

# 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 2002 (April 1–June 30, 2002)**

*FN03-130A*

**May 27, 2003**



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

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WILLIAM C. THOMPSON, JR.  
COMPTROLLER

**To the Citizens of the City of New York**

Ladies and Gentlemen:

Pursuant to the terms of the lease between the City of New York and the New York Yankees, we have examined the rental credits claimed by the Yankees for the maintenance of City-owned Yankee Stadium for the second quarter of 2002 (April 1–June 30, 2002). The Yankees are responsible for the care and upkeep of Yankee Stadium, and the costs incurred by the Yankees for maintaining the stadium are offset against any rental income due the City from the Yankees. Thus, every approved dollar spent and accounted for as a rental credit for the maintenance of the stadium results in a dollar-for-dollar decrease in the rent due the City.

The audit disclosed that Yankees' rental credits submitted for the second quarter of 2002 were overstated by \$280,793. The results of our audit, which are presented in this report, have been discussed with officials from the New York Yankees and the Department of Parks and Recreation, and their comments have been considered in preparing this report.

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

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

Very truly yours,

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

William C. Thompson, Jr.

**Report: FN03-130A**

**Filed: May 27, 2003**

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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 2002  
(April 1–June 30, 2002)**

**FN03-130A**

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**AUDIT REPORT IN BRIEF**

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

**Audit Findings and Conclusions**

The audit found that Yankees rental credits submitted for the second quarter of 2002 were overstated by \$280,793.07, as follows:

- \$16,816.69 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$112,551 in payments to PEM Electric consisting of labor and material costs that, based on the terms of the agreement, should not have been charged to the City.
- \$2,088.88 in sales tax on fuel. According to an October 29, 1993, settlement agreement that designated the Yankees as agents of the City, sales taxes are not acceptable for deduction as maintenance credits.
- \$767.62 in purchases of supplies that are not chargeable to the City.
- \$148,320.17 in Yankee Stadium repairs that are not chargeable to the City.
- \$248.71 in "Other Expenses" that are not chargeable to the City.

**Audit Recommendations**

We recommend that the Yankees: deduct \$280,793.07 from the total rental credits taken for maintenance pertaining to the second quarter of 2002; ensure that all maintenance credits claimed are properly supported by sufficient documentation; and obtain appropriate approvals before 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 quarterly audits of the supporting documentation pertaining for all maintenance credits claimed by the Yankees for Yankee Stadium. Under the terms of the lease, the Yankees are responsible for the care and upkeep of City-owned Yankee Stadium, and the costs incurred by the Yankees for maintaining the stadium are offset against any rental income due the City from the Yankees. Thus, every approved dollar spent and accounted for as a rental credit for the maintenance of the stadium results in a dollar-for-dollar decrease in the rent due the City.

The general rule is that the City pays to maintain all areas of the stadium except Yankees' 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 any additional documentation that was previously omitted to support any 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 second-quarter period, April 1, 2002–June 30, 2002.

### **Scope and Methodology**

The audit scope covered the period April 1, 2002–June 30, 2002. We examined 100 percent of the \$1,521,479 in labor and materials charges and related 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 supporting documentation for the billings of River Payroll (Cleaning Services), PEM Electric, Miranda Fuel, Brown & Silver, "Stadium Repairs," and "Other Expenses."

To determine whether labor charges for River Payroll and PEM Electric were accurate and eligible for credit, we reviewed all time sheets, payroll records, and activity reports. We also determined whether retroactive salary adjustments were accurate by tracing these adjustments to the supporting documentation and relevant settlement agreements.

To determine whether all charges for materials were allowable as City costs, we reviewed all invoices and supporting documentation to verify that these expenses were appropriate and reasonable. We then determined whether charges for materials and fuel correctly did not include sales tax, since an October 29, 1993 settlement agreement that designated the Yankees as agents of the City stated that sales taxes are not accepted for deduction as maintenance credits against rental income. Finally, we verified whether the Yankees provided pre-authorization and acceptance reports from Parks for the work or services performed.

