LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

FINANCIAL STATEMENT AUDIT
ISSUED DECEMBER 20, 2006

LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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December 7, 2006

Independent Auditor's Report
on the Financial Statements

BOARD OF COMMISSIONERS OF THE
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the years ended June 30, 2006 and 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Louisiana Stadium and Exposition District, as of June 30, 2006 and 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1-M to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*; GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation;* and GASB Statement No. 47, *Accounting for Termination Benefits*, for the year ended June 30, 2006. However, Statement No. 47 had no impact on the financial statements for fiscal year 2006.

As discussed in note 22 to the financial statements, on August 29, 2005, the State of Louisiana and the City of New Orleans suffered catastrophic damage from Hurricane Katrina resulting in the President of the United States declaring Louisiana a major disaster area. Sports facilities owned and financed by the District, particularly the Louisiana Superdome, suffered major damage from Hurricane Katrina. On September 24, 2005, Hurricane Rita struck Louisiana causing further damage to state and local governmental operations. Because of the severity of these two hurricanes and the damage and resulting losses sustained, it is unknown what economic impact recovery efforts will have on state and local governmental operations in Louisiana. Accordingly, the long-term effects of the hurricanes on the District cannot be determined at this time.

During the fiscal year ended June 30, 2006, the Office of Legislative Auditor (OLA) provided certain nonaudit services for the State of Louisiana directed toward assisting the state Department of Military Affairs and the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) relative to their administration of the Federal Emergency Management Agency's (FEMA) Public Assistance program. The OLA provided Military Affairs and GOHSEP with assistance in reviewing documents submitted by applicants and reviewing the application and payment process to provide recommendations to those agencies for meeting their responsibilities for compliance with FEMA and state regulations. To maintain independence for audit purposes while providing these nonaudit services, the OLA has met the criteria and requirements set forth in *Government Auditing Standards: Temporary Exemptions and Guidance in Response to Hurricanes Katrina and Rita,*issued by the Government Accountability Office in November 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2006, on our consideration of the Louisiana Stadium and Exposition District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 5 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louisiana Stadium and Exposition District's basic financial statements. The accompanying supplemental financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

LG:ES:PEP:dl

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Management's Discussion and Analysis of the Louisiana Stadium and Exposition District's financial performance presents a narrative overview and analysis of the Louisiana Stadium and Exposition District's financial activities for the years ended June 30, 2006 and 2005. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Louisiana Stadium and Exposition District's financial statements, which begins on page 12.

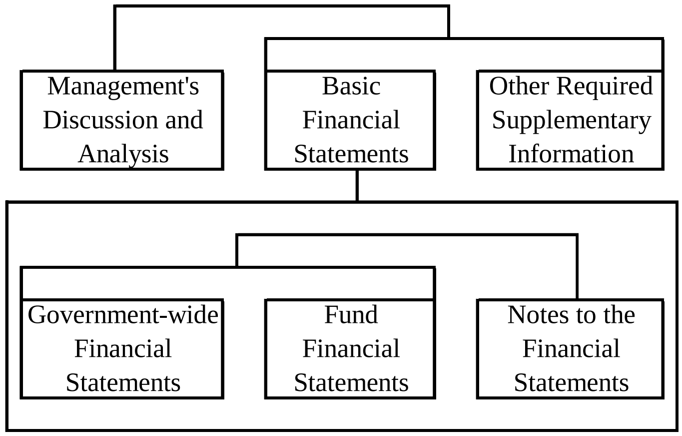
FINANCIAL HIGHLIGHTS

- The Louisiana Stadium and Exposition District's assets of business-type activities exceeded liabilities at the close of fiscal years 2006 and 2005 by $226,005,622 and $161,696,858, respectively. The net assets increased by $64,308,764 or 40% during fiscal year 2006. The liabilities of governmental activities exceeded assets at the close of fiscal years 2006 and 2005 by $171,835,507 and $144,555,865, respectively. The net assets of governmental activities decreased by $27,279,642 or 19% during fiscal year 2006.

- The Louisiana Stadium and Exposition District's operating and nonoperating revenue of business-type activities increased by $50,099,432 (89%) while operating and nonoperating expenses of business-type activities decreased by $30,748,652 (41%). The decreased expenses of business-type activities were due to the decreased operations resulting from significant storm damage to buildings from Hurricane Katrina. The increased revenues are from capital appropriations from the State of Louisiana for repairs to the Louisiana Superdome and New Orleans Arena. The revenue of governmental activities decreased by $3,619,969 (25%) while expenses decreased by $2,325,534 (23%). The decrease in revenue results mainly from decreased hotel occupancy taxes resulting from the impact of Hurricane Katrina. The decrease in expenses results mainly from decreased interest expense resulting from the bond refunding.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the District established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments:*



This annual report consists of three parts--management's discussion and analysis (this section), the basic financial statements and related notes, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental fund financial statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The previous graphic shows how the required parts of this annual report are arranged and relate to one another.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the Louisiana Stadium and Exposition District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section are as follows:

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets--the difference between the District's assets and liabilities--is one way to measure the District's financial health or position.

The government-wide financial statements of the District are divided into two categories:

- Governmental activities, which include debt service and capital projects
- Business-type activities, which include the operation of the Superdome and the Arena

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has two kinds of funds:

- Governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- Proprietary funds, like government-wide statements, provide both long and short-term financial information. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information such as cash flows.

FINANCIAL ANALYSIS OF THE ENTITY

Net Assets
As of June 30, 2006, 2005, and 2004
(in thousands)

	Total		
	2006	2005	2004
Current and other assets	$100,813	$37,869	$43,849
Capital assets	262,689	213,069	225,338
Total assets	363,502	250,938	269,187
Other liabilities	31,398	41,250	39,166
Long-term debt outstanding	277,934	192,547	197,827
Total liabilities	309,332	233,797	236,993
Net assets:			
Invested in capital assets, net of debt	46,186	23,989	31,712
Restricted	16,305	10,521	10,079
Unrestricted	(8,321)	(17,369)	(9,597)
Total net assets	$54,170	$17,141	$32,194

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Changes in Net Assets
For the Years Ended June 30, 2006, 2005, and 2004
(in thousands)

	2006	2005	2004
REVENUES			
Program revenues:			
Charges for services	$6,389	$25,129	$30,597
Grants and contributions	83,651	2,583	2,583
General revenues:			
Hotel occupancy taxes	24,309	40,693	37,123
Players' tax	1,517	1,636	900
Investment earnings	1,015	360	140
Total revenues	116,881	70,401	71,343
PROGRAM EXPENSES:			
Interest on long-term debt	7,008	9,321	9,553
Facility operation	45,373	76,134	78,851
Total expenses	52,381	85,455	88,404
Extraordinary item - impairment loss	(27,471)	NONE	NONE
INCREASE (DECREASE) IN NET ASSETS	$37,029	($15,054)	($17,061)

The Louisiana Stadium and Exposition District's total revenues increased from 2005 to 2006 by $46,452,080 (or 66%). The total cost of all programs and services decreased by $33,101,569 (or 39%). The increase in total revenues is due primarily to capital appropriations from the State of Louisiana for repairs to district facilities. The decrease in cost of programs and services results from decreased operating costs while the buildings are closed for repairs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006 and 2005, the Louisiana Stadium and Exposition District has $262,688,893 and $213,068,649, respectively, invested in capital assets, net of accumulated depreciation of $191,894,854 and $182,632,322, respectively, including land, buildings and improvements, furniture and fixtures, and equipment.

(in thousands)

	2006	2005	2004
Land	$13,944	$13,944	$13,944
Buildings and improvements	160,524	191,279	203,917
Furniture, fixtures, and equipment	2,918	4,182	5,628
Construction in progress	85,303	3,664	1,849
Total	$262,689	$213,069	$225,338

The major additions for fiscal years 2005 and 2004 consisted of improvements to buildings. The net addition for fiscal year 2006 is due to construction in progress at the Louisiana Superdome to repair damages caused by Hurricane Katrina. The reduction in buildings in 2006 is due to an asset impairment loss recorded to reduce the carrying value of the Louisiana Superdome by $27,471,149.

A major construction project to repair damages and enhance the Louisiana Superdome began in December 2005 and is scheduled for completion in August 2007. Phase One of the project consisting primarily of repairs to the Superdome was substantially completed in September 2006. Phase Two of the project consisting primarily of enhancements and improvements to the Louisiana Superdome was initiated concurrently with the repair phase and is scheduled for completion in August 2007.

In September 2006, the National Football League signed a funding agreement to provide the District with up to $20,000,000 of additional funding for improvements to the Louisiana Superdome.

Debt

The Louisiana Stadium and Exposition District has $294,325,000 in revenue bonds outstanding at June 30, 2006, compared to $189,080,000 at June 30, 2005, an increase of 56%. During the year ended June 30, 2006, the District issued Series 2006A, 2006B, 2006C, and 2006D bonds totaling $294,325,000, for the purposes of refunding the District's existing debt, providing funds for enhancements to the Louisiana Superdome, and providing working capital for the District's operations. During the year ended June 30, 2006, the District paid $4,580,000 in debt service payments on the old bonds that were refinanced by the Series 2006 bonds. The Louisiana Stadium and Exposition District's 2006 Series A, Series B, and Series C bonds carried a AAA rating at June 30, 2006 and 2005. The District's 2006 Series D bonds are not rated.

During the year ended June 30, 2004, the District entered into an agreement with the Louisiana Economic Development Corporation for a loan of $7,500,000 to be used for the payment of obligations relative to professional franchises. That debt is still payable.

ECONOMIC FACTORS AND NET YEAR'S BUDGETS AND RATES

The Louisiana Stadium and Exposition District appointed officials considered the following factors and indicators when setting next year's budgets, rates, and fees:

- Contractually required inducement payments to professional sports franchises
- Scheduled events and estimated attendance
- Hotel occupancy tax revenue fluctuations
- Industry factors
- Cost-of-living adjustments for salaries and other expenses

The District has incurred losses from operations for fiscal years ended June 30, 2006, and June 30, 2005. During fiscal year 2006, the District's net assets increased $37,029,122 primarily because of capital appropriations from the State of Louisiana for construction in the Louisiana Superdome to repair damages from Hurricane Katrina. Although the construction project provided an increase in net assets for the year, the District's buildings were closed for repairs during much of the year and without the capital grants and contributions, program expenses would have exceeded program revenues for the year ended June 30, 2006. The District incurred a decrease in net assets and a loss from operations for the fiscal year ended June 30, 2005. Current projections by management of the District indicate that additional operating losses are anticipated in future years because of reduced hotel motel tax collections and contractual obligations to sports franchises.

CONTACTING THE LOUISIANA STADIUM AND EXPOSITION DISTRICT MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Stadium and Exposition District's finances and to show the Louisiana Stadium and Exposition District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact M. David Weidler, Senior Director of Finance and Administration, Sugar Bowl Drive, New Orleans, Louisiana 70112.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

Statement of Net Assets, June 30, 2006 and 2005

	2006		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents (note 2)	$12,824,906	$9,793,270	$22,618,176
Accounts receivable		815,788	815,788
Due from State of Louisiana (note 3)	892,904	4,125,315	5,018,219
Due from other fund (note 4)		7,681,195	7,681,195
Inventory of materials and supplies		22,789	22,789
Prepaid expenses		9,153	9,153
Restricted assets: (notes 2 and 9)			
Working capital account - cash		1,574,788	1,574,788
Renewal and Replacement Reserve Account - cash and cash equivalents		1,261,985	1,261,985
Economic Development Fund Account - cash and cash equivalents		9,020	9,020
New Orleans Area Tourism and Economic Development Fund - cash and cash equivalents		115,676	115,676
Construction and Operations Trust Account - cash and equivalents	61,611,920		61,611,920
Concessionaire Fund - receivable		74,508	74,508
Capital assets, net of accumulated depreciation (note 5)	31,397,828	231,291,065	262,688,893
Total assets	106,727,558	256,774,552	363,502,110
LIABILITIES			
Accounts payable and accrued expenses	5,715	15,602,942	15,608,657
Payable to SMG		3,147,749	3,147,749
Due to other funds (note 4)	7,681,195		7,681,195
Saints inducements payable (note 14)			
Hornets inducements payable (note 16)			
Deferred income and security deposits		388,894	388,894
Compensated absences		159,567	159,567
Advance deposits on future events		2,699,778	2,699,778
Accrued bond interest payable	442,414		442,414
Noncurrent liabilities:			
Due within one year:			
Advance from State of Louisiana (note 18)		1,270,000	1,270,000
Bonds payable (note 6)			

(Continued)

The accompanying notes are an integral part of this statement.

2005		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
$9,494,843	$17,958,460	$27,453,303
	574,613	574,613
2,317,674	3,919,097	6,236,771
	127,464	127,464
	49,249	49,249
	1,514,085	1,514,085
	1,605,736	1,605,736
	54,837	54,837
	111,826	111,826
	141,516	141,516
31,396,106	181,672,543	213,068,649
43,208,623	207,729,426	250,938,049
58,953	7,625,874	7,684,827
	1,004,964	1,004,964
	12,415,268	12,415,268
	2,331,192	2,331,192
	301,004	301,004
	242,394	242,394
	7,329,444	7,329,444
4,660,535		4,660,535
	500,000	500,000
4,580,000	200,000	4,780,000

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
Statement of Net Assets, June 30, 2006 and 2005

	2006		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES (CONT.)			
Noncurrent liabilities: (Cont.)			
Due in more than one year:			
Advance from State of Louisiana (note 18)			
Bonds payable (note 6), reported net of unamortized issuance and escrow costs of $23,891,259	$270,433,741		$270,433,741
Loan payable (note 19)		$7,500,000	7,500,000
Total liabilities	278,563,065	30,768,930	309,331,995
NET ASSETS			
Invested in capital assets, net of related debt	(185,105,189)	231,291,065	46,185,876
Restricted for:			
Debt service	13,269,674		13,269,674
Capital projects	8		8
Working capital		1,574,788	1,574,788
Renewal and replacement		1,261,985	1,261,985
Economic development		9,020	9,020
New Orleans Area Tourism and Economic Development Fund		115,676	115,676
Concessionaire reserve		74,508	74,508
Unrestricted		(8,321,420)	(8,321,420)
TOTAL NET ASSETS	($171,835,507)	$226,005,622	$54,170,115

(Concluded)

The accompany note are an integral part of this statement.

