

**HUDSON VALLEY STADIUM CORPORATION**

Audit Report - January 1, 2005 – December 31, 2005

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## **2005 Hudson Valley Stadium Corporation Audit**

### ***Background***

The Hudson Valley Corporation (HVSC) has been responsible for the overall operations and management of Dutchess Stadium since May 1994. Since June 2004, the Hudson Valley Renegades (HVR) have been playing baseball at the Stadium, having signed an occupancy agreement effective June 1, 1994. In May 1999, the HVSC contracted with the Greater Southern Dutchess Chamber of Commerce (GSDCC) to perform the management, bookkeeping and day-to-day operations. The GSDCC in turn subcontracted the day-to-day management responsibilities to Keen Management.

### ***Scope, Objective and Methodology***

An audit was conducted of the HVSC for the time period January 1, 2005 to December 31, 2005.

The audit included a review of the records and accounting controls in place by the Greater Southern Dutchess Chamber of Commerce (GSDCC), the vendor contracted to provide the accounting and operations management. Specific reviews included:

- Past audit findings including rents past due from the HVR and other vendors.
- Internal Controls: Bank accounts and Cash handling
- Major expenses and revenues including:
  1. Rental Calculations: HVR rents and Ticket Surcharge
  2. Parking & 50/50 Raffle Revenues
  3. Special Events including Stadium Rental Fees, Parking Lot rental fees
  4. Management Fees, Payroll, Maintenance & Repairs, Capital Improvements, Beacon City School District (BCSD) Expenses
- Billing and collection procedures including contractual adherence
- Review of inventory

### ***Summary of Findings***

- GSDCC reviewed 2005 records after our 2004 audit (released December 2005) and made corrections and improved recordkeeping and accounting procedures.
- The collection of outstanding fees for special events continued to be a problem in 2005.

- Net proceeds in 2005 were a negative (\$2,655.82). There were no distributions made from the accumulated net proceeds to Dutchess County in 2005.
- HVR's rental calculation was incorrect. In addition, documentation for calculations was incomplete. The HVSC continued to rely on HVR calculations for rents due.
- Based on our 2005 review, monies are due to Dutchess County, HVSC, BCSD, and HVR as shown:

<b>DESCRIPTION OF FEES DUE</b>		<b>DUE TO COUNTY</b>	<b>DUE TO HVSC</b>	<b>DUE TO BCSD FROM HVSC</b>	<b>DUE TO HVR FROM HVSC</b>
Ticket Surcharge	2005	\$11,154.00			
Accumulated Net Proceeds	As of 12/31/2005	\$27,198.00			
Special Events-Vendor Rent	2004		\$10,765.68		
Special Events-Reimbursement of Expenses	2005		\$3,675.00		
Special Events-Vendor Rent	2005		\$800.00		
Special Events-BCSD - Due	2004			\$470.83	
Special Events-BCSD - Due	2005			\$813.51	
Adjusted Rent	2005				\$1,174.88
<b>TOTALS DUE</b>		<b>\$38,352.00</b>	<b>\$15,240.68</b>	<b>\$1,284.34</b>	<b>\$1,174.88</b>

***Prior Audit***

In 2005, the following matters were corrected:

- The additional land lease payment due to the BCSD totaling \$3,150.00 for 2004 was paid by the HVSC.
- A vendor who had performed mowing services in 2004 was paid the \$3,600.00 in 2005.

In 2006, the HVR reimbursed the following items which had been reported in the 2004 audit:

- \$5,000.00 for 2004 Utilities/rents due the HVSC.

- \$6,324.75 for miscalculation of the ticket surcharge for the 2004 reserved grandstand seating was paid directly to Dutchess County.

The following items are still outstanding from the 2004 audit:

- Additional documentation from HVR for tickets sold for premium seats, picnic seats and rain date tickets for 2004 was not obtained.
- HVSC did not collect outstanding fees for 2004 Special Events rentals of the parking lot and/or stadium from various vendors totaling \$10,765.28.
- The BCSD was not reimbursed \$470.83 for the 2004 special events rent by HVSC.
- Inventory exceptions were not corrected.
- HVSC did not obtain documentation for 2003 and 2004 concession revenue/rent for non-club sponsored events.

### ***Internal Controls***

The HVSC's two bank accounts: The main operating account and the 50/50 raffle accounts were reviewed. GSDCC requires dual signatures on HVSC checks written for \$1,000.00 and over. A sampling of checks reviewed contained dual signatures for checks written over \$1,000.00. The HVSC's Board of Directors reviewed the bank statements, according to the recommendations of our last audit, to assess policy adherence and accuracy; bank statements sampled were initialed to attest to the review.

