

# 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 Third Quarter of 2002 (July 1–September 30, 2002)**

*FN03-155A*

**June 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 third quarter of 2002 (July 1–September 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 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.

WCT/GR

Report: **FN03-155A**  
Filed: **June 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 Third Quarter of 2002  
(July 1–September 30, 2002)**

**FN03-155A**

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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 third quarter of 2002 were overstated by \$154,034.41, as follows:

- \$76,662.89 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$61,293.12 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.
- \$2,331.03 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.
- \$1,095.00 in purchases of supplies that are not chargeable to the City.
- \$6,835.13 in Yankee Stadium repairs that are not chargeable to the City.
- \$5,817.24 in "Other Expenses" that are not chargeable to the City.

**Audit Recommendations**

We recommend that the Yankees: deduct \$154,034.41 from the total rental credits taken for maintenance pertaining to the third 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. The Yankees accepted \$151,703.38.

## **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 third-quarter period, July 1, 2002–September 30, 2002.

### **Scope and Methodology**

The audit scope covered the period July 1, 2002–September 30, 2002. We examined 100 percent of the \$1,136,897.90 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 May 19, 2003. On May 29, 2003, Yankees officials waived their right to an exit conference. On May 30, 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 June 24, 2003.

In the draft of this report, we disallowed rental credits totaling \$212,554.19. However, after our review of documentation provided by the Yankees subsequent to the issuance of that report, we allowed additional rental credits totaling \$58,519.78. This resulted in a final disallowance of \$154,034.41, of which the Yankees accepted \$151,703.38 as a Yankees cost. The remaining disallowance of \$2,331.03 consisted of sales tax credits related to Miranda Fuel under Schedule A-3. As stated throughout the report, sales tax credits are not chargeable to the City. Therefore, Parks should ensure that the Yankees deduct \$154,034.41 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 third quarter of 2002 were overstated by \$154,034.41, as summarized below:

**Table I**

Disallowance Schedule\*

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$591,619.07	\$514,956.18	\$ 76,662.89
A-2 (PEM Electric)	361,847.23	300,554.11	61,293.12
A-3 (Miranda Fuel)	17,342.37	15,011.34	2,331.03
A-4 (Brown & Silver)	5,139.65	4,044.65	1,095.00
A-5 (Stadium Repairs)	140,519.74	133,684.61	6,835.13
A-6 (Other Expenses)	20,429.84	14,612.60	5,817.24
<b>Total</b>	<b>\$1,136,897.90</b>	<b>\$982,863.49</b>	<b>\$154,034.41</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 \$76,662.89 consists of the following:

- \$30,272.97—for excess security costs from December 28, 2001, through September 28, 2002. Based on the hourly rates stated in the agreements between the Yankees and Burns International Security (Burns) and between the Yankees and Summit Security Services (Summit), and on the staffing levels approved by Parks, the Yankees should have billed the City for security costs totaling only \$139,845.08, instead of \$170,118.05 that was actually billed. The Yankees accepted the \$30,272.97 disallowance as a Yankee cost.
- \$4,962.98—for contributions to various funds and payroll taxes related to River Payroll disallowances.<sup>1</sup> The Yankees accepted the \$4,962.98 disallowance as a Yankee cost.
- \$12,890.32—for severance pay given to two employees who were terminated in August of 2002, and for bereavement-leave paid to a third employee. The Yankees did not provide documentation to support these charges. The Yankees accepted the \$12,890.32 disallowance as a Yankee cost.

