

AUDIT REPORT

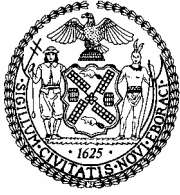


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the New York Yankees Rental Credits For the First Quarter of 2005 (January 1–March 31, 2005)

FN06-090A

February 8, 2006



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 (Yankees), we have examined the rental credits claimed by the Yankees for the maintenance of City-owned Yankee Stadium for the first quarter of 2005 (January 1–March 31, 2005).

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

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. The Yankees complete written response is attached.

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,

William C. Thompson, Jr.

WCT/fh

Report: FN06-090A
Filed: February 8, 2006

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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 First Quarter of 2005
(January 1–March 31, 2005)**

FN06-090A

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; 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 Yankee rental credits submitted for the first quarter of 2005 were overstated by \$145,292.48, as follows:

- \$19,993.22 in excess payroll charges and salary expenses that should have been paid by the Yankees.
- \$67,722.33 in payments to ADCO Electric, consisting of labor and material costs that based on the terms of the agreement should not have been charged to the City.
- \$10,647.69 for sales and gross receipts taxes on fuel.
- \$46,618.84 in Yankee Stadium repairs for which the expenses are not chargeable to the City or lacked documentation.
- \$310.40 in 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 \$145,292.48 from the total rental credits taken for maintenance pertaining to the first quarter of 2005, ensure that all maintenance credits claimed are properly supported by sufficient documentation, and ensure that appropriate approvals from the Department of Parks and Recreation (Parks) are obtained prior to submitting rental credits to the Comptroller's Office. In addition, we recommend that Parks ensure that the Yankees comply with the report's recommendations.

INTRODUCTION

Background

In accordance with the 1972 lease agreement between the New York Yankees (the Yankees) and the City of New York (the City), the Comptroller's Office is required to conduct 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; 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 deduct non-City charges from the rent due for the first-quarter period, January 1–March 31, 2005.

Scope and Methodology

The audit scope covered the period January 1–March 31, 2005. We examined 100 percent of the \$1,507,195.80 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 Electric, 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 IV 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 therefore require that the Yankees submit all source documents to the Comptroller's Office to receive credits toward rental income due the City. Accordingly, 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. 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 December 12, 2005. On December 15, 2005, Yankee officials waived their right to an exit conference. On December 20, 2005, we submitted a draft report to Yankees and Parks officials with a request for comments. We received a response from Yankee officials on January 31, 2006.

In the draft report, we disallowed rental credits totaling \$436,720.64. However, after our review of the documentation provided by the Yankees and by Parks subsequent to the issuance of the draft report, we allowed additional credits of \$291,428.16, resulting in a final disallowance of \$145,292.48, which the Yankees accepted as a Yankees cost.

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 2005 were overstated by \$145,292.48, as summarized on Table I, below:

Table I
Disallowance Schedule*

Schedule	Billed	Allowed	Disallowed
A-1 (River Payroll)	\$ 265,536.77	\$ 245,543.55	\$ 19,993.22
A-2 (ADCO Electric)	418,959.14	351,236.81	67,722.33
A-3 (Miranda Fuel)	104,850.54	94,202.85	10,647.69
A-4 (Brown & Silver)	0.00	0.00	0.00
A-5 (Stadium Repairs)	175,949.49	129,330.65	46,618.84
A-6 (Other Expenses)	541,899.86	541,589.46	310.40
Total	\$1,507,195.80	\$1,361,903.32	\$145,292.48

* 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 \$19,993.22 consists of the following:

- \$10,444.40—for security costs from January 9, 2005, through February 19, 2005, that were Yankees costs, not City costs. These costs included \$7,374.50 in expenses for Mobile Patrol that were approved by Parks as a “one-time” credit deduction for the Republican National Convention in August 2004 and should not have been charged as credits against rental income on an on-going basis, and \$3,069.90 in sales taxes charged to the City pertaining to security services, which are not an allowable credit deduction according to the October 29, 1993 settlement agreement that designated the Yankees as agents of the City. The Yankees accepted the \$10,444.40 as a Yankee cost.
- \$4,681.83—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 \$4,681.83 as a Yankee cost.

