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

FINANCIAL STATEMENTS

MARCH 31, 2022

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

Table of Contents

March 31, 2022

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Niagara Frontier Transportation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Niagara Frontier Transportation Authority (the Authority) (a component unit of the State of New York), a business-type activity, as of and for the years ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The additional information on pages 37 through 39 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 23, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's 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 23, 2022

Niagara Frontier Transportation Authority
Serving the Niagara Region

181 Ellicott Street
Buffalo, New York 14203
716-855-7300
TDD: 855-7650
www.nfta.com

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 23, 2022

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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, 2022, 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, 2022, 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 23, 2022

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

Management's Discussion and Analysis

For the Years Ended March 31, 2022, 2021, and 2020
(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, 2022, 2021, and 2020, 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.

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,		
	2022	2021	2020
Current assets	$ 260,548	$ 183,026	$ 108,826
Restricted assets	88,080	90,390	109,670
Capital assets, net	633,526	636,841	628,668
Deferred outflows of resources related to pensions and OPEB	126,015	114,639	36,489
Total assets and deferred outflows of resources	$ 1,108,169	$ 1,024,896	$ 883,653
Current liabilities	$ 76,446	$ 68,949	$ 62,318
Noncurrent liabilities	775,951	789,677	802,652
Deferred inflows of resources related to pensions and OPEB	129,347	107,012	4,396
Total liabilities and deferred inflows of resources	981,774	965,638	869,366
Net position:			
Net investment in capital assets	493,798	479,780	454,462
Restricted	88,080	85,195	102,661
Unrestricted	(455,453)	(505,717)	(542,836)
Total net position	126,425	59,258	14,287
Total liabilities, deferred inflows of resources, and net position	$ 1,108,169	$ 1,024,896	$ 883,653

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 $455.5 million, $505.7 million, and $542.8 million at March 31, 2022, 2021, and 2020 result primarily from the accrual of other postemployment benefits. As a result of the Authority's activities, March 31, 2022 net position increased $67.2 million from March 31, 2021 and March 31, 2021 net position increased $45.0 million from March 31, 2020.

Current assets increased $77.5 million from March 31, 2021 to March 31, 2022 primarily due to an increase in cash and grants receivable relating to federal CARES Act, CRRSA Act and ARP Act funds appropriated by Congress to address the impact of the Coronavirus (COVID-19) pandemic. Restricted assets were consistent with 2021 amounts. Deferred outflows of resources increased $11.4 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 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. 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 liabilities increased $7.5 million from March 31, 2021 to March 31, 2022 resulting from normal operations and timing of payments.

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.

Principal payments and decreases in self-insured claims of $4.3 million and net pension liabilities of $36.3 million offset by an increase in other postemployment benefits of $46.4 million resulted in an overall decrease in noncurrent liabilities of $13.7 million at March 31, 2022 compared to March 31, 2021. Deferred inflows of resources increased $22.3 million primarily as a result of changes in assumptions related to the Authority's pension plan. This increase is partially offset by the $11.4 million increase in deferred outflows discussed previously, and together will be amortized through expenses over the next six years.

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 $13.0 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.

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, 2022, 2021, and 2020
(Unaudited)

Summarized Statements of Revenues, Expenses and Changes in Net Position

(in thousands)	Years ended March 31,		
	2022	2021	2020
Operating revenues:			
Fares	$ 23,435	$ 12,084	$ 34,815
Concessions and commissions	22,819	10,377	29,862
Rental income	19,319	15,231	18,276
Airport fees and services	20,528	17,116	19,209
Other operating revenues	5,391	5,365	6,010
Total operating revenues	91,492	60,173	108,172
Operating expenses:			
Salaries and employee benefits	121,622	130,170	131,930
Other postemployment benefits	41,253	41,614	47,162
Depreciation	53,669	51,230	51,082
Maintenance and repairs	21,153	19,087	22,380
Transit fuel and power	3,412	1,737	3,840
Utilities	5,890	4,099	4,004
Insurance and injuries	5,301	4,531	6,206
Other operating expenses	18,723	14,269	19,329
Total operating expenses	271,023	266,737	285,933
Operating loss	(179,531)	(206,564)	(177,761)
Non-operating revenues, net	218,781	206,354	152,300
Change in net position before capital contributions	39,250	(210)	(25,461)
Capital contributions	27,917	45,181	34,568
Change in net position	67,167	44,971	9,107
Net position – beginning of year	59,258	14,287	5,180
Net position – end of year	$ 126,425	$ 59,258	$ 14,287

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
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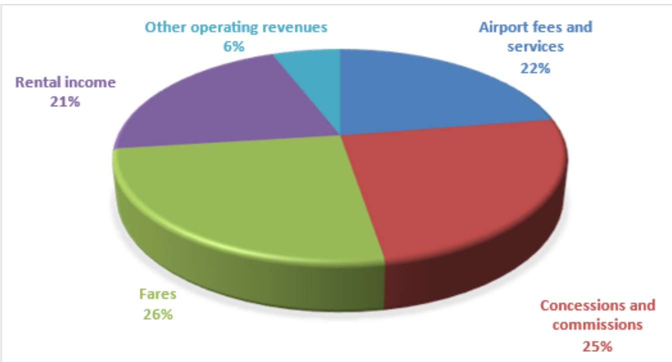
Management's Discussion and Analysis

For the Years Ended March 31, 2022, 2021, and 2020
(Unaudited)

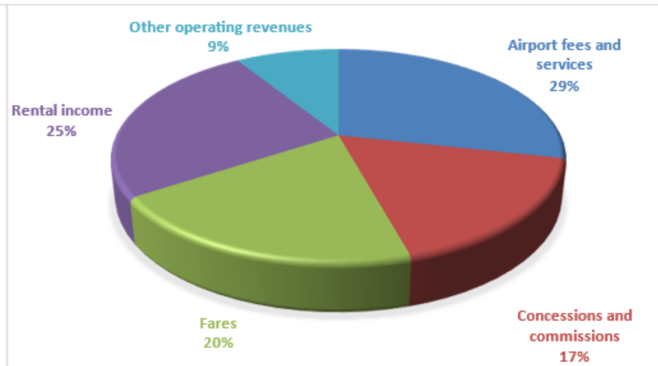
Summary of Revenues, Expenses and Changes in Net Position

