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

FINANCIAL STATEMENTS

MARCH 31, 2026

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March 31, 2026

Lumsden McCormick LLP
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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, 2026 and 2025, 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, 2026 and 2025, 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 (GAAP).

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 GAAP, 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

GAAP requires that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Additional Information

Our audit was 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 38 through 40 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic 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 25, 2026 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 25, 2026

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MANAGEMENT'S CERTIFICATION OF THE FINANCIAL STATEMENTS

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

NIAGARA FRONTIER TRANSPORTATION AUTHORITY

Kimberley A. Minkel Executive Director	John T. Cox Chief Financial Officer	Christopher S. Ruminski Director of Internal Audit and Corporate Compliance

June 25, 2026

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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 (GAAP). 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 GAAP, 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, 2026, 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, 2026, 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	Christopher S. Ruminski Director of Internal Audit and Corporate Compliance

June 25, 2026

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

Management's Discussion and Analysis

For the Years Ended March 31, 2026, 2025 and 2024
(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, 2026, 2025, and 2024, 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), which primarily provides surface transportation.

The *Balance Sheets* present information on the Authority's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference 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 flows 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.

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

Management's Discussion and Analysis

For the Years Ended March 31, 2026, 2025 and 2024
(Unaudited)

FINANCIAL HIGHLIGHTS

Summarized Balance Sheets

(in thousands)	March 31,		
	2026	2025	2024
Current assets	$ 284,158	$ 295,176	$ 289,967
Restricted assets	126,642	115,984	116,148
Other assets	59,712	26,662	25,774
Capital assets, net	807,408	789,096	707,404
Deferred outflows of resources related to pensions and OPEB	73,803	94,082	91,611
Total assets and deferred outflows of resources	$ 1,351,723	$ 1,321,000	$ 1,230,904
Current liabilities	$ 99,131	$ 100,035	$ 93,022
Noncurrent liabilities	508,348	521,605	627,515
Deferred inflows of resources related to leases, pensions, and OPEB	286,855	304,537	237,649
Total liabilities and deferred inflows of resources	894,334	926,177	958,186
Net position:			
Net investment in capital assets	726,739	698,062	600,606
Restricted	126,642	115,984	116,148
Unrestricted	(395,992)	(419,223)	(444,036)
Total net position	457,389	394,823	272,718
Total liabilities, deferred inflows of resources, and net position	$ 1,351,723	$ 1,321,000	$ 1,230,904

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 $396.0 million, $419.2 million, and $444.0 million at March 31, 2026, 2025, and 2024 result primarily from the accrual of other postemployment benefits. As a result of the Authority's activities, March 31, 2026 net position increased $62.6 million from March 31, 2025, and March 31, 2025 net position increased $122.1 million from March 31, 2024.

Current assets decreased $11.0 million from March 31, 2025 to March 31, 2026, primarily due to a decrease in unrestricted cash. Restricted assets increased $10.7 million from March 31, 2025 to March 31, 2026. Other assets increased $33.1 million primarily due to leases receivable. Deferred outflows of resources decreased $20.3 million due to changes in assumptions related to the Authority's other postemployment benefits (OPEB) plan.

Current assets increased $5.2 million from March 31, 2024 to March 31, 2025, primarily due to an increase in unrestricted cash. Restricted assets decreased $164 thousand from March 31, 2024 to March 31, 2025. Other assets increased $888 thousand primarily due to leases receivable. Deferred outflows of resources increased $2.5 million due to changes in assumptions related to the Authority's other postemployment benefits (OPEB) plan.

Current liabilities decreased $904 thousand from March 31, 2025 to March 31, 2026 and increased $7.0 million from March 31, 2024 to March 31, 2025 resulting from normal operations and timing of payments.

Principal payments on debt of $10.3 million, along with decreases in self-insured claims of $2.8 million, other postemployment benefits of $5.9 million, and an increase of $5.2 million in net pension liabilities drove an overall decrease in noncurrent liabilities of $13.3 million at March 31, 2026 compared to March 31, 2025. Deferred inflows of resources decreased $17.7 million primarily as a result of pensions and other post employment benefits.

Principal payments on debt of $14.6 million, along with decreases in self-insured claims of $3.1 million, other postemployment benefits of $81.9 million, and a decrease of $10.5 million in net pension liabilities drove an overall decrease in noncurrent liabilities of $105.9 million at March 31, 2025 compared to March 31, 2024. Deferred inflows of resources increased $66.9 million primarily as a result of pensions and other post-employment benefits.

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

Summarized Statements of Revenues, Expenses and Changes in Net Position

(in thousands)	Years ended March 31,		
	2026	2025	2024
Operating revenues:			
Fares	$ 29,423	$ 29,049	$ 27,693
Concessions and commissions	40,051	38,019	34,605
Rental income	24,319	22,737	20,468
Airport fees and services	22,413	23,412	20,727
Other operating revenues	5,188	6,813	5,926
Total operating revenues	121,394	120,030	109,419
Operating expenses:			
Salaries and employee benefits	154,125	146,430	145,028
Other postemployment benefits	(18,063)	(6,083)	9,065
Depreciation and amortization	72,538	64,301	55,874
Maintenance and repairs	31,546	27,096	24,272
Transit fuel and power	3,580	3,548	3,903
Utilities	7,495	5,706	4,653
Insurance and injuries	8,693	8,637	7,885
Other operating expenses	34,637	31,934	26,772
Total operating expenses	294,551	281,569	277,452
Operating loss	(173,157)	(161,539)	(168,033)
Non-operating revenues, net	178,521	170,442	160,847
Change in net position before capital contributions	5,364	8,903	(7,186)
Capital contributions	57,202	113,202	113,000
Change in net position	62,566	122,105	105,814
Net position – beginning of year	394,823	272,718	166,904
Net position – end of year	$ 457,389	$ 394,823	$ 272,718

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

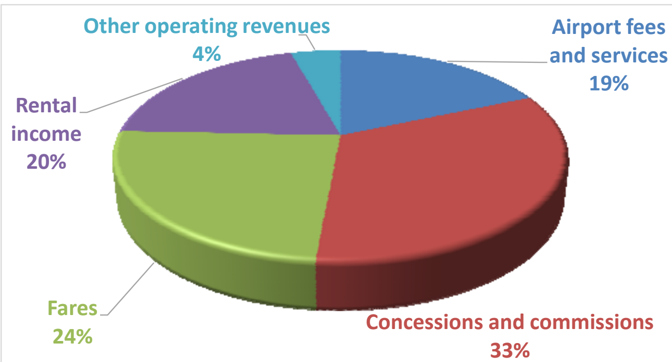
Management's Discussion and Analysis

For the Years Ended March 31, 2026, 2025 and 2024
(Unaudited)

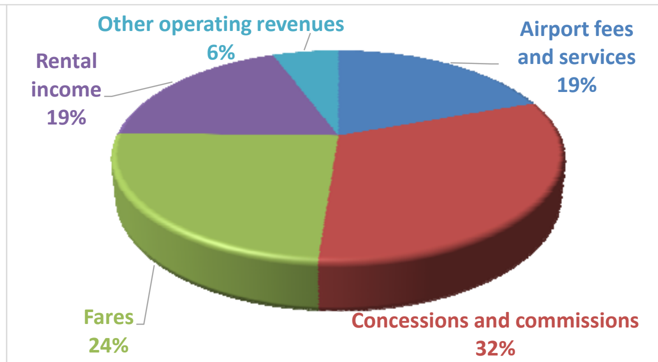
Summary of Revenues, Expenses and Changes in Net Position

The charts below summarize operating revenues by source.

2026



2025



Operating revenues increased \$1.4 million, or 1.1%, from 2025 to 2026. Fare revenue increased \$374 thousand due to increased ridership. Concessions and commissions in 2026 were \$2.0 million higher than 2025, due to an increase in parking, ride share, food, and retail revenues at the airports while enplanements decreased approximately 0.45% from 2025 at Buffalo Niagara International Airport (BNIA).

