

FRANKLIN COUNTY STADIUM, INC. AND
COLUMBUS BASEBALL TEAM, INC.

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Franklin County Stadium, Inc. and Columbus Baseball Team, Inc.

We have reviewed the Independent Auditor's Report of the Franklin County Stadium, Inc. and Columbus Baseball Team, Inc., Franklin County, prepared by Haemmerle, Heximer, Harvey & Co. for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

May 30, 2001

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The Board of Trustees
Franklin County Stadium, Inc.
and Columbus Baseball Team, Inc.

Independent Auditors' Report

We have audited the accompanying combined balance sheets of Franklin County Stadium, Inc. (the Stadium) and Columbus Baseball Team, Inc. (the Team) and the related combined statements of revenues, expenses and changes in equity and of cash flows as of and for the years ended December 31, 2000 and 1999. These combined financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these combined financial statements based on our audits. The Stadium and Team are component units of Franklin County pursuant to Codification of Governmental Accounting and Financial Reporting Standards (GASB) section 2600.128 and NO80.103.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Stadium and Team as of December 31, 2000 and 1999, and the results of their operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying financial information included in the attached Supplementary Combining Schedule of Revenue and Expenses is presented for purposes of additional analysis and is not a required part of the Stadium and Team combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the aforementioned combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned combined financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated February 2, 2001 on our consideration of Stadium's and Team's compliance and on their internal control over financial reporting.

HAEMMERLE, HEXIMER, HARVEY & CO.

February 2, 2001

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FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

COMBINED BALANCE SHEETS

DECEMBER 31, 2000 AND 1999

<u>ASSETS</u>	<u>2000</u>	<u>1999</u>
Cash and cash equivalents (Note 2)	\$ 453,023	\$ 713,816
Investments available for sale (Notes 3 and 4)	2,692,881	2,677,136
Trade accounts receivable, net of allowance for doubtful accounts of \$1,050	26,126	11,376
Accounts receivable from Franklin County (Note 5)	-	98,291
Souvenir and equipment inventory	77,737	110,156
Prepaid expenses	30,909	46,550
Property, plant and equipment, net (Notes 5 and 6)	<u>3,854,279</u>	<u>4,095,658</u>
Total assets	<u>\$ 7,134,955</u>	<u>\$ 7,752,983</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Accounts payable	\$ 79,535	\$ 133,000
Accrued expenses	19,695	21,194
Due to others (Note 4)	215,000	187,500
Deferred revenue	<u>322,112</u>	<u>322,598</u>
Total liabilities	<u>636,342</u>	<u>664,292</u>
Fund equity:		
Net unrealized holding gains on investments available for sale (Note 3)	131,798	892,049
Retained earnings:		
Reserved (Note 6)	2,500,000	2,500,000
Unreserved	<u>3,866,815</u>	<u>3,696,642</u>
Total fund equity	<u>6,498,613</u>	<u>7,088,691</u>
Total liabilities and fund equity	<u>\$ 7,134,955</u>	<u>\$ 7,752,983</u>

See accompanying notes to combined financial statements.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
 COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Operating revenues:		
Ticket sales	\$ 1,311,416	\$ 1,331,733
Concessions	1,918,065	1,957,302
Other	<u>1,431,264</u>	<u>1,353,891</u>
Total operating revenues	<u>4,660,745</u>	<u>4,642,926</u>
Operating expenses:		
Stadium operations (Notes 6 and 7)	1,603,389	1,559,063
Payroll and related taxes (Note 4)	1,502,146	1,434,058
Concessions	850,161	797,153
Other	<u>885,764</u>	<u>851,337</u>
Total operating expenses	<u>4,841,460</u>	<u>4,641,611</u>
Operating income (loss)	<u>(180,715)</u>	<u>1,315</u>
Nonoperating revenues:		
Investment income	<u>462,692</u>	<u>257,425</u>
Total nonoperating revenues	<u>462,692</u>	<u>257,425</u>
Net income	281,977	258,740
Net change in unrealized holding gains on investments available for sale (Note 3)	(872,055)	358,594
Fund equity at beginning of year	<u>7,088,691</u>	<u>6,471,357</u>
Fund equity at end of year	<u>\$ 6,498,613</u>	<u>\$ 7,088,691</u>