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

2022



2021

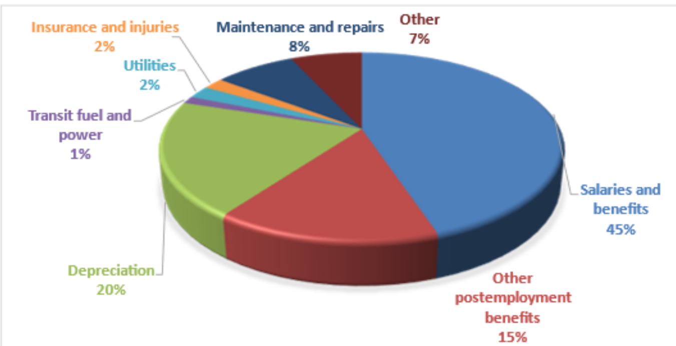


Operating revenues increased $31.3 million, or 52.0%, from 2021 to 2022. Fare revenue increased $11.4 million primarily due to increased ridership from employees returning to their offices and Buffalo schools returning to in-person classes during 2022 resulting from the easing of COVID-19 pandemic restrictions. Also, fares were collected the entire year, unlike 2021 when the collection of fares was suspended for the first three months of the fiscal year. Concessions and commissions in 2022 were $12.4 million higher than 2021, due to an increase in parking, auto rental, food, and retail revenues at the airports as enplanements increased approximately 264% from 2021 at Buffalo Niagara International Airport (BNIA) and 180% at Niagara Falls International Airport (NFIA), as air travel rebounded from the impact of the COVID-19 pandemic.

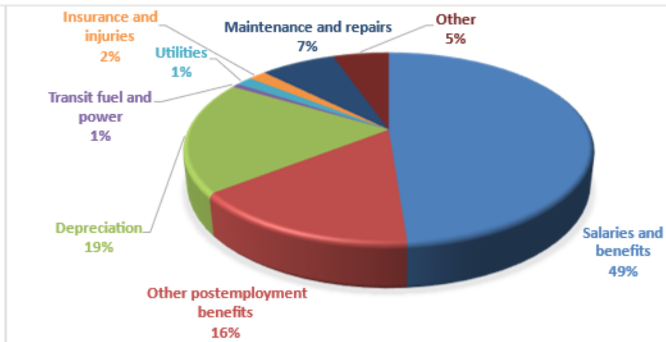
Operating revenues decreased $48.0 million, or 44.4%, from 2020 to 2021. Fare revenue decreased $22.7 million primarily due to COVID-19. Ridership was down significantly in 2021 due to the New York State stay-at-home order to prevent the spread of COVID-19, which was in place for much of the year. As 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.

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

2022



2021



Operating expenses for 2022 of $271.0 million were $4.3 million higher than 2021. Salaries and employee benefits decreased $8.5 million, or 6.6%, primarily due to a shortage of Metro operators and mechanics which was experienced by transit agencies nationwide. Depreciation expense, which varies from year to year based on the timing of asset purchases and estimated useful lives, increased by $2.4 million from 2021 to 2022. Transit fuel and power costs increased $1.7 million due to higher diesel and compressed natural gas fuel prices in 2022 and higher consumption due to Metro returning to a more normal service schedule. Other operating expenses increased $4.5 million primarily due to higher parking management costs related to higher BNIA parking revenue.

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.

Net non-operating revenues for 2022 increased $12.4 million compared to 2021, from $206.4 million to $218.8 million, primarily due to a $6.3 million increase in government assistance, mostly due to the ARP Act funding for Metro, and a $5.8 million increase in passenger facility charges due to significantly higher enplanements at BNIA and NFIA.

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.

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

CAPITAL ASSETS

Net capital assets totaled $633.5 million at March 31, 2022, representing a 0.5% decrease from March 31, 2021, as depreciation and dispositions exceeded investment in capital by $3.3 million in 2022. Capital asset additions totaling $50.4 million include $10.9 million of construction relating to the BNIA terminal expansion and renovation project, $11.5 million for rail extension and station construction in the former DL&W train shed, $6.4 million for the aircraft deicing containment facility at BNIA and $2.8 million for the new bus and rail farebox collection system.

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.

DEBT ADMINISTRATION

Long-term debt at March 31, 2022 totaled $139.7 million, which is a decrease of $17.4 million from 2021 and results from debt service payments net of premium amortization.

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.

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 20% from the federal government. Ordinarily, increases in state and federal operating assistance have not kept up with inflation. 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 with the public regularly through social media, the Citizens Advisory Committee, Accessibility Advisory Committee, workforce development, and many other means.

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. The Authority has $5 million under contract with New York State Department of Transportation to complete the environmental process for the project. New York State has appropriated an additional $26 million for continued project development and preliminary engineering. The order of magnitude estimate of project construction is approximately $1.5 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, which is scheduled to be complete in early 2024, 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. In July 2020, the Authority executed a pre-development agreement with Savarino Companies, a private sector developer, for development of the first and second floor space. In April 2022, New York State announced an appropriation of $30 million to rehabilitate the core and shell of the train shed in order to facilitate private sector development.

Finally, in May 2022 the City of Buffalo, in partnership with the NFTA, issued a Request for Qualifications from developers and development teams for development at and around the NFTA-Metro Rail Lasalle station. The NFTA and the City of Buffalo own adjoining parcels at the site. The NFTA will continue to work with the City of Buffalo on next steps towards an equitable transit-oriented development at the site.

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 30% of BNIA and 88% of NFIA passenger traffic originates from Canada, any closure of the United States and Canada border, such as the COVID-19 closure that had been in effect since March 21, 2020, has a significant negative impact on enplanements. During 2022, approximately 3.4 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, $72.2 million passenger terminal and baggage claim expansion and renovation project at BNIA began in 2019 and was completed in 2022. The project improves overall airport security, expands and modernizes the baggage claim area, improves passenger flow to and from all boarding areas, including international boarding areas, expands the terminal for additional concessions and amenities, and adds new curb space at both ends of the BNIA terminal.

