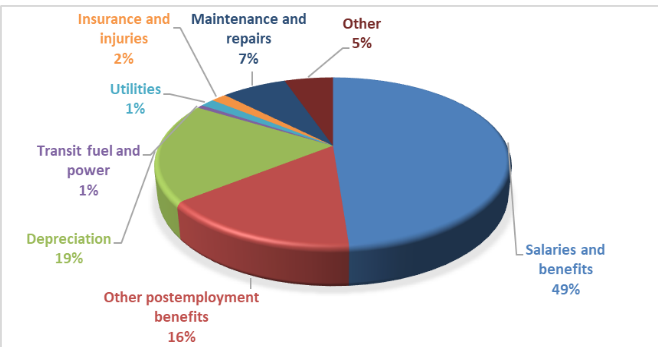


Operating revenues decreased $48.0 million, or 44.4%, from 2020 to 2021. Fare revenue decreased $22.7 million primarily due to COVID-19. Ridership was down significantly in 2021 due to the New York State stay-at-home order to prevent the spread of COVID-19, which was in place for the much of the year. As a result, many businesses required employees to work from home and Buffalo public high schools were mostly virtual for the 2020-2021 school year. Additionally, the collection of fares was suspended from April to June 2020 in an effort to maximize social distancing by eliminating the direct interaction between passengers and bus operators. Concessions and commissions in 2021 were $19.5 million lower than 2020, primarily due to a decrease in parking, food, and retail revenues at the airports as enplanements decreased approximately 80% from 2020 at BNIA and 85% at NFIA due to the closure of the Canadian border and New York State and national travel restrictions implemented to stop the spread of COVID-19.

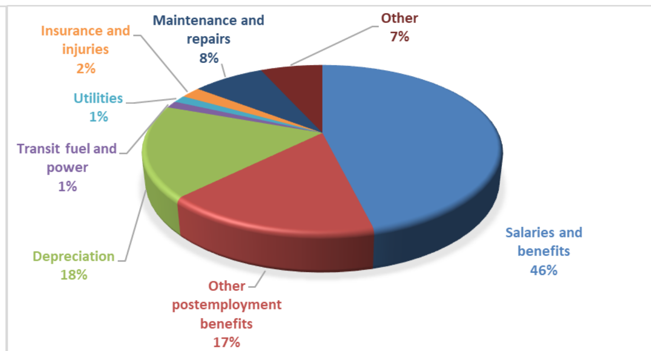
Operating revenues decreased $2.7 million, or 2.4%, from 2019 to 2020. Fare revenue decreased $0.7 million from 2019 to 2020 as COVID-19, and the related New York State stay-at-home order, significantly reduced ridership at the end of 2020. Concessions and commissions in 2020 were $1.3 million lower than 2019, primarily due to a decrease in parking, food, and retail revenues at BNIA as enplanements decreased approximately 6% from 2019 due to the grounding of the Boeing 737 MAX passenger airliner which cancelled a significant number of flights worldwide and had a trickle down impact on flights at BNIA. Additionally, the nationwide shut down to stop the spread of COVID-19 resulted in approximately 50% fewer enplanements than expected in March 2020.

The charts below summarize operating expenses by category (in thousands).

2021



2020



Operating expenses for 2021 of $266.7 million were $19.2 million less than 2020. Salaries and employee benefits decreased $1.8 million, or 1.3%, primarily due to reductions in hours due to the COVID-19 pandemic. Changes in actuarial assumptions resulted in a decrease in other postemployment benefits of $5.5 million from 2020. Transit fuel and power costs decreased $2.1 million due to lower diesel and compressed natural gas fuel prices in 2021 and lower usage due to COVID-19-related service adjustments. Insurance and injuries expense decreased $1.7 million primarily due to lower claim loss reserves accrued in 2021 compared to 2020. Depreciation expense, which varies from year to year based on the timing of asset purchases and estimated useful lives, increased by $0.1 million from 2020 to 2021. Other operating expenses decreased $5.1 million primarily due to lower parking management costs related to lower BNIA parking revenue.

Operating expenses for 2020 of $285.9 million were consistent with 2019. Salaries and employee benefits decreased $6.5 million, or 4.7%, primarily due to lower Metro health insurance and workers compensation costs. Changes in actuarial assumptions resulted in an increase in other postemployment benefits of $3.1 million from 2019. Transit fuel and power costs decreased $0.5 million due to lower diesel fuel prices in 2020. Insurance and injuries expense increased $1.4 million primarily due to higher claim loss reserves accrued in 2020 compared to 2019. Depreciation expense decreased by $0.9 million from 2019 to 2020. Other operating expenses increased $3.0 million primarily due to software upgrades and maintenance.

Net non-operating revenues for 2021 increased $54.1 million compared to 2020, from $152.3 million to $206.4 million, primarily due to a $60.0 million increase in government assistance, mostly due to the CARES and CRRSA funding, and a $2.8 million increase in other non-operating revenues. These increases were partially offset by a $6.0 million decrease in New York State Transit Operating Assistance and a decrease in passenger facility charges of $7.9 million due to lower enplanements.

Net non-operating revenues for 2020 increased $24.4 million compared to 2019, from $127.9 million to $152.3 million, primarily due to a $26.9 million increase in government assistance, mostly due to the CARES Act, partially offset by a $1.3 million decrease in passenger facility charges due to lower enplanements at BNIA and a $1.0 million decrease in other non-operating revenues.

Capital contributions fluctuate depending on the timing of capital projects and vehicle and equipment purchases.

CAPITAL ASSETS

Net capital assets totaled $636.8 million at March 31, 2021, representing a 1.3% increase from March 31, 2020, as investment in capital exceeded depreciation and dispositions by $8.2 million in 2021. Capital asset additions totaling $59.4 million include $25.0 million of construction in process relating to the BNIA terminal expansion and renovation project, $10.4 million for rail extension and station construction in the former DL&W train shed, and $4.2 million for the new bus and rail farebox collection system.

Net capital assets totaled $628.7 million at March 31, 2020, representing a 3.0% increase from March 31, 2019, as investment in capital exceeded depreciation and dispositions by $18.5 million in 2020. Capital asset additions totaling $69.6 million include $28.0 million of construction in process relating to the BNIA terminal expansion and renovation project, $14.3 million for twenty-three buses, and $4.8 million, for the ongoing mid-life railcar rebuild project.

DEBT ADMINISTRATION

Long-term debt at March 31, 2021 totaled $157.1 million, which is a decrease of $17.1 million from 2020 and results from debt service payments net of premium amortization.

Long-term debt at March 31, 2020 totaled $174.2 million, which is a decrease of $11.7 million from 2019 and results from debt service payments net of premium amortization.

FACTORS IMPACTING THE AUTHORITY'S FUTURE

Surface Transportation

Historically, approximately 25% of Metro's revenues are derived from fare collection and advertising, while 75% are from outside government assistance. New York State is the Authority's largest investor, usually providing almost 50% of total assistance while approximately 30% comes from local sources and approximately 20% from the federal government. Any changes in these funding sources can have a significant impact on Authority operations.

The impact of efforts to minimize the spread of COVID-19 resulted in an approximately 50% erosion in ridership during 2021. It is anticipated that there will be a long-term impact from the pandemic on ridership and it will take years to return to pre-COVID-19 ridership levels. Metro has been awarded COVID relief from the Federal government to mitigate the drop in fare collections in the short term.

As part of Metro's Blueprint for the Future, in addition to stabilizing government assistance, strategic plans concentrate on revenue generation, cost control, increasing organizational liquidity, technological improvements, operational changes such as implementation of a new fare box collection system, providing more flexible fare structures, improving service standards, and continuing to engage the public with the Citizens Advisory Committee, Accessibility Advisory Committee, and workforce development.

Metro-owned property along the Metro Rail corridor and property adjacent to Metro Rail has seen significant development in the recent years. The Metro Rail Allen-Medical Campus Station is located on the Buffalo Niagara Medical Campus (BNMC), a consortium of the region's top health care, education, and research institutions. Prior to the COVID-19 pandemic, more than 16,000 people worked, volunteered, or studied every day at the BNMC. In 2017, the University at Buffalo completed the $375 million Jacobs School of Medicine and Biomedical Sciences building built on Metro-owned property with the Allen-Medical Campus Metro Rail Station incorporated into the building's footprint. The new station provides a coatless connection for Metro Rail riders between the Jacobs School, other BNMC properties, and destinations along the Metro Rail corridor. With employment on the BNMC anticipated to grow in the future and parking availability continuing to become strained, Metro Rail service operating in and out of the Allen-Medical Campus Metro Rail Station will continue to play a prominent role in meeting the mobility needs of employees, patients, visitors, and neighborhood residents well into the future.

In February 2018, the Authority started the environmental review process for extending Metro Rail from its current terminus at the University Station along the preferred Niagara Falls Boulevard route alternative through the University at Buffalo North Campus in the Town of Amherst as approved by the Authority Board of Commissioners and recommended by our Alternatives Analysis Study. The Amherst-Buffalo Metro Rail Corridor contains 20% of all regional jobs and more than 10% of all regional residents. The proposed project would more than double ridership, link all three University at Buffalo Campuses with a one-seat Metro Rail ride, provide a seamless connection between the region's largest concentration of housing to significant employment, health care, education, and recreation destinations, and generate billions in direct, indirect, and induced economic impact throughout the Corridor. New York State has invested $5 million to complete the environmental process for the project and appropriated an additional $6 million for continued project development and preliminary engineering. The order of magnitude estimate of project construction is approximately $1.2 billion, with up to 50% of project costs planned to come from the Federal Capital Investment Grant (CIG) Program and the remainder from a mix of state, local, and/or private sector sources.