- \$2,380.12—for labor hours worked on construction assignments that according to the lease agreement are not considered regular maintenance. Such expenses, under the terms of the lease, are not chargeable to the City. The Yankees accepted the \$2,380.12 as a Yankee cost.
- \$784.10— for incorrect hourly rates paid to two “utilitymen.” Based on their work schedules 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 \$784.10 as a Yankee cost.
- \$494.86—for incorrect rates paid to eight employees who were paid time-and-a-half instead of straight-time rates. Based on their work schedules, these employees were paid at a higher rate than is allowable under the Local 30 agreement. The Yankees accepted the \$494.86 as a Yankee cost.
- \$419.86—for three employees who either did not sign in or sign out on their timesheets or did not initial their timesheets at the end of their work shifts. The Yankees accepted the \$419.86 as a Yankee cost.
- \$256.68—for hours worked on Yankee assignments listed on the time records as “In-House Maintenance.” Such expenses, under the terms of the lease, are not chargeable to the City. The Yankees accepted the \$256.68 as a Yankee cost.
- \$246.57—for wages paid to three employees whose timesheets appeared to be altered. These changes were not initialed or approved. The Yankees accepted the \$246.57 as a Yankee cost.
- \$230.05—for contributions to various funds related to River Payroll disallowances.¹ The Yankees accepted the \$230.05 as a Yankee cost.
- \$31.08—in retroactive rate adjustments pertaining to previously disallowed Yankee charges. The Yankees accepted the \$31.08 as a Yankee cost.
- \$23.67—for labor hours not worked that under the terms of the lease should not have been offset against rental income. The Yankees accepted the \$23.67 as a Yankee cost.

Appendix II gives further details of the above disallowances.

The ADCO Electric disallowed labor costs totaling \$67,722.33 consists of the following:

- \$36,627.84—for hours worked on assignments in Yankee areas that included: the Club Kitchen, the Clubhouse, the Press Section-Gate, and the Yankee Lobby; scoreboard and sweep maintenance on game days; sound equipment; and the

¹ Includes Welfare, Pension, and Annuity Funds.

installation and removal of televisions throughout the stadium. 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 \$36,627.84 as a Yankee cost.

- \$17,632.67—for the lack of supporting documentation on timesheets for the weeks ending October 13 and 20, 2004, and for the lack of a timesheet for one employee for January 17, 2005. The Yankees accepted the \$17,632.67 as a Yankees cost.
- \$11,061.49—for incorrect rates paid to all employees in the “Journeyman” and “Foreman” titles under billing #14. Based on the employees’ work schedules, they 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 \$11,061.49 as a Yankee cost.
- \$1,758.54—for labor hours not worked and as such should not have been charged to the City. The Yankees accepted the \$1,758.54 as a Yankee cost.
- \$586.18—for one employee who either did not sign in or sign out on his timesheets or did not initial his timesheets at the end of his work shift. The Yankees accepted the \$586.18 as a Yankee cost.
- \$55.61—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 \$55.61 as a Yankee cost.

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

The Miranda Fuel disallowance of \$10,647.69 consists of \$8,316.18 in sales taxes and \$2,331.51 in 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 \$10,647.69 as a Yankee cost.

The “Stadium Repairs” disallowances totaling \$46,862.19 are as follows:

- \$29,211—for duplicate monthly maintenance service payments that the Yankees made to A.C.E. Elevator Co., Inc. for the two months of February and March, 2005. The Yankees made the payments for February 2005 to A.C.E. for invoice #212877 with check #042088, and again for invoice #212877A with check #042248. Similarly, for March 2005, the Yankees paid A.C.E. for invoice #214266 with check #042248, and they also paid for the same monthly services pertaining to invoice #213179 with check #042322. The Yankees accepted the \$29,211 as a Yankee cost.

- \$8,551.69—for materials and services for which the Yankees did not obtain prior approval from Parks. These purchases were for private elevator inspections and bathroom supplies. The Yankees accepted the \$8,551.69 as a Yankee cost.
- \$3,931.56—for charges that exceeded the contractual rates listed in the Yankees' contracts with A.C.E. Elevator Co., Inc., and White Way Sign. The Yankees accepted the \$3,931.56 as a Yankees cost.
- \$3,644.97—for miscellaneous items such as Security Solutions, shower cartridge kit, Skytel two-way talk, and discount lost. 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 \$3,644.97 as a Yankees cost.
- \$1,279.62—for the purchase of tools that included torch tips, leather tool with belt clip, sawall blades, screwdrivers, air compressor fitting assistant, and pressure washer. 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 \$1,279.62 as a Yankees cost.