In 2022, the NFTA began design work on rehabilitation of the main runway at BNIA. The project, currently broken into 2 phases, is budgeted to cost approximately $81.5 million. Construction of the first phase of the project is fully funded by the Federal Aviation Administration.

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,	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 125,409	$ 82,924
Investments	5,007	5,000
Accounts receivable	15,046	12,864
Grants receivable	107,523	74,973
Materials and supplies inventory	5,568	5,513
Prepaid expenses and other	1,995	1,752
	260,548	183,026
Restricted assets:		
Cash and cash equivalents	57,985	67,250
Investments	30,095	23,140
	88,080	90,390
Capital assets, net (Note 4)	633,526	636,841
Total assets	982,154	910,257
Deferred outflows of resources:		
Deferred outflows of resources related to pensions	38,774	29,636
Deferred outflows of resources related to OPEB	87,241	85,003
Total deferred outflows of resources	126,015	114,639
Total assets and deferred outflows of resources	$ 1,108,169	$ 1,024,896
Liabilities		
Current liabilities:		
Current portion of long-term debt	$ 16,015	$ 15,469
Accounts payable and accrued expenses	33,967	38,110
Other current liabilities	26,464	15,370
	76,446	68,949
Noncurrent liabilities:		
Long-term debt	123,713	141,592
Self-insured claims	40,140	44,431
Net pension liabilities	16,647	52,983
Total OPEB liability	593,828	547,417
Other noncurrent liabilities	1,623	3,254
	775,951	789,677
Total liabilities	852,397	858,626
Deferred inflows of resources:		
Deferred inflows of resources related to pensions	41,661	1,791
Deferred inflows of resources related to OPEB	87,686	105,221
Total deferred inflows of resources	129,347	107,012
Net position:		
Net investment in capital assets	493,798	479,780
Restricted	88,080	85,195
Unrestricted	(455,453)	(505,717)
Total net position	126,425	59,258
Total liabilities, deferred inflows of resources, and net position	$ 1,108,169	$ 1,024,896

See accompanying notes.

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

For the years ended March 31,		2022		2021
Operating revenues:				
Fares	**$**	**23,435**	$	12,084
Concessions and commissions		**22,819**		10,377
Rental income		**19,319**		15,231
Airport fees and services		**20,528**		17,116
Other operating revenues		**5,391**		5,365
Total operating revenues		**91,492**		60,173
Operating expenses:				
Salaries and employee benefits		**121,622**		130,170
Other postemployment benefits		**41,253**		41,614
Depreciation		**53,669**		51,230
Maintenance and repairs		**21,153**		19,087
Transit fuel and power		**3,412**		1,737
Utilities		**5,890**		4,099
Insurance and injuries		**5,301**		4,531
Other		**18,723**		14,269
Total operating expenses		**271,023**		266,737
Operating loss		**(179,531)**		(206,564)
Non-operating revenues (expenses):				
Government assistance		**211,420**		205,089
Passenger facility charges		**7,438**		1,664
Interest expense, net		**(4,431)**		(4,846)
Other non-operating revenues, net		**4,354**		4,447
Total non-operating net revenues		**218,781**		206,354
Change in net position before capital contributions		**39,250**		(210)
Capital contributions		**27,917**		45,181
Change in net position		**67,167**		44,971
Net position - beginning of year		**59,258**		14,287
Net position - end of year	**$**	**126,425**	$	59,258

See accompanying notes.

Statements of Cash Flows (In thousands)

For the years ended March 31,	2022	2021
Operating activities:		
Cash collected from customers	$ 90,359	$ 57,995
Cash paid for employee wages and benefits	(141,686)	(143,496)
Cash paid to vendors and suppliers	(55,160)	(40,554)
Cash paid for insurance and injuries	(9,592)	(6,574)
Net operating activities	(116,079)	(132,629)
Non-capital financing activities:		
Government assistance	175,786	180,120
Capital and related financing activities:		
Repayments of long-term debt	(15,468)	(15,024)
Other liabilities	1	(290)
Interest paid	(6,416)	(7,186)
Mortgage recording tax	10,046	8,396
Capital grants and contributions	31,001	36,086
Additions to capital assets, net	(50,510)	(58,007)
Passenger facility charges	7,438	1,664
Other	4,263	4,439
Net capital and related financing activities	(19,645)	(29,922)
Investing activities:		
Proceeds from (purchases of) investments, net	(6,962)	4,633
Interest income	120	219
Net investing activities	(6,842)	4,852
Net change in cash and cash equivalents	33,220	22,421
Cash and cash equivalents, beginning of year	150,174	127,753
Cash and cash equivalents, end of year	$ 183,394	$ 150,174
Reconciliation to Balance Sheet		
Cash and cash equivalents:		
Unrestricted	$ 125,409	$ 82,924
Restricted	57,985	67,250
Total cash and cash equivalents	$ 183,394	$ 150,174
Reconciliation of operating loss to net operating activities:		
Operating loss	$ (179,531)	$ (206,564)
Adjustments to reconcile operating loss to net operating activities:		
Depreciation	53,669	51,230
Net pension activity	(5,604)	5,928
Other postemployment benefits, net	26,638	26,721
Changes in assets and liabilities:		
Accounts receivable	(2,182)	(1,633)
Materials and supplies inventory	(55)	152
Prepaid expenses and other	(243)	(1,587)
Accounts payable and accrued expenses	(3,896)	(3,028)
Other current liabilities	1,047	(280)
Self-insured claims	(4,291)	(2,043)
Other noncurrent liabilities	(1,631)	(1,525)
Net operating activities	$ (116,079)	$ (132,629)

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 is responsible for day-to-day management 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, including government grants, passenger facilities charges, and interest, are reported as non-operating activities.

Authority Operations

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

NFTA Operations

<u>Aviation</u>

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. On April 5, 2022 the ATU contract was approved and expires July 31, 2025.

(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 first 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) 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

(i) 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, 2022 and 2021, net advance payments provided by the FHWA for regional construction projects authorized by NITTEC and the FHWA are held by the Authority and included in restricted cash and other current liabilities on the accompanying balance sheets and totaled $5,196,000 and $5,195,000.

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 current liabilities until all eligibility requirements are met.

(j) 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.

