

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 Fourth Quarter of 2004 (October 1–December 31, 2004)

FN06-053A

December 22, 2005



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 fourth quarter of 2004 (October 1–December 31, 2004).

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 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/fh

Report: FN06-053A
Filed: December 22, 2005

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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 Fourth Quarter of 2004
(October 1–December 31, 2004)**

FN06-053A

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 fourth quarter of 2004 were overstated by \$163,860.18, as follows:

- \$52,688.58 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$85,274.65 in payments to ADCO Electric, consisting of labor and material costs that based on the terms of the agreement should not have been charged to the City.
- \$300 for an overcharge on fuel.
- \$252 for purchases of supplies that are not chargeable to the City.
- \$17,747.51 in Yankee Stadium repairs for which the expenses either lacked documentation or are not chargeable to the City.
- \$7,597.44 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 \$163,860.18 from the total rental credits taken for maintenance pertaining to the fourth quarter of 2004, ensure that all maintenance credits claimed are properly supported by sufficient documentation, and ensure that appropriate approvals from Parks are obtained prior to submitting rental credits to the Comptroller's Office. In addition, we recommend that the Department of Parks and Recreation (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, 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 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 fourth-quarter period, October 1–December 31, 2004.

Scope and Methodology

The audit scope covered the period October 1, 2004–December 31, 2004. We examined 100 percent of the \$1,354,472.38 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, 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. 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 October 20, 2005. On November 2, 2005, Yankee officials waived their right to an exit conference. On November 4, 2005, we submitted a draft report to Yankees and Parks officials with a request for comments. We received a response from the Yankees on December 8, 2005.

In the draft report, we disallowed rental credits totaling \$326,803.34. 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 \$162,943.16, resulting in a final disallowance of \$163,860.18, 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 fourth quarter of 2004 were overstated by \$163,860.18, as summarized on Table I below:

Table I

Disallowance Schedule*

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$ 445,643.36	\$ 392,954.78	\$ 52,688.58
A-2 (ADCO Electric)	664,415.48	579,140.83	85,274.65
A-3 (Miranda Fuel)	76,618.63	76,318.63	300.00
A-4 (Brown & Silver)	1,510.90	1,258.90	252.00
A-5 (Stadium Repairs)	120,177.87	102,430.36	17,747.51
A-6 (Other Expenses)	46,106.14	38,508.70	7,597.44
Total	\$1,354,472.38	\$1,190,612.20	\$163,860.18

* 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 \$52,688.58 consists of the following:

- \$15,210.95—for contributions to various funds related to River Payroll disallowances.¹ The Yankees accepted the \$15,210.95 as a Yankee cost.
- \$13,352.66—for security costs from August 1, 2004, through January 8, 2005, that were Yankees costs, not City costs. These costs included: \$12,701.50 in expenses for Mobile Patrol that were approved by Parks as a “one-time” credit deduction for the Republican National Convention and should not have been charged as credits against rental income on an on-going basis; \$351.16 in regular security costs that exceeded the amounts approved by Parks; and \$300 for Detex System and Radios which, under the terms of the lease, are Yankees expenses that should not have been in the maintenance credit submitted to the City. The Yankees accepted the \$13,352.66 as a Yankee cost.

¹ Includes Welfare, Pension, and Annuity Funds.

- \$12,520.26—for 26 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 \$12,520.26 as a Yankee cost.
- \$4,629.17—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.” 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 \$4,629.17 as a Yankee cost.
- \$1,938.46—for hours worked on Yankee assignments listed on the time records as “Parking Lot,” “In-House,” and a delivery. Such expenses, under the terms of the lease, are not chargeable to the City. The Yankees accepted the \$1,938.46 as a Yankee cost.
- \$1,140.59—for wages paid to two employees who were paid at a higher hourly rate before the effective date of a rate increase. The Yankees accepted the \$1,140.59 as a Yankee cost.
- \$1,112.91—for incorrect hourly rates paid to “utilitymen,” “laborers,” one “mechanic,” and one “engineer.” 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, and Local 30 AFL-CIO agreements. The Yankees accepted the \$1,112.91 as a Yankee cost.
- \$845.02—for an irreconcilable difference between labor charges reported to the City for the week ending November 21, 2004, and those amounts reported on the payroll register. The Yankees accepted the \$845.02 as a Yankee cost.
- \$766.43—for wages paid to nine employees whose timesheets appeared to be altered. These changes were not initialed or approved. The Yankees accepted the \$766.43 as a Yankee cost.
- \$589.90—for an incorrect allocation of hours billed. Based on four employees’ timesheets, certain labor hours included on the maintenance credits should have been charged to the Yankees, not to the City. The Yankees accepted the \$589.90 as a Yankee cost.
- \$440.53—for incorrect rates paid to nine employees who were paid double-time 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 \$440.53 as a Yankee cost.