We documented all unwarranted and unreasonable charges for rental credits on a spreadsheet with our comments, and included them as Appendices I through V. These audits are lease-mandated and thereby require that the Yankees submit all source documents to the Comptroller's Office to receive credits toward rental income due to the City. Therefore, without all necessary supporting documentation, maintenance costs submitted as credits against rental income are disallowed.

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

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

### **Discussion of Audit Results**

The matters covered in this report were discussed with officials from the Yankees and from Parks during and at the conclusion of this audit. A preliminary draft report was sent to Yankees and Parks officials on March 20, 2003. On April 2, 2003, Yankees officials waived their right to an exit conference. On April 23, 2003, we submitted a draft report to officials from the Yankees and Parks with a request for comments. We received a response from the Yankees on May 16, 2003.

Our draft report disallowed rental credits totaling \$287,163.55. However, after our review of documentation provided by the Yankees subsequent to the issuance of the draft report, we allowed additional rental credits totaling \$6,370.48. This resulted in our final disallowance of \$280,793.07, which the Yankees accepted as a Yankees cost. Therefore, Parks should ensure that the Yankees deduct \$280,793.07 from their rental credits.

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

## FINDINGS AND RECOMMENDATIONS

### Overstatement of Rental Credits

Rental credits audited under the schedules submitted for the second quarter of 2002 were overstated by \$280,793.07, as summarized below:

**Table I**

Disallowance Schedule\*

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$402,491.49	\$385,674.80	\$ 16,816.69
A-2 (PEM Electric)	468,968.06	356,417.06	112,551.00
A-3 (Miranda Fuel)	27,408.60	25,319.72	2,088.88
A-4 (Brown & Silver)	9,115.70	8,348.08	767.62
A-5 (Stadium Repairs)	598,192.23	449,872.06	148,320.17
A-6 (Other Expenses)	15,302.60	15,053.89	248.71
<b>Total</b>	<b>\$1,521,478.68</b>	<b>\$1,240,685.61</b>	<b>\$280,793.07</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 \$16,816.69 consists of the following:

- \$8,786.95—for hours worked on Yankee assignments listed on the time records as “In-house Maintenance,” “Parking Lot Assignment,” and “Field Maintenance.” Under the terms of the lease, such expenses are chargeable to the Yankees and cannot be offset as maintenance credits against rental income. The Yankees accepted the \$8,786.95 disallowance as a Yankees cost.
- \$5,943.85—for contributions to various funds and payroll taxes related to River Payroll disallowances.<sup>1</sup> The Yankees accepted the \$5,943.85 disallowance as a Yankees cost.
- \$777.52—for incorrect payroll rates paid to employees. These employees were paid the time-and-a-half rate instead of the straight time rate, or were paid the double-time rate instead of the time-and-a-half rate. Based on the Yankee payroll codes, these employees were paid at a rate higher than allowable under the Local 30 agreement. The Yankees accepted the \$777.52 disallowance as a Yankees cost.

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

- \$437.38—for five employees who did not sign out on their time sheets at the end of their work shifts. The Yankees accepted the \$437.38 disallowance as a Yankees cost.
- \$295.75—for incorrect hourly rates paid to one laborer. Based on the Yankee payroll codes, this employee was paid at a higher rate than allowable under the Local 54 agreement. The Yankees accepted the \$295.75 disallowance as a Yankees cost.
- \$242.72—for incorrect holiday rates paid to one employee who did not meet the required Local 30 Agreement criteria to receive holiday pay. The Yankees accepted the \$242.72 disallowance as a Yankees cost.
- \$167.24—for labor hours not worked that under the terms of the lease cannot be offset against rental income. The Yankees accepted the \$167.24 disallowance as a Yankees cost.
- \$80.25—for undocumented labor charges paid to one employee. The Yankees did not provide the necessary timesheets or time records to support the validity of these charges. The Yankees accepted the \$80.25 disallowance as a Yankees cost.
- \$48.00—for unallowable premium pay to employees who worked during an event that was not allowable under the lease. The Yankees accepted the \$48.00 disallowance as a Yankees cost.
- \$37.03—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 accepted the \$37.03 disallowance as a Yankees cost.

