

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 2004 (April 1–June 30, 2004)

FN05-105A

April 5, 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, we have examined the rental credits claimed by the Yankees for the maintenance of City-owned Yankee Stadium for the second quarter of 2004 (April 1–June 30, 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.

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.

Very truly yours,

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

William C. Thompson, Jr.

WCT/gr

Report: FN05-105A
Filed: April 5, 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 Second Quarter of 2004
(April 1–June 30, 2004)**

FN05-105A

AUDIT REPORT IN BRIEF

The Comptroller's Office is required to audit all rental credits claimed by the New York Yankees (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 2004 were overstated by \$117,800.02, as follows:

- \$36,603.66 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$39,553.49 in payments to ADCO Electrical, consisting of labor and material costs that based on the terms of the agreement should not have been charged to the City.
- \$5,746.74 in sales taxes and gross receipts taxes on fuel.
- \$331 for purchases of supplies that are not chargeable to the City.
- \$4,646.75 in Yankee Stadium repairs that are not chargeable to the City.
- \$30,918.38 for 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 \$117,800.02 from the total rental credits taken for maintenance pertaining to the second quarter of 2004, and ensure that all maintenance credits

claimed are properly supported by sufficient documentation. In addition, we recommend that the New York City Department of Parks and Recreation (Parks) ensure that the Yankees comply with the report's recommendations. In their response, the Yankees accepted the \$117,800.02 as a Yankees cost.

INTRODUCTION

Background

In accordance with the 1972 lease agreement between the New York Yankees (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, 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 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 disallowed 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 second-quarter period, April 1–June 30, 2004.

Scope and Methodology

The audit scope covered the period April 1, 2004–June 30, 2004. We examined 100 percent of the \$1,187,655.05 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 Electrical, 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 thereby require that the Yankees submit all source documents to the Comptroller's Office to receive credits toward rental income due the City. Therefore, 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 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 Yankee and Parks officials during and at the conclusion of this audit. A preliminary draft report was sent to Yankees and Parks officials on February 14, 2005. On March 4, Yankee officials waived their right to an exit conference. We received a response from the Yankees on March 23, 2004.

In the draft report, we disallowed rental credits totaling \$185,446.89. However, after we issued the draft report, Parks approved credits of \$67,646.87, it previously disallowed based on its recent inspection of work performed by the Yankees. Therefore, we allowed additional credits of \$67,646.87, resulting in our final disallowance of \$117,800.02, which the Yankees accepted as a Yankees cost. The final report reflects our changes based on the additional documentation submitted by the Yankees and the recent approvals granted 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 2004 were overstated by \$117,800.02, as summarized on Table I below:

Table I

Disallowance Schedule*

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$ 477,437.84	\$ 440,834.18	\$ 36,603.66
A-2 (ADCO Electric)	182,840.04	143,286.55	39,553.49
A-3 (Miranda Fuel)	52,334.30	46,587.56	5,746.74
A-4 (Brown & Silver)	1,729.30	1,398.30	331.00
A-5 (Stadium Repairs)	95,186.98	90,540.23	4,646.75
A-6 (Other Expenses)	378,126.59	347,208.21	30,918.38
Total	\$1,187,655.05	\$1,069,855.03	\$117,800.02

* 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 \$36,603.66 consists of the following:

- \$7,747.93—for security costs during home games from February 8, 2004, through May 29, 2004, that are chargeable to the Yankees. According to the lease, Article 18.1 “On the day of each home game, Lessee shall, at its expense: (a) properly police the stadium and shall maintain order and protect property therein; and (b) provide such trained personnel as may be necessary for the orderly admission, seating and handling of patrons and for the proper use and occupancy of the stadium for exhibitions of baseball, including, but not limited to, uniformed special policemen, guards [emphasis in original]” The Yankees accepted the \$7,747.93 as a Yankee cost.
- \$7,662.21—for sales tax charged to the City on Summit Security Services invoices. 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 \$7,662.21 as a Yankee cost.
- \$5,330.60—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 \$5,330.60 as a Yankee cost.