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

- \$13,597.13—for sales tax charged to the City on Burns’s and Summit’s invoices. As previously stated in the Scope and Methodology section of this report, based on 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 \$13,597.13 disallowance as a Yankee cost.
- \$5,053.38—for hours worked on Yankee assignments listed on time records as “Canteen” and “Parking Lot Assignment.” Under the terms of the lease, such expenses are not chargeable to the City. The Yankees accepted the \$5,053.38 disallowance as a Yankee cost.
- \$4,044.19—for incorrect hourly rates paid to “lead utilitymen,” “utilitymen,” and “steady extras.” Based on Yankees payroll codes, the employees were paid at higher rates than those allowable under the Local 32B—32J S.E.I.U., AFL-CIO, and CLC agreement. The Yankees accepted the \$4,044.19 disallowance as a Yankee cost.
- \$717.93—for undocumented labor charges. The Yankees did not provide the necessary timesheets or time records to support the validity of these charges. The Yankees accepted the \$717.93 disallowance as a Yankee cost.
- \$2,356.89—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 \$2,356.89 disallowance as a Yankee cost.
- \$1,045.76—for incorrect rates paid to employees who were paid double-time rates instead of time-and-a-half rates. Based on Yankees payroll codes, those employees were paid at a rate higher than allowable under the Local 30 agreement. The Yankees accepted the \$1,045.76 disallowance as a Yankee cost.
- \$903.37—for seven employees who either did not sign-in or sign-out on their time sheets, or who did not initial their time sheets at the end of their work shifts. The Yankees accepted the \$903.37 disallowance as a Yankee cost.
- \$414.05—for labor hours not worked that under the terms of the lease cannot be offset against rental income. The Yankees accepted the \$414.05 disallowance as a Yankee cost.

- \$378.53—for incorrect overtime paid to four employees who had yet to satisfy the required 40-hour workweek. The Yankees accepted the \$378.53 disallowance as a Yankee cost.
- \$25.39—for irreconcilable differences between the payroll taxes reported on the Yankees billings and the computed amounts recorded on the River Payroll “Summary Allocation Register.” The Yankees accepted the \$25.39 disallowance as a Yankee cost.

Appendix II gives further details of the above disallowances.

The PEM Electric disallowance totaling \$61,293.12 consists of \$60,714.87 in labor costs and \$578.25 in materials charges.

The disallowed labor costs totaling \$60,714.87 include:

- \$50,175.65—for hours worked on Yankees area assignments that included scoreboard maintenance during home games, power repairs in the Burns Security Offices, the repair and maintenance of lighting in the Yankees Clubhouse and the stadium’s Columbus Room. These amounts of labor hour credits were improperly charged to the City and should not have been offset as maintenance credits against rental income. The Yankees accepted the \$50,175.65 disallowance as a Yankee cost.
- \$4,865—for incorrect overtime paid to five employees when straight time should have been paid. The Yankees accepted the \$4,865 disallowance as a Yankee cost.
- \$1,991.06—for the cost of “lunch-not-taken.” Section 162 of New York State Labor Law states that “every person in any establishment or occupation covered by the Labor Law must be afforded a meal period of at least thirty minutes.” Moreover, a Parks letter dated June 9, 1997, informed the Yankees that effective January 1, 1996, Parks would not accept “lunch-not-taken” labor cost credits that were not approved in advance. The Yankees, however, provided no documentation that such approvals were obtained. The Yankees accepted the \$1,991.06 disallowance as a Yankee cost.
- \$1,862.07—for sales tax improperly charged to the City for labor hours billed. As previously stated, sales taxes are not acceptable for deduction as maintenance credits. The Yankees accepted the \$1,862.07 disallowance as a Yankee cost.
- \$700.04—for unallowable retroactive rate adjustments applied to labor costs that were disallowed in a prior period. The Yankees accepted the \$700.04 disallowance as a Yankee cost.
- \$561.68—for double-billed labor hours of one employee whose timesheets indicated that he began a second shift even though the first shift had not ended. As a result, the City was charged twice for the same labor hours. The Yankees accepted the \$561.68 disallowance as a Yankee cost.

- \$559.37—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 \$559.37 disallowance as a Yankee cost.

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

The disallowed materials costs totaling \$578.25 include:

- \$200—for a delivery expense related to a VDA flat screen TV for the food court area. This expense is not a City cost and should not have been offset against rental income. The Yankees accepted the \$200 disallowance as a Yankee cost.
- \$188.80—for receptacles and breaker lugs purchases. We were unable to determine whether these expenses were City charges or Yankees charges from the documentation provided by the Yankees. The Yankees accepted the \$188.80 disallowance as a Yankee cost.
- \$90.78—for the purchase of tape, which cannot be charged to the City. The Yankees accepted the \$90.78 disallowance as a Yankee cost.
- \$73.77—for items that cannot be confirmed as City costs from the descriptions on the invoices. The Yankees accepted the \$73.77 disallowance as a Yankee cost.
- \$24.90—for a 4.5 percent overhead charge pertaining to disallowed materials.<sup>2</sup> The Yankees accepted the \$24.90 disallowance as a Yankee cost.

