

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
ISSUED DECEMBER 14, 2005

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

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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, 2005

Exhibit

Other Report Required by *Government Auditing Standards* -
Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of the Financial Statements A



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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December 7, 2005

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 year ended June 30, 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. The financial statements of the District as of and for the year ended June 30, 2004, were audited by other auditors whose report dated August 10, 2004, expressed an unqualified opinion on those statements.

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, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 17 to the financial statements, on August 29, 2005, Hurricane Katrina struck New Orleans, as well as the Louisiana, Alabama, and Mississippi Gulf coasts. As a result, the New Orleans area, including the Louisiana Superdome, incurred catastrophic damage to its infrastructure. New Orleans was evacuated while the damage was assessed and emergency repairs began. The impact of the storm on the District's future revenues and its operations, as well as the lasting impact on the area's hotel industry, which provides a primary source of tax

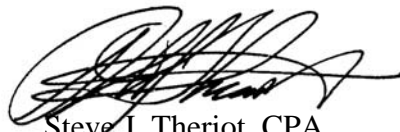
revenue to the District, is indeterminable at this time. Before the hurricane, the District had experienced losses for the years ended June 30, 2005, and June 30, 2004. Those losses required the District to incur additional debt of \$7,500,000 in 2004 (as described in note 16) and additional debt of \$10,500,000 in 2005 (as described in note 17) to fund part of the contractually required inducement payments to the New Orleans Saints and the New Orleans Hornets in each of those years. Currently, no known future revenue sources exist that would be sufficient to fund the inducement payment obligations as described in note 11. Those future additional inducement obligations total up to \$125,500,000 over the next six years and cause uncertainty as to the District's ability to repay its existing debt as well as its future inducement obligations. These financial statements do not include any adjustments that might result from the outcome of these uncertainties.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2005, 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 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.

The Management's Discussion and Analysis on pages 5 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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

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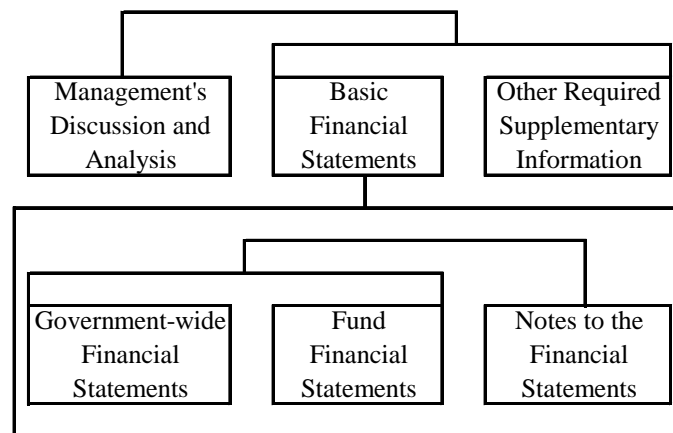
Management's Discussion and Analysis of the Louisiana Stadium and Exposition District financial performance presents a narrative overview and analysis of the Louisiana Stadium and Exposition District's financial activities for the years ended June 30, 2005 and 2004. This document focuses on the current 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 begin on page 11.

FINANCIAL HIGHLIGHTS

- The Louisiana Stadium and Exposition District's assets of business-type activities exceeded liability at the close of fiscal years 2005 and 2004 by \$161,696,856 and \$179,666,924, respectively. The net assets decreased by \$17,970,068 or 10% during fiscal year 2005. The liabilities of governmental activities exceeded assets at the close of fiscal years 2005 and 2004 by \$144,555,865 and \$147,472,555, respectively. The net assets increased by \$2,916,690 or 2% during fiscal year 2005.
- The Louisiana Stadium and Exposition District's operating and nonoperating revenue of business-type activities increased by \$1,728,157 (3%) while operating and nonoperating expenses of business-type activities decreased by \$2,927,378 (or 4%). The increase expenses of business-type activities were due to additional inducement payments made to the NFL franchise team. The revenue of governmental activities decreased by \$2,670,200 (or 16%) while expenses decreased \$2,415,532 (or 15%). The decrease in revenue results mainly from the decrease in state General Fund revenue. The decrease in expenses results from decreased interest expense and capital outlays.

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 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 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 expense 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 a 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, 2005, 2004, and 2003
(in thousands)

	Total		
	2005	2004	2003
Current and other assets	\$37,869	\$43,849	\$40,939
Capital assets	213,069	225,338	238,095
Total assets	250,938	269,187	279,034
Other liabilities	41,250	39,166	38,268
Long-term debt outstanding	192,547	197,827	191,510
Total liabilities	233,797	236,993	229,778
Net assets:			
Invested in capital assets, net of debt	23,989	31,712	39,875
Restricted	10,521	10,079	11,253
Unrestricted	(17,369)	(9,597)	(1,872)
Total net assets	\$17,141	\$32,194	\$49,256

LOUISIANA STADIUM AND EXPOSITION DISTRICT

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, 2005, 2004, and 2003
(in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
REVENUES			
Program revenues:			
Charges for services	\$25,129	\$30,597	\$32,112
Grants and contributions	2,583	2,583	18,921
General revenues:			
Hotel occupancy taxes	40,693	37,123	36,801
Players' tax	1,636	900	676
Other revenues			1,270
Investment earnings	360	140	268
Total revenues	<u>70,401</u>	<u>71,343</u>	<u>90,048</u>
PROGRAM EXPENSES:			
Interest on long-term debt	9,321	9,553	9,773
Facility operation	76,134	78,851	82,013
Total expenses	<u>85,455</u>	<u>88,404</u>	<u>91,786</u>
DECREASE IN NET ASSETS	<u>(\$15,054)</u>	<u>(\$17,061)</u>	<u>(\$1,738)</u>

The Louisiana Stadium and Exposition District's total revenues decreased from 2004 to 2005 by approximately \$942,042 (or 1%). The total cost of all programs and services decreased by approximately \$2,949,877 (or 3%). The decrease in total revenues results mainly from the receipt of contributions and state General Fund revenue in the prior year. The decrease in cost of programs and services results from many factors, including decreased grant disbursements in the year ended June 30, 2005.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005 and 2004, the Louisiana Stadium and Exposition District has \$213,068,649 and \$225,337,555, respectively, net of accumulated depreciation of \$182,632,322 and \$167,408,302, respectively, invested in capital assets, including land, buildings and improvements, furniture and fixtures, and equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Land	\$13,944	\$13,944	\$13,944
Buildings and improvements	191,279	203,917	210,801
Furniture, fixtures, and equipment	4,182	5,628	7,552
Construction in progress	<u>3,664</u>	<u>1,849</u>	<u>5,798</u>
Total	<u>\$213,069</u>	<u>\$225,338</u>	<u>\$238,095</u>

The major additions for each fiscal year were improvements to buildings.

Debt

The Louisiana Stadium and Exposition District has \$189,080,000 in revenue bonds outstanding at June 30, 2005, compared to \$193,625,000 at June 30, 2004, a decrease of 2%. During the year ended June 30, 2004, the District issued \$6,235,000 of bonds for the purpose of refinancing the costs of certain concessionaire improvements. During the year ended June 30, 2005, the District paid \$4,545,000 in debt service payments.

The Louisiana Stadium and Exposition District's bonds carried a AAA rating at June 30, 2005 and 2004.

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.

The District issued \$10,500,000 through a Revenue Anticipation Note, Series 2005, dated July 1, 2005. The proceeds of the note will be used to fund the inducements payable to professional sports franchises at June 30, 2005. The balance of the revenue anticipation note is not included in the above amount because the note was issued subsequent to year-end.

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. These factors and indicators include:

- 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

LOUISIANA STADIUM AND EXPOSITION DISTRICT

The District has incurred losses for fiscal years ended June 30, 2005 and June 30, 2004. Current projections by management of the District indicate that additional losses are anticipated in future years because of contractually required inducement payments to the New Orleans Saints and New Orleans Hornets, as well as payments for existing debt. It is anticipated that unless additional revenue sources are obtained or inducement packages are renegotiated, the District will be required to incur additional debt in future years to fund inducement payments.

CONTACTING THE LOUISIANA STADIUM AND EXPOSITION DISTRICT MANAGEMENT

This financial report is designed to provide our citizens, 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.

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**LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA**

Statement of Net Assets, June 30, 2005 and 2004

	2005		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents (note 2)	\$9,494,843	\$17,958,460	\$27,453,303
Cash in transit (note 16)			
Accounts receivable		574,611	574,611
Due from State of Louisiana (note 3)	2,317,674	3,919,097	6,236,771
Inventory of materials and supplies		127,464	127,464
Prepaid expenses		49,249	49,249
Restricted assets: (notes 2 and 6)			
Working capital account - cash		1,514,085	1,514,085
Renewal and Replacement Reserve Account - cash and cash equivalents		1,605,736	1,605,736
Economic Development Fund Account - cash and cash equivalents		54,837	54,837
Zephyrs capital improvement account - cash			
New Orleans Area Tourism and Economic Development Fund - cash and cash equivalents		111,826	111,826
Concessionaire fund - receivable		141,516	141,516
Capital assets, net of accumulated depreciation (note 4)	31,396,106	181,672,543	213,068,649
Total assets	<u>43,208,623</u>	<u>207,729,424</u>	<u>250,938,047</u>
LIABILITIES			
Accounts payable and accrued expenses	58,953	7,625,874	7,684,827
Payable to SMG		1,004,964	1,004,964
Saints inducements payable (note 11)		12,415,268	12,415,268
Hornets inducements payable (note 13)		2,331,192	2,331,192
Deferred income and security deposits		301,004	301,004
Compensated absences		242,394	242,394
Advance deposits on future events		7,329,444	7,329,444
Accrued bond interest payable	4,660,535		4,660,535
Noncurrent liabilities:			
Due within one year:			
Advance from State of Louisiana (note 15)		500,000	500,000
Bonds payable (note 5)	4,580,000	200,000	4,780,000

(Continued)

The accompanying notes are an integral part of this statement.

