

September 15, 2010

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

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, 2010, 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.

#### **AWARENESS ISSUES**

The following points are for information purposes only and we do not consider it necessary for management to include a response.

##### **Forms 1099**

Beginning in calendar year 2012, recent federal legislation will require all entities to prepare 1099s for vendors from which goods and services in excess of \$600 were purchased within a calendar year. This generally has been a requirement for only individuals and non incorporated entities but legislation now mandates this reporting requirement for *all* vendors with purchases in excess of \$600. The Authority should be aware of this new regulation and may need to implement system modifications to comply with the new rules.

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.

