

# AUDIT REPORT

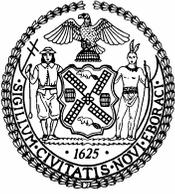


CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BUREAU OF FINANCIAL AUDIT  
**WILLIAM C. THOMPSON, JR., COMPTROLLER**

## **Audit Report on the New York Yankees Rental Credits For the Second Quarter of 2006 (April 1–June 30, 2006)**

*FR07-075A*

**June 6, 2007**



THE CITY OF NEW YORK  
DEPARTMENT 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 second quarter of 2006 (April 1 – June 30, 2006).

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, and their comments have been considered in preparing this report. The Yankees' complete written response 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](mailto: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: FR07-075A**  
**Filed: June 6, 2007**

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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 Second Quarter of 2006  
(April 1–June 30, 2006)**

**FR07-075A**

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**AUDIT REPORT IN BRIEF**

According to a 1972 lease agreement between the New York Yankees (the Yankees) and the City of New York (the City) that is overseen by the Department of Parks and Recreation (Parks), the Yankees are responsible for the care and upkeep of the City-owned Yankee stadium, and must pay the City rental income. However, the lease also allows the Yankees to offset against any rental income due the City, costs incurred by the Yankees for maintaining the stadium. Thus, every dollar spent and accounted for as a maintenance credit results in a dollar-for-dollar decrease in the rent due the City.

Under the terms of the lease, the Yankees must notify the Comptroller's Office of all claimed maintenance credits, and provide supporting computations. The Comptroller's Office then determines whether any of the charges for which credits are claimed are permissible.

**Audit Findings and Conclusions**

The audit found that Yankee rental credits submitted for the Second Quarter of 2006 were overstated by \$69,880.67 as follows:

- \$32,337.84 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$20,912.23 in payments to ADCO Electric consisting of labor costs and materials that should not have been charged to the City.
- \$7,775.79 in Yankee Stadium repairs for which the expenses are not chargeable to the City or lacked documentation
- \$8,854.81 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 \$69,880.67 from the total rental credits taken for maintenance pertaining to the Second Quarter of 2006, 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**

Under the terms of the 1972 lease agreement, the general rule is that the City pays to maintain all areas of Yankee 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 second-quarter period, April 1–June 30, 2006.

### **Scope and Methodology**

The audit scope covered the period April 1–June 30, 2006. We examined 100 percent of the \$1,394,655 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 III 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 February 20, 2007. On February 28, 2007 Yankee officials waived their right to an exit conference. On March 7, 2007 we submitted a draft report to Yankees and Parks officials with a request for comments. We received a response from Yankee officials on April 26, 2007.

In the draft report, we disallowed rental credits totaling \$303,185.85. 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 \$233,305.18 resulting in a final disallowance of \$69,880.67, which the Yankees accepted as Yankee costs.

This final report reflects our changes based on the additional documentation submitted by the Yankees and 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 Second Quarter of 2006 were overstated by \$69,880.67 as summarized on Table I, below:

**Table I**  
**Disallowance Schedule\***

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$ 559,006.39	\$526,668.55	\$ 32,337.84
A-2 (ADCO Electric)	248,291.56	227,379.33	20,912.23
A-3 (Miranda Fuel)	49,264.82	49,264.82	0.00
A-4 (Brown & Silver)	0.00	0.00	0.00
A-5 (Stadium Repairs)	316,693.73	308,917.94	7,775.79
A-6 (Other Expenses)	221,398.50	212,543.69	8,854.81
<b>Total</b>	<b>\$1,394,655.00</b>	<b>\$1,324,774.33</b>	<b>\$69,880.67</b>

\* 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 \$32,337.84 consists of the following:

- \$11,767.86—for security costs from February 27, 2005 through December 17, 2005 and January 8, 2006 through May 27, 2006 that were Yankee, not City costs. These costs included \$8,411.36 for game days that were chargeable to the Yankees in accordance with the lease and \$3,356.50 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 \$11,767.86 as a Yankee cost.
- \$4,965.40—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 \$4,965.40 as a Yankee cost.