2004		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
\$10,066,988	\$15,212,097	\$25,279,085
	7,500,000	7,500,000
	603,132	603,132
2,378,474	5,498,848	7,877,322
	119,094	119,094
	33,950	33,950
	208,411	208,411
	1,280,139	1,280,139
	277,582	277,582
90,769		90,769
	96,995	96,995
	482,973	482,973
32,184,262	193,153,293	225,337,555
<u>44,720,493</u>	<u>224,466,514</u>	<u>269,187,007</u>
26,189	8,133,994	8,160,183
	877,047	877,047
	13,151,741	13,151,741
	1,575,000	1,575,000
	177,685	177,685
	250,387	250,387
	5,151,308	5,151,308
4,776,859		4,776,859
	500,000	500,000
4,345,000	200,000	4,545,000

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
Statement of Net Assets, June 30, 2005 and 2004

	2005		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
LIABILITIES (CONT.)			
Noncurrent liabilities: (Cont.)			
Due in more than one year:			
Advance from State of Louisiana (note 15)		\$747,428	\$747,428
Bonds payable (note 5)	\$178,465,000	5,835,000	184,300,000
Loan payable (note 16)		7,500,000	7,500,000
Total liabilities	<u>187,764,488</u>	<u>46,032,568</u>	<u>233,797,056</u>
NET ASSETS			
Invested in capital assets, net of related debt	(151,648,894)	175,637,543	23,988,649
Restricted for:			
Debt service	7,091,131		7,091,131
Capital projects	1,898		1,898
Working capital		1,514,085	1,514,085
Renewal and replacement		1,605,736	1,605,736
Economic development		54,837	54,837
New Orleans Area Tourism and Economic Development Fund		111,825	111,825
Concessionaire reserve		141,516	141,516
Unrestricted		<u>(17,368,686)</u>	<u>(17,368,686)</u>
TOTAL NET ASSETS	<u><u>(\$144,555,865)</u></u>	<u><u>\$161,696,856</u></u>	<u><u>\$17,140,991</u></u>

(Concluded)

The accompany note are an integral part of this statement.

2004		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
	\$1,247,428	\$1,247,428
\$183,045,000	6,035,000	189,080,000
	7,500,000	7,500,000
<u>192,193,048</u>	<u>44,799,590</u>	<u>236,992,638</u>
(155,205,738)	186,918,293	31,712,555
6,996,180		6,996,180
737,003		737,003
	208,411	208,411
	1,280,139	1,280,139
	277,582	277,582
	96,995	96,995
	482,973	482,973
	<u>(9,597,469)</u>	<u>(9,597,469)</u>
<u>(\$147,472,555)</u>	<u>\$179,666,924</u>	<u>\$32,194,369</u>

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA**

**Statement of Activities
For the Year Ended June 30, 2005**

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

General revenues:

- Taxes: (note 6)
 - 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

(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
(\$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)	179,666,924	32,194,369
(\$144,555,865)	\$161,696,856	\$17,140,991

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
Statement of Activities
For the Year Ended June 30, 2004

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
Governmental activities:				
Facility operation	\$803,587	\$60,000		\$2,538,189
Interest on bonds	9,553,377			
Total governmental activities	10,356,964	60,000	NONE	2,538,189
Business-type activities - facility operation	78,048,066	30,537,357	NONE	45,141
TOTAL	\$88,405,030	\$30,597,357	NONE	\$2,583,330

General revenues:

- Taxes: (note 6)
 - Hotel occupancy taxes, levied for general purposes
 - Hotel occupancy taxes, levied for debt service
 - Players' tax
 - Unrestricted investment earnings
- Total general revenues

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
\$1,794,602		\$1,794,602
(9,553,377)		(9,553,377)
(7,758,775)	NONE	(7,758,775)
NONE	(\$47,465,568)	(47,465,568)
(7,758,775)	(47,465,568)	(55,224,343)
	22,857,784	22,857,784
14,265,124		14,265,124
	900,339	900,339
30,488	109,395	139,883
14,295,612	23,867,518	38,163,130
6,536,837	(23,598,050)	(17,061,213)
(154,009,392)	203,264,974	49,255,582
(\$147,472,555)	\$179,666,924	\$32,194,369

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA**

**GOVERNMENTAL FUNDS
Balance Sheet, June 30, 2005 and 2004**

	2005		
	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$9,433,992	\$60,851	\$9,494,843
Due from State of Louisiana	2,317,674		2,317,674
TOTAL ASSETS	\$11,751,666	\$60,851	\$11,812,517
LIABILITIES AND FUND BALANCES			
Liabilities - accounts payable	NONE	\$58,953	\$58,953
Fund balance reserved for:			
Debt service	\$11,751,666		11,751,666
Capital projects		1,898	1,898
Total fund balance	11,751,666	1,898	11,753,564
TOTAL LIABILITIES AND FUND BALANCE	\$11,751,666	\$60,851	\$11,812,517
Total fund balances, as presented in this statement			\$11,753,564
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.			(4,660,535)
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 fund balance sheet.			(183,045,000)
Capital assets reported in the Statement of Net Assets are not financial resources.			31,396,106
NET ASSETS OF GOVERNMENTAL ACTIVITIES			(\$144,555,865)

The accompanying notes are an integral part of this statement.

2004		
<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$9,394,565	\$763,192	\$10,157,757
2,378,474		2,378,474
<u>\$11,773,039</u>	<u>\$763,192</u>	<u>\$12,536,231</u>
NONE	\$26,189	\$26,189
\$11,773,039		11,773,039
	737,003	737,003
<u>11,773,039</u>	<u>737,003</u>	<u>12,510,042</u>
<u>\$11,773,039</u>	<u>\$763,192</u>	<u>\$12,536,231</u>
		\$12,510,042
		(4,776,859)
		(187,390,000)
		<u>32,184,262</u>
		<u>(\$147,472,555)</u>

**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, 2005 and 2004**

	2005		TOTAL GOVERNMENTAL FUNDS
	DEBT SERVICE	CAPITAL PROJECTS	
REVENUES			
Hotel occupancy tax	\$14,081,019		\$14,081,019
State General Fund revenue			
Other revenue		\$60,000	60,000
Interest earnings	74,703	7,879	82,582
Total revenues	<u>14,155,722</u>	<u>67,879</u>	<u>14,223,601</u>
EXPENDITURES			
Capital outlay		225,141	225,141
Debt service:			
Principal payments (note 5)	4,345,000		4,345,000
Interest	9,437,492		9,437,492
Total expenditures	<u>13,782,492</u>	<u>225,141</u>	<u>14,007,633</u>
Excess (deficiency) of revenues over expenditures	<u>373,230</u>	<u>(157,262)</u>	<u>215,968</u>
OTHER FINANCING SOURCES (Uses)			
Transfers in		246,197	246,197
Transfers out	(394,603)	(824,040)	(1,218,643)
Total other financing sources (uses)	<u>(394,603)</u>	<u>(577,843)</u>	<u>(972,446)</u>
Net change in fund balances	(21,373)	(735,105)	(756,478)
Fund balances at beginning of year	<u>11,773,039</u>	<u>737,003</u>	<u>12,510,042</u>
Fund balances at end of year	<u>\$11,751,666</u>	<u>\$1,898</u>	<u>\$11,753,564</u>
Net change in fund balances, as presented in this statement			(\$756,478)
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.			116,324
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 depreciation (\$847,109) exceeded capital outlay (\$58,953) in the current period (2005), and capital outlays (\$2,562,623) exceeded depreciation (\$725,997) in the prior period (2004).			(788,156)
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.			<u>4,345,000</u>
Change in net assets of governmental activities as reported on the Statement of Activities			<u>\$2,916,690</u>

The accompanying notes are an integral part of this statement.

