

AUDIT REPORT

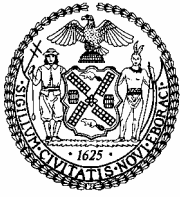


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the New York Yankees Rental Credits For the Second Quarter of 2005 (April 1–June 30, 2005)

FN06-114A

May 24, 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 second quarter of 2005 (April 1–June 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, and their comments have been considered in preparing this report. The Yankees complete written response is attached.

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: FN06-114A
Filed: May 24, 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 Second Quarter of 2005
(April 1–June 30, 2005)**

FN06-114A

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 second quarter of 2005 were overstated by \$72,492.24, as follows:

- \$33,980.26 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$11,691.24 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.
- \$20,374.46 in Yankee Stadium repairs for which the expenses are not chargeable to the City or lacked documentation.
- \$6,446.28 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 \$72,492.24 from the total rental credits taken for maintenance pertaining to the second 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 second-quarter period, April 1–June 30, 2005.

Scope and Methodology

The audit scope covered the period April 1–June 30, 2005. We examined 100 percent of the \$1,168,577 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), 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 March 22, 2006. On March 28, 2006, Yankee officials waived their right to an exit conference. On April 3, 2006, we submitted a draft report to Yankees and Parks officials with a request for comments. We received a response from Yankee officials on May 3, 2006.

In the draft report, we disallowed rental credits totaling \$237,008.81. 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 \$164,516.57, resulting in a final disallowance of \$72,492.24, which the Yankees accepted as a Yankees cost.

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 second quarter of 2005 were overstated by \$72,492.24 as summarized on Table I, below:

Table I
Disallowance Schedule*

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$ 443,270.86	\$ 409,290.60	\$ 33,980.26
A-2 (ADCO Electric)	233,698.50	222,007.26	11,691.24
A-3 (Miranda Fuel)	54,367.16	54,367.16	0.00
A-4 (Brown & Silver)	0.00	0.00	0.00
A-5 (Stadium Repairs)	400,489.49	380,115.03	20,374.46
A-6 (Other Expenses)	36,750.99	30,304.71	6,446.28
Total	\$1,168,577.00	\$1,096,084.76	\$72,492.24

* 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 \$33,980.26 consists of the following:

- \$21,938.72—for security costs from February 20, 2005, through May 21, 2005, that were Yankee, not City costs. These costs included: \$9,541.72 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 \$12,397 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 the \$21,938.72 as a Yankee cost.
- \$4,721.76—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 \$4,721.76 as a Yankee cost.

- \$4,442.01—for hours worked on Yankee assignments listed on the time records as “In-House Maintenance,” “Parking Lot,” and “NYN Hours.” Such expenses, under the terms of the lease, are not chargeable to the City. The Yankees accepted the \$4,442.01 as a Yankee cost.
- \$2,067.93—for wages paid to 16 employees whose timesheets appeared to be altered. The changes on the timesheets were not initialed or approved. The Yankees accepted the \$2,067.93 as a Yankee cost.
- \$391.26—for labor hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted the \$391.26 as a Yankee cost.
- \$231.52—for incorrect hourly rates paid to one “utilityman.” Based on his work schedules and Yankee payroll codes, this employee was 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 \$231.52 as a Yankee cost.
- \$177.06—for contributions to various funds related to River Payroll disallowances.¹ The Yankees accepted the \$177.06 as a Yankee cost.
- \$10—for a bonus paid to one employee who was not eligible to receive one. The Yankees accepted the \$10 as a Yankee cost.

Appendix II gives further details of the above disallowances.

The ADCO Electric disallowed costs totaling \$11,691.24 consist of \$2,787.30 in labor costs and \$8,903.94 in material charges.

The disallowed labor costs totaling \$2,787.30 are as follows:

- \$2,723.21—for hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted the \$2,723.21 as a Yankee cost.
- \$64.09—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 \$64.09 as a Yankee cost.

¹ Includes Welfare, Pension, and Annuity Funds.