In 2019, the Authority started construction on an extension of NFTA-Metro Rail revenue service into the former DL&W train shed which is owned by the Authority. The project involves construction of a new Metro Rail Station on the first floor of the facility and will open up development opportunities on the first and second floor.

With the increasing interest in mixed-use development along the existing Metro Rail corridor and ongoing planning and construction for expansion, the Authority issued a Request for Qualifications (RFQ) from developers who have an interest in development at Authority properties in the Metro Rail corridor in the City of Buffalo. The NFTA received several responses to the RFQ which listed each Authority-owned property in order of level of development interest. With the strongest interest in development at the future DL&W Station, the Authority issued a Request for Proposals for a development partner at DL&W Station. The NFTA Board of Commissioners approved a pre-development agreement with Savarino Companies for the DL&W train shed in December 2019.

Aviation

Together, BNIA and NFIA historically have served approximately 5 million passengers per year as the only commercial service airports in Erie and Niagara counties. During 2021, domestic efforts to minimize the spread of COVID-19 resulted in a drastic reduction in air travel. Additionally, the airports have historically been a convenient and less costly option for nearby Canadian travelers. As approximately 40% of BNIA passenger traffic originates from Canada, any closure of the United States and Canada border, such as the COVID-19 closure that has been in effect since March 21, 2020, has a significant negative impact on enplanements. During 2021, approximately 1 million passengers were served by the two airports. Some experts predict that it may take several years for air travel to return to regular levels. Both BNIA and NFIA have been awarded COVID relief from the Federal government to mitigate the impact of the drop in enplanements in the short term. Also, fluctuations in the exchange rate of the Canadian dollar have an impact on enplanements.

In 2016, an overall aviation strategic plan was completed, which identified critical issues relating to the two airports and established goals to enhance air cargo development, enhance and maintain air service to Canadian travelers, maintain the quality of overall customer service, and improve the financial sustainability of BNIA and NFIA.

A two-year, $75.7 million passenger terminal and baggage claim expansion and renovation project at BNIA began in 2019 and is expected to be completed in 2022. The project will improve overall airport security, expand and modernize the baggage claim area, improve passenger flow to and from all boarding areas, including international boarding areas, expand the terminal for additional concessions and amenities, and add new curb space at both ends of the BNIA terminal.

CONTACT FOR THE AUTHORITY'S FINANCIAL MANAGEMENT

This report is designed to provide a general overview of the finances of the Authority for interested parties. Questions concerning any information within this report or requests for additional information should be addressed to John T. Cox, Chief Financial Officer, 181 Ellicott Street, Buffalo, New York 14203.

Balance Sheets (In thousands)

March 31,	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 82,924	$ 40,856
Investments	5,000	10,000
Accounts receivable	12,864	11,231
Grants receivable	74,973	40,909
Materials and supplies inventory	5,513	5,665
Prepaid expenses and other	1,752	165
	183,026	108,826
Restricted assets:		
Cash and cash equivalents	67,250	86,897
Investments	23,140	22,773
	90,390	109,670
Capital assets, net (Note 4)	636,841	628,668
Total assets	910,257	847,164
Deferred outflows of resources:		
Deferred outflows of resources related to pensions	29,636	12,567
Deferred outflows of resources related to OPEB	85,003	23,922
Total deferred outflows of resources	114,639	36,489
Total assets and deferred outflows of resources	$ 1,024,896	$ 883,653
Liabilities		
Current liabilities:		
Current portion of long-term debt	$ 15,469	$ 15,024
Accounts payable and accrued expenses	38,110	39,750
Other current liabilities	15,370	7,544
	68,949	62,318
Noncurrent liabilities:		
Long-term debt	141,592	159,182
Self-insured claims	44,431	46,474
Net pension liabilities	52,983	27,381
Total OPEB liability	547,417	564,836
Other noncurrent liabilities	3,254	4,779
	789,677	802,652
Total liabilities	858,626	864,970
Deferred inflows of resources:		
Deferred inflows of resources related to pensions	1,791	4,396
Deferred inflows of resources related to OPEB	105,221	-
Total deferred inflows of resources	107,012	4,396
Net position		
Net investment in capital assets	479,780	454,462
Restricted	85,195	102,661
Unrestricted	(505,717)	(542,836)
Total net position	59,258	14,287
Total liabilities, deferred inflows of resources, and net position	$ 1,024,896	$ 883,653

See accompanying notes.

Statements of Revenues, Expenses and Changes in Net Position (In thousands)

For the years ended March 31,	**2021**	2020
Operating revenues:		
Fares	**$ 12,084**	$ 34,815
Concessions and commissions	**10,377**	29,862
Rental income	**15,231**	18,276
Airport fees and services	**17,116**	19,209
Other operating revenues	**5,365**	6,010
Total operating revenues	**60,173**	108,172
Operating expenses:		
Salaries and employee benefits	**130,170**	131,930
Other postemployment benefits	**41,614**	47,162
Depreciation	**51,230**	51,082
Maintenance and repairs	**19,087**	22,380
Transit fuel and power	**1,737**	3,840
Utilities	**4,099**	4,004
Insurance and injuries	**4,531**	6,206
Other	**14,269**	19,329
Total operating expenses	**266,737**	285,933
Operating loss	**(206,564)**	(177,761)
Non-operating revenues (expenses):		
Government assistance	**205,089**	145,001
Passenger facility charges	**1,664**	9,555
Interest expense, net	**(4,846)**	(3,884)
Other non-operating revenues, net	**4,447**	1,628
Total non-operating net revenues	**206,354**	152,300
Change in net position before capital contributions	**(210)**	(25,461)
Capital contributions	**45,181**	34,568
Change in net position	**44,971**	9,107
Net position - beginning of year	**14,287**	5,180
Net position - end of year	**$ 59,258**	$ 14,287

See accompanying notes.

Statements of Cash Flows (In thousands)

For the years ended March 31,	2021	2020
Operating activities:		
Cash collected from customers	$ 57,995	$ 110,533
Cash paid for employee wages and benefits	(143,496)	(147,119)
Cash paid to vendors and suppliers	(40,554)	(42,880)
Cash paid for insurance and injuries	(6,574)	(4,973)
Net operating activities	(132,629)	(84,439)
Non-capital financing activities:		
Government assistance	205,089	126,787
Capital and related financing activities:		
Repayments of long-term debt	(15,024)	(9,310)
Other liabilities	(290)	(25)
Interest paid	(7,186)	(7,745)
Mortgage recording tax, net	8,396	(519)
Capital grants and contributions	11,117	21,487
Additions to capital assets, net	(59,395)	(69,623)
Construction retainages, net	1,388	1,583
Passenger facility charges	1,664	9,555
Other	4,439	1,646
Net capital and related financing activities	(54,891)	(52,951)
Investing activities:		
Purchase of investments, net	4,633	3,607
Interest income	219	1,481
Net investing activities	4,852	5,088
Net change in cash and cash equivalents	22,421	(5,515)
Cash and cash equivalents, beginning of year	127,753	133,268
Cash and cash equivalents, end of year	$ 150,174	$ 127,753
Reconciliation to Balance Sheet		
Cash and cash equivalents:		
Unrestricted	$ 82,924	$ 40,856
Restricted	67,250	86,897
Total cash and cash equivalents	$ 150,174	$ 127,753
Reconciliation of operating loss to net operating activities:		
Operating loss	$ (206,564)	$ (177,761)
Adjustments to reconcile operating loss to net operating activities:		
Depreciation	51,230	51,082
Net pension activity	5,928	777
Other postemployment benefits, net	26,721	31,665
Changes in assets and liabilities:		
Accounts receivable	(1,633)	2,138
Materials and supplies inventory	152	(550)
Prepaid expenses and other	(1,587)	1,041
Accounts payable and accrued expenses	(3,028)	6,943
Other current liabilities	(280)	1,536
Self-insured claims	(2,043)	1,233
Other noncurrent liabilities	(1,525)	(2,543)
Net operating activities	$ (132,629)	$ (84,439)

See accompanying notes.

(1) Financial Reporting Entity

The Niagara Frontier Transportation Authority (the Authority) was created by an Act of the New York State Legislature in 1967 to promote the development and improvement of transportation and related services within the Niagara Frontier transportation district. As a multi-modal transportation authority, the Authority operates a number of transportation related business centers including aviation, surface transportation, and property management. The Authority is included in the financial statements of the State of New York (the State) as an enterprise fund.

The Niagara Frontier Transit Metro System, Inc. (Metro) was created in 1974 to provide mass transportation services to the Niagara Frontier. Although Metro is a separate legal entity, the Authority maintains financial and governance responsibility over its operations. Based on these responsibilities, the Authority reports Metro as a blended component unit.

