

AUDIT REPORT

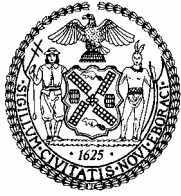


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the New York Yankees Rental Credits For the Third Quarter of 2005 (July 1–September 30, 2005)

FN06-119A

June 19, 2006



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 (Yankees), we have examined the rental credits claimed by the Yankees for the maintenance of City-owned Yankee Stadium for the third quarter of 2005 (July 1–September 30, 2005).

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

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. The complete written response of the New York Yankees is attached to this report.

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

Very truly yours,

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

William C. Thompson, Jr.

WCT/fh

Report: FN06-119A
Filed: June 19, 2006

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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 2005
(July 1–September 30, 2005)**

FN06-119A

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; 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 Yankee rental credits submitted for the third quarter of 2005 were overstated by \$187,224.39, as follows:

- \$42,417.87 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$116,001.23 in payments to ADCO Electric, consisting of labor and material costs that should not have been charged to the City based on the terms of the agreement.
- \$27,893.57 in Yankee Stadium repairs for which the expenses are not chargeable to the City or lacked documentation.
- \$911.72 in expenses that are not City costs under the terms of the lease and cannot be offset against rental income.

Audit Recommendations

We recommend that the Yankees deduct \$187,224.39 from the total rental credits taken for maintenance pertaining to the third quarter of 2005, ensure that all maintenance credits claimed are properly supported by sufficient documentation, and ensure that appropriate approvals from the Department of Parks and Recreation (Parks) are obtained prior to 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 audits of the supporting documentation for all maintenance credits claimed by the Yankees for Yankee Stadium. Under the terms of the lease, which is overseen by the Department of Parks and Recreation (Parks), the Yankees are responsible for the care and upkeep of City-owned Yankee Stadium; 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 for rental credits that were eligible for reimbursement and 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, 2005.

Scope and Methodology

The audit scope covered the period July 1–September 30, 2005. We examined 100 percent of the \$1,236,658.71 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), ADCO 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 therefore require that the Yankees submit all source documents to the Comptroller's Office to receive credits toward rental income due the City. Accordingly, 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, all documents were examined 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. 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 Yankee and Parks officials on April 27, 2006. On May 3, 2006, Yankee officials waived their right to an exit conference. On May 9, 2006, we submitted a draft report to Yankees and Parks officials with a request for comments. We received a response from Yankee officials on June 8, 2006.

In the draft report, we disallowed rental credits totaling \$255,656.02. However, after our review of the documentation provided by the Yankees and by Parks subsequent to the issuance of the draft report, we allowed additional credits of \$68,431.63, resulting in a final disallowance of \$187,224.39, which the Yankees accepted as Yankee costs.

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 2005 were overstated by \$187,224.39, as summarized on Table I, below:

Table I
Disallowance Schedule*

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$ 514,225.09	\$ 471,807.22	\$ 42,417.87
A-2 (ADCO Electric)	595,222.19	479,220.96	116,001.23
A-3 (Miranda Fuel)	19,129.61	19,129.61	0.00
A-4 (Brown & Silver)	0.00	0.00	0.00
A-5 (Stadium Repairs)	76,635.39	48,741.82	27,893.57
A-6 (Other Expenses)	31,446.43	30,534.71	911.72
Total	\$1,236,658.71	\$1,049,434.32	\$187,224.39

* 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 \$42,417.87 consists of the following:

- \$28,118.16—for security costs from May 22, 2005, through August 27, 2005, that were Yankee, not City costs. These costs included: \$11,725.97 for game days that were chargeable to the Yankees in accordance with the lease; \$96.62 in overcharges based on the hourly rates specified in the agreements between the Yankees and the Summit Security Services, and on the staffing levels approved by Parks; and \$16,295.57 in expenses for Mobile Patrol that were approved by Parks as a “one-time” credit deduction for the Republican National Convention in August 2004 and should not have been charged as credits against rental income on an on-going basis. The Yankees accepted \$28,118.16 as a Yankee cost.
- \$4,910.49—for hours worked on Yankee assignments listed on the time records as “In-House Maintenance,” “Parking Lot,” and “NYY Hours.” Such expenses, under the terms of the lease, are not chargeable to the City. The Yankees accepted \$4,910.49 as a Yankee cost.
- \$4,701.01 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 \$4,701.01 as a Yankee cost.

