

February 2, 2009

The Board of Directors  
Chautauqua, Cattaraugus, Allegany, & Steuben  
Southern Tier Extension Railroad Authority  
Salamanca, New York

Board of Directors,

We have audited the financial statements of the Chautauqua, Cattaraugus, Allegany, & Steuben Southern Tier Extension Railroad Authority as of and for the year ended December 31, 2008 and have issued our report dated February 2, 2009. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under Auditing Standards Generally Accepted in the United States of America**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting.

**Significant Accounting Policies**

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in the financial statements. There were no significant accounting policies adopted or changed during the year ended December 31, 2008.

We noted no transactions entered into by the Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and based upon management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from expectations. The most significant estimates affecting the financial statements of the Authority relate to the collection of receivables.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Authority's financial reporting process (that is, cause future financial statements to be materially misstated).

Professional standards also require us to disclose to you adjustments that were proposed by us but that management elected not to record. There were no such material adjustments remaining at the conclusion of our audit.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to verify with us all of the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention as Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Authority's auditors. As in prior years, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in our interactions with management as part of performing our audit.

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

Very truly yours,

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.