

AUDIT REPORT



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the New York Yankees Rental Credits For the Third Quarter of 2003 (July 1–September 30, 2003)

FN04-141A

June 30, 2004



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

Pursuant to the terms of the lease between the City of New York and the New York Yankees, we have examined the rental credits claimed by the Yankees for the maintenance of City-owned Yankee Stadium for the third quarter of 2003 (July 1–September 30, 2003). The Yankees are responsible for the care and upkeep of Yankee Stadium, and the costs incurred by the Yankees for maintaining the stadium are offset against any rental income due the City from the Yankees. Thus, every approved dollar spent and accounted for as a rental credit for the maintenance of the stadium results in a dollar-for-dollar decrease in the rent due the City.

The results of our audit, which are presented in this report, have been discussed with officials from the New York Yankees and the Department of Parks and Recreation, and their comments have been considered in preparing this report.

These audits provide a means of ensuring that the Yankees take credit against rent only for eligible expenses.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please contact my audit bureau at 212-669-3747 or e-mail us at audit@Comptroller.nyc.gov.

Very truly yours,

A handwritten signature in cursive script that reads "William C. Thompson, Jr.".

William C. Thompson, Jr.

WCT/gr

Report: FN04-141A
Filed: June 30, 2004

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***The City of New York
Office of the Comptroller
Bureau of Financial Audit***

**Audit Report on the
New York Yankees Rental Credits
For the Third Quarter of 2003
(July 1–September 30, 2003)**

FN04-141A

AUDIT REPORT IN BRIEF

The Comptroller's Office is required to audit all rental credits claimed by the New York Yankees for the maintenance of City-owned Yankee Stadium. Under the terms of the lease, the Yankees are responsible for the care and upkeep of Yankee Stadium, and the costs incurred by the Yankees for maintaining the stadium are offset against any rental income due the City from the Yankees. Thus, every approved dollar spent and accounted for as a rental credit for the maintenance of the stadium results in a dollar-for-dollar decrease in the rent due the City.

Audit Findings and Conclusions

The audit found that Yankees rental credits submitted for the third quarter of 2003 were overstated by \$128,909.53, as follows:

- \$57,615.55 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$63,047.13 in payments to PEM Electric consisting of labor and material costs that based on the terms of the agreement should not have been charged to the City.
- \$664.93 in sales taxes and gross receipts taxes on fuel.
- \$370 for purchases of supplies that are not chargeable to the City.
- \$7,211.92 in Yankee Stadium repairs that are not chargeable to the City.

Audit Recommendations

We recommend that the Yankees: deduct \$128,909.53 from the total rental credits taken for maintenance pertaining to the third quarter of 2003; ensure that all maintenance credits

claimed are properly supported by sufficient documentation; and obtain appropriate approvals from the Department of Parks and Recreation (Parks) before submitting rental credits to the Comptroller's Office. In addition, we recommend that Parks ensure that the Yankees comply with the report's recommendations.

INTRODUCTION

Background

In accordance with the 1972 lease agreement between the New York Yankees (the Yankees) and the City of New York (the City), the Comptroller's Office is required to conduct quarterly audits of the supporting documentation for all maintenance credits claimed by the Yankees for Yankee Stadium. Under the terms of the lease, the Yankees are responsible for the care and upkeep of City-owned Yankee Stadium, and the costs incurred by the Yankees for maintaining the stadium are offset against any rental income due the City from the Yankees. Thus, every approved dollar spent and accounted for as a rental credit for the maintenance of the stadium results in a dollar-for-dollar decrease in the rent due the City.

The general rule is that the City pays to maintain all areas of the stadium except Yankee offices, concession space, the receiving room, the Commissary, and the restaurant space (Yankee Club, Yankee Dining Room, Pinstripe Pub, and Stadium Club). The City also pays for materials used to maintain the stadium; however, it does not pay for uniforms or tools. Since the rental credits are subject to the approval of the Comptroller's Office, the Yankees are required by the lease to submit to the Comptroller all documentation necessary for the audit of credits. After the audit, the Comptroller's Office presents its findings to the Yankees in a preliminary draft report and at an exit conference before issuing a draft report. Within two weeks of the issuance of the draft report, the Yankees may submit to the Comptroller's Office additional documentation that was previously omitted to support rental credits claimed. Once this documentation is received and reviewed, the Comptroller's Office issues a final report.

