
HOST COMMUNITY STANDING COMMITTEE

Independent Accountants' Report on
Applying Agreed-Upon Procedures

for the period April 1, 2008 through June 30, 2011

BROWN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on Applying Agreed-Upon Procedures

Host Community Standing Committee Members

We have performed the procedures enumerated below, which were agreed to by the Chairman and Members, solely to assist you in evaluating if approved projects for the period April 1, 2008 thru June 30, 2011 were properly approved and disbursed in a reasonably consistent manner in accordance with the Host Community Standing Committee's controlling documents being Host Community Relicensing Settlement Agreement (HCRSA) dated June 27, 2005 and Standing Committee Protocol (SCP) approved May 28, 2008. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures as outlined in our engagement letter dated June 8, 2012 and associated findings are as follows (Host Community Standing Committee abbreviated HCSC):

Agreed-upon Procedure

Finding

- | | |
|--|--|
| A) We reviewed the meeting minutes of the HCSC and audit reports for member entities for the period April 1, 2008-June 30, 2011. | N/A |
| B) In reference to section 7.4 of HCRSA schedule out and review for compliance all such expenditures for administrative expenditures and checks signed by Chair and one member of finance committee. | N/A No checks or administrative expenditures. |
| C) As referenced in section 7.5 of the HCRSA determine annual report submitted within sixty (60) days and it includes:

1) Summary of all active projects funded;
2) Project by project listing of all expenditures from the Host Community Fund during previous fiscal year;
3) Detailed listing of all planned expenditures during current fiscal year in which report is issued;
4) An updated balance sheet for the Host Committee Greenway Fund, which includes Host Community Greenway Fund expenditures, administrative expenses, and accrued interest;
5) A summary of significant correspondence with the Niagara River Greenway Commission | The 2009 report was submitted Sept. 15, 2010; due date of sixty days was August 31, 2010.
Annual reports contained all items except for 2008 and 2009 reports which included bank statements for all members and clearing account in lieu of a balance sheet as referenced in item 4. |
| D) In reference to the annual payment of \$3,000,000 from the New York Power Authority:
1) Verify annual receipt of funds in HCSC bank clearing account by July 1;
2) Verify bank transfer of funds to respective | No exceptions were found as a result of applying the procedure. |

D) continued

3) Host Communities' fund bank accounts "as soon as practical" (for this purpose defined as two weeks) and pursuant to percentage allocations per section 4.3 HCSC's controlling documents being the HCRSA.

4.3 of HCRSA have different percentages for initial \$8 million payment and annual payments for Niagara Falls and Lew-Port School districts; the percentage used for fund distribution was based on the \$8 million payment.

E) Regarding the approved projects for the period April 1, 2008 thru June 30, 2011:

- 1) Agreement to Summary of Active projects Report;
- 2) Verify written documentation exists (section 7.3 of the HCRSA):
 - a) Evidencing consultation with Greenway Commission and respective municipality elected officials (can be representative on HCSC)
 - b) Setting forth an operations and maintenance plan
 - c) Qualifying project costs (SCP page 9)
- 3) Verify compliance to Consistency Determination per SCP document approved 5/28/08 page 3
 - a) Five (5) members vote approving project deems it consistent with Greenway Plan

No exceptions were found as a result of applying the procedures for 1, 2, and 4.

Five exceptions were noted regarding procedure 3(a) where clear documentation as to vote determining consistency existed. All of these projects were voted on and approved by the committee; approval included determination of consistency at the time per HCSC. All but one of these projects (09-003) were approved prior to or within a month of adoption of SOP as new procedures were being implemented by the Committee. The committee took action shortly into process to clarify consistency determination and states it in adopted resolutions.

E) continued,

4) Selection and Funding documentation by HCSC (SCP page 4)

5) Release of Funds (SCP page 8)

a) Properly authorized/signed by Host Community sponsor from its Host Community Fund Account;

b) Funds released within thirty (30) days of approval, selection, and funding

No exceptions were found as a result of applying procedure.

Eleven exceptions were noted where funds were not released within thirty days of approval. Release of fund requests are the entity's responsibility and usually drawn out by entity when project begins.

Overall the project files were orderly and complete upon adoption of formal SCP on May 28, 2008 and procedures were clarified. The exceptions noted in item 3 a) have been eliminated with the use of resolutions for approved projects. The project files should contain municipal bond resolutions, bank statements from entity upon withdraw of their funds evidencing deposit in municipality bank account and summary report upon project completion from the entity as to receipt and expending of funds.

Primary documents reviewed for the procedures above were the Host Community Standing Committee Review Form and related project application, municipality's board resolution, minutes of Greenway Commission and the Host Community Standing Committee resolution approving project and expressing consistency of the project.