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

The Miranda Fuel disallowance totaling \$2,331.03 is for sales tax charged to the City. As previously stated, based on 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.

The Brown and Silver disallowances totaling \$1,095 is for purchases of items such as “4J Stay Free Dispenser,” plunger, and wrenches. These items are not City costs and should not have been included as maintenance credits against rental income. The Yankees accepted the \$1,095 disallowance as a Yankee cost.

The “Stadium Repairs” disallowances totaling \$6,835.13 include:

- \$5,790.94—for items such as a key cutter, locks, and VPD battery. These expenses are not City costs and should not have been included as maintenance credits against rental income. . The Yankees accepted the \$5,790.94 disallowance as a Yankee 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.

- \$499.19—for sales tax improperly charged to the City. The Yankees accepted the \$499.19 disallowance as a Yankee cost.
- \$345—for the purchase of miscellaneous items. Based on the documentation provided by the Yankees, we were unable to determine whether the charges were City charges or Yankees charges. The Yankees accepted the \$345 disallowance as a Yankee cost.
- \$200—for a credit received from a vendor pertaining to a purchase that was previously included and approved as a maintenance credit against rent. The Yankees accepted the \$200 disallowance as a Yankee cost.

Finally, “Other Expenses” disallowances totaling \$5,817.24 include:

- \$4,616.56—for such expenses as window cleaning, “801 series system,” and “poly-carbonate” sheets. Based on the documentation provided by the Yankees, we were unable to determine whether these expenses were City charges or Yankees charges. The Yankees accepted the \$4,616.56 disallowance as a Yankee cost.
- \$544.67—for sales tax improperly charged to the City. The Yankees accepted the \$544.67 disallowance as a Yankee cost.
- \$374.92—for finished carpentry, which is not a City cost and should not have been used as maintenance credits against rental income. The Yankees accepted the \$374.92 disallowance as a Yankee cost.
- \$281.09—for items that cannot be confirmed as a City cost from the description on the invoice provided. The Yankees accepted the \$281.09 disallowance as a Yankee 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 \$154,034.41 from the total rental credits for maintenance pertaining to the third 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: 7/1/02 - 9/30/02  
AUDIT NO. FN03 - 155A

NYY SCHEDULE	AMOUNT BILLED	PREVIOUS ALLOWANCE Note(1)	PREVIOUS DIS-ALLOWANCE Note(1)	ADJUSTMENTS			FINAL ALLOWANCE	FINAL DIS-ALLOWANCE
				AMOUNT ACCEPTED BY NYY Note(2)	AMOUNT RESUBMITTED BY NYY	ADD'L AMOUNT ACCEPTED BY CITY Note(3)		
<b>A-1 RIVER PAYROLL</b>								
Total	\$591,619.07	\$477,928.50	\$113,690.57	\$76,662.89	\$37,027.68	\$ 37,027.68	\$514,956.18	\$76,662.89
<b>A-2 PEM ELECTRIC</b>								
Total	\$361,847.23	\$286,342.99	\$75,504.24	\$61,293.12	\$14,211.12	\$14,211.12	\$300,554.11	\$61,293.12
<b>A-3 MIRANDA FUEL</b>								
Total	\$17,342.37	\$15,011.34	\$2,331.03	\$0.00	\$2,331.03	\$0.00	\$15,011.34	\$2,331.03
<b>A-4 BROWN &amp; SILVER</b>								
Total	\$5,139.65	\$3,124.65	\$2,015.00	\$1,095.00	\$920.00	\$920.00	\$4,044.65	\$1,095.00
<b>A-5 STADIUM REPAIRS</b>								
Total	\$140,519.74	\$132,058.84	\$8,460.90	\$6,835.13	\$1,625.77	\$1,625.77	\$133,684.61	\$6,835.13
<b>A-6 OTHER EXPENSES</b>								
Total	\$20,429.84	\$9,877.39	\$10,552.45	\$5,817.24	\$4,735.21	\$4,735.21	\$14,612.60	\$5,817.24
<b>Grand Total</b>	<b>\$1,136,897.90</b>	<b>\$924,343.71</b>	<b>\$212,554.19</b>	<b>\$151,703.38</b>	<b>\$60,850.81</b>	<b>\$58,519.78</b>	<b>\$982,863.49</b>	<b>\$154,034.41</b>