Objectives

Our audit objectives were to determine whether the Yankees:

- adequately documented and supported the submitted labor and materials charges;
- submitted invoices eligible for reimbursement in the form of rental credits that were in accordance with the lease agreement; and
- accurately calculated all credits and did not deduct non-City charges from the rent due for the third-quarter period, July 1–September 30, 2003.

Scope and Methodology

The audit scope covered the period July 1, 2003–September 30, 2003. We examined 100 percent of the \$1,113,345.95 in labor and materials charges and supporting documentation submitted by the Yankees.

To determine whether the billings for labor and materials were appropriate, reasonable, and allowable under the lease, we reviewed all source documents for adequate documentation for each month of the quarter pertaining to the billings of River Payroll (Cleaning Services), PEM Electric, Miranda Fuel, Brown & Silver, Stadium Repairs, and Other Expenses. The documents included invoices, canceled checks, time sheets, payroll reports, and activity reports to support the costs of labor and materials charged to the City. We also determined whether retroactive salary adjustments were accurate by tracing these adjustments to the respective supporting documentation or relevant settlement agreements. An October 29, 1993 settlement agreement designated the Yankees as agents of the City; therefore, we reviewed whether charges for materials correctly excluded sales tax. Finally, we determined whether the Yankees provided pre-authorization and acceptance reports from Parks for the work or services performed to receive maintenance credit toward rent.

We documented all unwarranted and unreasonable charges for rental credits on a spreadsheet with our comments and have included them as Appendices I through V of this report. We calculated all dollar amounts on the supporting schedules for accuracy, and reconciled these amounts with the total amounts on the lead schedule for all vendors in Appendix I, Schedules A-1 through A-6.

These audits are lease-mandated and thereby require that the Yankees submit all source documents to the Comptroller's Office to receive credits toward rental income due the City. Therefore, without the submission of all necessary supporting documentation, maintenance costs submitted as credits against rental income are disallowed.

We did not evaluate Yankee internal controls over the process and procedures for payment of the invoices submitted to support maintenance credits. However, we examined all documents to ascertain whether they contained valid certification from Parks designees at Yankee Stadium as proof that labor costs were incurred and that material was purchased and received.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included all tests considered necessary under the circumstances. The audit was performed in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, § 93, of the New York City Charter.

Discussion of Audit Results

The matters covered in this report were discussed with Yankee and Parks officials during and at the conclusion of this audit. A preliminary draft report was sent to Yankees and Parks officials on May 14, 2004. On May 25, 2004, Yankee officials waived their right to an exit conference. On May 26, 2004, we submitted a draft report to Yankees and Parks officials with a request for comments. We received a response from the Yankees on June 23, 2004.

In the draft of this report, we disallowed rental credits totaling \$161,881.21. However, after our review of additional documentation provided by the Yankees and by Parks subsequent to the issuance of that report, we allowed additional credits of \$32,971.68; \$23,690.15 for labor and material costs for implementing certain additional security requirements of the New York City

Police Department, which now has Parks' approval, and \$9,281.53 that pertained to additional documentation provided by the Yankees, which resulted in our final disallowance of \$128,909.53. The Yankees accepted \$118,501.85 as a Yankee cost. The remaining \$10,407.68 pertained to sales tax charges of \$664.93 not chargeable to the City since they were incurred after the Yankees had been designated as agents of the City, and \$9,742.75 for security costs incurred during home games that, according to the lease, are chargeable to the Yankees, and not the City. Parks, therefore, should ensure that the Yankees deduct \$128,909.53 from their rental credits.

This final report reflects our changes based on additional documentation submitted by the Yankees and by Parks. The Yankees response is included as an addendum to this final report.

FINDINGS

Overstatement of Rental Credits

Rental credits audited under the schedules submitted for the third quarter of 2003 were overstated by \$128,909.53, as summarized on Table I below:

Table I

Disallowance Schedule*

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$ 378,906.32	\$321,290.77	\$ 57,615.55
A-2 (PEM Electric)	510,219.04	447,171.91	63,047.13
A-3 (Miranda Fuel)	5,792.43	5,127.50	664.93
A-4 (Brown & Silver)	5,834.55	5,464.55	370.00
A-5 (Stadium Repairs)	212,593.61	205,381.69	7,211.92
A-6 (Other Expenses)	0.00	0.00	0.00
Total	\$1,113,345.95	\$984,436.42	\$128,909.53

* All calculations are rounded to two decimal points.

Summaries of the maintenance credit billings as submitted by the Yankees and of our disallowances for each vendor are presented in Appendix I, Schedules A-1 through A-6.

