

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

**SCHEDULE OF
PASSENGER FACILITY CHARGES**

MARCH 31, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Commissioners
Niagara Frontier Transportation Authority

Report on Compliance

We have audited the Niagara Frontier Transportation Authority's (the Authority's) (a component unit of the State of New York), a business-type activity, compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on the Authority's passenger facility charge program for the year ended March 31, 2020.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of the passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's passenger facility charge program based on our audit of the types of compliance requirements referred to above. 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 the Guide. Those standards and the Guide 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 passenger facility charge program 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 on compliance for the passenger facility charge program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended March 31, 2020.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, 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 the types of compliance requirements of the passenger facility charge 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 the types of compliance requirements of the passenger facility charge 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 the types of compliance requirements of the passenger facility charge 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the year ended March 31, 2020, and the related notes to the financial statements. We issued our report thereon dated June 25, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying schedule of passenger facility charges is presented for purposes of additional analysis as required by the Guide 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges is fairly stated in all material respects in relation to the financial statements as a whole.

Purpose of this Report

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 the Guide. 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, and the Federal Aviation Administration. It is not intended to be, and should not be, used by anyone other than these specified parties.

Lunden & McCormick, LLP

June 25, 2020

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

Schedule of Passenger Facility Charges

For the year ended March 31, 2020

| | BNIA | NFIA | Total |
|---|----------------------|-------------------|----------------------|
| Unexpended passenger facility charges balance, beginning of year | \$ 19,583,544 | \$ 644,354 | \$ 20,227,898 |
| Passenger facility charges earned | 9,089,923 | 465,390 | 9,555,313 |
| Interest income | 205,449 | (3,007) | 202,442 |
| Passenger facility charges expended - costs for approved projects | <u>(7,917,836)</u> | <u>(272,833)</u> | <u>(8,190,669)</u> |
| Unexpended passenger facility charges balance, end of year | <u>\$ 20,961,080</u> | <u>\$ 833,904</u> | <u>\$ 21,794,984</u> |
| Balance components: | | | |
| Cash balance at March 31, | \$ 20,653,511 | \$ 833,900 | \$ 21,487,411 |
| Collections after March 31, | 307,569 | 4 | 307,573 |
| Unexpended balance | <u>\$ 20,961,080</u> | <u>\$ 833,904</u> | <u>\$ 21,794,984</u> |

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Notes to Schedule of Passenger Facility Charges

1. General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of local Passenger Facility Charges (PFC) and use of resulting PFC revenues for Federal Aviation Administration (FAA) approved projects at the Buffalo Niagara International Airport (BNIA) and the Niagara Falls International Airport (NFIA). The FAA has approved the collection of a \$4.50 PFC per enplanement.

2. Schedule of Passenger Facility Charges

The accompanying Schedule of Passenger Facility Charges (the Schedule) presents the revenues earned and expenditures incurred on approved projects on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. PFCs earned represent receipts of fees collected during the year as reported to the FAA in accordance with 14 CFR Part 158 and collections of PFCs after March 31, 2020 and 2019 for enplanements prior to the end of the respective years. Interest income represents the actual interest collected on the unexpended cash balance during the periods reported.

Cash received and disbursed on approved projects in the Schedule agrees to the Passenger Facility Charge Quarterly Status Reports submitted by the Authority to the FAA on a cash basis and are reported in the Schedule as follows:

| | BNIA | NFIA | Total |
|--|----------------------|-------------------|----------------------|
| Cash submitted to FAA per quarterly reports | \$ 10,361,289 | \$ 585,784 | \$ 10,947,073 |
| Cash received for prior year enplanements | (1,578,935) | (120,398) | (1,699,333) |
| Cash collected subsequent to year end for current year enplanements | 307,569 | 4 | 307,573 |
| Passenger facility charges earned | \$ 9,089,923 | \$ 465,390 | \$ 9,555,313 |