The Authority, including Metro, is governed by a 13 member Board of Commissioners (the Board) appointed by the Governor of the State. Of the 13 members, one member is appointed upon the written recommendation of the Erie County Executive and one is appointed upon the written recommendation of the Erie County Legislature. All appointments are made with the consent of the New York State Senate. The Board governs and sets policy for the Authority. The Executive Director, subject to policy direction and delegation from the Board, is responsible for all activities of the Authority.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation and Measurement Focus

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority reports as a special purpose government engaged in business-type activities, using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been satisfied.

The Authority's policy for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase goods and services. Certain other transactions are reported as non-operating activities.

Authority Operations

The Authority operates three strategic business centers within NFTA and Metro:

NFTA Operations

Aviation

The Authority operates the Buffalo Niagara International Airport (BNIA) and the Niagara Falls International Airport (NFIA). BNIA is Western New York's primary passenger and cargo airport, while NFIA is a commercial, primary small-hub airport and serves as a joint-use military facility with the Niagara Falls Air Reserve Station.

Property Management

The property management department manages real estate owned by the Authority, including certain rail rights of way and non-public transportation assets, such as industrial distribution warehouses and associated office space for lease.

Metro Operations

Surface Transportation

Metro operates the surface transportation business unit responsible for all ground-based transportation services provided by the Authority. Such services include public fixed-route bus and rail routes, paratransit and other non-traditional transit services, and intracity bus terminals in Buffalo and Niagara Falls.

Metro also provides a 6.4 mile light rail rapid transit (LRRT) system in the City of Buffalo between downtown Buffalo and the State University of New York at Buffalo's South Campus.

The Metropolitan Transportation Center, located in downtown Buffalo, serves intercity and NFTA-Metro passengers and contains the offices of the Authority. The Niagara Falls Transit Center and the Portage Road Transit Center in Niagara Falls serve NFTA-Metro customers in Niagara County.

The majority of Metro operations employees are members of the Amalgamated Transit Union Local 1342 (ATU). Five other labor unions represent a small percentage of remaining employees. The current ATU contract expires July 31, 2022.

(b) Cash and Cash Equivalents

Cash and cash equivalents principally include cash on hand, money market funds, and certificates of deposit with original maturities of three months or less.

(c) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances and consist primarily of amounts due from services related to the Authority's operations and advertising. Management provides for probable uncollectible amounts based on collection history and aging of accounts. Balances outstanding after reasonable collection efforts are written off through a charge to an allowance for bad debts and a credit to accounts receivable.

(d) Grants Receivable

Grants receivable are stated at the amount management expects to collect on outstanding balances and consists primarily of amounts due from Federal, State, and local governments related to grant expenses incurred.

(e) Materials and Supplies Inventory

Materials and supplies inventory is valued based on the weighted average cost method or net realizable value.

(f) Restricted Assets

Certain cash deposits and investments are classified as restricted assets in accordance with bonding requirements or because their use is legally limited to specific purposes such as airport capital expansion and operations or the LRRT system. The Authority's policy is to use restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

(g) Investments

The Authority's investment policies comply with the New York State Comptroller's guidelines for Public Authorities. Investments consist primarily of certificates of deposits with original maturities greater than three months and obligations of the U.S. Government reported at fair value.

(h) Bond Costs and Premiums

Bond issuance costs, with the exception of prepaid insurance, are expensed as incurred. Premiums received upon the issuance of debt are included with the debt liability and amortized against interest expense over the life of the related obligation.

(i) Capital Assets

The Authority's policy is to capitalize assets that cost at least $5,000 and have estimated useful lives of two years or more. Capital assets are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

The estimated useful lives on principal classes of capital assets are as follows:

	Estimated Useful Life (Years)
Improvements	10 - 25
LRRT system	10 - 45
Buildings	10 - 45
Metropolitan transportation centers	25
Motor buses	12
Equipment and other	2 - 10

(j) Other Current Liabilities

Advances

The Authority administers the funding of regional transportation improvement projects on behalf of the Federal Highway Administration (FHWA) for the Niagara International Transportation Technology Coalition (NITTEC). At March 31, 2021 and 2020, net advance payments provided by the FHWA for regional construction projects authorized by NITTEC and the FHWA are included in other current liabilities on the accompanying balance sheets and totaled $5,195,000 and $5,485,000.

Mortgage Recording Tax Revenue

As required by New York State legislation, the Authority receives a percentage of mortgage recording taxes collected by Erie County and Niagara County. Receipts are recorded as other liabilities until all eligibility requirements are met.

(k) Self-Insured Claims

The Authority is self-insured for property damage, environmental claims, personal injury liability, and workers' compensation claims. An estimate of the liability is made by the Authority based primarily on information available from third-party administrator claims, actuarial studies, and in-house and outside legal counsel.

(l) Pensions

The Authority has elected to participate in the New York State and Local Retirement System, including the Employees' Retirement System (ERS) and the Police and Fire Retirement System (PFRS). The Authority provides retirement benefits to substantially all employees through various defined benefit retirement plans or other agreements (Note 8). For ERS and PFRS, the Authority recognizes its proportionate share of the net pension liability, deferred outflows and deferred inflows of resources, pension expense, and information about and changes in the fiduciary net position on the same basis as reported by ERS and PFRS. ERS and PFRS recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value.

(m) Other Postemployment Benefits (OPEB)

In addition to providing pension benefits, the Authority provides OPEB in the form of health insurance coverage to retired employees (Note 9). Substantially all employees become eligible for these benefits when they reach normal retirement age with a minimum of ten years of service.

(n) Other Noncurrent Liabilities

Other noncurrent liabilities consist primarily of amounts due to the New York State and Local Retirement System pursuant to the New York State Pension Contribution Stabilization Program (Note 8).

(o) Revenue Recognition

The Authority's principal sources of operating revenues are fares, airport fees and services, rental income, and concessions and commissions. Operating revenues from fares represent surface transportation services and are generated from cash and various fare media including tickets and passes which are recognized as income as they are used. Operating revenues from airport fees and services include landing and terminal ramp fees. Rental income includes building and ground space rented to airlines and air cargo carriers, among others. Operating revenues from concessions and commissions include parking fees and rental of retail space. These sources of operating revenues are recognized upon provision of services. Commissions from auto rental companies are recognized based upon a monthly percentage of revenues earned during the contractual year with an annual adjustment for any minimum annual guaranteed fees.

In April 2020, the Authority was awarded funding of $61,307,000 from the Federal Transit Administration (FTA) and $23,538,000 from the Federal Aviation Administration (FAA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to support costs to operate, maintain, and manage the Authority's services. The grants provide funding for eligible costs beginning January 20, 2020. Amounts totaling $62,957,000 and $18,214,000 for 2021 and 2020, respectively, are recognized as federal operating assistance in the accompanying statements of revenues, expenses and changes in net position and $10,596,000 and $18,214,000 at March 31, 2021 and 2020, respectively, remain in grants receivable in the accompanying balance sheets. In May 2021, the Authority was awarded funding of $43,183,000 from the Federal Transit Administration (FTA) under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) to support costs to prevent, prepare for, and respond to coronavirus including operating expenses. The CRRSA grant also provides funding for eligible costs beginning January 20, 2020. For 2021, this grant is recognized as federal operating assistance in the accompanying statements of revenues, expenses and changes in net position and as grants receivable in the accompanying balance sheets. On March 11, 2021, President Joseph R. Biden signed the American Rescue Plan Act of 2021 (the Act) into law. Under the Act, the FTA allocated $79,400,000 through the Section 5307 program to NFTA-Metro. NFTA also expects an allocation of $22,200,000 from the FAA under the Act.

The Authority also receives operating assistance and capital contributions pursuant to various federal, state, and local government contracts and grant agreements. Operating assistance and capital contributions are recorded as revenue based on annual appropriations or when expenditures have been incurred in compliance with grant requirements. Operating assistance and capital contributions represent 79% and 60% of total revenue for the years ended March 31, 2021 and 2020. A significant decrease in this funding may negatively impact future operations of the Authority.

(p) Taxes

As a public benefit entity, the Authority is exempt from federal and state income tax, as well as state and local property and sales taxes, with the exception of certain agreements for payments made in lieu of tax.

(q) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(r) Administrative Services

In accordance with agreements between the Authority and the New York State Department of Transportation, the Authority functions as the "host agency" for the Greater Buffalo Niagara Regional Transportation Council (GBNRTC), the designated Metropolitan Planning Organization (MPO) for the metro region including Erie and Niagara counties, and NITTEC, a regional traffic operations center. As the host agency for both organizations, the Authority provides certain administrative responsibilities relating to grants management and accounting functions; however, the Authority has no budgetary oversight and no responsibility for operations, deficits, or debts. Consequently, the Authority's financial statements do not include the assets, liabilities, revenues, or expenses of GBNRTC or NITTEC. The Authority administered reimbursement grants totaling $5,452,000 and $4,718,000 for GBNRTC and NITTEC combined for the years ended March 31, 2021 and 2020.

(3) Cash Deposits and Investments

The Authority has a written investment policy which is in compliance with the Authority's enabling legislation under Sections 1299-E and 2925(3)(f) of the New York State Public Authorities Law. Further, pursuant to collateralizing its investments, the Authority is subject to General Municipal Law Section 10, *Deposit of Public Money,* whereby all cash, cash equivalents, and investments are fully insured by the Federal Deposit Insurance Corporation (FDIC) and/or are fully collateralized with U.S. government obligations held in the name of the Authority. Investments consist of certificates of deposit and U.S. Treasury notes purchased directly by the Authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At March 31, 2021 and 2020, the Authority's bank deposits were fully insured by FDIC or collateralized in accordance with the above requirements.