Operating revenues increased \$10.6 million, or 9.7%, from 2024 to 2025. Fare revenue increased \$1.4 million due to increased ridership. Concessions and commissions in 2025 were \$3.4 million higher than 2024, due to an increase in parking, auto rental, food, and retail revenues at the airports as enplanements increased approximately 8.8% from 2024 at BNIA.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
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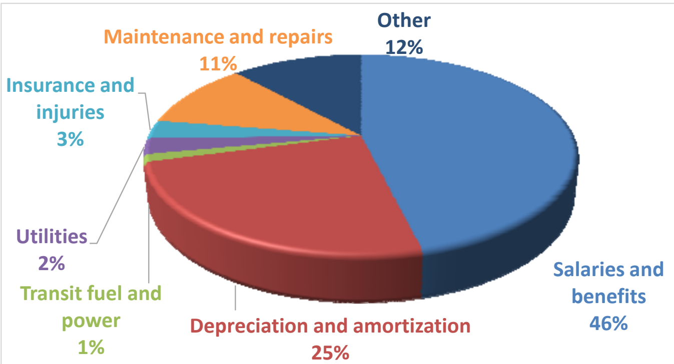
Management's Discussion and Analysis

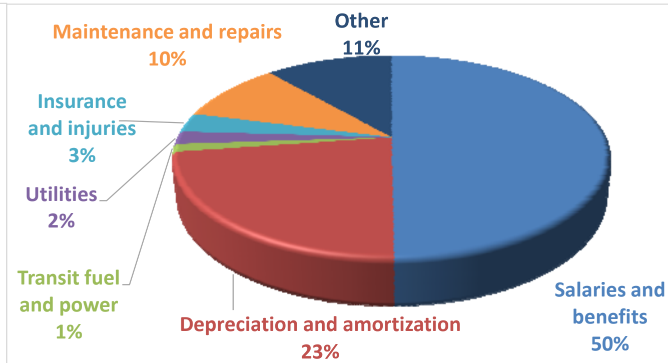
For the Years Ended March 31, 2026, 2025 and 2024
(Unaudited)

The charts below summarize operating expenses by category.

2026



2025



Operating expenses for 2026 of $294.6 million were $13.0 million higher than 2025. Salaries and employee benefits increased $7.7 million, or 5.3%, primarily due to increased contractual wages and health insurance costs. Other postemployment benefits decreased $12.0 million from 2025 relating to the actuarially calculated postemployment health insurance costs. Depreciation and amortization expense, which vary from year to year based on the timing of asset purchases and estimated useful lives, increased by $8.2 million from 2025 to 2026. Other operating expenses increased $2.7 million primarily due to higher professional service contracts, security costs, and parking management costs related to higher BNIA parking revenue.

Operating expenses for 2025 of $281.6 million were $4.1 million higher than 2024. Salaries and employee benefits increased $1.4 million, or 1.0%, primarily due to increased contractual wages and fewer vacant positions. Other postemployment benefits decreased $15.1 million from 2024 relating to the actuarially calculated postemployment health insurance costs. Depreciation and amortization expense, which vary from year to year based on the timing of asset purchases and estimated useful lives, increased by $8.4 million from 2024 to 2025. Other operating expenses increased $5.2 million primarily due to higher professional service contracts, security costs, and parking management costs related to higher BNIA parking revenue.

Net non-operating revenues for 2026 increased $8.1 million compared to 2025, from $170.4 million to $178.5 million, due to increases in New York State Transit Operating Assistance, passenger facility charges, and interest income.

Net non-operating revenues for 2025 increased $9.6 million compared to 2024, from $160.8 million to $170.4 million.

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

CAPITAL ASSETS

Net capital assets totaled $807.4 million at March 31, 2026, representing a 2.3% increase from March 31, 2025, as investment in capital exceeded depreciation and dispositions by $18.3 million in 2026. Capital asset additions totaling $91.0 million include DL&W Station rehabilitation of $26.2 million, $15.6 million for rail track and bed replacement from Mohawk St. to Eagle St, $12.4 million for BNIA Taxi Way A rehabilitation, $10.2 million for electric buses and infrastructure, $8.6 million for BNIA passenger boarding bridge replacements, $6.8 million for BNIA terminal HVAC replacement, and $3.4 million for bus wash systems.

Net capital assets totaled $789.1 million at March 31, 2025, representing an 11.5% increase from March 31, 2024, as investment in capital exceeded depreciation and dispositions by $81.7 million in 2025. Capital asset additions totaling $146.0 million include BNIA Runway 5-23 rehabilitation of $47.5 million, $19.5 million for diesel and electric buses and charging infrastructure, $12.8 million for rail track and bed replacement from Mohawk St. to Eagle St, $4.1 million for Niagara Falls International Airport (NFIA) airfield illuminated signage, and $2.7 million for paratransit vehicles.

DEBT ADMINISTRATION

Long-term debt at March 31, 2026 totaled $80.7 million, which is a decrease of $10.3 million from 2025 and results from debt service payments and premium amortization.

Long-term debt at March 31, 2025 totaled $91.0 million, which is a decrease of $15.8 million from 2024 and results from debt service payments and premium amortization.

FACTORS IMPACTING THE AUTHORITY'S FUTURE

Surface Transportation

NFTA-Metro serves the public transportation needs of Erie and Niagara Counties with the support of operating assistance provided by our federal, state, and local government partners as well as revenues generated from passenger fares and advertising. As of March 31, 2026, NFTA-Metro operates 47 bus routes, with 3,852 bus stops and 325 bus shelters, a paratransit system, a 6.4 mile light rail system in the City of Buffalo, and 1 microtransit service in the City of Buffalo. Federal, state, and local operating assistance provides approximately 85 percent of all NFTA-Metro operating revenues and assistance. Passenger fares and advertising make up approximately 15 percent. Federal and state operating assistance is provided based on annual budget appropriation and apportionment amounts. Local operating assistance is primarily based on sales tax revenues in Erie County and mortgages recorded in both Erie and Niagara Counties.

As part of the Authority's 2023-2033 Roadmap, Metro is focused on revenue generation, cost control, increasing organizational liquidity, technological improvements, and continuing to engage with the public regularly. These initiatives are outlined in NFTA-Metro's annual Transit Development Plan (TDP). The 2026 TDP has a long list of recently completed projects that impact the Authority's Roadmap priorities including full implementation of an upgraded fare collection system, extension of NFTA-Metro Rail into the former DL&W trainshed, and continued progress on NFTA-Metro Rail extension in the Buffalo-Amherst-Tonawanda corridor.

NFTA-Metro's fare collection system – MetGo – was implemented in November 2023. The system provided opportunities for passengers to obtain the best value while enjoying modern payment methods, reduced fare evasion and assisted in ridership improvement. By using MetGo, NFTA-Metro customers never pay more than $5 per day, the price of a day pass or less than 3 trips. Customers can also reload fare cards with credit, debit, online payment, or by using smart phone applications. The MetGo system also implemented fare gates in underground NFTA-Metro Rail stations for the first time.

In 2019, the Authority started construction on an extension of NFTA-Metro Rail revenue service into the former DL&W trainshed which is owned by the Authority. On December 8, 2025, the Authority opened a new Metro Rail Station on the first floor and portions of the second floor of the facility. In April 2022, New York State announced an appropriation of $30 million to rehabilitate the core and shell of the trainshed in order to facilitate additional activation and enhancements to the trainshed. Construction of those improvements is currently underway and includes a pedestrian bridge from the second floor of the trainshed into the adjacent KeyBank Center, improvements to the second floor City View deck to allow for events with a capacity of up to 3,000 visitors, and a truck elevator to service second floor events. The City View deck is scheduled to open in September 2026 and the pedestrian bridge is expected to connect customers to KeyBank Center by Spring 2027.