- \$4,618.74—for contributions to various funds related to River Payroll disallowances.¹ The Yankees accepted the \$4,618.74 as a Yankee cost.
- \$3,043.17—for hours worked on assignments in Yankee areas that included the Parking Lot, Center Plate, and In-House. Such expenses, under the terms of the lease, are not chargeable to the City. The Yankees accepted the \$3,043.17 as a Yankee cost.
- \$2,065.20—for incorrect hourly rates paid to “utilitymen” and “laborers.” Based on their work schedule and Yankee payroll codes, these employees were paid at a higher rate than is allowable under the Local 32B—32J S.E.I.U., AFL-CIO, CLC agreement. The Yankees accepted the \$2,065.20 as a Yankee cost.
- \$1,849.95—for 12 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 \$1,849.95 as a Yankee cost.
- \$1,292.75—for unreasonable third shift charges paid to three employees. The Yankees accepted the \$1,292.75 as a Yankee cost.
- \$1,190.13—for wages paid to seven employees whose timesheets appeared to be altered. These changes were not initialed or approved. The Yankees accepted the \$1,190.13 as a Yankee cost.
- \$786.22—for undocumented labor charges paid to two employees. The Yankees did not provide the necessary timesheets or time records to support the validity of these charges. The Yankees accepted the \$786.22 as a Yankee cost.
- \$573.97—for incorrect rates paid to four employees who were paid double-time instead of time-and-a-half rates, in accordance with the Local 30 agreement. The Yankees accepted the \$573.97 as a Yankee cost.
- \$422.79—for labor hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted the \$422.79 as a Yankee cost.

¹ Includes Welfare, Pension, and Annuity Funds.

- \$20—for ineligible bonuses paid to two employees. The Yankees accepted the \$20 as a Yankee cost.

Appendix II gives further details of the above disallowances.

The ADCO Electrical disallowance totaling \$39,553.49 consists of \$32,529.07 in labor costs and \$7,024.42 in materials charges.

The disallowed labor costs totaling \$32,529.07 are as follows:

- \$25,918.87—for hours worked on assignments in Yankee areas that included the Columbus Room, Diamond Vision Board, Press Gate, Scoreboard maintenance on game days, and Sweep maintenance on game days. 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 \$25,918.87 as a Yankee cost.
- \$3,826.02—for incorrect overtime rates paid to all employees in the “Journeyman” title and to one employee in the “Foreman” title under billings #15, #16, #17, and #18. Based on their work schedules, these employees were paid at a higher rate than is allowable under the “ADCO Electrical Maintenance and Repair Agreement” between the Yankees and ADCO Electrical Corporation. The Yankees accepted the \$3,826.02 as a Yankee cost.
- \$1,172.36—for labor hours paid to one employee for wiring speakers, which, based on the documentation provided, could not be confirmed as a City cost. The Yankees accepted the \$1,172.36 as a Yankee cost.
- \$1,111.19—for an irreconcilable difference between the labor charges reported on ADCO Expense Allocation Sheet and the amount computed from the labor hours recorded on the Yankees billings. The Yankees accepted the \$1,111.19 as a Yankee cost.
- \$500.63—for three employees who did not sign in or sign out on their timesheets. The Yankees accepted the \$500.63 as a Yankee cost.

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

The disallowed materials costs totaling \$7,024.42 include:

- \$3,370.02—for questionable expenses of items purchased that based on the documentation provided could not be determined as a City cost. These items included ballasts and lamps. The Yankees accepted the \$3,370.02 as a Yankee cost.

- \$2,426—for the purchase of materials used to install four monitors in Yankees areas that should not have been charged to the City. The Yankees accepted the \$2,426 as a Yankee cost.
- \$805.59—for sales tax charged to the City on purchases of materials. As previously 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 \$805.59 as a Yankee cost.
- \$270.17—for a 4.0 percent overhead charge pertaining to disallowed materials.² The Yankees accepted the \$270.17 as a Yankee cost.
- \$147.61—for purchasing items, such as batteries, gloves, and flashlights, which under the terms of the lease agreement, are not chargeable to the City. The Yankees accepted the \$147.61 as a Yankee cost.
- \$5.03—for an irreconcilable difference between the materials charges reported on the Yankees billings and the amount computed on the supporting invoices. The Yankees accepted the \$5.03 as a Yankee cost.

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

The Miranda Fuel disallowance of \$5,746.74 consists of \$4,155.43 for sales tax and \$1,591.31 for gross receipts taxes. 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. Moreover, the payment of gross receipts taxes are the responsibility of the fuel deliverer and are not City costs. The Yankees accepted the \$5,746.74 as a Yankee cost.

The Brown & Silver disallowance of \$331 was for tools and miscellaneous items, such as “screwdrivers, socket sets, batteries, and Leatherman Wave tool.” These expenses, under the terms of the lease agreement, are not chargeable to the City. The Yankees accepted the \$331 as a Yankee cost.

