

# 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 First Quarter of 2003 (January 1–March 31, 2003)**

*FN04-102A*

**February 10, 2004**



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 first quarter of 2003 (January 1–March 31, 2003). 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.

WTC/GR

**Report: FN04-102A**  
**Filed: February 10, 2004**

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*The City of New York*  
*Office of the Comptroller*  
*Bureau of Financial Audit*

**Audit on the  
New York Yankees Rental Credits  
For the First Quarter of 2003  
(January 1–March 31, 2003)**

**FN04-102A**

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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 first quarter of 2003 were overstated by \$133,679.21, as follows:

- \$40,810.49 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$61,332.31 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.
- \$1,902 in purchases of supplies that are not chargeable to the City.
- \$29,634.41 in Yankee Stadium repairs that are not chargeable to the City.

**Audit Recommendations**

We recommend that the Yankees: deduct \$133,679.21 from the total rental credits taken for maintenance pertaining to the first quarter of 2003; 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. Parks should ensure that the Yankees deduct \$133,679.21 from their rental credits. In their response, the Yankees accepted \$133,679.21 as a Yankee cost.

## **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 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 omitted to support rental credits claimed. Once this documentation is received and reviewed, the Comptroller's Office issues a final report.

### **Objectives**

Our audit objectives were to determine whether the Yankees:

- adequately documented and supported the submitted labor and materials charges;
- submitted invoices eligible for reimbursement in the form of rental credits that were in accordance with the lease agreement; and
- accurately calculated all credits and did not claim non-City charges as rental credits for the first-quarter period, January 1–March 31, 2003.

### **Scope and Methodology**

The audit scope covered the period January 1, 2003–March 31, 2003. We examined 100 percent of the \$1,865,428.86 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), PEM Electric, Miranda Fuel, Brown & Silver, Stadium Repairs, and Other Expenses. The documents

included invoices, cancelled 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 included them as Appendices I through V. 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 conduct an entrance conference or 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 City Comptroller's audit responsibilities 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 Yankees and Parks officials during and at the conclusion of this audit. A preliminary draft report was sent to Yankees and Parks officials on November 18, 2003. On December 3, 2003, Yankee officials waived their right to an exit conference. On December 10, 2003, we submitted a draft report to Yankee and Parks officials with a request for comments. We received a response from the Yankees on January 27, 2004.

In the draft of this report, we disallowed rental credits totaling \$768,616.02. However, after our review of additional documentation provided by the Yankees and by Parks subsequent to the issuance of that report, we allowed additional rental credits totaling \$634,936.81; \$497,602.16 for the painting of Yankee Stadium, which now has Parks' approval, \$123,365.82 that pertained to additional documentation provided by the Yankees, and \$13,968.83 for taxes on fuel, which New York State is requiring the Yankees to pay. This resulted in our final disallowance of \$133,679.21, which the Yankees accepted as a Yankees cost. Parks, therefore, should ensure that the Yankees deduct \$133,679.21 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

### Overstatement of Rental Credits

Rental credits audited under the schedules submitted for the first quarter of 2003 were overstated by \$133,679.21, as summarized on Table I below:

**Table I**  
Disallowance Schedule\*

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$390,532.44	\$349,721.95	\$ 40,810.49
A-2 (PEM Electric)	426,989.12	365,656.81	61,332.31
A-3 (Miranda Fuel)	137,219.44	137,219.44	0.00
A-4 (Brown & Silver)	9,841.65	7,939.65	1,902.00
A-5 (Stadium Repairs)	891,097.11	861,462.70	29,634.41
A-6 (Other Expenses)	9,749.10	9,749.10	0.00
<b>Total</b>	<b>\$1,865,428.86</b>	<b>\$1,731,749.65</b>	<b>\$133,679.21</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 \$40,810.49 consists of the following:

- \$12,558.96—for duplicate labor hours that were previously billed and deducted as rental credits in the fourth quarter of 2002—December 23, 2002 to December 29, 2002. The Yankees accepted the \$12,558.96 disallowance as a Yankee cost.
- \$10,763.32—for contributions to various funds related to River Payroll disallowances.<sup>1</sup> The Yankees accepted the \$10,763.32 disallowance as a Yankee cost.
- \$3,034.90—for unreasonable excess hours billed when assigning two additional engineers with the already assigned engineers for the period March 9, 2003 to March 30, 2003. The Yankees accepted the \$3,034.90 disallowance as a Yankee cost.
- \$3,545.17—for the cost of “lunch-not-taken.” Section 162 of New York State Labor Law states that “every person in any establishment or occupation covered by the Labor Law must be afforded a meal period of at least thirty minutes.” In addition, Article VI of the Agreement between Local 32B—32J S.E.I.U., AFL-

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

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 \$3,545.17 disallowance as a Yankee cost.

- \$2,192.34—for incorrect rates paid to employees who were paid double-time rates instead of time-and-a-half rates. Based on their work schedule, these employees were paid at a higher rate than is allowable under the Local 30 agreement. The Yankees accepted the \$2,192.34 disallowance as a Yankee cost.
- \$1,745.30—for hours worked on Yankee assignments listed on the time records as "In-house Maintenance," "In-house CIP," and "Satellite TV." Under the terms of the lease, such expenses are not chargeable to the City. The Yankees accepted the \$1,745.30 disallowance as a Yankee cost.
- \$1,526.16—for undocumented labor charges paid to three Local 54 "handy utilitymen." The Yankees did not provide the necessary timesheets or time records to support the validity of these charges. The Yankees accepted the \$1,526.16 disallowance as a Yankee cost.
- \$1,508.86—for labor hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted the \$1,508.86 disallowance as a Yankee cost.
- \$1,323.25—for excess security costs from January 12, 2003, through April 12, 2003. Based on the hourly rates specified in the agreements between the Yankees and Summit Security Services, and on the staffing levels approved by Parks, the Yankees should have billed the City for security costs totaling \$97,704.75, instead of the \$99,028.00 actually billed. The Yankees accepted the \$1,323.25 disallowance as a Yankee cost.
- \$910.20—for unreasonable third shift charges paid to one employee. The Yankees accepted the \$910.20 disallowance as a Yankee cost.
- \$878.54—for sales taxes charged to the City on Summit Security Services invoices. 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 \$878.54 disallowance as a Yankee cost.
- \$449.47—for two 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 \$449.47 disallowance as a Yankee cost.

- \$290.99— 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 allowed under the Local 32B—32J S.E.I.U., AFL-CIO, and CLC agreement. The Yankees accepted the \$290.99 disallowance as a Yankee cost.
- \$83.03—for undocumented annuity contributions claimed for December 2002. The Yankees did not provide the necessary records to support the validity of these charges. The Yankees accepted the \$83.03 disallowance as a Yankee cost.

Appendix II gives further details of the above disallowances.

The PEM Electric disallowance totaling \$61,332.31 consists of \$42,308.98 in labor costs and \$19,023.33 in materials charges.

The disallowed labor costs totaling \$42,308.98 include:

- \$30,457—for hours worked on assignments in Yankees area that included: “Relamp lighting in the Press Dining Room, Columbus Room, Loge suites, and outside Ticket Office;” “Repair electrical outlets inside weight room;” “Repair of power inside Columbus Room;” “Repair of lighting in the Yankee weight room and in Room 107 Shop;” “Repair power for lighting in Aux. Press Dining room;” “Annual maintenance and repair of Switchgear Equipment;” “Installation of power for Conference Room;” and “Installation of conduit for ticket booth-bleachers.” These charges should not have been included in the maintenance credits submitted by the Yankees, as they are not City costs. The Yankees accepted the \$30,457 disallowance as a Yankee cost.
- \$1,218.28—for labor hours that should have been charged against one of the existing 13 capital projects, which was already approved by Parks. These questionable hours were for the “Installation of receptacles in basement level.” The Yankees accepted the \$1,218.28 disallowance as a Yankee cost.
- \$9,137.10—for the cost of “Removal of cable tray in basement concourse.” These labor hours should have been charged to the “Add cable tray in basement” capital project. The Yankees accepted the \$9,137.10 disallowance as a Yankee cost.
- \$887.46—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 \$887.46 disallowance as a Yankee cost.
- \$609.14—for hours not worked and as such should not be charged to the City. The Yankees accepted the \$609.14 disallowance as a Yankee cost.

