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**Thomas P. DiNapoli  
COMPTROLLER**



<b>Audit Objective.....</b>	<b>2</b>
<b>Audit Results – Summary .....</b>	<b>2</b>
<b>Background.....</b>	<b>3</b>
<b>Audit Findings and Recommendations.....</b>	<b>3</b>
Equipment Records .....	3
Recommendations.....	6
Corporation Vehicles.....	6
Recommendations.....	7
<b>Audit Scope and Methodology.....</b>	<b>8</b>
<b>Authority .....</b>	<b>8</b>
<b>Reporting Requirements.....</b>	<b>8</b>
<b>Contributors to the Report .....</b>	<b>8</b>
<b>Appendix A - Auditee Response ....</b>	<b>9</b>

**OFFICE OF THE  
NEW YORK STATE COMPTROLLER**

**DIVISION OF STATE  
GOVERNMENT ACCOUNTABILITY**

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**ROOSEVELT ISLAND  
OPERATING CORPORATION**

**CONTROLS OVER  
EQUIPMENT AND VEHICLES**

**Report 2007-S-13**

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## **AUDIT OBJECTIVE**

Our objective was to determine whether the Roosevelt Island Operating Corporation (Corporation) has established adequate controls over equipment and vehicles.

## **AUDIT RESULTS - SUMMARY**

We determined the Corporation has not established an adequate control environment over equipment and vehicles. According to its financial statements, the Corporation owned equipment and vehicles whose total historical cost was \$4.9 million as of March 31, 2007. We selected a judgmental sample of invoices that included the purchase of 126 equipment items costing about \$2.6 million. We were able to locate all 126 items on the Corporation's premises. We also selected a sample of 52 computer items from the inventory records and, for the most part, were able to locate these items. However, we found the Corporation's oversight was insufficient to control other equipment items adequately, as follows.

We determined the Corporation's equipment inventory records were outdated and incomplete. The Corporation's general list of equipment contained more than 200 items totaling \$1.1 million categorized as "not in use." The list should not have included these items because they reportedly had been disposed of. The equipment list also included items that were neither equipment nor vehicles, including a \$1.2-million house renovation. In addition, this equipment list did not include the serial numbers for 58 of 220 items reportedly in use, thereby making it difficult to match the recorded items with the actual equipment on hand. We also identified several equipment items on the Corporation's premises that were not recorded on the inventory records.

Corporation officials have not placed a high-enough priority on equipment controls. They have not taken periodic physical inventories to account for their equipment and to update their records. We also found that Corporation policies did not provide sufficient guidance to staff on how to maintain proper controls and records for equipment.

According to New York State Department of Motor Vehicle records, the Corporation owned 27 licensed vehicles as of November 30, 2006. While Corporation officials told us they no longer owned two of these vehicles, we found inadequate proof of their ultimate disposition. We found the Corporation had established written policies governing the use of public safety vehicles. These policies prohibit passengers who are not on official business and require drivers to record the details of their vehicle use, including time of departure and return as well as destination. However, it was not until our audit that the Corporation established similar policies for its maintenance and administrative services vehicles - some of which have no Corporation logos on the exterior and are therefore more susceptible to personal use. In addition, the Corporation has its own facility for fueling its vehicles. However, the Corporation does not collect adequate data to monitor fuel consumption, and was not adequately tracking the use of fuel.

As our audit progressed, Corporation officials were proactive in addressing many of our concerns. They said they agree that a physical inventory count is essential to maintaining accurate equipment records, and said they plan to perform periodic equipment counts. They also stated that they are putting in place a new asset-tracking system in which bar code labels will be attached to each equipment item and a handheld scanner will be used to record asset movement.

Our report contains seven recommendations to improve controls over equipment and vehicles. Corporation officials generally agree with our recommendations and are taking steps to implement changes.

This report, dated May 22, 2008, is available on our website at:

<http://www.osc.state.ny.us> Add or update your mailing list address by contacting us at: (518) 474-3271 or

Office of the State Comptroller  
Division of State Government Accountability  
110 State Street, 11<sup>th</sup> Floor  
Albany, NY 12236

## BACKGROUND

The Roosevelt Island Operating Corporation (Corporation) was created by the New York State Legislature in 1984 as a public benefit corporation charged with maintaining, operating, and developing Roosevelt Island. This 147-acre island is in the East River between Manhattan and Queens in New York City. Roosevelt Island is home to more than 12,000 residents. The State of New York holds a 99-year lease on this land, which will expire in 2068, after which ownership will revert to the City of New York.

The Corporation provides security services, performs snow removal, repairs the streets and sidewalks, and maintains the common grounds on Roosevelt Island. It also operates a fleet of buses that provide local transportation for a nominal fee. The Corporation has a staff of approximately 100 employees. The Corporation receives revenues from such sources as commercial space leases, parking fees, bus and aerial tramway fares, as well as fees from housing companies that operate both rental and cooperative apartments on Roosevelt Island. According to the Corporation's financial statements for the fiscal year ended March 31,

2007, revenues exceeded expenses by \$3.4 million.

The Corporation owns various types of office and maintenance equipment, and maintains a fleet of vehicles used for security, maintenance, and administrative purposes. According to its financial statements, the Corporation owned equipment and vehicles whose total historical cost was \$4.9 million as of March 31, 2007.

