

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

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Columbus Baseball Team, Inc.

We have reviewed the Independent Auditor's Report of the Columbus Baseball Team, Inc., Franklin County, prepared by Haemmerle, Heximer, Harvey & Co., for the audit period January 1, 2003 through December 31, 2003. 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 Columbus Baseball Team, Inc. is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 17, 2004

This Page is Intentionally Left Blank.

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, 2003 and 2002. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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, 2003 and 2002, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United State of America.

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 January 30, 2004 on our consideration of Stadium's and Team's compliance and on their internal control over financial reporting. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

HAEMMERLE, HEXIMER, HARVEY & CO.

January 30, 2004

Management's Discussion and Analysis

This narrative comparison is for the Columbus Clippers 2003 audit as compared to the previous year. The baseball team has had three less than successful seasons both on and off the field. However, last season ended on a positive note with the team being very competitive in the month of August, but it turned out to be a case of too little, too late.

Paid attendance was 480,445, which was down 2% from the year before. While only two nights were cancelled completely due to inclement weather, exactly 50% of the remaining home dates (35) were played with threatening, rainy, cold or windy conditions. Not an ideal situation for outdoor family entertainment with the decision of whether or not to bring your children outdoors.

The overall audit again indicates a status quo report ... not much change from the year before. Total assets diminished slightly; but so did total liabilities. The team currently has a cash reserve and has no major renovation or repair projects planned while the Franklin County Commissioners study whether or not a renovation of 72 year old Cooper Stadium makes sense; or should the team and community move forward on a new stadium initiative in downtown Columbus.

The following table provides a summary of the Columbus Clippers net assets as of December 31:

	Summary of Net Assets (dollars are in thousands)			
	<u>2003</u>	<u>2002</u>	<u>Amount</u> <u>Change</u>	<u>%</u> <u>Change</u>
Current and other assets	\$3,131	\$2,745	\$386	14.06%
Capital assets	<u>2,786</u>	<u>3,210</u>	<u>(424)</u>	(13.21)
Total assets	<u>5,917</u>	<u>5,955</u>	<u>(38)</u>	(0.64)
Total liabilities	<u>661</u>	<u>723</u>	<u>(62)</u>	(8.58)
Net assets:				
Net unrealized holding gains (losses)				
On investments available for sale	388	(21)	409	1947.62
Restricted	2,500	2,500	-	-
Unrestricted	<u>2,368</u>	<u>2,754</u>	<u>(386)</u>	(14.02)
Total net assets	<u>\$5,256</u>	<u>\$5,233</u>	<u>\$23</u>	0.44

The following table provides a summary of the Columbus Clippers net assets as of December 31:

Summary of Changes in Net Assets (dollars are in thousands)				
	<u>2003</u>	<u>2002</u>	<u>Amount Change</u>	<u>% Change</u>
Revenues:				
Operating	\$3,560	\$3,558	(\$2)	(0.06)
Nonoperating		<u>66</u>	<u>50</u>	<u>15</u> 30.00
Total revenue	<u>3,626</u>	<u>3,608</u>	<u>13</u>	0.36
Expenses:				
Operating	3,543	3,508	35	1.00
Nonoperating		<u>469</u>	<u>478</u>	<u>(9)</u> (1.88)
Total expense	<u>4,012</u>	<u>3,986</u>	<u>26</u>	3.24
Decrease in net assets	(386)	(378)	(8)	2.12
Net change in unrealized holding gains on investments available for sale	<u>408</u>	<u>(276)</u>	<u>684</u>	<u>(247.83)</u>
Change in net assets	22	(654)	677	(103.36)
Beginning net assets	<u>5,233</u>	<u>5,887</u>	<u>(554)</u>	<u>(9.41)</u>
Ending net assets	<u>\$5,255</u>	<u>\$5,233</u>	<u>\$22</u>	.42

All the numbers are in line with the 2% decline in attendance ... the team continues to watch their finances with great care and are staying in line with yearly expenses as opposed to revenues. Ticket prices and parking have not been increased due to the state of the economy; and concessions have had minimal increases only when dictated by the cost of raw materials.