Notes:

- (1) Per Draft Report Dated 5/30/03.
- (2) Per NYY's written response.
- (3) Per discussion with NYY official and documentation obtained subsequent to the issuance of Draft Report.

NEW YORK YANKEES RENTAL CREDITS  
SCHEDULE OF DISALLOWANCES FOR RIVER PAYROLL  
FOR THE 3RD QUARTER OF 2002  
AUDIT PERIOD: 7/1/02 - 9/30/02  
AUDIT NO.: FN03 - 155A

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. Excess Security Costs	\$ 30,272.97	\$30,272.97	\$0.00	\$0.00	\$30,272.97
2. Welfare Contributions & P/R Taxes	\$26,634.78	\$4,962.98	\$21,671.80	\$21,671.80	\$4,962.98
3. Questionable Charges on Severance pay and Bereavement-leave paid	\$25,780.64	\$12,890.32	\$25,780.64	\$12,890.32	\$12,890.32
4. Sales tax	\$13,597.13	\$13,597.13	\$0.00	\$0.00	\$13,597.13
5. NYY Asignments	\$5,053.38	\$5,053.38	\$0.00	\$0.00	\$5,053.38
6. Incorrect Hourly Rates	\$4,044.19	\$4,044.19	\$0.00	\$0.00	\$4,044.19
7. Undocumented Labor Charges	\$2,896.54	\$717.93	\$2,178.61	\$2,178.61	\$717.93
8. Lunch-Not-Taken	\$2,405.14	\$2,356.89	\$48.25	\$48.25	\$2,356.89
9. Double Time s/b 1.5X	\$1,045.76	\$1,045.76	\$0.00	\$0.00	\$1,045.76
10. Incomplete Timesheet	\$903.37	\$903.37	\$0.00	\$0.00	\$903.37
11. Hours Not Worked	\$414.05	\$414.05	\$0.00	\$0.00	\$414.05
12. 1.5X s/b Straight-time	\$391.67	\$378.53	\$13.14	\$13.14	\$378.53
13. Unreasonable third shift	\$225.56	\$0.00	\$225.56	\$225.56	\$0.00
14. Irreconcilable Difference	<u>\$25.39</u>	<u>\$25.39</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$25.39</u>
<b>Total</b>	<b>\$ 113,690.57</b>	<b>\$ 76,662.89</b>	<b>\$ 49,918.00</b>	<b>\$ 37,027.68</b>	<b>\$ 76,662.89</b>

NEW YORK YANKEES RENTAL CREDITS  
SCHEDULE OF DISALLOWANCES FOR PEM ELECTRIC  
FOR THE 3RD QUARTER OF 2002  
AUDIT PERIOD: 7/1/02 - 9/30/02  
AUDIT NO.: FN03 - 155A

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. NYY Assignments	\$50,175.65	\$50,175.65	\$0.00	\$0.00	\$50,175.65
2. No Approval by DPR-Special Projects	\$12,945.80	\$0.00	\$12,945.80	\$12,945.80	\$0.00
3. Overtime s/b Straight Time	\$4,865.00	\$4,865.00	\$0.00	\$0.00	\$4,865.00
4. Lunch Not Taken	\$3,256.38	\$1,991.06	\$1,265.32	\$1,265.32	\$1,991.06
5. Sales Tax	\$1,862.07	\$1,862.07	\$0.00	\$0.00	\$1,862.07
6. Retroactive Rate Adj./Incorrect Rate	\$700.04	\$700.04	\$0.00	\$0.00	\$700.04
7. Conflict of Hours	\$561.68	\$561.68	\$0.00	\$0.00	\$561.68
8. Hours Not Worked	\$559.37	\$559.37	\$0.00	\$0.00	\$559.37
<b>TOTAL</b>	<b>\$74,925.99</b>	<b>\$60,714.87</b>	<b>\$14,211.12</b>	<b>\$14,211.12</b>	<b>\$60,714.87</b>