The River Payroll disallowance totaling \$57,615.55 consists of the following:

- \$13,839.22—for labor hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted the \$13,839.22 disallowance as a Yankee cost.
- \$11,308.55—for eight employees who either did not sign in or sign out on their timesheets, or who did not initial their timesheets at the end of their work shifts. The Yankees accepted the \$11,308.55 disallowance as a Yankee cost.
- \$9,742.75—for security costs during home games from July 20, 2003, through September 13, 2003, that are chargeable to the Yankees. According to the lease, Article 18.1 “On the day of each home game, Lessee shall, at its expense: (a) properly police the stadium and shall maintain order and protect property therein; and (b) provide such trained personnel as may be necessary for the orderly admission, seating and handling of patrons and for the proper use and occupancy of the stadium for exhibitions of baseball, including, but not limited to, uniformed special policemen, guards . . . [emphasis in original]”
- \$5,632.58—for labor charges incorrectly allocated as a City charge instead of a Yankee charge. The Yankees accepted the \$5,632.58 disallowance as a Yankee cost.

- \$4,431.64—for the cost of “lunch-not-taken.” Section 162 of New York State Labor Law states that “every person in any establishment or occupation covered by the Labor Law must be afforded a meal period of at least thirty minutes.” In addition, Article VI of the Agreement between Local 32B—32J S.E.I.U., AFL-CIO, and River Payroll, states, in part: “Hours of work each day shall be exclusive of a daily lunch period of not more than one (1) hour.” Moreover, a Parks letter dated June 9, 1997, informed the Yankees that effective January 1, 1996, Parks would not accept “lunch-not-taken” labor cost credits that were not approved in advance. The Yankees, however, provided no documentation that such approvals were obtained. The Yankees accepted the \$4,431.64 disallowance as a Yankee cost.
- \$3,507.26—for wages paid to 11 employees whose timesheets appeared to be altered. These changes were not initialed or approved. The Yankees accepted the \$3,507.26 disallowance as a Yankee cost.
- \$3,297.35—for unreasonable third shift charges paid to seven employees. The Yankees accepted the \$3,297.35 disallowance as a Yankee cost.
- \$2,671.80—for hours worked on Yankee assignments listed on the time records as “Porter-Parking Lot.” Such expenses, under the terms of the lease, are not chargeable to the City. The Yankees accepted the \$2,671.80 disallowance as a Yankee cost.
- \$2,190.79—for incorrect hourly rates paid to “utilitymen” and “laborers.” Based on their work schedule and Yankee payroll codes, these employees were paid at a higher rate than is allowable under the Local 32B—32J S.E.I.U., AFL-CIO, CLC agreement. The Yankees accepted the \$2,190.79 disallowance as a Yankee cost.
- \$369.59—for incorrect rates paid to three employees who were paid double-time rates instead of time-and-a-half rates. Based on their work schedules, these employees were paid at a higher rate than is allowable under the Local 30 agreement. The Yankees accepted the \$369.59 disallowance as a Yankee cost.
- \$288.26—for questionable labor hours paid to three employees for a holiday that was not identified and could not be confirmed as a City cost. The Yankees accepted the \$288.26 disallowance as a Yankee cost.
- \$227.44—for irreconcilable difference between one employee’s timesheet and the payroll summary report. The Yankees accepted the \$227.44 disallowance as a Yankee cost.
- \$49.89—for contributions to various funds related to River Payroll disallowances.¹ The Yankees accepted the \$49.89 disallowance as a Yankee cost.

¹ Includes Welfare, Pension, and Annuity Funds.

- \$30—for ineligible bonuses paid to two employees. The Yankees accepted the \$30 disallowance as a Yankee cost.
- \$28.43—for a duplicate payment to one employee. The Yankees accepted the \$28.43 disallowance as a Yankee cost.

Appendix II gives further details of the above disallowances.

The PEM Electric disallowance totaling \$63,047.13 consists of \$52,948.46 in labor costs and \$10,098.67 in materials charges.