(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 and July 2020, the Authority was awarded funding of $61,909,000 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 $4,277,000 and $62,957,000 for 2022 and 2021, respectively, are recognized as federal operating assistance in the accompanying statements of revenues, expenses and changes in net position and $4,017,000 and $10,596,000 at March 31, 2022 and 2021, respectively, remain in grants receivable in the accompanying balance sheets.

In April and May 2021, the Authority was awarded funding of $43,183,000 from the FTA and $7,896,000 from the FAA 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. Amounts totaling $814,000 and $43,183,000 are recognized as federal operating assistance in the accompanying statements of revenues, expenses and changes in net position for the years ended March 31, 2022 and 2021 and are also included in grants receivable on the respective balance sheets.

In March 2021 the American Rescue Plan Act (ARPA) was passed by the United States Congress and signed into law by President Biden. Through ARPA, the FTA allocated $79,413,000 through the Section 5307 program to NFTA-Metro and $20,053,000 was allocated from the FAA. $78,817,000 is recognized as federal operating assistance in the accompany statements of revenue, expenses and changes in net position for the year ended March 31, 2022 and also remains in grants receivable in the accompanying balance sheets as of March 31, 2022.

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 70% and 79% of total revenue for the years ended March 31, 2022 and 2021. 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 $5,736,000 and $5,452,000 for GBNRTC and NITTEC combined for the years ended March 31, 2022 and 2021.

(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, 2022 and 2021, the Authority's bank deposits were fully insured by FDIC or collateralized in accordance with the above requirements.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the Authority limits the maturity dates of its investments.

(4) Capital Assets (in thousands)

	April 1, 2021	Additions	Reclassifications and Disposals	March 31, 2022
Non-depreciable capital assets:				
Land	$ 64,538	$ -	$ -	$ 64,538
Construction in progress	110,269	43,723	(86,358)	67,634
Total non-depreciable assets	174,807	43,723	(86,358)	132,172
Depreciable capital assets:				
Land improvements	334,025	89	8,495	342,609
LRRT system	660,288	2,082	3,595	665,965
Airport buildings	297,780	476	61,163	359,419
Metropolitan transportation centers	22,781	14	331	23,126
Motor buses	179,522	417	(7,605)	172,334
Equipment, buildings, and other	159,222	3,555	8,277	171,054
Total depreciable capital assets	1,653,618	6,633	74,256	1,734,507
Accumulated depreciation:				
Land improvements	260,433	9,955	-	270,388
LRRT system	505,488	13,889	(1,593)	517,784
Airport buildings	164,420	10,925	-	175,345
Metropolitan transportation centers	16,947	426	-	17,373
Motor buses	120,444	11,033	(7,725)	123,752
Equipment, buildings, and other	123,852	7,441	(2,782)	128,511
Total accumulated depreciation	1,191,584	53,669	(12,100)	1,233,153
Total depreciable capital assets, net	462,034	(47,036)	86,356	501,354
Total capital assets, net	$ 636,841	$ (3,313)	$ (2)	$ 633,526

	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

(5) Long-Term Debt

(a) Long-Term Obligations (in thousands)

	2022	2021
(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 $5,734 and $7,000 at March 31, 2022 and 2021)	$ 75,475	$ 82,980
(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 $2,045 and $2,644 at March 31, 2022 and 2021)	49,400	55,179
(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	11,473	15,522
	139,728	157,061
Less current portion	16,015	15,469
	$ 123,713	$ 141,592

(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, 2022 and 2021 were as follows (in thousands):

	2022	2021
Balance, beginning of year	$ 157,061	$ 174,206
Less repayment of long-term debt including premium amortization	17,333	17,145
Balance, end of year	139,728	157,061
Less current portion	16,015	15,469
Noncurrent portion	$ 123,713	$ 141,592

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,					
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	257	160	8,450	937	3,518
2028-2032	1,630	454	32,540	1,553	11,274
2033-2037	291	9	17,690	-	5,517
2038-2040	3,380	-	12,880	-	987
	$ 14,853	$ 1,706	$ 117,095	$ 7,779	$ 40,407

At March 31, 2022 and 2021, 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 $7,438,000 and $1,664,000 for the years ended March 31, 2022 and 2021.

(7) Government Assistance

Operations are subsidized by payments from the 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, 2022 and 2021 was as follows (in thousands):

	2022	2021
Metro:		
FTA:		
Sections 5307 and 5311 assistance	$ 21,848	$ 21,720
CARES, CRSSA, and ARP Acts	79,077	86,618
Total Federal	100,925	108,338
State:		
Statewide transit operating assistance program	55,087	48,508
Section 18b assistance	4,100	4,100
Section 5307 capital maintenance match	2,721	2,715
Total State	61,908	55,323
Erie County:		
Mortgage recording tax (section 88a)	15,242	12,765
Section 18b matching funds	3,657	3,657
Sales tax receipts	25,765	21,760
Total Erie County	44,664	38,182
Niagara County:		
Mortgage recording tax	2,619	1,941
Section 18b matching funds	443	443
Total Niagara County	3,062	2,384
Buffalo and Fort Erie Public Bridge Authority	200	200
	210,759	204,427
NFTA:		
Other	661	662
	$ 211,420	$ 205,089

(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 2022, rates ranged from 10.6% - 25.2% for ERS (9.6% - 21.6% for 2021) and 8.4% - 31.1% for PFRS (8.0% - 26.6% for 2021).

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, 2022 and 2021, $1,623,000 and $2,789,000 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, 2022 and 2021, the Authority reported a liability of $5,501,000 and $38,102,000 for its proportionate share of the Systems' net pension liability.

The net pension liability as of March 31, 2022 was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020 (measurement date of March 31, 2020 with an actuarial valuation as of April 1, 2019 for the March 31, 2021 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, 2021 measurement date, the Authority's proportion was 0.0828520% for ERS (a decrease of 0.0035118 from 2020) and 0.3121219% for PFRS (an increase of 0.0271377 from 2020).