- \$2,984.32—for contributions to various funds related to River Payroll disallowances.¹ The Yankees accepted \$2,984.32 as a Yankee cost.
- \$811.71—for five employees who either did not sign in or sign out on their timesheets or did not initial their timesheets at the end of their work shifts. The Yankees accepted \$811.71 as a Yankee cost.
- \$333.95—for incorrect hourly rates paid to three “utilityman.” Based on their work schedules 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 \$333.95 as a Yankee cost.
- \$317.78—for incorrect rates paid to eight employees who were paid time-and-a-half instead of straight-time 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 \$317.78 as a Yankee cost.
- \$163.05—for labor hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted \$163.05 as a Yankee cost.
- \$77.40—for wages paid to two employees whose timesheets appeared to be altered. The changes on the timesheets were not initialed or approved. The Yankees accepted \$4.26 as a Yankee cost.

Appendix II gives further details of the above disallowances.

The ADCO Electric disallowed costs totaling \$116,001.23 consist of \$108,078.29 in labor costs and \$7,922.94 in material charges.

The disallowed labor costs totaling \$108,078.29 are as follows:

- \$95,511.85—for hours worked on assignments in Yankee areas that included the Clubhouse/Jacuzzi, Yankee Offices, Columbus Room, Dining Room, Press Room, Wives Lounge, and Photo Room, or that were Yankee charges, i.e., scoreboard and sweep maintenance on game days, the cleaning of televisions, and installation of

¹ Includes Welfare, Pension, and Annuity Funds.

copier outlets. 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 \$95,511.85 as a Yankee cost.

- \$5,494.90—for incorrect allocation of hours billed for all employees in the “journeymen” title for the weeks ending March 30, 2005, and June 8, 2005. Based on the timesheets provided, certain hours included on the credits should have been charged to the Yankees. The Yankees accepted \$5,494.90 as a Yankee cost.
- \$4,820.07—for hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted \$4,820.07 as a Yankee cost.
- \$1,512.70—for one employee who either did not sign in or sign out on his timesheet, or who did not initial his timesheet at the end of his shift. The Yankees accepted \$1,512.70 as a Yankee cost.
- \$617.39—for irreconcilable differences between labor hours reported on the payroll register and the supporting timesheets. The Yankees accepted \$617.39 as a Yankee cost.
- \$121.38—for incorrect overtime rates paid to all employees in the “Journeymen” title and one employee in the “Foremen” title under billing #20. Based on their work schedules, these employees were paid at a higher rate than is allowable under the “ADCO Electrical Maintenance Agreement” between the Yankees and ADCO Electrical Corporation. The Yankees accepted \$121.38 as a Yankee cost.

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

The disallowed material costs totaling \$7,922.94 include:

- \$7,577.50—for the following purchases that are used on Yankee assignments during game days: a “Midas Venice 320 Sound System-Rush” and installation; and corresponding coaxial connector adapters. Such costs, based on the terms of the lease, should not have been included in the maintenance credits submitted by the Yankees.
- \$341.18—for a 4.5 percent overhead charge pertaining to disallowed materials.² The Yankees accepted \$341.18 as a Yankee cost.
- \$4.26—for a discount that was not taken by the Yankees. The Yankees accepted \$4.26 as a Yankee cost.

² The ADCO Electrical and Maintenance Agreement with the Yankees, §2(e), entitles ADCO 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 ADCO Electric material costs.

The “Stadium Repairs” disallowances totaling \$27,893.57 are as follows:

- \$27,195.57—for materials and services provided in Yankee areas or that were Yankee charges that included: air-conditioners for the mail room and the engineer’s office; and the demolition of an existing air-conditioner in the Great Moments 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 \$27,195.57 as a Yankee cost.
- \$698—for items used in Yankees areas such as degreaser liquid and drain-openers that under the terms of the lease should not have been offset against rental income. The Yankees accepted \$698 as a Yankee cost.

Finally, the “Other Expenses” disallowances of \$911.72 are as follows:

- \$716.72—for the purchases of such items as “Duct Tape,” “Flux Brush,” and “Teflon Tape” that are not City costs. These expenses, under the terms of the lease agreement, cannot be offset as maintenance credits against income. The Yankees accepted \$716.72 as a Yankee cost.
- \$195—for services performed that should have been covered under the monthly maintenance agreement between the Yankees and *Bug Doctor Termite and Pest Control*. These charges should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted \$195 as a Yankee cost.