### ***Net Proceeds***

HVSC records are reported on a cash basis. Under the cash basis, revenue is recognized when cash is received and expenses are recognized when cash payments are made. The calculation of net proceeds is based on the cash basis. This has been the consistent methodology used since the Stadium's inception. In 2005, revenue totaled \$259,930.70 and expenses totaled \$262,586.52, resulting in negative net proceeds of (\$2,655.82) as shown on Exhibit I. Exhibit II details a historical review of net proceeds for each year since 1994 and the accumulated payments disbursed to Dutchess County. As shown, there were no payments made in 2005 to Dutchess County and the balance due as of 12/31/05 was \$27,198.00. Net proceeds represent the cash flow; therefore, cash on hand in the HVSC bank account on 12/31/05 was \$27,198.00.

## ***Revenue***

The 2005 revenues totaling \$259,930.70 reported in Exhibit I included \$50,000.00 for 2004 rent.

Outstanding accounts receivables as of December 31, 2005 which were remitted in 2006 included: 2004 HVR Rent - \$5,000.00; 2005 ticket surcharge - \$49,784.00; 2005 HVR rent (based on HVR's calculations) - \$85,632.00 and 2005 utility reimbursement - \$5,000.00.

## ***Rental Calculations***

The pertinent contract provisions regarding rental revenues from HVR are attached in Exhibit I as an addendum. A review of the 2005 rental calculations per HVR and our audit corrections are shown as Exhibit III. HVR rental calculations were remitted to HVSC as revenue for general operations, and ticket surcharge is remitted to HVSC to be paid directly to Dutchess County as per the occupancy agreement.

## ***HVR Rental Payments***

The following rental payments were remitted to HVSC based on HVR's "recap sheet" given to HVSC for the 2005 rental calculation of \$110,632.00:

Ticket Sales Revenue	\$ 99,039.00
Skybox Rental Fees	5,089.00
Rent on HVR Games- Concessions	6,504.00
Concessions- Non-HVR Events	<u>0.00</u>
Total Rent	\$110,632.00

Payments based on the 2005 rental calculation were remitted as follows: \$25,000.00 in 2005 and \$85,632.00 in 2006. HVSC's revenues are reported on a cash basis; therefore, \$75,000.00 was reported as Revenue on Exhibit I which represents \$25,000.00 for 2005 and \$50,000.00 for 2004.

## ***Findings:***

- HVR's rental calculation was incorrect. 1) The ticket surcharge was understated by \$11,154.00 (as discussed in ticket surcharge section) which resulted in an overstatement of the total adjusted gross ticket revenues. 2) The sales tax rate applied by HVR was incorrect (8.25%): it should have been 8.125%. Exhibits III & IV provide for adjustments of these errors.

- Documentation to verify rent calculations was not available. Documentation provided in the past included game day sheets and HVR general ledger entries of tickets sold. The game day sheets included statistics of tickets sold for each game by seat type, turnstile counts and concession revenues derived for each game.
- Documentation was not available to confirm the rent on HVR games- concession revenue which is listed as \$6,504.00.
- The HVR calculations did not include concession revenues for non-HVR events in 2005: Non-HVR concession revenue was reported as \$8,601.00 in 2003 and 2004.

***Recommendation:***

- A full reconciliation should be completed and documentation obtained. All monies due should be requested and remitted promptly.

***HVR Ticket Surcharge***

The ticket surcharge revenue is \$0.50 for each ticket priced at \$5.00 and greater and \$0.25 for each ticket priced under \$5.00. The HVR ticket surcharge calculations indicated the total ticket surcharge was \$49,784.00. This was remitted to the HVSC by the HVR in February 2006; therefore, the revenue reported on Exhibit I was zero (0) for 2005.

***Findings:***

- The ticket surcharge was understated by \$11,154.00 as shown in Exhibit IV as follows:
  1. Reserve Grandstand (\$8,469.00) - HVR ticket surcharge calculation indicated that 33,876 actual tickets were sold for the reserve grandstands (RG). HVR remitted \$0.25 for each RG ticket or a total of \$8,469.00. The tickets for the RG were sold for \$6.00 each; ticket surcharge was \$0.50 each. The HVR owes the HVSC an additional \$8,469.00 in ticket surcharge for the RG tickets.
  2. Premium Seats (\$437.50) - HVR did not include the ticket surcharge for premium box seats. There are 25 premium box seats available for each game with tickets for each seat sold for \$12.50. During the audit the HVR accountant indicated that 875 premium seat tickets were sold in 2005. Based on this figure the amount of ticket surcharge collected and not remitted to the HVSC at \$0.50 per ticket totaled \$437.50.

3. Picnic Seats (\$2,247.50) - HVR did not include the surcharge for the picnic tickets sold in 2005. During the audit the HVR accountant indicated that 4,495 actual picnic tickets were sold in 2005. Therefore, based on an average cost of \$6.29 the amount of ticket surcharge due for these seats would be \$2,247.50.
4. Rain Dates - During the season, the HVR reported three rainout dates: June 29, July 8, and August 12, 2005. In calculating the ticket surcharge, HVR did not indicate tickets sold for these rain dates. It is HVR's policy to redeem season tickets with applicable double-header tickets. Therefore, season tickets for rainout games should be considered as tickets sold and the applicable ticket surcharge remitted to HVSC. The actual number of season tickets sold could not be determined.