For the years ended March 31, 2022 and 2021, the Authority recognized pension expense of $4,828,000 and $13,246,000 and reported deferred outflows and deferred inflows of resources as follows (in thousands):

	2022			
	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,007	$ -	$ 1,203	$ -
Changes of assumptions	15,169	(286)	13,315	-
Net difference between projected and actual earnings on pension plan investments	-	(23,699)	-	(15,935)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	806	(409)	579	(1,332)
Authority contributions subsequent to the measurement date	4,144	-	2,551	-
	$ 21,126	$ (24,394)	$ 17,648	$ (17,267)

	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)

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
2023	$ (1,212)	$ (894)
2024	(387)	(275)
2025	(1,253)	(701)
2026	(4,560)	(2,934)
2027	-	2,634
	$ (7,412)	$ (2,170)

Actuarial Assumptions

The actuarial assumptions used in the April 1, 2020 valuation, with update procedures used to roll forward the total pension liability to March 31, 2021, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation - 2.7% (2.5% for the prior year)
Salary increases - 4.4% (4.2% for 2020) (ERS), 6.2% (5.0% for the prior year) (PFRS)
Cost of living adjustments - 1.4% annually (1.3% annually for the prior year)
Investment rate of return - 5.9% compounded annually, net of investment expense, including inflation (6.8% for the prior year)
Mortality - Society of Actuaries' Scale MP-2020 (Society of Actuaries' Scale MP-2018 for the prior year)
Discount rate - 5.9% (6.8% for the prior year)

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	32%	4.1%
International equities	15%	6.3%
Private equities	10%	6.8%
Real estate	9%	5.0%
Domestic fixed income securities	23%	-
Short-term	1%	0.5%
Other	10%	3.6%-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, 2022 calculated using the discount rate of 5.9% and the impact of using a discount rate that is 1% lower and 1% higher (in thousands):

	1.0% Lower Discount Rate (4.9%)	Current Discount Rate (5.9%)	1.0% Higher Discount Rate (6.9%)
Authority's proportionate share of the ERS net pension asset (liability)	$ (22,899)	$ (82)	$ 20,959
Authority's proportionate share of the PFRS net pension asset (liability)	$ (23,046)	$ (5,419)	$ 9,171

(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, related past service costs totaling $464,000 are included in other current liabilities. The final payment was made during 2022.

(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, 2021 measurement date, the following employees were covered by the Metro Plan:

Retirees	46
Beneficiaries	9
Terminated vested	14
	69

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 2022 and 2021.

Net Pension Asset (Liability)

The net pension asset as of March 31, 2022 was measured as of March 31, 2021 based on an actuarial valuation as of the same date (measured as of March 31, 2020 with an actuarial valuation as of the same date for the March 31, 2021 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 Asset (Liability) (in thousands)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset (Liability)
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)
Changes for the year:			
Interest	(216)	-	(216)
Differences between expected and actual experience	63	-	63
Changes of assumptions	-	-	-
Employer contributions	-	-	-
Net investment income	-	1,461	1,461
Benefit payments	460	(460)	-
Administrative expense	-	(7)	(7)
Net changes	307	994	1,301
Balances at March 31, 2022	$ (3,241)	$ 4,203	$ 962

The impact of using a discount rate that is 1% lower (5.5%) than the current rate would result in a net pension asset of $755,000 and at 1% higher (7.5%) would result in a net pension asset of $1,146,000.

(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 $5,556,000 and $5,571,000 for 2022 and 2021. 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, 2022, there are 100 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, 2022 and 2021 related to the Stipend Plan was (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
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)
Changes for the year:			
Interest	(314)	-	(314)
Differences between expected and actual experience	832	-	832
Changes of assumptions	504	-	504
Benefit payments	1,412	-	1,412
Net changes	2,434	-	2,434
Balances at March 31, 2022	$ (12,108)	$ -	$ (12,108)

The net pension liability was measured as of March 31, 2022 based on an actuarial valuation as of the same date (measurement date of March 31, 2021 for the March 31, 2021 net pension liability). Actuarial methods and assumptions applied to all periods included in the measurement are as follows:

Healthcare Cost Trend - estimated at 6.00% next year, ultimately declining to 3.94% in 2075 (5.10% for 2021, ultimately declining to 4.00% in 2075)
Actuarial Cost Method - Entry Age Normal
Discount Rate - 2.83% (2.27% for 2021)
Mortality - Generational PUB-2010 Mortality Table for General Employees projected using Scale MP-2020
Inflation Rate - 2.5%

The following presents the Authority's Stipend Plan net pension liability as of March 31, 2022 calculated using the discount rate of 2.83% and the impact of using a discount rate that is 1% lower and 1% higher (in thousands):

	1.0% Lower Discount Rate (1.83%)	Current Discount Rate (2.83%)	1.0% Higher Discount Rate (3.83%)
Authority's Stipend Plan net pension liability	$ (13,059)	$ (12,108)	$ (11,280)

(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 $593,828,000 and $547,417,000 was measured as of March 31, 2021 and March 31, 2020, determined by actuarial valuations as of March 31, 2020. 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
Salary increases - 3.8% - 4.5%
Mortality - Generational PUB-2010 Mortality Table for General Employees projected using Scale MP-2020
Discount rate - 2.27% based on the General Obligation 20-Year Bond rate (2.48% for 2021)
Inflation rate - 2.5%

Changes in the Total OPEB Liability (in thousands)

	Total OPEB Liability
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)
Changes for the year:	
Service cost	(29,484)
Interest	(13,387)
Difference between expected and actual experience	-
Changes of assumptions or other inputs	(18,766)
Benefit payments	15,226
Net changes	(46,411)
Balance at March 31, 2022	$ (593,828)

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 (1.27%)	Current Discount Rate (2.27%)	1.0% Higher Discount Rate (3.27%)
Total OPEB liability	$ (696,270)	$ (593,828)	$ (511,608)

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	$ (495,076)	$ (593,828)	$ (721,662)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the years ended March 31, 2022 and 2021, the Authority recognized OPEB expense of $41,253,000 and $41,614,000 and reported deferred outflows of resources as follows (in thousands):

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (79,839)	$ -	$ (95,805)
Changes of assumptions	69,667	-	65,252	-
Change in proportion	7,847	(7,847)	9,416	(9,416)
Benefits paid subsequent to the measurement date	9,727	-	10,335	-
	$ 87,241	$ (87,686)	$ 85,003	$ (105,221)

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 and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Years Ending March 31,	
2023	$ (1,618)
2024	(1,618)
2025	(1,618)
2026	(3,825)
2027	(4,175)
2028	2,682
	$ (10,172)

(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 $63,461,000 and $46,599,000 in 2022 and 2021, which includes guaranteed minimum rentals of $21,765,000 and $24,409,000 during 2022 and 2021, respectively. The significant increase in revenue is a result of COVID restrictions within the airport during 2021.