Appendix II gives details of the above disallowances.

The PEM Electric disallowance totaling \$112,551 consists of \$84,641.62 in labor costs and \$27,909.38 in materials charges.

The disallowed labor costs totaling \$84,641.62 include:

- \$56,038.08—for hours worked on special projects at the stadium that included the installation cost of “Security Camera System and Television.” The Yankees did not provide the necessary backup documentation or records of prior approval from Parks to justify that these charges were part of regular stadium maintenance. The Yankees accepted the \$56,038.08 disallowance as a Yankees cost.

- \$15,799.04—for hours worked on Yankees area assignments that included the Press Dining Room, Yankees Clubhouse, and the Stadium Club Restaurant. These amounts of labor hour credits cannot be offset as maintenance credits against rental income. The Yankees accepted the \$15,799.04 disallowance as a Yankees cost.
- \$8,619.99—for an irreconcilable difference between the labor charges reported on the Yankees billings and the amount computed from the labor hours recorded on PEM Electric’s Maintenance Report. The Yankees accepted the \$8,619.99 disallowance as a Yankees cost.
- \$3,373.16—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 accepted the \$3,373.16 disallowance as a Yankees cost.
- \$577.85—for one employee who did not sign out on the time sheets at the end of his work shifts. The Yankees accepted the \$577.85 disallowance as a Yankees cost.
- \$233.50—for labor hours not worked that, under the terms of the lease, cannot be offset against rental income due the City. The Yankees accepted the \$233.50 disallowance as a Yankees cost.

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

The disallowed materials costs totaling \$27,909.38 include:

- \$13,627.30—for the purchase of cables for the installation of television/security cameras, which are not City costs and should not have been offset against rental income. The Yankees accepted the \$13,627.30 disallowance as a Yankees cost.
- \$6,221.68—for irreconcilable differences between the material charges reported on the Yankees billings and the amount computed on the supporting invoices. The Yankees accepted the \$6,221.68 disallowance as a Yankees cost.
- \$3,938.53—for lighting and fixtures expenses. Based on the documentation provided by the Yankees, we were unable to determine whether these expenses were City charges or Yankee charges. The Yankees accepted the \$3,938.53 disallowance as a Yankees cost.
- \$1,946.39—for items that were not supported by invoices or work slips. The Yankees accepted the \$1,946.39 disallowance as a Yankees cost.

- \$685.02—for sales tax charged to the City. As previously stated, sales taxes are not acceptable for deduction as maintenance credits. The Yankees accepted the \$685.02 disallowance as a Yankees cost.
- \$288.62—for tools, sealants, caulking, power supply cords, and other expense items that under the terms of the lease are not chargeable to the City. The Yankees accepted the \$288.62 disallowance as a Yankees cost.
- \$1,201.84—for a 4.5 percent overhead charge pertaining to disallowed materials.<sup>2</sup> The Yankees accepted the \$1,201.84 disallowance as a Yankees cost.

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

The Miranda Fuel disallowance totaling \$2,088.88 is for sales tax charged to the City. As previously stated, sales taxes are not acceptable for deduction as maintenance credits. The Yankees accepted the \$2,088.88 disallowance as a Yankees cost.

The Brown and Silver disallowances totaling \$767.62 include purchases of tools, paint, and other items that under the terms of the lease are not chargeable to the City. The Yankees accepted the \$767.62 disallowance as a Yankees cost.