- \$4,964.45—for hours worked on Yankee assignments listed on the time records as “Union Dues,” “In-house Maintenance” and “Sweep Maintenance” during game days, and “Parking Lot.” Such expenses, under the terms of the lease, are not chargeable to the City. The Yankees accepted \$4,964.45 as a Yankee cost.
- \$4,413.60—for a questionable payment made to one employee for severance pay that, based on the documentation provided by the Yankees, could not be verified. The Yankees accepted \$4,413.60 as a Yankee cost.
- \$3,131.01—for incorrect hourly rates paid to ten engineers and mechanics. These employees were paid at a rate higher than is allowable under the Local 32B–32J S.E.I.U and the Local 30, AFL-CIO, CLC agreements. The Yankees accepted \$3,131.01 as a Yankee cost.
- \$1,890.05—for contributions to various funds related to River Payroll disallowances.<sup>1</sup> The Yankees accepted \$1,890.05 as a Yankee cost.
- \$879.28—for labor hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted \$879.28 as a Yankee cost.
- \$159.84—for one employee who did not sign out on the timesheet. The Yankees accepted \$159.84 as a Yankee cost.
- \$126.35—for unreasonable third shift charges paid to three employees. The Yankees accepted \$126.35 as a Yankee cost.
- \$40—for ineligible bonus payments made to two employees. The Yankees accepted \$40 as a Yankee cost.

Appendix II gives further details of the above disallowances.

The ADCO Electric disallowed costs totaling \$20,912.23 consist of \$18,603.64 in labor costs and \$2,308.59 in material charges.

The disallowed labor costs totaling \$18,603.64 are as follows:

- \$12,218.45—for hours worked on “Gameday Sweep,” a Yankee assignment. According to the lease agreement, such maintenance during game-days is a Yankee cost. The Yankees accepted \$12,218.45 as a Yankee cost.

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<sup>1</sup> Includes Welfare, Pension, and Annuity Funds.

- \$2,693.25—for labor hours that were not supported with timesheets. The Yankees accepted \$2,693.25 as a Yankee cost.
- \$1,753.22—for two employees who did not sign out on their timesheets. The Yankees accepted \$1,753.22 as a Yankee cost.
- \$1,292.48—for hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted \$1,292.48 as a Yankee cost.
- \$646.24—for incorrect allocation of hours. Based on the weekly timesheets and work assignment description reports, these hours were correctly coded as “99” which are Yankee costs but on the “NYY Allocation Report” they were incorrectly allocated as a City cost. The Yankees accepted \$646.24 as a Yankee cost.

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

The disallowed material costs totaling \$2,308.59 include:

- \$1,526.78—for purchase of computer supplies that, based on the terms of the lease, should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted \$1,526.78 as a Yankee cost.
- \$667.89—for lamps and fixtures that, according to the lease agreement, are Yankees charges. The Yankees accepted \$667.89 as a Yankee cost.
- \$99.41—for a 4.5 percent overhead charge pertaining to disallowed materials.<sup>2</sup> The Yankees accepted \$99.41 as a Yankee cost.
- \$14.51—for materials purchased for which the use or location was not indicated. The Yankees accepted \$14.51 as a Yankee cost.

Appendix IV gives details of the above disallowances for ADCO Materials.

The “Stadium Repairs” disallowances totaling \$7,775.79 are as follows:

- \$5,120.50—for materials purchased for assignments that included “supply of paint for the garage and for Parks Department,” “Repaint ‘26’ Time World Champions sign” and “Flexco Spectone Rubber Tiles.” 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 \$5,120.50 Yankee cost.

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<sup>2</sup> 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.

- \$2,655.29—for purchase of tools and items such as duct tape, Teflon tape, Orange Gojo, eyewash and refill, safety equipment, PC blades, plastic coal scoop, stainless steel cleaner and gloss can sprays. These items, under the terms of the agreement, are not City costs. The Yankees accepted \$2,655.29 as a Yankee cost.

Finally, the “Other Expenses” disallowances of \$8,854.81 are as follows:

- \$5,634—for services performed that should have been covered under the monthly maintenance agreements between the Yankees and Infinity Elevator Company, Inc. and *Bug Doctor Termite and Pest Control*. The Yankees accepted \$5,634 Yankee cost.
- \$1,205—for the purchase of computer supplies for Yankee assignments and for various Blue/White Metal Signs such as “No Alcoholic Drinks” and “No Video Cameras” from Elite Signs, Inc. that were submitted and finalized for the second quarter of 2005. The Yankees accepted \$1,205 Yankee cost.
- \$875—for Infinity Elevator Company, Inc. charges to repair vandalized elevators that should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted \$875 as a Yankee cost.
- \$350—for service that was not provided and should not have been submitted by the Yankees as a City charge. The Yankees accepted \$350 as a Yankee cost.
- \$299.94—for engineering supplies for which the use or location was not indicated. The Yankees accepted \$299.94 as a Yankee cost.
- \$266.08—for purchase of tool bag, wire kit, padlocks and keys that under the terms of the lease agreement, are not City costs. The Yankees accepted \$266.08 as a Yankee cost.
- \$224.79—for charges that exceeded the contractual rates listed in the Yankees’ contract with White Way Sign Company. The Yankees accepted \$224.79 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 \$69,880.67 from the total rental credits for maintenance pertaining to the Second Quarter of 2006.
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: 4/1/06 - 6/30/06  
AUDIT # FR07-075A**

				ADJUSTMENTS				
NY Y Schedule	Amount Billed	Previous Allowance (N 1)	Previous Disallow. (N 1)	Amount Accepted by NY Y (N 2)	Amount Resubmitted by NY Y	Add'l Amt Accepted by City	Final Allowance (N 2)	Final Disallowance (N 2)
A-1 River Payroll								
<b>Total</b>	<b>\$559,006.39</b>	<b>\$521,394.58</b>	<b>\$37,611.81</b>	<b>\$32,337.84</b>	<b>\$5,273.97</b>	<b>\$5,273.97</b>	<b>\$526,668.55</b>	<b>\$32,337.84</b>
A-2 ADCO Electric								
<b>Total</b>	<b>\$248,291.56</b>	<b>\$197,232.17</b>	<b>\$51,059.39</b>	<b>\$20,912.23</b>	<b>\$30,147.16</b>	<b>\$30,147.16</b>	<b>\$227,379.33</b>	<b>\$20,912.23</b>
A-3 Miranda Fuel								
<b>Total</b>	<b>\$49,264.82</b>	<b>\$49,264.82</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$49,264.82</b>	<b>\$0.00</b>
A-4 Brown & Silver								
<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
A-5 Stadium Repairs								
<b>Total</b>	<b>\$316,693.73</b>	<b>\$225,673.15</b>	<b>\$91,020.58</b>	<b>\$7,775.79</b>	<b>\$83,244.79</b>	<b>\$83,244.79</b>	<b>\$308,917.94</b>	<b>\$7,775.79</b>
A-6 Other Expenses								
<b>Total</b>	<b>\$221,398.50</b>	<b>\$97,904.43</b>	<b>\$123,494.07</b>	<b>\$8,854.81</b>	<b>\$114,639.26</b>	<b>\$114,639.26</b>	<b>\$212,543.69</b>	<b>\$8,854.81</b>
<b>GRAND TOTAL</b>	<b>\$1,394,655.00</b>	<b>\$1,091,469.15</b>	<b>\$303,185.85</b>	<b>\$69,880.67</b>	<b>\$233,305.18</b>	<b>\$233,305.18</b>	<b>\$1,324,774.33</b>	<b>\$69,880.67</b>

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

**SCHEDULE OF INELIGIBLE LABOR HOURS  
FOR THE 2nd QUARTER OF 2006  
AUDIT PERIOD: 4/1/06 - 6/30/06  
AUDIT # FR07-075A**

**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
1. Excess Security Costs	\$11,767.86	\$11,767.86	\$0.00	\$0.00	\$11,767.86	\$0.00
2. Questionable Severance Pay	\$8,827.20	\$4,413.60	\$4,413.60	\$4,413.60	\$4,413.60	\$0.00
3. Lunch Not Taken	\$4,965.40	\$4,965.40	\$0.00	\$0.00	\$4,965.40	\$0.00
4. NYY Assignments/Union Dues	\$4,964.45	\$4,964.45	\$0.00	\$0.00	\$4,964.45	\$0.00
5. Incorrect Hourly Rates	\$3,131.01	\$3,131.01	\$0.00	\$0.00	\$3,131.01	\$0.00
6. Welfare Contributions Adj	\$1,890.05	\$1,890.05	\$0.00	\$0.00	\$1,890.05	\$0.00
7. Hours Not Worked	\$879.28	\$879.28	\$0.00	\$0.00	\$879.28	\$0.00
8. Duplicate Overtime Hours Pd.	\$523.69	\$0.00	\$523.69	\$523.69	\$0.00	\$0.00
9. Altered Timesheets	\$336.68	\$0.00	\$336.68	\$336.68	\$0.00	\$0.00
10. Incomplete Timesheet(s)	\$159.84	\$159.84	\$0.00	\$0.00	\$159.84	\$0.00
11. Unreasonable 3rd Shift	\$126.35	\$126.35	\$0.00	\$0.00	\$126.35	\$0.00
12. Ineligible Bonus Payment	\$40.00	\$40.00	\$0.00	\$0.00	\$40.00	\$0.00
<b>TOTAL</b>	<b>\$37,611.81</b>	<b>\$32,337.84</b>	<b>\$5,273.97</b>	<b>\$5,273.97</b>	<b>\$32,337.84</b>	<b>\$0.00</b>