- \$111.70—for labor hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted the \$111.70 as a Yankee cost.
- \$30—for bonuses paid to two employees who were not eligible to receive the payments. The Yankees accepted the \$30 as a Yankee cost.

Appendix II gives further details of the above disallowances.

The ADCO Electric disallowance totaling \$85,274.65 consists of \$80,618.06 in labor costs and \$4,656.59 in materials charges.

The disallowed labor costs totaling \$80,618.06 are as follows:

- \$69,494.12—for hours worked on assignments in Yankee areas that included the Columbus Room, Pinstripe Pub, Press Room, Food Courts, Ticket Office, Yankee Dugouts, Yankee Lobby, Scoreboard, and for sweep maintenance on game days and the installation and removal of televisions throughout the stadium. 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 \$69,494.12 as a Yankee cost.
- \$4,385.43—for irreconcilable differences between the amounts reported on the ADCO Electric invoices and the labor costs charged to the City for the weeks ending March 17, 2004, March 24, 2004, and September 22, 2004. The Yankees accepted the \$4,385.43 as a Yankee cost.
- \$3,517.08—for questionable hours worked by two employees on the Metro Energy Solutions Project. The Yankees did not provide documentation to justify these charges as a City cost. The Yankees accepted the \$3,517.08 as a Yankee cost.
- \$1,458.83—for labor hours not worked and as such should not have been charged to the City. The Yankees accepted the \$1,458.83 as a Yankee cost.
- \$1,176.42—for an incorrect allocation of hours billed. Based on one employee's timesheet, certain labor hours were Yankees costs that should not have been charged to the City. The Yankees accepted the \$1,176.42 as a Yankee cost.
- \$586.18—for one employee who either did not sign in or sign out on his timesheets, or who did not initial his timesheets at the end of his work shift. The Yankees accepted the \$586.18 as a Yankee cost.

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

The ADCO Electric disallowed materials costs totaling \$4,656.59 are as follows:

- \$2,357.23—for sales taxes charged to the City pertaining to the purchases of materials. As 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 \$2,357.23 as a Yankee cost.
- \$1,567.32—for such purchases as lamps and fixtures. Based on the documentation provided by the Yankees, we were unable to determine whether these purchases should be Yankees costs or City costs. The Yankees accepted the \$1,567.32 as a Yankee cost.
- \$412.99—for miscellaneous items such as duct tape, plastic tape, laundry drops, linen bags, pull lines, and rags. 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 \$412.99 as a Yankee cost.
- \$200.52—for a 4.5 percent overhead charge pertaining to disallowed materials.² The Yankees accepted the \$200.52 as a Yankee cost.
- \$59.37—for irreconcilable differences between materials charges reported on the Yankee billings and the amounts on the supporting invoices. The Yankees accepted the \$59.37 as a Yankee cost.
- \$59.16—for an “RTR HMR Tool Bit,” which is not a City cost, and should not have been charged to the City. The Yankees accepted the \$59.16 as a Yankee cost.

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

The Miranda Fuel disallowance was a \$300 overcharge, based on the invoices submitted by the Yankees. The Yankees accepted the \$300 as a Yankee cost.

The Brown & Silver disallowance of \$252 was for the purchases of a Wave Leatherman Tool and a “C” Cell Maglite. These expenses, under the terms of the lease agreement, are not City costs and should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted the \$252 as a Yankee cost.

The “Stadium Repairs” disallowances totaling \$17,747.51 are as follows:

- \$9,700—for the installation of a security fence in the Food Court area, which under the terms of the lease is a Yankee area; its expenses should not have been charged to the City. The Yankees accepted the \$9,700 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.

- \$6,958.50—for ACE Elevator charges to repair vandalized elevators that should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted the \$6,958.50 as a Yankee cost.
- \$879.08—for miscellaneous items such as Dead Bolt for Roof Doors, HVAC parts and related labor, locks for stadium, 7-pin patented padlock, lock parts, and security hasp. 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 \$879.08 as a Yankee cost.
- \$179.48—for the purchase of tools such as “socket” and “Water-gate tool.” 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 \$179.48 as a Yankee cost.
- \$30.45—for sales tax charged to the City. 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. The Yankees accepted the \$30.45 as a Yankee cost.

