

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)
New York State Single Audit Report
March 31, 2011

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

Table of Contents

| | <u>Page</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditors' Report on Compliance and Controls Over New York State Transportation Assistance Expended Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 1 - 2 |
| Schedule of New York State Transportation Assistance Expended | 3 - 5 |
| Notes to Schedule of New York State Transportation Assistance Expended | 6 |
| Schedule of Findings and Questioned Costs for New York State Transportation Assistance Expended | 7 |

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND CONTROLS
OVER NEW YORK STATE TRANSPORTATION ASSISTANCE EXPENDED
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Niagara Frontier Transportation Authority
Buffalo, New York:

Compliance

We have audited Niagara Frontier Transportation Authority's (the Authority) (a component unit of the State of New York) compliance with the types of compliance requirements described 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 major State transportation assistance programs for the year ended March 31, 2011. The programs tested are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Draft Part 43 of NYCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on the State transportation assistance programs, occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

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, 2011.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State transportation assistance programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on State transportation assistance programs tested to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with Draft Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

Schedule of New York State Transportation Assistance Expended

We have audited the financial statements of the Authority as of March 31, 2011, and for the year then ended, and have issued our report thereon dated June 27, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the Authority's financial statements as a whole. The schedule of State transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Board of Commissioners, management of the Authority, and the New York State Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Toski, Schaefer & Co. P.C.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
 (A Component Unit of the State of New York)
 Schedule of New York State Transportation Assistance Expended
 Year ended March 31, 2011

| <u>Grantor/Program Description</u> | <u>Federal CFDA Number</u> | <u>NYS Grant/ Contract #</u> | <u>Total Expenditures</u> |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| State Matching Grants for Direct Federal Aviation Administration Program - Airport Improvement Program Grant Match | 20.106 | 5902.04 5902.08 5902.09 5902.10 5902.90 5902.96 5902.97 5902.98 5913.11 5913.12 5913.13 5913.14 5913.86 5913.92 5913.93 5913.95 5913.96 5913.98 5913.99 Pending | \$ 764 139 5,654 20,018 48 1,513 1,210 2 44,449 387,197 28,635 18,382 144 3,157 37,822 66,099 994 36,030 76,009 29,417 |
| Total Federal Aviation Administration | | | 757,683 |
| State Matching Grants for Federal Highway Administration Programs - Highway Planning and Construction Grant Match | 20.205 | D14513 D88480 D32519 | 339,765 369,550 19,757 |
| Total Federal Highway Administration | | | 729,072 |
| State Matching Grants for Federal Transit Administration Programs - Federal Transit Metropolitan Planning Grant Match | 20.505 | D125239 D031799 | 104,226 1,949 |
| | | | 106,175 |
| State Matching Grants for Direct Federal Transit Administration Programs: Federal Transit Capital Investment Grant Match | 20.500 | 5822.27 5822.71 | 217,809 162,003 |
| | | | 379,812 |

(Continued)

See accompanying notes to schedule of New York State transportation assistance expended.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
 (A Component Unit of the State of New York)
 Schedule of New York State Transportation Assistance Expended, Continued

| <u>Grantor/Program Description</u> | <u>Federal CFDA Number</u> | <u>NYS Grant/ Contract #</u> | <u>Total Expenditures</u> |
|--------------------------------------------------------------------------------------|------------------------------------|----------------------------------|-------------------------------|
| State Matching Grants for Direct Federal Transit Administration Programs, Continued: | | | |
| Federal Transit Formula Grant Match | 20.507 | 5822.27 | \$ 153,159 |
| | | 5822.40 | 25,057 |
| | | 5822.60 | 4,963 |
| | | 5822.61 | 86 |
| | | 5822.62 | 4,065 |
| | | 5822.63 | 29 |
| | | 5822.66 | 162 |
| | | 5822.68 | 28,927 |
| | | 5822.72 | 15,887 |
| | | 5822.76 | 1,282 |
| | | 5822.78 | 16,504 |
| | | 5822.81 | 2,839 |
| | | 5822.82 | 2,072 |
| | | 5822.83 | 666 |
| | | 5822.89 | 20,190 |
| | | 5822.90 | 14,064 |
| | | 5822.91 | 3,512 |
| | | 5822.93 | 61,924 |
| | | 5822.94 | 12,351 |
| | | 5822.97 | 759 |
| | | 5822.98 | 13,955 |
| | | 5822.99 | 8,941 |
| | | 5823.00 | 11,283 |
| | | 5823.01 | 24,895 |
| | | 5823.04 | 2,505 |
| | | 5823.05 | 27,914 |
| | | 5823.07 | 1,201,378 |
| | | 5823.08 | 212,500 |
| | | 5823.09 | 2,919 |
| | | 5823.10 | 2,962 |
| | | 5823.11 | 152 |
| | | 5823.13 | 44,243 |
| | | 5823.15 | 9,587 |
| | | Pending | 4,923 |
| | | | <hr/> 1,936,655 |
| Total Federal Transit Administration Cluster | | | <hr/> 2,316,467 |
| | | | (Continued) |