The Columbus Clippers are in the 28th season of providing affordable, wholesome family entertainment for the citizens of Franklin County and central Ohio. They have done this with no subsidies, and have paid back both the loan for the franchise and the loan for improvements to the stadium. All capital expenditures since 1977 have been financed by the team. The two major factors impacting the success of the business operations continue to be the performance of the team on the field and the weather for home games; two factors where the business operations have little impact. The Columbus Clippers still stand as a model franchise in that they are the only team in minor league baseball, to our knowledge that has paid off both the debt on its franchise and the debt on its facility and own both completely free of debt. That is a significant achievement in this industry of professional sports.

Kenneth Schnacke
General Manager

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

COMBINED BALANCE SHEETS

DECEMBER 31, 2003 AND 2002

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
Cash and cash equivalents	\$ 374,417	\$ 416,893
Investments available for sale	2,516,914	2,064,077
Trade accounts receivable, net of allowance for doubtful accounts of \$1,050	31,989	61,982
Souvenir and equipment inventory	176,901	147,460
Prepaid expenses	30,520	55,085
Property, plant and equipment, net	<u>2,785,993</u>	<u>3,210,001</u>
Total assets	<u>\$ 5,916,734</u>	<u>\$ 5,955,498</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Accounts payable	\$ 45,884	\$ 124,365
Accrued expenses	40,905	34,270
Capital lease obligation	13,608	17,525
Due to others	219,000	216,000
Deferred revenue	<u>341,908</u>	<u>330,506</u>
Total liabilities	<u>661,305</u>	<u>722,666</u>
Fund equity:		
Net unrealized holding gains (losses) on investments available for sale	387,842	(20,824)
Net assets:		
Invested in capital assets	2,785,993	3,210,001
Unrestricted	<u>2,081,594</u>	<u>2,043,655</u>
Total fund equity	<u>5,255,429</u>	<u>5,232,832</u>
Total liabilities and fund equity	<u>\$ 5,916,734</u>	<u>\$ 5,955,498</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, 2003 AND 2002

Revenues:	<u>2003</u>	<u>2002</u>
Ticket sales	1,236,688	1,261,021
Concessions	850,180	783,014
Souvenirs	330,419	353,537
Other	<u>1,142,762</u>	<u>1,160,841</u>
Total revenues	<u>3,560,049</u>	<u>3,558,413</u>
Expenses:		
Stadium	1,025,623	958,889
Payroll and related taxes	1,363,477	1,356,926
Souvenirs	324,054	310,843
Other	<u>830,231</u>	<u>881,116</u>
Total expenses	<u>3,543,385</u>	<u>3,507,774</u>
Income before investment income and depreciation	<u>16,664</u>	<u>50,639</u>
Investment income :		
Interest and dividends	18,880	40,423
Realized gains	<u>46,909</u>	<u>9,141</u>
Total investment income	<u>65,789</u>	<u>49,564</u>
Income before depreciation	82,453	100,203
Depreciation	<u>468,522</u>	<u>478,002</u>
Net loss	(386,069)	(377,799)
Net change in unrealized holding gains on investments available for sale	408,666	(276,535)
Fund equity at beginning of year	<u>5,232,832</u>	<u>5,887,166</u>
Fund equity at end of year	<u>\$ 5,255,429</u>	<u>\$ 5,232,832</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, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,601,444	\$ 3,550,615
Cash paid to suppliers	(2,263,265)	(2,163,661)
Cash paid to employees	<u>(1,353,842)</u>	<u>(1,305,577)</u>
Net cash provided by (used in) operating activities	(15,663)	81,377
Cash flows from capital activities:		
Acquisition of property, plant and equipment	<u>(44,514)</u>	<u>(85,990)</u>
Net cash used in capital activities	(45,514)	(85,990)
Cash flows from investing activities:		
Investment income	18,880	40,423
Proceeds from sales of investments available for sale	515,267	1,389,418
(Gain) loss on sale of investments available for sale	(46,909)	(9,141)
Purchase of investments available for sale	(465,620)	(1,305,252)
Payments on capital lease obligation	(3,917)	(3,203)
Proceeds from capital lease obligation	<u>-</u>	<u>20,728</u>
Net cash provided by investing activities	<u>17,701</u>	<u>132,973</u>
Net increase (decrease) in cash and cash equivalents	(42,476)	128,360
Cash and cash equivalents at beginning of year	<u>416,893</u>	<u>288,533</u>
Cash and cash equivalents at end of year	<u>\$ 374,417</u>	<u>\$ 416,893</u>
Reconciliation of income before investment income and depreciation to net cash flow income from operating activities		
Income before investment and depreciation	\$ 16,664	\$ 50,639
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
(Increase) decrease in assets:		
Trade accounts receivable	29,993	(36,136)
Souvenir and equipment inventory	(29,441)	(34,486)
Prepaid expenses	24,565	36,916
Increase (decrease) in liabilities:		
Accounts payable	(78,481)	68,416
Accrued expenses	6,635	(35,310)
Due to others	3,000	3,000
Deferred revenue	<u>11,402</u>	<u>28,338</u>
Total adjustments	<u>(32,327)</u>	<u>30,738</u>
Net cash provided by (used in) operating activities	<u>\$ (15,663)</u>	<u>\$ 81,377</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, 2003 AND 2002