Finally, the Other Expenses disallowances totaling \$7,597.44 include:

- \$3,841.43—for tools, such as ratchet and handle, mini cutter, steel grinder, wrenches, kits, tool box, and power unit with drum. These expenses, under the terms of the lease agreement, are not chargeable to the City. The Yankees accepted the \$3,841.43 as a Yankee cost.
- \$1,770.93—for painting services in the Weight Room, which is a Yankee area. Such costs, based on the terms of the lease agreement, should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted the \$1,770.93 as a Yankee cost.
- \$1,640—for questionable expenses of items not specifically identified on the invoices. The Yankees accepted the \$1,640 as a Yankee cost.
- \$320.08—for charges that exceeded the contractual rates listed in the contract between the Yankees and the White Way Sign Company. The Yankees accepted the \$320.08 as a Yankee cost.
- \$25—for an overcharge based on the invoice submitted. The Yankees accepted the \$25 as a Yankee cost.

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

RECOMMENDATIONS

We recommend that the Yankees:

1. Deduct \$163,860.18 from the total rental credits for maintenance pertaining to the fourth quarter of 2004.
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: 10/1/04 - 12/31/04

AUDIT # FN06-053A

NYC Schedule	Amount Billed	Previous Allowance (Note 1)	Previous Disallowance (Note 1)	ADJUSTMENTS						
				Amt. Accepted By NYC (Note 2)	Amount Resubmitted by NYC	Add'l Amt. Accepted by City	Final Allowance (Note 2)	Final Disallowance (Note 2)	Amount Outstanding	
A-1 River Payroll (3)										
Total	\$445,643.36	\$381,147.63	\$64,495.73	\$52,688.58	\$11,807.15	\$11,807.15	\$382,954.78	\$52,688.58	\$0.00	
A-2 ADGO Electric										
Total	\$664,415.48	\$512,960.66	\$151,454.62	\$85,274.65	\$66,179.97	\$66,179.97	\$579,140.33	\$85,274.65	\$0.00	
A-3 Miranda Fuel										
Total	\$76,618.63	\$76,318.63	\$300.00	\$300.00	\$0.00	\$0.00	\$76,318.63	\$300.00	\$0.00	
A-4 Brown & Silver										
Total	\$1,510.90	\$1,256.90	\$252.00	\$252.00	\$0.00	\$0.00	\$1,256.90	\$252.00	\$0.00	
A-5 Stadium Repairs										
Total	\$120,177.87	\$46,183.30	\$73,994.57	\$17,747.51	\$56,247.06	\$56,247.06	\$102,430.36	\$17,747.51	\$0.00	
A-6 Other Expenses (3)										
Total	\$46,106.14	\$9,799.72	\$36,306.42	\$7,597.44	\$28,708.98	\$28,708.98	\$38,508.70	\$7,597.44	\$0.00	
GRAND TOTAL	\$1,354,472.38	\$1,027,669.04	\$326,803.34	\$163,860.18	\$162,943.16	\$162,943.16	\$1,190,812.20	\$163,860.18	\$0.00	

(1) At Draft Stage

(2) At Final Stage

(3) Security charges transferred from A-6 and reported under A1-River Payroll

**SCHEDULE OF INELIGIBLE LABOR HOURS - RIVER PAYROLL
FOR THE 4th QUARTER OF 2004
AUDIT PERIOD: 10/1/04 -12/31/04
AUDIT # FN06-053A**