See accompanying notes to schedule of New York State transportation assistance expended.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
 (A Component Unit of the State of New York)
 Schedule of New York State Transportation Assistance Expended, Continued

| <u>Grantor/Program Description</u> | <u>Federal CFDA Number</u> | <u>NYS Grant/ Contract #</u> | <u>Total Expenditures</u> |
|----------------------------------------------------------------|------------------------------------|----------------------------------|-------------------------------|
| Non-Federal Capital Related Grants: | | | |
| NYS Dedicated Transportation Fund | | 5822.27 | \$ 84,767 |
| NYS DOT Transportation Restructuring Study | | P110.42.881 | 102,687 |
| NYS DOT Memorandum of Understanding | | Unassigned | <u>1,000,000</u> |
| | | | <u>1,102,687</u> |
| NYS Department of Environmental Conservation | | C302569 | 151,923 |
| NYS Community Solutions for Transportation Program | | A999-15-701 | 149,702 |
| NYS Stimulus for ARRA/DERA | | Unassigned | <u>307,188</u> |
| Total Non-Federal Capital Related Grants | | | <u>1,796,267</u> |
| State Transit Operating Assistance: | | | |
| General Fund Appropriation - Section 18B of Transportation Law | | | 4,098,999 |
| Mass Transit Operating Assistance Fund | | | 24,622,212 |
| Dedicated Mass Transportation Trust Funds | | | 7,569,000 |
| Dedicated Transportation Fund NYS Additional Funding | | | <u>5,529,000</u> |
| Total State Transit Operating Assistance | | | <u>41,819,211</u> |
| Total New York State Transportation Assistance | | | <u>\$ 47,524,875</u> |

See accompanying notes to schedule of New York State transportation assistance expended.

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

Notes to Schedule of New York State Transportation Assistance Expended
Year ended March 31, 2011

(1) General

The accompanying schedule of New York State Transportation Assistance Expended of the Niagara Frontier Transportation Authority (Authority) presents the activity of all financial assistance programs provided by New York State Department of Transportation.

(2) Basis of Accounting

The accompanying schedule of New York State Transportation Assistance Expended is presented using the modified accrual basis of accounting.

(3) Matching Costs

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

(4) Amounts Paid to Subrecipients

There were no amounts paid to subrecipients related to State transportation assistance for the year ended March 31, 2011.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)
Schedule of Findings and Questioned Costs for
New York State Transportation Assistance Expended
Year ended March 31, 2011

SUMMARY OF AUDITORS' RESULTS

Internal control over State transportation assistance expended:

- | | |
|---------------------------------------------------------------------------------------------|---------------|
| 1. Material weaknesses identified | No |
| 2. Significant deficiencies identified that are not considered to be material weaknesses | None reported |

| | |
|----------------------------------------------------------------------|-------------|
| Type of auditors' report issued on compliance for programs tested | Unqualified |
|----------------------------------------------------------------------|-------------|

| | |
|---------------------------|-----|
| Summary of Audit Findings | N/A |
|---------------------------|-----|

Identification of State Transportation Assistance Programs Tested:

Name

- State Transit Operating Assistance
- Federal Transit Administration Cluster

Compliance findings and questioned costs: No matters were reported