2004		
DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
\$14,265,124		\$14,265,124
	\$2,538,189	2,538,189
	60,000	60,000
27,030	3,458	30,488
<u>14,292,154</u>	<u>2,601,647</u>	<u>16,893,801</u>
	2,640,213	2,640,213
4,120,000		4,120,000
9,662,952		9,662,952
<u>13,782,952</u>	<u>2,640,213</u>	<u>16,423,165</u>
509,202	(38,566)	470,636
	369,025	369,025
(369,025)		(369,025)
<u>(369,025)</u>	<u>369,025</u>	<u>NONE</u>
140,177	330,459	470,636
<u>11,632,862</u>	<u>406,544</u>	<u>12,039,406</u>
<u>\$11,773,039</u>	<u>\$737,003</u>	<u>\$12,510,042</u>
		\$470,636
		109,575
		1,836,626
		<u>4,120,000</u>
		<u>\$6,536,837</u>

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA**

**PROPRIETARY FUNDS
Balance Sheet, June 30, 2005 and 2004**

	JUNE 30, 2005		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
ASSETS			
Current assets:			
Cash and cash equivalents (note 2)	\$15,730,339	\$2,228,122	\$17,958,461
Cash in transit (note 16)			
Accounts receivable	540,074	34,537	574,611
Due from State of Louisiana (note 3)	3,919,097		3,919,097
Due from other fund	3,600,000		3,600,000
Inventory	102,718	24,746	127,464
Prepaid expenses	27,079	22,170	49,249
Total current assets	<u>23,919,307</u>	<u>2,309,575</u>	<u>26,228,882</u>
Restricted assets: (notes 2 and 6)			
Working Capital Account - cash	1,514,085		1,514,085
Renewal and Replacement Reserve Account - cash and cash equivalents	640,882	964,854	1,605,736
Economic Development Fund Account - cash and cash equivalents	54,837		54,837
New Orleans Area Tourism and Economic Development Fund - cash and cash equivalents	111,825		111,825
Concessionaire fund - receivable		141,516	141,516
Total restricted assets	<u>2,321,629</u>	<u>1,106,370</u>	<u>3,427,999</u>
Capital assets, net of accumulated depreciation (notes 1 and 4)	<u>84,332,564</u>	<u>97,339,979</u>	<u>181,672,543</u>
TOTAL ASSETS	<u><u>\$110,573,500</u></u>	<u><u>\$100,755,924</u></u>	<u><u>\$211,329,424</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

JUNE 30, 2004		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$13,011,544	\$2,200,553	\$15,212,097
7,500,000		7,500,000
443,313	159,819	603,132
5,498,848		5,498,848
3,600,000		3,600,000
76,337	42,757	119,094
20,473	13,477	33,950
<u>30,150,515</u>	<u>2,416,606</u>	<u>32,567,121</u>
208,411		208,411
1,280,139		1,280,139
277,582		277,582
96,995		96,995
305,216	177,757	482,973
<u>2,168,343</u>	<u>177,757</u>	<u>2,346,100</u>
<u>91,931,790</u>	<u>101,221,503</u>	<u>193,153,293</u>
<u>\$124,250,648</u>	<u>\$103,815,866</u>	<u>\$228,066,514</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Balance Sheet, June 30, 2005 and 2004

	JUNE 30, 2005		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$4,898,705	\$2,727,169	\$7,625,874
Payable to SMG	721,817	283,147	1,004,964
Saints inducements payable (note 11)	12,415,268		12,415,268
Hornets inducements payable (note 13)		2,331,192	2,331,192
Deferred income and security deposits	301,004		301,004
Compensated absences	213,673	28,721	242,394
Funds held in escrow for future events	5,794,825	1,534,619	7,329,444
Bonds payable (note 5)		200,000	200,000
Advance from State of Louisiana (note 15)	500,000		500,000
Due to other fund		3,600,000	3,600,000
Total current liabilities	<u>24,845,292</u>	<u>10,704,848</u>	<u>35,550,140</u>
Noncurrent liabilities:			
Advance from State of Louisiana (note 15)	500,000	247,428	747,428
Bonds payable (note 5)		5,835,000	5,835,000
Loan payable (note 16)	7,500,000		7,500,000
Total long-term liabilities	<u>8,000,000</u>	<u>6,082,428</u>	<u>14,082,428</u>
Total liabilities	<u>32,845,292</u>	<u>16,787,276</u>	<u>49,632,568</u>
NET ASSETS			
Invested in capital assets, net of related debt	84,332,564	91,304,979	175,637,543
Restricted	2,321,629	1,106,370	3,427,999
Unrestricted	(8,925,985)	(8,442,701)	(17,368,686)
Total net assets	<u>77,728,208</u>	<u>83,968,648</u>	<u>161,696,856</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$110,573,500</u>	<u>\$100,755,924</u>	<u>\$211,329,424</u>

(Concluded)

The accompanying notes are an integral part of this statement.

JUNE 30, 2004		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$6,013,462	\$2,120,532	\$8,133,994
602,866	274,181	877,047
13,151,741		13,151,741
	1,575,000	1,575,000
177,685		177,685
222,845	27,542	250,387
4,115,416	1,035,892	5,151,308
	200,000	200,000
500,000		500,000
	3,600,000	3,600,000
<u>24,784,015</u>	<u>8,833,147</u>	<u>33,617,162</u>
1,000,000	247,428	1,247,428
	6,035,000	6,035,000
<u>7,500,000</u>		<u>7,500,000</u>
<u>8,500,000</u>	<u>6,282,428</u>	<u>14,782,428</u>
<u>33,284,015</u>	<u>15,115,575</u>	<u>48,399,590</u>
91,931,790	94,986,503	186,918,293
2,168,343	177,757	2,346,100
(3,133,500)	(6,463,969)	(9,597,469)
<u>90,966,633</u>	<u>88,700,291</u>	<u>179,666,924</u>
<u>\$124,250,648</u>	<u>\$103,815,866</u>	<u>\$228,066,514</u>

**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, 2005 and 2004

	JUNE 30, 2005		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
OPERATING REVENUES			
Event rental:			
Football	\$1,159,336	\$76,486	\$1,235,822
Basketball		68,000	68,000
Conventions and trade shows	613,133		613,133
High school sports	55,206		55,206
Musical events and entertainment	207,500	780,000	987,500
Indoor Superfair			
Other events	297,222	210,650	507,872
Reimbursement event costs	2,812,221	1,175,013	3,987,234
Total event rental	5,144,618	2,310,149	7,454,767
Parking	3,144,464	719,703	3,864,167
Concessions	4,438,934	2,114,387	6,553,321
Box suite rental	4,951,224	417,277	5,368,501
Advertising and broadcasting	400,000		400,000
Commercial office rental	361,584		361,584
Land rental	205,387		205,387
Ticket incentive	90,826	219,668	310,494
Other	535,947	15,317	551,264
Total operating revenues	19,272,984	5,796,501	25,069,485
OPERATING EXPENSES			
Salaries, wages, and benefits	7,557,517	1,889,724	9,447,241
Utilities	2,731,961	1,208,498	3,940,459
Repairs and maintenance	962,007	244,820	1,206,827
Management fee - SMG (note 10)	2,381,173	283,147	2,664,320
Management fee - Superdome Marketing and Promotional Fund (note 11)	2,075,376		2,075,376
Saints lease inducement payments (note 11)	8,946,915		8,946,915
Hornets inducement payments (note 13)		2,185,841	2,185,841
Voodoo inducement payments (note 14)		205,104	205,104
Professional fees	732,083	71,897	803,980

(Continued)

The accompanying notes are an integral part of this statement.

JUNE 30, 2004		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$1,100,000	\$87,922	\$1,187,922
20,118	267,320	287,438
123,313	24,899	148,212
65,487		65,487
207,500	600,738	808,238
101,292		101,292
891,605	455,741	1,347,346
<u>3,419,550</u>	<u>1,783,027</u>	<u>5,202,577</u>
5,928,865	3,219,647	9,148,512
3,388,998	1,021,354	4,410,352
6,279,121	3,038,181	9,317,302
4,636,540	455,068	5,091,608
400,000		400,000
374,638		374,638
205,388		205,388
247,310	290,191	537,501
990,349	61,707	1,052,056
<u>22,451,209</u>	<u>8,086,148</u>	<u>30,537,357</u>
10,621,431	3,675,097	14,296,528
2,430,740	943,084	3,373,824
907,979	299,294	1,207,273
2,305,774	274,181	2,579,955
2,325,334		2,325,334
8,994,192		8,994,192
	1,845,247	1,845,247
	230,437	230,437
543,148	50,707	593,855

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, 2005 and 2004

	JUNE 30, 2005		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
OPERATING EXPENSES (CONT.)			
Insurance	\$2,686,749	\$1,202,496	\$3,889,245
Direct event expense	3,128,749	1,972,167	5,100,916
Advertising and public relations	23,985	41,620	65,605
Other operating expenses	2,129,832	768,329	2,898,161
Total operating expenses	<u>33,356,347</u>	<u>10,073,643</u>	<u>43,429,990</u>
Operating loss before depreciation	(14,083,363)	(4,277,142)	(18,360,505)
Depreciation	<u>9,124,028</u>	<u>6,330,597</u>	<u>15,454,625</u>
Operating loss	<u>(23,207,391)</u>	<u>(10,607,739)</u>	<u>(33,815,130)</u>
NONOPERATING REVENUE (Expenses)			
Hotel occupancy tax (note 6)	26,611,447		26,611,447
Grant disbursements			
New Orleans Area Tourism and Economic Fund expenses			
Interest revenue	220,476	57,178	277,654
Interest expense		(382,323)	(382,323)
Other Saints inducements (note 11)	(14,200,000)		(14,200,000)
Other Hornets inducements (note 13)		(1,653,750)	(1,653,750)
State revenue		2,583,169	2,583,169
Players' tax	<u>1,636,418</u>		<u>1,636,418</u>
Total nonoperating revenue (expenses)	<u>14,268,341</u>	<u>604,274</u>	<u>14,872,615</u>
Loss before transfers	(8,939,050)	(10,003,465)	(18,942,515)
Transfers in (out)	972,446	5,271,821	6,244,267
Transfers in (out)	<u>(5,271,821)</u>	NONE	<u>(5,271,821)</u>
Change in net assets	(13,238,425)	(4,731,644)	(17,970,069)
Net assets, beginning of year	<u>90,966,633</u>	<u>88,700,292</u>	<u>179,666,925</u>
NET ASSETS, END OF YEAR	<u>\$77,728,208</u>	<u>\$83,968,648</u>	<u>(\$161,696,856)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