## AUDIT FINDINGS AND RECOMMENDATIONS

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### *Equipment Records*

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The Public Authorities Law (Law) requires that public benefit corporations establish and maintain an internal control system and a program of internal control review. An internal control system should safeguard agency assets, ensure the accuracy and reliability of financial reporting, and promote the effectiveness and efficiency of operations. The Law refers specifically to personal property valued at more than \$5,000. In addition, the Law requires public benefit corporations to prepare complete and detailed reports of their assets and liabilities.

Accurate, up-to-date inventory records are fundamental to a good system of internal control over equipment. Such records should include, among other things, an adequate description of the equipment, an identifying number, a location, and the name of the employee assigned the equipment. In addition, an agency should have adequate policies and procedures for maintaining its inventory records and for safeguarding its assets.

Corporation officials told us that their practice is to place equipment items valued at \$1,000 or more under inventory control. The

Corporation has an equipment inventory consisting of hundreds of items with a value of less than \$5,000. Some of these are susceptible to theft (such as computers and other valuable types of equipment). Therefore, it is a prudent practice to maintain inventory control over such types of equipment, even though they may be under the \$5,000 threshold specified by Law.

The Corporation's inventory records consist of a 17-page general list of office and maintenance equipment as well as vehicles. This list contains more than 500 items. In addition, separate inventory lists are kept for information technology (IT) equipment.

We reviewed the general list as of January 16, 2007, and identified the following exceptions:

- The list contained more than 200 items, totaling \$1.1 million, that were recorded as "not in use." The list should not have included these items because they reportedly had been disposed of. The list also included other items that were designated as being both "in use" and "not in use," as well as other items with neither status designated. The equipment list also included items that were neither equipment nor vehicles, including a \$1.2-million house renovation.
- The list did not provide sufficient, identifying information for many equipment items. For example, serial numbers were not reported for 58 items that were reportedly still in use. These items include a snow plow purchased in January 2002 for \$2,990, radios purchased in September 2004 for \$11,138, and a snow blower purchased in January 2006 for \$1,900. Without serial numbers, it is difficult

to match the items on the list with the actual equipment on hand.

- The list included 25 items that were reportedly in use, while other Corporation records indicate these items had been disposed of prior to December 2004.
- The list did not indicate the names of the various employees who had custody of the equipment items.

We also reviewed the Corporation's inventory lists of IT equipment. One list contained 114 items, such as desktops, laptops, and monitors. We selected a judgmental sample of 43 items, but could not locate 2 desktops. Another IT list contained 18 printers. We selected a judgmental sample of nine printers and located each item, although two of the printers were at locations different from the ones indicated on the list.

To determine whether recent equipment purchases were included on the Corporation's inventory records, we selected a judgmental sample of 30 invoices during the period April 1, 2005, through February 28, 2007, which, based on the vendor's name, appeared to be equipment purchases. These invoices included 126 equipment items costing about \$2.6 million. They were selected from a population of vendor payments totaling \$22.5 million. In April 2007, we observed all 126 items on the Corporation's premises. However, seven items, each costing more than \$1,000, were not recorded on any equipment listing. One such item was a work platform purchased for \$5,975 in May 2006.

To determine if equipment items on the Corporation's premises were recorded on the inventory lists, we selected at random a sample of 49 items that we observed on April 13, 2007, and April 17, 2007. We found that five items were not recorded on any list.

These items included gum-removing equipment that had been purchased in June 2006 for \$7,100, a refrigerator, two computers, and a leaf blower.

We conclude the Corporation needs to place a higher priority on equipment controls. For example, Corporation officials informed us that they have not taken periodic physical inventories. They indicated that they only began taking physical counts in August 2006, and could not provide us with the results of the counts reportedly taken.

In addition, the Corporation did not have adequate policies and procedures for maintaining control over equipment. The Corporation's written equipment policy consisted of a copy of the requirements contained in the Law. However, there were no written procedures defining the specific control techniques employees are to use to comply with that policy. For example, the Corporation's policy calls for complete records of all acquisitions and disposals. However, there is no corresponding written procedure to describe the specific information that should be recorded, such as equipment serial numbers; who should record this information; or where the information should be recorded. There also is no formal policy to cover items valued at \$5,000 or less. Of the 220 items reportedly in use on the general list, 113 are recorded as having cost less than \$5,000. Furthermore, the majority of computer and printer purchases are recorded as having cost less than \$5,000. In response to our findings, Corporation officials indicated that equipment control procedures will be extended to all valued assets.

Prior audits by the Office of the State Comptroller issued in 1998 and 2003 identified similar weaknesses in equipment controls. In addition, on May 5, 2006, the Corporation's certified public accounting firm

reported to the Corporation's Board of Directors that management was not maintaining updated property and equipment records.

Corporation officials responded that, as a result of our findings, they have put into place a new asset-tracking system. Bar code labels will be attached to each equipment item and a hand-held scanner will be used to record asset movement. They demonstrated certain preliminary aspects of the system to us in November 2007. Furthermore, they agreed that a physical inventory count is essential to maintaining accurate equipment records and said they plan to perform periodic equipment counts.

The lack of accurate equipment records may have contributed to the following circumstances relating to the reporting of equipment and vehicles on the Corporation's financial statements:

- During the year ended March 31, 2007, the Corporation removed from its financial statements equipment and vehicle assets that had cost \$2.4 million. We found this amount included 137 equipment and vehicle items, totaling about \$415,000, that had been disposed of prior to December 31, 2004. Therefore, the Corporation's financial statements for the years ended March 31, 2005, and March 31, 2006, were not accurate.
- The March 31, 2006, financial statements also indicated that machinery and equipment assets had increased by \$3 million during the previous year. When we requested supporting schedules for that number, Corporation officials provided a schedule supporting an increase of just \$2.5 million. Corporation officials



explained that the \$0.5-million difference was due to an error on a prior period's statement.