***Recommendation:***

- The HVSC should collect an additional 2005 ticket surcharge totaling \$11,154.00. In addition, the rain date amount should be determined and remitted.

**Parking**

There are three categories: parking permits, daily parking (which included purchases of mini passes), and parking for special events. A total of \$20,200.00 was recorded as revenue for parking permits; \$106,454.70 was recorded as revenue for daily parking, (including \$100.00 for a tailgate party) and \$17,268.00 was recorded as revenue for special events parking. These revenues were deposited into the main operating checking account on a daily basis.

**Parking Permits**

Parking permits/passes were sold as a season pass for 38 regular season games at a price of \$100.00 per pass. The permits were printed with consecutive numbers. A log was maintained for the parking permit number assigned, customer name and address, and payment status. Numbered mini parking permits/passes were sold for the 2005 season, for any five games attended, at a price of \$15.00.

***Finding:***

- Some parking permit numbers were skipped and not accounted for. Mini parking permits/passes were not logged when distributed.

***Recommendation:***

- All parking permits should be properly logged and accounted for.

**Daily Parking**

Daily parking charges were \$4.00 per day per car. Parking attendants collected the fees at each game. Deposits were made in a timely manner; however, a deposit was incorrectly made with daily parking funds, to the 50/50 raffle account.

***Finding:***

- A special events parking deposit was reduced by \$300.00 cash to fund the startup cash for the daily parking.

***Recommendation:***

- At the beginning of the baseball season, a check should have been cashed from the main operating account for the startup funds for parking.

**50/50 Raffle**

The 50/50 raffle ticket revenue was reviewed. The actual total deposits for the 50/50 account should be \$2,785.00. A total of \$2,255.03 was recorded in 50/50 account expenses, which included \$1,426.00 in payouts to the ticket holders and \$829.03 in payroll expenses. At each game, raffle tickets were sold, a winning ticket selected and 50% of the monies collected presented to the winning ticket holder. The winning ticket was verified and retained by the HVSC; the winner was issued a check from the HVSC's 50/50 checking account. A beginning balance of \$420.00 was in the 50/50 checking account as of December 31, 2004. At the end of 2005, the balance in the account was \$1,779.00. This balance was traced to the general ledger and the bank account from the 50/50 reports tallied at each game. In 2004, the Pitch for Kids Foundation initiated its own raffle. Subsequently, in 2005, the 50/50 raffle was discontinued; the Pitch for Kids Foundation raffle continued.

***Findings:***

- One 50/50 raffle winner was overpaid \$44.50. \$511.00 was collected and the winner was paid \$300. ( $\$511/2=\$255.50$ )
- Two 50/50 winners were underpaid a total of \$10.00.

***Recommendation:***

- Accurate calculations should have been made to determine the correct amount for disbursement to winners of the 50/50 raffle.

**Special Events**

The gross income from special events continued to increase from the previous year as shown below:

<u>Nature of Revenue</u>	<u>2004</u>	<u>2005</u>
Stadium Rental	\$ 20,591.00	\$ 16,719.00
Parking Lot Rental	5,000.00	11,500.00
Parking Fees	<u>11,715.00</u>	<u>17,268.00</u>
Total Gross Special Events	\$ 37,306.00	\$ 45,487.00

A detail of revenue received in 2005 for special events, including each event and the corresponding expenses paid is detailed as Exhibit V. In some cases revenue was reported net of expenses. *A review of Special Event Expenses follows in the Expense Section of this report.*

The increase in Parking Lot Rental was attributed to: the lease of the lot to Pamal Broadcasting (K104) for two car shows (\$5,400.00); the rental to Fair Productions II, Inc for a 10 day carnival held in June (\$6,000.00); the annual K104 Festival held in June 2005 (\$5,088.00); and the Jam Productions Def Leppard/Brian Adams Concert held in July 2005 (\$12,180.00). During the K104 Festival, parking fees were \$5.00 per car; the parking fees for the Jam Productions event were \$10.00 per car.

***Finding:***

- At the time of our audit, there was an outstanding invoice of \$600.00 for two games played by the NY Hurricanes on May 14, 2005 and May 21, 2005. However, the NY Hurricanes played a third game on June 19, 2005 for which a \$200.00 fee was not invoiced. In addition, there were \$300.00 in management and cleaning fees expensed but not charged back. Therefore, \$1,100 is due from the NY Hurricanes (\$800.00 in uncollected revenues and \$300.00 in uncollected expenses).

**Recommendation:**

- The HVSC should collect the \$1,100.00 due.

**Expenses**

**Special Events Expense**

As shown in Exhibit V, the 2005 Special Events Expenses totaled \$4,812.00. This expense included \$1,500.00 in management fees, \$1,975.00 paid to the HVR and \$1,337.00 paid for cleaning the stadium for a number of events. As stated in the Special Event Revenue section, some special event expenses were netted from revenues and therefore not reported as expenses.