JUNE 30, 2004		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$2,944,265	\$1,046,622	\$3,990,887
1,628,761	1,005,917	2,634,678
19,053	52,353	71,406
1,811,301	1,548,413	3,359,714
<u>34,531,978</u>	<u>10,971,352</u>	<u>45,503,330</u>
(12,080,769)	(2,885,204)	(14,965,973)
<u>9,178,913</u>	<u>6,669,108</u>	<u>15,848,021</u>
<u>(21,259,682)</u>	<u>(9,554,312)</u>	<u>(30,813,994)</u>
22,857,784		22,857,784
(972,089)		(972,089)
(97,546)		(97,546)
82,071	27,324	109,395
(14,052,080)		(14,052,080)
	(1,575,000)	(1,575,000)
	45,141	45,141
<u>900,339</u>		<u>900,339</u>
<u>8,718,479</u>	<u>(1,502,535)</u>	<u>7,215,944</u>
(12,541,203)	(11,056,847)	(23,598,050)
<u>(3,430,306)</u>	<u>3,430,306</u>	<u>NONE</u>
(15,971,509)	(7,626,541)	(23,598,050)
<u>106,938,142</u>	<u>96,326,832</u>	<u>203,264,974</u>
<u>\$90,966,633</u>	<u>\$88,700,291</u>	<u>\$179,666,924</u>

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA**

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended June 30, 2005 and 2004

	JUNE 30, 2005		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$19,481,439	\$5,958,024	\$25,439,463
Payments to suppliers	(25,770,541)	(6,302,900)	(32,073,441)
Payments for salaries and related expenses	(7,557,515)	(1,889,724)	(9,447,239)
Net cash used by operating activities	<u>(13,846,617)</u>	<u>(2,234,600)</u>	<u>(16,081,217)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance from state			
Loan (payments) proceeds	(500,000)	(200,000)	(700,000)
Players' tax	1,636,418		1,636,418
Other Hornets inducements		(1,653,750)	(1,653,750)
Operating transfers	(4,299,375)	5,271,821	972,446
Tax revenue	28,191,198		28,191,198
Grant disbursements and administrative expenses			
Other Saints inducements	(14,200,000)		(14,200,000)
Net cash provided by noncapital financing activities	<u>10,828,241</u>	<u>3,418,071</u>	<u>14,246,312</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
State General Fund revenue			
Capital grants		2,583,169	2,583,169
Proceeds from bonds			
Purchases of capital assets	(1,524,803)	(2,449,073)	(3,973,876)
Payments on Concessionaire payable			
Net cash used by capital and related financing activities	<u>(1,524,803)</u>	<u>134,096</u>	<u>(1,390,707)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	220,476	(325,144)	(104,668)
Net cash provided by investing activities	<u>220,476</u>	<u>(325,144)</u>	<u>(104,668)</u>
Net increase (decrease) in cash and cash equivalents	(4,322,703)	992,423	(3,330,280)
Cash and cash equivalents, beginning of year	<u>22,374,671</u>	<u>2,200,553</u>	<u>24,575,224</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$18,051,968</u>	<u>\$3,192,976</u>	<u>\$21,244,944</u>

(Continued)

The accompanying notes are an integral part of this statement.

JUNE 30, 2004		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$22,841,707	\$8,122,335	\$30,964,042
(23,352,805)	(6,203,423)	(29,556,228)
(10,639,805)	(3,677,704)	(14,317,509)
<u>(11,150,903)</u>	<u>(1,758,792)</u>	<u>(12,909,695)</u>
1,500,000		1,500,000
7,500,000		7,500,000
	(1,500,000)	(1,500,000)
(3,430,306)	3,430,306	
21,060,002		21,060,002
(1,069,635)		(1,069,635)
<u>(11,589,432)</u>		<u>(11,589,432)</u>
<u>13,970,629</u>	<u>1,930,306</u>	<u>15,900,935</u>
	45,141	45,141
	6,235,000	6,235,000
(761,044)	(456,457)	(1,217,501)
	<u>(6,710,231)</u>	<u>(6,710,231)</u>
<u>(761,044)</u>	<u>(886,547)</u>	<u>(1,647,591)</u>
82,071	27,324	109,395
<u>82,071</u>	<u>27,324</u>	<u>109,395</u>
2,140,753	(687,709)	1,453,044
<u>20,233,918</u>	<u>2,888,262</u>	<u>23,122,180</u>
<u>\$22,374,671</u>	<u>\$2,200,553</u>	<u>\$24,575,224</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2005 and 2004

	JUNE 30, 2005		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating loss	(\$23,207,391)	(\$10,607,739)	(\$33,815,130)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	9,124,028	6,330,597	15,454,625
Changes in net assets and liabilities:			
Decrease in restricted assets		36,241	36,241
Decrease in receivables	208,455	125,282	333,737
(Increase) decrease in inventory	(26,380)	18,011	(8,369)
(Increase) decrease in prepaid expenses	(6,605)	(8,693)	(15,298)
(Decrease) increase in accounts payable and accrued expenses	(1,732,279)	1,371,795	(360,484)
Increase in deferred income	1,802,727	498,727	2,301,454
(Decrease) in compensated absences	(9,172)	1,179	(7,993)
Net cash (used) by operating activities	<u>(\$13,846,617)</u>	<u>(\$2,234,600)</u>	<u>(\$16,081,217)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

JUNE 30, 2004		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
(\$21,259,682)	(\$9,554,312)	(\$30,813,994)
9,178,913	6,669,108	15,848,021
215,808	(63,554)	152,254
24,099	6,354	30,453
(66)	7,276	7,210
62,672	962,379	1,025,051
645,727	216,564	862,291
(18,374)	(2,607)	(20,981)
<u>(\$11,150,903)</u>	<u>(\$1,758,792)</u>	<u>(\$12,909,695)</u>

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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:

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, acting through its management company, entered into signage exchanges as follows:

- (i) Signage Agreement between Facility Management of Louisiana, Inc., American Sign & Indicator Corp. and Diamond Vision, Inc., dated October 21, 1985, (relating to the Diamond Panels, the scoreboards and the original Pylon).
- (ii) Agreement dated July 8, 1996, between SMG and Network International, Inc., (relating to the two auxiliary scoreboards).

In addition in 1977, certain box suite rental revenues had been exchanged for a tenant constructing suites and the right to construct additional suites. The agreements contain certain provisions whereby title may pass to the District. These improvements have not been recorded as capital assets by the District as of June 30, 2005. If and when title to the improvements is vested in the District, the improvements will be recorded at their estimated fair value on the date title is transferred.

The District is also party to various other 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, 2005, and 2004 was \$242,394 and \$250,387, 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, 2005, the Debt Service and Capital Projects funds transferred \$148,406 and \$824,040, respectively, to the Proprietary funds. The funds transferred were no longer restricted for debt service or capital projects and are available for allowable uses of the Louisiana Superdome.

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 U.S. Treasury Security money market funds, repurchase agreements, and U.S. Government Agency obligations 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, 2005 and 2004:

	2005		2004	
	Bank Balance	Book Balance	Bank Balance	Book Balance
Cash on hand		\$77,500		\$70,500
Cash in transit				7,500,000
Demand deposits	\$20,792,742	21,228,295	\$16,527,334	15,321,076
Money market funds	9,433,992	9,433,992	9,416,987	9,416,987
Repurchase agreements			1,774,418	1,774,418
Federal National Mortgage Association			650,000	650,000
Total	<u>\$30,226,734</u>	<u>\$30,739,787</u>	<u>\$28,368,739</u>	<u>\$34,732,981</u>

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

	June 30, 2005		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$9,494,843	\$17,958,460	\$27,453,303
Restricted assets		3,286,484	3,286,484
Total	<u>\$9,494,843</u>	<u>\$21,244,944</u>	<u>\$30,739,787</u>

	June 30, 2004		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$10,066,988	\$15,212,097	\$25,279,085
Cash in transit		7,500,000	7,500,000
Restricted assets	90,769	1,863,127	1,953,896
Total	<u>\$10,157,757</u>	<u>\$24,575,224</u>	<u>\$34,732,981</u>

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. As of June 30, 2005, \$20,692,742 of the District's bank balances of \$20,792,742 were uninsured and collateralized with securities held by the Federal Reserve Bank in the name of the

LOUISIANA STADIUM AND EXPOSITION DISTRICT

District. As of June 30, 2004, \$16,427,334 of the District's bank balances of \$16,527,334 were uninsured and collateralized with securities held by the Federal Reserve Bank in the name of the District.