2005		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
	$747,428	$747,428
$178,465,000	5,835,000	184,300,000
	7,500,000	7,500,000
187,764,488	46,032,568	233,797,056
(151,648,894)	175,637,543	23,988,649
7,091,131		7,091,131
1,898		1,898
	1,514,085	1,514,085
	1,605,736	1,605,736
	54,837	54,837
	111,825	111,825
	141,516	141,516
	(17,368,684)	(17,368,684)
($144,555,865)	$161,696,858	$17,140,993

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

Statement of Activities
For the Year Ended June 30, 2006

		PROGRAM REVENUE	
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:			
Facility operation	$1,001,273		$811,205
Interest on bonds	7,007,658		
Total governmental activities	8,008,931	NONE	811,205
Business-type activities - facility operation	44,372,036	$6,389,811	82,839,592
TOTAL	$52,380,967	$6,389,811	$83,650,797

General revenues:
Taxes: (note 9)
Hotel occupancy taxes, levied for general purposes
Hotel occupancy taxes, levied for debt service
Players' tax
Unrestricted investment earnings
Transfers in (out)
Total general revenues and transfers

Extraordinary item - impairment loss (note 5)

Change in net assets

NET ASSETS, BEGINNING OF YEAR

TOTAL NET ASSETS, END OF YEAR

(Continued)

The accompanying notes are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
($190,068)		($190,068)
(7,007,658)		(7,007,658)
(7,197,726)	NONE	(7,197,726)
NONE	$44,857,367	44,857,367
(7,197,726)	44,857,367	37,659,641
	15,074,383	15,074,383
9,234,697		9,234,697
	1,517,043	1,517,043
557,730	456,777	1,014,507
(29,874,343)	29,874,343	
(20,081,916)	46,922,546	26,840,630
NONE	(27,471,149)	(27,471,149)
(27,279,642)	64,308,764	37,029,122
(144,555,865)	161,696,858	17,140,993
($171,835,507)	$226,005,622	$54,170,115

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
Statement of Activities
For the Year Ended June 30, 2005

		PROGRAM REVENUE	
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:			
Facility operation	$1,013,297	$60,000	
Interest on bonds	9,321,168		
Total governmental activities	10,334,465	60,000	NONE
Business-type activities - facility operation	75,120,688	25,069,485	$2,583,169
Total	$85,455,153	$25,129,485	$2,583,169

General revenues:
Taxes: (note 9)
Hotel occupancy taxes, levied for general purposes
Hotel occupancy taxes, levied for debt service
Players' tax
Unrestricted investment earnings
Transfers in (out)
Total general revenues and transfers

Change in net assets

NET ASSETS, BEGINNING OF YEAR

TOTAL NET ASSETS, END OF YEAR

(Concluded)

The accompanying notes are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
($953,297)		($953,297)
(9,321,168)		(9,321,168)
(10,274,465)	NONE	(10,274,465)
NONE	($47,468,034)	(47,468,034)
(10,274,465)	(47,468,034)	(57,742,499)
	26,611,447	26,611,447
14,081,019		14,081,019
	1,636,418	1,636,418
82,582	277,655	360,237
(972,446)	972,446	
13,191,155	29,497,966	42,689,121
2,916,690	(17,970,068)	(15,053,378)
(147,472,555)	179,666,926	32,194,371
($144,555,865)	$161,696,858	$17,140,993

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

GOVERNMENTAL FUNDS
Balance Sheet, June 30, 2006 and 2005

	2006		
	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents (note 2)	$74,436,818	$8	$74,436,826
Due from State of Louisiana (note 3)	887,189	5,715	892,904
TOTAL ASSETS	$75,324,007	$5,723	$75,329,730
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable		$5,715	$5,715
Due to other funds (note 4)	$7,681,195		7,681,195
Total liabilities	7,681,195	5,715	7,686,910
Fund balance reserved for:			
Debt service	13,712,088		13,712,088
Operating capital	25,005,315		25,005,315
Construction	28,925,409		28,925,409
Capital projects		8	8
Total fund balance	67,642,812	8	67,642,820
TOTAL LIABILITIES AND FUND BALANCE	$75,324,007	$5,723	$75,329,730
Total fund balances, as presented in this statement			$67,642,820
Amounts presented for governmental activities in the Statement of Net Assets are different because:			
Accrued bond interest is reported in the Statement of Net Assets but is not due and payable in the current period and therefore is not reported as a liability of the fund balance sheet.			(442,414)
Long-term liabilities are reported in the Statement of Net Assets but are not due and payable in the current period and therefore are not reported as liabilities of the fund balance sheet.			(270,433,741)
Capital assets reported in the Statement of Net Assets are not financial resources.			31,397,828
NET ASSETS OF GOVERNMENTAL ACTIVITIES			($171,835,507)

The accompanying notes are an integral part of this statement.

2005		
DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
$9,433,992	$60,851	$9,494,843
2,317,674		2,317,674
$11,751,666	$60,851	$11,812,517
	$58,953	$58,953
NONE	58,953	58,953
$11,751,666		11,751,666
	1,898	1,898
11,751,666	1,898	11,753,564
$11,751,666	$60,851	$11,812,517
		$11,753,564
		(4,660,535)
		(183,045,000)
		31,396,106
		($144,555,865)

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2006 and 2005

	2006		
	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Hotel occupancy tax	$9,234,696		$9,234,696
Other revenue			
Interest earnings	557,592	$138	557,730
Total revenues	9,792,288	138	9,792,426
EXPENDITURES			
Capital outlay		855,654	855,654
Debt service:			
Principal payments (note 6)	4,580,000		4,580,000
Interest	10,923,357		10,923,357
Other	147,341		147,341
Total expenditures	15,650,698	855,654	16,506,352
Excess (deficiency) of revenues over expenditures	(5,858,410)	(855,516)	(6,713,926)
OTHER FINANCING SOURCES (Uses)			
Transfers in	175,742	42,421	218,163
Transfers out	(30,092,506)		(30,092,506)
Bond proceeds (note 6)	294,325,000		294,325,000
Payment to refunded debt escrow agent	(187,449,513)		(187,449,513)
Bond issuance costs	(15,209,167)		(15,209,167)
State funds		811,205	811,205
Total other financing sources (uses)	61,749,556	853,626	62,603,182
Net change in fund balances	55,891,146	(1,890)	55,889,256
Fund balances at beginning of year	11,751,666	1,898	11,753,564
Fund balances at end of year	$67,642,812	$8	$67,642,820

(Continued)

The accompanying notes are an integral part of this statement.

2005		
DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
$14,081,019		$14,081,019
	$60,000	60,000
74,703	7,879	82,582
14,155,722	67,879	14,223,601
	225,141	225,141
4,345,000		4,345,000
9,437,492		9,437,492
13,782,492	225,141	14,007,633
373,230	(157,262)	215,968
	246,197	246,197
(394,603)	(824,040)	(1,218,643)
(394,603)	(577,843)	(972,446)
(21,373)	(735,105)	(756,478)
11,773,039	737,003	12,510,042
$11,751,666	$1,898	$11,753,564

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2006 and 2005

	2006		
	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Net change in fund balances, as presented in this statement			$55,889,256
Amounts presented for governmental activities in the Statement of Activities are different because:			
Governmental funds report interest expense on bonds only when the expense is due for payment while the Statement of Activities reports bond interest as it is incurred.			4,218,121
Governmental funds report receipt of bond proceeds ($294,325,000), less payments of funds escrowed ($187,449,514), and bond issuance costs ($15,209,168) on the Statement of Revenues, Expenditures, and Changes in Fund Balances.			(91,666,320)
Governmental funds do not include amortization expense for bond issuance costs.			(302,421)
Governmental funds report the acquisition of capital assets as expenditures of the period in which the asset is acquired, but this amount is reported as capital assets and depreciated each period in the government-wide financial statements. This is the amount by which capital outlay ($855,654) exceeded depreciation ($853,932) in the current period (2006), and depreciation ($847,109) exceeded capital outlays ($58,953) in the prior period (2005).			1,722
Governmental funds report principal payments on bonds as an expense, but this amount is reported as a reduction of debt in the government-wide financial activities.			4,580,000
Change in net assets of governmental activities as reported on the Statement of Activities			($27,279,642)

(Concluded)

The accompanying notes are an integral part of this statement.

2005		
DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
		($756,478)
		116,324
		(788,156)
		4,345,000
		$2,916,690

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

PROPRIETARY FUNDS
Balance Sheet, June 30, 2006 and 2005

	JUNE 30, 2006		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
ASSETS			
Current assets:			
Cash and cash equivalents (note 2)	$6,533,095	$3,260,175	$9,793,270
Accounts receivable	528,575	287,213	815,788
Due from State of Louisiana (note 3)	4,125,315		4,125,315
Due from other fund	11,281,195		11,281,195
Inventory	22,789		22,789
Prepaid expenses	5,000	4,153	9,153
Total current assets	22,495,969	3,551,541	26,047,510
Restricted assets: (notes 2 and 9)			
Working Capital Account - cash	1,574,788		1,574,788
Renewal and Replacement Reserve Account - cash and cash equivalents	165,392	1,096,593	1,261,985
Economic Development Fund Account - cash and cash equivalents	9,020		9,020
New Orleans Area Tourism and Economic Development Fund - cash and cash equivalents	115,676		115,676
Concessionaire Fund - receivable		74,508	74,508
Total restricted assets	1,864,876	1,171,101	3,035,977
Capital assets, net of accumulated depreciation (notes 1 and 5)	135,343,676	95,947,389	231,291,065
TOTAL ASSETS	$159,704,521	$100,670,031	$260,374,552

(Continued)

The accompanying notes are an integral part of this statement.

JUNE 30, 2005		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
$15,730,338	$2,228,122	$17,958,460
540,076	34,537	574,613
3,919,097		3,919,097
3,600,000		3,600,000
102,718	24,746	127,464
27,079	22,170	49,249
23,919,308	2,309,575	26,228,883
1,514,085		1,514,085
640,882	964,854	1,605,736
54,837		54,837
111,826		111,826
	141,516	141,516
2,321,630	1,106,370	3,428,000
84,332,564	97,339,979	181,672,543
$110,573,502	$100,755,924	$211,329,426

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Balance Sheet, June 30, 2006 and 2005

	JUNE 30, 2006		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	$12,589,278	$3,013,664	$15,602,942
Payable to SMG	2,574,291	573,458	3,147,749
Saints inducements payable (note 14)			
Hornets inducements payable (note 16)			
Deferred revenue and security deposits	388,894		388,894
Compensated absences	131,817	27,750	159,567
Funds held in escrow for future events	38,801	2,660,977	2,699,778
Bonds payable (note 6)			
Advance from State of Louisiana (note 18)	1,000,000	270,000	1,270,000
Due to other fund		3,600,000	3,600,000
Total current liabilities	16,723,081	10,145,849	26,868,930
Noncurrent liabilities:			
Advance from State of Louisiana (note 18)			
Bonds payable (note 6)			
Loan payable (note 19)	7,500,000		7,500,000
Total long-term liabilities	7,500,000	NONE	7,500,000
Total liabilities	24,223,081	10,145,849	34,368,930
NET ASSETS			
Invested in capital assets, net of related debt	135,343,676	95,947,389	231,291,065
Restricted	1,864,876	1,171,101	3,035,977
Unrestricted	(1,727,112)	(6,594,308)	(8,321,420)
Total net assets	135,481,440	90,524,182	226,005,622
TOTAL LIABILITIES AND NET ASSETS	$159,704,521	$100,670,031	$260,374,552

(Concluded)

The accompanying notes are an integral part of this statement.

JUNE 30, 2005		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
$4,898,705	$2,727,169	$7,625,874
721,817	283,147	1,004,964
12,415,268		12,415,268
	2,331,192	2,331,192
301,004		301,004
213,673	28,721	242,394
5,794,825	1,534,619	7,329,444
	200,000	200,000
500,000		500,000
	3,600,000	3,600,000
24,845,292	10,704,848	35,550,140
500,000	247,428	747,428
	5,835,000	5,835,000
7,500,000		7,500,000
8,000,000	6,082,428	14,082,428
32,845,292	16,787,276	49,632,568
84,332,564	91,304,979	175,637,543
2,321,629	1,106,370	3,427,999
(8,925,983)	(8,442,701)	(17,368,684)
77,728,210	83,968,648	161,696,858
$110,573,502	$100,755,924	$211,329,426

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

PROPRIETARY FUNDS
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2006 and 2005

	JUNE 30, 2006		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
OPERATING REVENUES			
Event rental:			
Football	$254,753		$254,753
Basketball			
Conventions and trade shows	50,000		50,000
High school sports			
Musical events and entertainment	150,000	$168,250	318,250
Other events	80,631	206,714	287,345
Reimbursement event costs	800,492	389,748	1,190,240
Total event rental	1,335,876	764,712	2,100,588
Parking	858,559	180,590	1,039,149
Concessions	939,065	324,867	1,263,932
Box suite rental	631,831	30,968	662,799
Advertising and broadcasting	464,488		464,488
Commercial office rental	269,144		269,144
Land rental	205,388		205,388
Ticket incentive	158,245	110,789	269,034
Other	95,654	19,635	115,289
Total operating revenues	4,958,250	1,431,561	6,389,811
OPERATING EXPENSES			
Salaries, wages, and benefits	3,761,636	779,310	4,540,946
Utilities	2,330,061	682,194	3,012,255
Repairs and maintenance	620,680	185,057	805,737
Management fee - SMG (note 13)	1,238,872	290,311	1,529,183
Management fee - Superdome Marketing and Promotional Fund (note 14)	1,013,622		1,013,622
Saints lease inducement payments (note 14)	1,625,086		1,625,086
Hornets inducement payments (note 16)		256,348	256,348
Voodoo inducement payments (note 17)			
Professional fees	752,513	48,668	801,181
Insurance	1,779,956	709,780	2,489,736

(Continued)

The accompanying notes are an integral part of this statement.

JUNE 30, 2005		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
$1,159,336	$76,486	$1,235,822
	68,000	68,000
613,133		613,133
55,206		55,206
207,500	780,000	987,500
297,222	210,650	507,872
2,812,221	1,175,013	3,987,234
5,144,618	2,310,149	7,454,767
3,144,464	719,703	3,864,167
4,438,934	2,114,387	6,553,321
4,951,224	417,277	5,368,501
400,000		400,000
361,584		361,584
205,387		205,387
90,826	219,668	310,494
535,947	15,317	551,264
19,272,984	5,796,501	25,069,485
7,557,517	1,889,724	9,447,241
2,731,961	1,208,498	3,940,459
962,007	244,820	1,206,827
2,381,173	283,147	2,664,320
2,075,376		2,075,376
8,946,915		8,946,915
	2,185,841	2,185,841
	205,104	205,104
732,083	71,897	803,980
2,686,749	1,202,496	3,889,245

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended June 30, 2006 and 2005

	JUNE 30, 2006		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
OPERATING EXPENSES (CONT.)			
Direct event expense	$510,260	$449,149	$959,409
Advertising and public relations	94,172	242,024	336,196
Other operating expenses	1,558,950	404,968	1,963,918
Total operating expenses	15,285,808	4,047,809	19,333,617
Operating loss before depreciation	(10,327,558)	(2,616,248)	(12,943,806)
Depreciation	2,077,400	6,331,200	8,408,600
Operating loss	(12,404,958)	(8,947,448)	(21,352,406)
NONOPERATING REVENUE (Expenses)			
Hotel occupancy tax (note 9)	15,074,383		15,074,383
Interest revenue	356,327	100,450	456,777
Interest expense	(30,479)	(312,305)	(342,784)
Other Saints inducements (note 14)	(3,078,580)		(3,078,580)
Other Hornets inducements (note 16)	(467,262)	(504,741)	(972,003)
Repayment of SMG manager's contribution (note 13)	(2,000,000)		(2,000,000)
State revenue			
Remediation expense (note 5)	(10,209,069)		(10,209,069)
Other revenues (expenses)	(27,383)		(27,383)
Players' tax	1,012,302	504,741	1,517,043
Total nonoperating revenue (expenses)	630,239	(211,855)	418,384
Loss before transfers	(11,774,719)	(9,159,303)	(20,934,022)
Transfers in (out)	23,937,718	10,622,567	34,560,285
Transfers in (out)	(4,685,942)		(4,685,942)
Net Transfers	19,251,776	10,622,567	29,874,343
Capital contributions	77,747,322	5,092,270	82,839,592
Extraordinary item - impairment loss (note 5)	(27,471,149)		(27,471,149)
Change in net assets	57,753,230	6,555,534	64,308,764
Net assets, beginning of year	77,728,210	83,968,648	161,696,858
NET ASSETS, END OF YEAR	$135,481,440	$90,524,182	$226,005,622

(Concluded)

The accompanying notes are an integral part of this statement.