See accompanying notes to combined financial statements.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Cash received from customers	\$ 4,743,800	\$ 4,552,147
Cash paid to suppliers	(3,000,064)	(3,671,792)
Cash paid to employees	<u>(1,389,449)</u>	<u>(1,331,039)</u>
Net cash provided by (used in) operating activities	354,287	(450,684)
Cash flows from capital activities:		
Acquisition of property, plant and equipment	<u>(189,972)</u>	<u>(571,246)</u>
Net cash used in capital activities	(189,972)	(571,246)
Cash flows from investing activities:		
Investment income	68,392	63,672
Proceeds from sales of investments available for sale	2,198,451	2,899,491
Gain on sale of investments available for sale	(394,300)	(193,753)
Purchase of investments available for sale	<u>(2,297,651)</u>	<u>(1,295,963)</u>
Net cash provided by (used in) investing activities	<u>(425,108)</u>	<u>1,473,447</u>
Net increase (decrease) in cash and cash equivalents	(260,793)	451,517
Cash and cash equivalents at beginning of year	<u>713,816</u>	<u>262,299</u>
Cash and cash equivalents at end of year	<u>\$ 453,023</u>	<u>\$ 713,816</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income (loss)	\$ (180,715)	\$ 1,315
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	431,351	395,170
(Increase) decrease in assets:		
Trade accounts receivable	(14,750)	3,818
Accounts receivable from Franklin County	98,291	(98,291)
Souvenir and equipment inventory	32,419	(19,707)
Prepaid expenses	15,641	(20,333)
Increase (decrease) in liabilities:		
Accounts payable	(53,465)	(538,232)
Accrued expenses	(1,499)	4,189
Due to others	27,500	2,500
Franklin County funds	-	(184,807)
Deferred revenue	<u>(486)</u>	<u>3,694</u>
Total adjustments	<u>535,002</u>	<u>(451,999)</u>
Net cash provided by (used in) operating activities	<u>\$ 354,287</u>	<u>\$ (450,684)</u>

See accompanying notes to combined financial statements.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

1. Summary of Significant Accounting Policies

Franklin County Stadium, Inc. (the Stadium) and Columbus Baseball Team, Inc. (the Team) were organized by Franklin County, Ohio (the County) as nonprofit Ohio corporations in accordance with Section 1702.01 of the Ohio Revised Code to manage, operate and promote a professional baseball team and such other forms of entertainment that benefit the general welfare of the County. Both corporations are directed by the Franklin County Board of Parks and Recreation (the Board) and are component units of the County.

The accounting policies and financial reporting practices of the Stadium and Team conform to Generally Accepted Accounting Principles (GAAP). The Stadium and Team apply all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Stadium and Team have implemented GASB Statement 20. They have elected to apply all applicable statements issued by the Financial Accounting Standards Board (FASB). The adoption of this approach to accounting required no change from prior years. The following is a summary of its significant accounting policies:

(a) Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. The operating fund of the Stadium and Team is a proprietary fund. It is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of operating the stadium are financed through user charges.

(b) Basis of Accounting

The proprietary fund is reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses, including depreciation, are recognized at the time liabilities are incurred.

The Stadium and Team report deferred revenue on the combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Stadium and Team before they have a legal claim to them, as when season ticket monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Stadium and Team have a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

(Continued)

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

(c) Budgetary Data

The Stadium and Team are not subject to annual budget requirements.

(d) Management's Estimates

Preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates.

(e) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all cash in checking accounts, money market accounts and petty cash to be cash equivalents.

(f) Investments Available for Sale

Investments available for sale are stated at fair value. The Stadium and Team pool all individual cash balances and investments available for sale for investment purposes. Investment income is credited to the Stadium and Team based on the average investment balances in each entity.

The Stadium and Team use the specific identification cost method when calculating realized gains and losses on sales of investments available for sale.

(g) Souvenir and Equipment Inventory

Inventories are stated at the lower of cost (first-in, first-out basis) or market. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed.