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 Buffalo-Amherst-Tonawanda Metro Rail Corridor contains 20 percent of all regional jobs and more than 10 percent 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 $31 million under contract with New York State Department of Transportation to complete the environmental process for the project, project development, and some preliminary engineering.

On February 20, 2026, the Federal Transit Administration (FTA) published the Notice of Availability of a combined Final Environmental Impact Statement (FEIS)/Record of Decision (ROD) and Section 4(f) Evaluation for the Project in the Federal Register. As part of the ROD, FTA determined that the Federal requirements for National Environmental Policy Act (NEPA) were satisfied, thereby memorializing FTA's review of the Project's No Build and Build Alternatives. In April 2026, the Authority's Board of Commissioners approved the findings and mitigation measures for the project in accordance with the New York State Environmental Quality Review Act. With the environmental reviews completed, NFTA-Metro has continued preliminary engineering with the intent to enter FTA's Capital Investment Grant (CIG) process in the coming months.

Aviation

The NFTA serves the commercial aviation system of Erie and Niagara Counties by operating BNIA and NFIA. Combined, both facilities have served approximately 5 million passengers per year. Additionally, the airports have been a convenient and less costly option for Southern Ontario travelers. Canadian passenger traffic has been estimated at 29 percent of all traffic at BNIA and up to 65 percent of NFIA passenger traffic. However, closures of the border, such as those experienced during the coronavirus pandemic in 2021 and 2022, have a significant negative impact on Canadian enplanement. Also, fluctuations in the exchange rate of the Canadian dollar and geopolitics have an impact on enplanements. During 2026, approximately 5.2 million passengers were served by the two airports.

Over the past 5 years the NFTA has completed rehabilitation of the main runway and taxiway at BNIA. All three phases cost approximately $100 million with a significant portion of the funding coming from the Federal Aviation Administration. The Authority has three large capital projects planned for the completion in the next few years, which include the HVAC system replacement at BNIA for approximately $76 million, replacement of Authority-owned passenger boarding bridges at BNIA at approximately $17 million, and rehabilitation of the general aviation apron and connecting taxiways at approximately $28 million.

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,	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	$ 130,073	$ 143,590
Investments	90,768	83,333
Accounts and other receivables	18,106	20,553
Grants receivable	24,323	34,420
Leases receivable	11,715	4,921
Materials and supplies inventory	7,124	6,815
Prepaid expenses and other	2,049	1,544
	284,158	295,176
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	73,253	75,007
Investments	53,389	40,977
	126,642	115,984
Leases receivable	59,712	26,662
Capital assets, net (Note 3)	807,408	789,096
	867,120	815,758
Total assets	1,277,920	1,226,918
Deferred outflows of resources:		
Deferred outflows of resources related to pensions	25,846	28,292
Deferred outflows of resources related to OPEB	47,957	65,790
Total deferred outflows of resources	73,803	94,082
Total assets and deferred outflows of resources	$ 1,351,723	$ 1,321,000
Liabilities		
Current liabilities:		
Current portion of long-term debt	$ 8,778	$ 9,318
Accounts payable and accrued expenses	46,582	51,628
Other current liabilities	43,771	39,089
	99,131	100,035
Noncurrent liabilities:		
Long-term debt	71,891	81,716
Self-insured claims	26,622	29,387
Net pension liabilities	38,791	33,585
Total OPEB liability	371,044	376,917
	508,348	521,605
Total liabilities	607,479	621,640
Deferred inflows of resources:		
Deferred inflows of resources related to leases	67,995	30,034
Deferred inflows of resources related to pensions	2,818	12,865
Deferred inflows of resources related to OPEB	216,042	261,638
Total deferred inflows of resources	286,855	304,537
Net position:		
Net investment in capital assets	726,739	698,062
Restricted	126,642	115,984
Unrestricted (deficit)	(395,992)	(419,223)
Total net position	457,389	394,823
Total liabilities, deferred inflows of resources, and net position	$ 1,351,723	$ 1,321,000

See accompanying notes.

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

For the years ended March 31,	2026	2025
Operating revenues:		
Fares	$ 29,423	$ 29,049
Concessions and commissions	40,051	38,019
Rental income	24,319	22,737
Airport fees and services	22,413	23,412
Other operating revenues	5,188	6,813
Total operating revenues	121,394	120,030
Operating expenses:		
Salaries and employee benefits	154,125	146,430
Other postemployment benefits	(18,063)	(6,083)
Depreciation and amortization	72,538	64,301
Maintenance and repairs	31,546	27,096
Transit fuel and power	3,580	3,548
Utilities	7,495	5,706
Insurance and injuries	8,693	8,637
Other	34,637	31,934
Total operating expenses	294,551	281,569
Operating loss	(173,157)	(161,539)
Non-operating revenues (expenses):		
Government assistance	159,760	150,911
Passenger facility charges	10,064	10,033
Interest income, net	9,606	8,186
Other non-operating revenues (expenses), net	(909)	1,312
Total non-operating revenues, net	178,521	170,442
Change in net position before capital contributions	5,364	8,903
Capital contributions	57,202	113,202
Change in net position	62,566	122,105
Net position - beginning of year	394,823	272,718
Net position - end of year	$ 457,389	$ 394,823

See accompanying notes.

Statements of Cash Flows (In thousands)

For the years ended March 31,	2026	2025
Operating activities:		
Cash collected from customers	$ 110,863	$ 101,670
Cash paid for employee wages and benefits	(170,713)	(163,372)
Cash paid to vendors and suppliers	(83,071)	(61,758)
Cash paid for insurance and injuries	(11,458)	(11,744)
Net operating activities	(154,379)	(135,204)
Non-capital financing activities:		
Government assistance	159,760	150,911
Capital and related financing activities:		
Repayments of long-term debt	(9,320)	(14,602)
Lease principal received	9,983	10,393
Other liabilities	94	94
Interest received on leases	2,803	1,347
Interest paid	(2,765)	(3,109)
Mortgage recording tax	5,376	2,180
Capital grants and contributions	67,299	114,163
Additions to capital assets, net	(92,148)	(143,675)
Passenger facility charges	10,064	10,033
Other	(713)	1,182
Net capital and related financing activities	(9,327)	(21,994)
Investing activities:		
Proceeds from (purchases of) investments, net	(19,847)	(5,893)
Interest income	8,522	8,786
Net investing activities	(11,325)	2,893
Net change in cash and cash equivalents	(15,271)	(3,394)
Cash and cash equivalents, beginning of year	218,597	221,991
Cash and cash equivalents, end of year	$ 203,326	$ 218,597
Reconciliation to Balance Sheets		
Cash and cash equivalents:		
Unrestricted	$ 130,073	$ 143,590
Restricted	73,253	75,007
Total cash and cash equivalents	$ 203,326	$ 218,597
Reconciliation of operating loss to net operating activities:		
Operating loss	$ (173,157)	$ (161,539)
Adjustments to reconcile operating loss to net operating activities:		
Depreciation and amortization	72,538	64,301
Net pension activity	(2,395)	314
Net other postemployment benefits activity	(33,636)	(24,290)
Changes in assets and liabilities:		
Accounts and other receivables	2,447	(7,662)
Leases receivable, net	(11,866)	(10,694)
Materials and supplies inventory	(309)	(649)
Prepaid expenses and other	(505)	232
Accounts payable and accrued expenses	(3,943)	8,141
Other current liabilities	(788)	(4)
Self-insured claims	(2,765)	(3,107)
Other noncurrent liabilities	-	(247)
Net operating activities	$ (154,379)	$ (135,204)

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.

The Board of Commissioners (the Board) of the Authority, including Metro, consists of 12 members appointed by the Governor of the State. 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 accounting principles generally accepted in the United States of America (GAAP) 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

Aviation

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

Property Management

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

Metro Operations

Surface Transportation

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

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

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

The majority of Metro operations employees are members of the Amalgamated Transit Union Local 1342 (ATU). Five other labor unions represent a small percentage of remaining employees. The most recent ATU contract expired July 31, 2025 and is currently under negotiation.