The disallowed labor costs totaling \$52,948.46 are as follows:

- \$22,293.94—for hours worked on assignments in Yankee areas that included the Club Restaurant, the Columbus Room, and the Press Dining Room. Such costs, based on the terms of the lease, should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted the \$22,293.94 disallowance as a Yankee cost.
- \$17,511.87—for labor charges incorrectly allocated as a City charge instead of a Yankees charge. The Yankees accepted the \$17,511.87 disallowance as a Yankee cost.
- \$6,614.33—for an irreconcilable difference between the labor charges reported on the Yankees billings and the amount computed from the labor hours recorded on PEM Electric's Maintenance Reports. The Yankees accepted the \$6,614.33 disallowance as a Yankee cost.
- \$2,346.85—for unreasonable third shift charges paid to two employees. The Yankees accepted the \$2,346.85 disallowance as a Yankee cost.
- \$1,591.38—for incorrect rates paid to two employees who were paid time-and-a-half rates instead of straight-time rates. Based on their work schedules, these employees were paid at a higher rate than is allowable under the Electrical Maintenance and Repair Agreement between the Yankees and PEM Electrical Corporation. The Yankees accepted the \$1,591.38 disallowance as a Yankee cost.
- \$640.36—for labor hours that should have been charged against one of the existing 13 capital projects already approved by Parks. The labor hours in question were for the "Repair and maintenance of outlets in Basement Concourse." Such costs, based on the terms of the lease, should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted the \$640.36 disallowance as a Yankee cost.
- \$640.36—for payment of labor hours not worked and as such should not have been charged to the City. The Yankees accepted the \$640.36 disallowance as a Yankee cost.

- \$582.17—for the cost of “lunch-not-taken.” Section 162 of New York State Labor Law states that “every person in any establishment or occupation covered by the Labor Law must be afforded a meal period of at least thirty minutes.” Moreover, a Parks letter dated June 9, 1997, informed the Yankees that effective January 1, 1996, Parks would not accept “lunch-not-taken” labor cost credits that were not approved in advance. The Yankees, however, provided no documentation that such approvals were obtained. The Yankees accepted the \$582.17 disallowance as a Yankee cost.
- \$552.20—for undocumented labor charges paid to two employees. The Yankees did not provide the necessary timesheets or time records to support the validity of these charges. The Yankees accepted the \$552.20 disallowance as a Yankee cost.
- \$175—for incorrect hourly rates paid to one employee who was paid at a higher rate than is allowable under the Electrical Maintenance and Repair Agreement between the Yankees and PEM Electrical Corporation. The Yankees accepted the \$175 disallowance as a Yankee cost.

Appendix III gives further details of the above disallowances for PEM Electric labor hours.

The disallowed materials costs totaling \$10,098.67 include:

- \$5,067.03² for questionable expenses of items purchased that based on the documentation provided could not be determined as a City cost. These items included an “Installation of 1 Dranetz 4300, #6 Strand Fiber Plenum, and ballast, fuse, orange wrenut and plastic insulating tape.” The Yankees accepted the \$5,067.03 disallowance as a Yankee cost.
- \$4,045.64—for the purchase of materials for use in Yankees areas. These included cable television, interface card, monitor mount, video monitor, VCR, lamps, and for materials for the ticket office. These purchases should not have been charged to the City. The Yankees accepted the \$4,045.64 disallowance as a Yankee cost.
- \$539.28—for sales tax charged to the City on purchases of materials. As previously stated in the Scope and Methodology section of this report based on the October 29, 1993 settlement agreement that designated the Yankees as agents of the City, sales taxes are not acceptable for deduction as maintenance credits. The Yankees accepted the \$539.28 disallowance as a Yankee cost.
- \$446.72—for a 4.5 percent overhead charge pertaining to disallowed materials.² The Yankees accepted the \$446.72 disallowance as a Yankee cost.

² The PEM Electrical and Maintenance Agreement with the Yankees, § 2(e), entitles PEM Electric to include a 4.5 percent overhead charge (contract adder) for materials purchased for the maintenance of the stadium.

Appendix IV gives further details of the above disallowances for materials charges.

The Miranda Fuel disallowance of \$664.93 consists of \$459.93 for sales tax and \$205 for gross receipt taxes. As previously stated, based on the October 29, 1993 settlement agreement that designated the Yankees as agents of the City, sales taxes are not acceptable for deduction as maintenance credits. Moreover, the payment of gross receipts taxes are the responsibility of the fuel deliverer and are not City costs.

The Brown & Silver disallowance of \$370 was for the purchase of a “frame ladder,” which is not a City cost, and is not chargeable to the City. The Yankees accepted the \$370 disallowance as a Yankee cost.