It is important for public benefit corporations to report their financial activity accurately, as required by Law, since such information may be used by public officials and other interested parties.

### **Recommendations**

1. Ensure that equipment inventory records are accurate, complete, and up-to-date.

(Corporation officials responded that, to comply with this recommendation, they have purchased and begun utilizing asset tracking software. They report that, as of April 29, 2008, barcode labels have been affixed to 2,506 equipment items.)

2. Perform periodic equipment counts, and document the results.

(Corporation officials responded that their policy is to do physical counts quarterly. A computer-generated report will be prepared showing the date and time the asset was counted.)

3. Establish equipment control policies and procedures that are consistent with both the Law and the practices the Corporation is committed to follow, and monitor adherence to those policies and procedures.

(Corporation officials responded that they are committed to following and monitoring adherence to both the Public Authorities Law and the Corporation's policies and procedures.)

4. Ensure that the Corporation's financial statements reflect financial activities accurately.

(Corporation officials responded that their financial statements accurately reflect RIOC's financial position, adding that, for the fiscal year 2006-07, RIOC's external auditors stated that their financial report conforms with accounting principles generally accepted in the United States of America.)

Auditor's Comment: The inaccuracies we reported on relate to the Corporation's financial statements from a prior period.

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### *Corporation Vehicles*

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According to New York State Department of Motor Vehicle (DMV) records, the Corporation owned 27 licensed vehicles as of November 30, 2006. These included passenger automobiles, busses that provide local transportation for Roosevelt Island residents, and maintenance vehicles.

While Corporation officials told us they no longer own two of the vehicles, we found inadequate proof of their ultimate disposition.

- Officials stated that a 1996 Ford was destroyed in a fire on July 22, 2005. They provided us with a Roosevelt Island Public Safety Department incident report for a car fire to show the disposition of this vehicle. However, because the report did not include the vehicle's license plate number, vehicle identification number, or year, we cannot conclude with certainty that the report refers to the Corporation's 1996 Ford. After we questioned officials about this vehicle, the license plates assigned to it were returned to DMV in June 2007.

- Corporation officials state that a 2000 Ford was scrapped prior to 2005. They did not provide any documentation relating to this disposal. The license plates for this vehicle are still outstanding.

We reviewed the controls in place over the use of Corporation vehicles. We found that written policies exist for vehicles used by the public safety officers. These policies require, among other things, that the drivers make log entries indicating the condition of the vehicle, time of departure, destination, and time of return. In addition, these vehicles may not leave Roosevelt Island without approval; and no passengers are allowed except for official business. However, until May 2007, after our audit had begun, the Corporation had not established a written policy covering the vehicles used for maintenance and administrative services. Some of these vehicles have no Corporation logos on the exterior or other identifying information and are, therefore, more susceptible to personal use.

In addition, Roosevelt Island has a fueling facility for use by Corporation vehicles. To activate a fuel pump, an authorized employee is required to insert the vehicle's fuel usage key and enter an employee code. The vehicle's odometer reading can also be entered into the pump, but it is not required for purposes of activating the pump.

We found the Corporation does not collect adequate data to monitor fuel consumption, and was not adequately tracking the use of fuel. We requested the vehicle fuel usage report for December 2006, which lists, by vehicle, the date and amount of fuel pumped as well as any odometer readings entered. This fuel report is incomplete and not useful as a monitoring tool. For example, odometer readings were frequently not indicated.

About 4,200 gallons of Corporation fuel were pumped during December. We found odometer readings were recorded for just 99 of the 213 times the pumps were used during that month. In addition, the Corporation owns two jeeps, but just one is assigned a fuel usage key; as a result, the other jeep's fuel usage was not listed on the report and cannot be tracked. The lack of information on vehicle mileage makes it difficult to determine whether the amount of fuel pumped is consistent with a vehicle's use.

Although the Corporation purchased surveillance cameras in July 2006 for the area outside the fueling facility, we found that the cameras monitoring the pumps were not installed until May 2007, after our audit had begun.

### Recommendations

5. Maintain adequate records of vehicle dispositions.

(Corporation officials responded that they have established policies and procedures for maintaining records of vehicle dispositions.)

6. Ensure that license plates are returned to the New York State Department of Motor Vehicles for all vehicles no longer in use.

Corporation officials responded that they have adopted policies and procedures for the removal and return of license plates to the New York State Department of Motor Vehicles.)

7. Establish adequate controls over fuel use by all Corporation vehicles.

(Corporation officials responded that, as of April 1, 2008, they have software in place to monitor fuel usage for

Corporation vehicles. Their response included a test version of a fuel usage report.)

## **AUDIT SCOPE AND METHODOLOGY**

We conducted our performance audit in accordance with generally accepted government auditing standards. We audited the Corporation's controls over equipment and vehicles for the period April 1, 2005, through May 31, 2007. To accomplish our objective, we reviewed the Corporation's written policies and procedures. We also examined equipment listings, purchase orders, invoices, and vehicle logs. We also physically observed equipment and vehicles and interviewed Corporation officials.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

## **AUTHORITY**

This audit was performed pursuant to the State Comptroller's authority as set forth in Article X, Section 5, of the State Constitution.