JUNE 30, 2005		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
$3,128,749	$1,972,167	$5,100,916
23,985	41,620	65,605
2,129,832	768,329	2,898,161
33,356,347	10,073,643	43,429,990
(14,083,363)	(4,277,142)	(18,360,505)
9,124,028	6,330,597	15,454,625
(23,207,391)	(10,607,739)	(33,815,130)
26,611,447		26,611,447
220,477	57,178	277,655
	(382,323)	(382,323)
(14,200,000)		(14,200,000)
	(1,653,750)	(1,653,750)
	2,583,169	2,583,169
1,636,418		1,636,418
14,268,342	604,274	14,872,616
(8,939,049)	(10,003,465)	(18,942,514)
972,446	5,271,821	6,244,267
(5,271,821)	NONE	(5,271,821)
(4,299,375)	5,271,821	972,446
(13,238,424)	(4,731,644)	(17,970,068)
90,966,634	88,700,292	179,666,926
$77,728,210	$83,968,648	$161,696,858

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2006 and 2005

	JUNE 30, 2006		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$4,969,750	$1,245,893	$6,215,643
Payments to suppliers	(27,643,692)	(3,831,192)	(31,474,884)
Payments for salaries and related expenses	(3,843,492)	(780,281)	(4,623,773)
Net cash used by operating activities	(26,517,434)	(3,365,580)	(29,883,014)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loan (payments) proceeds		(6,035,000)	(6,035,000)
Players' tax	1,012,302	504,741	1,517,043
Other Hornets inducements	(467,262)	(504,741)	(972,003)
Operating transfers		10,622,567	10,622,567
Tax revenue	14,868,165		14,868,165
Grant disbursements and administrative expenses	5,844,517		5,844,517
Other Saints inducements	(3,078,580)		(3,078,580)
Other	(27,383)		(27,383)
Net cash provided by noncapital financing activities	18,151,759	4,587,567	22,739,326
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants			
Purchases of capital assets	(1,614,169)	153,660	(1,460,509)
Net cash used by capital and related financing activities	(1,614,169)	153,660	(1,460,509)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	325,847	(211,855)	113,992
Net cash provided by investing activities	325,847	(211,855)	113,992
Net increase (decrease) in cash and cash equivalents	(9,653,997)	1,163,792	(8,490,205)
Cash and cash equivalents, beginning of year	18,051,968	3,192,976	21,244,944
CASH AND CASH EQUIVALENTS, END OF YEAR	$8,397,971	$4,356,768	$12,754,739

(Continued)

The accompanying notes are an integral part of this statement.

JUNE 30, 2005		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
$19,481,439	$5,958,024	$25,439,463
(25,770,541)	(6,302,900)	(32,073,441)
(7,557,515)	(1,889,724)	(9,447,239)
(13,846,617)	(2,234,600)	(16,081,217)
(500,000)	(200,000)	(700,000)
1,636,418		1,636,418
	(1,653,750)	(1,653,750)
(4,299,375)	5,271,821	972,446
28,191,198		28,191,198
(14,200,000)		(14,200,000)
10,828,241	3,418,071	14,246,312
	2,583,169	2,583,169
(1,524,803)	(2,449,073)	(3,973,876)
(1,524,803)	134,096	(1,390,707)
220,476	(325,144)	(104,668)
220,476	(325,144)	(104,668)
(4,322,703)	992,423	(3,330,280)
22,374,671	2,200,553	24,575,224
$18,051,968	$3,192,976	$21,244,944

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2006 and 2005

	JUNE 30, 2006		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating loss	($12,404,958)	($8,947,448)	($21,352,406)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	2,077,400	6,331,200	8,408,600
Changes in net assets and liabilities:			
Decrease in restricted assets		67,008	67,008
(Increase) decrease in receivables	(7,669,695)	(252,676)	(7,922,371)
(Increase) decrease in inventory	79,929	24,746	104,675
(Increase) decrease in prepaid expenses	22,079	18,017	40,096
(Decrease) increase in accounts payable and accrued expenses	(2,872,201)	(1,731,812)	(4,604,013)
(Decrease) increase in deferred revenue	(5,668,132)	1,126,356	(4,541,776)
(Decrease) increase in compensated absences	(81,856)	(971)	(82,827)
Net cash (used) by operating activities	($26,517,434)	($3,365,580)	($29,883,014)

NONCASH CAPITAL FINANCING ACTIVITIES:

State Construction Projects	$67,538,253	$3,773,078	$71,311,331

(Concluded)

The accompanying notes are an integral part of this statement.

JUNE 30, 2005		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
($23,207,391)	($10,607,739)	($33,815,130)
9,124,028	6,330,597	15,454,625
	36,241	36,241
208,455	125,282	333,737
(26,380)	18,011	(8,369)
(6,605)	(8,693)	(15,298)
(1,732,279)	1,371,795	(360,484)
1,802,727	498,727	2,301,454
(9,172)	1,179	(7,993)
($13,846,617)	($2,234,600)	($16,081,217)

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INTRODUCTION

The Louisiana Stadium and Exposition District (the District) was created in 1966 pursuant to Article XIV, Section 47 of the Constitution of the State of Louisiana of 1921, as amended and continued as a statute by Article XIV, Section 16 of the Constitution of the State of Louisiana (State) for the year 1974 (the "Original Act") as a body politic and corporate and political subdivision of the State, composed of all the territory in the parishes of Orleans and Jefferson, Louisiana. The District was created for the purpose of planning, acquiring, financing, owning, constructing, maintaining, and operating recreational facilities, recreation centers and other facilities to be located within the District to accommodate the holding of conventions, exhibitions, sports events, athletic contests, and other public meetings and all facilities and properties incidental and necessary to a complex suitable for any or all types of sports and recreation, all as more specifically provided in the Act.

The District acquired a site and constructed thereon the Superdome which opened in August 1975. The Superdome is leased by the District to the State pursuant to the Lease Agreement. The District initially managed and operated the Superdome on behalf of the State pursuant to a management and operating agreement dated as of February 1, 1969. In 1976, Act No. 541 of the 1976 Regular Session of the State Legislature ("Act No. 541") transferred the responsibility for the management and operation of the Superdome to the Office of the Governor of the State and authorized the Governor to delegate the management and operation of the Superdome to a professional management organization. In 1977, the District was transferred to and placed in the Office of the Governor of the State pursuant to the Executive Reorganization Act. At the same time, Act No. 64 of the 1977 Regular Session of the State Legislature ("Act No. 64") approved and authorized execution of a Management Agreement between the State and HMC Management Corporation (the predecessor in interest of SMG, the current manager of the Superdome), which was signed by the parties under date of June 30, 1977.

Act 640 of the 1993 Regular Session of the State Legislature amended Act No. 541 to provide, among other things, for the construction of the Arena and further to provide that all authority for the management and operation of all properties then or thereafter owned by or under the control of the District vested in the State, through the Office of the Governor, with continuing authority to delegate that authority and responsibility to a private management company. In 1998, by a Fourth Amendment to the Management Agreement dated June 19, 1998, between the State, Facility Management of Louisiana, Inc., (formerly doing business under the name "HMC Management Corporation") and SMG, the State delegated its management authority over the Arena to SMG. The District completed construction of the New Orleans Arena (Arena) adjacent to the Superdome in 1999, and the Arena opened for operations in October 1999 under the management of SMG.

Notwithstanding the transfer of management authority to the State and by the State to the manager, Act No. 541, as amended by Act 640, provides that for the purposes of and in connection with the undertakings authorized by the Act, including the issuance and servicing of any bonds, the District shall be acting solely in its capacity as a political subdivision of the state and further provides that the District shall provide annually to the legislature and the legislative auditor information concerning the finances of the District.

The District is governed by a board of commissioners (the Board) composed of seven members appointed by the Governor of the State and confirmed by the State Senate. The commissioners serve at the pleasure of the Governor of the State.

The Board has the power to plan, acquire, finance, own, construct, operate, and maintain recreational facilities, recreation centers, and other facilities to accommodate expositions, conventions, exhibitions, sports events, spectacles, and other public meetings, and all facilities and properties incidental and necessary to a complex suitable for any or all types of sports and recreation, and shall exercise them in the name and on behalf of the District. The District has no employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The District applies the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) unless those pronouncements conflict with or contradict GASB pronouncements. The District has elected to not apply FASB pronouncements issued after that date.

B. REPORTING ENTITY

The District is a component unit of the State of Louisiana as defined by GASB Statement Number 14, *The Financial Reporting Entity*. The accompanying component unit financial statements of the District contain sub-account information of the State of Louisiana. As such, the accompanying statements present information only as to the transactions of the District as authorized by Louisiana statutes and administrative regulations. Annually, the State of Louisiana issues financial statements which include the activity contained in the accompanying component unit financial statements.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues and hotel occupancy taxes. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with functions or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, et cetera).

The District does not allocate indirect costs.

D. FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, revenues, and expenditures/expenses, as appropriate. Resources are allocated and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District does not have any general or special revenue funds. The following fund types are used by the District:

Governmental Funds

Debt service funds are established to meet requirements of bond ordinances and are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Debt Service Fund maintained by the District accounts for the transactions of certain bond issues outstanding.

Capital projects funds are used to account for the receipt and disbursement of the proceeds of general bond issues used for the acquisition or construction of major capital facilities, renovations, major repairs, and improvements for the District, as well as activities performed on behalf of other entities. The Capital Projects Fund maintained by the District accounts for certain on-going construction projects of the District.

Proprietary Fund

Enterprise funds are used to account for activities (a) that are operated in a manner similar to private business, where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or

(b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Nonoperating revenues result from nonexchange or ancillary activities. The District has two enterprise funds that are used to account for the operations of the Superdome and the Arena. The District has contracted with SMG to manage both facilities. Future enterprise funds may be established as various activities of the District are placed in operation.

E. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Revenues from general sources consist primarily of the Hotel Occupancy Tax, which is recognized in the month collected by the hotel. The Hotel Occupancy Tax is used to fund annual debt service needs and operations. Any excess tax collections are then distributed as specified by law.

F. RESTRICTED ASSETS AND LIABILITIES

Certain assets and liabilities are segregated and classified as restricted and may not be used except in accordance with contractual terms, under certain conditions, or to fulfill the District's obligations to the State under its Lease and Management and Operating Agreements. Assets of the Capital Projects Fund are to be used for construction purposes, and assets of the Debt Service Fund are to be used for debt service payments.

G. INVENTORIES

Inventories, principally repair parts and operating supplies, are stated at cost, which approximates market. Cost is determined by the first-in, first-out method.

H. CAPITAL ASSETS

Capital assets acquired or constructed are recorded at cost. Donated capital assets are valued at estimated fair value on the date donated or contributed. Depreciation is charged to expense over the estimated useful lives of the assets and is determined using the straight-line method. Expenditures for maintenance and repairs which do not materially extend the useful life of the asset are charged to expense as incurred. Interest expense is capitalized during the construction period for long-term construction projects.

The estimated useful lives used in computing depreciation and amortization are as follows:

Plant, building and improvements:	
Structure:	
Superdome	40 years
Arena	25 years
Baseball stadium	40 years
Practice facilities	40 years
Major components	10-20 years
Furniture, fixtures, and equipment	5-10 years

The District is also party to various leases of office space. Those leases contain provisions whereby improvements were paid for by the lessee. These leasehold improvements have not been recorded by the District.

I. REVENUE RECOGNITION

Event rentals, including advance deposits, are recognized as revenue in the period in which the event is held. Annual box suite rentals are recognized in the period earned. Unearned receipts for event rentals and box suite rentals are included in deferred revenue. Revenues from the hotel occupancy tax are recognized in the month such amounts are collected by the hotel proprietors.

J. COMPENSATED ABSENCES

Under the Management Agreement with SMG, all employees engaged in managing and operating the Superdome and the Arena are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 24 days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union agreements. At the end of any fiscal year, an employee can carry forward no more than 192 hours in vacation, and upon termination, an employee is paid for 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to 15 days of vacation per year with no carryforward provision. The accumulated net provision by the District for unpaid vacation benefits due employees of SMG as of June 30, 2006, and 2005 was $159,567 and $242,394, respectively.

SMG employees earn six days per year of sick leave with no carryforward provision. Members of the Teamsters Union earn six days of sick leave per year which can be accumulated with no limit. Accumulated sick leave is lost upon termination of employment. Sick leave is not paid upon termination; therefore, no liability has been recognized.

K. CASH FLOW INFORMATION

For the purpose of the statement of cash flows, the District considers all highly-liquid investments (including restricted assets) with a term of three months or less from maturity to be cash equivalents.

L. INTERFUND ACTIVITY

Interfund activity is reported as loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. During the year ended June 30, 2006, the Debt Service Fund transferred $30,092,506, to the Proprietary funds and the Proprietary funds transferred $175,742 and $42,421, respectively, to the Debt Service and Capital Projects funds. The funds transferred were no longer restricted for debt service or capital projects and are available for allowable uses of the Louisiana Superdome.

M. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2006, the district implemented GASB Statements No. 42, *Accounting and Reporting for Impairment of Capital Assets and for Insurance Recoveries*, No. 46, *Net Assets Restricted by Enabling Legislation*, and No. 47, *Accounting for Termination Benefits*. Statement 47 has no impact on reporting for the District.

2. CASH AND CASH EQUIVALENTS

The District maintains cash on hand, cash on deposit with banks in demand deposit accounts, and cash in interest-bearing deposit accounts. The District maintains cash equivalents that consist of money market funds, a repurchase agreement, and guaranteed investment contracts with maturities of three months or less. Cash and cash equivalents are recorded at cost, which approximates market. Cash and cash equivalents consist of the following at June 30, 2006 and 2005:

	2006 Bank Balance	2006 Book Balance	2005 Bank Balance	2005 Book Balance
Cash on hand		$48,713		$77,500
Demand deposits	$8,385,786	8,655,598	$20,792,742	21,228,295
Money market funds	7,588,164	7,588,165	9,433,992	9,433,992
Repurchase agreements	4,050,436	4,050,436		
Guaranteed investment contracts	66,848,653	66,848,653		
Total	$86,873,039	$87,191,565	$30,226,734	$30,739,787

A reconciliation of cash and cash equivalents to the statement of net assets is as follows:

	June 30, 2006 Governmental Activities	June 30, 2006 Business-Type Activities	June 30, 2006 Total	June 30, 2005 Governmental Activities	June 30, 2005 Business-Type Activities	June 30, 2005 Total
Cash and cash equivalents	$74,436,826	$9,793,270	$84,230,096	$9,494,843	$17,958,460	$27,453,303
Restricted assets		2,961,469	2,961,469		3,286,484	3,286,484
Total	$74,436,826	$12,754,739	$87,191,565	$9,494,843	$21,244,944	$30,739,787

The District's deposits are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District's deposit policy for custodial credit risk conforms to state law. Under state law, deposits in banks must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

The District is allowed to invest funds as prescribed and allowed by Louisiana law. Generally, the law provides that allowable investments are direct securities of the U.S. Treasury, certificates of deposit of Louisiana domiciled banks, certain guaranteed investment contracts, and other federally insured investments (i.e., FNMA, FHLMC, FHLB, PEFCO, and Sallie Mae) and mutual or trust fund institutions registered with the Securities and Exchange Commission under appropriate acts which have underlying investments consisting solely of and limited to securities in the U.S. government or its agencies.