(4) Capital Assets (in thousands)

	April 1, 2020	Additions	Reclassifications and Disposals	March 31, 2021
Non-depreciable capital assets:				
Land	$ 64,523	$ 15	$ -	$ 64,538
Construction in progress	81,607	28,662	-	110,269
Total non-depreciable assets	146,130	28,677	-	174,807
Depreciable capital assets:				
Land improvements	327,637	7,813	(1,425)	334,025
LRRT system	650,763	9,525	-	660,288
Airport buildings	287,621	10,169	(10)	297,780
Metropolitan transportation centers	22,601	180	-	22,781
Motor buses	178,612	990	(80)	179,522
Equipment, buildings, and other	157,151	2,080	(9)	159,222
Total depreciable capital assets	1,624,385	30,757	(1,524)	1,653,618
Accumulated depreciation:				
Land improvements	252,084	9,774	(1,425)	260,433
LRRT system	491,830	13,658	-	505,488
Airport buildings	155,666	8,764	(10)	164,420
Metropolitan transportation centers	16,535	412	-	16,947
Motor buses	109,352	11,144	(52)	120,444
Equipment, buildings, and other	116,380	7,478	(6)	123,852
Total accumulated depreciation	1,141,847	51,230	(1,493)	1,191,584
Total depreciable capital assets, net	482,538	(20,473)	(31)	462,034
Total capital assets, net	$ 628,668	$ 8,204	$ (31)	$ 636,841

	April 1, 2019	Additions	Reclassifications and Disposals	March 31, 2020
Non-depreciable capital assets:				
Land	$ 64,517	$ 6	$ -	$ 64,523
Construction in progress	45,217	36,390	-	81,607
Total non-depreciable assets	109,734	36,396	-	146,130
Depreciable capital assets:				
Land improvements	330,753	320	(3,436)	327,637
LRRT system	645,976	8,719	(3,932)	650,763
Airport buildings	287,860	2,561	(2,800)	287,621
Metropolitan transportation centers	21,941	876	(216)	22,601
Motor buses	171,422	14,336	(7,146)	178,612
Equipment, buildings, and other	151,213	6,415	(477)	157,151
Total depreciable capital assets	1,609,165	33,227	(18,007)	1,624,385
Accumulated depreciation:				
Land improvements	244,844	10,678	(3,438)	252,084
LRRT system	482,205	13,557	(3,932)	491,830
Airport buildings	149,843	8,623	(2,800)	155,666
Metropolitan transportation centers	16,380	371	(216)	16,535
Motor buses	105,943	10,555	(7,146)	109,352
Equipment, buildings, and other	109,539	7,298	(457)	116,380
Total accumulated depreciation	1,108,754	51,082	(17,989)	1,141,847
Total depreciable capital assets, net	500,411	(17,855)	(18)	482,538
Total capital assets, net	$ 610,145	$ 18,541	$ (18)	$ 628,668

(5) Long-Term Debt

(a) Long-Term Obligations (in thousands)

	2021	2020
(1) Airport Revenue Bonds 2019:		
Series A, maturing April 1, 2039 with variable annual principal payments commencing April 1, 2020, bearing interest at 5.0% (including unamortized premium of $7,000 and $8,411 at March 31, 2021 and 2020)	$ 82,980	$ 90,331
(2) Airport Revenue Bonds 2014:		
Series A, maturing April 1, 2029 with variable annual principal payments commencing April 1, 2015, bearing interest at 3.0% to 5.0% (including unamortized premium of $2,644 and $3,354 at March 31, 2021 and 2020)	55,179	60,819
(3) New York State, non-interest bearing	3,380	3,380
(4) Capital leases, monthly payments with fixed interest rates ranging from 1.5% to 7.8%, maturing through 2032, secured by related equipment	15,522	19,676
	157,061	174,206
Less current portion	15,469	15,024
	$ 141,592	$ 159,182

(1) On February 26, 2019, the Authority issued $81,920,000 Series 2019A Airport Revenue Bonds at a premium of $10,111,000. These bonds were issued to provide financing for certain capital improvements at BNIA and to refund outstanding Series 2004A and 2004C bonds in the amounts of $24,350,000 and $3,825,000, respectively.

(2) On September 3, 2014, the Authority issued $65,340,000 Series 2014A and $12,430,000 Series 2014B Airport Revenue Bonds at a premium of $9,336,000. These bonds were issued to refund outstanding Series 1999A, 1999B, and 1998 bonds in the amounts of $61,525,000, $13,775,000, and $13,485,000, respectively.

(3) The State Legislature passed a law in 1994 that granted the Authority immediate relief from the repayment covenant for a non-interest-bearing loan totaling $3,380,000. The law provides in pertinent part that repayment of the loan would be deferred for a two-year period, which expired on May 12, 1996. The Director of the Budget has been granted the discretion to either enter into an agreement with the Authority setting forth a schedule for reimbursement without interest or waive the requirement for reimbursement in whole or in part. No decision has been made to date. Maturities for this loan have been included in the category of loans and capital leases for long-term debt maturities for 2040 due to the uncertainty of repayment.

The Airport Revenue Bonds from 2019 and 2014 are payable from and secured by a lien against net revenues derived from the operations of the BNIA. Payment of scheduled bond principal and interest payments are also guaranteed by municipal bond insurance policies maintained by the Authority. The bonds are special limited obligations of the Authority. They are neither general obligations of the Authority nor a debt of the State or any political subdivision.

Changes in long-term debt for the years ended March 31, 2021 and 2020 were as follows (in thousands):

	2021	2020
Balance, beginning of year	$ 174,206	$ 185,896
Less repayment of long-term debt including premium amortization	17,145	11,690
Balance, end of year	157,061	174,206
Less current portion	15,469	15,024
Noncurrent portion	$ 141,592	$ 159,182

Required principal and interest payments for long-term debt, including unamortized premiums, are as follows (in thousands):

	Loans and Capital Leases		Serial Bonds		
	Principal	Interest	Principal	Unamortized Premium	Interest
Years ending March 31,					
2022	$ 4,048	$ 476	$ 11,421	$ 1,865	$ 6,215
2023	4,035	381	11,980	1,665	5,637
2024	2,992	293	12,370	1,416	5,084
2025	1,583	226	12,950	1,162	4,457
2026	685	183	8,235	1,046	3,933
2027-2031	1,509	575	37,940	937	13,188
2032-2036	670	48	16,850	831	6,381
2037-2040	3,380	-	16,769	722	1,728
	$ 18,902	$ 2,182	$ 128,515	$ 9,644	$ 46,623

At March 31, 2021 and 2020, the Authority was in compliance with all loan and bond covenants.

(6) Passenger Facility Charges

In 1992, the FAA approved the Authority's application to impose collection of Passenger Facility Charges (PFC) at the BNIA, and in 2018, the FAA approved collection of such amounts at NFIA. PFCs, which are restricted for certain FAA-approved projects at the BNIA and NFIA, are included in non-operating revenues and totaled $1,664,000 and $9,555,000 for the years ended March 31, 2021 and 2020.

(7) Government Assistance

Operations are subsidized by payments from the Federal Transit Administration (FTA) under Sections 5307 and 5311 of the Urban Mass Transportation Administration (UMTA) Act; the State and Erie and Niagara Counties (pursuant to State transportation laws); and the Buffalo & Fort Erie Public Bridge Authority. Assistance recognized as revenue for the years ended March 31, 2021 and 2020 was as follows (in thousands):

	2021	2020
Metro:		
FTA:		
Sections 5307 and 5311 assistance	$ 21,720	$ 21,760
CARES and CRSSA	86,618	18,214
Total Federal	108,338	39,974
State:		
Statewide transit operating assistance program	48,508	54,523
Section 18b assistance	4,100	4,100
Section 5307 capital maintenance match	2,715	2,710
Total State	55,323	61,333
Erie County:		
88(c) – general	-	4,978
Mortgage recording tax (section 88a)	12,765	10,382
Section 18b matching funds	3,657	3,657
Sales tax receipts	21,760	21,793
Total Erie County	38,182	40,810
Niagara County:		
Mortgage recording tax	1,941	1,529
Section 18b matching funds	443	443
Total Niagara County	2,384	1,972
Buffalo and Fort Erie Public Bridge Authority	200	200
	204,427	144,289
NFTA:		
Other	662	712
	$ 205,089	$ 145,001

(8) Pensions

(a) New York State Retirement System

The Authority participates in ERS and PFRS (the Systems), which are cost-sharing, multiple-employer, public employee retirement systems that provide retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law (NYSRSSL) governs obligations of employers and employees to contribute and provide benefits to employees. The benefits to employees are guaranteed under the State constitution. The Authority's election to participate in the State plans is irrevocable.

As set forth in NYSRSSL, the Comptroller of the State (the Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of its funds. The Systems issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution requirements: No employee contributions are required for those whose service began prior to July 27, 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems on or after July 27, 1976 through December 31, 2009. Participants whose service began on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of their salary for the entire length of service. Employees who joined on or after April 1, 2012 contribute based on annual wages at a rate of 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Authority to the pension accumulation fund. For payments made in fiscal year 2021, rates ranged from 9.6% - 21.6% for ERS (9.3% - 21.4% for 2020) and 8.0% - 26.6% for PFRS (7.3% - 25.1% for 2020).