## **REPORTING REQUIREMENTS**

Draft copies of this report were provided to Corporation officials for their review and comment. We considered their comments in preparing this report. A copy of the Corporation's response is included as Appendix A.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Chairman of the Roosevelt Island Operating Corporation shall report to the Governor, the State Comptroller, and the leaders of the Legislature and its fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

## **CONTRIBUTORS TO THE REPORT**

Major contributors to this report include Frank Houston, Cindi Frieder, Gene Brenenson, Alina Mattie, Dino Jean-Pierre, Mary McManus, Feifei Pei, and Paul Bachman.



## APPENDIX A - AUDITEE RESPONSE



Roosevelt Island  
Operating Corporation  
of the State of New York  
591 Main Street  
Roosevelt Island, NY 10044  
(212) 832-4540  
www.rioc.com

David A. Paterson  
Governor

Stephen H. Shane  
President  
Chief Executive Officer

Kenneth A. Leitner  
Vice President  
General Counsel

Fernando Martinez  
Vice President  
Operations

Steven Chironis  
Vice President  
Chief Financial Officer

Rosina Abramson  
Vice President  
Planning and Inter-  
Governmental Affairs

**Board of Directors**  
Deborah VanAmerongen  
Chairperson  
Alberteen Anderson  
Laura L. Anglin  
David Kraut  
Charlee Miller  
Mark Ponton  
Michael Shinozaki  
H. Patrick Stewart

April 29, 2008

### VIA EXPRESS MAIL

Ms. Cindi Frieder  
Audit Manager  
Office of the State Comptroller  
Division of State Government Accountability  
123 William Street - 21<sup>st</sup> Floor  
New York, N.Y. 10038

### Re: Response to Draft Audit Report (2007-S-13)

Dear Ms. Frieder,

Thank you for your letter to Mr. Stephen H. Shane dated April 2, 2008 and the above-referenced draft audit report outlining Roosevelt Island Operating Corporation ("RIOCC") controls over equipment and vehicles.

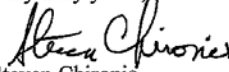
Firstly, I would like to bring to your attention that since the issuance of the Preliminary Report, and in order to address the recommendations within the audit report, we have established and have implemented a number of control measures over the Corporation's equipment and vehicles, which includes implementing the WIN-ATS asset tracking system. Please find attached those measures taken, along with exhibits of policies, procedures, history, and audit reports produced from those measures.

Since the implementation of the WIN-ATS asset tracking system, and to date, RIOCC is now successfully tracking 2,506 assets, which include all vehicles and equipment.

On behalf of the Roosevelt Island Operating Corporation staff, we wish to thank the comptroller management and staff for their professionalism and cooperation with respect to this audit.

If may be of further assistance, please feel free to contact me at (212) 832-4540, ext.350.

Very truly yours,

  
Steven Chironis  
Vice President, CFO

cc: Stephen Shane, President/Chief Executive Officer  
Kenneth Leitner, Vice President/General Counsel  
David Kraut, Audit Committee Chair



The Roosevelt Island Operating Corporation  
Of the State of New York



Office of State Comptroller Audit:  
Roosevelt Island Operating Corporation  
Controls Over Equipment and Vehicles  
Preliminary Audit Findings  
Management Response  
April 29, 2008

**Recommendations:**

**1. Ensure that equipment inventory records are accurate, complete and up-to-date**

Management Response:

To accomplish OSC recommendations, RIOC has purchased and implemented WIN-ATS asset tracking system. As of April 1, 2008, all RIOC equipment must be entered into the WIN-ATS asset tracking system. Required equipment information is entered as a part of each individual equipment record and includes, but is not limited to:

- o description of the asset,
- o the receive date of the asset,
- o the location of the asset,
- o serial and/ or model number of the asset
- o the original value, and
- o the funding source of the asset

All RIOC equipment must have a barcode label, which WIN-ATS will track. To-date, RIOC has affixed 2,506 barcode labels that are now being tracked by WIN-ATS to ensure that inventory records are current. WIN-ATS will also track equipment usage with check in/out function. (Refer to Bar-Coding Policy & Procedure: Exhibit 1)

**2. Perform periodic equipment counts and documents the results.**

Management Response:

RIOC's policy is to perform a physical inventory of fixed assets quarterly. We agree that a physical inventory of fixed assets is essential to maintaining accurate records. Equipment purchases will be physically audited quarterly, together with other assets at the listed location using WIN-ATS hand held scanner. Once the item has a barcode and is audited (scanned), this action will be part of the asset history and recorded in WIN-ATS. (Refer to WIN-ATS Asset History Report: Exhibit 2, Audit Report: Exhibit 3)

- 3. Establish equipment control policies and procedures that are consistent with both the Law and the practices the Corporation is committed to follow and monitor adherence to those policies and procedures.**

Management Response:

RIOC is committed to follow and monitor adherence to both the Public Authorities Law and the Corporation's policies and procedures. RIOC's policy is for the WIN-ATS asset tracking system to be used as a controlled environment to track the Corporation's equipment and assets. The process, in addition to established procedures, is for the Warehouse Supervisor to be the owner of WIN-ATS. The Warehouse Supervisor is responsible for entering asset and new asset data into the WIN-ATS module, printing, and affixing the barcode labels to the assets (other than IT assets). The Information Technology Supervisor is responsible for entering all IT assets into the WIN-ATS asset tracking system along with printing and affixing the barcode labels onto the assets. It is RIOC's policy that the Purchasing Department verifies entry of previous month's newly arrived items on the first Monday of each month. The Compliance Officer, to ensure compliance of entry and movement of assets into the WIN-ATS asset tracking system, will conduct quarterly inventory audit tests.