The District's investments in cash equivalents are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not limit the amount of its holdings of securities by counterparties. At June 30, 2006, the District's $66,848,653 invested in guaranteed investment contracts, $4,050,436 invested in a repurchase agreement, and $7,588,164 in a money market fund were held by a counterparty in the name of the District. Money market investments for both 2006 and 2005 consist of the JP Morgan U.S. Treasury Plus Fund Money Market Fund, which is rated AAAm by Standard and Poors. The funds holdings consist exclusively of short-term U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations. As of June 30, 2005, the District's $9,433,992 of money market funds were held by a counterparty in the name of the District.

As a means of limiting its exposure to fair value losses arising from rising interest rates (interest rate risk), the investment policy prescribed by Louisiana law establishes limits for investments with maturities of 30 days or longer and establishes parameters for interest rates of certain investments. As of June 30, 2006 and 2005, all cash equivalents had maturities of 30 days or less; therefore, the District was not exposed to interest rate risk. The type of investments allowed by the investment policy (as detailed above) ensures that the District is not exposed to credit risk, concentration of credit risk, and foreign currency risk.

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from the State of Louisiana for hotel occupancy tax collections totaled $5,018,219 and $6,236,771 at June 30, 2006 and 2005, respectively.

4. DUE TO/DUE FROM OTHER FUNDS

At June 30, 2006, the financial statements include due to/due from other funds totaling $7,681,195 which represents bond proceeds due from the debt service fund construction and operation trust account to the Superdome fund for construction expenses.

5. CAPITAL ASSETS

Following are schedules of capital assets for the year ended June 30, 2006:

Governmental Activities

	Balance July 1, 2005	Additions	Deletions/ Transfers	Balance June 30, 2006
Buildings and improvements:				
Baseball stadium	$23,859,946	$914,607		$24,774,553
Outdoor practice facility complex	6,565,115			6,565,115
Indoor practice facility	6,459,360			6,459,360
Construction in progress	58,953		$58,953	
Total	36,943,374	914,607	58,953	37,799,028
Less accumulated depreciation	(5,547,268)	(853,932)	NONE	(6,401,200)
Total	$31,396,106	$60,675	$58,953	$31,397,828

Business-Type Activities

	Balance July 1, 2005	Additions	Deletions/ Transfers	Adjustment	Balance June 30, 2006
Land	$13,944,160				$13,944,160
Buildings and improvements	318,648,297	$3,074,187		($27,471,149)	294,251,335
Furniture, fixtures, and equipment	22,559,945	725,968			23,285,913
Construction in progress	3,605,195	81,698,116			85,303,311
Total	358,757,597	85,498,271	NONE	(27,471,149)	416,784,719
Less accumulated depreciation	(177,085,054)	(8,408,600)	NONE	NONE	(185,493,654)
Total	$181,672,543	$77,089,671	NONE	($27,471,149)	$231,291,065

At June 30, 2006, the Louisiana Superdome, which is included in the District's business-type activities capital assets, was undergoing an extensive construction project to repair damages resulting from Hurricane Katrina and its aftermath and to provide upgrades and enhancements to portions of the existing building.

Phase I of the project, which consists of repairing the existing Superdome structure and its contents to pre-hurricane Katrina condition, is estimated to cost approximately $129,000,000. It is anticipated that 90% of the repair costs will be funded by the Federal Emergency Management Agency with the remaining balance funded by the State of Louisiana. Phase I of the project was completed in early September 2006.

Phase II of the project includes approximately $55,000,000 of enhancements and upgrades to the existing building. The upgrades and enhancements will be funded by approximately $40,000,000 of bond proceeds from the District's Series 2006 Revenue and Refunding bonds which were issued in March 2006. The remaining enhancement funding will be provided by the National Football League under the terms of a funding agreement with the State of Louisiana, the Louisiana Stadium and Exposition District, and SMG, Inc. (manager of the Louisiana Superdome) dated September 22, 2006. Phase II of the project is scheduled for completion by September 2007.

Buildings and improvements balance for business-type activities includes an adjustment of $27,471,149 for an asset impairment loss to the Louisiana Superdome resulting from damages due to Hurricane Katrina and its aftermath. Program expenses for business-type activities on the statement of activities include $10,209,069 in costs for remediation of mold and environmental contamination at the Louisiana Superdome.

Remediation expenses of $1,920,778 for the New Orleans Arena are not included in expenses in the accompanying financial statements because they were paid directly by the state's Office of Risk Management. In addition, certain remediation projects contracted directly by agencies of the federal government immediately after Hurricane Katrina also are not included in the accompanying financial statements.

At June 30, 2006, the Louisiana Superdome with a carrying value of $38,518,530 was temporarily idle due to ongoing construction to repair damages sustained during hurricane Katrina.

Following are schedules of capital assets for the year ended June 30, 2005:

Governmental Activities

	Balance July 1, 2004	Additions	Deletions/ Transfers	Balance June 30, 2005
Buildings and improvements:				
Baseball stadium	$23,859,946			$23,859,946
Outdoor practice facility complex	6,565,115			6,565,115
Indoor practice facility	6,459,360			6,459,360
Construction in progress		$58,953		58,953
Total	36,884,421	58,953	NONE	36,943,374
Less accumulated depreciation	(4,700,159)	(847,109)	NONE	(5,547,268)
Total	$32,184,262	($788,156)	NONE	$31,396,106

Business-Type Activities

	Balance July 1, 2004	Additions	Deletions/ Transfers	Balance June 30, 2005
Land	$13,944,160			$13,944,160
Buildings and improvements	317,161,455	$1,486,842		318,648,297
Furniture, fixtures, and equipment	22,907,107	681,293	($1,028,455)	22,559,945
Construction in progress	1,848,714	3,469,702	(1,713,221)	3,605,195
Total	355,861,436	5,637,837	(2,741,676)	358,757,597
Less accumulated depreciation	(162,708,143)	(15,454,625)	1,077,714	(177,085,054)
Total	$193,153,293	($9,816,788)	($1,663,962)	$181,672,543

The baseball stadium and the two practice facilities are owned by the District. The District has the use of the land related to the baseball stadium and practice facilities for 60 years at no cost, expiring in April 2055.

6. BONDS PAYABLE

The Bond issues outstanding at June 30, 2006 and changes in long-term debt for the year then ended are as follows:

Governmental Activities

	Balance July 1, 2005	Additions	Payments	Balance June 30, 2006	Amounts Due Within One Year
Series 1994A (interest from 5.4% to 5.9%; maturing by 2008)	$6,555,000		$6,555,000		
Series 1995A (interest from 4.8% to 5.7%; maturing by 2009)	1,910,000		1,910,000		
Series 1995B (interest of 5.25%; maturing by 2001)	28,470,000		28,470,000		
Series 1996 (interest from 4.2% to 5.2%)	4,810,000		4,810,000		
Series 1998A (interest from 4.95% to 5.62%; $1,750,000 maturing by 2006, and $3,285,000 term bonds maturing 2009)	4,480,000		4,480,000		
Series 1998B (interest from 4.35% to 5.25%; $53,075,000 maturing 2018, $22,760,000 term bonds maturing 2021, and $60,985,000 term bonds maturing 2026)	136,820,000		136,820,000		
Series 2006A (interest variable; maturing by 2036)		$84,675,000		$84,675,000	
Series 2006B (interest variable; maturing by 2036)		84,650,000		84,650,000	
Series 2006C (interest variable; maturing by 2036)		69,150,000		69,150,000	
Series 2006D (interest variable; maturing by 2036)		55,850,000		55,850,000	
Total	$183,045,000	$294,325,000	$183,045,000	$294,325,000	NONE

Business-Type Activities

	Balance July 1, 2005	Additions	Payments	Balance June 30, 2006	Amounts Due Within One Year
Series 2004 (interest of 6.38%; maturing by 2014)	$6,035,000		$6,035,000		
Series 2005 Revenue Anticipation note (interest of 4.75% maturing by 2007)		$10,500,000	10,500,000		
Total	$6,035,000	$10,500,000	$16,535,000	NONE	NONE

The Bond issues outstanding at June 30, 2005 and changes in long-term debt for the year then ended are as follows:

Governmental Activities

	Balance July 1, 2004	Additions	Payments	Balance June 30, 2005	Amounts Due Within One Year
Series 1994A (interest from 5.4% to 5.9%; maturing by 2008)	$7,980,000		$1,425,000	$6,555,000	$1,510,000
Series 1995A (interest from 4.8% to 5.7%; maturing by 2009)	2,235,000		325,000	1,910,000	340,000
Series 1995B (interest of 5.25%; maturing by 2001)	29,460,000		990,000	28,470,000	1,040,000
Series 1996 (interest from 4.2% to 5.2%)	5,860,000		1,050,000	4,810,000	1,110,000
Series 1998A (interest from 4.95% to 5.62%; $1,750,000 maturing by 2006, and $3,285,000 term bonds maturing 2009)	5,035,000		555,000	4,480,000	580,000
Series 1998B (interest from 4.35% to 5.25%; $53,075,000 maturing 2018, $22,760,000 term bonds maturing 2021, and $60,985,000 term bonds maturing 2026)	136,820,000			136,820,000	
Total	$187,390,000	NONE	$4,345,000	$183,045,000	$4,580,000

Business-Type Activities

	Balance July 1, 2004	Additions	Payments	Balance June 30, 2005	Amounts Due Within One Year
Series 2004 (interest of 6.38%; maturing by 2014)	$6,235,000	NONE	$200,000	$6,035,000	$200,000

On March 23, 2006, the District issued $294,325,000 of Series 2006 Revenue and Refunding bonds. The purposes of the issue were to refund approximately $197,000,000 of the District's existing outstanding bonds and other long-term debt, to provide approximately $40,000,000 for construction of enhancements to the Louisiana Superdome, to provide approximately $25,000,000 for future operations of the District, and to provide for the costs of issuance of the bonds. The bonds are secured by a pledge of the Hotel Occupancy Tax and excess annual revenues of the District. The bonds are reported in the Statement of Net Assets, net of unamortized issuance costs of $15,048,827 and escrow costs of $8,842,432.

The 2006 bonds consist of Series 2006A, Insured Tax-Exempt Revenue and Refunding Bonds ($84,675,000); Series 2006B, Insured Tax-Exempt Revenue and Refunding Bonds ($84,650,000); Series 2006C, Insured Taxable/Tax-Exempt Convertible Revenue and Refunding Bonds ($69,150,000); and Series 2006D, Uninsured Taxable Revenue and Refunding Bonds ($55,850,000).

The 2006 bonds refunded all of the outstanding bonds and other long-term debt of the district issued for prior debt refunding, construction of various sports facilities in and around New Orleans, Louisiana, and was used to fund operations of the District.

To refund the bonds, portions of the proceeds of the Series 2006A ($59,312,451); Series 2006B ($59,312,451); Series 2006C ($64,775,534); and Series 2006D ($22,734,345) were deposited and held in irrevocable trust escrow account created pursuant to escrow deposit agreements dated March 1, 2006, between the District and the escrow trustee. In addition, portions of the proceeds of the Series 1998A and Series 1998B bonds ($144,910,260), plus an additional $4 million of sinking fund monies together with certain other funds and/or securities, were previously deposited and held in an irrevocable trust escrow accounts created pursuant to an escrow deposit agreement dated December 1, 1998, between the District and the escrow trustee. On the date of delivery of the bonds, the District directed the escrow trustee to enter into escrow reinvestment agreements. Pursuant to the escrow reinvestment agreements, the reinvestment agreement provider provided monies and government obligations to be deposited to an irrevocable trust. The monies and government obligations on deposit in the escrow accounts, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due through and including the earliest redemption dates for each series of bonds refunded by the Series 2006 and Series 1998A and Series 1998B bonds. As a result, the refunded bonds are considered to be legally defeased and no longer a liability of the District. At June 30, 2006 and 2005, the amount outstanding on the refunded bonds was $206,940,000 and $85,215,000, respectively.

The annual requirements to amortize all District bonds outstanding at June 30, 2006, (excluding support fees) are presented in the following schedule. The schedule uses rates as of June 30, 2006, for debt service requirements of the variable-rate bonds and interest rate swap payments, assuming current interest rates remain the same for their term. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year	Interest Rate Swap (Note 8)	Principal	Interest	Total
2007	($6,695,321)		$12,866,227	$6,170,906
2008	(6,695,321)		12,360,827	5,665,506
2009	(6,695,320)		12,360,827	5,665,507
2010	1,765,538		12,360,827	14,126,365
2011	1,765,538		12,360,827	14,126,365
2012-2016	8,435,116	$25,625,000	59,471,154	93,531,270
2017-2021	7,298,400	40,225,000	52,474,635	99,998,035
2022-2026	5,853,266	52,125,000	43,051,833	101,030,099
2027-2031	4,015,733	67,600,000	30,320,197	101,935,930
2032-2037	1,674,565	108,750,000	13,011,081	123,435,646
Total	$10,722,194	$294,325,000	$260,638,435	$565,685,629

Other significant bond features are as follows:

1. The bonds are insured.

2. The bonds are not guaranteed by the State of Louisiana.

3. The bonds are subject to certain redemption options prior to maturity at the sole discretion of the District.

The debt service fund has assets available of $13,712,088 and $11,751,666 at June 30, 2006 and 2005, respectively, for payment of the bonds included in governmental activities. Each month, the Hotel Occupancy Tax pays the debt service accounts (a) the interest amount that will be sufficient when accumulated to pay the next installment of interest on the bonds and (b) the principal amount that will be sufficient when accumulated to pay the principal of any of the bonds becoming due and payable.

7. ADVANCE REFUNDING OF BONDS

In March 2006, the District issued $294,325,000 of 2006 Revenue and Refunding Bonds. This issue consisted of Series A, Series B and Series C bonds tax exempt bonds totaling $238,475,000 and Series D taxable bonds totaling $55,850,000. The primary purpose of this borrowing was to currently refund $5,045,000 of outstanding Series 1994A Bonds; $1,570,000 of outstanding Series 1995A Bonds; $27,430,000 of outstanding Series 1995B Bonds; $6,035,000 of the outstanding Series 2004 Bonds; $10,500,000 of outstanding Series 2005 Revenue Anticipation Notes and to repay SMG, Inc., for a $2,000,000 capital contribution made to the District in fiscal year 2003. In addition to the current refunding, bond proceeds were used to advance refund $3,700,000 of outstanding Series 1996 Bonds; $3,900,000 of outstanding Series 1998A Bonds; and $136,820,000 of outstanding Series 1998B Bonds. The District's trustee, JP Morgan Chase Bank, currently holds escrow of approximately $148,448,377 to refund Series 1996 and 1998B issues and $4,066,482 to refund Series 1998A. These proceeds were placed in irrevocable trusts with an escrow agent to provide for all future debt service payments on the Series 1996, Series 1998A, and 1998B bonds. As a result, these bond issues are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets. In addition, approximately $40 million in new funds were borrowed for the construction of enhancements to the Louisiana Superdome and approximately $25 million for operating expenses of the District. The current and advanced refunding resulted in the return of approximately $5 million in debt service funds to the District to be used for future debt service. The refunding also resulted in an increase in total District debt service payments of approximately $120,195,171 over the next 30 years, giving the District a net present value economic loss of $9,499,974.

8. INTEREST RATE HEDGE AGREEMENTS

In fiscal year 2006, the Louisiana Stadium and Exposition District entered into two interest rate hedge agreements with Merrill Lynch Capital Services, Inc., (MLCS) to reduce the impact of changes in interest rates on its Series 2006 Revenue and Refunding Bonds.