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. As of June 30, 2005 and 2004, the District's \$9,433,992 and \$9,416,987, respectively, of money market funds were held by a counterparty in the name of the District. Money market investments consisted of the JP Morgan U.S. Treasury Plus Fund, which is rated AAAM by Standards 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. At June 30, 2004, the District's \$650,000 Federal National Mortgage Association investment was held by a counterparty in the name of the District. At June 30, 2004, the District's \$1,774,418 of repurchase agreements 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, 2005 and 2004, 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 \$6,236,771 and \$7,877,322 at June 30, 2005 and 2004, respectively.

4. CAPITAL ASSETS

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	<u>36,884,421</u>	<u>58,953</u>	NONE	<u>36,943,374</u>
Less accumulated depreciation	<u>(4,700,159)</u>	<u>(847,109)</u>	NONE	<u>(5,547,268)</u>
Total	<u>\$32,184,262</u>	<u>(\$788,156)</u>	NONE	<u>\$31,396,106</u>

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	<u>355,861,436</u>	<u>5,637,837</u>	<u>(2,741,676)</u>	<u>358,757,597</u>
Less accumulated depreciation	<u>(162,708,143)</u>	<u>(15,454,625)</u>	<u>1,077,714</u>	<u>(177,085,054)</u>
Total	<u>\$193,153,293</u>	<u>(\$9,816,788)</u>	<u>(\$1,663,962)</u>	<u>\$181,672,543</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Following are schedules of capital assets for the year ended June 30, 2004:

Governmental Activities

	Balance July 1, 2003	Additions	Deletions/ Transfers	Balance June 30, 2004
Buildings and improvements:				
Baseball stadium	\$23,835,510	\$24,436		\$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	3,921,171	2,538,189	(\$6,459,360)	
Total	34,321,796	9,021,985	(6,459,360)	36,884,421
Less accumulated depreciation	(3,974,162)	(725,997)	NONE	(4,700,159)
Total	<u>\$30,347,634</u>	<u>\$8,295,988</u>	<u>(\$6,459,360)</u>	<u>\$32,184,262</u>

Business-Type Activities

	Balance July 1, 2003	Additions	Deletions/ Transfers	Balance June 30, 2004
Land	\$13,944,160			\$13,944,160
Buildings and improvements	351,417,128	\$1,062,185	(\$35,317,858)	317,161,455
Furniture, fixtures, and equipment	24,706,881	219,866	(2,019,640)	22,907,107
Construction in progress	1,876,632	1,109,490	(1,137,408)	1,848,714
Total	391,944,801	2,391,541	(38,474,906)	355,861,436
Less accumulated depreciation	(184,197,621)	(15,848,021)	37,337,499	(162,708,143)
Total	<u>\$207,747,180</u>	<u>(\$13,456,480)</u>	<u>(\$1,137,407)</u>	<u>\$193,153,293</u>

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.

5. BONDS PAYABLE

Act 640 of 1993 of the Louisiana Legislature provided for the District to issue \$215,000,000 of bonds designated to pay off the 1976 bond issue (\$60,000,000) and new construction projects in or around New Orleans, Louisiana (\$155,000,000). The construction projects generally were the baseball stadium, \$20,000,000; betterments at the Superdome, \$20,500,000; the football training facility, \$6,000,000; the multi-purpose facility (including basketball), \$84,000,000; other projects, \$12,000,000; and other cost and purposes, \$12,500,000. All assets of the capital project and debt service funds are designated for these projects or restricted to service the bonds. The Hotel Occupancy Tax is pledged by the State to pay the bonds of the District.

In December 1998, the District issued \$7,230,000 of Taxable Hotel Occupancy Tax Refunding Bonds - Series 1998A and \$136,820,000 of Hotel Occupancy Tax Refunding Bonds - Series 1998B. The purpose of these bond issues was to provide monies to advance refund portions of

the Series 1994A bonds, Series 1995A bonds, Series 1995B bonds, and Series 1996 bonds. The following principal portions of each of the bond issues were refunded: \$48,475,000 of the 1994A Series, \$10,500,000 of the 1995A Series, \$12,140,000 of the 1995B Series, and \$63,095,000 of the 1996 Series.

To refund the bonds, 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 deposited and held in an escrow fund 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 an escrow reinvestment agreement. Pursuant to the escrow reinvestment agreement, the reinvestment agreement provider provided monies and government obligations to be deposited to the escrow fund. The monies and government obligations on deposit in the escrow fund, 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 1998A Series and 1998B Series of bonds. As a result, the refunded bonds are considered to be legally defeased and no longer a liability of the District. At June 30, 2005 and 2004, the amount outstanding on the refunded portion is \$84,246,900 and \$133,735,000, respectively.

In May 2004, the District passed a resolution authorizing the issuance of \$6,235,000 of Taxable Revenue Refunding Bonds, Series 2004. The bonds were issued June 15, 2004, for the purpose of refinancing the costs of certain concessionaire improvements to the New Orleans Arena. The bonds are secured by a pledge of the Hotel Occupancy Tax and excess annual revenues.

The Series 2004 bond issues outstanding at June 30, 2005, and June 30, 2004, are \$6,035,000 and \$6,235,000, respectively, and changes in long-term debt for the 2005 year then ended are as follows:

LOUISIANA STADIUM AND EXPOSITION DISTRICT

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	<u>\$187,390,000</u>	<u>NONE</u>	<u>\$4,345,000</u>	<u>\$183,045,000</u>	<u>\$4,580,000</u>

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)	<u>\$6,235,000</u>	<u>NONE</u>	<u>\$200,000</u>	<u>\$6,035,000</u>	<u>\$200,000</u>

NOTES TO THE FINANCIAL STATEMENTS

The bond issues outstanding at June 30, 2004, and changes in long-term debt for the year then ended are as follows:

Governmental Activities

	Balance July 1, 2003	Additions	Payments	Balance June 30, 2004	Amounts Due Within One Year
Series 1994A (interest from 5.4% to 5.9%; maturing by 2008)	\$9,325,000		\$1,345,000	\$7,980,000	\$1,425,000
Series 1995A (interest from 4.8% to 5.7%; maturing by 2009)	2,545,000		310,000	2,235,000	325,000
Series 1995B (interest of 5.25%; maturing by 2001)	30,400,000		940,000	29,460,000	990,000
Series 1996 (interest from 4.2% to 5.2%)	6,860,000		1,000,000	5,860,000	1,050,000
Series 1998A (interest from 4.95% to 5.62%; \$2,275,000 maturing by 2006, and \$3,285,000 term bonds maturing 2009)	5,560,000		525,000	5,035,000	555,000
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	<u>\$191,510,000</u>	<u>NONE</u>	<u>\$4,120,000</u>	<u>\$187,390,000</u>	<u>\$4,345,000</u>

Business-Type Activities

	Balance July 1, 2003	Additions	Payments	Balance June 30, 2004	Amounts Due Within One Year
Series 2004 (interest of 6.38%; maturing by 2014)	NONE	\$6,235,000	NONE	\$6,235,000	\$200,000

LOUISIANA STADIUM AND EXPOSITION DISTRICT

The bonds mature as follows as of June 30, 2005:

Governmental Activities

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$4,580,000	\$9,201,020	\$13,781,020
2007	4,830,000	8,952,192	13,782,192
2008	5,095,000	8,685,566	13,780,566
2009	5,375,000	8,400,981	13,775,981
2010	5,670,000	8,109,853	13,779,853
2011-2015	33,080,000	35,830,808	68,910,808
2016-2020	42,970,000	25,940,588	68,910,588
2021-2025	55,205,000	13,706,900	68,911,900
2026-2027	26,240,000	1,328,500	27,568,500
Total	<u>\$183,045,000</u>	<u>\$120,156,408</u>	<u>\$303,201,408</u>

Business-Type Activities

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$200,000	\$385,033	\$585,033
2007	200,000	372,273	572,273
2008	200,000	359,513	559,513
2009	200,000	346,753	546,753
2010	935,000	333,993	1,268,993
2011-2014	4,300,000	705,628	5,005,628
Total	<u>\$6,035,000</u>	<u>\$2,503,193</u>	<u>\$8,538,193</u>

Other significant bond features are:

- (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 \$11,751,666 and \$11,773,039 at June 30, 2005 and 2004, 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.

6. 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; to 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 \$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.

Of the \$37,122,908 of Hotel Occupancy Tax earned for the year ended June 30, 2004, \$14,265,124 was used for debt service requirements and \$22,857,784 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, 2005, \$555,529 from operations was deposited into the reserve. During the year ended June 30, 2004, \$95,000 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.

7. 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 report in the financial statements. Actual results could differ from those estimates.