NEW YORK YANKEES RENTAL CREDITS  
SCHEDULE OF PEM ELECTRIC INELIGIBLE MATERIALS CHARGES  
FOR THE 3RD QUARTER OF 2002  
AUDIT PERIOD: 7/1/02 - 9/30/02  
AUDIT NO.: FN03 - 155A

PEM ELECTRIC-MATERIALS					
Description of Disallowance	Amount Disallowed (Per Draft Report)	Amount Accepted By NYN	Amount Resubmitted By NYN	Add'l Amt. Accepted By City	Final Disallowance
1. VDA flat TV for Food Court	\$200.00	\$200.00	\$0.00	\$0.00	\$200.00
2. Fixtures	\$188.80	\$188.80	\$0.00	\$0.00	\$188.80
3. Not a City Cost	\$90.78	\$90.78	\$0.00	\$0.00	\$90.78
4. Questionable Charges	\$73.77	\$73.77	\$0.00	\$0.00	\$73.77
5. Contract Adder (4.5%)	<u>\$24.90</u>	<u>\$24.90</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$24.90</u>
<b>TOTAL:</b>	<b>\$578.25</b>	<b>\$578.25</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$578.25</b>

SUMMARY OF DISALLOWANCES - LABIOR & MATERIALS					
PEM - LABOR (APPENDIX III)	\$74,925.99	\$60,714.87	\$14,211.12	\$14,211.12	\$60,714.87
PEM - MATERIALS (APPENDIX IV)	<u>\$578.25</u>	<u>\$578.25</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$578.25</u>
<b>TOTAL:</b>	<b>\$75,504.24</b>	<b>\$61,293.12</b>	<b>\$14,211.12</b>	<b>\$14,211.12</b>	<b>\$61,293.12</b>

NEW YORK YANKEES RENTAL CREDITS  
SUMMARY SCHEDULE OF DISALLOWANCES FOR  
SCHEDULES A-3 THROUGH A-6  
AUDIT PERIOD: 7/1/02 - 9/30/02  
AUDIT NO.: FN03 - 155A

Description of Disallowance	Amount Disallowed (Per Draft Report)	Amount Accepted By NYY	Amount Resubmitted By NYY	Add'l Amt. Accepted By City	Final Disallowance
<b>A-3 MIRANDA FUEL</b>					
1. Sales Tax	<u>\$2,331.03</u>	<u>\$0.00</u>	<u>\$2,331.03</u>	<u>\$0.00</u>	<u>\$2,331.03</u>
Quarterly Total	\$2,331.03	\$0.00	\$2,331.03	\$0.00	\$2,331.03
<b>A-4 BROWN &amp; SILVER</b>					
1. Not a City Cost (Maxipad Dispenser, Plunger, Wrench.)	\$1,095.00	\$1,095.00	\$0.00	\$0.00	\$1,095.00
2. No Indication of Use in City Area (Flush Tanks.)	<u>\$920.00</u>	<u>\$0.00</u>	<u>\$920.00</u>	<u>\$920.00</u>	<u>\$0.00</u>
Quarterly Total	\$2,015.00	\$1,095.00	\$920.00	\$920.00	\$1,095.00
<b>A-5 STADIUM REPAIRS</b>					
1. Not a City Cost (Key Cutter, Lock, etc.)	\$7,088.26	\$5,790.94	\$1,297.32	\$1,297.32	\$5,790.94
2. Inadequate Item Description (Misc Charges, Tiles.)	\$673.45	\$345.00	\$328.45	\$328.45	\$345.00
3. Sales Tax	\$499.19	\$499.19	\$0.00	\$0.00	\$499.19
4. Refundable Credit	<u>\$200.00</u>	<u>\$200.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$200.00</u>
Quarterly Total	\$8,460.90	\$6,835.13	\$1,625.77	\$1,625.77	\$6,835.13
<b>A-6 OTHER EXPENSES</b>					
1. No Indication of Use in City Area (Window Cleaning, Polycarbonate Sheets, Lumber.)	\$8,676.77	\$4,616.56	\$4,060.21	\$4,060.21	\$4,616.56
2. Payment for an Aged Invoice	\$675.00	\$0.00	\$675.00	\$675.00	\$0.00
3. Sales Tax	\$544.67	\$544.67	\$0.00	\$0.00	\$544.67
4. Not a City Cost	\$374.92	\$374.92	\$0.00	\$0.00	\$374.92
5. Inadequate item description	<u>\$281.09</u>	<u>\$281.09</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$281.09</u>
Quarterly Total	\$10,552.45	\$5,817.24	\$4,735.21	\$4,735.21	\$5,817.24