Objective of the interest rate hedge agreements: As a means to lower its overall borrowing costs, specifically for the first several years, when compared against fixed-rate bonds, the district entered into the interest rate hedge agreements, the intention of which was to effectively change the variable interest rate on the bonds to a fixed rate of 2% for all series from inception up to but excluding July 1, 2009. After July 1, 2009, the fixed rate would change to 4.414% for the 2006A and 2006B Bonds, 4.463% for the 2006C Bonds, and 6.781% for the 2006D Bonds. In addition to the fixed rates paid under the swap agreements, each of the variable rate bond series has annual support costs of approximately 0.25%. The net borrowing costs of the synthetic fixed rate structure, when compared to a traditional fixed rate bond issue, should be lower both through 2009 and on a net basis through maturity.

Terms: The bonds and the related hedge agreements mature on July 1, 2036, and the agreement's notional amount of $294,325,000 matches the principal amount of the variable-rate bonds. On March 23, 2006, the hedge agreements were consummated at the same time the bonds were issued. Starting in fiscal year 2013 the notional value of the agreements and the principal amount of the associated bonds will begin to amortize according to the sinking fund schedule in the official statement. Under the agreements, the district pays MLCS a fixed payment and receives a variable payment computed as 70% of the London Interbank Offered Rate (LIBOR) for the Series 2006A, Series 2006B, and 2006C tax exempt bonds and variable rate computed as LIBOR plus 1.25% for the 2006D taxable bonds. Conversely, the District is required to pay the floating rate on the variable-rate bonds.

Fair value: The fair value of the swap agreement as of June 30, 2006, which is not reported in the financial statements, was $5,397,770 in favor of the District. The fair value was provided by MLCS and is based on mid-market levels at the close of business on June 30, 2006.

Credit risk: Credit risk is the risk that a counterparty will not fulfill its obligations. At June 30, 2006, the District was exposed to credit risk because the fair value of the agreement was in district's favor. However, should interest rates change and the fair value of the agreement become in MLCS's favor, the District would not be exposed to credit risk. MLCS was rated "Aa3" by Moody's Investors Service and "A+" by Standard & Poor's, and "AA-" by Fitch as of June 30, 2006. To mitigate the potential for credit risk, the hedge agreement includes provisions for collateral thresholds and transfer amounts that correspond to the credit rating of the swap counterparty's senior unsecured debt and rating.

Interest rate risk: Interest rate risk is the risk that an adverse change in variable interest rates will increase the overall cost of borrowing for the District. Interest rate hedge agreements used to hedge variable rate bonds that extend through the maturity of the related debt effectively eliminate the interest rate risk, unless the hedge agreement is terminated prior to maturity. At June 30, 2006, the District has no plans to terminate the hedge agreements but maintains the right to actively manage their debt portfolio as opportunities arise.

Basis risk: Basis risk arises when the variable payment component of a fixed payer interest rate swap does not match the associated underlying variable rate bonds. This variance can adversely affect the District's payments and/or synthetic fixed debt cost might not be realized. To effectively minimize basis risk, the district has used a higher percentage of LIBOR fixed payer hedge (70%) for the Series A, B, and C bonds.

Termination risk: Termination risk is the risk that an unscheduled early termination of the hedge agreements will affect the District's asset/liability strategy or will result in a significant unanticipated termination payment to the counterparty. The District or the counterparty may terminate the hedges if the other party fails to perform under the terms of the contract. The hedges may also be terminated by the District or the counterparty if the other party's credit quality rating falls below "Baa3" as issued by Moody's Investors Service or "BBB-" as issued by Standard & Poor's. If the hedges are terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the hedge has a fair value in favor of MLCS's, the District would be liable to the counterparty for a payment equal to the agreement's fair value.

9. REVENUE SOURCES AND REQUIRED RESTRICTED ASSETS

In accordance with the laws of the State, funds to operate the District are derived from self-generated funds, the 4% Hotel Occupancy Tax (which expires when all bonds are either paid or funded), the lease agreement with the State, the management and operating agreement with the State, and the State's Capital Budget and Capital Outlay Program.

The Hotel Occupancy Tax is pledged by the State for the payment of principal and interest on the District's bonds. At the end of each fiscal year after the payment and satisfaction of all obligations of the District and after all expenses of the operation and maintenance of both the District and funding of $2,300,000 to the Renewal and Replacement account and $500,000 annually to the Greater New Orleans Sports Foundation, the excess is then distributed, as established or as prorated based on available amounts, to Jefferson Parish for tourism promotion; the City of New Orleans for use by the New Orleans Recreation Department; Xavier University; Southern University - New Orleans for its Small Business Center; Jefferson Parish Westbank Sports and Civic Center; University of New Orleans for the School of Hotel, Restaurant, and Tourism Administration; and the New Orleans Visitors and Information Center. After meeting these requirements, the remaining monies shall be deposited for use as outlined in the 1994 Lease Agreement between the District and the State.

Of the $24,309,080 of Hotel Occupancy Tax earned for the year ended June 30, 2006, $9,234,697 was used for debt service requirements and $15,074,383 was used by the District for operational needs. No monies were available for funding of the other requirements.

Of the $40,692,466 of Hotel Occupancy Tax earned for the year ended June 30, 2005, $14,081,019 was used for debt service requirements and $26,611,447 was used by the District for operational needs. No monies were available for funding of the other requirements.

Various acts of the legislature, bond resolutions and indentures and agreements impose the establishment of various restricted accounts that are restricted as to the use of monies deposited therein. These accounts are as follows:

Working Capital Account

This fund was initially established using $500,000 from the proceeds of the first Series of revenue bonds to provide a reserve for payment of the District's operating and maintenance costs. Section 11 of the Amended and Restated Lease Agreement between the District and the State of Louisiana dated April 1, 1994, re-created this fund using the $500,000 from the old working capital account plus an additional $1,000,000 transferred from the Bond Fund established by the Basic Bond Resolution of Series 1994A.

The monies on deposit in the Working Capital Fund shall be disbursed and paid out solely for the payment of invoices and unpaid operating expenses. However, transfers from the fund must be replenished from operations and may be made in annual installments at the end of each fiscal year over a period of more than one year.

Renewal and Replacement Reserve Account

This account was established to accumulate monies for major maintenance, repairs, renewals, and replacements that are not annually recurring. Excess unrestricted funds at year-end are to be transferred to this account as required by various acts of the State Legislature. During the year ended June 30, 2006, $454,250 from operations was deposited into the reserve. During the year ended June 30, 2005, $555,529 was deposited into the account from prior year sources.

Economic Development Fund Account

This account was established by Act 624 of the 1991 Regular Session of the Louisiana Legislature for the purpose of developing and engaging in marketing, promotional, and economic development activities on behalf of the District, the development of special projects benefiting the District and the State, and facility planning and expansion programs.

New Orleans Area Tourism and Economic Development Fund Account

This account was established by Act 1380 of the 1997 Regular Session of the Louisiana Legislature for funding grants for activities, projects, or programs undertaken for a public purpose, including, but not limited to, tourism, recreation, economic development, capital outlay, education, and services for youth and the elderly of Orleans Parish.

Construction and Operations Trust Fund Account

This account was established by the official statement of the Series 2006 Revenue and Refunding bonds which provided for deposit of approximately $40,000,000 of Series 2006A and 2006B bond proceeds to be deposited in the account and expended for ongoing construction of enhancements and improvements to the Louisiana Superdome and deposit of approximately $25,000,000 of Series 2006D bond proceeds to be expended for future operations of the district.

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2006, $1,386,681 is restricted by enabling legislation.

10. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about amounts reported in the financial statements. Actual results could differ from those estimates.

11. RENTALS FROM NONCANCELABLE OPERATING LEASES (LESSOR LEASES)

Commitments for future revenue under noncancelable operating leases as of June 30, 2006, are as follows:

Year Ended June 30	Commercial Office Space	Real Estate	Garage - Poydras Square Parking	Total
2007	$316,233	$205,388	$50,000	$571,621
2008	233,054	205,388	50,000	488,442
2009	178,967	205,388		384,355
2010	184,136	205,388		389,524
2011	165,001			165,001
2012-2014	467,825			467,825
Total	$1,545,216	$821,552	$100,000	$2,466,768

Many of the leases contain provisions whereby the annual rentals are to be adjusted by the percentage increase in the Consumer Price Index or other factors which cannot be determined at this time. The District is also a party to other leases in which the annual rentals are based on a percentage of the lessees' annual revenues or on gate receipts and are, therefore, not included in the above totals.

Lease revenues, not including box suite revenues, for the years ended June 30, 2006, and 2005 were $525,433 and $1,167,631, respectively.

12. PENSION AND PROFIT SHARING PLANS

On April 1, 1992, the employees of SMG, paid indirectly by the District, became members of SMG's 401(k) plan. Employees who are eligible to participate in the 401(k) plan may contribute between 1% and 60% of their eligible compensation for non-highly compensated employees and 5% for highly compensated employees up to the limits established by federal law. SMG will match 66 2/3% of the first 5% of eligible compensation contributed by employees. In addition to the matching contribution, SMG may contribute 1% of employees' compensation to the Plan. To be eligible for this 1% contribution, employees must have worked at least 1,000 hours during the plan year, be employed by December 31 of the plan year, and be contributing to the plan. The vesting schedule is as follows:

Years of Vesting Service	Nonforfeitable Percentage
Less than 1	0%
1 year, but less than 2	33%
2 years, but less than 3	55%
3 years or more	100%

Total pension expense for this plan was $27,932 and $129,203 for the years ended June 30, 2006 and 2005, respectively.

Contributions are also made to pension plans for members of the Teamsters Union in accordance with its collective bargaining agreement; the District does not guarantee the benefits granted by the Teamsters Union Plans.

13. MANAGEMENT AGREEMENT

Effective July 1, 1977, the State of Louisiana entered into a management agreement with HMC Management Corporation (which later changed its name to Facility Management of Louisiana, Inc.) (the "Management Agreement"). Effective June 19, 1998, the Management Agreement was amended to authorize the substitution of SMG for Facility Management of Louisiana, Inc., as manager under the agreement and to include the Arena among the properties to be managed by the manager under the Management Agreement. Effective July 1, 2003, the Management Agreement was amended and the term of the Agreement was extended until June 30, 2012. For the years ended June 30, 2006 and 2005, the compensation to SMG for its services related to the Louisiana Superdome is dependent solely on achieving an improvement in the District's operating deficit over the year ended June 30, 1977. The operating deficit used in computing compensation to SMG differs from that in the accompanying financial statements because of adjustments for certain items such as depreciation and amortization, insurance, utility rates, inflation and other adjustments agreed to by the District and SMG. For services to be performed by SMG related to the New Orleans Arena, the State shall pay to SMG for each fiscal year a fixed fee equal to $250,000 for each such fiscal year, prorated for any partial fiscal year based on the actual number of days elapsed, payable on September 30 following each fiscal year. The Arena management fee shall be increased annually for proportionate annual changes in the Consumer Price Index, provided that no such increase shall exceed 4% of the prior year's management fee. SMG shall not be entitled to receive any fees or other payments for its services with respect to the Arena other than the Arena Management Fee and the reimbursement of expenses pursuant to a budget.

In 1986, Facility Management of Louisiana, Inc., in consideration for the renewal of the management agreement, agreed to establish a Marketing and Promotional Fund titled the "Louisiana Superdome Marketing and Promotional Fund" (the Marketing Account). The sole purpose of the Marketing Account is to market and promote the Louisiana Superdome and the New Orleans Arena, as defined in the agreement, as amended. Payments to the Marketing Account are made by SMG based on its compensation during the term of the agreement. The Management agreement also provides that any unexpended monies in the Marketing Account that have not been committed which exceed $100,000 shall be used to reduce operating costs of the Louisiana Superdome for the fiscal year during which the unexpended monies are accrued.

One-half of the payments to the Marketing Account are paid to the Saints in accordance with the Saints Lease Agreement. In promoting and marketing the Superdome, the Marketing Account supplements event rentals and expenses, and these amounts are recorded as event rental revenue and event expense.

Pursuant to the amendment to the management agreement on July 1, 2003, the compensation to SMG for its services beginning July 1, 2006, is the combination of a fixed fee, incentive fee, and bonus fee subject to a cap of $1,500,000. The cap is increased if SMG contributes manager's capital to the District and decreased in the succeeding fiscal year if repaid by the District. The increase in the cap is 30% of the manager's contribution outstanding. However, if the contribution is repaid to SMG on or before July 1, 2006, the decreased cap will not be effective for the year beginning July 1, 2006. During the fiscal years ended June 30, 2006, and June 30, 2005, SMG made no additional contributions. On March 23, 2006, the District repaid a $2,000,000 contribution made by SMG during the year ended June 30, 2003.

14. SUPERDOME LEASE AGREEMENT

The New Orleans Saints lease the Superdome, under an agreement dated September 30, 1994, as amended, with the State of Louisiana, the District, SMG, and the New Orleans Saints Limited Partnership (the Club), a National Football League (NFL) football franchise. The Agreement provides, among other things, certain inducements in the form of reduced rentals and the assignment of certain revenues attributable, directly or indirectly, to the presence of the Club in the Louisiana Superdome in exchange for the Club remaining in the Louisiana Superdome through the end of the 2010 NFL season. The assignment of revenues resulted in inducements of $1,625,086 and $8,946,915 for the years ended June 30, 2006 and 2005, respectively.

The Club was scheduled to receive $15,000,000 of other inducements for the 2005 football season. Because of the impact of Hurricane Katrina on August 29, 2005, and the resulting damage to the Louisiana Superdome, the Club played only two home games in the Superdome during the 2005 season. Accordingly, the Club received $3,333,333 in other inducements for the 2005 season in accordance with the terms of the agreement. Of the additional inducements, $254,753 was paid to the Club from operating revenue and $553,303 of the additional inducements were paid to the Club from nonoperating revenue during the year ended June 30, 2006. On June 30, 2006, the Club was paid the remainder of the additional inducement for the 2005 football season in the amount of $2,525,277 from nonoperating revenue for the year ended June 30, 2006.

The Club received $15,000,000 of other inducements for the 2004 football season. Of the additional inducements, $800,000 was paid to the Club from operating revenue and $1,784,732 of the additional inducements were paid to the Club from nonoperating revenue during the year ended June 30, 2005. In July 2005, the Club was paid the remainder of the additional inducements for the 2004 football season in the amount of $12,415,268 from nonoperating revenue for the year ended June 30, 2005, and from the proceeds of Revenue Anticipation Notes issued July 1, 2005. This amount was accrued as an expense for the year ended June 30, 2005.

The Club could receive future inducements in addition to the assignment of revenues as follows:

Year Ended June 30	Amount
2007	$20,000,000
2008	20,000,000
2009	23,500,000
2010	23,500,000
2011	23,500,000

In January 2008, the State can decide not to pay the final three inducements. The Club can then terminate the Stadium Agreement without penalty.

On September 22, 2006, the Stadium Agreement was amended to provide the Club with additional revenue from certain fixed and temporary advertising and signage, beverage pouring and product service rights, and merchandising at the stadium.

The Saints are paid one-half of the amounts paid into the Marketing and Promotional Fund. The portion of the management fee payment to Superdome Marketing and Promotional Funds, which is allocable to the Saints, is $506,811 and $1,037,688 for the years ended June 30, 2006 and 2005, respectively.

In addition, the Club, in accordance with the Agreement, constructed additional box suites as permanent alterations to the Louisiana Superdome. Title to these suites vest in the District, subject to the rights of the State under the lease of the Louisiana Superdome and the rights of the Club as set forth in the Agreement. The Club has the right throughout the term of the Agreement to receive lease receipts derived from these additional box suites. In the event the Club is entitled to cancel the Agreement as the result of insufficient State funding under its lease of the Louisiana Superdome, the Club will have the right to a reduction in the rent payable to the District until such time as the Club receives the various inducements, in full, as defined in the Agreement.

