

**CITY OF BUFFALO,
NEW YORK**

*New York State Department of Transportation
Financial Assistance Schedules for the
Year Ended June 30, 2013 and
Independent Auditors' Report*

CITY OF BUFFALO, NEW YORK
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Year Ended June 30, 2013

New York State Department of Transportation
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Certified Public Accountants

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

Honorable Mayor, Common Council and Comptroller of
City of Buffalo, New York:

Report on Compliance for New York State Transportation Assistance Programs

We have audited the City of Buffalo, New York's (the "City") compliance with the types of compliance requirements described in Draft Part 43 of the New York State Codification of Rules and Regulations ("NYCRR") that are applicable to each state transportation assistance program tested for the year ended June 30, 2013. The program tested is identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the laws, regulations, contracts and grants applicable to its state transportation assistance programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's 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 Draft Part 43 of NYCRR. Those standards and Draft Part 43 of NYCRR 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 a state transportation assistance program tested has occurred. An audit includes examining, on a test basis, evidence about the City'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 each state transportation assistance program tested. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each State Transportation Assistance Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its Consolidated Highway Improvement Program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City 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 City's internal control over compliance with requirements that could have a

direct and material effect on each state transportation assistance program tested as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state transportation assistance program tested and to test and report on internal control over compliance in accordance with Draft 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 City'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 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 first paragraph of this section and was not designed to identify all deficiencies in the 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 State Transportation Assistance Expended

We have audited the financial statements of the City as of and for the year ended June 30, 2013, and have issued our report thereon dated November 26, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the City's financial statements as a whole. The accompanying Schedule of New York State Department of Transportation Assistance Expended is presented for purposes of additional analysis as required by Draft 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. 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 Schedule of New York State Department of Transportation Assistance Expended is fairly stated in all material respects in relation to the financial statements taken 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 Draft Part 43 of NYCRR. This report is for the information and use of the City Common Council, management, the New York State Department of Transportation, and the Office of the State Comptroller of the State of New York. Accordingly, this communication is not suitable for any other purpose.



November 26, 2013

CITY OF BUFFALO, NEW YORK
Schedule of New York State Department of Transportation Assistance Expended
Year Ended June 30, 2013

<u>Program Title / Description</u>	<u>Federal CFDA Number</u>	<u>NYSDOT Reference Number</u>	<u>NYSDOT Expenditures</u>
New York State Awards:			
Consolidated Highway Improvement Program ("CHIPS")	N/A	N/A	\$ 3,846,349
Marchiselli Aid	N/A	D013775, D017846*	<u>633,478</u>
Total New York State Department of Transportation Assistance Expended			<u>4,479,827</u>
Federal Awards:			
Passed Through New York State Department of Transportation:			
Highway Planning and Constuction	20.205	N/A	6,425,070
Metropolitan Transportation Planning	20.505	D034003	<u>1,337,777</u>
Total Federal Awards			<u>7,762,847</u>
Total New York State Department of Transportation Assistance Expended and Federal Awards			<u>\$ 12,242,674</u>

* Marchiselli Aid Contract/Grant numbers: D013775, D017846, D022255, D030039, D030233, D030444, D032531, D032782, D033339, D033705

See notes to Schedule of New York State Department of Transportation Assistance Expended.

CITY OF BUFFALO, NEW YORK
Notes to Schedule of New York State Department of Transportation Assistance Expended
Year Ended June 30, 2013

1. BASIS OF PRESENTATION

The accompanying Schedule of New York State Department of Transportation (the “NYSDOT”) Assistance Expended includes the financial assistance provided by NYSDOT.

The accompanying schedule is presented on the modified accrual basis of accounting.

2. DETAIL OF FEDERAL HIGHWAY ADMINISTRATION (CFDA 20.205) EXPENDITURES

Detail of 2012-13 highway administration expenditures with their corresponding pass-through grantor numbers are as follows:

	<u>2012-13</u> <u>Expenditures</u>	<u>CFDA No.</u>	<u>Pass-through</u> <u>Grantor Number</u>
Elmwood Avenue - Delavan to Route 198	\$ 1,566,915	20.205	D013775
West Ferry Street Bridge over Black Rock Canal	7,318	20.205	D017626
Reconstruction of Main Street - Phase 2	98,195	20.205	D017948
Bailey Avenue Bridge over Cazenovia Creek	56,624	20.205	D017846
Signal System Improvements - Elmwood/Chippewa	695,791	20.205	D022255
Kenmore Avenue Reconstruction - Starin to Main Street	144,515	20.205	D030039
Michigan Avenue Streetscape - Broadway to Goodell	29,498	20.205	D030066
Buffalo-Niagara Medical Campus - Phase 2	652,470	20.205	D030124
Porter Avenue Reconstruction - Niagara Street to Symphony Circle	16,030	20.205	D030233
Niagara Street Gateway	112,877	20.205	D030444
Safe Routes to School	370,114	20.205	D032468
Safe Routes to School - Education	102,052	20.205	D032468
Restoration of Vehicle Traffic on Main Street - 600 Block	1,637,237	20.205	D032531
Fruit Belt Redevelopment	69,244	20.205	D032782
Filmore Avenue Rehab and Streetscape Enhancement	37,013	20.205	D032782
Seneca Street Resurfacing and Streetscape Project	145,011	20.205	D033339
Buffalo Outer Harbor Trail Project	92,256	20.205	D033355
Bridge Joint Replacement Project	20,000	20.205	D033511
Hopkins Street Bridge Over Buffalo Pittsburgh Railroad	470,877	20.205	D033705
Bridge Joint Repl. and Deck Resurfacing Project	101,033	20.205	D033911
Total	<u>\$ 6,425,070</u>		

CITY OF BUFFALO, NEW YORK
Schedule of Findings and Questioned Costs
New York State Department of Transportation Assistance Expended
Year Ended June 30, 2013

Part I. SUMMARY OF AUDITORS' RESULTS

New York State Department of Transportation Assistance:

Internal control over major programs:

- | | | | |
|---|-----------|---------|---------------|
| 1. Material weakness(es) identified? | _____ Yes | _____ ✓ | No |
| 2. Significant deficiency(ies) identified not considered to be material weaknes(es)? | _____ Yes | _____ ✓ | None reported |
| Type of auditors' report issued on compliance for programs tested: | | | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Draft Part 43 of NYCRR? | _____ Yes | _____ ✓ | No |

4. Identification of State Transportation Assistance Program tested:

Name of Program _____

Consolidated Highway Improvement Program ("CHIPS")

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