The Facility Rental Agreements for each event were reviewed. Each agreement included the stadium rental fee and in most cases a schedule of additional fees charged as follows:

Stadium Clean-up	\$150
Service of Field	\$150
Lights	\$150 per hour
Parking Attendants	\$16 per hour
Scoreboard	\$150
PA System	\$100
Stadium security/ traffic Control	\$35 per hour
Bathroom clean up	\$150
Parking Lot clean up	\$300 flat rate (for parking lot rental event)
Management Fee	\$250

Exhibit VI details \$3,675.00 in expenses that were incurred but not charged back in accordance with the Facility Rental Agreements.

**Findings:**

- Exhibit VI details fees for each event where expenses were paid by HVSC but not charged back. A summary by fee type: Management \$1,400.00; Cleaning \$600.00; HVR \$1,675.00.
- A \$400.00 fee paid to Easystreet Cleaners for cleaning the parking lot on August 25, 2005 could not be traced to an event: it is listed on Exhibit V as an Unallocated Expense.

- The HVR had authorized and approved Manhattan College to use the stadium for a practice game. Fees were not collected for their use of the stadium: However, HVSC paid HVR \$100.00 (shown on Exhibit V and VI) for the use but did not bill for reimbursement.

***Recommendation:***

- The HVSC should collect the back charges.

**Beacon City School District (BCSD) Payments**

The contract with the BCSD requires a payment of 2% of the annual net revenues of special events. As shown in Exhibit V, in 2005 the gross revenues were \$45,487.00 and the net special events expenses totaled \$4,811.50 resulting in net revenue of special events of \$40,675.50. A payment of \$813.51 is due to the BCSD for 2005.

***Finding:***

- Monies were not paid to the BCSD for 2005.

***Recommendation:***

- The \$813.51 due to the BCSD for the special events net revenue rent should be paid.

**Management Fees**

In 2005, the GSDCC received a fee of \$99,997.00; of which \$50,000.00 was subcontracted to Keen Management for day-to-day stadium management.

**Payroll**

The Greater Southern Dutchess Chamber of Commerce subcontracted their payroll processing to ADP, an outside payroll company. ADP prepared the biweekly checks, quarterly tax reports (state and federal) and W-2s. GSDCC received printouts of all reports. GSDCC billed the HVSC for the applicable payroll costs and recorded the respective entries in HVSC's general ledger. HVSC had 58 employees issued W2's for 2005.

The payroll for HVSC included personnel for security, traffic control (parking area), and the 50/50 raffle. The total payroll costs charged to the HVSC was \$23,179.38; Security - \$10,102.74, Traffic Control - \$12,247.61 and 50/50 Raffle - \$829.03.

All payroll records were found to be in good order.

**1099**

One 1099 was issued for 2005; however, there was another vendor who should have been issued a 1099 but was not.

***Finding:***

- A 1099 was not issued for a vendor who was paid \$5,109.32; however, attempts by the Greater Southern Dutchess Chamber of Commerce to secure a W9 from the vendor were unsuccessful.

***Recommendation:***

- A W-9 should have been secured prior to payment.

**Maintenance & Repairs**

All expenses charged to this line were made payable to the manager of the stadium for a total of \$28,188.39.

***Findings:***

- Two lump sum payments totaling \$863.75 were not supported by invoices.
- A formal contract was not in place with Keen Management for supplying maintenance services totaling \$14,234.00 for 2005; however, a proposal was submitted in January 2005.

***Recommendation:***

- All reimbursements should be documented with detailed invoices. Supplies should have been purchased directly from the supply vendors.

**Capital Improvements**

Expenses classified as capital improvements totaling \$11,229.41 follow:

Repairs to Sound System (2003 repairs invoice paid 2005)	\$ 5,109.32
Remove dugout floors and rearrange plumbing system for better drainage	3,750.00
Installation of electricity for three ponds and/or waterfalls	<u>2,370.09</u>
<b>TOTAL</b>	<b>\$ 11,229.41</b>

In addition, the following improvements were added to the stadium by DC and HVR in 2005:

- 1) DC expended \$4,550.00 for the installation of a fence at the Route 9D side of the stadium. Funds were expended from the DC Stadium reserve account and are not reflected on the HVSC books. *The DC Reserve Account balance was \$172,650.04 on 12/31/05.*
- 2) The HVR built a structure adjacent to the souvenir building to be utilized by the not-for-profit Pitch-For-Kids Foundation.

***Findings:***

- A bill was received for sound system repairs performed in 2003. The sound system was replaced in 2004.
- There was no written documentation showing approval by HVSC or the County that the Pitch-For-Kids booth was to be built.

***Recommendations:***

- The sound system bill should have been paid in a timely manner.
- Any capital improvements to the stadium should have been presented and approved in writing by HVSC and the County.

