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

NEW YORK STATE SINGLE AUDIT REPORT

MARCH 31, 2025

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

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Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE 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, 2025. 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, 2025.

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 the Authority's 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.
- 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 schedule of state transportation assistance expended.

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, 2025, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2025, 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, 2025

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

Schedule of State Transportation Assistance Expended

For the year ended March 31, 2025

Grantor/Program Description	Assistance Listing Number	NYS Grant/ Reference #	Total Expenditures
State Matching Grants for Federal Aviation Administration Program:			
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	5823.79	$ 4,340
		5902.26	1,511
		5902.27	17
		5902.28	7,874
		5A00.24	68,133
		5A00.25	80
		Pending	2,267,959
Total State Matching Grants for Federal Aviation Administration Program			2,349,914
State Matching Grants for Federal Highway Administration Program:			
Highway Planning and Construction	20.205	FHWA-PL	561,999
NYS Parks and Recreation - Highway Planning and Construction	20.205	Unknown	178,167
Total State Matching Grants for Federal Highway Administration Program			740,166
State Matching Grants for Federal Transit Administration Program:			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	D125239	125,701
Federal Transit Formula Grants	20.507	5900.29	2,103,763
		5900.30	61,803
			2,165,566
State of Good Repair Grants Program	20.525	5825.54	188,891
		5825.70	14,822
		5900.35	306,541
		5900.42	432,469
		5900.46	74,224
		5900.50	50,000
			1,066,947
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	5900.38	15,446
		5900.42	35,048
			50,494
Total State Matching Grants for Federal Transit Administration Program			3,408,708

See accompanying notes.

Schedule of State Transportation Assistance Expended (continued)

For the year ended March 31, 2025

Grantor/Program Description	Assistance Listing Number	NYS Grant/ Reference #	Total Expenditures
Non-Federal Capital-Related Grants:			
Accelerated Transit Capital (ATC)	n/a	5826.00	1,293,737
		5826.01	1,411,349
		5900.42	1,590,155
			4,295,241
Modern Enhancement Program (MEP)	n/a	5824.71	367,915
		5824.87	26,393
		5825.18	358,522
		5825.69	209,764
		5825.94	1,475,279
		5826.04	507,953
		5826.05	783,948
			3,729,774
State Metro Rail Capital (SMRC)	n/a	5824.82	8,361
		5825.10	2,434,136
		5825.21	213,747
		5825.22	1,259,142
		5825.23	96,482
		5825.25	1,722
		5825.26	195,126
		5825.28	21,185
		5825.71	908,232
		5825.84	15,957,524
		5825.86	54,975
		5825.89	2,167,046
		5825.91	39,700
		5826.06	821,017
		5826.08	37,234
		5826.09	75,123
		Pending	1,854
			24,292,606

See accompanying notes.

Schedule of State Transportation Assistance Expended (continued)

For the year ended March 31, 2025

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	5902.55	$ 280,000
		5A00.96	22,046
			302,046
NYS Department of Transportation - Project 40454 Roadway Safety	n/a	Unknown	32,618
Total Non-Federal Capital-Related Grants			32,652,285
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	31,443,500
Dedicated Mass Transportation Trust Funds	n/a	Unassigned	13,746,600
Dedicated Transportation Fund NYS Additional Funding	n/a	Unassigned	35,574,300
Total State Transit Operating Assistance			84,864,400
Total State Transportation Assistance Expended			$ 124,015,473

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 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 $594,617 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, 2025, the Authority did not make any payments related to State transportation assistance on behalf of subrecipients.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
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Schedule of Findings and Questioned Costs for State Transportation Assistance Expended

For the year ended March 31, 2025

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	31,443,500
Dedicated Mass Transportation Trust Funds	13,746,600
Dedicated Transportation Fund NYS Additional Funding	35,574,300
	$ 84,864,400

Section II. Compliance Findings and Questioned Costs

No matters were reported.