Rental income is derived primarily from airport operations. At March 31, 2022 and 2021, net airport capital assets totaled $271,464,000 and $265,445,000, of which approximately 25% is leased to third parties (based on square footage).

Fixed-term operating leases in effect at March 31, 2022 are expected to yield future minimum rentals as follows (in thousands):

Years Ending March 31,	
2023	$ 20,051
2024	12,240
2025	6,446
2026	3,898
2027	3,391
2028 – 2032	5,921
2033 – 2037	965
2038 – 2042	715
2043 – 2044	144
	$ 53,771

(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 14, 2022. 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, 2022 and 2021 are as follows (in thousands):

	2022	2021
Liability, beginning of year	$ 44,431	$ 46,474
Current year claims and change in estimates	5,557	6,724
Claim payments	(9,848)	(8,767)
Liability, end of year	$ 40,140	$ 44,431

(c) Project Commitments

As of March 31, 2022, the Authority has commenced several projects including:

- BNIA runways 5/23 Improvements Design/Construction estimated at $81,501,000 of which $3,154,000 was expended
- Upstate Airport Economic Development estimated at $60,000,000 of which $408,000 was expended
- Metro Rail Escalator/Elevator Rehabilitation estimated at $23,312,000 of which $15,839,000 was expended
- BNIA Terminal Modernization Expansion estimated at $72,243,000 of which $70,692,000 was expended
- Rail Station Rehab/Upgrade estimated at $8,118,000 of which $343,000 was expended
- Rail car refurbishment estimated at $50,690,000 of which $49,673,000 was expended
- Track bed Replacement Mohawk-Eagle Design and Construction estimated at $18,296,000 of which $9,000 was expended
- Metro DL&W Station estimated at $58,170,000 of which $31,213,000 was expended
- Metro Electric Bus Infrastructure estimated at $8,167,000 of which $998,000 was expended
- Metro (Bus and Rail) fare collection upgrade estimated at $28,239,000 of which $19,387,000 was expended
- Metro Amherst/Buffalo LRRT Extension Study estimated at $11,347,000 of which $4,404,000 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)

	2022	2021
Assets:		
Current and other	$ 111,561	$ 121,856
Capital assets, net	271,464	265,445
Total assets	383,025	387,301
Deferred outflows of resources	16,950	13,968
Total assets and deferred outflows of resources	$ 399,975	$ 401,269
Liabilities:		
Current liabilities	$ 23,048	$ 23,724
Long-term liabilities	142,824	165,899
Total liabilities	165,872	189,623
Deferred inflows of resources	17,907	4,544
Net position:		
Net investment in capital assets	143,197	123,876
Restricted	59,048	71,252
Unrestricted	13,951	11,974
Total net position	216,196	207,102
Total liabilities, deferred inflows of resources, and net position	$ 399,975	$ 401,269

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

	2022	2021
Operating revenues:		
Concessions and commissions	$ 21,681	$ 10,115
Rental income	12,457	8,459
Airport fees and services	20,814	17,025
Other operating revenues	4,086	4,102
Total operating revenues	59,038	39,701
Operating expenses	44,641	42,380
Depreciation expense	18,790	16,714
Operating loss	(4,393)	(19,393)
Non-operating revenues (expenses):		
Passenger facility charges	7,183	1,580
Interest expense, net	(3,938)	(4,102)
Other non-operating revenues, net	517	(26)
Operating transfers	-	(250)
Total non-operating net revenues (expenses)	3,762	(2,798)
Change in net position before capital contributions	(631)	(22,191)
Capital contributions	9,725	23,338
Change in net position	9,094	1,147
Net position – beginning of year	207,102	205,955
Net position – end of year	$ 216,196	$ 207,102

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

	2022	2021
Net operating activities	$ 9,591	$ (1,873)
Net investing activities	1,093	4,782
Net capital and related financing activities	(20,007)	(34,302)
Net change in cash	(9,323)	(31,393)
Cash, beginning of year	63,498	94,891
Cash, end of year	$ 54,175	$ 63,498

(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 the maximum 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 and CRRSA Acts funding to make 2022 and 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 the maximum current or future year principal and interest, net of amounts available for the payment of interest as defined by the Master Resolution (in thousands).

	2022	2021
Airport revenues:		
Operating revenues	$ 59,038	$ 39,701
Interest income	55	149
Gross airport revenues	59,093	39,850
Operating expenses, excluding depreciation	(44,641)	(42,380)
Net airport revenues	14,452	(2,530)
Net debt service:		
Principal payments	11,420	10,870
Interest payments	6,242	6,792
Passenger facility charges	-	(2,133)
CARES and CRRSA Acts grant funds	(10,421)	(15,529)
Net debt service	$ 7,241	$ -
Debt service coverage percentage	199.59%	-
Minimum percentage requirement	125.00%	125.00%

(13) Risks and Uncertainties Due to COVID-19

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, 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 $236.0 million through three rounds of Federal COVID relief funding [Note 1(o)].

