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

SCHEDULE OF
PASSENGER FACILITY CHARGES

MARCH 31, 2024

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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 for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

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 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, 2024.

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, 2024.

Basis for Opinion on the Passenger Facility Charge Program

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 the Guide. Our responsibilities under those standards and the Guide 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 the passenger facility charge program. 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 passenger facility charge program.

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 the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. 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 the passenger facility charge program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, 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 the Guide, 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 passenger facility charges.

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 the passenger facility charge 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 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 a type of compliance requirement 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 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 Schedule of Passenger Facility Charges Required by the Guide

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 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 GAAS. 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.

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.

Lumsden & McCormick, LLP

June 26, 2024

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

Schedule of Passenger Facility Charges

For the year ended March 31, 2024

	BNIA	NFIA	Total
Unexpended passenger facility charges balance, beginning of year	$ 27,718,478	$ 1,365,132	$ 29,083,610
Passenger facility charges earned	9,300,080	260,752	9,560,832
Interest income	1,040,119	18,333	1,058,452
Passenger facility charges expended - costs for approved projects	(199,587)	(10,630)	(210,217)
Unexpended passenger facility charges balance, end of year	$ 37,859,090	$ 1,633,587	$ 39,492,677
Balance components:			
Cash balance at March 31, 2024	$ 36,414,408	$ 1,578,925	$ 37,993,333
Collections after March 31, 2024	1,444,682	54,662	1,499,344
Unexpended balance	$ 37,859,090	$ 1,633,587	$ 39,492,677

See accompanying notes.

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, 2024 for enplanements prior to the end of the year. Interest income represents the actual interest collected on the unexpended cash balance during the year reported.

Cash received and disbursed on approved projects in the Schedule agree 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	$ 9,174,066	$ 249,388	$ 9,423,454
Cash received for prior year enplanements	(1,318,668)	(43,298)	(1,361,966)
Cash collected subsequent to year end for current year enplanements	1,444,682	54,662	1,499,344
Passenger facility charges earned	$ 9,300,080	$ 260,752	$ 9,560,832