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

The disallowed materials costs totaling \$19,023.33 include:

- \$9,123.10<sup>2</sup> for questionable purchases such as: bathroom fixtures, circuit breakers, light bulbs, lamp holders, marquee lights, adapters, non metallic cable and armored cable, and various electrical supplies. As stated above, these purchases should be charged to one of the 13 capital projects approved by Parks for electrical work at the stadium. The Yankees accepted the \$9,123.10 disallowance as a Yankee cost.
- \$6,983.93—for the hardware and materials purchased that were identified as “Cable Tray and Electrical Trays.” These purchases should be charged against the “Add cable tray in basement” capital project and not claimed as rental credits. The Yankees accepted the \$6,983.93 disallowance as a Yankee cost.
- \$1,141.36—for fixtures purchased for Yankee areas, such as the Photo Room and the Outside Kiosk. These expenses, under the terms of the lease agreement, are not chargeable to the City. The Yankees accepted the \$1,141.36 disallowance as a Yankee cost.
- \$901.83—for purchases of unallowable items, such as plastic tape, a container of ammonia, a trigger spray bottle, and batteries. These expenses are not chargeable to the City. The Yankees accepted the \$901.83 disallowance as a Yankee cost.
- \$819.18—for a 4.5 percent overhead charge pertaining to disallowed materials.<sup>2</sup> The Yankees accepted the \$819.18 disallowance as a Yankee cost.
- \$32.09—for an irreconcilable difference between the material charges reported on the Yankee billings and the amount computed from the supporting invoices. The Yankees accepted the \$32.09 disallowance as a Yankee cost.
- \$21.84<sup>2</sup> for sales tax charges. 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 \$21.84 disallowance as a Yankee cost.

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

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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.

The Brown & Silver disallowance totaling \$1,902 consists of:

- \$1,767—for the purchasing of “safety glasses,” “shower heads,” “Headlite Kits,” and “Utility Heaters.” These expenses are not City costs and should not have been included in maintenance credits. The Yankees accepted the \$1,767 disallowance as a Yankee cost.
- \$135—for a pressure gauge that was included twice in the maintenance credits submitted. The Yankees accepted the \$135 disallowance as a Yankee cost.

Finally, the “Stadium Repairs” disallowances totaling \$29,634.41<sup>3</sup> include:

- \$19,480.73—for expenses related to the Columbus Room, Great Moments Room, Clubhouse, Radio Room and Old Photo Room. These expenses are not City costs and should not have been applied as maintenance credits against rental income. The Yankees accepted the \$19,480.73 disallowance as a Yankee cost.
- \$5,875—for the purchase of materials and services that, based on the documentation provided by the Yankees cannot be confirmed as a City cost. The Yankees accepted the \$5,875 disallowance as a Yankee cost.
- \$2,337.78? building supplies for walls, a panel to the Mechanical Room, fire foam starter kits, metal doors and frames, which are not city charges and should not be included as maintenance credits. The Yankees accepted the \$2,337.78 disallowance as a Yankee cost.
- \$599.03—for sales tax improperly charged to the City. As previously stated, based on the October 29, 1993 settlement agreement that designated the Yankees as agents of the City, sales taxes are not acceptable for deduction as maintenance credits. The Yankees accepted the \$599.03 disallowance as a Yankee cost.
- \$475.87—for the purchase of tools such as “Lockset – 7-pin key patented”, and a “Phillips screwdriver.” These expenses, under the terms of the lease agreement, are not City costs and cannot be offset as maintenance credits against income. The Yankees accepted the \$475.87 disallowance as a Yankee cost.
- \$450—for rodent control for which the Yankees exceeded the contract amount approved by Parks. The Yankees accepted the \$450 disallowance as a Yankee cost.
- \$416—for “Elevator troubleshooting” that should be included with the monthly maintenance charges claimed as credits under the Yankees’ contract with ACE Elevator Co., Inc. The Yankees accepted the \$416 disallowance as a Yankee cost.