**8. RENTALS FROM NONCANCELABLE
OPERATING LEASES (LESSOR LEASES)**

Commitments for future revenue under noncancelable operating leases as of June 30, 2005, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

<u>Year Ended June 30</u>	Commercial Office Space	Real Estate	Garage - Poydras Square Parking	Total
2006	\$271,815	\$205,387	\$595,366	\$1,072,568
2007	238,256	205,388	595,366	1,039,010
2008	171,321	205,388	595,366	972,075
2009	151,771	205,388	49,614	406,773
2010	155,853	205,389		361,242
2011-2013	617,265	393,660		1,010,925
Total	<u>\$1,606,281</u>	<u>\$1,420,600</u>	<u>\$1,835,712</u>	<u>\$4,862,593</u>

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, 2005, and 2004 were \$1,167,631 and \$1,170,519, respectively.

9. 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:

<u>Years of Vesting Service</u>	<u>Nonforfeitable Percentage</u>
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 \$129,203 and \$124,410 for the years ended June 30, 2005 and 2004, 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.

10. 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, 2005 and 2004, 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, 2005, and June 30, 2004, SMG made no additional contributions.

11. SUPERDOME LEASE AGREEMENT

The New Orleans Saints lease the Superdome, under an agreement dated September 30, 1994, and amended July 3, 2002, between the State of Louisiana, the District, SMG, and New Orleans Saints Limited partnership (the Club), a National Football League 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 \$8,146,915 and \$8,046,272 for the years ended June 30, 2005 and 2004, respectively.

In addition to the assignment of revenues, the Club is to receive \$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 inducement 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 has been accrued as an expense for the year ended June 30, 2005.

In addition to the assignment of revenues, the Club received \$15,000,000 of other inducements for the 2003 football season. Of the additional inducements, \$947,920 was paid to the Club from operating revenue and \$900,339 of the additional inducements were paid to the Club from non-operating revenue during the year ended June 30, 2004. In July 2004, the Club was paid the remainder of the additional inducements for the 2003 football season in the amount of \$13,151,741 from nonoperating revenue for the year ended June 30, 2004, and from the proceeds of a loan from the Louisiana Economic Development Corporation. This amount was accrued as an expense for the year ended June 30, 2004.

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

<u>Year Ended June 30</u>	<u>Amount</u>
2006	\$15,000,000
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.

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 \$1,037,688 and \$1,162,667 for the years ended June 30, 2005 and 2004, 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.

12. 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, 2005, 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.

13. 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. For the years ended June 30, 2005 and 2004, the Hornets were billed \$336,477 and \$715,478, 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, 2005 and 2004.

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, and for the year ended June 30, 2005, the maximum credit was \$1,081,600. Average 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 average home game turnstile attendance for the 2003-2004 season exceeded 11,000 and no attendance credit was paid for the year ended June 30, 2004. 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 2004-2005 and 2003-2004 seasons amounted to \$1,518,399 and \$1,845,247, respectively, and are recorded as operating expenses for the years ended June 30, 2005 and 2004.

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. For the years ended June 30, 2005 and 2004, the Hornets were paid \$1,653,750 and \$1,575,000, respectively, for naming rights. These amounts are recorded as other Hornets inducements, a nonoperating expense.

14. 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.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

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 set-up.

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 2004 seasons amounted to \$205,104 and \$230,437, respectively, and are recorded as operating expenses for the year ended June 30, 2005, and June 30, 2004.

15. 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, 2005 and 2004, is \$247,428. 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, 2005, is \$1,000,000.

16. 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 due to the repayment terms. The \$7,500,000 loan proceeds are recorded as cash in transit at June 30, 2004. The proceeds were received on July 1, 2004.

17. SUBSEQUENT EVENTS

On July 1, 2005, the District issued a \$10,500,000 Louisiana Stadium and Exposition District Revenue Anticipation Note, Series 2005. This note was issued primarily to provide additional funding to allow the District to meet the current year additional inducement payments to the New Orleans Saints and New Orleans Hornets. The principal and accrued interest at 4.75% is to be funded by revenue received by the District and will be repaid over a six-month period beginning on August 1, 2006, with the final payment due on January 1, 2007.

On August 29, 2005, Hurricane Katrina struck New Orleans, as well as the Louisiana, Alabama, and Mississippi Gulf coasts. As a result, the New Orleans area, including the Louisiana Superdome, incurred catastrophic damage to its infrastructure. New Orleans was evacuated while the damage was assessed and emergency repairs began. The impact of the storm on the District's future revenues and its operations, as well as the lasting impact on the area's hotel industry, which provides a primary source of tax revenue to the District, is indeterminable at this time. Before the hurricane, the District experienced losses in its business-type activities (proprietary funds) of \$17.8 million and \$23.6 million for fiscal years 2005 and 2004, respectively, which are largely due to contractually obligated additional inducement expenses paid to the New Orleans Saints and the New Orleans Hornets NBA limited partnerships. To fund the 2004 inducement obligations, a \$7,500,000 loan was obtained from the Louisiana Economic Development Corporation, as described previously. Subsequent to fiscal year end June 30, 2005, the District issued a \$10,500,000 Louisiana Stadium and Exposition District Revenue Anticipation Note to fund the inducement payments for 2005, as described previously. The revenue anticipation note is repayable by January 1, 2007. Because of Hurricane Katrina, and the absence of sufficient additional revenues sources, the District anticipates incurring additional losses, which will further increase the deficits of the unrestricted net assets of the proprietary funds. The projected losses are exacerbated by the contractually required future inducement payments to professional sports franchises as described previously. Inducement obligations payable over the next six years total up to approximately \$125,500,000, including up to \$15,000,000 that may be due to the New Orleans Saints Limited partnership during the fiscal year ended June 30, 2006, for the 2005 football season. As described in note 18, the agreement between the Saints and District includes a Force Majeure provision that, if acted on, could alter the financial relationship between the parties.

Unless additional revenue sources are obtained by the District or the inducement packages are renegotiated, the District anticipates incurring additional debt to fund future inducement payments. If the hurricane's damage to the stadium can be repaired, the stadium agreement through 2010 between the State of Louisiana and the Saints provides the State with the option to not pay the inducement amounts for the 2008 through 2010 football seasons, amounting to \$70,500,000. The Saints would then have the right to terminate the stadium agreement without the payment of any exit fee. The financial statements do not include any adjustments that might be necessary from the outcome of these uncertainties.

18. FORCE MAJEURE AND ADDITIONAL INDUCEMENTS

The agreement between the Saints and the District, and its amendments, provide for certain options in the event of a disaster. Certain provisions of that agreement are outlined as follows:

Force Majeure

"Section 15.1 No Liability. In the event that any Home Game contemplated by this Agreement cannot be played due to Force Majeure, the obligations of the parties hereto shall be suspended and there shall be no liability or claim for rent or damages whatsoever by any party against any other party hereto with respect to such Home Game.

“Section 15-2 Obligation to Repair. In the event that the Superdome or any portion thereof to be used by the Club [the Saints] under this Agreement is damaged or destroyed in whole or in part, Manager agrees to commence the repair or reconstruction of the Superdome or any portion thereof promptly after such damage or destruction occurs and thereafter to pursue the same to completion with due diligence. This Agreement and the obligations of the Club hereunder shall be suspended during the time which the Superdome or any portion thereof cannot be used by the Club after such damage or destruction and before the repair or reconstruction thereof, and shall resume upon the completion of such repair and reconstruction. In the event that repair or reconstruction of the Superdome cannot be completed in time to be available to the Club for all its Home Games in a given season and the Club commences said season in another stadium, the Club shall have the option to complete said season in the stadium in which said season is commenced.

“Section 15.3 Total Destruction. If the Superdome is damaged or destroyed to such an extent as to render it wholly unfit for the purposes herein intended, the Club shall have the option to terminate this Agreement within ninety (90) days after such damage or destruction by service of a written notice upon Manager of its intention so to do. Upon such termination, the rights and obligations of the Club hereunder shall cease as fully and completely as if the final date for the termination of this Agreement had been reached.”

Future Inducements [interchangeable with term Additional Inducements]

“(d) If the Club plays fewer than nine Home Games in the Superdome in any NFL Season, the Additional Inducement Amount for the Season shall be the product found by multiplying the Additional Inducement Amount stated in Exhibit "A" [note 11] to the Memorandum by a fraction with a numerator equal to the number of Home Games played in the Superdome in the NFL Season and with a denominator of nine.”

The provisions described in this note have not been acted on by either the Saints (the Club) or the District to date.

19. 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, \$12,556,969 has been expended as of June 30, 2005.

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.

**SCHEDULE OF PER DIEM PAID TO COMMISSIONERS
For the Year Ended June 30, 2005**

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, 2005.

**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, 2005**

The annual fiscal report presents the financial position of the Louisiana Stadium and Exposition District, as of June 30, 2005, 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.

