
VILLAGE OF SCHAUMBURG, ILLINOIS

**AGREED UPON PROCEEDURES FOR
THE SCHAUMBURG PROFESSIONAL BASEBALL, LLP
("THE FLYERS")**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2009**

February 19, 2010

Village President and Board of Trustees
Village of Schaumburg
101 Schaumburg Court
Schaumburg, Illinois 60193

We are pleased to provide this report per our understanding of the services we were to provide for the Village of Schaumburg, Illinois. We performed the procedures enumerated below, which were agreed to by the Village of Schaumburg (the specified users), solely to assist you with respect to procedures related to the Schaumburg Professional Baseball, LLP (the "Flyers") and the various provisions of the permit and operating agreement with the Village of Schaumburg and the Schaumburg Park District. This engagement to apply agreed-upon procedures will be performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For procedures and results see:

Attachment A – Schaumburg Professional Baseball, LLC (the "Flyers")

We are not engaged to, and will not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we will not express such an opinion.

These services cannot be relied upon to detect errors, irregularities, or illegal acts that may exist. However, we will inform you of any such matters that may come to our attention.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP



Ronald J. Amen
Partner

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ATTACHMENT A**

Per our engagement letter, we have performed the following agreed upon procedures for the Schaumburg Professional Baseball, LLC (the "Flyers") as outlined in our agreement:

- 1) **Procedure:** Determined that a balanced general ledger is being maintained by the Flyers and that it includes detailed postings for each of the significant revenue sources.

Results:

No exceptions noted.

- 2) **Procedure:** Reconciled and agreed a sample of ticket revenue for baseball game full season and flex plan ticket sales from the general ledger to the season ticket or flex plan contract, then selected a sample of season or flex plan ticket holders and traced their purchases to the general ledger.

Results:

No exceptions noted.

- 3) **Procedure:** Traced a sample of revenues from baseball game suite rentals from the general ledger to the suite contract, traced a sample from the suite rental contracts to the general ledger, noting that all suites are accounted for as either sold or available for games.

Results:

No exceptions noted.

- 4) **Procedure:** Traced a sample of general ledger postings for single baseball game sales to daily game reports, selected a sample of dates from the team game schedule, reconciled and agreed the daily game reports for the days selected to the general ledger.

Results:

The Flyers have started recording revenues in a Ticket – Advance account when a ticket is purchased in advance of a game day and in a General Admission account for tickets purchased on game days. It is not feasible to trace daily receipts by attendance due to the Tickets – Advance account not being recorded by game dates. L&A compared prior year revenue to current year revenue and noted a 19% decrease over prior year due to the economic downturn and many companies bartering goods and services for tickets.

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- 5) **Procedure:** Traced a sample of revenues for various types of advertising, including signage, print, and broadcast from the general ledger detail to the contract, traced a sample of contracts to the general ledger.

Results:

No exceptions noted.

- 6) **Procedure:** Reconciled and agreed a sample of general ledger postings for net food and beverage revenue to receipts from the concessionaire contractor, traced a sample of the concessionaire's schedule to the general ledger.

Results:

No exceptions noted.

- 7) **Procedure:** For Merchandise and Novelties, traced a sample of inventory items to the invoice's costs for those items, noting gross profit. Compared the sale price of the selected inventory items to the verified cost of those items, noting gross profit. Computed the overall gross profit for merchandise and novelties, noting reasonableness. Agreed/reconciled the general ledger balance for year-end merchandise inventory to detailed inventory sheets. Agreed the direct labor related to merchandise sales to the payroll documentation.

Results:

No exceptions noted.

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- 8) Procedure:** Documented explanations for any exempted revenues or other adjustments to revenues from the general ledger balances.

Results:

Exempted revenues and other adjustments include the following:

- a) Trades – The Flyers do not include trades or bartered goods and services as revenues and expenses. However, accounting principles generally accepted in the United States of America require that grossed up revenues and expenses be recorded to reflect these transactions. The 2009 barter transactions totaled \$400,913 and affect the rent computation per the Operating Agreement by \$300,913. Barter transactions are up significantly due to the downturn in economy and many companies that would purchase tickets in the past traded goods and services for those tickets.
- b) Other revenue that was considered exempt from the club payments are included on Attachment A-2.

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- 9) Procedure:** Performed an overall reasonableness test for baseball ticket sales, using paid attendance statistics and average ticket prices.

Results:

L&A compared prior year total ticket sales revenue to current year total ticket sales revenue and concluded that there was a decrease of total ticket sales revenues of 19%. The average ticket price in the current year was \$5.96 compared to \$8.01 in the prior year. Per discussion with the Flyers management, total tickets issued were up from prior year approximately 14% due to the significant increase in the bartered goods and services for tickets in the current year.