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<sup>3</sup> It should be noted that in the draft of this report we disallowed \$497,602.17 in rental credits because the invoices did not indicate that prior approval had been obtained from Parks. However, after we issued the draft report, Parks officials approved this expense as maintenance credits to be taken against rent.

Appendix V includes the details for the above-stated disallowances pertaining to Brown & Silver and Stadium Repairs.

## **RECOMMENDATIONS**

We recommend that the Yankees:

1. Deduct \$133,679.21 from the total rental credits for maintenance pertaining to the first quarter of 2003.
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 OF VENDORS A-1 THROUGH A-6**  
**AUDIT PERIOD: 1/1/03 - 3/31/03**  
**AUDIT NUMBER: FN04-102A**

A d d i t i o n a l								
NYY Schedule	Amount Billed	Previous Allowance (Note 1)	Previous Disallowance (Note 1)	Amount Accepted by NY Yankees (Note 2)	Amount Resubmitted by NY Yankees	Additional Amount Accepted by City (Note 3)	Final Allowance (Note 3)	Final Disallowance (Note 4)
<b>A-1 River Payroll</b>								
Total	\$390,532.44	\$342,965.77	\$47,566.67	\$40,810.49	\$6,756.18	\$6,756.18	\$349,721.95	\$40,810.49
<b>A-2 PEM Electric</b>								
Total	\$426,989.12	\$315,554.45	\$111,434.67	\$61,332.31	\$50,102.36	\$50,102.36	\$365,656.81	\$61,332.31
<b>A-3 Miranda Fuel</b>								
Total	\$137,219.44	\$123,250.61	\$13,968.83	\$0.00	\$13,968.83	\$13,968.83	\$137,219.44	\$0.00
<b>A-4 Brown &amp; Silver</b>								
Total	\$9,841.65	\$2,865.10	\$6,976.55	\$1,902.00	\$5,074.55	\$5,074.55	\$7,939.65	\$1,902.00
<b>A-5 Stadium Repairs</b>								
Total	\$891,097.11	\$312,088.91	\$579,008.20	\$29,634.41	\$549,373.79	\$549,373.79	\$861,462.70	\$29,634.41
<b>A-6 Other Expenses</b>								
Total	\$9,749.10	\$88.00	\$9,661.10	\$0.00	\$9,661.10	\$9,661.10	\$9,749.10	\$0.00
<b>Grand Total</b>	<b>\$1,865,428.66</b>	<b>\$1,096,812.84</b>	<b>\$768,619.02</b>	<b>\$133,592.21</b>	<b>\$624,936.81</b>	<b>\$624,936.81</b>	<b>\$1,761,749.65</b>	<b>\$133,679.21</b>

Note 1: Per Draft Report Issued December 10, 2003.

Note 2: Per New York Yankee Response received on January 27, 2004.

Note 3: Per discussion with Yankee officials, Parks officials, and additional documentation obtained subsequent to the issuance of Draft Report.