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 Stadium and Team have entertained the residents of the County for 27 years. Certain additional costs were incurred in 2001 related to the season-long celebration of the 25th anniversary. Those costs included advertising, printing and game entertainment and were recorded as 25th anniversary costs in the accompanying financial statements.

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, 2003 AND 2002

(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	3 - 10 years
Leasehold improvements	5 - 20 years
Playing field	10 years

(i) Advertising

Advertising costs are expensed as incurred. Advertising costs, net of reimbursements from sponsors, were \$192,576 and \$220,263 for 2003 and 2002, respectively.

(Continued)

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

(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 2002 financial statements have been reclassified to agree with the 2003 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, 2003, the Stadium and Team held a cash book balance of \$374,417. Of this total, \$103,802 is held in money market accounts at investment companies. The bank balance in their accounts is \$226,313, of which \$169,015 was covered by federal depository insurance and \$57,298 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 accounts	\$1,639,923	-	-	\$1,639,923	\$1,381,802
Mutual funds				452,585	322,864
Cash surrender value of life insurance				235,406	235,406
Deferred compensation accounts				<u>189,000</u>	<u>189,000</u>
Total investments				<u>\$2,516,914</u>	<u>\$2,129,072</u>

Gross unrealized holding gains and losses were \$394,344 and \$6,436, as of December 31, 2003.

(Continued)

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

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.

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. Property, Plant and Equipment

The changes in components of property, plant and equipment in 2003 were as follows:

	<u>Balance at</u> <u>12/31/02</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>12/31/03</u>
Machinery and equipment	\$1,109,597	\$ 44,514	\$ -	\$1,154,111
Leasehold improvements	5,316,639	-	-	5,316,639
Playing field	<u>922,782</u>	<u>-</u>	<u>-</u>	<u>922,782</u>
	7,349,018	44,514	-	7,392,732
Accumulated depreciation	<u>(4,139,017)</u>	<u>(468,522)</u>	<u>-</u>	<u>(4,607,539)</u>
	<u>\$3,210,001</u>	<u>\$ (424,008)</u>	<u>\$ -</u>	<u>\$2,785,993</u>

Depreciation expense totaled \$468,522 and \$478,002 for the years ended December 31, 2003 and 2002, 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 net assets for capital improvements to Cooper Stadium.

6. Concessions Contract

On March 1, 2001 the Stadium entered into a contract with Sodexho Marriott (Sodexho) to operate the concession stands. The agreement is for a three-year period, but contains provisions for an annual review and analysis of operations.

The concessions revenue for 2003 and 2002 consists of commissions from Sodexho of \$850,180 and \$783,014, respectively.

(Continued)

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

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 \$1.00 for 2003 and 2002. 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 2003, 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 September 2006.

9. Prior Period Adjustment

During the 2003 audit it was determined that \$32,238 recorded as an account receivable from Sodexo for settlement of the 2002 concessions contract should have been recorded as a \$30,579 account payable. A prior period adjustment has been reflected in the accompanying financial statements to correct the recorded accounts receivable, accounts payable, concessions revenues and concessions expenses for 2002.

