

March 30, 2026

To the Audit Committee:

***Chautauqua, Cattaraugus, Allegany & Steuben
Southern Tier Extension Railroad Authority (STERA)***
Salamanca, New York 14779

We have audited the financial statements of **STERA** for the year ended December 31, 2025, and have issued our report thereon dated March 30, 2026. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 15, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. We performed the audit according to the planned scope and timing previously communicated in our discussion with management.

Accounting Policies, Estimates and Disclosures

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise you about the appropriateness of accounting policies and their application. The significant accounting policies used by **STERA** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending December 31, 2025. We did not note any transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on 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 those expected. The most significant estimate affecting the financial statements for the year ending December 31, 2025 was the provision for depreciation on rail lines.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was in Note 2 – Property, Equipment and Depreciation. The disclosure in this footnote details the cost basis and depreciation that has accumulated to date on rail lines owned by **STERA**.

Reporting on Internal Controls

In planning and performing our audit of the financial statements of **STERA** as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered **STERA's** internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances 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

Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 material weaknesses. Given these limitations, during our audit we identified one deficiency in internal control that we consider to be a material weakness. See the audit report for further information.

Other Reporting Required by NYS Public Authorities Law

In connection with our audit, nothing came to our attention that caused us to believe the Organization failed to comply with the New York State Comptroller's Investment Guidelines, §2925 of the New York State Public Authorities Law or its own investment policy.

Other Notes

- Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Any adjusting journal entries we proposed as part of our audit have been reviewed and accepted by management.
- We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as auditors.
- We have requested certain representations from management that are included in the management representation letter dated March 30, 2026.
- To our knowledge, there were no consultations with other accountants regarding the audit.
- We did not have any disagreements with management regarding accounting principles.

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

Sincerely,

Bysiek CPA, PLLC

BYSIEK CPA, PLLC