Finally, the “Stadium Repairs” disallowances totaling \$7,211.92 are as follows:

- \$2,917.87? for the purchase of materials and services relating to dry cleaning and repair of flags, turnstile parts, plumbing, and “FDNY violations.” These expenses are not City costs and under the terms of the lease agreement are not chargeable to the City. The Yankees accepted the \$2,917.87 disallowance as a Yankee cost.
- \$2,243.56—for tools and miscellaneous items, such as “shears, hole cutters, and HVAC parts.” These expenses, under the terms of the lease agreement, are not chargeable to the City. The Yankees accepted the \$2,243.56 disallowance as a Yankee cost.
- \$1,766.91—for items purchased for use in the Club Restaurant, the Visitor Club House, and Yankee seats. Such costs, based on the terms of the lease, are not chargeable to the City. The Yankees accepted the \$1,766.91 disallowance as a Yankee cost.
- \$227.27—for questionable purchases of items that based on the documentation provided could not be determined as a City cost. These items included a “motor,” and “Items #77491 and 77493.” The Yankees accepted the \$227.27 disallowance as a Yankee cost.
- \$56.31—for sales tax charged on a plumbing repair. As stated in the Scope and Methodology section of this report, based on the October 29, 1993 settlement that designated the Yankees as agents of the City, sales taxes are not acceptable for deduction as maintenance credits. The Yankees accepted the \$56.31 disallowance as a Yankee cost.

Appendix V includes the details for the above-stated disallowances pertaining to Miranda Fuel, Brown & Silver, and Stadium Repairs.

RECOMMENDATIONS

We recommend that the Yankees:

1. Deduct \$128,909.53 from the total rental credits for maintenance pertaining to the third quarter of 2003.
2. Ensure that all maintenance credits claimed are properly supported by sufficient documentation and that appropriate approvals from Parks are obtained prior to submitting rental credits to the Comptroller's Office.

We recommend that Parks:

3. Ensure that the Yankees comply with the report's recommendations.

NEW YORK YANKEES RENTAL CREDITS
SUMMARY SCHEDULE OF VENDORS A-1 THROUGH A-6
AUDIT PERIOD: 7/1/03 - 9/30/03
AUDIT NUMBER: FN04-141A

A d j u s t m e n t s								
NYC Schedule	Amount Billed	Previous Allowance (Note 1)	Previous Disallow- ance (Note 1)	Amount Accepted by NYC (Note 2)	Amount Resubmitted by NYC	Add'l Amt Accepted by City (Note 3)	Final Allowance (Note 4)	Final Disallowance (Note 4)
A-1 River Payroll		(Note 5)						
Total	\$378,906.32	\$321,290.77	\$57,615.55	\$47,872.80	\$9,742.75	\$0.00	\$321,290.77	\$57,615.55
A-2 PEM Electric								
Total	\$510,219.04	\$423,322.11	\$86,896.93	\$63,047.13	\$23,849.80	\$23,849.80	\$447,171.91	\$63,047.13
A-3 Miranda Fuel								
Total	\$5,792.43	\$5,127.50	\$664.93	\$0.00	\$664.93	\$0.00	\$5,127.50	\$664.93
A-4 Brown & Silver								
Total	\$5,834.55	\$5,464.55	\$370.00	\$370.00	\$0.00	\$0.00	\$5,464.55	\$370.00
A-5 Stadium Repairs								
Total	\$212,593.61	\$196,259.81	\$16,333.80	\$7,211.92	\$9,121.88	\$9,121.88	\$205,381.69	\$7,211.92
A-6 Other Expenses		(Note 5)						
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Grand Total	\$1,113,345.95	\$951,464.74	\$161,881.21	\$118,501.85	\$43,379.36	\$32,971.68	\$984,436.42	\$128,909.53

Note 1: Per Draft Report Issued May 26, 2004

Note 2: Per New York Yankee Response received on June xx, 2004.

Note 3: Per discussion with Yankee officials and additional documentation obtained subsequent to the issuance of Draft Report.

Note 4: At Final Stage

Note 5: We transferred Summit Security Costs reported by NYC under A-6 to A-1.