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

The disallowed material costs totaling \$8,903.94 include:

- \$6,273.29—for items purchased for work on such Yankee assignments as “Heater Lamps,” “Job for Citi Group Brooklyn,” and “Lighting for Hi-Hats.” 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 \$6,273.29 as a Yankee cost.
- \$1,238.87—for miscellaneous items such as duct tape, batteries, tools, drill, latex gloves, rags, spray bottles, and vinyl tape. These costs, based on the terms of the lease, are not City costs and should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted the \$1,238.87 as a Yankee cost.
- \$1,008.36—for purchases of lamps and fixtures that were purchased for Yankee areas. The Yankees accepted the \$1,008.36 as a Yankee cost.
- \$383.42—for a 4.5 percent overhead charge pertaining to disallowed materials.² The Yankees accepted the \$383.42 as a Yankee cost.

Appendix IV gives further details of the above disallowances for ADCO Electric material costs.

The “Stadium Repairs” disallowances totaling \$20,374.46 are as follows:

- \$6,320—paid for nameplates and metal signs paid to Elite Signs, Inc. These 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 \$6,320 as a Yankee cost.
- \$5,510.80—for materials and services provided for assignments in Yankee areas that included the Clubhouse. 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 \$5,510.80 as a Yankee cost.
- \$3,946.50—for Infinity Elevator charges to repair vandalized elevators that should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted the \$3,946.50 as a Yankee cost.
- \$2,083.88—for incorrect hourly rates paid to five employees for repainting the Stadium. Based on the contractual agreement between the Yankees and Creative

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.

Finishes Ltd., these employees were paid at a rate higher than stipulated under the terms of the contract. The Yankees accepted the \$2,083.88 as a Yankee cost.

- \$1,575—for invoices submitted for monthly maintenance service provided by The Metro Group Inc., which dated back to May 14, 2002, and February 14, 2003. Based on the documentation provided, the eligibility for maintenance credits could not be determined. The Yankees accepted the \$1,575 as a Yankee cost.
- \$429.95—for wages paid to five employees for repainting the Stadium paid to Creative Finishes Ltd., whose timesheets appeared to be altered. These changes were not initialed or approved. The Yankees accepted the \$429.95 as a Yankee cost.
- \$508.33—for a duplicate monthly maintenance service payment that the Yankees made to Drew Industrial Ashland Specialty Co., Inc., for the month of March 2005. The Yankees made the payment for March 2005 to Drew Industrial for invoice #10366405 with check #042419, and again for invoice #10365045 with check #042581. The Yankees accepted the \$508.33 as a Yankee cost.

Finally, the “Other Expenses” disallowance of \$6,446.28 consists of the purchase of tools or supplies that were Yankee charges. These charges included: screwdrivers, cutting wheels, batteries and “Sawzall” blades; a garden hose, valves, clamps, and “washdown-nozzle washers. These expenses, under the terms of the lease agreement, are not City costs and cannot be offset as maintenance credits against income. The Yankees accepted the \$6,446.28 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 \$72,492.24 from the total rental credits for maintenance pertaining to the second 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: 4/1/05 - 6/30/05
AUDIT # FN06-114A

				ADJUSTMENTS				
NY Schedule	Amount Billed	Previous Allowance (N 1)	Previous Disallow. (N 1)	Amount Accepted by NY (N 2)	Amount Resubmit- ted by NY	Add'l Amt Accepted by City	Final Allowance (N 2)	Final Disallow- ance (N 2)
A-1 River Payroll								
Total	\$443,270.86	\$397,066.83	\$46,204.03	\$33,980.26	\$12,223.77	\$12,223.77	\$409,290.60	\$33,980.26
A-2 ADCO Electric								
Total	\$233,698.50	\$185,513.62	\$48,184.88	\$11,691.24	\$36,493.64	\$36,493.64	\$222,007.26	\$11,691.24
A-3 Miranda Fuel								
Total	\$54,367.16	\$54,367.16	\$0.00	\$0.00	\$0.00	\$0.00	\$54,367.16	\$0.00
A-4 Brown & Silver								
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
A-5 Stadium Repairs								
Total	\$400,489.49	\$270,460.25	\$130,029.24	\$20,374.46	\$109,654.78	\$109,654.78	\$380,115.03	\$20,374.46
A-6 Other Expenses								
Total	\$36,750.99	\$24,160.33	\$12,590.66	\$6,446.28	\$6,144.38	\$6,144.38	\$30,304.71	\$6,446.28
GRAND TOTAL	\$1,168,577.00	\$931,568.19	\$237,008.81	\$72,492.24	\$164,516.57	\$164,516.57	\$1,096,084.76	\$72,492.24

