

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

March 31, 2008 and 2007

**MANAGEMENT'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING**

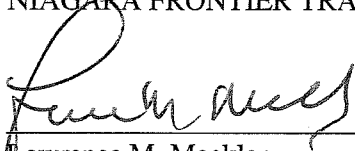
The management of the Niagara Frontier Transportation Authority (the Authority) is responsible for establishing and maintaining adequate internal controls and procedures over financial reporting. The Niagara Frontier Transportation Authority's internal control system is designed to provide reasonable assurance to the Authority's management and Board of Commissioners regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Authority's management assessed the effectiveness of the Authority's internal control over financial reporting as of March 31, 2008. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework*. Based on our assessment we believe that, as of March 31, 2008, the Authority's internal controls over financial reporting is effective based on those criteria.

The Authority's independent auditor, Lumsden & McCormick, LLP, has issued a report on our assessment of the Authority's internal control over financial reporting.

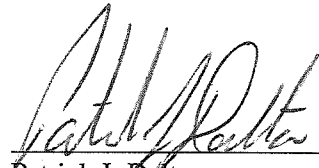
NIAGARA FRONTIER TRANSPORTATION AUTHORITY



Lawrence M. Meckler  
Executive Director



Deborah C. Leous  
Chief Financial Officer



Patrick J. Dalton  
Director of Internal Audit

June 16, 2008