NEW YORK YANKEES RENTAL CREDITS
 SCHEDULE OF DISALLOWANCES
 AUDIT PERIOD: 7/1/03 - 9/30/03
 AUDIT # FN04-141A

RIVER PAYROLL LABOR HOURS

Description of Disallowance	Amount Disallowed Per Draft Report	Amount Accepted by NYY	Amount Resubmitted by NYY	Add'l Amt. Accepted by City	Final Disallowance
1. Hours Not Worked	\$13,839.22	\$13,839.22	\$0.00	\$0.00	\$13,839.22
2. Incomplete Timesheets	\$11,308.55	\$11,308.55	\$0.00	\$0.00	\$11,308.55
3. Excess Security Costs	\$9,742.75	\$0.00	\$9,742.75	\$0.00	\$9,742.75
4. Incorrect Allocation	\$5,632.58	\$5,632.58	\$0.00	\$0.00	\$5,632.58
5. Lunch Not Taken	\$4,431.64	\$4,431.64	\$0.00	\$0.00	\$4,431.64
6. Altered Timesheets	\$3,507.26	\$3,507.26	\$0.00	\$0.00	\$3,507.26
7. Unreasonable 3rd Shift	\$3,297.35	\$3,297.35	\$0.00	\$0.00	\$3,297.35
8. NYY Assignments	\$2,671.80	\$2,671.80	\$0.00	\$0.00	\$2,671.80
9. Incorrect Hourly Rates	\$2,190.79	\$2,190.79	\$0.00	\$0.00	\$2,190.79
10. Double Time S/B 1.5X	\$369.59	\$369.59	\$0.00	\$0.00	\$369.59
11. Unidentified Holiday Pay	\$288.26	\$288.26	\$0.00	\$0.00	\$288.26
12. Irreconcilable Difference	\$227.44	\$227.44	\$0.00	\$0.00	\$227.44
13. Welfare Contributions	\$49.89	\$49.89	\$0.00	\$0.00	\$49.89
14. Ineligible Bonus	\$30.00	\$30.00	\$0.00	\$0.00	\$30.00
15. Duplicate Payment	\$28.43	\$28.43	\$0.00	\$0.00	\$28.43
TOTAL	\$57,615.55	\$47,872.80	\$9,742.75	\$0.00	\$57,615.55

NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 7/1/03 - 9/30/03
AUDIT # FN04-141A

PEM ELECTRIC - LABOR HOURS

Description of Disallowance	Amount Disallowed Per Draft Report	Amount Accepted by NYY	Amount Resubmitted by NYY	Add'l Amt. Accepted by City	Final Disallowance	Amount Outstanding
1. NYY Areas	\$22,293.94	\$22,293.94	\$0.00	\$0.00	\$22,293.94	\$0.00
2. NYPD Installations	\$20,142.35	\$0.00	\$20,142.35	\$20,142.35	\$0.00	\$0.00
3. Incorrect Allocation	\$17,511.87	\$17,511.87	\$0.00	\$0.00	\$17,511.87	\$0.00
4. Irreconcilable Difference	\$6,614.33	\$6,614.33	\$0.00	\$0.00	\$6,614.33	\$0.00
5. Unreasonable 3rd Shift	\$2,346.85	\$2,346.85	\$0.00	\$0.00	\$2,346.85	\$0.00
6. Time-and-a-half s/b S/T	\$1,591.38	\$1,591.38	\$0.00	\$0.00	\$1,591.38	\$0.00
7. Capital Proj-Bsmt Conc	\$640.36	\$640.36	\$0.00	\$0.00	\$640.36	\$0.00
8. Hours Not Worked	\$640.36	\$640.36	\$0.00	\$0.00	\$640.36	\$0.00
9. Lunch Not Taken	\$582.17	\$582.17	\$0.00	\$0.00	\$582.17	\$0.00
10. Undocumented Chrgs	\$552.20	\$552.20	\$0.00	\$0.00	\$552.20	\$0.00
11. Incorrect Hourly Rate	\$175.00	\$175.00	\$0.00	\$0.00	\$175.00	\$0.00
TOTAL	\$73,090.81	\$52,948.46	\$20,142.35	\$20,142.35	\$52,948.46	\$0.00

NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 7/1/03 - 9/30/03
AUDIT # FN04-141A

PEM ELECTRIC - MATERIALS

Description of Disallowance	Amount Disallowed Per Draft Report	Amount Accepted by NYY	Amount Resubmitted by NYY	Add'l Amt. Accepted by City	Final Disallowance	Amount Unresolved
1. Questionable Item Purchases	\$5,067.03	\$5,067.03	\$0.00	\$0.00	\$5,067.03	\$0.00
2. NYY Areas	\$4,045.64	\$4,045.64	\$0.00	\$0.00	\$4,045.64	\$0.00
3. Insufficient Documentation	\$3,547.80	\$0.00	\$3,547.80	\$3,547.80	\$0.00	\$0.00
4. Contract Adder	\$606.37	\$446.72	\$159.65	\$159.65	\$446.72	\$0.00
5. Sales Tax	\$539.28	\$539.28	\$0.00	\$0.00	\$539.28	\$0.00
TOTAL	\$13,806.12	\$10,098.67	\$3,707.45	\$3,707.45	\$10,098.67	\$0.00