The “Stadium Repairs” disallowances totaling \$4,646.75 are as follows:

- \$2,332.90—for the purchase of materials and services such as treated wood, clogged kitchen traps, bug control, Hyster parts, film-screen contact test, oil, blade, antifreeze, and trip charge and related labor. 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 \$2,332.90 as a Yankee cost.

² The ADCO Electrical and Maintenance Agreement with the Yankees entitles ADCO Electric to include a maximum 4.5 percent overhead charge (contract adder) for materials purchased for the maintenance of the stadium.

- \$2,220.50—for “ACE Elevator” charges and repair charges to vandalized elevators and that should not have been included in the maintenance credits submitted by the Yankees. The Yankees accepted the \$2,220.50 as a Yankee cost.
- \$93.35—for sales tax. 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 \$93.35 as a Yankee cost.

Finally, the Other Expenses disallowances totaling \$30,918.38 include:

- \$18,510—for the purchase of materials used in Yankee areas such as the Yankee and Visitors Dugouts. These 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 \$18,510 as a Yankee cost.
- \$7,090.67—for miscellaneous items, such as sheetrock, metal studs, shower valve, shower drain, furniture polish, orange pumice, drain opener, gloves, and recycling services that are not City costs and should not have been included as maintenance credits. The Yankees accepted the \$7,090.67 as a Yankee cost.
- \$2,745.68—for sales tax. 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 \$2,745.68 as a Yankee cost.
- \$1,316.44—for questionable expenses of items purchased that based on the documentation provided could not be determined as a City cost. These items included “ceiling tiles.” The Yankees accepted the \$1,316.44 as a Yankee cost.
- \$1,255.59—for tools, such as aluminum pipe wrench, basin wrench, power grip, arm clamp, pliers, U-Clamp, Multipurpose snip, volt sensor, Pocket saw, screwdrivers, padlocks, and channellocks. These expenses, under the terms of the lease agreement, are not chargeable to the City. The Yankees accepted the \$1,255.59 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 \$117,800.02 from the total rental credits for maintenance pertaining to the second quarter of 2004.

2. Ensure that all maintenance credits claimed are properly supported by sufficient documentation.

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: 4/1/04 - 6/30/04
AUDIT # FN05-105A**

Adjustments								
NYN Schedule	Amount Billed	Previous Allowance	Previous Disallowance	Amount Accepted By NYN	Amount Resubmitted by NYN	Add'l Amt Accepted by City	Final Allowance	Final Disallowance
A-1 River Payroll								
Total	\$477,437.84	\$440,834.18	\$36,603.66	\$36,603.66	\$0.00	\$0.00	\$440,834.18	\$36,603.66
A-2 ADCO Electrical								
Total	\$182,840.04	\$143,286.55	\$39,553.49	\$39,553.49	\$0.00	\$0.00	\$143,286.55	\$39,553.49
A-3 Miranda Fuel								
Total	\$52,334.30	\$46,587.56	\$5,746.74	\$5,746.74	\$0.00	\$0.00	\$46,587.56	\$5,746.74
A-4 Brown & Silver								
Total	\$1,729.30	\$1,398.30	\$331.00	\$331.00	\$0.00	\$0.00	\$1,398.30	\$331.00
A-5 Stadium Repairs								
Total	\$95,186.98	\$90,540.23	\$4,646.75	\$4,646.75	\$0.00	\$0.00	\$90,540.23	\$4,646.75
A-6 Other Expenses								
Total	\$378,126.59	\$279,561.34	\$98,565.25	\$30,918.38	\$67,646.87	\$67,646.87	\$347,208.21	\$30,918.38
GRAND TOTAL	\$1,187,655.05	\$1,002,208.16	\$185,446.89	\$117,800.02	\$67,646.87	\$67,646.87	\$1,069,855.03	\$117,800.02

**NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 4/1/04 - 6/30/04
AUDIT # FN05-105A**

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. Summit Security Costs	\$7,747.93	\$7,747.93	\$0.00	\$0.00	\$7,747.93	\$0.00
2. Sales Tax on Summit Sec	\$7,662.21	\$7,662.21	\$0.00	\$0.00	\$7,662.21	\$0.00
3. Lunch Not Taken	\$5,330.60	\$5,330.60	\$0.00	\$0.00	\$5,330.60	\$0.00
4. Welfare Contributions	\$4,618.74	\$4,618.74	\$0.00	\$0.00	\$4,618.74	\$0.00
5. NYY assignments	\$3,043.17	\$3,043.17	\$0.00	\$0.00	\$3,043.17	\$0.00
6. Incorrect Hourly Rates	\$2,065.20	\$2,065.20	\$0.00	\$0.00	\$2,065.20	\$0.00
7. Incomplete Timesheets	\$1,849.95	\$1,849.95	\$0.00	\$0.00	\$1,849.95	\$0.00
8. Unreasonable 3rd Shift	\$1,292.75	\$1,292.75	\$0.00	\$0.00	\$1,292.75	\$0.00
9. Altered Timesheets	\$1,190.13	\$1,190.13	\$0.00	\$0.00	\$1,190.13	\$0.00
10. Undocumented Labor Chgs	\$786.22	\$786.22	\$0.00	\$0.00	\$786.22	\$0.00
11. Double Time s/b 1.5X	\$573.97	\$573.97	\$0.00	\$0.00	\$573.97	\$0.00
12. Hours Not Worked	\$422.79	\$422.79	\$0.00	\$0.00	\$422.79	\$0.00
13. Ineligible Bonus	\$20.00	\$20.00	\$0.00	\$0.00	\$20.00	\$0.00
TOTAL	\$36,603.66	\$36,603.66	\$0.00	\$0.00	\$36,603.66	\$0.00

**NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 4/1/04 - 6/30/04
AUDIT # FN05-105A**

ADCO ELECTRICAL - LABOR

Description of Disallowance	Amount Disallowed Per Draft Report	Amount Accepted by NYY	Amount Resubmitted by NYY	Add'l Amt Accepted by City	Final Disallowance	Amount Outstanding
1. NYY Assignments	\$25,918.87	\$25,918.87	\$0.00	\$0.00	\$25,918.87	\$0.00
2. Incorrect Overtime Rates	\$3,826.02	\$3,826.02	\$0.00	\$0.00	\$3,826.02	\$0.00
3. Not a City Cost	\$1,172.36	\$1,172.36	\$0.00	\$0.00	\$1,172.36	\$0.00
4. Irreconcilable Difference	\$1,111.19	\$1,111.19	\$0.00	\$0.00	\$1,111.19	\$0.00
5. Incomplete Timesheets	\$500.63	\$500.63	\$0.00	\$0.00	\$500.63	\$0.00
TOTAL	\$32,529.07	\$32,529.07	\$0.00	\$0.00	\$32,529.07	\$0.00

**NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 4/1/04 - 6/30/04
AUDIT # FN05-105A**

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. Questionable Item Purchases	\$3,370.02	\$3,370.02	\$0.00	\$0.00	\$3,370.02	\$0.00
2. NY Y Charge - Installation of Monitors	\$2,426.00	\$2,426.00	\$0.00	\$0.00	\$2,426.00	\$0.00
3. Sales Tax	\$805.59	\$805.59	\$0.00	\$0.00	\$805.59	\$0.00
4. Contract Adder	\$270.17	\$270.17	\$0.00	\$0.00	\$270.17	\$0.00
5. Not A City Cost	\$147.61	\$147.61	\$0.00	\$0.00	\$147.61	\$0.00
6. Irreconcilable Difference	\$5.03	\$5.03	\$0.00	\$0.00	\$5.03	\$0.00
TOTAL	\$7,024.42	\$7,024.42	\$0.00	\$0.00	\$7,024.42	\$0.00

SUMMARY OF DISALLOWANCES - LABOR & MATERIALS

ADCO LABOR (APP. III)	\$32,529.07	\$32,529.07	\$0.00	\$0.00	\$32,529.07	\$0.00
ADCO MATERIALS (APP IV)	\$7,024.42	\$7,024.42	\$0.00	\$0.00	\$7,024.42	\$0.00
TOTAL	\$39,553.49	\$39,553.49	\$0.00	\$0.00	\$39,553.49	\$0.00

**NEW YORK YANKEES RENTAL CREDITS
FOR VENDORS A-3 THROUGH A-6
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 4/1/04 - 6/30/04
AUDIT # FN05-105A**