- 4. Ensure that the Corporation's financial statements reflect financial activities accurately.**

Management Response:

RIOC believes the Corporation financial statements accurately reflect its financial position. For fiscal year 2006-2007, RIOC external auditors, Toski Schaefer & Co. PC, stated that RIOC financial report conform with accounting principles generally accepted in the United States of America.

- a. Toski Schaefer stated that no footnote was required in connection with the \$7.9 million change in equipment owned from one fiscal year since this was merely a reclassification. (Refer to Excel worksheet detailing the change: Exhibit 4)
- b. The \$500,000 difference on the increase in machinery and equipment is due to a transposing error carry forward from FY 2003-2004 financials. The FY 2003-2004 Capital Assets should be \$10,898,726 (refer to Excel Fixed Asset worksheet: Exhibit 5) instead of \$10,384,537 as listed on page 22 of the auditor's report (Exhibit 6). This error was found and an adjustment made to the equipment ending balance of March 31, 2006.
- c. There are a number of assets which are fully depreciated and have not yet been disposed of (removed from inventory) because they are being used for daily operational needs or are being harvested for spare parts. In addition, all fixed asset disposals will be recorded timely to ensure that they are properly reflected on the Corporation's financial statements.

**5. Maintain adequate records of vehicle dispositions.**

Management Response:

RIOC has established policies and procedures for maintaining records of vehicle dispositions. The WIN-ATS asset tracking system will identify vehicles tagged for disposal. Once the vehicle is tagged for disposal, the Corporation will follow the disposition of property procedure with the final action being removing the item from the capital asset schedule (Refer to Asset Disposal and Transfer Form: Exhibit 7).

**6. Ensure that license plates are returned to the New York Department of Motor Vehicles for all vehicles no longer in use.**

Management Response:

RIOC has adopted policies and procedures for the removal and return of license plates to the New York Department of Motor Vehicles. Once the disposition of property procedure has been followed, and the vehicle has been disposed of, the license plates will be returned within five (5) business-days to the New York Department of Motor Vehicles.

**7. Establish adequate controls over fuel use by all Corporation vehicles.**

Management Response:

As of April 1, 2008, complete fuel usage reports are maintained by the Gasboy fleet management system. Personnel authorized to fuel vehicles are assigned individual access codes to which are tracked within the Gasboy system. Each vehicle is assigned an identifying number (its WIN-ATS barcode number) in the Gasboy system. In order to activate the fuel pump, the employee access code, vehicle number, and odometer reading must be entered into the Gasboy system. A fuel usage history is kept and a monthly report is submitted to the Purchasing Department (Refer to Gasboy Fuel History Report: Exhibit 8).



The Roosevelt Island Operating Corporation  
Of the State of New York



Barcoding Policy and Procedure	Date Issued: March 7, 2008
Responsible Department: FINANCE	Policy & Procedure No. FIN 10

## GENERAL

**WIN-ATS**, made by Process & Technology Solutions, Inc. ("PTS"), is an inventory and asset-tracking module meant to simplify tracking and reporting of RIOC's inventory and finances. The purpose of this is to simplify the tracking of such information as the location of tools, vehicle mileage, and tracking when maintenance or re-ordering of a product is required. Every item is assigned a barcode that can be scanned into the system using a wireless barcode reader that is connected live to the network so that every authorized member of RIOC may see the information being tracked. In addition, each RIOC employee will receive a barcode sticker to affix to his or her employee ID.

## POLICY & PROCEDURE

### *Policy*

The policy of RIOC is to maintain an inventory of all fixed assets. It is also the policy of RIOC to ensure that assets can be accounted for at any given time.

RIOC's fixed asset management system requires that as assets are received, they are documented and bar-coded into the WIN-ATS asset-tracking system by those individuals in their departments responsible for this function.

RIOC's internal control, over fixed assets, requires that an independent audit test be conducted and compared to the physical fixed assets in the WIN-ATS system. This audit is to be done quarterly.

RIOC requires that when a fixed asset is moved from its original location, an authorized employee checks it out and an authorized employee must check it back in.

RIOC requires that assets that no longer serve the purpose originally purchased for, through either obsolescence, age, condition, or usefulness, be disposed of. A disposal must be initiated by the manager of the asset and authorized by the comptroller.

## EXHIBIT 1



### How Are the Items Organized?

Every non-consumable item is in inventory: large items individually, and small items by "bin". This means that the contents of "bins" filled with a certain item have been counted. The bin will have an assigned barcode that will say the number of items inside.

Barcode-numbering of the locations will be based off Facility location. So for example, a location within the Warehouse will receive a barcode number "WHXXXX". The letters preceding the numbers will represent the following:

AD-Administration	GR-Grounds	SP-Sportspark
AV-AVAC	MO-Motorpool	TR-Tramway
BU-Bus Operations	PS-Public Safety	WH-Warehouse

Barcode-numbering of assets will automatically be assigned a barcode number by the WIN-ATS asset tracking system.