**SCHEDULE OF INELIGIBLE LABOR HOURS  
FOR THE 2nd QUARTER OF 2006  
AUDIT PERIOD: 4/1/06 - 6/30/06  
AUDIT # FR07-075A**

**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 Assignments - Gameday Sweeps/Maintenance	\$42,365.61	\$12,218.45	\$30,147.16	\$30,147.16	\$12,218.45	\$0.00
2. Labor hours Not Supported with Timesheets	\$2,693.25	\$2,693.25	\$0.00	\$0.00	\$2,693.25	\$0.00
3. Incomplete Timesheets	\$1,753.22	\$1,753.22	\$0.00	\$0.00	\$1,753.22	\$0.00
4. Hours Not Worked	\$1,292.48	\$1,292.48	\$0.00	\$0.00	\$1,292.48	\$0.00
5. Incorrect Labor Allocation	\$646.24	\$646.24	\$0.00	\$0.00	\$646.24	\$0.00
<b>TOTAL</b>	<b>\$48,750.80</b>	<b>\$18,603.64</b>	<b>\$30,147.16</b>	<b>\$30,147.16</b>	<b>\$18,603.64</b>	<b>\$0.00</b>

**SCHEDULE OF INELIGIBLE LABOR HOURS  
FOR THE 2nd QUARTER OF 2006  
AUDIT PERIOD: 4/1/06 - 6/30/06  
AUDIT # FR07-075A**

**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. Not A City Cost (computer supplies, parts)	\$1,526.78	\$1,526.78	\$0.00	\$0.00	\$1,526.78	\$0.00
2. NYY Charge - Lamps & Fixtures	\$667.89	\$667.89	\$0.00	\$0.00	\$667.89	\$0.00
3. 4.5% Contract Adder	\$99.41	\$99.41	\$0.00	\$0.00	\$99.41	\$0.00
4. Materials Purchased With No Indication of Location	\$14.51	\$14.51	\$0.00	\$0.00	\$14.51	\$0.00
<b>TOTAL</b>	<b>\$2,308.59</b>	<b>\$2,308.59</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,308.59</b>	<b>\$0.00</b>

**SUMMARY OF LABOR AND MATERIALS**

	Amount Disallowed Per Draft Report	Amount Accepted by NYY	Amount Resubmitted by NYY	Add'l Amt. Accepted by City	Final Disallowance	Amount Outstanding
LABOR (Appendix III)	\$48,750.80	\$18,603.64	\$30,147.16	\$30,147.16	\$18,603.64	\$0.00
MATERIALS (Appendix IV)	\$2,308.59	\$2,308.59	\$0.00	\$0.00	\$2,308.59	\$0.00
<b>TOTAL</b>	<b>\$51,059.39</b>	<b>\$20,912.23</b>	<b>\$30,147.16</b>	<b>\$30,147.16</b>	<b>\$20,912.23</b>	<b>\$0.00</b>

**SCHEDULE OF DISALLOWANCES  
FOR VENDORS A-3 THROUGH A-6  
DISALLOWANCES ACCEPTED BY NYY AND THE CITY  
AUDIT PERIOD: 4/1/06 - 6/30/06  
AUDIT # FR07-075A**