The controlling documents call for interest to be used to pay administrative expenditures of the fund and any excess interest is available to be distributed to the member entities. As of June 30, 2011 there is a total of \$153,337 in accumulated interest, of which \$44,776 is in the clearing account. We suggest annual budgeting of \$30,000 for administrative expenses (audit, legal, administrative services etc.) with expense allocation to each entity based on their percentage per 4.3 of the HCRSA with the remaining accumulated interest distributed to each entity per their respective percentages for project use.

Following is a summary of the cash received and disbursed from HCSC Clearing Account during the period April 1, 2008-June 30, 2011: (see pages 5-8 for detail of all accounts)

Funds received:

New York Power Authority:

July 1, 2008	\$ 6,000,000	
July 1, 2009	3,000,000	
July 1, 2009 Interest	44,382	
July 1, 2010	<u>3,000,000</u>	12,044,382

HSBC

July 31, 2008	333	
July 31, 2009	<u>61</u>	<u>394</u>

12,044,776

Funds disbursed:

To HCSC Member accounts:

July 10, 2008	\$ 6,000,000	
July 8, 2009	3,000,000	
July 12, 2010	<u>3,000,000</u>	
		<u>12,000,000</u>

Funds remaining in HCSC Clearing Account

\$ 44,776

We audited the financial statements for the period April 1, 2008 to June 30, 2011 and issued our report dated August 10, 2012. We were not engaged to, and did not perform an audit for purposes of this report, the objective of which would be the expression of an opinion on the specified elements of this report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for your information and use of the Host Community Standing Committee and is not intended to be and should not be used by anyone other than those specified parties.

Brown & Company, LLP
August 8, 2012

HOST COMMUNITY STANDING COMMITTEE (HCSC)
 Bank Activity Summary and Balances
 April 1, 2008 - June 30, 2011

	Deposits	Interest	Withdrawal	Total
HCSC Clearing account	\$ 12,000,000	\$ 44,776	\$(12,000,000)	\$ 44,776
Member Accounts:				
Town of Lewiston	2,040,000	17,266	(1,705,524)	351,742
Niagara Falls School	1,680,000	21,115	-	1,701,115
Lewiston-Porter School	1,680,000	10,076	(840,000)	850,076
Niagara-Wheatfield School	1,440,000	18,068	-	1,458,068
Town of Niagara	1,560,000	10,427	(1,178,500)	391,927
City of Niagara Falls	2,040,000	13,752	(1,782,577)	271,175
Niagara County	1,560,000	17,957	(1,212,362)	365,595
Member accounts total April 1, 2008-June 30, 2011	12,000,000	108,661	(6,718,963)	5,389,698
Total bank account balances all accounts	12,000,000	153,437	(6,718,963)	5,434,474

HOST COMMUNITY STANDING COMMITTEE (HCSC)
 BANK ACTIVITY
 OPEN 4/2008 TO 6/30/09

DATE	HCSC MAIN A/C	TOWN OF EWISTON	N. FALLS SCHOOL	EW-PORT SCHOOL	W. WHEAT SCHOOL	TOWN OF NIAGARA	CITY OF N. FALLS	NIAGARA COUNTY	TOTAL
07/01/08 DEPOSIT	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000,000
07/10/08 DEP/WITHDRAWAL	(6,000,000)	1,020,000	840,000	840,000	720,000	780,000	1,020,000	780,000	-
07/10/08 INTEREST	-	42	-	-	-	-	126	-	168
07/23/08 INTEREST	-	-	-	-	-	-	-	449	449
07/31/08 INTEREST	333	880	-	-	-	-	-	-	1,213
08/31/08 INTEREST	-	1,301	863	863	1,006	801	1,300	994	7,128
09/30/08 INTEREST	-	1,260	2,005	2,005	1,423	1,862	2,058	1,220	11,834
10/31/08 INTEREST	-	1,304	1,074	1,074	920	997	1,304	997	7,670
11/30/08 INTEREST	-	1,067	879	879	753	816	1,067	816	6,276
12/31/08 INTEREST	-	949	781	781	670	725	949	725	5,580
01/30/09 WITHDRAW	-	-	-	(420,000)	-	-	-	-	(420,000)
01/31/09 INTEREST	-	654	539	206	462	500	654	500	3,515
02/09/09 WITHDRAW	-	-	-	(425,808)	-	-	-	-	(425,808)
02/29/09 INTEREST	-	591	487	23	417	452	591	452	3,014
03/01/09 WITHDRAW	-	-	-	-	-	-	(932,577)	-	(932,577)
03/31/09 INTEREST	-	594	489	-	419	454	219	454	2,632
04/02/09 DEPOSIT	-	-	-	5,808	-	-	-	-	5,808
04/30/09 INTEREST	-	423	348	1	298	323	16	323	1,732
05/14/09 WITHDRAW	-	(180,000)	-	-	-	-	-	-	(180,000)
05/31/09 INTEREST	-	393	360	1	308	334	16	334	1,747
06/12/09 WITHDRAW	-	(210,000)	-	-	-	-	-	-	(210,000)
06/30/09 INTEREST	-	294	348	1	299	324	16	324	1,605
A/C OPEN 4/2008 - 6/30/2009	333	639,752	848,173	5,834	726,976	787,590	95,738	787,589	3,891,985