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

SUPPLEMENTARY COMBINING SCHEDULE OF REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Team</u>	<u>Stadium</u>	<u>Elimination</u>	<u>Totals 2003</u>	<u>Totals 2002</u>
Revenues:					
Ticket sales	\$1,236,688	\$ -	\$ -	\$1,236,688	\$1,261,021
Concessions	755,628	94,552	-	850,180	783,014
Souvenirs	291,292	39,127	-	330,419	353,537
Other	<u>827,000</u>	<u>600,762</u>	<u>(285,000)</u>	<u>1,142,762</u>	<u>1,160,841</u>
	3,110,608	734,441	(285,000)	3,560,049	3,558,413
Expenses:					
Stadium	981,945	328,678	(285,000)	1,025,623	958,889
Payroll and related taxes	1,067,603	295,874	-	1,363,477	1,356,926
Souvenirs	286,463	37,591	-	324,054	310,843
Other	<u>768,982</u>	<u>61,249</u>	<u>-</u>	<u>830,231</u>	<u>881,116</u>
	<u>3,104,993</u>	<u>723,392</u>	<u>(285,000)</u>	<u>3,543,385</u>	<u>3,507,774</u>
Income before investments and depreciation	5,615	11,049	-	16,664	50,639
Investment income:					
Interest and dividends	172	18,708	-	18,880	40,423
Realized gains (losses)	<u>427</u>	<u>46,482</u>	<u>-</u>	<u>46,909</u>	<u>9,141</u>
	<u>599</u>	<u>65,190</u>	<u>-</u>	<u>65,789</u>	<u>49,564</u>
Income before depreciation	6,214	76,239	-	82,453	100,203
Depreciation	<u>370,132</u>	<u>98,390</u>	<u>-</u>	<u>468,522</u>	<u>478,002</u>
Net loss	<u>\$ (363,918)</u>	<u>\$ (22,151)</u>	<u>\$ -</u>	<u>\$ (386,069)</u>	<u>\$ (377,799)</u>

See accompanying notes to combined financial statements.

**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, 2003 and 2002, and have issued our report thereon dated January 30, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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.

January 30, 2004

This Page is Intentionally Left Blank.

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

**SUPPLEMENTARY SCHEDULES OF
BASEBALL OPERATIONS**

DECEMBER 31, 2003

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

Independent Auditors' Report on Supplementary Information

Under the date of January 30, 2004, we have reported on the combined financial statements of Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. as of and for the year ended December 31, 2003, and rendered our unqualified opinion thereon.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. This supplementary information is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual entities. This supplementary information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

HAEMMERLE, HEXIMER, HARVEY & CO.

January 30, 2004

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

SUPPLEMENTARY SCHEDULE OF BASEBALL OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2003

Revenues:

Ticket sales	\$ 1,236,688
Concessions	755,628
Special events	109,186
Advertising	498,239
Parking	123,573
Souvenirs	291,292
Other	<u>96,601</u>
Total revenues	<u>3,111,207</u>

Expenses:

Payroll and related taxes	1,067,603
Depreciation	370,132
Team expense	369,643
Stadium rent	285,000
Souvenirs	286,463
Supplies, repairs and maintenance	206,923
Utilities	209,203
Advertising	208,907
Printing	127,679
Insurance	136,130
Special events	17,010
Administration	17,823
Other	<u>172,609</u>

Total expenses 3,475,125

Operating loss \$ (363,918)

See accompanying independent auditors' report and notes.

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

NOTES TO THE SUPPLEMENTARY SCHEDULES OF BASEBALL OPERATIONS

DECEMBER 31, 2003

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 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 Franklin County.

The accompanying supplementary schedules present the operation of baseball activities only. Management has allocated certain revenues and expenditures that could not be specifically identified based on the following:

- a. Estimate of employees' time spent on baseball and nonbaseball operations.
- b. Number of evenings the stadium was used for baseball and nonbaseball events.
- c. Revenue proportionately generated by baseball and nonbaseball operating activities.
- d. Additional incremental revenue/expenditures generated by a nonbaseball activity on a day the stadium was also used for a baseball activity.

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

2. 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 Stadium subleases Cooper Stadium to the Team. The lease expense charged by the Stadium to the Team was \$285,000 for 2003 and 2002. The lease is for an indefinite term, but must be renewed each year.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 31, 2004**