1) At Draft Stage

2) At Final Stage

**SCHEDULE OF INELIGIBLE LABOR HOURS
FOR THE 2nd QUARTER OF 2005
AUDIT PERIOD: 4/1/05 - 6/30/05
AUDIT # FN06-114A**

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	\$31,480.44	\$21,938.72	\$9,541.72	\$9,541.72	\$21,938.72	\$0.00
2. Lunch Not Taken	\$4,721.76	\$4,721.76	\$0.00	\$0.00	\$4,721.76	\$0.00
3. NYY Assignments	\$4,442.01	\$4,442.01	\$0.00	\$0.00	\$4,442.01	\$0.00
4. Altered Timesheets	\$4,135.85	\$2,067.93	\$2,067.92	\$2,067.92	\$2,067.93	\$0.00
5. Double Time s/b 1.5X	\$614.13	\$0.00	\$614.13	\$614.13	\$0.00	\$0.00
6. Hours Not Worked	\$391.26	\$391.26	\$0.00	\$0.00	\$391.26	\$0.00
7. Incorrect Hourly Rates	\$231.52	\$231.52	\$0.00	\$0.00	\$231.52	\$0.00
8. Welfare Contributions Adj	\$177.06	\$177.06	\$0.00	\$0.00	\$177.06	\$0.00
9. Ineligible Bonus	\$10.00	\$10.00	\$0.00	\$0.00	\$10.00	\$0.00
TOTAL	\$46,204.03	\$33,980.26	\$12,223.77	\$12,223.77	\$33,980.26	\$0.00

**SCHEDULE OF DISALLOWANCES
FOR THE 2nd QUARTER OF 2005
AUDIT PERIOD: 4/1/05 - 6/30/05
AUDIT #FN06-114A**

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. Hours Not Worked	\$2,723.21	\$2,723.21	\$0.00	\$0.00	\$2,723.21	\$0.00
2. NYY Areas (Burns Locker Room, Club Kitchen)	\$2,462.04	\$0.00	\$2,462.04	\$2,462.04	\$0.00	\$0.00
3. Unreasonable 3rd Shift	\$920.02	\$0.00	\$920.02	\$920.02	\$0.00	\$0.00
4. Lunch Not Taken	\$64.09	\$64.09	\$0.00	\$0.00	\$64.09	\$0.00
TOTAL	\$6,169.36	\$2,787.30	\$3,382.06	\$3,382.06	\$2,787.30	\$0.00

**SCHEDULE OF DISALLOWANCES
FOR THE 2nd QUARTER OF 2005
AUDIT PERIOD: 4/1/05 - 6/30/05
AUDIT #FN06-114A**

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. Lamps and Fixtures	\$25,781.75	\$1,008.36	\$24,773.39	\$24,773.39	\$1,008.36	\$0.00
2. NYY Charges (Heater Lamps, Job for Citi Group, Bklyn, Lighting for Hi-Hats)	\$8,522.49	\$6,273.29	\$2,249.20	\$2,249.20	\$6,273.29	\$0.00
3. No Prior Parks Approval	\$4,036.02	\$0.00	\$4,036.02	\$4,036.02	\$0.00	\$0.00
4. 4.5% Contract Adder	\$1,809.28	\$383.42	\$1,425.86	\$1,425.86	\$383.42	\$0.00
5. Not A City Cost (duct tape, batteries, tools, drill, latex gloves, rags, spray bottles and vinyl tape)	\$1,238.87	\$1,238.87	\$0.00	\$0.00	\$1,238.87	\$0.00
6. Insufficient Documentation	\$627.11	\$0.00	\$627.11	\$627.11	\$0.00	\$0.00
TOTAL	\$42,015.52	\$8,903.94	\$33,111.58	\$33,111.58	\$8,903.94	\$0.00