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
<b>A-3 MIRANDA FUEL</b>						
NO DISALLOWANCES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>A-4 BROWN &amp; SILVER</b>						
NO DISALLOWANCES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>A-5 STADIUM REPAIRS</b>						
1. No Invoice Provided	\$79,206.40	\$0.00	\$79,206.40	\$79,206.40	\$0.00	\$0.00
2. NYY Charge (Fedders A/C, Flexco rubber tiles, & paint supplied to Parks	\$5,600.88	\$5,120.50	\$480.38	\$480.38	\$5,120.50	\$0.00
3. Not a City Cost (tools, duct tape, Teflon tape, orange gojo)	\$2,655.29	\$2,655.29	\$0.00	\$0.00	\$2,655.29	\$0.00
4. Misuse to Loading Dock Door	\$2,370.00	\$0.00	\$2,370.00	\$2,370.00	\$0.00	\$0.00
5. Insufficient Information on Invoice	\$1,188.01	\$0.00	\$1,188.01	\$1,188.01	\$0.00	\$0.00
<b>Total</b>	<b>\$91,020.58</b>	<b>\$7,775.79</b>	<b>\$83,244.79</b>	<b>\$83,244.79</b>	<b>\$7,775.79</b>	<b>\$0.00</b>
<b>A-6 OTHER EXPENSES</b>						
1. NYY Areas - Luxury Seats & Shutter Repairs to Café and Ticket Booth	\$98,321.11	\$0.00	\$98,321.11	\$98,321.11	\$0.00	\$0.00
2. Insufficient Documentation (Missing Prior Parks Approval and No Location Provided)	\$15,968.15	\$0.00	\$15,968.15	\$15,968.15	\$0.00	\$0.00
3. Covered Under Existing Contract(s)	\$5,634.00	\$5,634.00	\$0.00	\$0.00	\$5,634.00	\$0.00
4. NYY Assignments (Computer Supplies, etc)	\$1,205.00	\$1,205.00	\$0.00	\$0.00	\$1,205.00	\$0.00
5. NYY Charge - Vandalized Escalators	\$875.00	\$875.00	\$0.00	\$0.00	\$875.00	\$0.00
6. Services Not Provided	\$700.00	\$350.00	\$350.00	\$350.00	\$350.00	\$0.00
7. No Location Provided on Invoice for Engineering Supplies	\$299.94	\$299.94	\$0.00	\$0.00	\$299.94	\$0.00
8. Not A City Cost (tool bag, wire kit, locks and keys)	\$266.08	\$266.08	\$0.00	\$0.00	\$266.08	\$0.00
9. Exceeded Contract Rates	\$224.79	\$224.79	\$0.00	\$0.00	\$224.79	\$0.00
<b>Total</b>	<b>\$123,494.07</b>	<b>\$8,854.81</b>	<b>\$114,639.26</b>	<b>\$114,639.26</b>	<b>\$8,854.81</b>	<b>\$0.00</b>

# New York Yankees

ROBERT B. BROWN  
VICE PRESIDENT, CFO/ACCOUNTING



EXECUTIVE OFFICE  
YANKEE STADIUM  
BRONX, NEW YORK 10461  
OFFICE: (718) 579-4528  
FAX: (718) 881-5042  
EMAIL: rbrown@yankees.com

April 26, 2007  
Ms. Faige Hornung  
Director of Financial Audit & Support Services  
1 Centre Street  
Room 1300 North  
New York, NY 10007

RE: Audit Report FR07-075A on the New York Yankees Rental Credits- 2nd quarter 2006

Dear Ms. Hornung:

In response to the draft report, the New York Yankees are accepting \$69,880.67 and rejecting \$233,305.18.

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

Sincerely,

Robert Brown

RB/vb

Cc: Yasmin Tejani

**New York Yankees Rental Credits**  
**Summary of Disallowances for Schedules A-1 to A-6**  
**For the 2nd Quarter of 2006**  
**Audit # FR07 - 075A**

	Yankees Accept	Yankees Reject	Total Disallowance
A-1 River Payroll	\$32,337.84	\$5,273.97	\$37,611.81
A-2 ADCO Electrical	\$20,912.23	\$30,147.16	\$51,059.39
A-3 Miranda Fuel	\$0.00	\$0.00	\$0.00
A-4 Brown & Silver	\$0.00	\$0.00	\$0.00
A-5 Stadium Repairs	\$7,775.79	\$83,244.79	\$91,020.58
A-6 Other Expenses	8854.81	114639.26	123494.07
<b>TOTAL</b>	<b>\$69,880.67</b>	<b>\$233,305.18</b>	<b>\$303,185.85</b>