SUMMARY OF DISALLOWANCES - LABOR & MATERIALS						
PEM LABOR (App. III)	\$73,090.81	\$52,948.46	\$20,142.35	\$20,142.35	\$52,948.46	\$0.00
PEM MATERIALS (App. IV)	\$13,806.12	\$10,098.67	\$3,707.45	\$3,707.45	\$10,098.67	\$0.00
TOTAL	\$86,896.93	\$63,047.13	\$23,849.80	\$23,849.80	\$63,047.13	\$0.00

SCHEDULE OF DISALLOWANCES
FOR VENDORS A-3 THROUGH A-6
AUDIT PERIOD: 7/1/03 -9/30/03
AUDIT #FN04-141A

Description of Disallowance	Amount Disallowed (Per Draft Report)	Amount Accepted by NYY	Amount Resubmitted by NYY	Add'l Amt. Accepted by City	Final Disallowance	Amount Outstanding
A-3 MIRANDA FUEL						
1. Sales/Gross Receipts Tax	\$664.93	\$0.00	\$664.93	\$0.00	\$664.93	\$664.93
Total	\$664.93	\$0.00	\$664.93	\$0.00	\$664.93	\$664.93
A-4 BROWN & SILVER						
1. Not A City Cost - Frame Ladder	\$370.00	\$370.00	\$0.00	\$0.00	\$370.00	\$0.00
Total	\$370.00	\$370.00	\$0.00	\$0.00	\$370.00	\$0.00
A-5 STADIUM REPAIRS						
1. Undocumented Purchases	\$6,733.10	\$0.00	\$6,733.10	\$6,733.10	\$0.00	\$0.00
2. Not A City Cost (flag dry cleaning, turnstile parts, plumbing and FDNY)	\$4,884.53	\$2,917.87	\$1,966.66	\$1,966.66	\$2,917.87	\$0.00
3. Tools & Misc. (shears, hole cutters, HVAC parts)	\$2,243.56	\$2,243.56	\$0.00	\$0.00	\$2,243.56	\$0.00
4. NYY Areas (Club Restaurant, Visitor Clubhouse, Yankee Seats)	\$1,929.41	\$1,766.91	\$162.50	\$162.50	\$1,766.91	\$0.00
5. Insufficient Documentation	\$486.89	\$227.27	\$259.62	\$259.62	\$227.27	\$0.00
6. Sales Tax	\$56.31	\$56.31	\$0.00	\$0.00	\$56.31	\$0.00
Total	\$16,333.80	\$7,211.92	\$9,121.88	\$9,121.88	\$7,211.92	\$0.00

New York Yankees

ROBERT BROWN
VICE PRESIDENT OF FINANCE



EXECUTIVE OFFICE
YANKEE STADIUM
BRONX, NEW YORK 10451
TEL: (718) 579-4526
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EMAIL: rbrown@yankees.com

June 23, 2004

Mr. Gary Rose
Director of Financial Audit & Support Services
1 Centre Street
Room 1300 North
New York, NY 10007

RE: Audit Report on the New York Yankees Rental Credits- 3rd quarter 2003

Dear Mr. Rose:

In response to the draft report, the New York Yankees are accepting \$118,501.85 and rejecting \$43,379.36.

Should you have any questions, please feel free to contact me.

Sincerely,

Robert Brown

RBvjh

Cc: Lawrence Baum
Yasmin Tejani

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A1 to A-6
For the 3rd Quarter of 2003
Audit # FN04-141A**

	Yankees Accept	Yankees Reject	Total Disallowance
A-1 River Payroll	\$47,872.80	\$9,742.75	\$57,615.55
A-2 PEM Electric	\$63,047.13	\$23,849.80	\$86,896.93
A-3 Miranda Fuel	\$0.00	\$664.93	\$664.93
A-4 Brown & Silver	\$370.00	\$0.00	\$370.00
A-5 Stadium Repairs	\$7,211.92	\$9,121.88	\$16,333.80
A-6 Other Expenses	\$0.00	\$0.00	\$0.00
TOTAL	\$118,501.85	\$43,379.36	\$161,881.21