Finally, the Other Expenses disallowance of \$310.40 was for the purchase of a “wheeler no-hub cutter” tool. This expense under the terms of the lease agreement is not a City cost. The Yankees accepted the \$310.40 as a Yankees cost.

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

RECOMMENDATIONS

We recommend that the Yankees:

1. Deduct \$145,292.48 from the total rental credits for maintenance pertaining to the first quarter of 2005.
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: 1/1/05 - 3/31/05
AUDIT # FN06-090A

ADJUSTMENTS

NY Schedule	Amount Billed	Previous Allowance (Note 1)	Previous Disallowance (Note 1)	Amt. Accepted by NY (Note 2)	Amount Resubmitted by NY	Add'l Amt. Accepted by City	Final Allowance (Note 2)	Final Disallowance (Note 2)
A-1 River Payroll (3)								
Total	\$285,536.77	\$245,543.55	\$19,993.22	\$19,993.22	\$0.00	\$0.00	\$245,543.55	\$19,993.22
A-2 ADCO Electric								
Total	\$418,959.14	\$233,842.31	\$185,116.83	\$87,722.33	\$117,394.50	\$117,394.50	\$351,236.81	\$87,722.33
A-3 Miranda Fuel								
Total	\$104,850.54	\$94,202.85	\$10,647.69	\$10,647.69	\$0.00	\$0.00	\$94,202.85	\$10,647.69
A-4 Brown & Silver								
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
A-5 Stadium Repairs								
Total	\$175,949.49	\$71,087.30	\$104,862.19	\$46,618.84	\$58,243.35	\$58,243.35	\$129,330.65	\$46,618.84
A-6 Other Expenses (3)								
Total	\$541,899.86	\$425,799.15	\$116,100.71	\$310.40	\$115,790.31	\$115,790.31	\$541,589.46	\$310.40
GRAND TOTAL	\$1,507,195.80	\$1,070,475.16	\$436,720.64	\$145,292.48	\$291,428.16	\$291,428.16	\$1,361,903.32	\$145,292.48

(1) At Draft Stage

(2) At Final Stage

(3) Security charges transferred from A-6 and reported under A1-River Payroll

SCHEDULE OF INELIGIBLE LABOR HOURS - RIVER PAYROLL
FOR THE 1st QUARTER OF 2005
AUDIT PERIOD: 1/1/05 -3/31/05
AUDIT # FN06-090A

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. Excess Security Costs	\$10,444.40	\$10,444.40	\$0.00	\$0.00	\$10,444.40	\$0.00
2. Lunch-Not-Taken	\$4,681.83	\$4,681.83	\$0.00	\$0.00	\$4,681.83	\$0.00
3. Hours Worked on Construction Assignments	\$2,380.12	\$2,380.12	\$0.00	\$0.00	\$2,380.12	\$0.00
4. Incorrect Hourly Rates	\$784.10	\$784.10	\$0.00	\$0.00	\$784.10	\$0.00
5. 1.5 s/b S/T	\$494.86	\$494.86	\$0.00	\$0.00	\$494.86	\$0.00
6. Incomplete Timesheets	\$419.86	\$419.86	\$0.00	\$0.00	\$419.86	\$0.00
7. Yankee Assignments	\$256.68	\$256.68	\$0.00	\$0.00	\$256.68	\$0.00
8. Altered Timesheets	\$246.57	\$246.57	\$0.00	\$0.00	\$246.57	\$0.00
9. Welfare Contributions	\$230.05	\$230.05	\$0.00	\$0.00	\$230.05	\$0.00
10. Retroactive Rate Adjustment	\$31.08	\$31.08	\$0.00	\$0.00	\$31.08	\$0.00
11. Hours Not Worked	\$23.67	\$23.67	\$0.00	\$0.00	\$23.67	\$0.00
TOTAL	\$19,993.22	\$19,993.22	\$0.00	\$0.00	\$19,993.22	\$0.00

