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## **LIU: CAROUSEL OPERATOR TOOK CITY FOR A RIDE**

*Audit Determines City’s Carousel Vendor Operated Off the Books,  
Owes City \$454,325 for Repairs, Maintenance*

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NEW YORK, NY – City Comptroller John C. Liu today released an audit that found a company that ran three City carousels overcharged customers, maintained little or no records of its cash transactions, and violated health codes.

The vendor, New York One, was required to pay the City whichever was higher — either a flat fee or a percentage of its sales. Without fail, the company reported the flat fee was the higher amount. But the company kept such poor sales records that it was impossible to determine if it paid the City what it owed in 2008 and 2009. Auditors could not find any evidence to back New York One’s claims of its cash revenue from rides, hot dogs, and souvenirs.

“Our kids want to go for a spin on the merry-go-round, but taxpayers don’t want to be taken for a ride,” Comptroller Liu said. “This contractor needs to straighten itself out. The Parks Department needs to monitor the company to ensure taxpayers are getting their due or find someone who is up to the job.”

### Additional financial issues

- Auditors found the operator owes the City \$454,325 for restoration and repairs that were not made at the Central Park and Forest Park carousels.
- Auditors found the operator underreported its take from special events at the Central Park carousel by *at least* \$58,424.
- Auditors found the operator charged more than Parks Department guidelines for admissions, food, and souvenirs at the Flushing Meadows Corona Park carousel.
- Auditors found the operator should spend \$110,000 on capital improvements at the Flushing Meadows Corona Park carousel.
- Auditors found that the Parks Department failed to collect up to \$151,375 in operating fees from New York One when the vendor ran the Central Park carousel without a contract from January to September 2008.

### Health issues

- Auditors found that the operator’s employees built a makeshift toilet in the Central Park carousel’s mechanical room using buckets and a funnel.

- Auditors found that the operator did not maintain the three carousels' pushcarts, snack bars, and surrounding areas in a safe and sanitary manner.
- Auditors found that the operator continued to use a dirty popcorn machine and hot dog roller at the Central Park carousel despite a Parks Department order to halt sales.
- Auditors found that the operator's food carts at the Flushing Meadows Corona Park carousel were not properly licensed by the Department of Health.

The audit determined that the Parks Department failed to properly monitor the carousel operator or promptly use the tools at its disposal to enforce the terms and conditions of the contracts.

New York One currently runs only the Flushing Meadows Corona Park carousel. The Parks Department cut short the company's contract to operate the Central Park carousel in February 2010 when it failed to improve its operations. The Forest Park carousel has been closed since the operator gave up its contract in 2009.

According to the Annual Concession Report of the City Chief Procurement Officer September 2010, New York One and its related entities operated 25 concessions for which the City received gross revenues of approximately \$5 million in fiscal year 2010.

The Parks Department agreed with the majority of the audit finding and recommendations. New York One disagreed with most of the audit findings, but agreed with most of its recommendations to get proper licenses and maintain records.

Comptroller Liu credited Deputy Comptroller for Audit H. Tina Kim and the Audit Bureau for presenting the findings. The full report is available at <http://comptroller.nyc.gov/audits>.

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