The software inputting window will appear similar to the following:



The following information is to be entered, for each new item being bar-coded:

- **Classification** – The general classification of the item (i.e. furniture) found in the drop-down menu.
- **Type** – Detailed classification in drop-down menu
- **Description** – Brand, Manufacturer, and/or Vendor name
- **Facility** – Where item is located (Administration, AVAC, Bus Operations, Grounds, Maintenance, Motorpool, Public Safety, Sportspark, Tramway, Warehouse)
- **Location** - Room or area within facility
- **Receive Date** – Date item was received
- **In Service Date** – Date item was put into service
- **Condition** – Condition of item
- **Binned Item** – Check if item is binned
- **License Plate** – For vehicles
- **Last Service Date** – (If applicable)
- **Original Value** – value of item when purchased
- **Current Value** -
- **Depreciation Period** – Period item will be fully depreciated
- **Model** – Model type/number of item
- **Funding Source** – department responsible for item/equipment
- **Serial Number** – Serial number of product
- **Notes** – Any pertinent information required that is not listed

***What is the procedure for tagging new items?***

The initial tagging will be a joint effort by the Finance and Warehouse departments. After the system is implemented, the Warehouse Manager is responsible for entering data and tagging new items. Items will each be tagged with individually printed, weatherproof labels.

When an item arrives at the Warehouse, the Warehouse Manager is responsible for entering the new data into the WIN-ATS module, printing, and affixing the barcode.

If an item arrives for the IT department, its information will be entered into the WIN-ATS system and the item labeled by a member of the IT Department.

On the first Monday of each month, a representative from the Purchasing department will validate all the items that arrived that month to make sure they have all been bar-coded properly by comparing it to the purchase order in Financial Edge.

In addition, the software has a “floor plan” function that will enable the user to see where in a facility the item in question is located. This will appear in a picture in the description page of an item, and must also be entered along with the barcode information.

***How are bar-coded items used, and what is the purpose of tracking assets in this way?***

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RJOC requires that when a fixed asset is moved from its original location, an authorized employee must “check out” that item before use, and “check in” the item upon return by first scanning the employee’s barcode affixed to his/her ID and then scanning the barcode on the item. Failure to “check in” and “check out” items will result in disciplinary action.

In addition to the information that is entered manually into the software, the barcoding system tracks the date, time, and duration for which an item was used. This enables RJOC to track its efficiency. The WIN-ATS software enables the Finance and Island Operations departments to generate inventory reports based off data collected. These reports will be reviewed on the first Monday of each month to determine item usage and employees’ usage of the barcoding system.

***Who does what tasks in regard to barcoding, and when?***

The following individuals are granted access to the module to enter data, generate reports, and authorize users: Chief Financial Officer, Chief Operating Officer, Comptroller, Compliance Officer, Purchasing Department, Director of Operations, Warehouse Manager, and the Information Technology department.

- **Warehouse Manager:**
  - enter applicable data into WIN-ATS system as soon as they arrive
  - issue barcode to new item
  - affix barcode to new item
- **IT Department:**
  - enter data on new IT items as soon as they arrive
  - issue employee barcode
- **Director of Island Operations:**
  - generate and analyze reports on item usage
- **Purchasing Department (Finance):**
  - verify entry of previous month’s newly-arrived items on first Monday of each month
- **Compliance Officer:**
  - conduct quarterly audits of inventory
- **CFO, Comptroller, COO:**
  - analyze inventory and audit reports

These Policies and Procedures are subject to annual review and revision.

**Asset History****From:** 4/24/2007 **To:** 4/24/2008**Description:** Kenwood TK3200L**Serial#:** 81105357**Barcode:** R02607  
**Model:** TK 3200L

Date	Type	From	User/Location	Condition	Bin Qty
11/20/2007 01:58 PM	Checked out	IT / Access Control Lockup Room - SP1011	Baker, Christopher	New	
11/20/2007 01:47 PM	Added New Asset		IT / Access Control Lockup Room - SP1011	New	