The Authority participates in the New York State Pension Contribution Stabilization Program (the Program), an optional program which establishes a graded contribution rate system that enables the Authority to pay a portion of its annual contributions over time and more accurately predict pension costs. At March 31, 2021 and 2020, $2,789,000 and $3,583,000 is due to the Systems pursuant to the Authority's participation in the Program which is included in other current and noncurrent liabilities in the accompanying balance sheets.

Net Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At March 31, 2021 and 2020, the Authority reported a liability of $38,102,000 and $11,282,000 for its proportionate share of the Systems' net pension liability.

The net pension liability as of March 31, 2021 was measured as of March 31, 2020, and the total pension liability was determined by an actuarial valuation as of April 1, 2019 (measurement date of March 31, 2019 with an actuarial valuation as of April 1, 2018 for the March 31, 2020 net pension liability). The Authority's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to the Systems' total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2020 measurement date, the Authority's proportion was 0.0863638% for ERS (a decrease of 0.0024763 from 2019) and 0.2849842% for PFRS (a decrease of 0.0124067 from 2019).

For the years ended March 31, 2021 and 2020, the Authority recognized pension expense of $13,246,000 and $7,622,000 and reported deferred outflows and deferred inflows of resources as follows (in thousands):

	2021			
	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,346	$ -	$ 1,014	$ 255
Changes of assumptions	460	398	1,302	-
Net difference between projected and actual earnings on pension plan investments	11,724	-	6,860	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	718	143	111	995
Authority contributions subsequent to the measurement date	3,833	-	2,268	-
	$ 18,081	$ 541	$ 11,555	$ 1,250

	2020			
	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,239	$ 423	$ 1,212	$ 532
Changes of assumptions	1,582	-	1,812	-
Net difference between projected and actual earnings on pension plan investments	-	1,616	-	999
Changes in proportion and differences between Authority contributions and proportionate share of contributions	765	42	144	784
Authority contributions subsequent to the measurement date	3,718	-	2,095	-
	$ 7,304	$ 2,081	$ 5,263	$ 2,315

Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Years Ending March 31,	ERS	PFRS
2022	$ 2,437	$ 1,646
2023	3,482	1,872
2024	4,344	2,441
2025	3,444	2,056
2026	-	22
	$ 13,707	$ 8,037

Actuarial Assumptions

The actuarial assumptions used in the April 1, 2019 valuation, with update procedures used to roll forward the total pension liability to March 31, 2020, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation - 2.5%
Salary increases - 4.2% (ERS), 5.0% (PFRS)
Cost of living adjustments - 1.3% annually
Investment rate of return - 6.8% compounded annually, net of investment expense, including inflation
Mortality - Society of Actuaries' Scale MP-2018
Discount rate - 6.8%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the valuation date are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	36%	4.1%
International equities	14%	6.2%
Private equities	10%	6.8%
Real estate	10%	5.0%
Inflation-indexed bonds	4%	0.5%
Bonds and mortgages	17%	0.8%
Short-term	1%	-
Other	8%	3.3%-6.0%
	100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Authority's proportionate share of its net pension liability for ERS and PFRS as of March 31, 2021 calculated using the discount rate of 6.8% and the impact of using a discount rate that is 1% lower and 1% higher:

	1.0% Lower Discount Rate (5.8%)	Current Discount Rate (6.8%)	1.0% Higher Discount Rate (7.8%)
Authority's proportionate share of the ERS net pension asset (liability)	$ (41,972)	$ (22,870)	$ (5,276)
Authority's proportionate share of the PFRS net pension asset (liability)	$ (27,236)	$ (15,232)	$ (4,483)

(b) Past Service Costs Due to ERS

Effective January 1, 1997, active non-bargaining unit participants in the Niagara Frontier Transit Metro System, Inc. Retirement Plan (Metro Plan) transferred to the employment of the NFTA and were given the opportunity to elect to have their contribution accounts transferred from the Metro Plan to ERS. The enabling legislation that provided for the purchase of service credits under ERS for pre-transfer service obligated the Authority to pay ERS additional annual contributions of $465,000 annually, commencing December 1997 (in addition to its regular employer contribution) for 25 years. At March 31, 2021 and 2020, related past service costs totaling $464,000 and $929,000 are included in other current and noncurrent liabilities.

(c) Niagara Frontier Transit Metro System, Inc. Retirement Plan

The Metro Plan is a single employer defined benefit pension plan covering certain full-time non-union employees previously employed by Metro. Participation in the Metro Plan was frozen effective January 1, 1998.

Benefits: The Metro Plan provides for retirement and death benefits for eligible members. In general, retirement benefits are determined based on an employee's individual circumstances based on age, years of credited service, and compensation.

Employees Covered by Benefit Terms: At the March 31, 2020 measurement date, the following employees were covered by the Metro Plan:

Retired	48
Beneficiaries	9
Terminated vested	15
	72

Contribution requirements: The Authority pays the full cost of all benefits provided under the Metro Plan. The Authority's policy is to fund the minimum recommended contribution as actuarially determined annually. No contributions were required for 2021 and 2020.

Net Pension Liability

The net pension liability as of March 31, 2021 was measured as of March 31, 2020 based on an actuarial valuation as of the same date (measured as of March 31, 2019 with an actuarial valuation as of the same date for the March 31, 2020 net pension liability). Actuarial assumptions applied to all periods included in the measurement are as follows:

Actuarial Cost Method - Entry Age Normal
Mortality - Generational PUB-2010 Mortality Table for General Employees (Amount Weighted Version) projected using Scale MP-2020
Rate of Return on Plan Assets – 6.5%
Discount Rate - The Plan's fiduciary net position is projected to be available to meet all projected future benefit payments resulting in a single discount rate of 6.5%
Assumed Retirement Age - Age first eligible for unreduced benefits

Changes in the Net Pension Liability (in thousands)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset (Liability)
Balances at March 31, 2019	$ (4,274)	$ 4,148	$ (126)
Changes for the year:			
Interest	(263)	-	(263)
Differences between expected and actual experience	408	-	408
Changes of assumptions	28	-	28
Employer contributions	-	15	15
Net investment income	-	183	183
Benefit payments	460	(460)	-
Administrative expense	-	(11)	(11)
Net changes	633	(273)	360
Balances at March 31, 2020	$ (3,641)	$ 3,875	$ 234
Changes for the year:			
Interest	(223)	-	(223)
Differences between expected and actual experience	(38)	-	(38)
Changes of assumptions	(64)	-	(64)
Employer contributions	-	13	13
Net investment loss	-	(254)	(254)
Benefit payments	418	(418)	-
Administrative expense	-	(7)	(7)
Net changes	93	(666)	(573)
Balances at March 31, 2021	$ (3,548)	$ 3,209	$ (339)

The impact of using a discount rate that is 1% lower (5.5%) than the current rate would result in a net pension liability of $572,000 and at 1% higher (7.5%) would result in a net pension liability of $132,000.

(d) Amalgamated Transit Union Division 1342 Niagara Frontier Transport System Pension Fund

All full-time Metro employees who are ATU members are covered by the Amalgamated Transit Union Division 1342 Niagara Frontier Transit System Pension Fund (the ATU Plan), a defined benefit pension plan established in accordance with an Agreement and Declaration of Trust between the ATU and Metro (the Agreement). Pursuant to the ATU Union Contract, a portion of part-time employee compensation is also contributed by Metro to the ATU Plan, although part-time employees do not participate in or benefit from the ATU Plan.

The ATU Plan is managed by four trustees: two union representatives and two management representatives. These trustees are responsible for management of investments and payments to retirees. The ATU Plan issues a publicly available financial report that includes financial statements and notes. That report may be obtained by writing to Amalgamated Transit Union Local 1342, 196 Orchard Park Road, West Seneca, New York 14224.

Funding Requirement

On a weekly basis, each eligible employee is required to contribute the greater of sixteen dollars or 5% of payroll. Metro's contribution is 11% of eligible employee wages and is determined pursuant to the collective bargaining agreement (CBA) between Metro and the ATU. Metro's contributions to the Plan recorded on the statements of revenues, expenses and changes in net position, pursuant to the CBA, totaled $5,571,000 and $5,875,000 for 2021 and 2020. The Agreement provides that Metro is not obligated to make any other payment to fund the benefits or to meet any expenses of administration and, in the event of termination, Metro will have no obligation for further contributions to the ATU Plan. Therefore, net pension assets and liabilities of the ATU plan are not recorded by the Authority.

(e) Postretirement Medical Premium Stipend Plan

The Authority's Metro retirees are provided with a monthly stipend (Stipend Plan) representing the insurance premium amount of single medical coverage if they retired prior to January 1, 2004. If they retired subsequent to January 1, 2004, Metro retirees are provided with continuation of full medical coverage as described in Note 9.

As of March 31, 2021, there are 113 retirees within Metro who retired prior to January 1, 2004. Monthly, each retiree is provided with a cash stipend equivalent to the single medical premium cost or, if enrolled in Medicare, the retiree is provided with an amount equal to the Medicare Part B premium and $932. The retiree has the option of any combination of cash stipend and/or health insurance continuation.

