

#1 (Rev.1/93) SINGLE PAGE COMMUNICATION TO THE COMMON COUNCIL

TO: THE COMMON COUNCIL: DATE: June 18, 2003

FROM: DEPARTMENT: Audit and Control

DIVISION: Audit

SUBJECT: [: **Erie Basin Marina**
[: **Annual Audit**
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[:

PRIOR COUNCIL REFERENCE: (IF ANY) [: Item No.
Ex. (Item No. xxx, C.C.P. xx/xx/xx)

TEXT: (TYPE SINGLE SPACE BELOW)

DESCRIPTION

An agreement, dated on or about August 1, 2002, between the City of Buffalo and Brand-On Services, Inc. leases the Marina facility for an additional five years.

AUDIT FINDINGS

The City has realized \$201,735.65 in Marina rental receivables for the 2002

Based on the above, Brand-On Services, Inc. reported sales and operation receipts totaling \$966,159, of which approximately 21% (\$201,736) was due to the City.

Our annual audits of the sales receipts reported to the City by both former and current tenant operators revealed an increase in food, beverage, and sundry sales of approximately 30% and 16% for the 2001 and 2002 seasons respectively.

Due to the late signing of the previously discussed agreement, the Department of Public Works actually billed and collected the 2002 season slip rentals and made timely deposits of said receipts with the City Treasury. On June 11, 2002, the tenant operator requested release by the City the estimated over-collections of these rentals totaling \$60,000, less outstanding liabilities (utility invoices) due to the City.

The Comptroller of the City of Buffalo performed the audit and found that the financial records maintained by Brand-On Services, Inc. contain the basic elements to satisfy the City for the purpose of auditing remittances to the City of Buffalo.

The results of our field audit are as follows:

- A trial balance of general ledger accounts revealed all accounts were in agreement.
- Based on our test sample, we are 95% confident that the reported sales revenues are a fair and accurate basis to provide the subsequent computation of Marina rentals due to the City.
- One invoice totaling \$433.97 was not recorded. A copy of this billing was forwarded.
- Construction costs reported to the City were traced and agreed to the general ledger. Payments were traced and agreed to applicable M&T Bank statements.
- The above costs included purchases totaling \$4,751.00 from the Home Depot. We have requested a detailed list of items purchased.

Our Summary of Marina rentals reveals that Brand-On Services owes the City a balance due of \$3,073.21. Upon receipt of said balance, the Comptroller's Department will effect an adjustment to credit the outstanding utility receivables totaling \$16,818.26 as of December 31, 2002.

TYPE DEPARTMENT HEAD NAME: Andrew SanFilippo

TYPE TITLE: Acting Comptroller

SIGNATURE OF DEPARTMENT HEAD