**A-1 RIVER PAYROLL**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Excess Security Costs	\$11,767.86	\$0.00	\$11,767.86
2. Questionable Severance Pay	\$4,413.60	\$4,413.60	\$8,827.20
3. Lunch Not Taken	\$4,965.40	\$0.00	\$4,965.40
4. NYY Assignments/Union Dues	\$4,964.45	\$0.00	\$4,964.45
5. Incorrect Hourly Rates	\$3,131.01	\$0.00	\$3,131.01
6. Welfare Contributions Adj	\$1,890.05	\$0.00	\$1,890.05
7. Hours Not Worked	\$879.28	\$0.00	\$879.28
8. Duplicate Overtime Hours Pd.	\$0.00	\$523.69	\$523.69
9. Altered Timesheets	\$0.00	\$336.68	\$336.68
10. Incomplete Timesheet(s)	\$159.84	\$0.00	\$159.84
11. Unreasonable 3rd Shift	\$126.35	\$0.00	\$126.35
12. Ineligible Bonus Payment	\$40.00	\$0.00	\$40.00
<b>TOTAL</b>	<b>\$32,337.84</b>	<b>\$5,273.97</b>	<b>\$37,611.81</b>

**A-2 ADCO ELECTRICAL - LABOR**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. NYY Assignments-Gameday Sweeps	\$12,218.45	\$30,147.16	\$42,365.61
2. Labor Hrs. Not Support with Timesheets	\$2,693.25	\$0.00	\$2,693.25
3. Incomplete Timesheets	\$1,753.22	\$0.00	\$1,753.22
4. Hours Not Worked	\$1,292.48	\$0.00	\$1,292.48
5. Incorrect Labor Allocation	\$646.24	\$0.00	\$646.24
<b>TOTAL</b>	<b>\$18,603.64</b>	<b>\$30,147.16</b>	<b>\$48,750.80</b>

**New York Yankees Rental Credits  
Summary of Disallowances for Schedules A-1 to A-6  
For the 2nd Quarter of 2006  
Audit # FR07 - 075A**

**A-2 ADCO ELECTRICAL - MATERIALS**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Not A City Cost (computer supplies, etc.)	\$1,526.78	\$0.00	\$1,526.78
2. NYY Charge - Lamps & Fixtures	\$667.89	\$0.00	\$667.89
3. 4.5% Contract Adder	\$99.41	\$0.00	\$99.41
4. Job Location Not Indicated	\$14.51	\$0.00	\$14.51
<b>TOTAL</b>	<b>\$2,308.59</b>	<b>\$0.00</b>	<b>\$2,308.59</b>

**A-3 MIRANDA FUEL**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
NO DISALLOWANCE	\$0.00	\$0.00	\$0.00

**A-4 BROWN & SILVER**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
NO DISALLOWANCE	\$0.00	\$0.00	\$0.00

**A-5 STADIUM REPAIRS**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. No Invoice Provided	\$0.00	\$79,206.40	\$79,206.40
2. NYY Charge-Tiles and Paint to Parks	\$5,120.50	\$480.38	\$5,600.88
3. Not A City Cost-Tools, Teflon tape, etc.	\$2,655.29	\$0.00	\$2,655.29
4. Misuse to Loading Dock Door	\$0.00	\$2,370.00	\$2,370.00
5. Insufficient Documentation	\$0.00	\$1,188.01	\$1,188.01
<b>TOTAL</b>	<b>\$7,775.79</b>	<b>\$83,244.79</b>	<b>\$91,020.58</b>

**A-6 OTHER EXPENSES**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. NYY Areas-Luxury Seats, Shutters, etc.	\$0.00	\$98,321.11	\$98,321.11
2. Insufficient Documentation	\$0.00	\$15,968.15	\$15,968.15
3. Covered Under Existing Contract	\$5,634.00	\$0.00	\$5,634.00
4. NYY Assignments	\$1,205.00	\$0.00	\$1,205.00
5. NYY Charge-Vandalized Escalators	\$875.00	\$0.00	\$875.00
6. Services Not Provided	\$350.00	\$350.00	\$700.00
7. No Job Location Indicated	\$299.94	\$0.00	\$299.94
8. Not A City Cost-Tools, Wire Kit, etc.	\$266.08	\$0.00	\$266.08
9. Exceeded Contract Rates	\$224.79	\$0.00	\$224.79
<b>TOTAL</b>	<b>\$8,854.81</b>	<b>\$114,639.26</b>	<b>\$123,494.07</b>