15. CONTINGENT LIABILITIES, RISK MANAGEMENT, AND CLAIMS LIABILITY

Losses arising from judgments, claims, and similar contingencies are paid through the State's self-insurance fund operated by the Office of Risk Management, the agency responsible for the State's risk management program, or by the General Fund Appropriation. At June 30, 2006, the District is involved in pending and threatened litigation. The District's legal counselors assess the likelihood of material adverse judgments as remote or are unable to express opinions on the probable outcome of the proceedings.

16. ARENA USE AGREEMENT - HORNETS

On May 2, 2002, the District entered into a use agreement with the Hornets NBA Limited Partnership (Hornets), a franchise of the National Basketball Association, under which the Hornets would relocate to New Orleans and play all home basketball games in the Arena. The original term of the agreement ends June 30, 2012, with two five-year renewal options available for the Hornets to exercise through June 30, 2022. The Hornets shall pay a termination fee of $10 million to the State if the lease is terminated before June 30, 2017.

The rent payable by the Hornets for use of the Arena shall equal 60% of concession revenue for the season. Should average attendance at Hornets home games fall below 11,000, a credit shall be applied against the rent based on the attendance shortfall. This credit will not exceed $1,000,000, per season, increasing at a rate of 4% annually subsequent to the 2002-2003 basketball season. The Hornets are required to pay game day expenses only if such expenses exceed $1,100,000 per year, increasing at a rate of 4% beginning on July 1, 2003.

On January 31, 2006, the Arena Use Agreement was amended to reflect the Hornets playing a reduced number of games in the New Orleans Arena during the 2005-2006 and 2006-2007 seasons. Under the terms of the amendment, the game day expense cap was reduced to $85,953 and $178,047 for the 2005-2006 and 2006-2007 seasons, respectively. If total game day expenses exceed the cap in any of the two seasons by 20%, the excess expenses will be shared equally by the District and the Hornets. Under the amendment, the Hornets played a reduced number of games and waived the additional inducements except for the players' tax of $972,003.

For the years ended June 30, 2006 and 2005, the Hornets were billed $19,101 and $336,477, respectively, for the game day expenses that exceeded the cap.

Should the Hornets revenue fall below certain benchmark amounts, the State is required to reimburse the Hornets an amount to cause the Hornets revenue to equal the benchmark. The State's cap on this reimbursement shall be $2 million, increasing at a rate of 5% annually for each basketball season subsequent to the 2002-2003 season. No reimbursements were made for the years ended June 30, 2006 and 2005.

The proceeds generated by the sale of concessions at Hornets events are included in these financial statements as concession revenue. In addition, the gross parking proceeds generated from Hornets events are included in these financial statements as parking revenues. The Hornets are paid 40% of the total concession revenue while the remaining 60% is retained by the District for the Hornets rent. The 40% paid to the Hornets is recorded as inducements expense. The agreement provides the Hornets an attendance credit in any season the home game turnstile attendance averages less than 11,000 per game. The attendance credit is subject to an established maximum amount per year. For the year ended June 30, 2006, the Amended Use Agreement established the maximum attendance credit to be 3/43 of the credit computed under Section 3.1.1 the original agreement. Average turnstile attendance for the 2005-2006 season was more than 11,000 per game, and therefore no attendance credit was paid to the Hornets for the year ended June 30, 2006. The average home game turnstile attendance for the 2004-2005 season was less than 11,000 per game, and the operating expenses include an attendance credit of $667,442 paid to the Hornets for the year ended June 30, 2005. The Hornets are paid the parking revenue, net of the parking expenses, as inducements also. The total payments to the Hornets for concessions and parking revenue for the 2005-2006 and 2004-2005 seasons amounted to $256,348 and $1,518,399, respectively, and are recorded as operating expenses for the years ended June 30, 2006 and 2005.

If the Hornets receive gross revenues from the sale of naming rights of less than $2,500,000 in any fiscal year, then the District shall pay to the Hornets an amount equal to the difference between $2,500,000 and the gross revenues received, provided that in no event shall the District pay more than $1,500,000 to the Hornets for naming rights in any fiscal year. The $2,500,000 and the $1,500,000 will increase 5% each fiscal year, commencing with the year ended June 30, 2004. In accordance with the Amended Arena Use Agreement, the Hornets waived the naming rights payments for the year ended June 30, 2006. For the year ended June 30, 2005, the Hornets were paid $1,653,750 for naming rights. This amount is recorded as other Hornets inducements, a nonoperating expense.

17. ARENA USE AGREEMENT - VOODOO

On December 4, 2003, SMG, in its capacity as manager of the Arena, and New Orleans VooDoo Football, Inc., (the Voodoo) entered into a use agreement under which the VooDoo would play all home football games in the Arena. The initial term of the agreement ends with the last home game in the season ending in 2005 with two two-year renewal options available.

The rent payable by the VooDoo for the use of the Arena under the initial term of the agreement is a per game fee equal to $1 per person of turnstile attendance, subject to a minimum fee of $6,750 per game and a maximum fee of $10,000 per game. Upon renewal of the agreement, the per person fee and the minimum and maximum per game fees will increase. Should turnstile attendance exceed certain levels during the regular season, the District shall pay an annual per person attendance credit to the VooDoo, not to exceed $45,000 for any regular season.

The VooDoo shall pay all costs associated with staffing for home games, other than personnel for concessions and security, not to exceed a total of $22,500 per game. The VooDoo shall also pay costs for conversion and setup.

As inducements, the VooDoo receives an amount equal to the greater of 35% of gross parking revenues or 50% of net parking revenues for each home game. The VooDoo also receives an amount equal to the greater of 50% of net concession revenues from food, beverage, and catering sales, or 15% of gross concession revenues from all areas of the facility except the Courtside Restaurant. The total payments to the VooDoo for parking and concessions for the 2005 and season amounted to $205,104 and are recorded as operating expenses for the year ended June 30, 2005. Due to the aftermath of Hurricane Katrina, the VooDoo did not play in the Arena during the 2006 season. Accordingly, no inducements were paid to the VooDoo for the year ended June 30, 2006.

18. ADVANCE FROM THE STATE OF LOUISIANA

In March 1999, the State of Louisiana advanced seed money to the District to cover initial operating costs of the Arena. According to the initial agreement, the District is required to repay the advance over five years. The advance is renewable each year and repayment is made as funds are available. The balance due to the State at June 30, 2006 and 2005, is $270,000. In October 2003, the State of Louisiana advanced additional seed money to the District totaling $1,500,000 for operation of the Superdome and Arena. The District will repay the advance over three years, which commenced with the payment of $500,000 in the year ended June 30, 2005. The balance due to the State at June 30, 2006 and 2005, is $1,000,000.

19. LOAN PAYABLE

The District received a $7,500,000 loan from the Louisiana Economic Development Corporation on June 30, 2004. The purpose of the loan is for the payment of contractual obligations of the State of Louisiana through the District relative to professional franchises. The loan bears interest at a rate per annum equal to the yield on six month U.S. Treasury Bonds, to be adjusted annually. The note is to be paid on an annual basis, beginning after the end of fiscal year 2006, only after the payment in full of all contractual, necessary, statutory, and usual charges of the District, and if the District's revenue for such fiscal year exceeds the District's revenue for fiscal year 2005, as adjusted by the increase in the consumer price index. All unpaid principal and accrued interest shall be due and payable on June 30, 2012. It is not possible to estimate the future maturities of the loan on an annual basis because of the repayment terms.

20. COOPERATIVE ENDEAVOR AGREEMENTS

On July 1, 2002, the District entered into a cooperative endeavor agreement with the Louisiana Department of the Treasury to undertake capital improvements totaling $10,002,800 for the NBA upgrades to the New Orleans Arena for the Hornets to play home games. The total amount of the agreement, as amended in June 2004 to provide additional funding of $6,500,000 for the improvements, is $16,502,800. Of this amount, $13,876,171 has been expended as of June 30, 2006.

On February 28, 2003, the District entered into a cooperative endeavor agreement with the Louisiana Department of the Treasury to provide 75% in the aggregate of the total funds required to build an NFL indoor training facility and other improvements for the New Orleans Saints, not to exceed $6,750,000, which was totally expended by June 30, 2005.

21. SUBSEQUENT EVENTS

On September 22, 2006, a funding agreement was signed with the State of Louisiana, the Louisiana Stadium and Exposition District, SMG, Inc. (Superdome manager), and the NFL, whereby the NFL agreed to commit up to $15,000,000 in construction funding for repairs and improvements to the Louisiana Superdome.

As discussed in note 14, the Stadium Use Agreement with the State of Louisiana, the Louisiana Stadium and Exposition District, and the New Orleans Saints was amended on September 22, 2006. This amendment provided the Saints with additional revenue opportunities from advertising, beverage pouring rights, and merchandising at the Louisiana Superdome.

22. HURRICANES KATRINA AND RITA

On August 29, 2005, the State of Louisiana and the City of New Orleans suffered catastrophic damage from Hurricane Katrina, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of this event and the resulting damages sustained by the state and city, it is unknown exactly what economic impact recovery efforts will have on state and local governmental operations. The Louisiana Superdome, and to a lesser extent the New Orleans Arena, suffered major damage and environmental contamination from Hurricane Katrina and its aftermath. Hurricane Rita struck southwest Louisiana on September 24, 2005, further exacerbating the damage to state and local governmental operations. In March 2006, the New Orleans Arena reopened for business. At June 30, 2006, the Louisiana Superdome was undergoing extensive repairs to mitigate hurricane-related damage and reopened for business on September 25, 2006. The long-term effects of hurricanes Katrina and Rita on the Louisiana Stadium and Exposition District cannot be determined at this time.

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SCHEDULE OF PER DIEM PAID TO COMMISSIONERS
For the Year Ended June 30, 2006

Included in the operating expenses of the financial statements of the District is the compensation of the commissioners of the District. In accordance with the State of Louisiana, the commissioners are allowed to receive a per diem to attend Board meetings of the District. The accompanying schedule presents the per diem expenses incurred for the fiscal year ended June 30, 2006.

ANNUAL FISCAL REPORT TO THE OFFICE OF
THE GOVERNOR, DIVISION OF ADMINISTRATION,
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY
As of and for the Year Ended June 30, 2006

The annual fiscal report presents the financial position of the Louisiana Stadium and Exposition District, as of June 30, 2006, and the results of its changes in fund net assets and its cash flows for the year then ended. This report contains information in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.

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LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

Schedule of Per Diem Paid to Commissioners
For the Year Ended June 30, 2006

Tim Coulon, Chairman/Commissioner	$350
Rosemary Patterson, Commissioner	550
Ed Pratt, Commissioner	150
Clyde Simien, Commissioner	250
Total	$1,300

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Louisiana Stadium and Exposition District
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006

C O N T E N T S

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
BALANCE SHEET
AS OF June 30, 2006

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	22,618,176
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		5,834,006
Due from other funds (Note Y)		
Due from federal government		
Inventories		22,789
Prepayments		9,153
Notes receivable		
Other current assets		
Total current assets		28,484,124
NONCURRENT ASSETS:		
Restricted assets (Note F):		
Cash		64,573,389
Investments		
Receivables		74,508
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		13,944,160
Buildings and improvements		160,524,485
Machinery and equipment		2,916,938
Infrastructure		
Construction in progress		85,303,310
Other noncurrent assets		
Total noncurrent assets		327,336,790
Total assets	$	355,820,914
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	19,198,819
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		3,088,672
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		159,567
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		1,270,000
Total current liabilities		23,717,058
NON-CURRENT LIABILITIES:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		7,500,000
Liabilities payable from restricted assets (Note Z)		
Bonds payable (Net of $23,891,259 unamortized discount)		270,433,741
Other long-term liabilities		
Total long-term liabilities		277,933,741
Total liabilities		301,650,799
NET ASSETS		
Invested in capital assets, net of related debt		46,185,876
Restricted for:		
Capital projects		8
Debt service		13,269,674
Unemployment compensation		
Other specific purposes		3,035,977
Unrestricted		(8,321,420)
Total net assets		54,170,115
Total liabilities and net assets	$	355,820,914

The accompanying notes are an integral part of this financial statement.

Statement A

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

OPERATING REVENUES	
Sales of commodities and services	$ 6,389,811
Assessments	
Use of money and property	
Licenses, permits, and fees	
Other	
Total operating revenues	6,389,811
OPERATING EXPENSES	
Cost of sales and services	19,508,341
Administrative	
Depreciation	9,262,532
Amortization	
Total operating expenses	28,770,873
Operating income(loss)	(22,381,062)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	25,826,123
Use of money and property	1,014,507
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	(7,048,021)
Other revenue	
Other expense	(16,562,073)
Total non-operating revenues(expenses)	3,230,536
Income(loss) before contributions and transfers	(19,150,526)
Capital contributions	83,650,797
Extraordinary item - Loss on impairment of capital assets	(27,471,149)
Transfers in	
Transfers out	
Change in net assets	37,029,122
Total net assets – beginning	17,140,993
Total net assets – ending	$ 54,170,115

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
LSED	$ 52,380,967	$ 6,389,811	$	$ 83,650,797	$ 37,659,641

General revenues:	
Taxes	25,826,123
State appropriations	
Grants and contributions not restricted to specific programs	
Interest	1,014,507
Miscellaneous	
Special items	
Extraordinary item - Loss on impairment of capital assets	(27,471,149)
Transfers	
Total general revenues, special items, and transfers	(630,519)
Change in net assets	37,029,122
Net assets - beginning	17,140,993
Net assets - ending	$ 54,170,115

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Cash flows from operating activities		
Cash received from customers	$ 6,215,643	
Cash payments to suppliers for goods and services	(31,702,846)	
Cash payments to employees for services	(4,623,773)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		$ (30,110,976)
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable	(6,035,000)	
Interest paid on notes payable		
Operating grants received	5,844,537	
Transfers in	10,622,567	
Transfers out	(21,381,943)	
Other	22,994,091	
Net cash provided(used) by non-capital financing activities		12,044,252
Cash flows from capital and related financing activities		
Proceeds from sale of bonds	91,968,741	
Principal paid on bonds	(4,580,000)	
Interest paid on bond maturities	(11,225,779)	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(2,316,182)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		73,846,780
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	671,722	
Net cash provided(used) by investing activities		671,722
Net increase(decrease) in cash and cash equivalents		56,451,778
Cash and cash equivalents at beginning of year		30,739,787
Cash and cash equivalents at end of year		$ 87,191,565

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		$ (22,381,062)
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	9,262,532	
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(7,922,371)	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	40,096	
(Increase)decrease in inventories	104,675	
(Increase)decrease in other assets	67,008	
Increase(decrease) in accounts payable and accruals	(4,657,251)	
Increase(decrease) in accrued payroll and related benefits		
Increase(decrease) in compensated absences payable	(82,827)	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	(4,541,776)	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		$ (30,110,976)

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	$
Contributions of fixed assets	72,122,536
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	$ 72,122,536

The accompanying notes are an integral part of this statement.

Statement D (concluded)

INTRODUCTION

The Louisiana Stadium and Exposition District (the District) was created in 1966 pursuant to Article XIV, Section 47 of the Constitution of the State of Louisiana of 1921, as amended and continued as a statute by Article XIV, Section 16 of the Constitution of the State of Louisiana (State) for the year 1974 (the "Original Act") as a body politic and corporate and political subdivision of the State, composed of all the territory in the Parishes of Orleans and Jefferson, Louisiana. The District was created for the purpose of planning, acquiring, financing, owning, constructing, maintaining, and operating recreational facilities, recreation centers and other facilities to be located within the District to accommodate the holding of conventions, exhibitions, sports events, athletic contests, and other public meetings and all facilities and properties incidental and necessary to a complex suitable for any or all types of sports and recreation, all as more specifically provided in the Act.