# New York Yankees

ROBERT BROWN  
CONTROL: 24



EXECUTIVE OFFICE  
YANKEE STADIUM  
3RD FL. NEW YORK, NY 10017  
TEL: 212-512-3226  
FAX: 212-512-3227

June 24, 2003

Mr. Gary Rose  
Director of Financial Audit  
1 Centre Street  
Room 1500 North  
New York, NY 10007

RE: Audit Report on the New York Yankees Rental Credits- 3rd quarter 2002

Dear Mr. Rose:

In response to the draft report, the New York Yankees are accepting \$151,703.38 and rejecting \$60,850.81.

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

Sincerely,

  
Robert Brown

RB/rb

Cc: Frank Saggio  
Yasmin Tejani

New York Yankees Rental Credits  
 Summary of disallowances for Schedules A-1 to A-6  
 For the 3rd Quarter of 2002  
 Audit No. FN03-155A

	<u>Amount</u> <u>Accepted</u>	<u>Amount</u> <u>Rejected</u>	<u>Total</u> <u>Amount</u>
A-1 River Payroll	\$76,662.89	\$37,027.68	\$113,690.57
A-2 PEM Electric	\$61,293.12	\$14,211.12	\$75,504.24
A-3 Miranda Fuel	\$0.00	\$2,331.03	\$2,331.03
A-4 Brown & Silver	\$1,095.00	\$920.00	\$2,015.00
A-5 Stadium Repairs	\$6,835.13	\$1,625.77	\$8,460.90
A-6 Other Expenses	<u>\$5,817.24</u>	<u>\$4,735.21</u>	<u>\$10,552.45</u>
<b>TOTAL</b>	<b>\$151,703.38</b>	<b>\$60,850.81</b>	<b>\$212,554.19</b>

**A-1 RIVER PAYROLL**

<u>Description of</u> <u>Disallowance</u>	<u>Amount</u> <u>Accepted</u>	<u>Amount</u> <u>Rejected</u>	<u>Total</u> <u>Amount</u>
1. Excess Security Costs	\$30,272.97	\$0.00	\$30,272.97
2. Welfare Contributions & P/R Taxes	\$4,962.98	\$21,671.80	\$26,634.78
3. Bereavement-leave and Severance Pay	\$12,890.32	\$12,890.32	\$25,780.64
4. Sales Tax	\$13,597.13	\$0.00	\$13,597.13
5. NYY Assignments	\$5,053.38	\$0.00	\$5,053.38
6. Incorrect Hourly Rate	\$4,044.19	\$0.00	\$4,044.19
7. Undocumented Labor Charges	\$717.93	\$2,178.61	\$2,896.54
8. Lunch Not Taken	\$2,356.89	\$48.25	\$2,405.14
9. Double Time S/B Time & Half	\$1,045.76	\$0.00	\$1,045.76
10. Incomplete Timesheets	\$903.37	\$0.00	\$903.37
11. Hours Not Worked	\$414.05	\$0.00	\$414.05
12. Incorrect Overtime Paid	\$378.53	\$13.14	\$391.67
13. Unreasonable Third Shift	\$0.00	\$225.56	\$225.56
14. Irreconcilable difference	<u>\$25.39</u>	<u>\$0.00</u>	<u>\$25.39</u>
<b>TOTAL</b>	<b>\$76,662.89</b>	<b>\$37,027.68</b>	<b>\$113,690.57</b>