(b) Cash, Cash Equivalents, and Investments

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

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, 2026 and 2025, 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.

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.

(c) Receivables

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 through a charge to expenses and a credit to a valuation allowance based on its assessment of individual accounts, historical trends, and reasonable forecasts. Balances outstanding after reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts 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.

Leases receivable are stated at the present value of lease payments expected to be received during the lease term. Corresponding deferred inflows of resources are also reported and revenue is recognized over the lease term.

(d) Materials and Supplies Inventory

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

(e) Restricted Assets

Certain cash 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.

(f) 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 and amortization. Depreciation and amortization are 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

(g) 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, 2026 and 2025, 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 sheet and totaled $5,473,000 and $5,382,000.

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.

(h) Bond Issuance Costs and Premiums

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

(i) 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.

(j) 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 7). For ERS and PFRS, the Authority recognizes its proportionate share of the net pension position, 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.

(k) 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 8). Substantially all employees become eligible for these benefits when they reach normal retirement age with a minimum of ten years of service.

(l) Net Position

Net position consists of the following components:

- *Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or by the terms of the Authority's bonds.
- *Unrestricted* – net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the above restrictions and are available for general use of the Authority.

(m) 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. On November 1, 2023, the Authority introduced MetGo smart cards, an account-based system that eliminates the need for cash. 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.

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. Government assistance and capital contributions represent 61% and 65% of total revenue for the years ended March 31, 2026 and 2025, respectively. A significant decrease in this funding may negatively impact future operations of the Authority.

(n) 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 taxes.

(o) 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 $6,900,000 and $8,065,000 for GBNRTC and NITTEC combined for the years ended March 31, 2026 and 2025, respectively.

(p) Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

(q) Subsequent Events

The Authority has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 25, 2026, the date the financial statements were available to be issued.

(3) Capital Assets (in thousands)

	April 1, 2025	Additions	Reclassifications and Disposals	March 31, 2026
Non-depreciable and non-amortizable capital assets:				
Land	$ 64,537	$ -	$ -	$ 64,537
Construction in progress	86,266	24,963	(43,039)	68,190
Total non-depreciable and non-amortizable assets	150,803	24,963	(43,039)	132,727
Depreciable capital assets:				
Land improvements	448,813	18,025	(11,062)	455,776
LRRT system	736,051	29,326	18,915	784,292
Airport buildings	363,459	10,333	5,658	379,450
Metropolitan transportation centers	25,252	189	(566)	24,875
Motor buses	188,593	2,699	4,154	195,446
Equipment, buildings, and other	205,292	5,363	6,062	216,717
Total depreciable capital assets	1,967,460	65,935	23,161	2,056,556
Accumulated depreciation:				
Land improvements	(302,565)	(17,675)	12,810	(307,430)
LRRT system	(550,593)	(20,507)	-	(571,100)
Airport buildings	(205,439)	(9,711)	1,552	(213,598)
Metropolitan transportation centers	(18,616)	(437)	754	(18,299)
Motor buses	(112,865)	(11,742)	2,791	(121,816)
Equipment, buildings, and other	(140,502)	(11,967)	1,845	(150,624)
Total accumulated depreciation	(1,330,580)	(72,039)	19,752	(1,382,867)
Total depreciable capital assets, net	636,880	(6,104)	42,913	673,689
Right-to-use assets:				
Buildings	2,018	78	-	2,096
Subscriptions	755	-	-	755
Accumulated amortization	(1,360)	(499)	-	(1,859)
Total right-to-use assets, net	1,413	(421)	-	992
Total capital assets, net	$ 789,096	$ 18,438	$ (126)	$ 807,408

	April 1, 2024	Additions	Reclassifications and Disposals	March 31, 2025
Non-depreciable and non-amortizable capital assets:				
Land	$ 64,538	$ -	$ (1)	$ 64,537
Construction in progress	78,578	49,409	(41,721)	86,266
Total non-depreciable and non-amortizable assets	143,116	49,409	(41,722)	150,803
Depreciable capital assets:				
Land improvements	387,542	53,721	7,550	448,813
LRRT system	720,327	15,030	694	736,051
Airport buildings	360,905	1,036	1,518	363,459
Metropolitan transportation centers	23,444	131	1,677	25,252
Motor buses	187,889	17,621	(16,917)	188,593
Equipment, buildings, and other	189,024	8,666	7,602	205,292
Total depreciable capital assets	1,869,131	96,205	2,124	1,967,460
Accumulated depreciation:				
Land improvements	(288,635)	(14,101)	171	(302,565)
LRRT system	(549,020)	(18,326)	16,753	(550,593)
Airport buildings	(195,998)	(9,441)	-	(205,439)
Metropolitan transportation centers	(18,119)	(497)	-	(18,616)
Motor buses	(119,631)	(10,542)	17,308	(112,865)
Equipment, buildings, and other	(134,898)	(10,923)	5,319	(140,502)
Total accumulated depreciation	(1,306,301)	(63,830)	39,551	(1,330,580)
Total depreciable capital assets, net	562,830	32,375	41,675	636,880
Right-to-use assets:				
Buildings	1,686	332	-	2,018
Subscriptions	661	94	-	755
Accumulated amortization	(889)	(471)	-	(1,360)
Total right-to-use assets, net	1,458	(45)	-	1,413
Total capital assets, net	$ 707,404	$ 81,739	$ (47)	$ 789,096

The Authority, as lessor, has entered into non-cancelable leases for various buildings and airport concessions with options to extend through 2052. Corresponding rental income recognized during fiscal year 2026 and 2025 totaled $12,786,000 and $11,688,000, which includes interest on the leases receivable of $2,803,000 and $1,107,000 at rates of 4.64% and 5.85%, respectively.

Rental income is derived primarily from airport operations. At March 31, 2026 and 2025, net airport capital assets totaled $324,094,000 and $318,230,000, of which approximately 25% is leased to third parties (based on square footage).

(4) Long-Term Debt (in thousands)

	2026	2025
(a) 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 $2,094 and $2,861 at March 31, 2026 and 2025)	$ 48,919	$ 51,960
(b) 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 $398 and $676 at March 31, 2026 and 2025)	25,133	31,372
(c) New York State, non-interest bearing	3,380	3,380
(d) Financed motor bus purchases, monthly payments with fixed interest rates ranging from 1.5% to 7.8%, maturing through 2032, secured by related equipment	2,179	2,864
(e) Buildings and concessions leases and software subscriptions, monthly payments with fixed interest rates at 3.6% to 4.55%, maturing through 2045	1,058	1,458
	80,669	91,034
Less current portion	8,778	9,318
	$ 71,891	$ 81,716

(a) 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.

(b) 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.

(c) 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 2037-2041 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, 2026 and 2025 were as follows (in thousands):

	2026	2025
Balance, beginning of year	$ 91,034	$ 106,798
Less repayment of long-term debt including premium amortization	10,365	15,764
Balance, end of year	80,669	91,034
Less current portion	8,778	9,318
Noncurrent portion	$ 71,891	$ 81,716

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

	Loans		Serial Bonds			Leases/ Subscriptions	
	Principal	Interest	Principal	Unamortized Premium	Interest	Principal	Interest
Years ending March 31,							
2027	$ 257	$ 160	$ 8,450	$ 937	$ 3,156	$ 71	$ 44
2028	278	139	8,870	832	2,712	56	42
2029	300	117	9,315	723	2,246	52	40
2030	324	93	8,400	-	1,825	56	38
2031	350	67	2,905	-	1,681	61	35
2032-2036	670	48	16,850	-	5,959	383	135
2037-2041	3,380	-	16,770	-	1,309	268	57
2042-2045	-	-	-	-	-	111	12
	$ 5,559	$ 624	$ 71,560	$ 2,492	$ 18,888	$ 1,058	$ 403

At March 31, 2026 and 2025, the Authority was in compliance with all loan and bond covenants.