The District acquired a site and constructed thereon the Superdome which opened in August 1975. The Superdome is leased by the District to the State pursuant to the Lease Agreement. The District initially managed and operated the Superdome on behalf of the State pursuant to a management and operating agreement dated as of February 1, 1969. In 1976, Act No. 541 of the 1976 Regular Session of the State Legislature ("Act No. 541") transferred the responsibility for the management and operation of the Superdome to the Office of the Governor of the State and authorized the Governor to delegate the management and operation of the Superdome to a professional management organization. In 1977, the District was transferred to and placed in the Office of the Governor of the State pursuant to the Executive Reorganization Act. At the same time, Act No. 64 of the 1977 Regular Session of the State Legislature ("Act No. 64") approved and authorized execution of a Management Agreement between the State and HMC Management Corporation (the predecessor in interest of SMG, the current manager of the Superdome), which was signed by the parties under date of June 30, 1977.

Act 640 of the 1993 Regular Session of the State Legislature amended Act No. 541 to provide, among other things, for the construction of the Arena and further to provide that all authority for the management and operation of all properties then or thereafter owned by or under the control of the District vested in the State, through the Office of the Governor, with continuing authority to delegate that authority and responsibility to a private management company. In 1998, by a Fourth Amendment to the Management Agreement dated June 19, 1998, between the State, Facility Management of Louisiana, Inc., (formerly doing business under the name "HMC Management Corporation") and SMG, the State delegated its management authority over the Arena to SMG. The District completed construction of the New Orleans Arena (Arena) adjacent to the Superdome in 1999, and the Arena opened for operations in October 1999 under the management of SMG.

Notwithstanding the transfer of management authority to the State and by the State to the manager, Act No. 541, as amended by Act 640, provides that for the purposes of and in connection with the undertakings authorized by the Act, including the issuance and servicing of any bonds, the District shall be acting solely in its capacity as a political subdivision of the state and further provides that the District shall provide annually to the legislature and the legislative auditor information concerning the finances of the District.

The District is governed by a board of commissioners (the Board) composed of seven members appointed by the Governor of the State and confirmed by the State Senate. The commissioners serve at the pleasure of the Governor of the State.

The Board of Commissioners has the power to plan, acquire, finance, own, construct, operate, and maintain recreational facilities, recreation centers, and other facilities to accommodate expositions, conventions, exhibitions, sports events, spectacles, and other public meetings, and all facilities and properties incidental and necessary to a complex suitable for any or all types of sports and recreation, and shall exercise them in the name and on behalf of the District.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Stadium and Exposition District present information only as to the transactions of the programs of the District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING (not applicable)

C. DEPOSITS WITH FINANCIAL INSTITUTIONS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Stadium and exposition District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents. At June 30, 2006, the District has $66,848,653 in investment contracts with maturities of less than three months.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2006, consisted of the following:

NOTE: The "Total Bank Balances – All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet" due to outstanding items.

	Cash	Certificates of Deposit	Repurchase agreement/ Govt securities Money Market Fund / Gauranteed Investment Contracts	Total
Deposits in Bank Accounts Per Balance Sheet	$ 8,655,597	$	$ 78,487,254	$ 87,142,851
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized	$	$	$	$ 0
b. Uninsured and collateralized with securities held by the pledging institution	8,385,786		78,487,253	86,873,039
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name				0
Total Bank Balances - All Deposits	$ 8,385,786	$	$ 78,487,253	$ 86,873,039

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

Banking Institution	Program	Amount
1. Capitol One	Enterprise funds	$ 12,436,222
2. JP Morgan Chase	Debt service fund	7,588,164
3. Bayerische Landesbank	Debt service fund	66,848,653
4.		
Total		$ 86,873,039

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	$
Petty cash	$ 48,714

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2006						
	Balance 6/30/2005	Prior Period Adjustment	Adjusted Balance 7/1/2005	Additions	Transfers*	Retirements	Balance 6/30/2006
Capital assets not being depreciated							
Land	$ 13,944,160	$	$ 13,944,160	$	$	$	$ 13,944,160
Non-depreciable land improvements			--				--
Capitalized collections			--				--
Construction in progress	3,664,148		3,664,148	81,698,115	(58,953)		85,303,310
Total capital assets not being depreciated	$ 17,608,308	$ --	$ 17,608,308	$ 81,698,115	$ (58,953)	$ --	$ 99,247,470
Other capital assets							
Furniture, fixtures, and equipment	$ 22,559,945	$	$ 22,559,945	$ 725,968	$	$	$ 23,285,913
Less accumulated depreciation	(18,378,174)		(18,378,174)	(1,990,801)			(20,368,975)
Total furniture, fixtures, and equipment	4,181,771	--	4,181,771	(1,264,833)	--	--	2,916,938
Buildings and improvements	355,532,718		355,532,718	3,929,841	58,953	(27,471,149)	332,050,363
Less accumulated depreciation	(164,254,146)		(164,254,146)	(7,271,732)			(171,525,878)
Total buildings and improvements	191,278,572	--	191,278,572	(3,341,891)	58,953	(27,471,149)	160,524,485
Depreciable land improvements			--				--
Less accumulated depreciation			--				--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure			--				--
Less accumulated depreciation			--				--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	$ 195,460,343	$ --	$ 195,460,343	$ (4,606,724)	$ 58,953	$ (27,471,149)	$ 163,441,423
Capital Asset Summary:							
Capital assets not being depreciated	$ 17,608,308	$ --	$ 17,608,308	$ 81,698,116	$ (58,953)	$ --	$ 99,247,470
Other capital assets, at cost	378,092,663	--	378,092,663	4,655,809	58,953	(27,471,149)	355,336,276
Total cost of capital assets	395,700,971	--	395,700,971	86,353,925	--	(27,471,149)	454,583,746
Less accumulated depreciation	(182,632,320)	--	(182,632,320)	(9,262,533)	--	--	(191,894,853)
Capital assets, net	$ 213,068,651	$ --	$ 213,068,651	$ 77,091,392	$ --	$ (27,471,149)	$ 262,688,893

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

E. INVENTORIES

The District's inventories are valued at cost. These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS

Restricted assets in the District at June 30, 2006, reflected at $64,647,897 in the non-current assets section on Statement A, consisting of $64,573,389 in cash with fiscal agent, $74,508 in receivables. These assets are restricted for use for construction and operations, renewals and replacements, and economic development. The receivable is for funds restricted for use for concessionaire.

G. LEAVE

1. COMPENSATED ABSENCES

Under the Management Agreement with SMG, all employees engaged in managing and operating the Superdome and the Arena are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 24 days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union agreements. At the end of any fiscal year, an employee can carry forward no more than 192 hours in vacation, and upon termination, an employee is paid for 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to 15 days of vacation per year with no carry forward provision. The accumulated net provision by the District for unpaid vacation benefits due employees of SMG as of June 30, 2006, was $159,567.

2. COMPENSATORY LEAVE (**Not applicable**)

H. RETIREMENT SYSTEM (Not applicable)

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (Not applicable)

J. LEASES

<u>NOTE:</u> Where five-year amounts are requested, list the <u>total amount (sum) for the five-year period</u>, not the annual amount for each of the five years.)

1. OPERATING LEASES **(Not applicable)**

4. LESSOR – OPERATING LEASE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of __________ 20___:

	Cost	Accumulated depreciation	Carrying amount
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of __________ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2021, please create additional columns and report these future minimum lease payment receivables in five year increments.)**

Year Ended June 30,	Office Space	Equipment	Land	Poydras Parking Garage	Total
2007	$ 316,233	$	$ 205,388	$ 50,000	$ 571,621
2008	233,054		205,388	50,000	488,442
2009	178,967		205,388		384,355
2010	184,136		205,388		389,524
2011	165,001				165,001
2012-2016	467,825				467,825
2017-2021					-
Total	$ 1,545,216	$ -	$ 821,552	$ 100,000	$ 2,466,768

Current year lease revenues received in fiscal year 2006 totaled $525,433.

Contingent rentals received from operating leases received for your fiscal year was $________________ for office space, $_____________for equipment, and $______________for land.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2006:

	Year ended June 30, 2006				
	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Amounts due within one year
Notes and bonds payable:					
Notes payable	$	$	$	$ --	$
Reimbursement contracts payable				--	
Bonds payable	189,080,000	304,825,000	199,580,000	294,325,000	
Total notes and bonds	189,080,000	304,825,000	199,580,000	294,325,000	--
Other liabilities:					
Advance from State of Louisiana	1,747,428		477,428	1,270,000	1,270,000
Loan Payable	7,500,000			7,500,000	
Contracts payable				--	
Compensated absences payable				--	
Capital lease obligations				--	
Claims and litigation				--	
Liabilities payable from restricted assets				--	
Other long-term liabilities				--	
Total other liabilities	9,247,428	--	477,428	8,770,000	1,270,000

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES

GAAP require that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. **Do not report impaired capital assets as defined by GASB 42 below, rather disclose GASB 42 impaired capital assets in Note CC**. Losses or ending litigation that is probable should be reflected on the balance sheet.

The District is a defendant in litigation seeking damages as follows**: (Not applicable)**

Date of Action	Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)	*Damages Claimed	Insurance Coverage
		$	$
Totals		$ -	$ -

*Note: Liability for claims and judgments should include should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

Claims and litigation costs of $__0_______ were incurred in the current year and are reflected in the accompanying financial statement.

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated. ______________________

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee. ______________________

M. RELATED PARTY TRANSACTIONS (Not applicable)

FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions.______________________

N. ACCOUNTING CHANGES (Not applicable)

Accounting changes made during the year involved a change in accounting _______________ (principle, estimate or entity). The effect of the change is being shown in ________________.

O. IN-KIND CONTRIBUTIONS (Not applicable)

List all in-kind contributions that are not included in the accompanying financial statements.

In-Kind Contributions		Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor
	$	
Total	$	-

P. DEFEASED ISSUES

In March, 2006, the Louisiana Stadium and Exposition District, issued $294,325,000 of tax-exempt and taxable bonds. The purpose of the issue was in part to provide monies to advance refund the entirety of the outstanding Series 1994A bonds ($5,045,000), Series 1995A bonds ($1,570,000), Series 1995B bonds ($27,430,000), Series 1996 bonds ($3,700,000), Series 1998A bonds ($3,900,000), Series 1998B bonds ($136,820,000) bonds, Series 2004 notes ($6,035,000), Series 2005 Revenue Anticipation Notes ($10,500,000) and to repay SMG, Inc. for a $2,000,000 capital contribution made in 2003. In order to refund the bonds, portions of the proceeds of the new issue of $206,134,781, together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to escrow deposit agreements dated March 1, 2006 between the district and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in increasing the total debt service payments by almost $ 120,195,171 and gave the district an economic loss (difference between the present values of the debt service payments on the old and new debt) of $9,499,974.

Q. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of “COP” on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of “COP”. Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of “COP” include contracts that fall under delegated authority, Facility Planning and Control “CEA” contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

On July 1, 2002, the District entered into a cooperative endeavor agreement with the Louisiana Department of the Treasury to undertake capital improvements totaling $10,002,800 for the NBA upgrades to the New Orleans Arena for the Hornets to play home games. The total amount of the agreement, as amended in June 2004 to provide additional funding of $6,500,000 for the improvements, is $16,502,800. Of this amount, $13, 876,171 has been expended as of June 30, 2006.

The liability outstanding for the state for fiscal year ending June 30, 2006, by funding source, is as follows:

Funding Source	Balance June 30, 2006
State General Fund	$ 2,626,629 (next page)
Self-generated revenue	
Statutorily dedicated revenue	
General obligation bonds	
Federal funds	
Interagency transfers	
Other funds/combination	
Total	$ 2,626,629

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2006. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute ending balances by funding source, you should begin with your balances at June 30, 2005. These amounts will be increased by amounts for new contracts and amendments and decreased for payments and liquidations.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) (Not applicable)

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2005-2006:

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
			$
Total government-mandated nonexchange transactions (grants)			$ -

Cooperative Endeavor Agreements

Agency Name: Louisiana Stadium and Exposition District
Agency Number:
Agency Contact Person: David Weidler
Telephone Number: 504-587-3850
For the year ended June 30, 2006

Contract Financial Management System #	Parties to the Coop	Brief Description of the Coop	Multi-year, One-Time, or Other Appropriation	Original Amount of Coop, Plus Amendments, if any	Date Original Coop was Effective	End Date of Coop, as Amended, if Applicable	Funding Source per Coop Agreement based on Net Liability as of June 30, 2006 100% State	Paid - Inception to Date as of 6/30/2006	Net Liability as of 6/30/2006
588647	Departement of Treasury/	NBA Upgrades		$16,502,800	7/1/2002	**N/A**	100%	$13,876,171	2,626,629.00
	Louisiana Stadium and	Planning and construction							0.00
	Exposition District	at New Orleans Arena							0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
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									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
				16,502,800.00			0.00	13,876,171.00	2,626,629.00

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS (Not applicable)

At June 30, 20__, the ____________________ (BTA) was not in compliance with the provisions of ____ Bond Reserve Covenant that requires _______________________________. The _____________________________________ (BTA) did __________________________ to correct this deficiency.

T. SHORT-TERM DEBT (Not applicable)

The ______________________ (BTA) issues short-term notes for the following purpose(s) ____.

Short-term debt activity for the year ended June 30, 20__, was as follows:

List the type of Short-term debt (e.g., tax anticipation notes)	Beginning Balance	Issued	Redeemed	Ending Balance
	$	$	$	$ -

The ________________________ (BTA) uses a revolving line of credit for the following to finance ____ (list purpose for the S-T debt). Short-term debt activity for the year ended June 30, 20__, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	$	$	$	$ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2006, were as follows:

Fund	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Governmental Activities	$	$	$ 892,904.00	$	$ 892,904.00
Business Type Activities	827,277.00		4,125,315.00		4,952,592.00
Gross receivables	$ 827,277.00	$ -	$ 5,018,219.00	$ -	$ 5,845,496.00
Less allowance for uncollectible accounts	11,490.00	-	-	-	11,490.00
Receivables, net	$ 815,787.00	$ -	$ 5,018,219.00	$ -	$ 5,834,006.00
Amounts not scheduled for collection during the subsequent year	$	$	$	$	$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

Fund		Vendors		Salaries and Benefits		Accrued Interest		Other Payables		Total Payables
Governmental Activities	$	5,715	$		$	442,414	$		$	448,129
Business Type Activities		18,433,057		317,633						18,750,690
Total payables	$	18,438,772	$	317,633	$	442,414	$	-	$	19,198,819

W. SUBSEQUENT EVENTS

On September 22, 2006, a funding agreement was signed between the State of Louisiana, the Louisiana Stadium and Exposition District, SMG, Inc. (Superdome manager), and the National Football League (NFL), whereby the NFL agreed to commit up to $15,000,000 in construction funding for repairs and improvements to the Louisiana Superdome.

On September 22, 2006, the Stadium Use Agreement between the State of Louisiana, the Louisiana Stadium and Exposition District and the New Orleans Saints was amended to provide the New Orleans Saints with additional revenue opportunities from advertising, beverage pouring rights, and merchandising at the Louisiana Superdome.

X. SEGMENT INFORMATION (Not applicable)

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment____.