The Authority's annual pension cost and net pension obligation as of March 31, 2021 and 2020 related to the Stipend Plan was (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at March 31, 2019	$ (17,006)	$ -	$ (17,006)
Changes for the year:			
Interest	(553)	-	(553)
Differences between expected and actual experience	604	-	604
Changes of assumptions	(1,063)	-	(1,063)
Benefit payments	1,685	-	1,685
Net changes	673	-	673
Balances at March 31, 2020	$ (16,333)	$ -	$ (16,333)
Changes for the year:			
Interest	(386)	-	(386)
Differences between expected and actual experience	519	-	519
Changes of assumptions	89	-	89
Benefit payments	1,569	-	1,569
Net changes	1,791	-	1,791
Balances at March 31, 2021	$ (14,542)	$ -	$ (14,542)

The net pension liability was measured as of March 31, 2021 based on an actuarial valuation as of the same date (measurement date of March 31, 2020 for the March 31, 2020 net pension liability). Actuarial methods and assumptions applied to all periods included in the measurement are as follows:

Healthcare Cost Trend - estimated at 5.10% next year, ultimately declining to 4.00% in 2075 (5.6% for 2020, ultimately declining to 3.94% in 2075)
Actuarial Cost Method - Entry Age Normal
Discount Rate - 2.27% (2.48% for 2020)
Mortality – Generational PUB-2010 Mortality Table for General Employees projected using Scale MP-2020 (RP-2014 Blue Collar Mortality Table projected using Scale MP-2019 for 2020)
Inflation Rate – 2.5% (3.0% for 2020)

The following presents the Authority's Stipend Plan net pension liability as of March 31, 2021 calculated using the discount rate of 2.27% and the impact of using a discount rate that is 1% lower and 1% higher (in thousands):

	1.0% Lower Discount Rate (1.27%)	Current Discount Rate (2.27%)	1.0% Higher Discount Rate (3.27%)
Authority's Stipend Plan net pension liability	$ (15,776)	$ (14,542)	$ (13,478)

(9) OPEB

The Authority provides a defined benefit postemployment health care plan (the Plan) for essentially all full-time employees with a minimum of ten years of service upon retirement. Upon retirement, most Authority employees are provided a portion of medical coverage while certain employees hired prior to February 2004 are provided with continuation of full medical coverage.

At the actuarial valuation date of March 31, 2020, employees covered by the Plan include:

Active employees	1,653
Inactive employees or beneficiaries currently receiving benefits	1,018
Inactive employees entitled to but not yet receiving benefits	-
	2,671

Total OPEB Liability

The total OPEB liability of $547,417,000 and $564,836,000 was measured as of March 31, 2020 and March 31, 2019, determined by actuarial valuations as of March 31, 2020 and 2018, respectively. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – based on the Society of Actuaries Long-Run Medical Cost Trend Model, initially 4.9%, increasing to 5.2%, then decreasing slowly to an ultimate of 4.0% after 2075 (initially 5.4% to 14.9%, decreasing to 3.9% after 2075 for 2020)
Salary increases – 3.8% - 4.5%
Mortality – Generational PUB-2010 Mortality Table for General Employees projected using Scale MP-2020 (Generational RP-2014 projected using Scale MP-2016 for 2020)
Discount rate – 2.48% based on the GO 20-Year Bond rate (3.42% for 2020)
Inflation rate – 2.5%

Changes in the Total OPEB Liability (in thousands)

	Total OPEB Liability
Balance at March 31, 2019	$ (531,756)
Changes for the year:	
Service cost	(25,662)
Interest	(18,944)
Difference between expected and actual experience	-
Changes of assumptions or other inputs	(2,443)
Benefit payments	13,969
Net changes	(33,080)
Balance at March 31, 2020	$ (564,836)
Changes for the year:	
Service cost	(26,857)
Interest	(19,055)
Difference between expected and actual experience	111,774
Changes of assumptions or other inputs	(63,790)
Benefit payments	15,347
Net changes	17,419
Balance at March 31, 2021	$ (547,417)

The following presents the sensitivity of the Authority's total OPEB liability to changes in the discount rate, including what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate (in thousands):

	1.0% Lower Discount Rate (1.48%)	Current Discount Rate (2.48%)	1.0% Higher Discount Rate (3.48%)
Total OPEB liability	$ (641,043)	$ (547,417)	$ (472,203)

The following presents the sensitivity of the Authority's total OPEB liability to changes in the healthcare cost trend rates, including what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates (in thousands):

	1.0% Lower (4.2%-3.0%)	Current Rate (5.2%-4.0%)	1.0% Higher (6.2%-5.0%)
Total OPEB liability	$ (461,503)	$ (547,417)	$ (657,819)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the years ended March 31, 2021 and 2020, the Authority recognized OPEB expense of $41,614,000 and $47,162,000 and reported deferred outflows of resources as follows (in thousands):

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 95,805	$ 13,131	$ -
Changes of assumptions	65,252	-	-	-
Change in proportion	9,416	9,416	-	-
Benefits paid subsequent to the measurement date	10,335	-	10,791	-
	$ 85,003	$ 105,221	$ 23,922	$ -

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Years Ending March 31,	
2022	$ (4,298)
2023	(4,298)
2024	(4,298)
2025	(4,298)
2026	(6,506)
2027	(6,855)
	$ (30,553)

(10) Leases

A portion of the Authority's revenue is generated by a number of fixed-term operating leases at its airport and transportation center facilities. The leases generally provide for rentals determined on the basis of a rate per square foot occupied or a percentage of the lessee's gross revenues with guaranteed minimum amounts. Total revenue from leases was $46,599,000 and $69,324,000 in 2021 and 2020, which includes guaranteed minimum rentals of $24,409,000 and $23,981,000 during 2021 and 2020, respectively. The significant decrease in revenue is a result of COVID restrictions within the airport.

Rental income is derived primarily from airport operations. At March 31, 2021 and 2020, net airport capital assets totaled $265,445,000 and $251,437,000, of which approximately 25% is leased to third parties (based on square footage).

Fixed-term operating leases in effect at March 31, 2021 are expected to yield future minimum rentals as follows (in thousands):

Years Ending March 31,		
2022	$	21,777
2023		19,989
2024		11,253
2025		4,894
2026		3,530
2027 – 2031		3,964
2032 – 2036		1,014
2037 – 2041		814
2042 – 2046		225
	$	67,460

(11) Commitments and Contingencies

(a) Litigation and Claims

In the normal course of business, it is not uncommon for the Authority to incur litigation surrounding certain events. There are outstanding lawsuits involving substantial amounts that have been filed against the Authority. Based on the facts presently known, management and in-house legal counsel do not expect these matters to have a material adverse effect on the Authority's financial condition or results of operations.

(b) Self-Insured Claims

The Authority assumes the liability for most risks including, but not limited to, workers compensation, health, property damage, environmental claims, and personal injury claims. The Authority has excess insurance from commercial carriers to cover claims in excess of $1,250,000 per occurrence for workers compensation claims and limits ranging from $50,000 to $5,000,000 depending on the type of claim for other self-insured claims. Estimated liabilities for claims not covered by insurance have been reflected in the financial statements when it is probable that a loss has occurred and the amount can be reasonably estimated. Workers' compensation liabilities are estimated based on an actuarial valuation dated April 9, 2021. Other self-insured liabilities are estimated by the Authority based on available information. Management believes the estimated liabilities are reasonable based upon historical experience and the opinions of internal risk management administrators and legal counsel.

Changes in the reported liability claims for the years ended March 31, 2021 and 2020 are as follows (in thousands):

	2021	2020
Liability, beginning of year	$ 46,474	$ 45,241
Current year claims and change in estimates	6,724	8,907
Claim payments	(8,767)	(7,674)
Liability, end of year	$ 44,431	$ 46,474

(c) Project Commitments

As of March 31, 2021, the Authority has commenced several projects including:

- BNIA runways 5/23 Improvements Design/Construction estimated at $36,143,000 of which $198,000 was expended
- Metro Rail Escalator/Elevator Rehabilitation estimated at $22,959,000 of which $21,580,000 was expended
- BNIA Terminal Modernization Expansion estimated at $75,685,000 of which $59,818,000 was expended
- Rail car refurbishment estimated at $50,155,000 of which $48,632,000 was expended
- Metro DL&W Station estimated at $52,467,000 of which $19,667,000 was expended
- Metro (Bus and Rail) fare collection upgrade estimated at $26,583,000 of which $16,632,000 was expended
- Metro Amherst/Buffalo LRRT Extension Study estimated at $11,202,000 of which $3,905,000 was expended
- Management Information Systems estimated at $15,012,000 of which $5,681,000 was expended

Funding for these projects is provided by federal and state grant awards, Passenger Facility Charges, and other local/Authority revenue sources.

(12) Segment Information – Buffalo Niagara International Airport

BNIA is Western New York’s primary passenger and cargo airport. In fiscal year 1991, the Authority began the Airport Improvement Program to build a new terminal building and provide improved facilities for BNIA passengers. The Authority issued Airport Revenue Bonds (Note 5) pursuant to a Master Resolution approved by the Board of Commissioners for the construction of BNIA. The Master Resolution contains certain compliance covenants including a requirement that net airport revenues be a minimum percentage of net debt service. The bonds are payable from and are secured by a lien on net revenues derived from the operations of BNIA. The bonds are special limited obligations of the Authority. They are neither general obligations of the Authority nor a debt of the State or any political subdivision.