(5) 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 charges at NFIA. PFCs, which are restricted for certain FAA-approved projects at the BNIA and NFIA, are included in non-operating revenues and totaled $10,064,000 and $10,033,000 for the years ended March 31, 2026 and 2025, respectively.

(6) 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, 2026 and 2025 was as follows (in thousands):

	2026	2025
Metro:		
FTA:		
Sections 5307 and 5311 assistance	$ 20,513	$ 19,901
State:		
Statewide transit operating assistance program	84,906	80,764
Section 18b assistance	4,100	4,100
Section 5307 capital maintenance match	2,522	2,472
Total State	91,528	87,336
Erie County:		
Mortgage recording tax (section 88a)	12,322	9,650
Section 18b matching funds	3,657	3,657
Sales tax receipts	29,039	27,797
Total Erie County	45,018	41,104
Niagara County:		
Mortgage recording tax	1,989	1,792
Section 18b matching funds	443	443
Total Niagara County	2,432	2,235
Buffalo and Fort Erie Public Bridge Authority	200	200
	159,691	150,776
NFTA:		
Other	69	135
	$ 159,760	$ 150,911

(7) 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 2026, rates ranged from 12.7% - 19.5% for ERS (11.3% - 17.8% for 2025) and 13.8% - 37.9% for PFRS (11.7% - 35.9% for 2025).

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

At March 31, 2026, the Authority reported liabilities of $15,366,000 and $18,134,000 for its proportionate shares of the ERS and PFRS net pension positions, respectively. At March 31, 2025, the Authority reported liabilities of $12,534,000 and $14,965,000 for its proportionate shares of the ERS and PFRS net pension positions, respectively.

The total pension liability at the March 31, 2025 measurement date was determined by an actuarial valuation as of April 1, 2024, with update procedures applied to roll forward the total pension liability to March 31, 2025 (measurement date of March 31, 2024 with an actuarial valuation as of April 1, 2023 for the March 31, 2025 net pension position). The Authority's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's and PFRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2025 measurement date, the Authority's proportion was 0.0896180% for ERS, an increase of 0.0044928 from its proportion measured as of March 31, 2024, and 0.2984197% for PFRS, a decrease of 0.0171023 from its proportion measured as of March 31, 2024.

For the years ended March 31, 2026 and 2025, the Authority recognized related pension expense of $7,575,000 and $10,426,000, respectively, and reported deferred outflows and deferred inflows of resources as follows (in thousands):

	2026			
	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,814	$ (180)	$ 6,040	$ -
Changes of assumptions	644	-	2,723	-
Net difference between projected and actual earnings on pension plan investments	1,206	-	697	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,318	(50)	280	(2,588)
Authority contributions subsequent to the measurement date	5,338	-	3,786	-
	$ 12,320	$ (230)	$ 13,526	$ (2,588)

	2025			
	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,037	$ (342)	$ 4,610	$ -
Changes of assumptions	4,739	-	5,645	-
Net difference between projected and actual earnings on pension plan investments	-	(6,122)	-	(4,062)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,001	(179)	440	(2,160)
Authority contributions subsequent to the measurement date	4,553	-	3,267	-
	$ 14,330	$ (6,643)	$ 13,962	$ (6,222)

Authority contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (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
2027	$ 3,088	$ 4,102
2028	4,341	2,252
2029	(1,009)	(287)
2030	332	765
2031	-	320
	$ 6,752	$ 7,152

Actuarial Assumptions

The actuarial assumptions used in the April 1, 2024 valuation, with update procedures used to roll forward the total pension liability to March 31, 2025, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.9%
Salary increases – 4.3% (ERS), 6.0% (PFRS) (4.4% and 6.2%, respectively, for 2024)
Cost of living adjustments – 1.5% annually
Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation
Mortality – Society of Actuaries' Scale MP-2021
Discount rate – 5.9%

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	25%	3.5%
International equities	14%	6.6%
Private equities	15%	7.3%
Real estate equities	12%	5.0%
Fixed income	22%	2.0%
Short-term	1%	0.3%
Other	11%	5.3%-5.6%
	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 asset (liability) for ERS and PFRS as of March 31, 2026 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)	$ (44,470)	$ (15,366)	$ 8,936
Authority's proportionate share of the PFRS net pension asset (liability)	$ (38,237)	$ (18,134)	$ 1,542

(b) 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, 2025 measurement date, the following employees were covered by the Metro Plan:

Retirees	34
Beneficiaries	8
Terminated vested	14
	56

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 2026 and 2025.

Net Pension Asset

The net pension asset as of March 31, 2026 was measured as of March 31, 2025 (measured as of March 31, 2024 for March 31, 2025) based on an actuarial valuation as of the same date. 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-2021
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 (in thousands)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset (Liability)
Balances at March 31, 2024	$ (2,830)	$ 3,635	$ 805
Changes for the year:			
Interest	(175)	-	(175)
Differences between expected and actual experience	157	-	157
Changes of assumptions	-	-	-
Employer contributions	-	-	-
Net investment income	-	722	722
Benefit payments	305	(305)	-
Administrative expense	-	(7)	(7)
Net changes	287	410	697
Balances at March 31, 2025	$ (2,543)	$ 4,045	$ 1,502
Changes for the year:			
Interest	(157)	-	(157)
Differences between expected and actual experience	60	-	60
Changes of assumptions	-	-	-
Employer contributions	-	-	-
Net investment income	-	223	223
Benefit payments	288	(288)	-
Administrative expense	-	(7)	(7)
Net changes	191	(72)	119
Balances at March 31, 2026	$ (2,352)	$ 3,973	$ 1,621

The following presents the Authority's Metro Plan net pension asset (liability) as of March 31, 2026, calculated using the discount rate of 6.5% and the impact of using a discount rate that is 1% lower and 1% higher (in thousands):

	1.0% Lower Discount Rate (5.5%)	Current Discount Rate (6.5%)	1.0% Higher Discount Rate (7.5%)
Authority's Metro Plan net pension asset	$ 1,480	$ 1,621	$ 1,748

(c) 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 statement of revenues, expenses and changes in net position, pursuant to the CBA, totaled $7,036,000 and $6,726,000 for 2026 and 2025, respectively. 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.

(d) 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 8.

As of March 31, 2026, there are 73 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 an additional amount ranging from $932 to $1,310. 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, 2026 and 2025 related to the Stipend Plan was (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at March 31, 2024	$ (9,133)	$ -	$ (9,133)
Changes for the year:			
Interest	(341)	-	(341)
Differences between expected and actual experience	577	-	577
Changes of assumptions	289	-	289
Benefit payments	1,020	-	1,020
Net changes	1,545	-	1,545
Balances at March 31, 2025	$ (7,588)	$ -	$ (7,588)
Changes for the year:			
Interest	(313)	-	(313)
Differences between expected and actual experience	-	-	-
Changes of assumptions	72	-	72
Benefit payments	917	-	917
Net changes	676	-	676
Balances at March 31, 2026	$ (6,912)	$ -	$ (6,912)

The net pension liability was measured as of March 31, 2026 based on an actuarial valuation as of the same date (measurement date of March 31, 2025 for the March 31, 2025 net pension liability). Actuarial methods and assumptions applied to all periods included in the measurement are as follows:

Healthcare cost trend – 6.2% (7.0% for 2025), ultimately declining to 4.0% in 2075
Actuarial cost method – Entry Age Normal
Discount rate – 4.56% (4.39% for 2025)
Mortality – generational PUB-2010 mortality table for general employees projected using Scale MP-2021
Inflation rate – 2.5%

The following presents the Authority's Stipend Plan net pension liability as of March 31, 2026 calculated using the discount rate of 4.56% and the impact of using a discount rate that is 1% lower and 1% higher (in thousands):

	1.0% Lower Discount Rate (3.56%)	Current Discount Rate (4.56%)	1.0% Higher Discount Rate (5.56%)
Authority's Stipend Plan net pension liability	$ (7,361)	$ (6,912)	$ (6,514)