**NEW YORK YANKEES RENTAL CREDITS
SCHEDULE OF DISALLOWANCES
AUDIT PERIOD: 1/1/05 - 3/31/05
AUDIT #FN06-090A**

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. Lack of Time Sheets and Supporting Documentation	\$60,866.76	\$17,632.67	\$43,234.09	\$43,234.09	\$17,632.67	\$0.00
2. NYY Areas	\$46,522.31	\$36,627.84	\$9,894.47	\$9,894.47	\$36,627.84	\$0.00
3. Insufficient Documentation	\$42,435.48	\$0.00	\$42,435.48	\$42,435.48	\$0.00	\$0.00
4. Incorrect Rates	\$29,964.22	\$11,061.49	\$18,902.73	\$18,902.73	\$11,061.49	\$0.00
5. Hours Not Worked	\$3,765.28	\$1,758.54	\$2,006.74	\$2,006.74	\$1,758.54	\$0.00
6. Altered Timesheets	\$920.99	\$0.00	\$920.99	\$920.99	\$0.00	\$0.00
7. Incomplete Timesheets	\$586.18	\$586.18	\$0.00	\$0.00	\$586.18	\$0.00
8. Lunch-Not-Taken	\$55.61	\$55.61	\$0.00	\$0.00	\$55.61	\$0.00
TOTAL	\$185,116.83	\$67,722.33	\$117,394.50	\$117,394.50	\$67,722.33	\$0.00

**NEW YORK YANKEES RENTAL CREDITS
FOR VENDORS A-3 THROUGH A-6
SCHEDULE OF DISALLOWANCES
FOR THE AUDIT PERIOD: 1/1/05 - 3/31/05
AUDIT # FN06-090A**

Appendix IV
Page 1 of 1

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	\$8,316.18	\$8,316.18	\$0.00	\$0.00	\$8,316.18	\$0.00
2. Gross Receipts Taxes	\$2,331.51	\$2,331.51	\$0.00	\$0.00	\$2,331.51	\$0.00
Total	\$10,647.69	\$10,647.69	\$0.00	\$0.00	\$10,647.69	\$0.00
A-5 STADIUM REPAIRS						
1. Expenses Covered under monthly maint. Agreement with A.C.E Elevator	\$43,992.00	\$0.00	\$43,992.00	\$43,992.00	\$0.00	\$0.00
2. Duplicate Payments made to A.C.E. Elevator	\$29,211.00	\$29,211.00	\$0.00	\$0.00	\$29,211.00	\$0.00
3. Expenses lacking Parks approval--bathroom supplies, boiler parts, HVAC filters, and water founding repairs	\$22,714.24	\$8,551.69	\$14,162.55	\$14,162.55	\$8,551.69	\$0.00
4. Charges that exceeded contractual rates	\$3,931.56	\$3,931.56	\$0.00	\$0.00	\$3,931.56	\$0.00
5. Miscellaneous Items such as security solutions, shower cartridge kit, skytel two-way talk, and discount lost	\$3,733.77	\$3,644.97	\$88.80	\$88.80	\$3,644.97	\$0.00
6. Not a City Cost-tools (torch tips, leather tool with belt clip, sawall blades, screwdrivers, air compressor fitting assistant, and pressure washer.	\$1,279.62	\$1,279.62	\$0.00	\$0.00	\$1,279.62	\$0.00
Total	\$104,862.19	\$46,618.84	\$58,243.35	\$58,243.35	\$46,618.84	\$0.00
A-6 OTHER EXPENSES						
1. Charges that exceeded contractual rates	\$114,164.48	\$0.00	\$114,164.48	\$114,164.48	\$0.00	\$0.00
2. Materials and services lacking DPR's approval, such as repair of loading dock and boiler chemicals	\$1,625.83	\$0.00	\$1,625.83	\$1,625.83	\$0.00	\$0.00
3. Not a City Cost-tools (Wheeler No-Hub Cutter)	\$310.40	\$310.40	\$0.00	\$0.00	\$310.40	\$0.00
Total	\$116,100.71	\$310.40	\$115,790.31	\$115,790.31	\$310.40	\$0.00

New York Yankees

ROBERT BROWN
VICE PRESIDENT OF FINANCE



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January 31, 2006
Ms. Faige Hornung
Director of Financial Audit & Support Services
1 Centre Street
Room 1300 North
New York, NY 10007

RE: Audit Report FN06-090A on the New York Yankees Rental Credits- 1st quarter 2005

Dear Mr. Rose:

In response to the draft report, the New York Yankees are accepting \$145,292.48 and rejecting \$291,428.16.

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

Sincerely,

A handwritten signature of Robert Brown, consisting of a stylized 'R' followed by a horizontal line.