A-1 RIVER PAYROLL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Hours Not Worked	\$13,839.22	\$0.00	\$13,839.22
2. Incomplete Timesheets	\$11,308.55	\$0.00	\$11,308.55
3. Excess Security Costs	\$0.00	\$9,742.75	\$9,742.75
4. Incorrect Allocation	\$5,632.58	\$0.00	\$5,632.58
5. Lunch Not Taken	\$4,431.64	\$0.00	\$4,431.64
6. Altered Timesheets	\$3,507.26	\$0.00	\$3,507.26
7. Unreasonable 3rd Shift	\$3,297.35	\$0.00	\$3,297.35
8. NYY Assignments	\$2,671.80	\$0.00	\$2,671.80
9. Incorrect Hourly Rates	\$2,190.79	\$0.00	\$2,190.79
10. Double Time s/b 1.5X	\$369.59	\$0.00	\$369.59
11. Unidentified Holiday Pay	\$288.26	\$0.00	\$288.26
12. Irreconcilable Difference	\$227.44	\$0.00	\$227.44
13. Welfare Contributions	\$49.89	\$0.00	\$49.89
14. Ineligible Bonus	\$30.00	\$0.00	\$30.00
15. Duplicate Payment	\$28.43	\$0.00	\$28.43
TOTAL	\$47,872.80	\$9,742.75	\$57,615.55

A-2 PEM ELECTRIC - LABOR HOURS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1 NYY Assignment (Club Restaurant, Columbus Room, Press Dining Room)	\$22,293.94	\$0.00	\$22,293.94
2 Questionable Hours (NYPD camera installation/termination)	\$0.00	\$20,142.35	\$20,142.35
3 Incorrect Allocation	\$17,511.87	\$0.00	\$17,511.87

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A1 to A-6
For the 3rd Quarter of 2003
Audit # FN04-141A**

4. Irreconcilable Difference	\$6,614.33	\$0.00	\$6,614.33
5. Unreasonable 3rd Shift	\$2,346.85	\$0.00	\$2,346.85
6. Time-and-a-Half should be S/T	\$1,591.38	\$0.00	\$1,591.38
7. Capital Project - Repair in Bsmt Conc.	\$640.36	\$0.00	\$640.36
8. Hours Not Worked	\$640.36	\$0.00	\$640.36
9. Lunch Not Taken	\$582.17	\$0.00	\$582.17
10. Missing Timesheets	\$552.20	\$0.00	\$552.20
11. Incorrect Hourly Rate	\$175.00	\$0.00	\$175.00
	\$52,948.46	\$20,142.35	\$73,090.81

TOTAL

A-2 PEM ELECTRIC - MATERIALS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Questionable Purchases (1 Dranetz, #6 Strand Fiber Plenum, ballast, fuse, etc.)	\$5,067.03	\$0.00	\$5,067.03
2. NYY Areas (cable TV, interface card, monitor mount, video monitor, VCR, lamps and materials for ticket office)	\$4,045.64	\$0.00	\$4,045.64
3. Insufficient Documentation	\$0.00	\$3,547.80	\$3,547.80
4. 4.5% Contract Adder	\$446.72	\$159.65	\$606.37
5. Sales Tax	\$539.28	\$0.00	\$539.28
TOTAL	\$10,098.67	\$3,707.45	\$13,806.12

A-3 MIRANDA FUEL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Sales & Gross Receipts Taxes	\$0.00	\$664.93	\$664.93
TOTAL	\$0.00	\$664.93	\$664.93

A-4 BROWN & SILVER

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Not A City Cost (frame ladder)	\$370.00	\$0.00	\$370.00
TOTAL	\$370.00	\$0.00	\$370.00

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A1 to A-6
For the 3rd Quarter of 2003
Audit # FN04-141A**

A-5 STADIUM REPAIRS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Undocumented Purchases	\$0.00	\$6,733.10	\$6,733.10
2. Not A City Cost (flag dry cleaning, turnstile parts, plumbing and FDNY)	\$2,917.87	\$1,966.66	\$4,884.53
3. Tools & Misc. (shears, hole cutters, HVAC parts)	\$2,243.56	\$0.00	\$2,243.56
4. NYY Areas (Club Restaurant, Visitor Clubhouse, Yankee seats)	\$1,766.91	\$162.50	\$1,929.41
5. Insufficient Documentation	\$227.27	\$259.62	\$486.89
6. Sales Tax	\$56.31	\$0.00	\$56.31
TOTAL	\$7,211.92	\$9,121.88	\$16,333.80

A-6 OTHER EXPENSES

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. No Parks Approval	\$0.00	\$0.00	\$0.00
TOTAL	\$0.00	\$0.00	\$0.00