RIVER PAYROLL LABOR HOURS

Description of Disallowance	Amount Disallowed Per Draft Report	Amount Accepted by NYY	Amount Resubmitted by NYY	Addtl Amt. Accepted by City	Final Disallowance
1. Excess Security Costs	\$22,186.66	\$13,352.66	\$8,834.00	\$8,834.00	\$13,352.66
2. Welfare Contributions	\$15,902.80	\$15,210.95	\$691.85	\$691.85	\$15,210.95
3. Incomplete Timesheets	\$12,520.26	\$12,520.26	\$0.00	\$0.00	\$12,520.26
4. Lunch Not Taken	\$4,629.17	\$4,629.17	\$0.00	\$0.00	\$4,629.17
5. NYY Assignments	\$1,938.46	\$1,938.46	\$0.00	\$0.00	\$1,938.46
6. Altered Timesheets	\$1,532.85	\$766.43	\$766.42	\$766.42	\$766.43
7. Undocu. Vacation Pay	\$1,514.88	\$0.00	\$1,514.88	\$1,514.88	\$0.00
8. Incorrect Rates(prior to eff.date)	\$1,140.59	\$1,140.59	\$0.00	\$0.00	\$1,140.59
9. Incorrect Rates-for Utilitymen	\$1,112.91	\$1,112.91	\$0.00	\$0.00	\$1,112.91
10. Irreconcilable Difference	\$845.02	\$845.02	\$0.00	\$0.00	\$845.02
11. NYY Allocation	\$589.90	\$589.90	\$0.00	\$0.00	\$589.90
12. Double Time S/B 1.5 X	\$440.53	\$440.53	\$0.00	\$0.00	\$440.53
13. Hours Not Worked	\$111.70	\$111.70	\$0.00	\$0.00	\$111.70
14. Ineligible Bonus	\$30.00	\$30.00	\$0.00	\$0.00	\$30.00
TOTAL	\$64,495.73	\$52,688.58	\$11,807.15	\$11,807.15	\$52,688.58

**NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 10/1/04 - 12/31/04
AUDIT #FN06-053A**

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	\$110,265.42	\$69,494.12	\$40,771.30	\$40,771.30	\$69,494.12	\$0.00
2. Incorrect O/T rates	\$23,770.83	\$0.00	\$23,770.83	\$23,770.83	\$0.00	\$0.00
3. Irreconcilable Diff.	\$4,385.43	\$4,385.43	\$0.00	\$0.00	\$4,385.43	\$0.00
4. Metro Energy Charges	\$3,517.08	\$3,517.08	\$0.00	\$0.00	\$3,517.08	\$0.00
5. Hours Not Worked	\$1,458.83	\$1,458.83	\$0.00	\$0.00	\$1,458.83	\$0.00
6. Incorrect Alloc. Of Hours	\$1,176.42	\$1,176.42	\$0.00	\$0.00	\$1,176.42	\$0.00
7. Incomplete Timesheets	\$586.18	\$586.18	\$0.00	\$0.00	\$586.18	\$0.00
TOTAL	\$145,160.19	\$80,618.06	\$64,542.13	\$64,542.13	\$80,618.06	\$0.00

**NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 10/1/04 - 12/31/04
AUDIT #FN06-053A**

ADCO ELECTRICAL - MATERIALS

Description of Disallowance	Amount Disallowed Per Draft Report	Amount Accepted by NY Y	Amount Resubmitted by NY Y	Add'l Amt. Accepted by City	Final Disallowance	Amount Outstanding
1. Lamps and Fixtures	\$3,134.63	\$1,567.32	\$1,567.31	\$1,567.31	\$1,567.32	\$0.00
2. Sales Tax	\$2,357.23	\$2,357.23	\$0.00	\$0.00	\$2,357.23	\$0.00
3. Not A City Cost	\$412.99	\$412.99	\$0.00	\$0.00	\$412.99	\$0.00
4. 4.5% Overcharge Mat.	\$271.05	\$200.52	\$70.53	\$70.53	\$200.52	\$0.00
5. Irreconcilable Diff.	\$59.37	\$59.37	\$0.00	\$0.00	\$59.37	\$0.00
6. Tools-Not A City Cost	\$59.16	\$59.16	\$0.00	\$0.00	\$59.16	\$0.00
TOTAL	\$6,294.43	\$4,656.59	\$1,637.84	\$1,637.84	\$4,656.59	\$0.00

SUMMARY OF LABOR AND MATERIALS DISALLOWED - ADCO					
		<u>LABOR</u> (APPENDIX III)	<u>MATERIALS</u>	<u>TOTAL</u>	
	TOTAL	\$80,618.06	\$4,656.59	\$85,274.65	

**NEW YORK YANKEES RENTAL CREDITS
FOR VENDORS A-3 THROUGH A-6
SCHEDULE OF DISALLOWANCES
FOR THE AUDIT PERIOD: 10/1/04 - 12/31/04
AUDIT # FN06-053A**