**Inventory**

An inspection of inventory items purchased in excess of \$1,000.00 was conducted. A new tarp had been purchased for the field at a cost of \$11,000.00.

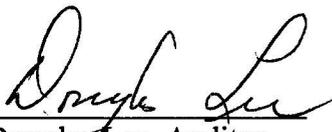
***Findings:***

- Items not listed on the inventory in the prior audit continued to be missing from the listing. In addition, a number of items which were to be deleted from the system in the prior audit had not been deleted.
- The current inventory list did not include the new tarp. Based on a conversation with the stadium manager on June 13, 2006, the old tarp was given to Sussex Community College and removed from the stadium grounds.
- It appears a Plymouth Fury automobile was listed on the stadium inventory in error by the County.

- A fire alarm system (Silent Knight Model SK-5208) had replaced a Simplex Fire Alarm system three years ago. The Simplex Fire system continues to be listed on the inventory, while the Silent Knight System is not included in the inventory list.
- Various items were missing DC inventory tags.

***Recommendations:***

- The inventory list must be updated to include all items located at the stadium.
- Disposition of Dutchess County assets must be done with prior approval by the HVSC and DC.
- Items disposed of or not at the stadium should be eliminated from the inventory listing through the County disposition procedures.
- DC inventory tags should be affixed.

  
Douglas Lee, Auditor

  
Vivian Williams, Auditor

  
Diane Jablonski, Comptroller

**Exhibit I – Cash Basis Statement of Revenue and Expense**  
**Hudson Valley Stadium Corporation**

	<u>Account</u>	<u>2005 Amount</u>	
<b>Revenue</b>	50/50 Receipts	\$ 2,785.00	
	Parking Lot Income- Daily Parking	106,453.70	
	Parking Permits	20,200.00	
	HVSC (1) Skybox Rental	10,000.00	
	Special Events: Stadium Rentals/Parking	45,487.00	
	Stadium Rent- Renegades	75,000.00	
	DC Ticket Surcharge	0.00	
	HVR Utility Reimbursement	0.00	
	Other Income – Misc.	<u>5.00</u>	
<b>Total Revenue</b>			<b>\$ 259,930.70</b>
<b>Expense</b>	50/50 Expenses	\$ 2,255.03	
	Equipment	11,000.00	
	Filing Fees/Licenses/Permits	244.00	
	Insurance	9,336.23	
	Maintenance (Includes Scoreboard Maint.)	49,974.88	
	Management Fee (GSDCC)	99,997.00	
	Office, Postage, & Printing	1,149.89	
	Professional Fees- Accounting	9,043.75	
	Rent – Land Lease	26,250.00	
	Security Expenses	10,102.74	
	Special Events Expense	4,811.50	
	Supplies	710.75	
	Traffic Control Expense	12,247.61	
	Uniforms	353.46	
	Utilities: Gas	6,212.99	
	: Water	6,434.22	
	: C/Beacon Sewage	1,148.06	
	Capital Improvements	11,229.41	
	Misc.	<u>85.00</u>	
<b>Total Expense</b>			<b><u>\$ 262,586.52</u></b>
<b>Net Proceeds (Revenue Less Expenses)</b>			<b><u>\$ ( 2,655.82)</u></b>

***Addendum to Exhibit I - Contract Provisions***

**Rental Revenue from the HVR to the Stadium Corporation**

**Ticket Revenue-**

Percentage of Gross Ticket Revenues (Less the Dutchess County Ticket Surcharge and Sales Tax) – The rate of payment is based on the turnstile attendance:

Turnstile attendance: 100,000 – 139,999	12.5% of Ticket Revenue
Over 139,999	17.5% of Ticket Revenue

**Skybox Revenue-**

The skybox revenues are allocated to ticket revenues and rental of skyboxes revenue:

Ticket Revenue- See Ticket Revenue above

Rental skyboxes revenue: 20% of gross revenues derived from the rental of these suites.

Note: One skybox is being solely utilized by the HVSC. In 2006 the HVSC received \$10,000.00 for the rental of this skybox.

**Concession Revenues-**

HVR Games – Gross Food and Beverage (less Sales Tax) – Rate of payment is to be 7.5% of gross concession revenues once the turnstile count has reached over 95,000.

Non-Club Sponsored Events- The Club receives “the lesser of 20% of the gross revenues or 40% of the Club’s net revenues from food and beverage sales. The balance of the net concessions revenues is paid to the HVSC

**Dutchess County Ticket Surcharge**

A Dutchess County surcharge is on all tickets sold by the HVR for each home baseball game.

Gross Ticket Surcharge

\$0.50 per ticket sold for \$5.00 or more

\$0.25 per ticket sold for less than \$5.00

## Exhibit II – Net Proceeds – Cash Basis

The following chart summarizes the net proceeds for HVSC.