(a) BNIA Condensed Balance Sheets (in thousands)

	2021	2020
Assets:		
Current and other	$ 121,856	$ 144,835
Capital assets, net	265,445	251,437
Total assets	387,301	396,272
Deferred outflows of resources	13,968	5,220
Total assets and deferred outflows of resources	$ 401,269	$ 401,492
Liabilities:		
Current liabilities	$ 23,724	$ 22,287
Long-term liabilities	165,899	171,460
Total liabilities	189,623	193,747
Deferred inflows of resources	4,544	1,790
Net position:		
Net investment in capital assets	123,876	96,858
Restricted	71,252	98,633
Unrestricted	11,974	10,464
Total net position	207,102	205,955
Total liabilities, deferred inflows of resources, and net position	$ 401,269	$ 401,492

(b) BNIA Condensed Statements of Revenues, Expenses and Changes in Net Position (in thousands)

	2021	2020
Operating revenues:		
Concessions and commissions	$ 10,115	$ 28,025
Rental income	8,459	11,471
Airport fees and services	17,025	19,000
Other operating revenues	4,102	4,654
Total operating revenues	39,701	63,150
Operating expenses	42,380	47,103
Depreciation expense	16,714	16,942
Operating (loss)	(19,393)	(895)
Non-operating revenues (expenses):		
Passenger facility charges	1,580	9,090
Interest expense, net	(4,102)	(3,147)
Other non-operating revenues, net	(26)	(89)
Operating transfers	(250)	(4,700)
Total non-operating net revenues	(2,798)	1,154
Change in net position before capital contributions	(22,191)	259
Capital contributions	23,338	4,705
Change in net position	1,147	4,964
Net position – beginning of year	205,955	200,991
Net position – end of year	$ 207,102	$ 205,955

(c) BNIA Condensed Statements of Cash Flows (in thousands)

	2021	2020
Net operating activities	$ (1,873)	$ 21,567
Net investing activities	4,782	4,975
Net capital and related financing	(34,302)	(34,312)
Net change in cash	(31,393)	(7,770)
Cash, beginning of year	94,891	102,661
Cash, end of year	$ 63,498	$ 94,891

(d) Master Resolution Covenant

As required by the Master Resolution authorizing the issuance of airport revenue bonds, the Authority charges rates, rentals, and fees at the BNIA which are sufficient to pay debt service, operating expenses, and any and all other claims and charges relating to the BNIA. In addition, net airport revenues must at all times be at least 125% of net debt service on all bonds outstanding. The Authority has the ability to bill the airlines to meet the bond covenant pursuant to the Airline Use and Lease Agreement. In lieu of billing the airlines to meet the covenant, BNIA utilized CARES Act funding to make 2021 principal and interest payments.

Airport revenues are defined in the Master Resolution as the total of all revenue from all sources collected by the Authority at the BNIA, which specifically excludes passenger facility charges and includes interest income. Passenger facility charges are not pledged as security for the Airport Revenue Bonds. Operating expenses are defined as all costs to operate and maintain the BNIA including general, administrative, and professional fee expenses allocated by the Authority. Debt service is defined as the total amount required to pay current year principal and interest, net of amounts available for the payment of interest as defined by the Master Resolution (in thousands).

	2021	2020
Airport revenues:		
Operating revenues	$ 39,701	$ 63,150
Interest income	149	740
Gross airport revenues	39,850	63,890
Operating expenses, excluding depreciation	(42,380)	(47,418)
Net airport revenues	(2,530)	16,472
Net debt service:		
Principal payments	6,792	4,805
Interest payments	10,870	3,338
Passenger facility charges & FAA CARES Act	(17,662)	(535)
Net debt service	$ -	$ 7,608
Debt service coverage percentage	-	216.51%
Minimum percentage requirement	125.00%	125.00%

(13) Risks and Uncertainties

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for organizations. Financial markets also experienced significant fluctuations.

Beginning in March 2020 and continuing subsequent to March 31, 2020, the Authority experienced a significant decline in ridership and temporarily stopped collecting fares beginning March 27, 2020. Fare collection resumed on June 29, 2020 for all NFTA-Metro services. In addition, the closure of the Canadian border since March 21, 2020 and the nationwide stay-at-home orders resulted in a drastic reduction in air travel, significantly impacting BNIA and NFIA operations. The Authority has been allocated an estimated $237.6 million through three rounds of Federal COVID relief funding. In fiscal year 2021, the Authority executed contracts for $135.9 million in COVID relief funding. The Federal Transit Administration has apportioned $79.4 million in COVID relief funding to the Authority that is not yet under contract. The remaining COVID relief funding is estimated to be $22.3 million, but has not yet been apportioned by the FAA.

Required Supplementary Information (Unaudited)
Schedule of the Authority's Proportionate Share of the Net Pension Position
New York State and Local Retirement System (In thousands)

As of the measurement date of March 31,	2020	2019	2018	2017	2016	2015
ERS						
Authority's proportion of the net pension position	0.0863638%	0.0888401%	0.0867945%	0.0853631%	0.0878622%	0.0881407%
Authority's proportionate share of the net pension liability	$ 22,870	$ 6,295	$ 2,801	$ 8,021	$ 14,102	$ 2,978
Authority's covered payroll	$ 26,974	$ 26,427	$ 25,420	$ 24,628	$ 24,187	$ 24,546
Authority's proportionate share of the net pension position as a percentage of its covered payroll	84.79%	23.82%	11.02%	32.57%	58.30%	12.13%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
PFRS						
Authority's proportion of the net pension position	0.2849842%	0.2973909%	0.2872086%	0.2760008%	0.2766259%	0.2697875%
Authority's proportionate share of the net pension liability	$ 15,232	$ 4,987	$ 2,903	$ 5,720	$ 8,190	$ 742
Authority's covered payroll	$ 9,600	$ 9,723	$ 9,311	$ 9,078	$ 9,675	$ 9,124
Authority's proportionate share of the net pension position as a percentage of its covered payroll	158.67%	51.29%	31.18%	63.01%	84.65%	8.13%
Plan fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%

The following is a summary of changes of assumptions:

	2020	2019	2018	2017	2016	2015
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases - ERS	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Salary increases - PFRS	5.0%	5.0%	4.5%	4.5%	4.5%	6.0%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

Required Supplementary Information (Unaudited)
Schedule of Authority Contributions
New York State and Local Retirement System (In thousands)

March 31,	2021	2020	2019	2018	2017	2016	2015	2014
ERS								
Contractually required contribution	$ 3,833	$ 3,718	$ 3,739	$ 3,729	$ 3,787	$ 4,291	$ 4,855	$ 4,541
Contribution in relation to the contractually required contribution	(3,833)	(3,718)	(3,739)	(3,729)	(3,787)	(4,291)	(4,855)	(4,541)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 27,580	$ 26,974	$ 26,427	$ 25,420	$ 24,628	$ 24,187	$ 24,546	$ 22,847
Contributions as a percentage of covered payroll	13.90%	13.78%	14.15%	14.67%	15.38%	17.74%	19.78%	19.88%
PFRS								
Contractually required contribution	$ 2,268	$ 2,095	$ 2,123	$ 2,137	$ 2,115	$ 1,962	$ 2,394	$ 2,230
Contribution in relation to the contractually required contribution	(2,268)	(2,095)	(2,123)	(2,137)	(2,115)	(1,962)	(2,394)	(2,230)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 10,089	$ 9,600	$ 9,723	$ 9,311	$ 9,078	$ 9,675	$ 9,124	$ 8,796
Contributions as a percentage of covered payroll	22.48%	21.82%	21.83%	22.95%	23.30%	20.28%	26.24%	25.35%

Data prior to 2014 is unavailable.

Required Supplementary Information (Unaudited)
Schedule of Net Pension Liability
Postretirement Medical Premium Stipend Plan (In thousands)

March 31,	2021	2020	2019	2018	2017
Total pension liability					
Interest	$ 386	$ 553	$ 653	$ 722	$ 922
Differences between expected and actual experience	(519)	(604)	(909)	219	(1,661)
Changes of assumptions	(89)	1,063	61	366	1,055
Benefit payments	(1,569)	(1,685)	(1,824)	(1,995)	(2,118)
	(1,791)	(673)	(2,019)	(688)	(1,802)
Total pension liability - beginning	16,333	17,006	19,025	19,713	21,515
Total pension liability - ending	$ 14,542	$ 16,333	$ 17,006	$ 19,025	$ 19,713

The plan has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	5.1% - 4.0%	5.6% - 3.9%	5.9% - 4.9%	5.9% - 4.9%	5.9% - 4.9%
Inflation	2.5%	3.0%	3.0%	3.0%	3.0%
Discount rate	2.27%	2.48%	3.42%	3.61%	3.86%
Society of Actuaries' mortality scale	MP-2020	MP-2019	MP-2018	MP-2016	MP-2016

Data prior to 2017 is unavailable.