(h) Property, Plant and Equipment

Property, plant and equipment purchases are capitalized at cost. Depreciation is recorded on the straight-line basis using the following asset lives:

Machinery and equipment	5 - 10 years
Leasehold improvements	5 - 20 years
Playing field	10 years

(i) Advertising

Advertising costs are expensed as incurred. Advertising costs, net of reimbursement from sponsors, were \$165,961 and \$139,833 for 2000 and 1999, respectively.

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FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

(j) Income Taxes

Management believes that the Stadium and Team are exempt from Federal income taxes under Section 115 of the Internal Revenue Code. Accordingly, no income tax expense is recorded in the accompanying combined financial statements.

(k) Reclassifications

Certain revenue and expense amounts in the 1999 financial statements have been reclassified to agree with the 2000 presentation. These reclassifications were made to enable the Stadium and Team financial statements to more closely follow the County's presentation of revenues and expenses.

2. Cash and Cash Equivalents

At December 31, 2000, the Stadium and Team held a cash book balance of \$453,023. Of this total, \$79,322 is held in money market accounts at investment companies. The bank balance in their accounts is \$315,602, of which \$111,283 was covered by federal depository insurance and \$204,319 uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool.

3. Investments Available for Sale

The Stadium's and Team's investments are categorized below to give an indication of the level of risk assumed at year-end. Category No. 1 includes investments insured or collateralized with securities held by the entity or by its agent in the entity's name. Category No. 2 includes investments collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category No. 3 includes investments which are uncollateralized. (This includes any investment balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the entity's name). All investments and deposits of the Stadium and Team meet the criteria for categorization, except for mutual funds, which, by their nature, are not required to be categorized. There are no legal restrictions over the type of investments in which the Stadium and Team may invest.

Investments:	Category			Fair Value	Cost
	1	2	3		
Managed equity account	\$1,865,563	-	-	\$1,865,563	\$1,832,393
Mutual Funds				496,454	397,826
Cash surrender value of life insurance				155,864	155,864
Deferred compensation accounts (Note 4)				175,000	175,000
Total investments				<u>\$2,692,881</u>	<u>\$2,561,083</u>

Gross unrealized holding gains were \$131,798, as of December 31, 2000.

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FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

4. Retirement and Deferred Compensation

Certain employees of the Stadium and Team participate in a nonqualified retirement plan. The Stadium and Team have a policy of purchasing life insurance policies for these employees. The Stadium and Team are the owner and beneficiary of these policies. The cash surrender value of these policies is included in investments available for sale (see Note 3).

Certain employees of the Stadium and Team participate in nonqualified Deferred Compensation Plans (the Plans). Under these Plans employees defer a portion of their incentive pay until a later date, usually after retirement. The benefits under these Plans are subject to vesting schedules. The assets of the Plans remain the property of the Stadium and Team until the employees vest in their benefit. The Stadium and Team have a fiduciary responsibility regarding these assets and their use.

5. Franklin County Funds

The Stadium received \$604,452 in 1999 to partially offset the cost of a new scoreboard. Accounts receivable at December 31, 1999 included \$98,291 that the stadium billed the County for the remainder of the scoreboard cost.

6. Property, Plant and Equipment

The changes in components of property, plant and equipment in 2000 were as follows:

	Balance at <u>12/31/99</u>	<u>Additions</u>	<u>Retirements</u>	Balance at <u>12/31/00</u>
Machinery and equipment	\$ 888,489	\$ 35,665	\$ -	\$ 924,154
Leasehold improvements	5,048,721	154,307	-	5,203,028
Playing field	<u>922,782</u>	<u>-</u>	<u>-</u>	<u>922,782</u>
	6,859,992	189,972	-	7,049,964
Accumulated depreciation	<u>(2,764,334)</u>	<u>(431,351)</u>	<u>-</u>	<u>(3,195,685)</u>
	<u>\$4,095,658</u>	<u>\$ (241,379)</u>	<u>\$ -</u>	<u>\$3,854,279</u>

Depreciation expense totaled \$431,351 and \$395,170 for the years ended December 31, 2000 and 1999, respectively.

The Board is considering various capital improvement options for Cooper Stadium. While there are no specific plans determined at this point, the Board has reserved \$2.50 million in retained earnings for capital improvements to Cooper Stadium.

