

September 23, 2011

The Audit Committee, Board of Directors,
and Management
Buffalo Fiscal Stability Authority

In planning and performing our audit of the financial statements of Buffalo Fiscal Stability Authority (the Authority) as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Separation of duties

Separation of duties, defined as the involvement of more than one person in processing related transactions, is an important element of internal control. During part of 2011, the Executive Director performed her responsibilities as well as performing the responsibilities of the Comptroller due to turnover in this position. Due to the small size of the Authority's staff, the Executive Director's work was reviewed and approved by staff members. We typically recommend that review and approval be performed at a level above the person performing the work.

Although our audit revealed that the risk of misstatement is partially mitigated by strong Board oversight, our professional standards require that we make you aware of this lack of separation of duties in internal control. It is our understanding that the Comptroller position will be filled in the upcoming fiscal year and that the accounting functions will be performed by Comptroller, which will allow the Executive Director to review the transactions as in prior years.

This communication is intended solely for the information and use of the Audit Committee, Board of Directors, and management of the Authority. It is not intended to be, and should not be used by anyone other than these specified parties.