Summary of Labor & Materials Disallowed		
LABOR	\$2,787.30	Appendix I
MATERIALS	\$8,903.94	Appendix II
TOTAL	\$11,691.24	

**SCHEDULE OF DISALLOWANCES
FOR VENDORS A-3 THROUGH A-6
DISALLOWANCES ACCEPTED BY NYY AND THE CITY
AUDIT PERIOD: 4/1/05 - 6/30/05
AUDIT # FN06-114A**

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
A-3 MIRANDA FUEL							
NO DISALLOWANCES	\$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-4 BROWN & SILVER							
NO DISALLOWANCES	\$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. NYY Charges (Hussey Chairs)	\$90,064.00	\$6,320.00	\$83,744.00	\$83,744.00	\$6,320.00	\$0.00	
2. Needs Parks Approval	\$20,567.36	\$155.00	\$20,412.36	\$20,412.36	\$155.00	\$0.00	(1)
3. NYY Areas (Clubhouse)	\$5,510.80	\$5,510.80	\$0.00	\$0.00	\$5,510.80	\$0.00	
4. Monthly pmts exceed contractual rates (Infinity Elevator & White Way Sign)	\$4,051.80	\$0.00	\$4,051.80	\$4,051.80	\$0.00	\$0.00	
5. Elev. & Esc. Repairs Covered Under Contract	\$3,791.50	\$3,791.50	\$0.00	\$0.00	\$3,791.50	\$0.00	(2)
6. Incorrect Hourly Rates - Painters	\$2,083.88	\$2,083.88	\$0.00	\$0.00	\$2,083.88	\$0.00	
7. 2002 & 2003 Invoices for Water Treatment	\$1,575.00	\$1,575.00	\$0.00	\$0.00	\$1,575.00	\$0.00	
8. No Contract to Verify Terms	\$1,016.67	\$0.00	\$1,016.67	\$1,016.67	\$0.00	\$0.00	
9. Altered Timesheets	\$859.90	\$429.95	\$429.95	\$429.95	\$429.95	\$0.00	
10. Duplicate Payment	\$508.33	\$508.33	\$0.00	\$0.00	\$508.33	\$0.00	
Total	\$130,029.24	\$20,374.46	\$109,654.78	\$109,654.78	\$20,374.46	\$0.00	
A-6 OTHER EXPENSES							
1. Needs Parks Approval	\$7,060.56	\$916.18	\$6,144.38	\$6,144.38	\$916.18	\$0.00	(3)
2. Not A City Cost (tools, lockset)	\$5,530.10	\$5,530.10	\$0.00	\$0.00	\$5,530.10	\$0.00	
Total	\$12,590.66	\$6,446.28	\$6,144.38	\$6,144.38	\$6,446.28	\$0.00	

AT FINAL STAGE:

Note (1) The amount of \$155 was included under "Repairs for vandalized elevators" In Final Report

Note (2) Reported as " Repairs for vandalized elevators" (\$3,791.50 + \$155 = \$3,946.50)

Note (3) Included under "Not a City Cost" (\$5,530.10 + \$916.18 = \$6,446.28)

New York Yankees

ROBERT BROWN
VICE PRESIDENT OF FINANCE



EXECUTIVE OFFICE
YANKEE STADIUM
BRONX, NEW YORK 10451
TEL: (718) 579-4526
FAX: (718) 681-5942
EMAIL: rbrown@yankees.com

May 3, 2006
Ms. Faige Hornung
Director of Financial Audit & Support Services
1 Centre Street
Room 1300 North
New York, NY 10007

RE: Audit Report FN06-114A on the New York Yankees Rental Credits- 2nd quarter 2005

Dear Ms. Hornung:

In response to the draft report, the New York Yankees are accepting \$72,492.24 and rejecting \$164,516.57.