Appendix V includes the details for the above-stated disallowances pertaining to Stadium Repairs and Other Expenses.

RECOMMENDATIONS

We recommend that the Yankees:

1. Deduct \$187,224.39 from the total rental credits for maintenance pertaining to the third quarter of 2005.
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 FOR VENDORS A-1 THROUGH A-6
AUDIT PERIOD: 7/1/05 - 9/30/05
AUDIT # FN06-119A**

				ADJUSTMENTS					
NY Schedule	Amount Billed	Previous Allowance (Note 1)	Previous Disallowance (Note 1)	Amt. Accepted by NY (Note 2)	Amount Resubmitted by NY	Add'l Amt. Accepted by City	Final Allowance (Note 2)	Final Disallowance (Note 2)	Outstanding
A-1 River Payroll									
Total	\$514,225.09	\$435,576.88	\$78,648.21	\$42,417.87	\$38,230.34	\$36,230.34	\$471,807.22	\$42,417.87	\$0.00
A-2 ADCO Electric									
Total	\$595,222.19	\$459,872.10	\$135,550.09	\$116,001.23	\$19,548.86	\$19,548.86	\$479,220.96	\$116,001.23	\$0.00
A-3 Miranda Fuel									
Total	\$19,129.61	\$19,129.61	\$0.00	\$0.00	\$0.00	\$0.00	\$19,129.61	\$0.00	\$0.00
A-4 Brown & Silver									
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
A-5 Stadium Repairs									
Total	\$76,635.39	\$41,957.04	\$34,678.35	\$27,893.57	\$6,784.78	\$6,784.78	\$48,741.82	\$27,893.57	\$0.00
A-6 Other Expenses									
Total	\$31,446.43	\$24,867.06	\$6,779.37	\$911.72	\$5,867.65	\$5,867.65	\$30,534.71	\$911.72	\$0.00
GRAND TOTAL									
	\$1,236,658.71	\$981,002.69	\$255,656.02	\$187,224.39	\$68,431.63	\$68,431.63	\$1,049,434.32	\$187,224.39	\$0.00

- (1) At Draft Stage
(2) At Final Stage

SCHEDULE OF INELIGIBLE LABOR HOURS - RIVER PAYROLL
FOR THE 3rd QUARTER OF 2005
AUDIT PERIOD: 7/1/05 -9/30/05
AUDIT # FN06-119A

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	Amount Outstanding	Notes
1. Excess Security Costs	\$58,695.49	\$28,118.16	\$30,577.33	\$30,577.33	\$28,118.16	\$0.00	
2. Lunch Not Taken	\$4,679.69	\$4,679.69	\$0.00	\$0.00	\$4,679.69	\$0.00	(1)
3. Yankee Assignments	\$4,910.49	\$4,910.49	\$0.00	\$0.00	\$4,910.49	\$0.00	
4. No Time Sheet Provided	\$4,573.99	\$0.00	\$4,573.99	\$4,573.99	\$0.00	\$0.00	
5. Welfare Contributions	\$3,298.15	\$2,984.32	\$313.83	\$313.83	\$2,984.32	\$0.00	
6. Incomplete Timesheets	\$811.71	\$811.71	\$0.00	\$0.00	\$811.71	\$0.00	
7. Unreasonable 3rd Shift	\$355.05	\$0.00	\$355.05	\$355.05	\$0.00	\$0.00	
8. Questionable Paid Labor Hrs	\$341.16	\$21.32	\$319.84	\$319.84	\$21.32	\$0.00	(1)
9. Incorrect Hourly Rate	\$333.95	\$333.95	\$0.00	\$0.00	\$333.95	\$0.00	
10. 1.5X should be S/T	\$317.78	\$317.78	\$0.00	\$0.00	\$317.78	\$0.00	
11. Altered Timesheets	\$167.70	\$77.40	\$90.30	\$90.30	\$77.40	\$0.00	
12. Hours Not Worked	\$163.05	\$163.05	\$0.00	\$0.00	\$163.05	\$0.00	
TOTAL	\$78,648.21	\$42,417.87	\$36,230.34	\$36,230.34	\$42,417.87	\$0.00	

Note (1) Draft Stage "Lunch Not Taken" = \$4,679.69 + \$21.32 from Questionable Paid Labor Hours = \$4,701.01 [Final Stage for "Lunch Not Taken"]
Based on additional documentation provided by the Yankees, we approved "questionable hours paid" except half hour for "lunch-not-taken."

**NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 7/1/05 - 9/30/05
AUDIT #FN06-119A**

ADCO ELECTRICAL - LABOR

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	\$113,056.92	\$95,511.85	\$0.00	\$17,545.07	\$95,511.85	\$0.00
2. Incorrect Allocation	\$5,494.90	\$5,494.90	\$0.00	\$0.00	\$5,494.90	\$0.00
3. Hours Not Worked	\$4,820.07	\$4,820.07	\$0.00	\$0.00	\$4,820.07	\$0.00
4. Incomplete T/S	\$1,512.70	\$1,512.70	\$0.00	\$0.00	\$1,512.70	\$0.00
5. Irreconcilable Differences	\$617.39	\$617.39	\$0.00	\$0.00	\$617.39	\$0.00
6. Incorrect Hourly Rates	\$121.38	\$121.38	\$0.00	\$0.00	\$121.38	\$0.00
TOTAL	\$125,623.36	\$108,078.29	\$0.00	\$17,545.07	\$108,078.29	\$0.00

**NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 7/1/05 - 9/30/05
AUDIT #FN06-119A**

ADCO ELECTRICAL - 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 Outstanding
1. Purchases used on Yankee Assignments	\$7,577.50	\$7,577.50	\$0.00	\$0.00	\$7,577.50	\$0.00
2. Lamps and Fixtures	\$1,917.50	\$0.00	\$0.00	\$1,917.50	\$0.00	\$0.00
3. Overhead charge of 4.5 percent	\$427.47	\$341.18	\$0.00	\$86.29	\$341.18	\$0.00
4. Discount Loss	\$4.26	\$4.26	\$0.00	\$0.00	\$4.26	\$0.00
TOTAL	\$9,926.73	\$7,922.94	\$0.00	\$2,003.79	\$7,922.94	\$0.00

Summary of Labor & Materials Disallowed		
LABOR	\$ 108,078.29	Appendix III
MATERIALS	\$7,922.94	Appendix IV
Total	\$ 116,001.23	

**NEW YORK YANKEES RENTAL CREDITS
FOR VENDORS A-3 THROUGH A-6
SCHEDULE OF DISALLOWANCES
FOR THE AUDIT PERIOD: 7/1/05 - 9/30/05
AUDIT # FN06-119A**

Appendix V
Page 1 of 1

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 Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Gross Receipts Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
A-5 STADIUM REPAIRS						
1. Materials and Services provided in Yankee areas: air-conditioners for the mail room and engineer's office; demolition of an existing air-conditioner in the Great Moments Room; six packages of VLP vinyl for repairs; and painting of the "Foul Poles," requested by umpires.	\$30,989.21	\$27,195.57	\$3,793.64	\$3,793.64	\$27,195.57	\$0.00
2. Charges that exceeded contractual rates with Infinity Elevator Co., and White Way Sign.	\$2,601.14	\$0.00	\$2,601.14	\$2,601.14	\$0.00	\$0.00
3. Miscellaneous items such as degreaser liquid, drain-openers, and emergency repairs on compactor door.	\$1,088.00	\$698.00	\$390.00	\$390.00	\$698.00	\$0.00
Total	\$34,678.35	\$27,893.57	\$6,784.78	\$6,784.78	\$27,893.57	\$0.00
A-6 OTHER EXPENSES						
1. Charges that exceeded contractual rates with Bug Doctor Termite and Pest Control	\$2,520.00	\$0.00	\$2,520.00	\$2,520.00	\$0.00	\$0.00
2. Miscellaneous items such as deodorizer for drains from Nature's Way and rubber cove base floor molding for wall.	\$1,918.90	\$0.00	\$1,918.90	\$1,918.90	\$0.00	\$0.00
3. For Freight Charges paid to "Irwin Seating" on items previously disallowed and services performed that should have been covered under the monthly maintenance agreement	\$1,377.00	\$195.00	\$1,182.00	\$1,182.00	\$195.00	\$0.00
3. Not a City Cost- for items such as "Name Plates for Boxes," "Duct Tape," "Flux Brush," and "Teflon Tape"	\$963.47	\$716.72	\$246.75	\$246.75	\$716.72	\$0.00
Total	\$6,779.37	\$911.72	\$5,867.65	\$5,867.65	\$911.72	\$0.00

New York Yankees

ROBERT BROWN
VICE PRESIDENT OF FINANCE



EXECUTIVE OFFICE
YANKEE STADIUM
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June 8, 2006

Ms. Faige Hornung

Director of Financial Audit & Support Services

1 Centre Street

Room 1300 North

New York, NY 10007

RE: Audit Report FN06-119A on the New York Yankees Rental Credits- 3rd quarter 2006

Dear Ms. Hornung:

In response to the draft report, the New York Yankees are accepting \$187,224.39 and rejecting \$68,431.63.