EXHIBIT 2

Date Printed: 04/24/2008

Page 1 of 1

## Audit Report

Type	Audit Loc/Emp	Asset	Scan Date	Expected Loc/Emp/Qty
Audit	File Room - AD1021	R01345 - HP Monitor	2/6/2008 02:37:35 PM	File Room - AD1021
Audit	File Room - AD1021	R01343 - HP Design Jet 800 PS Engineering Printer	2/6/2008 02:37:52 PM	File Room - AD1021
Audit	File Room - AD1021	R01344 - HP Design Jet 820 MFP Cutter	2/6/2008 02:37:54 PM	File Room - AD1021
Audit	File Room - AD1021	R01384 - Toshiba 10 Buttons Phone	2/6/2008 02:38:08 PM	File Room - AD1021
Audit	File Room - AD1021	R01386 - Letter cutting board-IMGENTO GT	2/6/2008 02:38:23 PM	File Room - AD1021
Audit	Common Area-Lower Level - AD1038	R01391 - 4 draws file cabinet	2/6/2008 02:47:04 PM	Common Area- Lower Level - AD1038
Audit	Common Area-Lower Level - AD1038	R01392 - 4 draws file cabinet	2/6/2008 02:47:08 PM	Common Area- Lower Level - AD1038
Audit	Common Area-Lower Level - AD1038	R01395 - Garbage can- Rubber maid	2/6/2008 02:47:25 PM	Common Area- Lower Level - AD1038
Audit	Common Area-Lower Level - AD1038	R01152 - Heavy duty paper 3 hole puncher GBC Bates	2/6/2008 02:47:40 PM	Common Area- Lower Level - AD1038
Audit	Common Area-Lower Level - AD1038	R01389 - HP 8150N	2/6/2008 02:48:04 PM	Common Area- Lower Level - AD1038
Audit	Common Area-Lower Level - AD1038	R01387 - Round Table	2/6/2008 02:48:35 PM	Common Area- Lower Level - AD1038
Audit	Common Area-Lower Level - AD1038	R01390 - Table- Brown Folding	2/6/2008 02:50:30 PM	Common Area- Lower Level - AD1038
Audit	Common Area-Lower Level - AD1038	R01396 - Tram Model	2/6/2008 02:52:33 PM	Common Area- Lower Level - AD1038
Audit	Common Area-Lower Level - AD1038	R01397 - Whiteboard	2/6/2008 02:53:08 PM	Common Area- Lower Level - AD1038
Audit	Cubicle 9 - AD1012	R01175 - Toshiba 14 Button Phone	2/6/2008 03:02:35 PM	Cubicle 9 - AD1012
Audit	Cubicle 9 - AD1012	R01184 - HP 1955	2/6/2008 03:02:48 PM	Cubicle 9 - AD1012
Audit	Cubicle 9 - AD1012	R01183 - HP 1955	2/6/2008 03:02:52 PM	Cubicle 9 - AD1012
Audit	Cubicle 9 - AD1012	R01166 - 3 draws pedestal cabinet	2/6/2008 03:03:05 PM	Cubicle 9 - AD1012
Audit	Cubicle 9 - AD1012	R01164 - Desk shelving with light	2/6/2008 03:03:15 PM	Cubicle 9 - AD1012
Audit	Cubicle 9 - AD1012	R01172 - Desk Chair	2/6/2008 03:03:36 PM	Cubicle 9 - AD1012
Audit	Cubicle 9 - AD1012	R01169 - L shape worksurface desk	2/6/2008 03:04:23 PM	Cubicle 9 - AD1012
Audit	Cubicle 9 - AD1012	R01162 - 2 draws base storage cabinet	2/6/2008 03:05:11 PM	Cubicle 9 - AD1012
Audit	Cubicle 9 - AD1012	R01190 - HP desktop computer	2/6/2008 03:05:18 PM	Cubicle 9 - AD1012

Date Printed: 2/7/2008

Page 11 of 22

EXHIBIT 3

# Exhibit 4

## Roosevelt Island Operating Corporation Reclassification Capital Assets : Machinery and Equipment For FY 2006 and FY 2007

	Amount
<b>FY 2006</b>	
Equipment	2,053,545.00
Vehicles	3,747,940.00
Building	171,745.00
Landmarks	4,000,000.00
Infrastructure	3,725,343.00
<b>Total Machinery and Equipment - FY 2006</b>	<b>13,698,573.00</b>
<b>FY 2007</b>	
Equipment	2,080,477.00
Vehicles	3,747,940.00
<b>Total Equipment and Vehicles - FY 2007</b>	<b>5,828,417.00</b>
<b>Change</b>	<b>7,870,156.00</b>

### Change:

<b>Building</b>		
- Restoration (Blackwell House)	32,136.00	
- Roof (AVAC)	139,609.00	
- Good Shepard Water Cooler (To Equipment)	(26,932.00)	144,813.00
<b>Landmark</b>		
- Tram Machinery		4,000,000.00
<b>Infrastructure</b>		
- Bus Shelter	4,240.00	
- Road Replacement (Tramway)	29,940.00	
- Chain Link (Tramway)	39,257.00	
- Concrete Repair (Tramway)	66,893.00	
- AVAC System	3,067,000.00	
- AVAC System for Southtown	514,188.00	
- Road Guard Barriers (Warehouse)	3,825.00	3,725,343.00
		<b>7,870,156.00</b>

EXHIBIT 4

[illegible]



11/02/2009

3/1/05

236286

Capital Assets  
Schedule 11, 2004

Asset	WFR Ref	Bldg Balance Cost at 3/31/04	Addition - P/T 2004	Disposal - P/T 2004	Bldg Balance - Cost at 3/31/04	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	30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# Exhibit 6

## THE ROOSEVELT ISLAND OPERATING CORPORATION (A Component Unit of the State of New York) Notes to Financial Statements, Continued

### (4) Capital Assets

Capital assets for the year ended March 31, 2005 was as follows:

	Balance April 1, 2004	Increase	Decrease	Balance March 31, 2005
Governmental activities:				
Capital assets, not being depreciated - construction in progress	\$ 9,104,763	-	-	9,104,763
Capital assets, being depreciated:				
Seawall	3,500,000	-	-	3,500,000
Buildings	35,767,970	-	-	35,767,970
Machinery and equipment	10,384,537	329,773	-	10,714,310
Land improvements	3,163,036	-	-	3,163,036
Infrastructure	2,751,724	-	-	2,751,724
Total capital assets being depreciated	55,567,267	329,773	-	55,897,040
Less accumulated depreciation for:				
Seawall	(479,450)	(47,945)	-	(527,395)
Buildings	(24,136,624)	(843,693)	-	(24,980,317)
Machinery and equipment	(7,608,300)	(373,589)	-	(7,981,889)
Land improvements	(2,679,043)	(151,618)	-	(2,830,661)
Infrastructure	(106,446)	(78,175)	-	(184,621)
Total accumulated depreciation	(35,009,863)	(1,495,020)	-	(36,504,883)
Total capital assets, being depreciated, net	20,557,404	(1,165,247)	-	19,392,157
Total governmental activities capital assets, net	\$ 29,662,167	(1,165,247)	-	28,496,920