<u>Description of Disallowance</u>	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
<b><u>Labor Costs</u></b>			
1. NYY Assignments	\$50,175.65	\$0.00	\$50,175.65
2. Insufficient Documentation	\$0.00	\$12,945.80	\$12,945.80
3. Incorrect Overtime Paid	\$4,865.00	\$0.00	\$4,865.00
4. Lunch Not Taken	\$1,991.06	\$1,265.32	\$3,256.38
5. Sales Tax	\$1,862.07	\$0.00	\$1,862.07
6. Unallowable Retroactive Rate Adjustment	\$700.04	\$0.00	\$700.04
7. Double -billed Labor Hours	\$561.68	\$0.00	\$561.68
8. Hours not Worked	<u>\$559.37</u>	<u>\$0.00</u>	<u>\$559.37</u>
	\$60,714.87	\$14,211.12	\$74,925.99
<b><u>Material Costs</u></b>			
1. Delivery Expense for TV	\$200.00	\$0.00	\$200.00
2. Receptacles and Breaker	\$188.80	\$0.00	\$188.80
3. Tapes	\$90.78	\$0.00	\$90.78
4. Questionable Charges	\$73.77	\$0.00	\$73.77
5. Contract Adder (4.5%)	<u>\$24.90</u>	<u>\$0.00</u>	<u>\$24.90</u>
	\$578.25	\$0.00	\$578.25
<b>TOTAL OF LABOR &amp; MATERIAL COSTS</b>	<b>\$61,293.12</b>	<b>\$14,211.12</b>	<b>\$75,504.24</b>

**A-3 MIRANDA FUEL**

<b><u>Description of Disallowance</u></b>	<b><u>Amount Accepted</u></b>	<b><u>Amount Rejected</u></b>	<b><u>Total Amount</u></b>
1. Sales Tax	\$0.00	\$2,331.03	\$2,331.03
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$2,331.03</b>	<b>\$2,331.03</b>

**A-4 BROWN & SILVER**

<b><u>Description of Disallowance</u></b>	<b><u>Amount Accepted</u></b>	<b><u>Amount Rejected</u></b>	<b><u>Total Amount</u></b>
1. Not a City Cost (Maxipad Dispenser, Plunger, Wrench.)	\$1,095.00	\$0.00	\$1,095.00
2. No Indication of Use in City Area (Flush Tanks.)	\$0.00	\$920.00	\$920.00
<b>TOTAL</b>	<b>\$1,095.00</b>	<b>\$920.00</b>	<b>\$2,015.00</b>

**A-5 STADIUM REPAIRS**

<u>Description of Disallowance</u>	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
1. Inadequate Item Description (Misc Charges, Tiles.)	\$345.00	\$328.45	\$673.45
2. Not a City Cost (Key Cutter, Lock, etc.)	\$5,790.94	\$1,297.32	\$7,088.26
3. Refundable Credit	\$200.00	\$0.00	\$200.00
4. Sales Tax	<u>\$499.19</u>	<u>\$0.00</u>	<u>\$499.19</u>
<b>TOTAL</b>	<b>\$6,835.13</b>	<b>\$1,625.77</b>	<b>\$8,460.90</b>

**A-6 OTHER EXPENSES**

<u>Description of Disallowance</u>	<u>Amount Accepted</u>	<u>Amount Rejected</u>	<u>Total Amount</u>
1. Inadequate Item Description	\$281.09	\$0.00	\$281.09
2. Age Invoice	\$0.00	\$675.00	\$675.00
3. No Indication of Use in City Area (Window Cleaning, Polycarbonate Sheets, Lumber.)	\$4,616.56	\$4,060.21	\$8,676.77
4. Not a City Cost (Lumber)	\$374.92	\$0.00	\$374.92
5. Sales Tax	<u>\$544.67</u>	<u>\$0.00</u>	<u>\$544.67</u>
<b>TOTAL</b>	<b>\$5,817.24</b>	<b>\$4,735.21</b>	<b>\$10,552.45</b>