(8) 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, 2024, employees covered by the Plan include:

Active employees	1,433
Inactive employees or beneficiaries currently receiving benefits	1,369
Inactive employees entitled to but not yet receiving benefits	-
	2,802

Total OPEB Liability

The total OPEB liability of $371,044,000 and $376,917,000 was measured as of March 31, 2025 and March 31, 2024, respectively, determined by an actuarial valuation as of March 31, 2024, with update procedures to roll forward the total OPEB liability to March 31, 2025. 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-Term Healthcare Cost Trend Model, initially 7.5%, then decreasing slowly to an ultimate rate of 3.9% after 2075
Salary increases – 0.8%-27.2%
Mortality – generational PUB-2010 mortality table for general employees projected using Scale MP-2021
Discount rate – 4.39% based on the General Obligation 20-Year Bond rate (3.96% for 2025)
Inflation rate – 2.6% (2.5% for 2025)

Changes in the Total OPEB Liability (in thousands)

	Total OPEB Liability
Balance at March 31, 2024	$ (458,809)
Changes for the year:	
Service cost	(19,427)
Interest	(17,018)
Differences between expected and actual experience	107,891
Changes of assumptions or other inputs	(6,733)
Benefit payments	17,179
Net changes	81,892
Balance at March 31, 2025	$ (376,917)
Changes for the year:	
Service cost	(14,383)
Interest	(15,196)
Differences between expected and actual experience	-
Changes of assumptions or other inputs	20,339
Benefit payments	15,113
Net changes	5,873
Balance at March 31, 2026	$ (371,044)

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% lower or higher than the current discount rate (in thousands):

	1.0% Lower Discount Rate (3.39%)	Current Discount Rate (4.39%)	1.0% Higher Discount Rate (5.39%)
Total OPEB liability	$ (421,057)	$ (371,044)	$ (329,567)

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% lower or higher than the current healthcare cost trend rates (in thousands):

	1.0% Lower (6.5%-2.9%)	Current Rate (7.5%-3.9%)	1.0% Higher (8.5%-4.9%)
Total OPEB liability	$ (321,640)	$ (371,044)	$ (432,432)

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

For the years ended March 31, 2026 and 2025, the Authority recognized OPEB income of $18,063,000 and OPEB income of $6,083,000, respectively, and reported deferred outflows and deferred inflows of resources as follows (in thousands):

	2026		2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (124,448)	$ -	$ (166,300)
Changes of assumptions	19,284	(74,568)	32,388	(73,123)
Change in proportion	17,026	(17,026)	22,215	(22,215)
Benefits paid subsequent to the measurement date	11,647	-	11,187	-
	$ 47,957	$ (216,042)	$ 65,790	$ (261,638)

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,	
2027	$ (47,991)
2028	(41,136)
2029	(43,817)
2030	(26,525)
2031	(17,357)
2032	(2,906)
	$ (179,732)

(9) 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 10, 2026. 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, 2026 and 2025 are as follows (in thousands):

	2026	2025
Liability, beginning of year	$ 29,387	$ 32,494
Current year claims and change in estimates	3,172	4,349
Claim payments	(5,937)	(7,456)
Liability, end of year	$ 26,622	$ 29,387

(c) Project Commitments

As of March 31, 2026, the Authority has commenced several projects including:

- BNIA Baggage System Redesign estimated at $40,100,000 of which $0 was expended to date
- BNIA Passenger Boarding Bridge Replacement estimated at $17,372,000 of which $8,926,000 was expended to date
- BNIA Terminal HVAC Replacement estimated at $76,104,000 of which $7,270,000 was expended to date
- BNIA Luiz Kahl Parkway Re-Pavement estimated at $25,360,000 of which $2,718,000 was expended to date
- BNIA GA Apron and T/W P & Q Rehabilitation estimated at $28,943,000 of which $1,071,000 was expended to date
- BNIA Snow Equipment Storage Building estimated at $15,763,000 of which $83,000 was expended to date
- NFIA Taxiway Realignment Design and Construction estimated at $12,442,000 of which $271,000 was expended to date

- NFIA Tower Siting Design and Construction estimated at $20,778,000 of which $182,000 was expended to date
- Enhanced Digital Access Communication System (EDACS) estimated at $26,730,000 of which $195,000 was expended to date
- Metro DL&W Terminal Design/Construction estimated at $148,031,000 of which $73,022,000 was expended to date
- Metro DL&W Shoreline Restoration and Rehabilitation estimated at $63,183,000 of which $12,694,000 was expended to date
- NFTA-Metro Rail DL&W Riverwalk Station estimated at $8,206,000 of which $488,000 was expended to date
- Metro Rail Station Rehabilitation and Upgrades estimated at $16,072,000 of which $9,187,000 was expended to date
- Metro Amherst/Buffalo LRRT Extension estimated at $231,334,000 of which $14,343,000 was expended to date
- Metro Electric Bus Infrastructure estimated at $27,506,000 of which $13,403,000 was expended to date
- Metro Bailey Corridor Bus Rapid Transit estimated at $107,665,000 of which $4,559,000 was expended to date
- Metro Division Street Linear Transit Hub estimated at $17,435,000 of which $550,000 was expended to date

Funding for these projects is provided by federal and state grant awards, passenger facility charges, and other local/Authority revenue sources.

(10) 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 4) 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 Sheet (in thousands)

	2026	2025
Assets:		
Current and other	$ 199,164	$ 153,312
Capital assets, net	324,094	318,230
Total assets	523,258	471,542
Deferred outflows of resources	10,801	12,000
Total assets and deferred outflows of resources	$ 534,059	$ 483,542
Liabilities:		
Current liabilities	$ 14,900	$ 15,805
Long-term liabilities	95,355	103,266
Total liabilities	110,255	119,071
Deferred inflows of resources	47,120	17,577
Net position:		
Net investment in capital assets	246,662	231,494
Restricted	81,098	72,694
Unrestricted	48,924	42,706
Total net position	376,684	346,894
Total liabilities, deferred inflows of resources, and net position	$ 534,059	$ 483,542

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

	2026	2025
Operating revenues:		
Concessions and commissions	$ 38,789	$ 36,814
Rental income	16,718	15,332
Airport fees and services	22,317	23,320
Other operating revenues	3,989	5,558
Total operating revenues	81,813	81,024
Salaries, benefits, maintenance, and other operating expenses	59,433	57,519
Depreciation and amortization expense	24,737	20,975
Operating income (loss)	(2,357)	2,530
Non-operating revenues (expenses):		
Passenger facility charges	9,772	9,858
Interest income, net	2,257	586
Other non-operating revenues (expenses), net	10	(46)
Total non-operating revenues, net	12,039	10,398
Change in net position before capital contributions	9,682	12,928
Capital contributions	20,108	45,954
Change in net position	29,790	58,882
Net position – beginning of year	346,894	288,012
Net position – end of year	$ 376,684	$ 346,894

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

	2026	2025
Net operating activities	$ 13,101	$ 12,011
Net investing activities	(9,781)	1,317
Net capital and related financing activities	(6,200)	(25,301)
Net change in cash and cash equivalents	(2,880)	(11,973)
Cash and cash equivalents, beginning of year	72,157	84,130
Cash and cash equivalents, end of year	$ 69,277	$ 72,157

(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 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) and American Rescue Plan (ARP) Acts funding to make 2025 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).