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. Invoice Overstatement	\$300.00	\$300.00	\$0.00	\$0.00	\$300.00	\$0.00
Total	\$300.00	\$300.00	\$0.00	\$0.00	\$300.00	\$0.00
A-4 BROWN & SILVER						
1. Not a City Cost-Tools	\$252.00	\$252.00	\$0.00	\$0.00	\$252.00	\$0.00
Total	\$252.00	\$252.00	\$0.00	\$0.00	\$252.00	\$0.00
A-5 STADIUM REPAIRS						
1. Missing Parks Approval	\$49,935.52	\$0.00	\$49,935.52	\$49,935.52	\$0.00	\$0.00
2. NYY Area-Fence around Food Court	\$9,700.00	\$9,700.00	\$0.00	\$0.00	\$9,700.00	\$0.00
3. ACE Elevator Misuse/Vandalism Level	\$6,958.50	\$6,958.50	\$0.00	\$0.00	\$6,958.50	\$0.00
	\$5,445.00	\$0.00	\$5,445.00	\$5,445.00	\$0.00	\$0.00
5. HVAC parts, Bolts, etc.	\$1,745.62	\$879.08	\$866.54	\$866.54	\$879.08	\$0.00
6. Tools-Not A City Cost	\$179.48	\$179.48	\$0.00	\$0.00	\$179.48	\$0.00
7. Sales Tax	\$30.45	\$30.45	\$0.00	\$0.00	\$30.45	\$0.00
Total	\$73,994.57	\$17,747.51	\$56,247.06	\$56,247.06	\$17,747.51	\$0.00
A-6 OTHER EXPENSES						
1. Missing Parks Approval	\$24,508.98	\$0.00	\$24,508.98	\$24,508.98	\$0.00	\$0.00
2. Flag Re-roping	\$4,200.00	\$0.00	\$4,200.00	\$4,200.00	\$0.00	\$0.00
3. Tools-Not A City Cost	\$3,841.43	\$3,841.43	\$0.00	\$0.00	\$3,841.43	\$0.00
4. NYY Area-Weight Room	\$1,770.93	\$1,770.93	\$0.00	\$0.00	\$1,770.93	\$0.00
5. Insufficient Documentation	\$1,640.00	\$1,640.00	\$0.00	\$0.00	\$1,640.00	\$0.00
6. Charges in Excess of Contract Terms	\$320.08	\$320.08	\$0.00	\$0.00	\$320.08	\$0.00
7. Invoice Overcharge	\$25.00	\$25.00	\$0.00	\$0.00	\$25.00	\$0.00
Total	\$36,306.42	\$7,597.44	\$28,708.98	\$28,708.98	\$7,597.44	\$0.00

New York Yankees

ROBERT BROWN
VICE PRESIDENT OF FINANCE



EXECUTIVE OFFICE
YANKEE STADIUM
BRONX, NEW YORK 10451
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EMAIL: rbrown@yankees.com

December 8, 2005

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

RE: Audit Report FN06-053A on the New York Yankees Rental Credits- 4th quarter 2004

Dear Mr. Rose:

In response to the draft report, the New York Yankees are accepting \$163,860.18 and rejecting \$162,943.16.

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

Sincerely,

A handwritten signature in black ink, appearing to be "Robert Brown", written over a horizontal line.

Robert Brown

RB/vb

Cc: Lawrence Baum
Yasmin Tejani

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A1 to A-6
For the 4th Quarter of 2004
Audit # FN06-053A**

	Yankees Accept	Yankees Reject	Total Disallowance
A-1 River Payroll	\$52,688.58	\$11,807.15	\$64,495.73
A-2 ADCO Electrical	\$85,274.65	\$66,179.97	\$151,454.62
A-3 Miranda Fuel	\$300.00	\$0.00	\$300.00
A-4 Brown & Silver	\$252.00	\$0.00	\$252.00
A-5 Stadium Repairs	\$17,747.51	\$56,247.06	\$73,994.57
A-6 Other Expenses	\$7,597.44	\$28,708.98	\$36,306.42
TOTAL	\$163,860.18	\$162,943.16	\$326,803.34

A-1 RIVER PAYROLL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Summit Security Costs (Mobile & Detex)	\$13,352.66	\$8,834.00	\$22,186.66
2. Welfare Contributions	\$15,210.95	\$691.85	\$15,902.80
3. Incomplete Timesheets	\$12,520.26	\$0.00	\$12,520.26
4. Lunch Not Taken	\$4,629.17	\$0.00	\$4,629.17
5. NYY Assignments	\$1,938.46	\$0.00	\$1,938.46
6. Altered Timesheets	\$766.43	\$766.42	\$1,532.85
7. Undocumented Vacation Pay	\$0.00	\$1,514.88	\$1,514.88
8. Incorrect Rates (Prior to Effective Date)	\$1,140.59	\$0.00	\$1,140.59
9. Incorrect Rates - Utilitymen	\$1,112.91	\$0.00	\$1,112.91
10. Irreconcilable Difference	\$845.02	\$0.00	\$845.02
11. NYY Allocation	\$589.90	\$0.00	\$589.90
12. Double Time S/B 1.5 X	\$440.53	\$0.00	\$440.53
13. Hours Not Worked	\$111.70	\$0.00	\$111.70
14. Ineligible Bonus	\$30.00	\$0.00	\$30.00
TOTAL	\$52,688.58	\$11,807.15	\$64,495.73