Note 4: At Final Stage

NEW YORK YANKEES RENTAL CREDITS  
SCHEDULE OF DISALLOWANCES  
AUDIT PERIOD: 1/1/03 - 3/31/03  
AUDIT # FN04-012A

RIVER PAYROLL LABOR HOURS

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. Duplicate labor hours	\$12,558.96	\$12,558.96	\$0.00	\$0.00	\$12,558.96	\$0.00
2. Welfare Contributions	\$10,763.32	\$10,763.32	\$0.00	\$0.00	\$10,763.32	\$0.00
3. Add'l Engineers' Labor	\$9,427.04	\$3,034.90	\$6,392.14	\$6,392.14	\$3,034.90	\$0.00
4. Lunch Not Taken	\$3,545.17	\$3,545.17	\$0.00	\$0.00	\$3,545.17	\$0.00
5. Double Time S/B 1.5X	\$2,192.34	\$2,192.34	\$0.00	\$0.00	\$2,192.34	\$0.00
6. NY Y Assignments	\$1,745.30	\$1,745.30	\$0.00	\$0.00	\$1,745.30	\$0.00
7. Undocumented Labor Hrs.	\$1,526.16	\$1,526.16	\$0.00	\$0.00	\$1,526.16	\$0.00
8. Hours Not Worked	\$1,508.86	\$1,508.86	\$0.00	\$0.00	\$1,508.86	\$0.00
9. Excess Security Costs	\$1,323.25	\$1,323.25	\$0.00	\$0.00	\$1,323.25	\$0.00
10. Unreasonable 3rd Shift	\$910.20	\$910.20	\$0.00	\$0.00	\$910.20	\$0.00
11. Sales Tax	\$878.54	\$878.54	\$0.00	\$0.00	\$878.54	\$0.00
12. Incomplete Timesheets	\$449.47	\$449.47	\$0.00	\$0.00	\$449.47	\$0.00
13. Illegible Timesheets	\$364.04	\$0.00	\$364.04	\$364.04	\$0.00	\$0.00
14. Incorrect Hrly Rates (L54)	\$290.99	\$290.99	\$0.00	\$0.00	\$290.99	\$0.00
15. Missg. Doc-Annuity Contr	\$83.03	\$83.03	\$0.00	\$0.00	\$83.03	\$0.00
<b>TOTAL</b>	<b>\$47,566.67</b>	<b>\$40,810.49</b>	<b>\$6,756.18</b>	<b>\$6,756.18</b>	<b>\$40,810.49</b>	<b>\$0.00</b>

NEW YORK YANKEES RENTAL CREDITS  
SCHEDULE OF DISALLOWANCES  
AUDIT PERIOD: 1/1/03 - 3/31/03  
AUDIT # FN04-012A

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	Amount Outstanding
1. NYY areas	\$30,457.00	\$30,457.00	\$0.00	\$0.00	\$30,457.00	\$0.00
2. Capital-Bsmt./Concourse	\$27,411.30	\$1,218.28	\$26,193.02	\$26,193.02	\$1,218.28	\$0.00
3. Questionable Hours	\$15,528.52	\$0.00	\$15,528.52	\$15,528.52	\$0.00	\$0.00
4. Capital-Bsmt.CableTray	\$11,598.30	\$9,137.10	\$2,461.20	\$2,461.20	\$9,137.10	\$0.00
5. Capital-Compressor	\$4,075.26	\$0.00	\$4,075.26	\$4,075.26	\$0.00	\$0.00
6. Painting - Scaffold	\$1,844.36	\$0.00	\$1,844.36	\$1,844.36	\$0.00	\$0.00
7. Lunch Not Taken	\$887.46	\$887.46	\$0.00	\$0.00	\$887.46	\$0.00
8. Incomplete Timesheets	\$609.14	\$609.14	\$0.00	\$0.00	\$609.14	\$0.00
<b>TOTAL</b>	<b>\$92,411.34</b>	<b>\$42,308.98</b>	<b>\$50,102.36</b>	<b>\$50,102.36</b>	<b>\$42,308.98</b>	<b>\$0.00</b>