No exceptions noted.

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- 10) Procedure:** Inquired about and reported on the values of traded/bartered/complimentary revenue activity.

Results:

See procedure 8.

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11) Procedure: Determined through inquiry the following:

- a) The Flyers continue to serve as General Manager of the facility.
- b) The Flyers sold and controlled ticket sales for the Flyers sponsored events.
- c) The Flyers contracted concession rights to a well known service provider.
- d) The Flyers received all broadcast rights and revenues for Flyers events and the Village received the same for any and all Village events.
- e) The Flyers played all home baseball games at the facility.

Results:

No exceptions noted.

12) Procedure: Inquired as to the status of naming rights.

Results:

Beginning with the 2005 season, all naming right fees go to the Village in settlement of prior year debts.

No exceptions noted.

13) Procedure: Reviewed insurance policies maintained by the Flyers to determine that they have maintained insurance coverage as provided for in the permit and operating agreement, and that the Village of Schaumburg and Schaumburg Park District are named as additional insured for the comprehensive general liability coverage.

Results:

No exceptions noted.

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- 14) Procedure:** Scanned the general ledger detail for all accounts, looking for large or unusual activity or adjustments, and obtained explanations for such activity or adjustments.

Results:

Obtained back-up and explanations for all requested items.

No exceptions noted.

- 15) Procedure:** Compared the current balances for all accounts to the prior year, noting large or unusual variances, and obtained explanations for such variances.

Results:

Obtained back-up and explanations for all requested items.

No exceptions noted.

- 16) Procedure:** Prepared a schedule showing both the calculation of club payments to the Village as reported by the Flyers and the calculation of club payments by our firm.

Results:

See Attachment A-1.

- 17) Procedure:** Prepared a schedule of exempted revenues.

Results:

See Attachment A-2.

VILLAGE OF SCHAUMBURG

**Schaumburg Professional Baseball, LLC
Calculation of Club Payments to the Village
Year Ended September 30, 2009**

Revenues	
Total Gross	\$ 2,116,953
Add Barter/Traded Goods	400,913
Less Barter/Traded Goods (Max \$100,000)	(100,000)
Less: Donations	(5,962)
Less Exempted Revenues (See Attachment A-2)	(590,250)
Less Uncollectible Accounts Receivable	(2,589)
Net Profit of the Following Net Revenues	
Baseball Clinics	1,660
Food and Beverage Sales	167,386
Souvenir and Merchandise Sales	1,009
Stadium User Fee	74,481
Golf Outing	(1,848)
Total Gross Revenue (Subject to 10%)	<u>2,061,753</u>
10% of Gross Revenue	206,175
Greater of \$249,400 or 10% of Gross Revenue	249,400
Additional Revenue	
Metra Parking Lot Use Fee	10,000
West Parking Lot Use Fee (\$.25 of Actual Attendance)	25,971
VIP Parking Fee	803
Departing Game Traffic Control	13,717
Picnic Sales	6,000
Total Additional Revenue	<u>56,491</u>
Total Revenue Amount Due to Village	305,891
Less Payments - None to Date	<u>-</u>
Balance Due	305,891
Interest - Unpaid Balance	
12% 11/1/09 to 2/19/10 (111 DAYS)	<u>11,163</u>
Total Due to Village	<u><u>317,053</u></u>

VILLAGE OF SCHAUMBURG

**Schaumburg Professional Baseball, LLC
Schedule of Exempted Revenues
Year Ended September 30, 2009**

Exempted Revenues	
VIP Parking	\$ 1,403
Mascot Appearances	300
Souvenirs - Game Day	61,093
Bucks Redeemed - Other	(3,000)
Concessions Bucks Redeemed	(39,016)
Souvenir Bucks Redeemed	(5,924)
Souvenirs - Mail Order	437
Merchandise - Internet	625
Souvenirs - Walk In	3,525
Souvenirs - Offsite	50
Clinics & Camps	1,800
Youth Fan Club - Dues	100
Birthday Parties	10,936
Birthday Cake	480
Stadium Rental Income	87,814
Ballpark Bucks	44,828
Golf Outing	600
Silent Auction Items	7,502
Shipping & Handling	2,462
Concessions Commissions	328,291
Suite Commissions	15,923
Schaumburg Club Commissions	6,510
Concession Signing Bonus	35,000
Player Transactions	300
Miscellaneous Income	28,211
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Total Exempted Revenues	<u>590,250</u>