A-2 ADCO ELECTRICAL - LABOR

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. NYY Areas - Columbus Rm, Press Room	\$69,494.12	\$40,771.30	\$110,265.42
2. Incorrect Overtime Hourly Rates	\$0.00	\$23,770.83	\$23,770.83
3. Irreconcilable Differences	\$4,385.43	\$0.00	\$4,385.43
4. Metro Energy Solutions Project Chgs	\$3,517.08	\$0.00	\$3,517.08
5. Hours Not Worked	\$1,458.83	\$0.00	\$1,458.83

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A1 to A-6
For the 4th Quarter of 2004
Audit # FN06-053A**

6. Incorrect Allocation of Hours Billed	\$1,176.42	\$0.00	\$1,176.42
7. Incomplete Timesheet	\$586.18	\$0.00	\$586.18
TOTAL	\$80,618.06	\$64,542.13	\$145,160.19

A-2 ADCO ELECTRICAL - MATERIALS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Lamps & Fixtures	\$1,567.32	\$1,567.31	\$3,134.63
2. Sales Tax	\$2,357.23	\$0.00	\$2,357.23
3. Not A City Cost (Duct Tape, Plastic tape, Linen bags, etc)	\$412.99	\$0.00	\$412.99
4. 4.5% Overcharge on Materials	\$200.52	\$70.53	\$271.05
5. Irreconcilable Differences	\$59.37	\$0.00	\$59.37
6. Tools - (RTR HMR Tool Bit)	\$59.16	\$0.00	\$59.16
TOTAL	\$4,656.59	\$1,637.84	\$6,294.43

A-3 MIRANDA FUEL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Invoice Overstatement	\$300.00	\$0.00	\$300.00
TOTAL	\$300.00	\$0.00	\$300.00

A-4 BROWN & SILVER

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Not A City Cost (Wave Leatherman Tool and a "C" Cell Maglite)	\$252.00	\$0.00	\$252.00
TOTAL	\$252.00	\$0.00	\$252.00

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A1 to A-6
For the 4th Quarter of 2004
Audit # FN06-053A**

A-5 STADIUM REPAIRS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Missing Parks Prior Approval (HVAC, bathroom supplies, boiler parts and water fountain repairs)	\$0.00	\$49,935.52	\$49,935.52
2. Security Fence in Food Court (NYY Area)	\$9,700.00	\$0.00	\$9,700.00
3. ACE Elevator (Misuse/Vandalized)	\$6,958.50	\$0.00	\$6,958.50
4. UPS Room and Club Level	\$0.00	\$5,445.00	\$5,445.00
5. HVAC parts, Dead Bolt, Security Hasp, etc	\$879.08	\$866.54	\$1,745.62
6. Tools (socket and Water-gate tool)	\$179.48	\$0.00	\$179.48
7. Sales Tax	\$30.45	\$0.00	\$30.45
TOTAL	\$17,747.51	\$56,247.06	\$73,994.57

A-6 OTHER EXPENSES

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Missing Parks Approval (HVAC, bathroom services, supplies, boiler parts, chemicals and FDNY permits)	\$0.00	\$24,508.98	\$24,508.98
2. Flag Re-roping	\$0.00	\$4,200.00	\$4,200.00
3. Tools (ratchet and handle, mini cutter, steel grinder, wrenches, tool box, etc)	\$3,841.43	\$0.00	\$3,841.43
4. NYY Area (Painting of Weight Room)	\$1,770.93	\$0.00	\$1,770.93
5. Insufficient Documentation	\$1,640.00	\$0.00	\$1,640.00
6. Charges in Excess of Contract Rates	\$320.08	\$0.00	\$320.08
7. Invoice Overcharge	\$25.00	\$0.00	\$25.00
TOTAL	\$7,597.44	\$28,708.98	\$36,306.42