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,	2021	2020	2019	2018	2017	2016	2015
ERS							
Authority's proportion of the net pension position	0.0828520%	0.0863638%	0.0888401%	0.0867945%	0.0853631%	0.0878622%	0.0881407%
Authority's proportionate share of the net pension liability	$ 82	$ 22,870	$ 6,295	$ 2,801	$ 8,021	$ 14,102	$ 2,978
Authority's covered payroll	$ 27,580	$ 26,974	$ 26,427	$ 25,420	$ 24,628	$ 24,187	$ 24,546
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	0.30%	84.79%	23.82%	11.02%	32.57%	58.30%	12.13%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
PFRS							
Authority's proportion of the net pension position	0.3121219%	0.2849842%	0.2973909%	0.2872086%	0.2760008%	0.2766259%	0.2697875%
Authority's proportionate share of the net pension liability	$ 5,419	$ 15,232	$ 4,987	$ 2,903	$ 5,720	$ 8,190	$ 742
Authority's covered payroll	$ 10,089	$ 9,600	$ 9,723	$ 9,311	$ 9,078	$ 9,675	$ 9,124
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	53.71%	158.67%	51.29%	31.18%	63.01%	84.65%	8.13%
Plan fiduciary net position as a percentage of the total pension liability	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%

The following is a summary of changes of assumptions:

	2021	2020	2019	2018	2017	2016	2015
Inflation	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases - ERS	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Salary increases - PFRS	6.2%	5.0%	5.0%	4.5%	4.5%	4.5%	6.0%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

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

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

For the years ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014
ERS									
Contractually required contribution	$ 4,144	$ 3,833	$ 3,718	$ 3,739	$ 3,729	$ 3,787	$ 4,291	$ 4,855	$ 4,541
Contribution in relation to the contractually required contribution	(4,144)	(3,833)	(3,718)	(3,739)	(3,729)	(3,787)	(4,291)	(4,855)	(4,541)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 26,998	$ 27,580	$ 26,974	$ 26,427	$ 25,420	$ 24,628	$ 24,187	$ 24,546	$ 22,847
Contributions as a percentage of covered payroll	15.35%	13.90%	13.78%	14.15%	14.67%	15.38%	17.74%	19.78%	19.88%
PFRS									
Contractually required contribution	$ 2,551	$ 2,268	$ 2,095	$ 2,123	$ 2,137	$ 2,115	$ 1,962	$ 2,394	$ 2,230
Contribution in relation to the contractually required contribution	(2,551)	(2,268)	(2,095)	(2,123)	(2,137)	(2,115)	(1,962)	(2,394)	(2,230)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 9,689	$ 10,089	$ 9,600	$ 9,723	$ 9,311	$ 9,078	$ 9,675	$ 9,124	$ 8,796
Contributions as a percentage of covered payroll	26.33%	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,	2022	2021	2020	2019	2018	2017
Total pension liability						
Interest	$ 314	$ 386	$ 553	$ 653	$ 722	$ 922
Differences between expected and actual experience	(832)	(519)	(604)	(909)	219	(1,661)
Changes of assumptions	(504)	(89)	1,063	61	366	1,055
Benefit payments	(1,412)	(1,569)	(1,685)	(1,824)	(1,995)	(2,118)
	(2,434)	(1,791)	(673)	(2,019)	(688)	(1,802)
Total pension liability - beginning	14,542	16,333	17,006	19,025	19,713	21,515
Total pension liability - ending	$ 12,108	$ 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	6.0% - 3.9%	5.1% - 4.0%	5.6% - 3.9%	5.9% - 4.9%	5.9% - 4.9%	5.9% - 4.9%
Inflation	2.5%	2.5%	3.0%	3.0%	3.0%	3.0%
Discount rate	2.83%	2.27%	2.48%	3.42%	3.61%	3.86%
Society of Actuaries' mortality scale	MP-2020	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,	2022	2021	2020	2019
Total OPEB liability - beginning	$ 547,417	$ 564,836	$ 531,756	$ 486,984
Changes for the year:				
Service cost	29,484	26,857	25,662	23,590
Interest	13,387	19,055	18,944	18,267
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(111,774)	-	-
Changes of assumptions and other inputs	18,766	63,790	2,443	15,451
Benefit payments	(15,226)	(15,347)	(13,969)	(12,536)
Net change in total OPEB liability	46,411	(17,419)	33,080	44,772
Total OPEB liability - ending	$ 593,828	$ 547,417	$ 564,836	$ 531,756
Covered-employee payroll	$ 96,473	$ 92,325	$ 93,017	$ 93,017
Total OPEB liability as a percentage of covered-employee payroll	616%	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:

	2022	2021	2020	2019
Healthcare cost trend rates	5.2% - 4.0%	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%	3.8% - 4.5%
Discount rate	2.27%	2.48%	3.42%	3.61%
Inflation	2.5%	2.5%	2.5%	2.5%
Society of Actuaries' mortality scale	MP-2020	MP-2020	MP-2016	MP-2016

Data prior to 2019 is unavailable.

Additional Information
Combining Balance Sheets (In thousands)

March 31,	2022			
	NFTA	BNIA	Metro	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 4,728	$ 17,222	$ 103,459	$ 125,409
Investments	-	5,007	-	5,007
Accounts receivable	3,067	10,997	982	15,046
Grants receivable	3,793	5,292	98,438	107,523
Due to/from affiliate	(33,926)	13,719	20,207	-
Materials and supplies inventory	-	-	5,568	5,568
Prepaid expenses and other	432	276	1,287	1,995
	(21,906)	52,513	229,941	260,548
Restricted assets:				
Cash and cash equivalents	8,177	36,953	12,855	57,985
Investments	-	22,095	8,000	30,095
	8,177	59,048	20,855	88,080
Capital assets, net	69,144	271,464	292,918	633,526
Total assets	55,415	383,025	543,714	982,154
Deferred outflows of resources:				
Deferred outflows of resources related to pensions	14,692	14,063	10,019	38,774
Deferred outflows of resources related to OPEB	12,486	2,887	71,868	87,241
Total deferred outflows of resources	27,178	16,950	81,887	126,015
Total assets and deferred outflows of resources	$ 82,593	$ 399,975	$ 625,601	$ 1,108,169
Liabilities				
Current liabilities:				
Current portion of long-term debt	$ 326	$ 11,992	$ 3,697	$ 16,015
Accounts payable and accrued expenses	8,665	10,825	14,477	33,967
Other current liabilities	5,302	231	20,931	26,464
	14,293	23,048	39,105	76,446
Noncurrent liabilities:				
Long-term debt	2,841	116,275	4,597	123,713
Self-insured claims	3,536	2,096	34,508	40,140
Net pension liabilities	2,468	2,069	12,110	16,647
Total OPEB liability	97,515	22,384	473,929	593,828
Other noncurrent liabilities	1,623	-	-	1,623
	107,983	142,824	525,144	775,951
Total liabilities	122,276	165,872	564,249	852,397
Deferred inflows of resources:				
Deferred inflows of resources related to pensions	15,896	14,881	10,884	41,661
Deferred inflows of resources related to OPEB	20,941	3,026	63,719	87,686
Total deferred inflows of resources	36,837	17,907	74,603	129,347
Net position:				
Net investment in capital assets	65,977	143,197	284,624	493,798
Restricted	8,177	59,048	20,855	88,080
Unrestricted	(150,674)	13,951	(318,730)	(455,453)
Total net position	(76,520)	216,196	(13,251)	126,425
Total liabilities, deferred inflows of resources, and net position	$ 82,593	$ 399,975	$ 625,601	$ 1,108,169