HOST COMMUNITY STANDING COMMITTEE (HCSC)
 BANK ACTIVITY
 7/1/2009 TO 6/30/10

DATE	HCSC MAIN A/C	TOWN OF LEWISTON	N. FALLS SCHOOL	LEW-POR T SCHOOL	N. WHEAT SCHOOL	TOWN OF NIAGARA	CITY OF N. FALLS	NIAGARA COUNTY	TOTAL
7/1/2009 DEPOSIT	\$ 3,000,000	-	-	-	-	-	-	-	\$ 3,000,000
7/1/2009 DEPOSIT	44,382	-	-	-	-	-	-	-	44,382
7/8/2009 WITHDRAW/DEPOSIT	(3,000,000)	510,000	420,000	420,000	360,000	390,000	510,000	390,000	-
7/31/2009 INTEREST	61	439	498	56	427	463	203	463	2,610
8/31/2009 INTEREST	-	488	539	72	462	500	257	500	2,819
9/30/2009 INTEREST	-	473	522	70	447	484	249	484	2,729
10/31/2009 INTEREST	-	489	539	72	462	501	258	501	2,821
11/10/2009 WITHDRAW	-	-	-	-	-	(1,178,500)	-	-	(1,178,500)
11/30/2009 INTEREST	-	473	522	70	447	146	249	485	2,392
12/31/2009 INTEREST	-	489	540	72	463	0	258	501	2,323
1/31/2010 INTEREST	-	445	491	72	421	0	235	456	2,121
2/29/2010 INTEREST	-	398	439	65	376	0	210	408	1,896
3/31/2010 INTEREST	-	441	486	72	417	0	232	452	2,100
4/30/2010 INTEREST	-	427	471	70	403	0	225	437	2,033
5/31/2010 INTEREST	-	441	487	72	417	0	232	452	2,102
6/18/2010 WITHDRAW	-	(824,074)	-	-	-	-	-	-	(824,074)
6/30/2010 INTEREST	-	266	471	70	404	0	225	437	1,873
7/1/2009-6/30/2010	44,443	(308,804)	426,004	420,836	365,146	(786,405)	512,833	395,576	1,069,629

HOST COMMUNITY STANDING COMMITTEE (HCSC)

BANK ACTIVITY

7/1/2010 TO 6/30/2011

DATE	HCSC MAIN A/C	TOWN OF LEWISTON	N. FALLS SCHOOL	LEW-PORT SCHOOL	N. WHEAT SCHOOL	TOWN OF NIAGARA	CITY OF N. FALLS	NIAGARA COUNTY	TOTAL
7/1/2010 DEPOSIT	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000
7/9/2010 WITHDRAWAL	-	(125,500)	-	-	-	-	-	-	(125,500)
7/12/2010 WITHDRAWAL/DEPOSIT	(3,000,000)	510,000	420,000	390,000	360,000	390,000	510,000	390,000	-
7/31/2010 INTEREST	-	194	234	43	506	548	358	548	2,475
8/19/2010 WITHDRAWAL	-	(160,000)	-	-	-	-	-	-	(160,000)
8/31/2010 INTEREST	-	248	648	324	555	66	428	601	2,870
9/30/2010 INTEREST	-	206	627	313	537	64	414	582	2,744
10/31/2010 INTEREST	-	213	648	324	556	66	428	602	2,837
11/30/2010 INTEREST	-	206	628	314	538	69	414	583	2,751
12/23/2010 WITHDRAWAL	-	-	-	-	-	-	(850,000)	-	(850,000)
12/31/2010 INTEREST	-	213	649	324	556	78	317	602	2,740
1/31/2011 INTEREST	-	213	649	324	556	67	46	603	2,457
2/24/2011 WITHDRAWAL	-	-	-	-	-	-	-	(1,212,362)	(1,212,362)
2/28/2011 WITHDRAWAL	-	(30,000)	-	-	-	-	-	-	(30,000)
2/29/2011 INTEREST	-	192	586	293	503	60	42	457	2,133
3/31/2011 INTEREST	-	201	649	325	557	67	46	62	1,907
4/30/2011 INTEREST	-	171	552	276	473	63	44	59	1,638
5/31/2011 INTEREST	-	112	361	180	309	50	35	47	1,094
6/16/2011 WITHDRAWAL	-	(175,950)	-	-	-	-	-	-	(175,950)
6/30/2011 INTEREST	-	76	349	175	300	48	33	45	1,026
7/1/2010-6/30/2011	-	20,794	426,937	423,406	365,946	390,742	(337,395)	(817,570)	472,860