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

Sincerely,


Robert Brown

RB/wb

Cc: Lawrence Baum
Yasmin Tejani

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A-1 to A-6
For the 2nd Quarter of 2005
Audit # FN06-114A**

	Yankees Accept	Yankees Reject	Total Disallowance
A-1 River Payroll	\$33,980.26	\$12,223.77	\$46,204.03
A-2 ADCO Electrical	\$11,691.24	\$36,493.64	\$48,184.88
A-3 Miranda Fuel	\$0.00	\$0.00	\$0.00
A-4 Brown & Silver	\$0.00	\$0.00	\$0.00
A-5 Stadium Repairs	\$20,374.46	\$109,654.78	\$130,029.24
A-6 Other Expenses	\$6,446.28	\$6,144.38	\$12,590.66
TOTAL	\$72,492.24	\$164,516.57	\$237,008.81

A-1 RIVER PAYROLL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Summit Security & Mobile	\$21,938.72	\$9,541.72	\$31,480.44
2. Lunch Not Taken	\$4,721.76	\$0.00	\$4,721.76
3. NYY charges	\$4,442.01	\$0.00	\$4,442.01
4. Altered Timesheet(s)	\$2,067.93	\$2,067.92	\$4,135.85
5. Double Time s/b 1.5X	\$0.00	\$614.13	\$614.13
6. Hours Not Worked	\$391.26	\$0.00	\$391.26
7. Incorrect Hourly Rates	\$231.52	\$0.00	\$231.52
8. Welfare Contributions Adjustment	\$177.06	\$0.00	\$177.06
9. Ineligible Bonus	\$10.00	\$0.00	\$10.00
TOTAL	\$33,980.26	\$12,223.77	\$46,204.03

A-2 ADCO ELECTRICAL - LABOR

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Hours Not Worked	\$2,723.21	\$0.00	\$2,723.21
2. NYY Areas (Burns Locker Rm, Club Kitchen)	\$0.00	\$2,462.04	\$2,462.04
3. Unreasonable 3rd Shifts	\$0.00	\$920.02	\$920.02
4. Lunch Not Taken	\$64.09	\$0.00	\$64.09
TOTAL	\$2,787.30	\$3,382.06	\$6,169.36

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A-1 to A-6
For the 2nd Quarter of 2005
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A-2 ADCO ELECTRICAL - MATERIALS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. No Location Provided	\$1,008.36	\$24,773.39	\$25,781.75
2. Needs Parks Approval	\$0.00	\$4,036.02	\$4,036.02
3. NYY Charges	\$6,273.29	\$2,249.20	\$8,522.49
4. Not a City Cost	\$1,238.87	\$0.00	\$1,238.87
5. Insufficient Documentation	\$0.00	\$627.11	\$627.11
6. Contract Adder (4.5%)	\$383.42	\$1,425.86	\$1,809.28
TOTAL	\$8,903.94	\$33,111.58	\$42,015.52

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

**New York Yankees Rental Credits
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A-5 STADIUM REPAIRS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. NYY Charges (Hussey Chairs	\$6,320.00	\$83,744.00	\$90,064.00
2. No Prior Parks Approval	\$155.00	\$20,412.36	\$20,567.36
3. NYY Areas (Yankee Clubhouse)	\$5,510.80	\$0.00	\$5,510.80
4. Monthly Pmts Exceed Contractual Rates (Infinity Elevator & White Way Signs)	\$0.00	\$4,051.80	\$4,051.80
5. Covered Under Contract (Elevator & Escalator Repairs)	\$3,791.50	\$0.00	\$3,791.50
6. Incorrect Hourly Rates (Painters)	\$2,083.88	\$0.00	\$2,083.88
7. 2002 & 2003 Invoices for Water Treatment Previously Paid	\$1,575.00	\$0.00	\$1,575.00
8. No Contract to Verify Terms	\$0.00	\$1,016.67	\$1,016.67
9. Altered Timesheets	\$429.95	\$429.95	\$859.90
10. Duplicate Payment	\$508.33	\$0.00	\$508.33
TOTAL	\$20,374.46	\$109,654.78	\$130,029.24

A-6 OTHER EXPENSES

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. No Prior Parks Approval	\$916.18	\$6,144.38	\$7,060.56
2. Not A City Cost (tools, lockset)	\$5,530.10	\$0.00	\$5,530.10
TOTAL	\$6,446.28	\$6,144.38	\$12,590.66