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FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

7. Transactions with Affiliates

The Stadium leases Cooper Stadium from the Franklin County Commissioners (the Commissioners) for a fee of \$1.00 per year plus an amount to be jointly agreed upon by the Board and the Commissioners based upon the availability of unexpended revenue and considering any and all funds expended by the Stadium and Team for maintenance and/or improvements to Cooper Stadium. The lease expense was \$ 1 for 2000 and 1999. The lease is for an indefinite term, but must be renewed each year. The Stadium subleases Cooper Stadium to the Team.

8. Player Development Contracts/Baseball Agreement

In January 1999, the National Association of Professional Baseball Leagues (the Minor Leagues) signed an agreement (the baseball agreement) with the National League of Professional Baseball Clubs and the American League of Professional Baseball Clubs (collectively the Major Leagues), which is effective through September 30, 2007, subject to modification by either party after the 2003 season. The terms of the baseball agreement modified the Team's player development contract with the Major Leagues. Under the terms of the baseball agreement, the Major League Club (New York Yankees Baseball Club) is responsible for the entire salary and other related compensation amounts of the players. The Team is responsible for the players hotel and travel costs, uniform and equipment cost and other partial costs as designated in the contract.

In addition, beginning in 1992 the baseball agreement requires payment from the Minor Leagues to the Major Leagues for maintenance of the player development contracts, in an amount equal to a percentage of the Minor League's Clubs' net championship season ticket revenue. In 2000, each Minor league team paid 4.0% of the net championship season ticket revenue.

The Team has renewed the operating contract with the New York Yankees Baseball Club through December 2002.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
SUPPLEMENTARY COMBINING SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Team</u>	<u>Stadium</u>	<u>Elimination</u>	<u>2000</u>	<u>Totals 1999</u>
Operating revenues					
Ticket sales	\$1,311,416	\$ -	\$ -	\$1,311,416	\$1,331,733
Concessions	1,695,569	222,496	-	1,918,065	1,957,302
Stadium rental	-	285,000	(285,000)		
Other	<u>963,175</u>	<u>468,089</u>	<u>-</u>	<u>1,431,264</u>	<u>1,353,891</u>
Total operating revenues	3,970,160	975,585	(285,000)	4,660,745	4,642,926
Operating expenses					
Stadium operations	1,323,349	565,040	(285,000)	1,603,389	1,559,063
Payroll and related taxes	1,176,126	326,020	-	1,502,146	1,434,058
Concessions	751,542	98,619	-	850,161	797,153
Other	<u>794,641</u>	<u>91,123</u>	<u>-</u>	<u>885,764</u>	<u>851,337</u>
Total operating expenses	<u>4,045,658</u>	<u>1,080,802</u>	<u>(285,000)</u>	<u>4,841,460</u>	<u>4,641,611</u>
Operating income (loss)	(75,498)	(105,217)	-	(180,715)	1,315
Nonoperating revenues:					
Investment income	<u>4,220</u>	<u>458,472</u>	<u>-</u>	<u>462,692</u>	<u>257,425</u>
Total nonoperating revenues	<u>4,220</u>	<u>458,472</u>	<u>-</u>	<u>462,692</u>	<u>257,425</u>
Net income	\$ <u>(71,278)</u>	\$ <u>353,255</u>	\$ <u>-</u>	\$ <u>281,977</u>	\$ <u>258,740</u>

See accompanying notes to combined financial statements.

Haemmerle, Heximer, & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountants' Report on Compliance
And on Internal Control Over Financial Reporting Based
on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards

The Board of Trustees
Franklin County Stadium and Columbus Baseball Team, Inc.

We have audited the combined financial statements of Franklin County Stadium, Inc. (the Stadium) and Columbus Baseball Team, Inc. (the Team) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 2, 2001. We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Stadium's and Team's compliance with certain provisions of laws, regulations, contracts and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Stadium's and Team's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the combined financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Trustees, management, and the Auditor of State of Ohio, and is not intended and should not be used by anyone other than these specified parties.

HAEMMERLE, HEXIMER, HARVEY & CO.

February 2, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COLUMBUS BASEBALL TEAM, INC.

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 7, 2001**