The “Stadium Repairs” disallowances totaling \$148,320.17 include:

- \$135,557.01—for such items as security cameras, CD burners, and CPU monitors. These expense items are not City costs and should not have been used as maintenance credits against rental income. The Yankees accepted the \$135,557.01 disallowance as a Yankees cost.
- \$12,699.31—for such expenses as escalator and door repairs that under the terms of the lease are not chargeable to the City. The Yankees accepted the \$12,699.31 disallowance as a Yankees cost.
- \$63.85—for sales tax improperly charged to the City. The Yankees accepted the \$63.85 disallowance as a Yankees cost.

Finally, “Other Expenses” disallowances totaling \$248.71 include:

- \$181.60—for purchases of such expense items as paint, and other supply items that, under the terms of the lease, are not chargeable to the City. The Yankees accepted the \$181.60 disallowance as a Yankees cost.

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

- \$67.11—for sales tax improperly charged to the City. The Yankees accepted the \$67.11 disallowance as a Yankees cost.

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

### **Recommendations**

We recommend that the Yankees:

1. Deduct \$280,793.07 from the total rental credits for maintenance pertaining to the second quarter of 2002.
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: 6/1/02 - 9/30/02  
AUDIT NO. FN03 - 130A

NY Y SCHEDULE	AMOUNT BILLED	PREVIOUS ALLOWANCE Note(1)	PREVIOUS DIS- ALLOWANCE Note(1)	ADJUSTMENTS			FINAL ALLOWANCE	FINAL DIS- ALLOWANCE
				AMOUNT ACCEPTED BY NY Y Note(2)	AMOUNT RESUBMITTED BY NY Y	ADDITIONAL AMOUNT ACCEPTED BY CITY Note(3)		
<b>A-1 RIVER PAYROLL</b>								
Total	\$402,491.49	\$385,674.80	\$16,816.69	\$16,816.69	\$0.00	\$0.00	\$385,674.80	\$16,816.69
<b>A-2 PEM ELECTRIC</b>								
Total	\$468,968.06	\$356,417.06	\$112,551.00	\$112,551.00	\$0.00	\$0.00	\$356,417.06	\$112,551.00
<b>A-3 MIRANDA FUEL</b>								
Total	\$27,408.60	\$25,319.72	\$2,088.88	\$2,088.88	\$0.00	\$0.00	\$25,319.72	\$2,088.88
<b>A-4 BROWN &amp; SILVER</b>								
Total	\$9,115.70	\$8,348.08	\$767.62	\$767.62	\$0.00	\$0.00	\$8,348.08	\$767.62
<b>A-5 STADIUM REPAIRS</b>								
Total	\$598,192.23	\$445,496.58	\$152,695.65	\$148,320.17	\$4,375.48	\$4,375.48	\$449,872.06	\$148,320.17
<b>A-6 OTHER EXPENSES</b>								
Total	\$15,302.60	\$13,058.89	\$2,243.71	\$248.71	\$1,995.00	\$1,995.00	\$15,053.89	\$248.71
<b>Grand Total</b>	<b>\$1,521,478.68</b>	<b>\$1,234,315.13</b>	<b>\$287,163.55</b>	<b>\$280,793.07</b>	<b>\$6,370.48</b>	<b>\$6,370.48</b>	<b>\$1,240,685.61</b>	<b>\$280,793.07</b>

**Notes:**

- (1) Per Draft Report Dated 4/23/03
- (2) Per NY Y's written response.
- (3) Per discussion with NY Y official and documentation obtained subsequent to the issuance of Draft Report.

