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

NEW YORK STATE SINGLE AUDIT REPORT

MARCH 31, 2024

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

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March 31, 2024

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH STATE TRANSPORTATION ASSISTANCE PROGRAM TESTED AND ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Commissioners
Niagara Frontier Transportation Authority

Report on Compliance for Each State Transportation Program Tested

Opinion on Each State Transportation Program Tested

We have audited the compliance of Niagara Frontier Transportation Authority (the Authority) (a component unit of the State of New York), a business-type activity, with the types of compliance requirements identified as subject to audit in the Preliminary Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that could have a direct and material effect on each of the Authority's State transportation assistance programs tested for the year ended March 31, 2024. The Authority's programs tested are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its State transportation assistance programs tested for the year ended March 31, 2024.

Basis for Opinion on Each State Transportation Assistance Program Tested

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and Part 43 of NYCRR. Our responsibilities under those standards and Part 43 of NYCRR are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each State transportation assistance program tested. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its State transportation assistance programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and Part 43 of NYCRR will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each State transportation assistance program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Part 43 of NYCRR, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State transportation assistance program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State transportation assistance program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State transportation assistance program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on the Schedule of State Transportation Assistance Expended Required by NYCRR

We have audited the financial statements of the Authority (a component unit of the State of New York), a business-type activity, as of March 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of State transportation assistance expended is presented for purposes of additional analysis as required by Part 43 of NYCRR and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of State transportation assistance expended is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Part 43 of NYCRR. Accordingly, this report is not suitable for any other purpose. Also, this report is intended solely for the information and use of management, the Board of Commissioners, others within the Authority, and the New York State Department of Transportation. It is not intended to be, and should not be, used by anyone other than these specified parties.

Lumsden & McCormick, LLP

June 26, 2024

Schedule of State Transportation Assistance Expended

For the year ended March 31, 2024

Grantor/Program Description	Assistance Listing Number	NYS Grant/ Reference #	Total Expenditures
State Matching Grants for Direct Federal Aviation Administration Program:			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	5902.22	$ 983
		5902.23	467
		5902.26	2,245
		5902.27	8,466
		5902.28	2,380
		5A00.24	191,239
		5A00.25	34
		Pending	179,243
Total State Matching Grants for Direct Federal Aviation Administration Program			385,057
State Matching Grants for Federal Highway Administration Program:			
Highway Planning and Construction	20.205	FHWA-PL	509,545
NYS Parks and Recreation - Highway Planning and Construction	20.205	Unknown	21,431
			530,976
State Matching Grants for Direct Federal Transit Administration Program:			
Federal Transit Capital Investment Grants	20.500	5823.79	579
Federal Transit Formula Grants	20.507	5825.53	432,259
		5900.27	2,060,089
		5900.28	61,802
			2,554,150
State of Good Repair Grants Program	20.525	5825.54	84,553
		5900.34	301,743
			386,296
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	5900.36	5,603
		5900.39	194,319
		5900.43	151,368
		5900.51	28,500
			379,790
Total State Matching Grants for Direct Federal Transit Administration Program			3,320,815

See accompanying notes.

Schedule of State Transportation Assistance Expended (continued)

For the year ended March 31, 2024

Grantor/Program Description	Assistance Listing Number	NYS Grant/ Reference #	Total Expenditures
State Matching Grants for Direct Federal Transit Administration Program:			
Non-Federal Capital-Related Grants:			
New York State Department of Transportation			
Dedicated Transportation Fund	n/a	5824.74	232,667
		5824.82	1,344,900
		5825.10	2,856,143
		5825.21	1,915,998
		5825.22	755,530
		5825.23	139,072
		5825.24	40,454
		5825.25	162,745
		5825.26	454,285
		5825.27	35,625
		5825.28	26,746
		5825.84	8,077,032
		5825.89	330,602
		5825.90	182,017
		Pending	84,545
			16,638,361
Accelerated Transit Capital (ATC)	n/a	5822.27	9,980
		5824.70	230
		5824.80	172,869
		5825.17	95,237
		5825.69	2,700,324
		5900.36	223,487
			3,202,127
Modern Enhancement Program (MEP)	n/a	5824.71	485,032
		5824.78	300,000
		5824.87	55,000
		5825.17	162,418
		5825.18	393,092
		5825.69	2,092,683
		5825.95	1,697,148
		5826.04	665,890
			5,851,263
State Metro Rail Capital (SMRC)	n/a	5825.20	362,936

Schedule of State Transportation Assistance Expended (continued)

For the year ended March 31, 2024

Grantor/Program Description	Assistance Listing Number	NYS Grant/ Reference #	Total Expenditures
Non-Federal Capital-Related Grants, continued:			
NYS Air 99 Program - NYS Transportation Bond Act of 2005	n/a	5A00.96	$ 63,850
		5A00.97	538,525
			602,375
NYS Energy Research and Development Authority (NYSERDA) VW Settlement	n/a	Unknown	5,390,000
NYS Energy Research and Development Authority (NYSERDA)	n/a	Unknown	19,117
Total Non-Federal Capital-Related Grants			32,066,179
State Transit Operating Assistance:			
General Fund Appropriation - Section 18B of Transportation Law	n/a	Unassigned	4,100,000
Mass Transit Operating Assistance Fund	n/a	Unassigned	30,902,700
Dedicated Mass Transportation Trust Funds	n/a	Unassigned	14,287,400
Dedicated Transportation Fund NYS Additional Funding	n/a	Unassigned	28,809,700
Total State Transit Operating Assistance			78,099,800
Total State Transportation Assistance Expended			$ 114,402,827

See accompanying notes.

Notes to Schedule of State Transportation Assistance Expended

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of State Transportation Assistance Expended presents the activity of all financial assistance programs provided by the New York State Department of Transportation and administered by Niagara Frontier Transportation Authority (the Authority), which is aware and has been informed that such funds require separate audit procedures from those normally performed on federal funds received.

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 Niagara International Transportation Technology Coalition (NITTEC), a regional traffic operations center. As the host agency, the Authority provides certain grant administration and accounting functions to both organizations; consequently, reimbursement grants totaling $509,545 administered on behalf of NITTEC are included in the accompanying Schedule of State Transportation Assistance Expended.

Basis of Accounting

The Authority uses the accrual basis of accounting for each program, consistent with its financial statements.

Matching Costs

Matching costs, i.e., the Authority's share of certain program costs, are not included in the reported expenditures.

Subrecipients

For the year ended March 31, 2024, the Authority did not make any payments related to State transportation assistance on behalf of subrecipients.

Schedule of Findings and Questioned Costs for State Transportation Assistance Expended

For the year ended March 31, 2024

Section I. Summary of Auditors' Results

Type of auditors' report issued on compliance for programs tested: *Unmodified*

Internal control over State transportation assistance expended:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Summary of audit findings: None noted

Identification of State Transportation Assistance Programs Tested:

Program Description	Amount
State Transit Operating Assistance:	
General Fund Appropriation – Section 18B of Transportation Law	$ 4,100,000
Mass Transit Operating Assistance Fund	30,902,700
Dedicated Mass Transportation Trust Funds	14,287,400
Dedicated Transportation Fund NYS Additional Funding	28,809,700
	$ 78,099,800

Section II. Compliance Findings and Questioned Costs

No matters were reported.