NEW YORK YANKEES RENTAL CREDITS  
SCHEDULE OF DISALLOWANCES  
AUDIT PERIOD: 1/1/03 - 3/31/03  
AUDIT # FN04-012A

**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	Amount Unresolved
1. Capital-Bathrm fixtures, cable	\$9,123.10	\$9,123.10	\$0.00	\$0.00	\$9,123.10	\$0.00
2. Capital-cable/electrical tray	\$6,983.93	\$6,983.93	\$0.00	\$0.00	\$6,983.93	\$0.00
3. NYY areas	\$1,141.36	\$1,141.36	\$0.00	\$0.00	\$1,141.36	\$0.00
4. NYY costs	\$901.83	\$901.83	\$0.00	\$0.00	\$901.83	\$0.00
5. 4.5% Contract Adder	\$819.18	\$819.18	\$0.00	\$0.00	\$819.18	\$0.00
6. Irreconcilable Difference	\$32.09	\$32.09	\$0.00	\$0.00	\$32.09	\$0.00
7. Sales Tax	\$21.84	\$21.84	\$0.00	\$0.00	\$21.84	\$0.00
<b>TOTAL</b>	<b>\$19,023.33</b>	<b>\$19,023.33</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$19,023.33</b>	<b>\$0.00</b>

<b>SUMMARY OF DISALLOWANCES - LABOR &amp; MATERIALS</b>						
PEM LABOR (App. III)	\$92,411.34	\$42,308.98	\$50,102.36	\$50,102.36	\$42,308.98	\$0.00
PEM MATERIALS (App. IV)	\$19,023.33	\$19,023.33	\$0.00	\$0.00	\$19,023.33	\$0.00
<b>TOTAL</b>	<b>\$111,434.67</b>	<b>\$61,332.31</b>	<b>\$50,102.36</b>	<b>\$50,102.36</b>	<b>\$61,332.31</b>	<b>\$0.00</b>

**NEW YORK YANKEES RENTAL CREDITS**  
**SUMMARY SCHEDULE OF BUREAU OF ENGINEERING REPORTS FOR**  
**SCHEDULES A-3 THROUGH A-6**  
**AUDIT PERIOD: 1/1/03 - 3/31/03**  
**AUDIT #FN04-102A**

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
<b>A-3 MIRANDA FUEL</b>						
1. Sales Tax/Gross Receipts Tax	\$13,968.83	\$0.00	\$13,968.83	\$13,968.83	\$0.00	\$0.00
<b>Total</b>	<b>\$13,968.83</b>	<b>\$0.00</b>	<b>\$13,968.83</b>	<b>\$13,968.83</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>A-4 BROWN &amp; SILVER</b>						
1. Missing Parks Approval	\$4,930.55	\$0.00	\$4,930.55	\$4,930.55	\$0.00	\$0.00
2. Not a City Cost/NYY charge	\$1,911.00	\$1,767.00	\$144.00	\$144.00	\$1,767.00	\$0.00
3. Duplicate Item purchase	\$135.00	\$135.00	\$0.00	\$0.00	\$135.00	\$0.00
<b>Total</b>	<b>\$6,976.55</b>	<b>\$1,902.00</b>	<b>\$5,074.55</b>	<b>\$5,074.55</b>	<b>\$1,902.00</b>	<b>\$0.00</b>
<b>A-5 STADIUM REPAIRS</b>						
1. Not authorized by Parks	\$497,602.16	\$0.00	\$497,602.16	\$497,602.16	\$0.00	\$0.00
2. No Prior Parks Appr/Not a City Cost	\$7,920.71	\$2,337.78	\$5,582.93	\$5,582.93	\$2,337.78	\$0.00
3. Capital Proj. - Missing Parks Certification	\$32,424.45	\$0.00	\$32,424.45	\$32,424.45	\$0.00	\$0.00
4. Not a City Cost/NYY charge	\$30,464.98	\$19,480.73	\$10,984.25	\$10,984.25	\$19,480.73	\$0.00
5. Insufficient Documentation	\$8,655.00	\$5,875.00	\$2,780.00	\$2,780.00	\$5,875.00	\$0.00
6. Sales Tax	\$599.03	\$599.03	\$0.00	\$0.00	\$599.03	\$0.00
7. Not a City Cost (screwdriver, lockset)	\$475.87	\$475.87	\$0.00	\$0.00	\$475.87	\$0.00
8. Part of Monthly Service - Rodent Control	\$450.00	\$450.00	\$0.00	\$0.00	\$450.00	\$0.00
9. Covered under Contract - Elev. Repair	\$416.00	\$416.00	\$0.00	\$0.00	\$416.00	\$0.00
<b>Total</b>	<b>\$579,008.20</b>	<b>\$29,634.41</b>	<b>\$549,373.79</b>	<b>\$549,373.79</b>	<b>\$29,634.41</b>	<b>\$0.00</b>
<b>A-6 OTHER EXPENSES</b>						
1. No prior Parks approval	\$9,661.10	\$0.00	\$9,661.10	\$9,661.10	\$0.00	\$0.00
<b>Total</b>	<b>\$9,661.10</b>	<b>\$0.00</b>	<b>\$9,661.10</b>	<b>\$9,661.10</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>GRAND TOTAL</b>	<b>\$609,614.68</b>	<b>\$31,536.41</b>	<b>\$578,078.27</b>	<b>\$578,078.27</b>	<b>\$31,536.41</b>	<b>\$0.00</b>