NEW YORK YANKEES RENTAL CREDITS  
SCHEDULE OF DISALLOWANCES FOR RIVER PAYROLL  
FOR THE 2ND QUARTER OF 2002  
AUDIT PERIOD: 4/1/02 - 6/30/02  
AUDIT NO.: FN03 - 130A

RIVER PAYROLL LABOR HOURS					
Description of Disallowance	Amount Disallowed (Per Draft Report)	Amount Accepted By NYY	Amount Resubmitted By NYY	Add'l Amt. Accepted By City	Final Disallowance
1. NYY Asisgnments	\$8,786.95	\$8,786.95	\$0.00	\$0.00	\$8,786.95
2. Welfare Contributions & P/R Taxes	\$5,943.85	\$5,943.85	\$0.00	\$0.00	\$5,943.85
3. Incorrect Rate of Time	\$777.52	\$777.52	\$0.00	\$0.00	\$777.52
4. Incomplete Timesheets	\$437.38	\$437.38	\$0.00	\$0.00	\$437.38
5. Incorrect Hourly Rates	\$295.75	\$295.75	\$0.00	\$0.00	\$295.75
6. Ineligible Holiday Pay	\$242.72	\$242.72	\$0.00	\$0.00	\$242.72
7. Hours not worked	\$167.24	\$167.24	\$0.00	\$0.00	\$167.24
8. Undocumented Labor Charge	\$80.25	\$80.25	\$0.00	\$0.00	\$80.25
9. Movie Shoot	\$48.00	\$48.00	\$0.00	\$0.00	\$48.00
10. Lunch Not Taken	\$37.03	\$37.03	\$0.00	\$0.00	\$37.03
<b>Total</b>	<b>\$16,816.69</b>	<b>\$16,816.69</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$16,816.69</b>

NEW YORK YANKEES RENTAL CREDITS  
SCHEDULE OF DISALLOWANCES FOR PEM ELECTRIC  
FOR THE 2ND QUARTER OF 2002  
AUDIT PERIOD: 4/1/02 - 6/30/02  
AUDIT NO.: FN03 - 130A

PEM ELECTRIC-LABOR HOURS

Description of Disallowance	Amount Disallowed (Per Draft Report)	Amount Accepted By NYY	Amount Resubmitted By NYY	Add'l Amt. Accepted By City	Final Disallowance
1. Installation of New Security System	\$56,038.08	\$56,038.08	\$0.00	\$0.00	\$56,038.08
2. NYY Assignments	\$15,799.04	\$15,799.04	\$0.00	\$0.00	\$15,799.04
3. Irreconcilable differences	\$8,619.99	\$8,619.99	\$0.00	\$0.00	\$8,619.99
4. Lunch Not Taken	\$3,373.16	\$3,373.16	\$0.00	\$0.00	\$3,373.16
5. Incomplete Timesheets	\$577.85	\$577.85	\$0.00	\$0.00	\$577.85
6. Hours Not Worked	<u>\$233.50</u>	<u>\$233.50</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$233.50</u>
TOTAL	\$84,641.62	\$84,641.62	\$0.00	\$0.00	\$84,641.62

NEW YORK YANKEES RENTAL CREDITS  
SCHEDULE OF PEM ELECTRIC INELIGIBLE MATERIALS CHARGES  
FOR THE 2ND QUARTER OF 2002  
AUDIT PERIOD: 4/1/02 - 6/30/02  
AUDIT NO.: FN03 - 130A

PEM ELECTRIC-MATERIALS					
Description of Disallowance	Amount Disallowed (Per Draft Report)	Amount Accepted By NYY	Amount Resubmitted By NYY	Add'l Amt. Accepted By City	Final Disallowance
1. Parts Related to Security System	\$13,627.30	\$13,627.30	\$0.00	\$0.00	\$13,627.30
2. Irreconcilable Difference	\$6,221.68	\$6,221.68	\$0.00	\$0.00	\$6,221.68
3. Lighting & Fixtures	\$3,938.53	\$3,938.53	\$0.00	\$0.00	\$3,938.53
4. Missing Documentation	\$1,946.39	\$1,946.39	\$0.00	\$0.00	\$1,946.39
5. Sales Tax	\$685.02	\$685.02	\$0.00	\$0.00	\$685.02
6. Tools	\$288.62	\$288.62	\$0.00	\$0.00	\$288.62
7. Contract Adder (4.5%)	\$1,201.84	\$1,201.84	\$0.00	\$0.00	\$1,201.84
<b>TOTAL:</b>	<b>\$27,909.38</b>	<b>\$27,909.38</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$27,909.38</b>