<u>Year</u>	<u>Total Cash Revenues</u>	<u>Net Cash Disb.</u>	<u>Net Proceeds</u>
1994	\$ 756,838.00	\$ 756,826.00	\$ 12.00
1995	232,904.00	222,080.00	10,824.00
1996	398,706.00	310,800.00	87,906.00
1997	411,051.00	398,094.00	12,957.00
1998	308,621.00	270,564.00	38,057.00
1999	384,517.00	381,542.00	2,975.00
2000	330,612.00	328,174.00	2,438.00
2001	327,409.00	332,800.00	(5,391.00)*
2002	328,389.00	318,506.00	9,883.00*
2003	323,628.00	323,460.00	168.00*
2004	317,002.00	312,327.00	4,675.00
2005	<u>259,931.00</u>	<u>262,587.00</u>	<u>(2,656.00)*</u>
			\$ 161,848.00

### *Payments to Dutchess County*

Pre 2004	\$ 109,650.00	
2004	25,000.00	
2005	<u>0.00</u>	
Total Payments to Dutchess County		<u>134,650.00</u>

TOTAL NET PROCEEDS DUE DC AS OF 12/31/05 \$ 27,198.00

\*Net proceeds insufficient to make the annual payment of \$25,000.00 into the Stadium Reserve Fund.

### Exhibit III - 2005 Rental Calculations

	<u>Per HVR</u>	<u>Audit Adjustment</u>
2005 Gross Ticket Revenue	\$907,459.00	\$907,459.00
Less: DC Ticket Surcharge	<u>(49,784.00)</u>	<u>(60,938.00)</u> *
Gross Ticket Revenues	\$857,675.00	\$846,521.00
Less: Sales Tax (HVR used 8.25%)**	<u>(65,366.00)</u>	<u>(63,611.00)</u> **
Total Adjusted Gross Ticket Revenues	\$792,309.00	\$782,910.00
% Applicable Rent Rate	<u>12.50%</u>	<u>12.50%</u>
Total Ticket Sales Revenue	\$ 99,039.00	\$97,864.00
Allocated Rent of Skybox Rentals	\$25,443.00	\$25,443.00
% Applicable Rent Rate	<u>20.00%</u>	<u>20.00%</u>
Total Skybox Rental Revenues	5,089.00	5,089.00
Net concessions Revenues - Team Events	\$86,728.00	\$86,728.00
(Concession Revenue after Turnstile Count has reached over 95,000)		
% Applicable Rent Rate	<u>7.50%</u>	<u>7.50%</u>
Total HVR Games Concession Revenue	6,504.00	6,504.00
Rent on Non-HVR Concessions	<u>0.00</u>	<u>0.00</u>
Subtotal - HVR Rental Calculations	\$110,632.00	\$109,457.00
Ticket Surcharge	<u>49,784.00</u>	<u>60,938.00*</u>
<b>TOTAL RENT CALCULATIONS</b>	<u>\$160,416.00</u>	<u>\$170,395.00</u>

\* The ticket surcharge was understated by \$11,154. See the ticket surcharge section of the report.

\*\* HVR calculated the rent income using an 8.25 % sales tax; however, effective 6/1/2005 the DC sales tax rate was reduced to 8.125%. See HVR Rental section of the report.

## Exhibit IV - Ticket Surcharges and Rents Due From HVR

### Ticket Surcharge Due:

#### 2005:

<u>Seating</u>	<u>Due from HVR</u>	
Reserve Grandstand	\$ 8,469.00	
Premium Seats	437.50	
Picnic Seats	2,247.50	
Three Rain Dates	*	
Subtotal 2005 Ticket Surcharge Due		\$ 11,154.00
1,900.00		

### Rent Due:

#### 2005:

Exclusion of Non-HVR Game Concessions (See Note 1)	*	-0-
Rent Correction Due HVR – Incorrect Sales Tax Rate	\$ 114.50	
Decrease in Rent Calculations with the Adjusted Ticket of \$11,154.00 (See Note 2)	(1,289.38)	
Subtotal 2005 Rent Due		<u>(1,174.88)</u>
<b>TOTAL DUE FROM HVR FOR TICKET SURCHARGE/ RENTS</b>		<u>\$ 9,979.12</u>

\* Unable to determine the amount: Documentation was unavailable.

Note 1: Refer to HVR Rent Payments fourth finding – page 7.

Note 2: Exhibit III reflects the audit adjustments of the ticket surcharge on the rent calculations. The increase in the ticket surcharge of \$11,154.00 caused a decrease in the rent calculation – (\$1,289.38).