A. Condensed balance sheet:

(1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
(2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
(3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

	Segment #1	Segment #2
Current assets	$	$
Due from other funds		
Capital assets		
Other assets		
Current liabilities		
Due to other funds		
Long-term liabilities		
Restricted net assets		
Unrestricted net assets		
Invested in capital assets, net of related debt		

B. Condensed statement of revenues, expenses, and changes in net assets:

(1) Operating revenues (by major source).
(2) Operating expenses. Depreciation (including any amortization) should be identified separately.
(3) Operating income (loss).
(4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
(5) Capital contributions and additions to permanent and term endowments.
(6) Special and extraordinary items.
(7) Transfers
(8) Change in net assets.
(9) Beginning net assets.
(10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	Segment #1	Segment #2
Operating revenues	$	$
Operating expenses		
Depreciation and amortization		
Operating income (loss)	-	-
Nonoperating revenues (expenses)		
Capital contributions/additions to permanent and term endowments		
Special and extraordinary items		
Transfers in		
Transfers out		
Change in net assets	-	-
Beginning net assets		
Ending net assets	-	-

C. Condensed statement of cash flows:

(1) Net cash provided (used) by:
(a) Operating activities
(b) Noncapital financing activities
(c) Capital and related financing activities

(d) Investing activities
(2) Beginning cash and cash equivalent balances
(3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	Segment #1	Segment #2
Net cash provided (used) by operating activities	$	$
Net cash provided (used) by noncapital financing activities		
Net cash provided (used) by capital and related financing activities		
Net cash provided (used) by investing activities		
Beginning cash and cash equivalent balances		
Ending cash and cash equivalent balances	-	-

Y. DUE TO/DUE FROM AND TRANSFERS (not applicable)

1. List by fund type the amounts **due from other funds** detailed by individual fund at fiscal year end: (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

Type of Fund	Name of Fund	Amount
		$
Total due from other funds		$

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

Type of Fund	Name of Fund	Amount
		$
Total due to other funds		$

3. List by fund type **all transfers from other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
		$
Total transfers from other funds		$

4. List by fund type **all transfers to other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
		$
Total transfers to other funds		$

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Louisiana Stadium and Exposition District at June 30, 2006, reflected at $8,123,609 in the current liabilities section on Statement A, consist of $7,681,195 in accounts payable, $ 0 in notes payable, and $442,414 in accrued bond interest payable.

Liabilities payable from restricted assets in the Louisiana Stadium and Exposition District at June 30, 2006, reflected at $270,433,741 in the non-current liabilities section on Statement A, consist of $ 0 in accounts payable, $ 0 in notes payable, and $270,433,741 in bonds payable.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 20__.
Each adjustment must be explained in detail on a separate sheet.

Ending net assets July 1, 2005, previously reported	Adjustments + or (-)	Beginning net assets, July 1, 2005, as restated
	$	$ --
		--
		--
		--
		--
		--

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported on Statement A at June 30, 2006, $1,386,681 are restricted by enabling legislation (which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

CC. IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for the impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. **See Appendix D for more information on GASB 42 and the Impairment of Capital Assets.**

The following capital assets are considered impaired: (There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

Type of asset	Amount of Impairment Loss	Indication of Impairment	Insurance Recovery in the same FY	Reason for Impairment (e.g. hurricane)
Buildings	$27,471,149	Physical damage		Hurricane Katrina and aftermath
Movable Property				
Infrastructure				

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include the capital assets listed above that were idle at the end of the fiscal year.)

Type of asset	Carrying Value
Buildings	$ 38,518,530
Movable Property	$ ______
Infrastructure	$ ______

DD. EMPLOYEE TERMINATION BENEFITS (Not applicable)

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as payment for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payment for unused leave balances.
Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Health care coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s)
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported)

The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for _____ (number of) voluntary terminations totaled $_________. For 2006, the cost of providing those benefits for _____ (number of) involuntary terminations totaled $_________.
[The termination benefits (voluntary and involuntary) paid in FY 2006 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line “Administrative” in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is $_________. This liability consists of _________ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, ______ is $_________. This liability consists of _________ (number of) involuntary terminations.
[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

____
____
____

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2006

Name		Amount
Tim Coulon, Chairman/Commisioner	$	350
Rosemary Patterson, Commissioner		550
Edward A. Pratt		150
Clyde Simeon, Commissioner		250
	$	1,300

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2006

	Description of Funding	Amount
1.	Capital Outlay Appropriation Program	$ 1,319,192
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
	Total	$ 1,319,192

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		$	$	$	$		$
Total		$	$	$	$		$

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	Redeemed (Issued)	Principal Outstanding 6/30/06	Interest Rates	Interest Outstanding 6/30/06
Louisiana Economic Development Corporation	June 2004	$7,500,000	$7,500,000	None	$7,500,000	Variable	$
Series 2005 Revenue Anticipation Notes	July 2005	$10,500,000	None	$10,500,000	None	4.75%	
					—		
					—		
					—		
					—		
					—		
					—		
					—		
					—		
					—		
					—		
Total		$18,000,000	$7,500,000	$10,500,000	$7,500,000		$

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF BONDS PAYABLE
June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	Redeemed (Issued)	Principal Outstanding 6/30/06	Interest Rates	Interest Outstanding 6/30/06
Series 1994A	April 1994	$63,500,000	($6,555,000)	$6,555,000	None	5.4 – 5.9%	None
Series 1995A	April 1995	14,150,000	(1,910,000)	1,910,000	None	4.8 - 5.7%	None
Series 1995B	November 1995	48,000,000	(28,470,000)	28,470,000	None	5.25%	None
Series 1996	December 1996	76,420,000	(4,810,000)	4,810,000	None	4.2 - 5.2%	None
Series 1998A	December 1998	7,230,000	(4,480,000)	4,480,000	None	4.95 – 5.62%	None
Series 1998B	December 1998	136,820,000	(136,820,000)	136,820,000	None	4.35 – 5.25%	None
Series 2004	June 2004	6,235,000	(6,035,000)	6,035,000	None	6.38%	None
Series 2006A	March 2006	84,675,000	None	None	($84,675,000)	Variable	$68,080,225
Series 2006B	March 2006	84,650,000	None	None	(84,650,000)	Variable	65,469,250
Series 2006C	March 2006	69,150,000	None	None	(69,150,000)	Variable	46,828,350
Series 2006D	March 2006	55,850,000	None	None	(55,850,000)	Variable	80,260,606
Total		$	$189,080,000	$189,080,000	$ (294,325,000)		$260,638,431

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006

Fiscal Year Ending:	Principal	Interest
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		
Total	$ --	$ --

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2006

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2007	$	$	$	$ --
2008				--
2009				--
2010				--
2011				--
2012-2016				--
2017-2021				--
2022-2026				--
2027-2031				--
Total	$ --	$ --	$ --	$ --

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2006

Fiscal Year Ending:	Principal	Interest
2007	$ See Note Below	$
2008		
2009		
2010		
2011		
2012-2016		
2017-2021		
2022-2026		
2027-2031		
Total	$ --	$ --

Note: Unable to determine amortization schedule due to the repayment terms of the loan from the Louisiana Economic Development Corporation, dated June 30, 2004.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006

Ending:	Principal	Interest
2007	$	$ 12,866,227
2008		12,360,827
2009		12,360,827
2010		12,360,827
2011		12,360,827
2012		12,360,827
2013	5,900,000	12,141,509
2014	6,225,000	11,909,250
2015	6,575,000	11,661,452
2016	6,925,000	11,398,117
2017	7,225,000	11,121,181
2018	7,625,000	10,826,769
2019	8,025,000	10,514,224
2020	8,475,000	10,181,607
2021	8,875,000	9,830,856
2022	9,400,000	9,455,500
2023	9,875,000	9,057,476
2024	10,425,000	8,634,848
2025	10,900,000	8,189,552
2026	11,525,000	7,714,459
2027	12,175,000	7,207,631
2028	12,775,000	6,671,007
2029	13,475,000	6,100,052
2030	14,225,000	5,492,829
2031	14,950,000	4,848,679
2032	15,775,000	4,163,070
2033	16,675,000	3,431,467
2034	17,575,000	2,652,224
2035	18,550,000	1,823,442
2036	19,550,000	940,879
2037	20,625,000	
Total	$ 294,325,000	$ 260,638,442

STATE OF LOUISIANA

LOUISIANA STADIUM AND EXPOSITION DISTRICT

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than $1 million, explain the reason for the change.

		2006	2005	Difference	Percentage Change
1)	Revenue	$ 116,881,240	$ 70,401,775	$ 46,479,465	66%
	Expenses	52,380,966	85,455,153	(33,074,187)	(39%)
2)	Capital assets	262,688,893	213,068,649	49,620,244	23%
	Long-term debt	279,203,741	197,827,428	81,376,313	41%
	Net Assets	54,170,115	17,140,991	37,029,124	216%

Explanation for change:

Revenue	Capital outlay funds for extensive repairs to Superdome and to a less extent to New Orleans Arena in FY06 due to Hurricane Katrina.
Expenses	Damages to Superdome and Arena due to Hurricane Katrina in August 2005 resulted in Dome and Arena closing which related to lower staffing levels and operating expenses.
Capital Assets	Extensive construction costs capitalized for repairs and enhancements to Superdome offset by Impairment Loss on Superdome of $27,471,149.
Long term debt	Due to refunding of all outstanding debt at March 2006 and issuing additional bonds to fund approximately $40M in enhancements to the Superdome and approximately $25M for operations of the District.
Net Assets	Due to increases in capital contributions for construction and decreases in operating expenses offset by decreased tax revenue.

OTHER REPORT REQUIRED BY

GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control over financial reporting, and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET
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FACSIMILE: (225) 339-3870

December 7, 2006

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance With *Government Auditing Standards*

BOARD OF COMMISSIONERS OF THE
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the years ended June 30, 2006 and 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2006. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its 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 audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards.*

Noncompliance With Movable Property Regulations

The Louisiana Stadium and Exposition District, whose Louisiana Superdome and New Orleans Arena sports facilities are managed by SMG, Inc., did not conduct a physical inventory of the District's movable property at the Dome and the Arena for the year ended June 30, 2006, and did not submit certifications of the results of the inventory to the Louisiana commissioner of administration as prescribed by the commissioner of administration and Louisiana law. Louisiana Revised Statute 39:324-326 requires that each property manager make a complete physical inventory of the property of his/her agency once each fiscal year. In addition, the Louisiana Administrative Code, Title 34 Part VII Section 313, requires, in part, that the property manager for each state agency complete a physical inventory of movable property at least once each fiscal year and submit a certification of the results of the inventory to the commissioner of administration.

At June 30, 2006, the District's capital asset records, which have not been adjusted since the storm, include $11,512,345 and $11,773,568 (gross) of movable property items located, respectively, at the Louisiana Superdome and the New Orleans Arena. The movable property of the Dome and Arena are reported in the financial statements net of depreciation at $1,343,605 and $1,573,333, respectively.

After Hurricane Katrina struck on August 29, 2005, and in the subsequent period through September 2006, management did not conduct a movable property inventory of the Dome and the Arena because of the hurricane damage and subsequent construction, as well as other storm-related priorities. The Dome incurred extensive physical damage and environmental contamination from the storm. Because District management has not conducted the inventory, the District is in noncompliance with state law and movable property inventory amounts in the financial statements may be misstated. The District should take actions necessary to complete the physical inventory of movable property and submit the required certifications as prescribed by the commissioner of administration and state law. The District and SMG, Inc., (manager of the Louisiana Superdome) concurred that there was a technical finding of noncompliance and provided an explanation of why they believed a physical inventory was not possible and outlined a corrective action plan (see Appendix A).

This report is intended solely for the information and use of the District's management and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

LG:ES:PEP:dl

LSED06

Management's Corrective Action Plan and Response to the Finding and Recommendation

Private Management for Public Facilities

SUGAR BOWL DRIVE
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Mr. Steve Theriot
State Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, LA 70802

Re: FF&E Inventory Items

Gentlemen:

This letter is in response to the audit findings of non-compliance with movable property regulations.

First, the finding should place the entire situation in context, which was very unique due to the damage caused by Hurricane Katrina and the evacuees, all of which was beyond our control. The District and SMG both concede that there is a "technical finding" but we will show in the following paragraphs why an inventory of movable property was not possible.

The Superdome for some time after the storm was unsafe to inhabit and required HASMAT suits and masks, gloves, etc. to enter the building.

Immediately after the storm and only after the evacuees were removed from the Dome, FEMA hired J & J to remove all debris and trash from the Dome shelter. J & J removed FF&E items that the evacuees had previously removed from the building and any FF&E items that were damaged, but remained in the building. This occurred before any SMG employee returned. The pictures on CNN showed the equipment piled high. This debris removal process lasted for six to eight weeks after the storm, through the end of October 2005. The National Guard established a perimeter around the building for several weeks. Only authorized management members were allowed access, which precluded our limited staff, then working from the SMG facility in Baton Rouge, from having building access.

Next, Munters Corporation was brought in to dehumidify and remove all human waste, molded sheetrock, ceiling tile and carpet, and furnishings, fixtures and equipment on all concourse levels. This work was completed in December 2005 and it included all refrigerators and food storage equipment.

Next, LVI was brought in to do the seat cleaning, and also the removal of the remaining molded sheetrock in the deck ring and high ceiling tiles in the bowl. This process lasted until May 2006. Protective masks had to be worn through May 2006, since the air quality in the building was not totally safe for our employees. Therefore, we limited employee exposure to only essential personnel to work with construction crews.

The roofing contractor, Brazos Roofing, Inc., started the roof repairs in November 2005, which required all workers to wear hard hats and stay clear of the main bowl area of the Dome due to lifting materials to the roof. Thus, the building was partially unsafe to work on, as was a large part of the Arena floor.

Prior to the roofer starting, the Bowl area was used as a storage area for a large portion of movable FF&E. Due to the roof construction, access to the property was limited. For the period of January – May 2006, LVI, Munters and US Risk deemed portions of the FF&E to be mold infested and directed it to be removed from the building and disposed of to prevent mold spores from re-contaminating the building.

FEMA inspected all FF&E items that had mold and also deemed them not salvageable and agreed to replace these items as listed on the pre-Katrina inventory quantities.

Ellerbe Becket, a nationally recognized architect firm, in conjunction with FEMA completed a pre-Katrina inventory list supplied by SMG along with items noted by FEMA. They deleted items they felt were salvageable and then prepared a FF&E list to be purchased by Facility Planning and Control ultimately paid by FEMA. FEMA decided that a physical inventory was impossible to do because of the magnitude of the destruction. All salvageable items were cleaned, sanitized and placed in storage. Due to the limited storage space, access to these items was not possible. Access to the building was also limited past June 2006 due to on-going construction project. This process is still on going, so it is difficult to inventory missing items. Also, SMG is still not allowed to set up office spaces as construction continues.

These facts were made known to the Legislative Auditors and its representatives; however, the non-compliance letter does not acknowledge the reasons explaining why compliance was difficult. In the best of times, 4 to 6 weeks is needed to perform an inventory. After the storm our staff levels were reduced by 85%. Therefore, even if we were able to get in the Dome, we would not have been able to complete an inventory. We have lost all the old data due to the storm in our bar code system. It will be necessary to input all the data as to prior fixed assets and the new purchases into the system, a process which will take many weeks. We are limited as to staff to perform the inventory. We will need to hire and train employees after we return to the Dome late in 2006.

Because we are starting from the beginning, we estimate that it will take 3 to 4 months to complete a new inventory after all the items have been programmed into the system.

Sincerely,

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MDW:ca

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