SUMMARY OF DISALLOWANCES - LABLOR & MATERIALS					
PEM - LABOR (APPENDIX III)	\$84,641.62	\$84,641.62	\$0.00	\$0.00	\$84,641.62
PEM - MATERIALS (APPENDIX IV)	\$27,909.38	\$27,909.38	\$0.00	\$0.00	\$27,909.38
<b>TOTAL:</b>	<b>\$112,551.00</b>	<b>\$112,551.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$112,551.00</b>

NEW YORK YANKEES RENTAL CREDITS  
SUMMARY SCHEDULE OF BUREAU OF ENGINEERING REPORTS FOR  
SCHEDULES A-3 THROUGH A-6  
AUDIT PERIOD: 4/1/02 - 6/30/02  
AUDIT NO.: FN03 - 130A

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
<b>A-3 MIRANDA FUEL</b>					
(1) Sales Tax	\$2,088.88	\$2,088.88	\$0.00	\$0.00	\$2,088.88
Quarterly Total	\$2,088.88	\$2,088.88	\$0.00	\$0.00	\$2,088.88
<b>A-4 BROWN &amp; SILVER</b>					
(1) Not a City Cost	\$767.62	\$767.62	\$0.00	\$0.00	\$767.62
Quarterly Total	\$767.62	\$767.62	\$0.00	\$0.00	\$767.62
<b>A-5 STADIUM REPAIRS</b>					
(1) Not a City Cost-No Prior Parks' Approval	\$139,932.49	\$135,557.01	\$4,375.48	\$4,375.48	\$135,557.01
(2) Not a City Cost	\$12,699.31	\$12,699.31	\$0.00	\$0.00	\$12,699.31
(3) Sales Tax	\$63.85	\$63.85	\$0.00	\$0.00	\$63.85
Quarterly Total	\$152,695.65	\$148,320.17	\$4,375.48	\$4,375.48	\$148,320.17
<b>A-6 OTHER EXPENSES</b>					
(1) Not a City Cost	\$2,176.60	\$181.60	\$1,995.00	\$1,995.00	\$181.60
(3) Sales Tax	\$67.11	\$67.11	\$0.00	\$0.00	\$67.11
Quarterly Total	\$2,243.71	\$248.71	\$1,995.00	\$1,995.00	\$248.71

# New York Yankees

ADDENDUM  
Page 1 of 4

ROBERT BROWN  
CONTROLLER



EXECUTIVE OFFICE  
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BRONX, NEW YORK 10451  
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May 16, 2003

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

RE: Audit Report on the New York Yankees Rental Credits- 2nd quarter 2002

Dear Mr. Rose:

In response to the draft report, the New York Yankees are accepting \$280,793.07 and rejecting \$6,370.48.

Should you have any questions, please feel free to contact me at 718-579-4526.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Brown".

Robert Brown

RBvb /

Cc: Frank Seggio  
Yasmin Tejani

**New York Yankees Rental Credits  
Summary of disallowances for Schedules A-1 to A-6  
For the 2nd Quarter of 2002**

	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
A-1 River Payroll	\$16,816.69	\$0.00	\$16,816.69
A-2 PEM Electric	\$112,551.00	\$0.00	\$112,551.00
A-3 Miranda Fuel	\$2,088.88	\$0.00	\$2,088.88
A-4 Brown & Silver	\$767.62	\$0.00	\$767.62
A-5 Stadium Repairs	\$148,320.17	\$4,375.48	\$152,695.65
A-6 Other Expenses	<u>\$248.71</u>	<u>\$1,995.00</u>	<u>\$2,243.71</u>
<b>TOTAL</b>	<b>\$280,793.07</b>	<b>\$6,370.48</b>	<b>\$287,163.55</b>