	2026	2025
Airport revenues:		
Operating revenues	$ 81,813	$ 81,024
Interest income	4,886	3,416
Gross airport revenues	86,699	84,440
Operating expenses, excluding depreciation and amortization	(59,433)	(57,519)
Net airport revenues	27,266	26,921
Net debt service:		
Principal payments	8,235	12,950
Interest payments	3,841	4,494
Passenger facility charges	-	-
CRRSA and ARP Acts grant funds	-	(3,947)
Net debt service	$ 12,076	$ 13,497
Debt service coverage percentage	255.79%	199.46%
Minimum percentage requirement	125.00%	125.00%

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,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
ERS										
Authority's proportion of the net pension position	0.0896180%	0.0851252%	0.0842365%	0.0802221%	0.0828520%	0.0863638%	0.0888401%	0.0867945%	0.0853631%	0.0878622%
Authority's proportionate share of the net pension asset (liability)	$ (15,366)	$ (12,534)	$ (18,064)	$ 6,558	$ (82)	$ (22,870)	$ (6,295)	$ (2,801)	$ (8,021)	$ (14,102)
Authority's covered payroll	$ 32,389	$ 29,905	$ 28,970	$ 26,998	$ 27,580	$ 26,974	$ 26,427	$ 25,420	$ 24,628	$ 24,187
Authority's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(47.44%)	(41.91%)	(62.35%)	24.29%	(0.30%)	(84.79%)	(23.82%)	(11.02%)	(32.57%)	(58.30%)
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%
PFRS										
Authority's proportion of the net pension position	0.2984197%	0.3155220%	0.3208288%	0.2988394%	0.3121219%	0.2849842%	0.2973909%	0.2872086%	0.2760008%	0.2766259%
Authority's proportionate share of the net pension asset (liability)	$ (18,134)	$ (14,965)	$ (17,679)	$ (1,698)	$ (5,419)	$ (15,232)	$ (4,987)	$ (2,903)	$ (5,720)	$ (8,190)
Authority's covered payroll	$ 10,979	$ 10,656	$ 10,684	$ 9,689	$ 10,089	$ 9,600	$ 9,723	$ 9,311	$ 9,078	$ 9,675
Authority's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(165.17%)	(140.44%)	(165.47%)	(17.53%)	(53.71%)	(158.67%)	(51.29%)	(31.18%)	(63.01%)	(84.65%)
Plan fiduciary net position as a percentage of the total pension liability	87.53%	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%

The following is a summary of changes of assumptions:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Inflation	2.9%	2.9%	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%
Salary increases - ERS	4.3%	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%
Salary increases - PFRS	6.0%	6.2%	6.2%	6.2%	6.2%	5.0%	5.0%	4.5%	4.5%	4.5%
Cost of living adjustments	1.5%	1.5%	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%
Investment rate of return	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Discount rate	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

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

For the years ended March 31,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
ERS										
Contractually required contribution	$ 5,338	$ 4,553	$ 3,662	$ 3,174	$ 4,144	$ 3,833	$ 3,718	$ 3,739	$ 3,729	$ 3,787
Contribution in relation to the contractually required contribution	(5,338)	(4,553)	(3,662)	(3,174)	(4,144)	(3,833)	(3,718)	(3,739)	(3,729)	(3,787)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 34,944	$ 32,389	$ 29,905	$ 28,970	$ 26,998	$ 27,580	$ 26,974	$ 26,427	$ 25,420	$ 24,628
Contributions as a percentage of covered payroll	15.28%	14.06%	12.25%	10.96%	15.35%	13.90%	13.78%	14.15%	14.67%	15.38%
PFRS										
Contractually required contribution	$ 3,786	$ 3,267	$ 2,805	$ 2,729	$ 2,551	$ 2,268	$ 2,095	$ 2,123	$ 2,137	$ 2,115
Contribution in relation to the contractually required contribution	(3,786)	(3,267)	(2,805)	(2,729)	(2,551)	(2,268)	(2,095)	(2,123)	(2,137)	(2,115)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 11,607	$ 10,979	$ 10,656	$ 10,684	$ 9,689	$ 10,089	$ 9,600	$ 9,723	$ 9,311	$ 9,078
Contributions as a percentage of covered payroll	32.62%	29.76%	26.32%	25.54%	26.33%	22.48%	21.82%	21.83%	22.95%	23.30%

Required Supplementary Information (Unaudited)
Schedule of the Authority's Total Pension Liability
Postretirement Medical Premium Stipend Plan (In thousands)

For the years ended March 31,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability										
Interest	$ (313)	$ (341)	$ (357)	$ (325)	$ (314)	$ (386)	$ (553)	$ (653)	$ (722)	$ (922)
Differences between expected and actual experience	-	577	-	528	832	519	604	909	(219)	1,661
Changes of assumptions	72	289	109	657	504	89	(1,063)	(61)	(366)	(1,055)
Benefit payments	917	1,020	1,106	1,257	1,412	1,569	1,685	1,824	1,995	2,118
	676	1,545	858	2,117	2,434	1,791	673	2,019	688	1,802
Total pension liability - beginning	(7,588)	(9,133)	(9,991)	(12,108)	(14,542)	(16,333)	(17,006)	(19,025)	(19,713)	(21,515)
Total pension liability - ending	$ (6,912)	$ (7,588)	$ (9,133)	$ (9,991)	$ (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:

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Healthcare cost trend rates	6.2% - 4.0%	7.0% - 4.0%	5.6% - 3.9%	5.8% - 3.9%	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%	2.5%	2.5%	2.5%	2.5%	3.0%	3.0%	3.0%	3.0%
Discount rate	4.56%	4.39%	3.96%	3.78%	2.83%	2.27%	2.48%	3.42%	3.61%	3.86%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2019	MP-2018	MP-2016	MP-2016

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

For the years ended March 31,	2026	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability - beginning	$ (376,917)	$ (458,809)	$ (502,015)	$ (593,828)	$ (547,417)	$ (564,836)	$ (531,756)	$ (486,984)
Changes for the year:								
Service cost	(14,383)	(19,427)	(23,165)	(32,248)	(29,484)	(26,857)	(25,662)	(23,590)
Interest	(15,196)	(17,018)	(13,978)	(13,294)	(13,387)	(19,055)	(18,944)	(18,267)
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	107,891	-	73,302	-	111,774	-	-
Changes of assumptions and other inputs	20,339	(6,733)	64,178	47,742	(18,766)	(63,790)	(2,443)	(15,451)
Benefit payments	15,113	17,179	16,171	16,311	15,226	15,347	13,969	12,536
Net change in total OPEB liability	5,873	81,892	43,206	91,813	(46,411)	17,419	(33,080)	(44,772)
Total OPEB liability - ending	$ (371,044)	$ (376,917)	$ (458,809)	$ (502,015)	$ (593,828)	$ (547,417)	$ (564,836)	$ (531,756)
Covered-employee payroll	$ 120,153	$ 114,190	$ 108,646	$ 103,448	$ 96,473	$ 92,325	$ 93,017	$ 93,017
Total OPEB liability as a percentage of covered-employee payroll	309%	330%	422%	485%	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:

	2026	2025	2024	2023	2022	2021	2020	2019
Healthcare cost trend rates	7.5% - 3.9%	7.5% - 3.9%	7.5% - 3.9%	7.5% - 3.9%	5.2% - 4.0%	5.2% - 4.0%	14.9% - 3.9%	14.9% - 3.9%
Salary increases	0.8% - 27.2%	0.8% - 27.2%	0.8% - 12.4%	0.8% - 12.4%	3.8% - 4.5%	3.8% - 4.5%	3.8% - 4.5%	3.8% - 4.5%
Discount rate	4.39%	3.96%	3.78%	2.83%	2.27%	2.48%	3.42%	3.61%
Inflation	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2016	MP-2016

Data prior to 2019 is unavailable.