# New York Yankees

ROBERT BROWN  
CONTROLLER



EXECUTIVE OFFICE  
YANKEE STADIUM  
BRONX, NEW YORK 10451  
TEL: (718) 579-4525  
FAX: (718) 681-5042

January 27, 2004

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

RE: Audit Report on the New York Yankees Rental Credits- 1<sup>st</sup> quarter 2003

Dear Mr. Rose:

In response to the draft report, the New York Yankees are accepting \$133,679.21 and rejecting \$634,936.81.

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

Sincerely,

  
Robert Brown

RB/jh

Cc: Lawrence Baum  
Yasmin Tejani

**New York Yankees Rental Credits  
Summary of Disallowances for Schedules A-1 to A-6  
For the 1st Quarter of 2003  
Audit # FN04-102A**

	Yankees Accept	Yankees Reject	Total Disallowance
A-1 River Payroll	\$40,810.49	\$6,756.18	\$47,566.67
A-2 PEM Electric	\$61,332.31	\$50,102.36	\$111,434.67
A-3 Miranda Fuel	\$0.00	\$13,968.83	\$13,968.83
A-4 Brown & Silver	\$1,902.00	\$5,074.55	\$6,976.55
A-5 Stadium Repairs	\$29,634.41	\$549,373.79	\$579,008.20
A-6 Other Expenses	\$0.00	\$9,661.10	\$9,661.10
<b>TOTAL</b>	<b>\$133,679.21</b>	<b>\$634,936.81</b>	<b>\$768,616.02</b>

**A-1 RIVER PAYROLL**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Duplicate Labor Hours	\$12,558.96	\$0.00	\$12,558.96
2. Welfare Contributions	\$10,763.32	\$0.00	\$10,763.32
3. Excess Engineers Labor Hours	\$3,034.90	\$6,392.14	\$9,427.04
4. Lunch Not Taken	\$3,545.17	\$0.00	\$3,545.17
5. Double Time S/B 1.5X	\$2,192.34	\$0.00	\$2,192.34
6. NYY Assignments	\$1,745.30	\$0.00	\$1,745.30
7. Undocumented Labor Hours	\$1,526.16	\$0.00	\$1,526.16
8. Hours Not Worked	\$1,508.86	\$0.00	\$1,508.86
9. Excess Security Costs	\$1,323.25	\$0.00	\$1,323.25
10. Unreasonable 3rd Shift	\$910.20	\$0.00	\$910.20
11. Sales Tax	\$878.54	\$0.00	\$878.54
12. Incomplete Timesheets	\$449.47	\$0.00	\$449.47
13. Illegible Timesheets	\$0.00	\$364.04	\$364.04
14. Incorrect Hourly Rates	\$290.99	\$0.00	\$290.99
15. Undocumented Annuity Contributions	\$83.03	\$0.00	\$83.03
<b>TOTAL</b>	<b>\$40,810.49</b>	<b>\$6,756.18</b>	<b>\$47,566.67</b>