**A-1 RIVER PAYROLL**

<u>Description of Disallowance</u>	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
1. NYY Assignments	\$8,786.95	\$0.00	\$8,786.95
2. Welfare Contributions & P/R Taxes	\$5,943.85	\$0.00	\$5,943.85
3. Incorrect Rate of Time	\$777.52	\$0.00	\$777.52
4. Incomplete Timesheets	\$437.38	\$0.00	\$437.38
5. Incorrect Hourly Rate	\$295.75	\$0.00	\$295.75
6. Ineligible Holiday Pay	\$242.72	\$0.00	\$242.72
7. Hours not Worked	\$167.24	\$0.00	\$167.24
8. Undocumented Labor Charge	\$80.25	\$0.00	\$80.25
9. Movie Shoot	\$48.00	\$0.00	\$48.00
10. Lunch not Taken	<u>\$37.03</u>	<u>\$0.00</u>	<u>\$37.03</u>
<b>TOTAL</b>	<b>\$16,816.69</b>	<b>\$0.00</b>	<b>\$16,816.69</b>

**A-2 PEM ELECTRIC**

<u>Description of Disallowance</u>	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
<b><u>Labor Costs</u></b>			
1. Security System	\$56,038.08	\$0.00	\$56,038.08
2. NYY Assignments	\$15,799.04	\$0.00	\$15,799.04
3. Irreconcilable differences	\$8,619.99	\$0.00	\$8,619.99
4. Lunch Not Taken	\$3,373.16	\$0.00	\$3,373.16
5. Incomplete Timesheets	\$577.85	\$0.00	\$577.85
6. Hours not Worked	\$233.50	\$0.00	\$233.50
<b><u>Material Costs</u></b>			
1. Security Camera	\$13,627.30	\$0.00	\$13,627.30
2. Irreconcilable Difference	\$6,221.68	\$0.00	\$6,221.68
3. Lighting Fixtures	\$3,938.53	\$0.00	\$3,938.53
4. Missing Documentation	\$1,946.39	\$0.00	\$1,946.39
5. Sales Tax	\$685.02	\$0.00	\$685.02
6. Tools	\$288.62	\$0.00	\$288.62
7. Contract Adder (4.5%)	\$1,201.84	\$0.00	\$1,201.84
<b>TOTAL OF LABOR &amp; MATERIAL COSTS</b>	<b>\$112,551.00</b>	<b>\$0.00</b>	<b>\$112,551.00</b>

**A-3 MIRANDA FUEL**

<u>Description of Disallowance</u>	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
1. Sales Tax	\$2,088.88	\$0.00	\$2,088.88
<b>TOTAL</b>	<b>\$2,088.88</b>	<b>\$0.00</b>	<b>\$2,088.88</b>

**A-4 BROWN & SILVER**

<u>Description of Disallowance</u>	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
1. Not a City Cost	\$767.62	\$0.00	\$767.62
<b>TOTAL</b>	<b>\$767.62</b>	<b>\$0.00</b>	<b>\$767.62</b>

**A-5 STADIUM REPAIRS**

<u>Description of Disallowance</u>	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
1. Not a City Cost-No Prior Approval from Park	\$135,557.01	\$4,375.48	\$139,932.49
2. Not a City Cost	\$12,699.31	\$0.00	\$12,699.31
3. Sales Tax	<u>\$63.85</u>	<u>\$0.00</u>	<u>\$63.85</u>
<b>TOTAL</b>	<b>\$148,320.17</b>	<b>\$4,375.48</b>	<b>\$152,695.65</b>

**A-6 OTHER EXPENSES**

<u>Description of Disallowance</u>	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
1. Not a City Cost	\$181.60	\$1,995.00	\$2,176.60
2. Sales Tax	<u>\$67.11</u>	<u>\$0.00</u>	<u>\$67.11</u>
<b>TOTAL</b>	<b>\$248.71</b>	<b>\$1,995.00</b>	<b>\$2,243.71</b>