Additional Information
Combining Balance Sheets (In thousands)

March 31,	2026			
	NFTA	BNIA	Metro	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 3,978	$ 30,368	$ 95,727	$ 130,073
Investments	-	17,534	73,234	90,768
Accounts and other receivables	2,970	13,551	1,585	18,106
Grants receivable	3,154	2,406	18,763	24,323
Leases receivable	2,809	7,892	1,014	11,715
Due to/from affiliate	(37,475)	15,287	22,188	-
Materials and supplies inventory	-	-	7,124	7,124
Prepaid expenses and other	281	863	905	2,049
	(24,283)	87,901	220,540	284,158
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	9,824	38,909	24,520	73,253
Investments	-	42,189	11,200	53,389
	9,824	81,098	35,720	126,642
Leases receivable	27,731	30,165	1,816	59,712
Capital assets, net	71,863	324,094	411,451	807,408
	99,594	354,259	413,267	867,120
Total assets	85,135	523,258	669,527	1,277,920
Deferred outflows of resources:				
Deferred outflows of resources related to pensions	9,159	9,884	6,803	25,846
Deferred outflows of resources related to OPEB	16,058	917	30,982	47,957
Total deferred outflows of resources	25,217	10,801	37,785	73,803
Total assets and deferred outflows of resources	$ 110,352	$ 534,059	$ 707,312	$ 1,351,723
Liabilities				
Current liabilities:				
Current portion of long-term debt	$ 273	$ 8,451	$ 54	$ 8,778
Accounts payable and accrued expenses	17,435	6,352	22,795	46,582
Other current liabilities	5,832	97	37,842	43,771
	23,540	14,900	60,691	99,131
Noncurrent liabilities:				
Long-term debt	1,930	68,981	980	71,891
Self-insured claims	3,465	1,398	21,759	26,622
Net pension liabilities	11,831	12,991	13,969	38,791
Total OPEB liability	65,192	11,985	293,867	371,044
	82,418	95,355	330,575	508,348
Total liabilities	105,958	110,255	391,266	607,479
Deferred inflows of resources:				
Deferred inflows of resources related to leases	28,083	37,272	2,640	67,995
Deferred inflows of resources related to pensions	198	1,513	1,107	2,818
Deferred inflows of resources related to OPEB	40,804	8,335	166,903	216,042
Total deferred inflows of resources	69,085	47,120	170,650	286,855
Net position:				
Net investment in capital assets	69,660	246,662	410,417	726,739
Restricted	9,824	81,098	35,720	126,642
Unrestricted (deficit)	(144,175)	48,924	(300,741)	(395,992)
Total net position (deficit)	(64,691)	376,684	145,396	457,389
Total liabilities, deferred inflows of resources, and net position	$ 110,352	$ 534,059	$ 707,312	$ 1,351,723

2025			
NFTA	BNIA	Metro	Total
$ 8,358	$ 31,619	$ 103,613	$ 143,590
-	12,996	70,337	83,333
3,384	15,639	1,530	20,553
3,194	9,709	21,517	34,420
2,439	1,532	950	4,921
(27,296)	7,291	20,005	-
-	-	6,815	6,815
159	874	511	1,544
(9,762)	79,660	225,278	295,176
9,942	40,538	24,527	75,007
-	32,156	8,821	40,977
9,942	72,694	33,348	115,984
23,230	958	2,474	26,662
74,489	318,230	396,377	789,096
97,719	319,188	398,851	815,758
97,899	471,542	657,477	1,226,918
10,241	10,608	7,443	28,292
20,864	1,392	43,534	65,790
31,105	12,000	50,977	94,082
$ 129,004	$ 483,542	$ 708,454	$ 1,321,000
$ 513	$ 8,257	$ 548	$ 9,318
19,043	7,446	25,139	51,628
5,415	102	33,572	39,089
24,971	15,805	59,259	100,035
2,203	78,479	1,034	81,716
3,354	1,750	24,283	29,387
9,421	10,863	13,301	33,585
66,225	12,174	298,518	376,917
81,203	103,266	337,136	521,605
106,174	119,071	396,395	621,640
23,744	2,592	3,698	30,034
4,334	4,875	3,656	12,865
50,767	10,110	200,761	261,638
78,845	17,577	208,115	304,537
71,773	231,494	394,795	698,062
9,942	72,694	33,348	115,984
(137,730)	42,706	(324,199)	(419,223)
(56,015)	346,894	103,944	394,823
$ 129,004	$ 483,542	$ 708,454	$ 1,321,000

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

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

For the years ended March 31,	2026			
	NFTA	BNIA	Metro	Total
Operating revenues:				
Fares	$ -	$ -	$ 29,423	$ 29,423
Concessions and commissions	1,262	38,789	-	40,051
Rental income	7,601	16,718	-	24,319
Airport fees and services	96	22,317	-	22,413
Other operating revenues	109	3,989	1,090	5,188
Total operating revenues	9,068	81,813	30,513	121,394
Operating expenses:				
Salaries and employee benefits	13,210	24,828	116,087	154,125
Other postemployment benefits	(1,766)	(3,025)	(13,272)	(18,063)
Depreciation and amortization	6,229	24,737	41,572	72,538
Maintenance and repairs	2,644	13,805	15,097	31,546
Transit fuel and power	-	-	3,580	3,580
Utilities	1,454	3,697	2,344	7,495
Insurance and injuries	911	997	6,785	8,693
Other	5,079	14,020	15,538	34,637
Administrative cost reallocation	(11,722)	5,111	6,611	-
Total operating expenses	16,039	84,170	194,342	294,551
Operating income (loss)	(6,971)	(2,357)	(163,829)	(173,157)
Non-operating revenues (expenses):				
Government assistance	69	-	159,691	159,760
Passenger facility charges	292	9,772	-	10,064
Interest income, net	1,526	2,257	5,823	9,606
Other non-operating revenues (expenses), net	(5,592)	10	4,673	(909)
Total non-operating revenues, net	(3,705)	12,039	170,187	178,521
Change in net position before capital contributions	(10,676)	9,682	6,358	5,364
Capital contributions	2,000	20,108	35,094	57,202
Change in net position	(8,676)	29,790	41,452	62,566
Net position (deficit) - beginning of year	(56,015)	346,894	103,944	394,823
Net position (deficit) - end of year	$ (64,691)	$ 376,684	$ 145,396	$ 457,389

2025			
NFTA	BNIA	Metro	Total
$ -	$ -	$ 29,049	$ 29,049
1,205	36,814	-	38,019
7,405	15,332	-	22,737
92	23,320	-	23,412
175	5,558	1,080	6,813
8,877	81,024	30,129	120,030
14,514	24,735	107,181	146,430
(1,632)	(667)	(3,784)	(6,083)
6,161	20,975	37,165	64,301
2,498	12,101	12,497	27,096
-	-	3,548	3,548
1,124	2,717	1,865	5,706
918	1,097	6,622	8,637
4,966	12,503	14,465	31,934
(11,544)	5,033	6,511	-
17,005	78,494	186,070	281,569
(8,128)	2,530	(155,941)	(161,539)
135	-	150,776	150,911
175	9,858	-	10,033
1,169	586	6,431	8,186
4,124	(46)	(2,766)	1,312
5,603	10,398	154,441	170,442
(2,525)	12,928	(1,500)	8,903
2,846	45,954	64,402	113,202
321	58,882	62,902	122,105
(56,336)	288,012	41,042	272,718
$ (56,015)	$ 346,894	$ 103,944	$ 394,823

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

For the years ended March 31,	**2026**	2025
Cash and cash equivalents:		
Passenger facility charges	**$ 21,693**	$ 18,659
Operations and maintenance reserve	**2,003**	2,003
Aviation reserve	**2,969**	2,920
Debt service reserve	**10,274**	14,998
Construction fund	**-**	45
Operating reserve	**1,970**	1,913
	38,909	40,538
Investments:		
Passenger facility charges	**24,483**	19,667
Revenue bond reserve	**7,300**	2,474
Repairs and replacement reserve	**750**	750
Operating reserve	**9,656**	9,265
	42,189	32,156
Total restricted assets	**$ 81,098**	$ 72,694

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

The Board of Commissioners
Niagara Frontier Transportation Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2026, 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 25, 2026.

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 25, 2026

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

The Board of Commissioners
Niagara Frontier Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Niagara Frontier Transportation Authority (the Authority), a business-type activity and a component unit of the State of New York, as of and for the year ended March 31, 2026, 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 25, 2026.

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, 2026. 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 25, 2026