**A-2 PEM ELECTRIC - LABOR HOURS**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. NYY Areas	\$30,457.00	\$0.00	\$30,457.00

2. Capital Exp. - Basement/Concourse	\$1,218.28	\$26,193.02	\$27,411.30
3. Questionable Hours	\$0.00	\$15,528.52	\$15,528.52
4. Capital Exp. - Basement Cable Tray	\$9,137.10	\$2,461.20	\$11,598.30
5. Capital Exp. - Compressor	\$0.00	\$4,075.26	\$4,075.26
6. Painting - Scaffold	\$0.00	\$1,844.36	\$1,844.36
7. Lunch Not Taken	\$887.46	\$0.00	\$887.46
8. Incomplete Timesheets	\$609.14	\$0.00	\$609.14
<b>TOTAL</b>	<b>\$42,308.98</b>	<b>\$50,102.36</b>	<b>\$92,411.34</b>

**A-2 PEM ELECTRIC - MATERIALS**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Capital Exp-Bathrm.Fixt., Cables, etc.	\$9,123.10	\$0.00	\$9,123.10
2. Capital Exp. - Cable/Electrical Tray	\$6,983.93	\$0.00	\$6,983.93
3. NYY Areas (Photo Room & Kiosk)	\$1,141.36	\$0.00	\$1,141.36
4. Not a City Cost (plastic tape, ammonia, trigger spray bottle & batteries)	\$901.83	\$0.00	\$901.83
5. 4.5% Contract Adder	\$819.18	\$0.00	\$819.18
6. Irreconcilable Difference	\$32.09	\$0.00	\$32.09
7. Sales Tax	\$21.84	\$0.00	\$21.84
<b>TOTAL</b>	<b>\$19,023.33</b>	<b>\$0.00</b>	<b>\$19,023.33</b>

**A-3 MIRANDA FUEL**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Sales & Gross Receipts Taxes	\$0.00	\$13,968.83	\$13,968.83
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$13,968.83</b>	<b>\$13,968.83</b>

**A-4 BROWN & SILVER**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Missing Parks Approval	\$0.00	\$4,930.55	\$4,930.55
2. Not a City Cost (Shower Heads, Headlite Kits, & Utility Heaters)	\$1,767.00	\$144.00	\$1,911.00
3. Dupl. Item Purchase (pressure gauge)	\$135.00	\$0.00	\$135.00
<b>TOTAL</b>	<b>\$1,902.00</b>	<b>\$5,074.55</b>	<b>\$6,976.55</b>

**A-5 STADIUM REPAIRS**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. Not Authorized by Parks	\$0.00	\$497,602.16	\$497,602.16
2. Missing Parks Approval	\$2,337.78	\$5,582.93	\$7,920.71
3. Compressor Replacement & Valve Replacement Suction Line	\$0.00	\$32,424.45	\$32,424.45
4. Not a City Cost (Columbus Rm, Great Moments Rm, Clubhse., Radio Rm, etc.)	\$19,480.73	\$10,984.25	\$30,464.98
5. Insufficient Documentation (Proposal)	\$5,875.00	\$2,780.00	\$8,655.00
6. Sales Tax	\$599.03	\$0.00	\$599.03
7. Not A City Cost (screwdriver, lockset)	\$475.87	\$0.00	\$475.87
8. Part of monthly Contract (Rodent Contr)	\$450.00	\$0.00	\$450.00
9. Covered Under Elevator Contract	\$416.00	\$0.00	\$416.00
<b>TOTAL</b>	<b>\$29,634.41</b>	<b>\$549,373.79</b>	<b>\$579,008.20</b>

**A-6 OTHER EXPENSES**

Description of Disallowance	Amount Accepted	Amount Rejected	Total Amount
1. No Parks Approval	\$0.00	\$9,661.10	\$9,661.10
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$9,661.10</b>	<b>\$9,661.10</b>