The Roosevelt Island Operating Corporation  
Of the State of New York



## ASSET DISPOSAL AND TRANSFER FORM

### Section 1 – Request (To be completed by Department Head) For Item Transfer or Disposal

Dept. \_\_\_\_\_ Date Requested \_\_\_\_\_

Asset ID No.: \_\_\_\_\_ Serial, ID, VIN, or Model No.: \_\_\_\_\_ Plate No: \_\_\_\_\_

Asset Description \_\_\_\_\_

Reason for Disposal: Obsolete ☐ Cannot be Repaired ☐ Transfer ☐ To be Replaced ☐

Condition Rating: Good ☐ Fair ☐ Poor ☐ Book Value of Asset: \_\_\_\_\_

#### If Transfer Checked: (Internal Transfer between Departments and/or RIOC Locations)

Original Location: \_\_\_\_\_

Proposed (Move to) Location: \_\_\_\_\_

Department Head Authorization: \_\_\_\_\_ Date: \_\_\_\_\_

### Section 2 – Asset Disposal (to be completed by Contract Manager)

1. Asset transfer is appropriate or practical. \_\_\_\_\_ Yes \_\_\_\_\_ No

2. Disposal method \_\_\_\_\_

Contract Manager Authorization: \_\_\_\_\_ Date: \_\_\_\_\_

### Section 3 – Approvals (Completed by Contracting Officer)

1. Depreciation remaining if asset purchased with Government (State) funds: \$ \_\_\_\_\_

2. Contracting Officer Authorization: \_\_\_\_\_ Date: \_\_\_\_\_

Signature

### Section 4 – Disposal (Completed by Contract Manager)

Sold To: Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Address: \_\_\_\_\_

Amount: \_\_\_\_\_ Payment terms: \_\_\_\_\_

Traded ☐ Donation ☐ Transferred ☐ Scrapped ☐

If Donation is checked make sure the item cannot be reutilized within RIOC, cannot be sold and has no parts that have value to a RIOC department.

Explanation: \_\_\_\_\_

Date of Disposal: \_\_\_\_\_ Approval by Contract Manager \_\_\_\_\_

**Send Original to the Contract Manager and a Copy to the Comptroller**

EXHIBIT 7

## Fuel Transactions (complete format)

From 03/01/2008 To 04/24/2008

SITE VEH	TRAN	DATE EMP	TIME	P#	PR	PRICE	ODOM	ERR	\$ TOTAL	QUANTITY	MILES	MPG
0001	0050	03/05/2008	12:26	01	02	0.000	357	29	0.00	36.900	0	0.0
00002156		9799										
0001	0080	03/07/2008	09:48	01	02	0.000	54187	29	0.00	37.200	131	3.5
00002159		9799										
0001	0084	03/07/2008	12:34	01	02	0.000	55679	29	0.00	48.700	193	4.0
00002161		9799										
0001	0087	03/07/2008	12:49	01	02	0.000	33055	29	0.00	8.800	0	0.0
00002157		9799										
0001	0113	03/10/2008	11:11	01	02	0.000	58679	29	0.00	46.300	0	0.0
00002158		9799										
0001	0177	03/14/2008	11:34	01	02	0.000	56227	29	0.00	32.500	138	4.2
00002161		9799										
0001	0264	03/21/2008	11:27	01	02	0.000	45266	29	0.00	45.500	152	3.3
00002160		9799										
0001	0311	03/24/2008	09:42	01	02	0.000	14415	29	0.00	10.000	0	0.0
00002188		9799										
0001	0312	03/24/2008	09:44	01	02	0.000	14415	29	0.00	5.000	0	0.0
00002188		9799										
0001	0360	03/28/2008	08:52	01	02	0.000	46674	29	0.00	32.200	113	3.5
00002160		9799										
0001	0362	03/28/2008	08:58	01	02	0.000	57383	29	0.00	22.300	284	12.7
00002161		9799										
0001	0366	03/28/2008	11:52	01	02	0.000	60008	29	0.00	39.500	0	0.0
00002158		9799										
0001	0370	03/28/2008	12:04	01	02	0.000	133388	29	0.00	21.900	175	8.0
00002157		9799										
0001	0384	03/30/2008	13:44	01	02	0.000	55157	29	0.00	32.800	120	3.7
00002159		9799										
0001	0386	03/30/2008	13:54	01	02	0.000	46752	29	0.00	23.700	78	3.3
00002160		9799										
0001	0387	03/30/2008	14:03	01	02	0.000	60182	29	0.00	49.200	0	0.0
00002159		9799										
0001	0389	03/30/2008	14:24	01	02	0.000	57540	29	0.00	43.100	157	3.6
00002161		9799										
0001	0465	04/04/2008	08:49	01	02	0.000	60552	29	0.00	37.600	0	0.0
00002158		9799										
0001	0467	04/04/2008	11:20	01	02	0.000	57963	29	0.00	50.500	180	3.6
00002161		9799										
0001	0502	04/07/2008	08:34	01	02	0.000	47341	29	0.00	21.400	81	3.8
00002160		9799										

EXHIBIT 8