Robert Brown

RB/vrb

Cc: Lawrence Baum
Yasmin Tejani

**New York Yankees Rental Credits
Summary of Disallowances for Schedule A-1 to A-6
For the 1st Quarter of 2005
Audit # FN06-090A**

	Yankees Accept	Yankees Reject	Total Disallowance
A-1 River Payroll	\$19,993.22	\$0.00	\$19,993.22
A-2 ADCO Electric	\$67,722.33	\$117,394.50	\$185,116.83
A-3 Miranda Fuel	\$10,647.69	\$0.00	\$10,647.69
A-4 Brown and Silver	\$0.00	\$0.00	\$0.00
A-5 Stadium Repairs	\$46,618.84	\$58,243.35	\$104,862.19
A-6 Other Expenses	\$310.40	\$115,790.31	\$116,100.71
TOTAL	\$145,292.48	\$291,428.16	\$436,720.64

A-1 RIVER PAYROLL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Disallowance
1. Excess Security Costs	\$10,444.40	\$0.00	\$10,444.40
2. Lunch Not Taken	\$4,681.83	\$0.00	\$4,681.83
3. Labor on Construction Assignment	\$2,380.12	\$0.00	\$2,380.12
4. Incorrect Hourly Rates	\$784.10	\$0.00	\$784.10
5. 1.5 s/b S/T	\$494.86	\$0.00	\$494.86
6. Incomplete Timesheets	\$419.86	\$0.00	\$419.86
7. Yankee Assignments	\$256.68	\$0.00	\$256.68
8. Altered Timesheets	\$246.57	\$0.00	\$246.57
9. Welfare Contributions	\$230.05	\$0.00	\$230.05
9. Retroactive Rate Adjustment	\$31.08	\$0.00	\$31.08
11. Hours Not Worked	\$23.67	\$0.00	\$23.67
TOTAL	\$19,993.22	\$0.00	\$19,993.22

A-2 ADCO ELECTRICAL - LABOR HOURS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Disallowance
1. Lack of Time Sheets/Documentation	\$17,632.67	\$43,234.09	\$60,866.76
2. NYY Areas	\$36,627.84	\$9,894.47	\$46,522.31
3. Insufficient Doc.	\$0.00	\$42,435.48	\$42,435.48
4. Incorrect Rates	\$11,061.49	\$18,902.73	\$29,964.22
5. Labor Hours Not Worked	\$1,758.54	\$2,006.74	\$3,765.28
6. Altered Timesheets	\$0.00	\$920.99	\$920.99
7. Incomplete Timesheets	\$586.18	\$0.00	\$586.18
8. Lunch-Not-Taken	\$55.61	\$0.00	\$55.61
TOTAL	\$67,722.33	\$117,394.50	\$185,116.83

A-3 MIRANDA FUEL

Description of Disallowance	Amount Accepted	Amount Rejected	Total Disallowance
1. Sales Tax	\$8,316.18	\$0.00	\$8,316.18
2. Gross Receipts Taxes	\$2,331.51	\$0.00	\$2,331.51
TOTAL	\$10,647.69	\$0.00	\$10,647.69

A-5 STADIUM REPAIRS

Description of Disallowance	Amount Accepted	Amount Rejected	Total Disallowance
1. Expenses covered under Agreement with ACE	\$0.00	\$43,992.00	\$43,992.00
2. Duplicate Payments	\$29,211.00	\$0.00	\$29,211.00
3. Pending Parks Approval	\$8,551.69	\$14,162.55	\$22,714.24
4. Charges exceeding Contractual rates	\$3,931.56	\$0.00	\$3,931.56
5. Miscellaneous items (Security Solutions, shower cartridge kit, Skytel two-way talk, and discount lost)	\$3,644.97	\$88.80	\$3,733.77
6. Not a City Cost-Tools, such as torch tips, leather tool with belt clip, sawall blades, screwdrivers, air compressor fitting assistant and pressure washer.	\$1,279.62	\$0.00	\$1,279.62
TOTAL	\$46,618.84	\$58,243.35	\$104,862.19

A-6 OTHER EXPENSES

Description of Disallowance	Amount Accepted	Amount Rejected	Total Disallowance
1. Charges Exceeding Contractual Rates with Creative Finishes and Metro	\$0.00	\$114,164.48	\$114,164.48
2. Pending Parks Approval (repair of loading dock plates and boiler chemicals)	\$0.00	\$1,625.83	\$1,625.83
3. Not a City Cost-Tool (Wheeler No-Hub Cutter)	\$310.40	\$0.00	\$310.40
TOTAL	\$310.40	\$115,790.31	\$116,100.71