Description of Disallowance	Amount Disallowed Per Draft Report	Amount Accepted by NYY	Amount Resubmitted by NYY	Add'l Amt. Accepted by City	Final Disallowance	Amount Outstanding
A-3 MIRANDA FUEL						
1. Sales Tax	\$4,155.43	\$4,155.43	\$0.00	\$0.00	\$4,155.43	\$0.00
2. Gross Receipts Tax	\$1,591.31	\$1,591.31	\$0.00	\$0.00	\$1,591.31	\$0.00
Total	\$5,746.74	\$5,746.74	\$0.00	\$0.00	\$5,746.74	\$0.00
A-4 BROWN & SILVER						
1. Not A City Cost (screwdrivers, socket sets, batteries and Leatherman Wave	\$331.00	\$331.00	\$0.00	\$0.00	\$331.00	\$0.00
Total	\$331.00	\$331.00	\$0.00	\$0.00	\$331.00	\$0.00
A-5 STADIUM REPAIRS						
1. Not a City Cost (treated wood, clogged kitchen traps, bug control, Hyster parts, film-screen contact test, oil, blade, antifreeze, trip charge and related labor)	\$2,332.90	\$2,332.90	\$0.00	\$0.00	\$2,332.90	\$0.00
2. ACE Elevator Repair Charges (abuse/misuse)	\$2,220.50	\$2,220.50	\$0.00	\$0.00	\$2,220.50	\$0.00
3. Sales Tax	\$93.35	\$93.35	\$0.00	\$0.00	\$93.35	\$0.00
Total	\$4,646.75	\$4,646.75	\$0.00	\$0.00	\$4,646.75	\$0.00
A-6 OTHER EXPENSES						
1. Rebuild bathrooms per ADA requirements	\$42,906.87	\$0.00	\$42,906.87	\$42,906.87	\$0.00	\$0.00
2. Tile Cleaning	\$20,400.00	\$0.00	\$20,400.00	\$20,400.00	\$0.00	\$0.00
3. Installation of A/C ducts in Yankee and Visitor Dugouts	\$18,510.00	\$18,510.00	\$0.00	\$0.00	\$18,510.00	\$0.00

**NEW YORK YANKEES RENTAL CREDITS
FOR VENDORS A-3 THROUGH A-6
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 4/1/04 - 6/30/04
AUDIT # FN05-105A**

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
4. Not A City Cost (sheetrock, metal studs, shower valve, shower drain, furniture polish, orange pumice, drain opener, gloves and recycling services)	\$7,090.67	\$7,090.67	\$0.00	\$0.00	\$7,090.67	\$0.00
5. Questionable Purchases (Window cleaning, Ceiling Tiles)	\$5,656.44	\$1,316.44	\$4,340.00	\$4,340.00	\$1,316.44	\$0.00
6. Sales Tax	\$2,745.68	\$2,745.68	\$0.00	\$0.00	\$2,745.68	\$0.00
7. Tools (aluminum pipe wrench, basin wrench, power grip, arm clamp, pliers, U-Clamp, multipurpose snip, volt sensor, pocket saw, screwdrivers, padlocks and channellocks)	\$1,255.59	\$1,255.59	\$0.00	\$0.00	\$1,255.59	\$0.00
Total	\$98,565.25	\$30,918.38	\$67,646.87	\$67,646.87	\$30,918.38	\$0.00

New York Yankees

ROBERT BROWN
VICE PRESIDENT OF FINANCE



EXECUTIVE OFFICE
YANKEE STADIUM
BRONX, NEW YORK 10451
TEL: (718) 579-4528
FAX: (718) 691-8942
EMAIL: rbrown@yankees.com

March 22, 2005

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

RE: Audit Report FN05-105A on the New York Yankees Rental Credits- 2nd quarter 2004

Dear Mr. Rose:

In response to the draft report, the New York Yankees are accepting \$117,800.02 and rejecting \$67,646.87.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Brown', with a long horizontal stroke extending to the right.

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 2nd Quarter of 2004
Audit # FN05-105A**

	Yankees Accept	Yankees Reject	Total Disallowance
A-1 River Payroll	\$36,603.66	\$0.00	\$36,603.66
A-2 ADCO Electrical	\$39,553.49	\$0.00	\$39,553.49
A-3 Miranda Fuel	\$5,746.74	\$0.00	\$5,746.74
A-4 Brown & Silver	\$331.00	\$0.00	\$331.00
A-5 Stadium Repairs	\$4,646.75	\$0.00	\$4,646.75
A-6 Other Expenses	\$30,918.38	\$67,646.87	\$98,565.25
TOTAL	\$117,800.02	\$67,646.87	\$185,446.89