## Exhibit V - Special Events 2005 Summary – Cash Basis

<u>Description</u>	<u>Date</u> <u>Event (2005)</u>	<u>Gross</u> <u>Revenue</u>	<u>Expenses</u>	<u>Net</u> <u>Profit(Loss)</u>
<b>Other than Non-HVR Baseball</b>				
Unallocated Expense (8/25 cleaning)		\$	\$ 400.00	\$ (400.00)
Rolling Thunder/Richard Keeley (Rt.9D Dedication)	5/1	100.00		100.00
K104 Import Invasion Car Show	5/15	2,500.00	400.00	2,100.00
MAAC Tournament-Marist Coll.	5/25-5/28	2,250.00	450.00	1,800.00
K104 Music Festival	6/5	11,882.00	400.00	11,482.00
Fair Productions II, Inc.	6/10-6/19	6,000.00	500.00	5,500.00
Jam Productions/HVR (Def Leppard/Bryan Adams)	7/3	15,180.00		15,180.00
Lost Wheels Motor Club	9/11	300.00		300.00
K104 Extreme Rides Car Show	9/25	2,900.00	387.00	2,513.00
Strategic Corp. Coverage, Inc. (Birthday Party)	10/16	150.00		150.00
T/Fishkill- Rabies Clinic	10/16	<u>300.00</u>	<u>      </u>	<u>300.00</u>
<b>Subtotal Other than Non-HVR Baseball Games</b>		<b>\$ 41,562.00</b>	<b>\$ 2,537.00</b>	<b>\$ 39,025.00</b>
<b>Baseball Games – Non- HVR</b>				
Sussex CCC	4/1,4/2,4/15	\$ 600.00	\$ 200.00	\$ 400.00
Arlington HS	4/14	200.00	100.00	100.00
Upton Lake Christian School	4/25	200.00	100.00	100.00
Beacon HS Three(3) games	Various	0.00	300.00	(300.00)
Briarcliff HS	5/4	150.00	100.00	50.00
Vince Marrone	5/7	525.00	150.00	375.00
NJ Jaguars (Nick Debelus)	5/7	400.00	100.00	300.00
NY Hurricanes/Rob Steinberg	5/14, 5/21,6/19	0.00	300.00	(300.00)
Manhattan College Practice	5/24	0.00	100.00	(100.00)
Hudson Valley Warriors (ProSwing Baseball)	6/22,6/27,7/5	750.00	300.00	450.00
Westchester Wolfpack	7/12	400.00	375.00	25.00
Empire Games	7/25,7/26	0.00	100.00	(100.00)
A League of Our Own	9/5	<u>700.00</u>	<u>50.00</u>	<u>650.00</u>
<b>Subtotal- Baseball Games – Non HVR</b>		<b>\$ 3,925.00</b>	<b>\$ 2,275.00</b>	<b>\$ 1,650.00</b>
<b>Total Special Events</b>		<b><u>\$ 45,487.00</u></b>	<b><u>\$ 4,812.00</u></b>	<b><u>\$ 40,675.00</u></b>

## Exhibit VI - Uncollected Reimbursable Expenses - Special Events

<u>Event</u>	<u>Management Fee</u>	<u>HVR Fees</u>	<u>Cleaning Fees</u>	<u>Total</u>
Other than Non-HVR Baseball				
Fair Productions II, Inc.	\$ 250.00	\$	\$	\$250.00
MAAC Tournament	450.00			450.00
Pamal Broadcasting- Extreme Rides Car Show	250.00			250.00
Pamal Broadcasting- Import Invasion Car Show			300.00	300.00
K104 Festival	250.00		300.00	550.00
Non-HVR Baseball Games				
Arlington HS Baseball		100.00		100.00
Briarcliff HS Baseball		100.00		100.00
A League of Our Own	50.00			50.00
Vince Marrone Baseball	50.00	100.00		150.00
Manhattan Practice		100.00		100.00
Nick Debelus- NJ Jaguars		100.00		100.00
Rob Steinbert-NY Hurricanes	100.00	200.00		300.00
Hudson Valley Warriors		300.00		300.00
Sussex Comm. College		200.00		200.00
Upton Lake Christian School		100.00		100.00
Westchester Wolfpack		375.00		375.00
Total Uncollected Fees	<u>\$ 1,400.00</u>	<u>\$ 1,675.00</u>	<u>\$ 600.00</u>	<u>\$ 3,675.00</u>



# Greater Southern Dutchess

## CHAMBER OF COMMERCE

*Where Business & Communities Grow.™*

October 23, 2006

Hon. Diane Jablonski  
Dutchess County Comptroller  
22 Market Street  
Poughkeepsie, New York 12601

Dear Ms. Jablonski:

I am writing in response to the audit report of the Hudson Valley Stadium Corporation for period January 1, 2005 to December 31, 2005.

The Chamber implemented a number of improvements to our processes and procedures as they relate to the overall operations and management of Dutchess Stadium on behalf of the Hudson Valley Stadium Corporation (HVSC) since I arrived at the Chamber in March of 2005. I believe this audit report reflects some of those changes.