2021			
NFTA	BNIA	Metro	Total
$ 7,512	$ 15,386	$ 60,026	$ 82,924
-	5,000	-	5,000
2,882	7,640	2,342	12,864
2,707	12,014	60,252	74,973
(32,242)	10,338	21,904	-
-	-	5,513	5,513
489	226	1,037	1,752
(18,652)	50,604	151,074	183,026
8,331	48,112	10,807	67,250
-	23,140	-	23,140
8,331	71,252	10,807	90,390
73,010	265,445	298,386	636,841
62,689	387,301	460,267	910,257
10,444	11,508	7,684	29,636
12,215	2,460	70,328	85,003
22,659	13,968	78,012	114,639
$ 85,348	$ 401,269	$ 538,279	$ 1,024,896
$ 379	$ 11,438	$ 3,652	$ 15,469
9,814	12,207	16,089	38,110
5,299	79	9,992	15,370
15,492	23,724	29,733	68,949
3,167	130,131	8,294	141,592
4,084	2,683	37,664	44,431
16,262	12,450	24,271	52,983
89,893	20,635	436,889	547,417
2,789	-	465	3,254
116,195	165,899	507,583	789,677
131,687	189,623	537,316	858,626
252	913	626	1,791
25,129	3,631	76,461	105,221
25,381	4,544	77,087	107,012
69,464	123,876	286,440	479,780
3,136	71,252	10,807	85,195
(144,320)	11,974	(373,371)	(505,717)
(71,720)	207,102	(76,124)	59,258
$ 85,348	$ 401,269	$ 538,279	$ 1,024,896

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

For the years ended March 31,	2022			
	NFTA	BNIA	Metro	Total
Operating revenues:				
Fares	$ -	$ -	$ 23,435	$ 23,435
Concessions and commissions	1,138	21,681	-	22,819
Rental income	6,862	12,457	-	19,319
Airport fees and services	(286)	20,814	-	20,528
Other operating revenues	171	4,086	1,134	5,391
Total operating revenues	7,885	59,038	24,569	91,492
Operating expenses:				
Salaries and employee benefits	10,338	19,942	91,342	121,622
Other postemployment benefits	5,208	1,552	34,493	41,253
Depreciation	5,711	18,790	29,168	53,669
Maintenance and repairs	2,163	8,563	10,427	21,153
Transit fuel and power	-	-	3,412	3,412
Utilities	1,204	2,535	2,151	5,890
Insurance and injuries	507	586	4,208	5,301
Other	7,726	5,408	5,589	18,723
Administrative cost reallocation	(13,887)	6,055	7,832	-
Total operating expenses	18,970	63,431	188,622	271,023
Operating loss	(11,085)	(4,393)	(164,053)	(179,531)
Non-operating revenues (expenses):				
Government assistance	661	-	210,759	211,420
Passenger facility charges	255	7,183	-	7,438
Interest expense, net	(74)	(3,938)	(419)	(4,431)
Other non-operating revenues (expenses), net	4,669	517	(832)	4,354
Operating transfers	-	-	-	-
Total non-operating net revenues	5,511	3,762	209,508	218,781
Change in net position before capital contributions	(5,574)	(631)	45,455	39,250
Capital contributions	774	9,725	17,418	27,917
Change in net position	(4,800)	9,094	62,873	67,167
Net position - beginning of year	(71,720)	207,102	(76,124)	59,258
Net position - end of year	$ (76,520)	$ 216,196	$ (13,251)	$ 126,425

2021			
NFTA	BNIA	Metro	Total
$ -	$ -	$ 12,084	$ 12,084
262	10,115	-	10,377
6,772	8,459	-	15,231
91	17,025	-	17,116
182	4,102	1,081	5,365
7,307	39,701	13,165	60,173
15,865	20,198	94,107	130,170
3,041	3,792	34,781	41,614
5,552	16,714	28,964	51,230
1,858	7,355	9,874	19,087
-	-	1,737	1,737
877	1,712	1,510	4,099
412	536	3,583	4,531
6,949	3,309	4,011	14,269
(12,564)	5,478	7,086	-
21,990	59,094	185,653	266,737
(14,683)	(19,393)	(172,488)	(206,564)
662	-	204,427	205,089
84	1,580	-	1,664
(136)	(4,102)	(608)	(4,846)
5,043	(26)	(570)	4,447
250	(250)	-	-
5,903	(2,798)	203,249	206,354
(8,780)	(22,191)	30,761	(210)
854	23,338	20,989	45,181
(7,926)	1,147	51,750	44,971
(63,794)	205,955	(127,874)	14,287
$ (71,720)	$ 207,102	$ (76,124)	$ 59,258

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

For the years ended March 31,		2022		2021
Cash and cash equivalents:				
Passenger facility charges	$	**8,696**	$	7,304
Operations and maintenance reserve		**2,000**		2,000
Aviation reserve		**2,692**		2,692
Debt service reserve		**22,223**		22,198
Auto rental-Consolidated Facility Charges		**-**		358
Construction fund		**283**		12,503
Operating reserve		**1,059**		1,057
		36,953		48,112
Investments:				
Passenger facility charges		**10,006**		10,000
Revenue bond reserve		**4,192**		5,253
Repairs and replacement reserve		**750**		750
Operating reserve		**7,147**		7,137
		22,095		23,140
Total restricted assets	$	**59,048**	$	71,252

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

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 financial statements of Niagara Frontier Transportation Authority (the Authority) (a component unit of the State of New York), a business-type activity, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 23, 2022.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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 23, 2022

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS
Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

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, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and we have issued our report thereon dated June 23, 2022.

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, 2022. 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 23, 2022