A-1 RIVER PAYROLL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Summit Security Costs (Home Games)	\$7,747.93	\$0.00	\$7,747.93
2. Sales Tax on Summit Security Svcs.	\$7,662.21	\$0.00	\$7,662.21
3. Lunch Not Taken	\$5,330.60	\$0.00	\$5,330.60
4. Welfare Contributions	\$4,618.74	\$0.00	\$4,618.74
5. NYY Assignments	\$3,043.17	\$0.00	\$3,043.17
6. Incorrect Hourly Rates	\$2,065.20	\$0.00	\$2,065.20
7. Incomplete Timesheets	\$1,849.95	\$0.00	\$1,849.95
8. Unreasonable 3rd Shift	\$1,292.75	\$0.00	\$1,292.75
9. Altered Timesheets	\$1,190.13	\$0.00	\$1,190.13
10. Undocumented Labor Charges	\$786.22	\$0.00	\$786.22
11. Double Time S/B 1.5X	\$573.97	\$0.00	\$573.97
12. Hours Not Worked	\$422.79	\$0.00	\$422.79
13. Ineligible Bonus	\$20.00	\$0.00	\$20.00
TOTAL	\$36,603.66	\$0.00	\$36,603.66

A-2 ADCO ELECTRICAL - LABOR HOURS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. NYY Assignments	\$25,918.87	\$0.00	\$25,918.87
2. Incorrect Overtime Rates	\$3,826.02	\$0.00	\$3,826.02
3. Not A City Cost	\$1,172.36	\$0.00	\$1,172.36
4. Irreconcilable Difference	\$1,111.19	\$0.00	\$1,111.19
5. Incomplete Timesheets	\$500.63	\$0.00	\$500.63
TOTAL	\$32,529.07	\$0.00	\$32,529.07

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A1 to A-6
For the 2nd Quarter of 2004
Audit # FN05-105A**

A-2 ADCO ELECTRICAL - MATERIALS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Questionable Item Purchases	\$3,370.02	\$0.00	\$3,370.02
2. NYY Charge - Installation of Monitors	\$2,426.00	\$0.00	\$2,426.00
3. Sales Tax	\$805.59	\$0.00	\$805.59
4. Contract Adder	\$270.17	\$0.00	\$270.17
5. Not A City Cost	\$147.61	\$0.00	\$147.61
6. Irreconcilable Difference	\$5.03		\$5.03
TOTAL	\$7,024.42	\$0.00	\$7,024.42

A-3 MIRANDA FUEL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Sales Tax	\$4,155.43	\$0.00	\$4,155.43
2. Gross Receipts Tax	\$1,591.31	\$0.00	\$1,591.31
TOTAL	\$5,746.74	\$0.00	\$5,746.74

A-4 BROWN & SILVER

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Not A City Cost (screwdrivers, socket sets, batteries and Leatherman Wave)	\$331.00	\$0.00	\$331.00
TOTAL	\$331.00	\$0.00	\$331.00

**New York Yankees Rental Credits
Summary of Disallowances for Schedules A1 to A-6
For the 2nd Quarter of 2004
Audit # FN05-105A**

A-5 STADIUM REPAIRS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Not A City Cost (treated wood, clogged kitchen traps, bug control, Hyster parts, film-screen contact test, oil, blade, antifreeze, trip charges and related labor)	\$2,332.90	\$0.00	\$2,332.90
2. ACE Elevator (abuse/misuse)	\$2,220.50	\$0.00	\$2,220.50
3. Sales Tax	\$93.35	\$0.00	\$93.35
TOTAL	\$4,646.75	\$0.00	\$4,646.75

A-6 OTHER EXPENSES

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Rebuild bathrooms per ADA requirements	\$0.00	\$42,906.87	\$42,906.87
2. Tile Cleaning	\$0.00	\$20,400.00	\$20,400.00
3. Installation of A/C ducts in Yankee and Visitor Dugouts	\$18,510.00	\$0.00	\$18,510.00
4. Not A City Cost (sheetrock, metal studs, shower valve, shower drain, furniture polish, orange pumice, drain opener, gloves and recycling svcs)	\$7,090.67	\$0.00	\$7,090.67
5. Questionable Purchases	\$1,316.44	\$4,340.00	\$5,656.44
6. Sales Tax	\$2,745.68	\$0.00	\$2,745.68
7. Tools (aluminum pipe wrench, basin wrench, power grip, arm clamp, pliers, U-Clamp, multipurpose snip, volt sensor, pocket saw, screwdrivers, padlocks and channellocks)	\$1,255.59	\$0.00	\$1,255.59
TOTAL	\$30,918.38	\$67,646.87	\$98,565.25