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

Sincerely,

Robert Brown

RB/vb

Cc: Lawrence Baum
Yasmin Tejani

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A-1 to A-6
For the 3rd Quarter of 2005
Audit # FN06-119A**

	Yankees Accept	Yankees Reject	Total Disallowance
A-1 River Payroll	\$42,417.87	\$36,230.34	\$78,648.21
A-2 PEM Electric	\$116,001.23	\$19,548.86	\$135,550.09
A-3 Miranda Fuel	\$0.00	\$0.00	\$0.00
A-4 Brown & Silver	\$0.00	\$0.00	\$0.00
A-5 Stadium Repairs	\$27,893.57	\$6,784.78	\$34,678.35
A-6 Other Expenses	\$911.72	\$5,867.65	\$6,779.37
TOTAL	\$187,224.39	\$68,431.63	\$255,656.02

A-1 RIVER PAYROLL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Excess Security Costs	\$28,118.16	\$30,577.33	\$58,695.49
2. NYY Charges	\$4,910.49	\$0.00	\$4,910.49
3. Timesheets Not Provided	\$0.00	\$4,573.99	\$4,573.99
4. Lunch Not Taken	\$4,679.69	\$0.00	\$4,679.69
5. Welfare Contributions Adjustments	\$2,984.32	\$313.83	\$3,298.15
6. Incomplete Timesheets	\$811.71	\$0.00	\$811.71
7. Unreasonable 3rd Shift	\$0.00	\$355.05	\$355.05
8. Questionable Labor Hours	\$21.32	\$319.84	\$341.16
9. Incorrect Hourly Rate	\$333.95	\$0.00	\$333.95
11. 1.5X s/b S/T rate	\$317.78	\$0.00	\$317.78
12. Altered Timesheets	\$77.40	\$90.30	\$167.70
13. Hours Not Worked	\$163.05	\$0.00	\$163.05
TOTAL	\$42,417.87	\$36,230.34	\$78,648.21

A-2 ADCO ELECTRIC - LABOR HOURS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. NYY Charges+NYY Areas	\$95,511.85	\$17,545.07	\$113,056.92
2. Incorrect Allocation	\$5,494.90	\$0.00	\$5,494.90
3. Hours Not Worked	\$4,820.07	\$0.00	\$4,820.07
4. Incomplete Timesheets	\$1,512.70	\$0.00	\$1,512.70
5. Irreconcilable Difference	\$617.39	\$0.00	\$617.39
6. Incorrect Hourly Rate	\$121.38	\$0.00	\$121.38
TOTAL	\$108,078.29	\$17,545.07	\$125,623.36

A-2 ADCO ELECTRIC - MATERIALS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. NYY Charges	\$7,577.50	\$0.00	\$7,577.50
2. Insufficient Documentation	\$0.00	\$1,917.50	\$1,917.50
3. Discount Lost	\$4.26	\$0.00	\$4.26
4. 4.5% Contract Adder	\$341.18	\$86.29	\$427.47
TOTAL	\$7,922.94	\$2,003.79	\$9,926.73

A-3 MIRANDA FUEL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
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NO DISALLOWANCE

A-4 BROWN & SILVER

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
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NO DISALLOWANCE

A-5 STADIUM REPAIRS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Monthly rate Exceeds Contractual Rate	\$0.00	\$2,601.14	\$2,601.14
2. Insufficient Documentation-no location	\$698.00	\$390.00	\$1,088.00
3. NYY Charges	\$27,195.57	\$3,793.64	\$30,989.21
			\$0.00
TOTAL	\$27,893.57	\$6,784.78	\$34,678.35

A-6 OTHER EXPENSES

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Covered Under Contract	\$0.00	\$2,520.00	\$2,520.00
2. Insufficient Documentation-No location	\$0.00	\$1,918.90	\$1,918.90
3. Not A City Cost	\$716.72	\$246.75	\$963.47
4. NYY Charges	\$195.00	\$1,182.00	\$1,377.00
TOTAL	\$911.72	\$5,867.65	\$6,779.37