Required Supplementary Information
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios (In thousands)

March 31,	2021	2020	2019
Total OPEB liability - beginning	$ 564,836	$ 531,756	$ 486,984
Changes for the year:			
Service cost	26,857	25,662	23,590
Interest	19,055	18,944	18,267
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(111,774)	-	-
Changes of assumptions and other inputs	63,790	2,443	15,451
Benefit payments	(15,347)	(13,969)	(12,536)
Net change in total OPEB liability	(17,419)	33,080	44,772
Total OPEB liability - ending	$ 547,417	$ 564,836	$ 531,756
Covered-employee payroll	$ 92,325	$ 93,017	$ 93,017
Total OPEB liability as a percentage of covered-employee payroll	593%	607%	572%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	5.2% - 4.0%	14.9% - 3.9%	14.9% - 3.9%
Salary increases	3.8% - 4.5%	3.8% - 4.5%	3.8% - 4.5%
Discount rate	2.48%	3.42%	3.61%
Inflation	2.5%	2.5%	2.5%
Society of Actuaries' mortality scale	MP-2020	MP-2016	MP-2016

Data prior to 2019 is unavailable.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Additional Information
Combining Balance Sheets (In thousands)

March 31,	2021			
	NFTA	BNIA	Metro	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 7,512	$ 15,386	$ 60,026	$ 82,924
Investments	-	5,000	-	5,000
Accounts receivable	2,882	7,640	2,342	12,864
Grants receivable	2,707	12,014	60,252	74,973
Due to/from affiliate	(32,242)	10,338	21,904	-
Materials and supplies inventory	-	-	5,513	5,513
Prepaid expenses and other	489	226	1,037	1,752
	(18,652)	50,604	151,074	183,026
Restricted assets:				
Cash and cash equivalents	8,331	48,112	10,807	67,250
Investments	-	23,140	-	23,140
	8,331	71,252	10,807	90,390
Capital assets, net	73,010	265,445	298,386	636,841
Total assets	62,689	387,301	460,267	910,257
Deferred outflows of resources:				
Deferred outflows of resources related to pensions	10,444	11,508	7,684	29,636
Deferred outflows of resources related to OPEB	12,215	2,460	70,328	85,003
Total deferred outflows of resources	22,659	13,968	78,012	114,639
Total assets and deferred outflows of resources	$ 85,348	$ 401,269	$ 538,279	$ 1,024,896
Liabilities				
Current liabilities:				
Current portion of long-term debt	$ 379	$ 11,438	$ 3,652	$ 15,469
Accounts payable and accrued expenses	9,814	12,207	16,089	38,110
Other current liabilities	5,299	79	9,992	15,370
	15,492	23,724	29,733	68,949
Noncurrent liabilities:				
Long-term debt	3,167	130,131	8,294	141,592
Self-insured claims	4,084	2,683	37,664	44,431
Net pension liabilities	16,262	12,450	24,271	52,983
Total OPEB liability	89,893	20,635	436,889	547,417
Other noncurrent liabilities	2,789	-	465	3,254
	116,195	165,899	507,583	789,677
Total liabilities	131,687	189,623	537,316	858,626
Deferred inflows of resources:				
Deferred inflows of resources related to pensions	252	913	626	1,791
Deferred inflows of resources related to OPEB	25,129	3,631	76,461	105,221
Total deferred inflows of resources	25,381	4,544	77,087	107,012
Net position				
Net investment in capital assets	69,464	123,876	286,440	479,780
Restricted	3,136	71,252	10,807	85,195
Unrestricted	(144,320)	11,974	(373,371)	(505,717)
Total net position	(71,720)	207,102	(76,124)	59,258
Total liabilities, deferred inflows of resources, and net position	$ 85,348	$ 401,269	$ 538,279	$ 1,024,896

		2020		
	NFTA	BNIA	Metro	Total
	$ 5,528	$ 19,031	$ 16,297	$ 40,856
	-	10,000	-	10,000
	3,366	6,216	1,649	11,231
	2,854	342	37,713	40,909
	(32,337)	10,879	21,458	-
	-	-	5,665	5,665
	276	(266)	155	165
	(20,313)	46,202	82,937	108,826
	8,591	75,860	2,446	86,897
	-	22,773	-	22,773
	8,591	98,633	2,446	109,670
	75,761	251,437	301,470	628,668
	64,039	396,272	386,853	847,164
	4,439	4,672	3,456	12,567
	4,554	548	18,820	23,922
	8,993	5,220	22,276	36,489
	$ 73,032	$ 401,492	$ 409,129	$ 883,653
	$ 381	$ 10,889	$ 3,754	$ 15,024
	9,760	11,159	18,831	39,750
	6,378	239	927	7,544
	16,519	22,287	23,512	62,318
	3,546	143,690	11,946	159,182
	3,541	2,840	40,093	46,474
	5,137	3,616	18,628	27,381
	103,977	21,314	439,545	564,836
	2,791	-	1,988	4,779
	118,992	171,460	512,200	802,652
	135,511	193,747	535,712	864,970
	1,315	1,790	1,291	4,396
	-	-	-	-
	1,315	1,790	1,291	4,396
	71,834	96,858	285,770	454,462
	3,106	98,633	922	102,661
	(138,734)	10,464	(414,566)	(542,836)
	(63,794)	205,955	(127,874)	14,287
	$ 73,032	$ 401,492	$ 409,129	$ 883,653

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Additional Information
Combining Schedules of Revenues, Expenses and Changes in Net Position (In thousands)

For the years ended March 31,	2021			
	NFTA	**BNIA**	**Metro**	**Total**
Operating revenues:				
Fares	$ -	$ -	$ 12,084	$ 12,084
Concessions and commissions	262	10,115	-	10,377
Rental income	6,772	8,459	-	15,231
Airport fees and services	91	17,025	-	17,116
Other operating revenues	182	4,102	1,081	5,365
Total operating revenues	7,307	39,701	13,165	60,173
Operating expenses:				
Salaries and employee benefits	15,865	20,198	94,107	130,170
Other postemployment benefits	3,041	3,792	34,781	41,614
Depreciation	5,552	16,714	28,964	51,230
Maintenance and repairs	1,858	7,355	9,874	19,087
Transit fuel and power	-	-	1,737	1,737
Utilities	877	1,712	1,510	4,099
Insurance and injuries	412	536	3,583	4,531
Other	6,949	3,309	4,011	14,269
Administrative cost reallocation	(12,564)	5,478	7,086	-
Total operating expenses	21,990	59,094	185,653	266,737
Operating loss	(14,683)	(19,393)	(172,488)	(206,564)
Non-operating revenues (expenses):				
Government assistance	662	-	204,427	205,089
Passenger facility charges	84	1,580	-	1,664
Interest expense, net	(136)	(4,102)	(608)	(4,846)
Other non-operating revenues (expenses), net	5,043	(26)	(570)	4,447
Operating transfers	250	(250)	-	-
Total non-operating net revenues	5,903	(2,798)	203,249	206,354
Change in net position before capital contributions	(8,780)	(22,191)	30,761	(210)
Capital contributions	854	23,338	20,989	45,181
Change in net position	(7,926)	1,147	51,750	44,971
Net position - beginning of year	(63,794)	205,955	(127,874)	14,287
Net position - end of year	$ (71,720)	$ 207,102	$ (76,124)	$ 59,258

2020			
NFTA	BNIA	Metro	Total
$ -	$ -	$ 34,815	$ 34,815
1,837	28,025	-	29,862
6,805	11,471	-	18,276
209	19,000	-	19,209
328	4,654	1,028	6,010
9,179	63,150	35,843	108,172
11,776	20,522	99,632	131,930
8,616	1,853	36,693	47,162
5,374	16,942	28,766	51,082
2,344	9,267	10,769	22,380
-	-	3,840	3,840
856	1,747	1,401	4,004
370	377	5,459	6,206
6,406	8,057	4,866	19,329
(12,110)	5,280	6,830	-
23,632	64,045	198,256	285,933
(14,453)	(895)	(162,413)	(177,761)
712	-	144,289	145,001
465	9,090	-	9,555
(171)	(3,147)	(566)	(3,884)
3,930	(89)	(2,213)	1,628
4,700	(4,700)	-	-
9,636	1,154	141,510	152,300
(4,817)	259	(20,903)	(25,461)
4,401	4,705	25,462	34,568
(416)	4,964	4,559	9,107
(63,378)	200,991	(132,433)	5,180
$ (63,794)	$ 205,955	$ (127,874)	$ 14,287

Additional Information
Buffalo Niagara International Airport - Restricted Assets (In thousands)

For the years ended March 31,	2021	2020
Cash and cash equivalents:		
Passenger facility charges	$ 7,304	$ 10,873
Operations and maintenance reserve	2,000	2,000
Aviation reserve	2,692	2,692
Debt service reserve	22,198	21,918
Auto rental-CFC	358	358
Construction fund	12,503	36,965
Operating reserve	1,057	1,054
	48,112	75,860
Investments:		
Passenger facility charges	10,000	10,000
Revenue bond reserve	5,253	5,253
Repairs and replacement reserve	750	750
Operating reserve	7,137	6,770
	23,140	22,773
Total restricted assets	$ 71,252	$ 98,633

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Commissioners
Niagara Frontier Transportation Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheet of Niagara Frontier Transportation Authority (the Authority) (a component unit of the State of New York), a business-type activity, as of March 31, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

June 24, 2021

Lumsden McCormick LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Commissioners
Niagara Frontier Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Niagara Frontier Transportation Authority (the Authority), a business-type activity and a component unit of the State of New York, which comprise the balance sheet as of March 31, 2021, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated June 24, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended March 31, 2021. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

June 24, 2021