I am also pleased that your office took the time in the report to distinguish the fact that HVSC records are reported on a cash basis (that is, recognizing revenue when cash is received and recognizing expenses when payments are made). This goes a long way in explaining the apparent negative net proceeds of (\$2,655.82)—a misnomer in terms of the true financial picture of Stadium operations. Indeed, the HVSC management function of the Stadium has led to increased efficiencies and facility improvements that have helped position Dutchess Stadium as a very successful and financially stable ballpark. The Chamber takes pride in our involvement with the HVSC at the Stadium; we believe we will have left it in a solid financial position for the anticipated direct relationship between Dutchess County and the Hudson Valley Renegades (HVR) as of January 1, 2007.

There are, however, a certain number of items in dispute in the audit report that I would like to bring to your attention:

1. The chart on page 4 is of general concern. It includes significant "due to" items, particularly from 2004. Some of those items (\$3,000) have since been collected; others (totaling \$4,600 in stadium rental, management and HVR fees) were in dispute in last year's audit response and remain in dispute with the Comptroller's office.
2. A fairly consistent finding by the Comptroller's office over the years relates to the collection of outstanding fees for special events. Similarly and as noted above, this has resulted in a fairly consistent dispute by the Chamber.

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**ACCREDITED**  
U.S. CHAMBER OF COMMERCE



Page Two

For those items in which we agree, the HVSC sent collection notices to vendors regarding outstanding accounts receivables and with some, have made collections on the debt. We dispute \$2,850 of the estimated uncollected Special Event expenses noted in your report because reviewers continue to include management fees and HVR fees that are not billed separately per a decision by the HVSC Board. That decision is clearly delineated in HVSC Board minutes but nonetheless, remains counted among the outstanding receivables outlined by your office (page 5 and Exhibit VI).

3. I continue to take exception to audit findings that question internal controls of stadium parking permits. All parking permits were (and are) physically accounted for. The skip in sequence reflects the parking permits which are issued to long-standing "repeat customers" and season ticket holders (long-standing parking permit holders maintain the same numbered parking pass, year after year, often per their request). If a customer did not return to renew his parking permit, that number was simply not reissued (page 8).
4. The auditors noted that one deposit was incorrectly made to the 50/50 raffle account. At the time, the error—an anomaly of process—was quickly identified and corrected (page 9).
5. Due to rain outs and rescheduling (details which were provided to reviewers), the amount owed by NY Hurricanes is very much in dispute (page 10).
6. Once again, management fees and HVR fees are incorporated in rental fees, as described above (page 11).
7. Manhattan College was, in fact, billed for the practice game to reimburse the HVSC for HVR field prep. Unfortunately, we have, to date, been unsuccessful in our attempts to collect payment from the College (page 12).
8. The 2005 special event payment to the Beacon City School District was paid in 2006 (page 12).
9. Appropriate backup was, in fact, provided for reimbursed expenses that totaled \$863.75 (page 13).
10. The Chamber's formal contract with Keen Management includes Section 10, which states that, "in addition to providing year long maintenance of Dutchess Stadium..." A copy of that contract was provided to reviewers (page 13).
11. The Pitch For Kids Foundation "booth" is not a permanent structure (it is on wheels) (page 14).

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12. Finally and as mentioned above, we have some significant differences relating to uncollected reimbursable expenses-special events (Exhibit VI, page 22). In order to be as comprehensive as possible, our disputes are outlined further below:
- a. Fair Productions Inc. - \$250 Management fee (as noted in this response, the management fee is included in the stadium rental fee. The management fee was never invoiced by HVSC as a separate charge).
  - b. MAAC Tournament - \$450 Management fee (as noted in this response, the management fee is included in the stadium rental fee. The management fee was never invoiced by HVSC as a separate charge).
  - c. Pamal Extreme Rides - \$250 Management fee (the management fee, in this particular case, was invoiced on 05/15/05 and payment was received on 06/14/05).
  - d. Pamal Import Invasion- \$300 cleaning fee (the parking lot cleaning fee was invoiced on 06/30/05 and payment was not received. A collection letter was sent 07/06).
  - e. K104 Fest - \$250 Management fee, \$300 cleaning fee (as noted in this response, the management fee is included in the stadium rental fee. The management fee was never invoiced by HVSC as a separate charge; the list of additional charges has a separate parking lot cleaning fee for "parking lot events" and is not applicable to K104 fest).
  - f. Westchester Wolfpack - \$375 HVR Fees (Westchester Wolfpack were invoiced \$225 for lights usage on 08/04/05; payment has not been received. A collection letter was sent 07/06).

As noted above and per a decision by the HVSC Board (and as reflected in HVSC Board minutes), all stadium rental fees for baseball games to non-profit organizations and high schools are inclusive of management fees and HVR field prep fees. In conclusion, we dispute the total Uncollected Reimbursable Expenses-Special Events of \$3,675; based on the above information, our records reflect the total accounts receivable for Special Events expenses as \$525.00.

Please let me know if you would like to discuss any of the above items in greater detail.

Sincerely,



Ann M. Meagher  
President & CEO

cc: Robert Ostertag, Chairman  
Hudson Valley Stadium Corporation Board