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA**

**Schedule of Per Diem Paid to Commissioners
For the Year Ended June 30, 2005**

Tim Coulon, Chairman/Commissioner	\$150
Rosemary Patterson, Commissioner	550
Warren Reuther, Commissioner	100
Sara Roberts, Commissioner	600
Craig E. Saporito, Secretary/Commissioner	150
Clyde Simien, Commissioner	<u>600</u>
Total	<u>\$2,150</u>

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Louisiana Stadium and Exposition District
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2005

C O N T E N T S

Statements

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U.	Disaggregation of Receivable Balances
V.	Disaggregation of Payable Balances
W.	Subsequent Events
X.	Segment Information
Y.	Due to/Due from and Transfers
Z.	Liabilities Payable from Restricted Assets
AA.	Prior-Year Restatement of Net Assets
BB.	Force Majeure and Additional Inducements

Schedules

1	Schedule of Per Diem Paid Board Members
2	Schedule of State Funding
3	Schedules of Long-Term Debt
4	Schedules of Long-Term Debt Amortization
15	Schedule of Comparison Figures and Instructions

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSTION DISTRICT
BALANCE SHEET
AS OF JUNE 30, 2005**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$	<u>27,453,303</u>
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		<u>6,811,382</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		<u>127,464</u>
Prepayments		<u>49,249</u>
Notes receivable		
Other current assets		
Total current assets		<u>34,441,398</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		<u>3,286,484</u>
Investments		
Receivables		<u>141,516</u>
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		<u>13,944,160</u>
Buildings and improvements		<u>191,278,570</u>
Machinery and equipment		<u>4,181,770</u>
Infrastructure		
Construction in progress		<u>3,664,149</u>
Other noncurrent assets		
Total noncurrent assets		<u>216,496,649</u>
Total assets	\$	<u>250,938,047</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>28,096,786</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		<u>7,630,451</u>
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)		<u>242,391</u>
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		<u>4,780,000</u>
Other long-term liabilities		<u>500,000</u>
Total current liabilities		<u>41,249,628</u>

NON-CURRENT LIABILITIES:

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Notes payable		<u>7,500,000</u>
Liabilities payable from restricted assets (Note Z)		
Bonds payable		<u>184,300,000</u>
Other long-term liabilities		<u>747,428</u>
Total long-term liabilities		<u>192,547,428</u>
Total liabilities		<u>233,797,056</u>

NET ASSETS

Invested in capital assets, net of related debt		<u>23,988,649</u>
Restricted for:		
Capital projects		<u>1,898</u>
Debt service		<u>7,091,131</u>
Unemployment compensation		
Other specific purposes		<u>3,427,999</u>
Unrestricted		<u>(17,368,686)</u>
Total net assets		<u>17,140,991</u>
Total liabilities and net assets	\$	<u>250,938,047</u>

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

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005**

OPERATING REVENUES	
Sales of commodities and services	\$ 25,129,485
Assessments	
Use of money and property	
Licenses, permits, and fees	
Other	
Total operating revenues	<u>25,129,485</u>
OPERATING EXPENSES	
Cost of sales and services	43,596,178
Administrative	
Depreciation	16,301,734
Amortization	
Total operating expenses	<u>59,897,912</u>
Operating income(loss)	<u>(34,768,427)</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	42,328,884
Use of money and property	
Gain (loss) on disposal of fixed assets	
Federal grants	
Interest expense	(9,703,491)
Other	(15,493,513)
Total non-operating revenues(expenses)	<u>17,131,880</u>
Income(loss) before contributions and transfers	<u>(17,636,547)</u>
Capital contributions	2,583,169
Transfers in	
Transfers out	
Change in net assets	<u>(15,053,378)</u>
Total net assets – beginning	<u>32,194,369</u>
Total net assets – ending	<u>\$ 17,140,991</u>

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

Statement B

STATE OF LOUISIANA
 LOUISIANA STADIUM AND EXPOSTION DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Program Revenues</u>			Net (Expense)	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Revenue and Changes in Net Assets
LSED	\$ 85,455,153	\$ 25,129,485	\$	\$ 2,583,169	\$ (57,742,499)
General revenues:					
Taxes					42,328,884
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					360,237
Miscellaneous					
Special items					
Transfers					
Total general revenues, special items, and transfers					42,689,121
Change in net assets					(15,053,378)
Net assets - beginning as restated					32,194,369
Net assets - ending					\$ 17,140,991

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSTION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30, 2005**

Cash flows from operating activities

Cash received from customers	\$ 25,499,463	
Cash payments to suppliers for goods and services	<u>(32,239,629)</u>	
Cash payments to employees for services	<u>(9,447,239)</u>	
Payments in lieu of taxes	<u> </u>	
Internal activity-payments to other funds	<u> </u>	
Other operating revenues(expenses)	<u> </u>	
Net cash provided(used) by operating activities		\$ <u>(16,187,405)</u>

Cash flows from non-capital financing activities

State appropriations	<u> </u>	
Loan Proceeds	<u>(700,000)</u>	
Hornets Inducements	<u>(1,653,750)</u>	
Other Saints Inducements	<u>(14,200,000)</u>	
Interest paid on bond maturities	<u> </u>	
Proceeds from issuance of notes payable	<u> </u>	
Principal paid on notes payable	<u> </u>	
Interest paid on notes payable	<u> </u>	
Operating grants/transfers	<u> </u>	
Tax Revenue	<u>43,969,435</u>	
Transfers In	<u> </u>	
Transfers Out	<u> </u>	
Net cash provided(used) by non-capital financing activities		<u>27,415,685</u>

Cash flows from capital and related financing activities

Proceeds from sale of bonds	<u> </u>	
Principal paid on bonds	<u>(4,345,000)</u>	
Interest paid on bond maturities	<u>(9,437,492)</u>	
Proceeds from issuance of notes payable	<u> </u>	
Principal paid on notes payable	<u> </u>	
Interest paid on notes payable	<u> </u>	
Acquisition/construction of capital assets	<u>(4,000,065)</u>	
Proceeds from sale of capital assets	<u> </u>	
Capital contributions	<u>2,583,169</u>	
Other	<u> </u>	
Net cash provided(used) by capital and related financing activities		<u>(15,199,388)</u>

Cash flows from investing activities

Purchases of investment securities	<u> </u>	
Proceeds from sale of investment securities	<u> </u>	
Interest and dividends earned on investment securities	<u>(22,086)</u>	
Net cash provided(used) by investing activities		<u>(22,086)</u>

Net increase(decrease) in cash and cash equivalents		(3,993,194)
Cash and cash equivalents at beginning of year		<u>34,732,981</u>
Cash and cash equivalents at end of year	\$	<u><u>30,739,787</u></u>

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, 2005**

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

Operating income(loss)		\$ <u>(34,768,427)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	16,301,734	
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	333,737	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	(15,298)	
(Increase)decrease in inventories	(8,369)	
(Increase)decrease in restricted assets	36,241	
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(360,484)	
Increase(decrease) in accrued payroll and related benefits		
Increase(decrease) in compensated absences payable		
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	2,301,454	
Increase(decrease) in compensated absences payable	(7,993)	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		\$ <u><u>(16,187,405)</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$ _____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
Total noncash investing, capital, and financing activities:	\$ <u><u>-</u></u>

The accompanying notes are an integral part of this statement.

Statement D (Concluded)

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

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 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 or commissioners (the "Board of Commissioners") 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.

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

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 AND INVESTMENTS

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.

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

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

The deposits at June 30, 2005, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (US Treasury Money Market)</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ 21,305,795	\$ _____	\$ 9,433,992	\$ 30,739,787
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ _____
b. Uninsured and collateralized with securities held by the pledging institution	<u>20,792,742</u>	_____	<u>9,433,992</u>	<u>30,226,734</u>
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent <u>but not in the entity's name</u>	_____	_____	_____	-
Total Bank Balances - All Deposits	<u>\$ 20,792,742</u>	<u>\$ _____</u>	<u>\$ 9,433,992</u>	<u>\$ 30,226,734</u>

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

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>JP Morgan Trust</u>	<u>Debt Service Fund</u>	\$ <u>9,433,992</u>
2. <u>Hibernia</u>	<u>Enterprise Funds</u>	<u>20,792,742</u>
3. _____	_____	_____
4. _____	_____	_____
Total		\$ <u><u>30,226,734</u></u>

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	<u><u>77,500</u></u>

2. **INVESTMENTS (not applicable)**

The Louisiana Stadium and Exposition District does not maintain investment accounts that are authorized by LRS 49:327(B).

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

3. Derivatives **(not applicable)**

The Louisiana Stadium and Exposition District does not invest in **derivatives** as part of its investment policy.

4. **Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures**

A. Credit Risk of Debt Investments (not applicable)

B. Interest rate Risk (not applicable)

C. Concentration of Credit Risk (not applicable)

D. Foreign Currency Risk (not applicable)

5. Policies

The District's deposit and investment policies conform to those prescribed by Louisiana law. The District's deposits are exposed to custodial credit risk. 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's investments in cash equivalents are exposed to custodial credit risk. The District's investment policy does not limit the amount of its holdings of securities by counter parties. The District was not exposed to interest rate risk. The investment policy prescribed by Louisiana Law establishes limits for investments with maturities of thirty days or longer and establishes parameters for interest rates of certain investments. As of June 30, 2005 all cash equivalents had maturities of thirty days or less.

6. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds_ N/A_____
- b. Securities underlying reverse repurchase agreements _____N/A_____
- c. Unrealized investment losses _____N/A_____
- d. Commitments as of _____N/A_____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
 - 1. Carrying amount and market value at June 30 of securities to be resold _____N/A_____
 - 2. Description of the terms of the agreement _____N/A_____
- e. Losses during the year due to default by counterparties to deposit or investment transactions _____N/A_____
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____N/A_____

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____
N/A
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____
N/A

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest. _____
N/A
- j. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements _____
N/A
- k. Market value on _____ (fiscal close), of the securities to be repurchased _____
N/A
- l. Description of the terms of the agreements to repurchase _____
N/A
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____
N/A
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____
N/A

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____
N/A
- p. Basis for determining which investments, if any, are reported at amortized cost _____
N/A
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____
N/A
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____
N/A
- s. Any involuntary participation in an external investment pool _____
N/A
- t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate _____
N/A

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

- u. Any income from investments associated with one fund that is assigned to another fund _____
N/A

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, 2005						
	Balance 6/30/2004	Prior Period Adjustment	Adjusted Balance 7/1/2004	Additions	Transfers*	Retirements	Balance 6/30/2005
Capital assets not being depreciated							
Land	\$ 13,944,160	\$	\$ 13,944,160	\$	\$	\$	\$ 13,944,160
Non-depreciable land improvements			-				-
Capitalized collections			-				-
Construction in progress	1,848,714		1,848,714	3,528,655	(1,713,221)		3,664,148
Total capital assets not being depreciated	<u>\$ 15,792,874</u>	<u>\$ -</u>	<u>\$ 15,792,874</u>	<u>\$ 3,528,655</u>	<u>\$ (1,713,221)</u>	<u>\$ -</u>	<u>\$ 17,608,308</u>
Other capital assets							
Furniture, fixtures, and equipment	\$ 22,907,107	\$	\$ 22,907,107	\$ 681,294	\$	\$ (1,028,455)	\$ 22,559,946
Less accumulated depreciation	(17,279,055)		(17,279,055)	(2,176,834)		1,077,714	(18,378,175)
Total furniture, fixtures, and equipment	<u>5,628,052</u>	<u>-</u>	<u>5,628,052</u>	<u>(1,495,540)</u>	<u>-</u>	<u>49,259</u>	<u>4,181,771</u>
Buildings and improvements	354,045,876		354,045,876	1,486,842			355,532,718
Less accumulated depreciation	(150,129,249)		(150,129,249)	(14,124,897)			(164,254,146)
Total buildings and improvements	<u>203,916,627</u>	<u>-</u>	<u>203,916,627</u>	<u>(12,638,055)</u>	<u>-</u>	<u>-</u>	<u>191,278,572</u>
Depreciable land improvements			-				-
Less accumulated depreciation			-				-
Total depreciable land improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Infrastructure			-				-
Less accumulated depreciation			-				-
Total infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other capital assets	<u>\$ 209,544,679</u>	<u>\$ -</u>	<u>\$ 209,544,679</u>	<u>\$ (14,133,595)</u>	<u>\$ -</u>	<u>\$ 49,259</u>	<u>\$ 195,460,343</u>
Capital Asset Summary:							
Capital assets not being depreciated	\$ 15,792,874	\$ -	\$ 15,792,874	\$ 3,528,655	\$ (1,713,221)	\$ -	\$ 17,608,308
Other capital assets, at cost	376,952,983	-	376,952,983	2,168,136	-	(1,028,455)	378,092,664
Total cost of capital assets	<u>392,745,857</u>	<u>-</u>	<u>392,745,857</u>	<u>5,696,791</u>	<u>(1,713,221)</u>	<u>(1,028,455)</u>	<u>395,700,972</u>
Less accumulated depreciation	(167,408,304)	-	(167,408,304)	(16,301,731)	-	1,077,714	(182,632,321)
Capital assets, net	<u>\$ 225,337,553</u>	<u>\$ -</u>	<u>\$ 225,337,553</u>	<u>\$ (10,604,940)</u>	<u>\$ (1,713,221)</u>	<u>\$ 49,259</u>	<u>\$ 213,068,651</u>

* 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.

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

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, 2005, reflected at \$3,428,000 in the non-current assets section on Statement A, consisting of \$3,286,484 in cash with fiscal agent, \$141,516 in receivables.

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 only for 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to fifteen 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, 2005 was \$242,394.

SMG employees earn six days per year of sick leave with no carry forward 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.

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

H. RETIREMENT SYSTEM (not applicable)

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

J. LEASES

1. **OPERATING LEASES - (not applicable)**

2. **CAPITAL LEASES - (not applicable)**

3. **LESSOR DIRECT FINANCING 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___: **(not applicable)**

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating leases as of June 30, 2005.

Year Ended June 30,	Commercial Office Space	Equipment	Land	Poydras Parking Garage	Total
2006	\$ 271,815	\$ _____	\$ 205,387	\$ 595,366	\$ 1,072,568
2007	238,256	_____	205,388	595,366	1,039,010
2008	171,321	_____	205,388	595,366	972,075
2009	151,771	_____	205,388	49,614	406,773
2010	155,853	_____	205,388	_____	361,241
2011-2015	617,265	_____	393,660	_____	1,010,925
Total	\$ <u>1,606,281</u>	\$ <u>-</u>	\$ <u>1,420,599</u>	\$ <u>1,835,712</u>	\$ <u>4,862,592</u>

Current year lease revenues received in fiscal year 2005 totaled \$1,167,631.

Contingent rentals received from operating leases received for your fiscal year was \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land. **(not applicable)**

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2005:

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	Amounts due within one year
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$	-- \$
Reimbursement contracts payable					--
Bonds payable	193,625,000		(4,545,000)	189,080,000	4,780,000
Total notes and bonds	<u>193,625,000</u>	<u>--</u>	<u>(4,545,000)</u>	<u>189,080,000</u>	<u>4,780,000</u>
Other liabilities:					
Advance from State of Louisiana	1,747,428		(500,000)	1,247,428	500,000
Loan Payable	7,500,000			7,500,000	
Contracts payable					--
Compensated absences payable					--
Capital lease obligations					--
Liabilities payable from restricted assets					--
Claims and litigation					--
Other long-term liabilities					--
Total other liabilities	<u>9,247,428</u>	<u>--</u>	<u>(500,000)</u>	<u>8,747,428</u>	<u>500,000</u>
Total long-term liabilities	<u>\$ 202,872,428</u>	<u>\$ --</u>	<u>\$ (5,045,000)</u>	<u>\$ 197,827,428</u>	<u>\$ 5,280,000</u>

A detailed summary, by issues, of all bonds outstanding at June 30, 2005, including outstanding interest of \$122,659,601 is shown on Schedule 3-C. Schedule 4-D is an amortization schedule of the outstanding debt.

L. LITIGATION

- The District is a defendant in litigation seeking damages as follows: **(not applicable)**
- Claims and litigation costs of \$ 0 were incurred in the current year and are reflected in the accompanying financial statement.

M. RELATED PARTY TRANSACTIONS - (not applicable)

N. ACCOUNTING CHANGES - (not applicable)

O. IN-KIND CONTRIBUTIONS - (not applicable)

P. DEFEASED ISSUES - (not applicable)

Q. COOPERATIVE ENDEAVORS

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 to make the building a suitable place 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 improvement is \$16,502,800. Of this amount, \$12,556,969 has been expended as of June 30, 2005.

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

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

T. SHORT-TERM DEBT - (not applicable)

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2005, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Governmental Activities	\$	\$	\$ 2,317,674	\$	\$ 2,317,674
Business Type Activities	574,611		3,919,097		4,493,708
Gross receivables	\$ 574,611	\$	\$ 6,236,771	\$ --	\$ 6,811,382
Less allowance for uncollectible accounts	--	--	--	--	--
Receivables, net	\$ 574,611	\$ --	\$ 6,236,771	\$ --	\$ 6,811,382

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2005, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Governmental Activities	\$ 58,953	\$	\$ 4,660,535	\$	\$ 4,719,488
Business Type Activities	8,177,619	325,470		14,874,209	23,377,298
Total payables	\$ 8,236,572	\$ 325,470	\$ 4,660,535	\$ 14,874,209	\$ 28,096,786

W. SUBSEQUENT EVENTS

On July 1, 2005, the District issued \$10,500,000 in Louisiana Stadium and Exposition District Revenue Anticipation Note, Series 2005. This note was issued primarily to provide additional funding to allow the District to meet the current year additional inducement payments to the New Orleans Saints and New Orleans Hornets. The principal and accrued interest at 4.75% is to be funded by revenue received by the District and will be repaid over a six month period beginning on August 1, 2006 with the final payment due on January 1, 2007.

On August 29, 2005, Hurricane Katrina struck New Orleans, as well as the Louisiana, Alabama, and Mississippi Gulf coasts. As a result, the New Orleans area, including the Louisiana Superdome, incurred catastrophic damage to its infrastructure. New Orleans was evacuated while the damage was assessed and emergency repairs began. The impact of the storm on the District's future revenues and its operations, as well as the lasting impact on the area's hotel industry, which provides a primary source of tax revenue to the District, is indeterminable at this time. Before the hurricane, the District experienced losses in its business-type activities (proprietary funds) of \$17.8 million and \$23.6 million for fiscal years 2005 and 2004, respectively, which are largely due to contractually obligated additional inducement expenses paid to the New Orleans Saints and the New Orleans Hornets NBA limited partnerships. To fund the 2004 inducement obligations, a \$7,500,000 loan was obtained from the Louisiana Economic Development Corporation, as described previously. Subsequent to fiscal year end June 30, 2005, the District issued a \$10,500,000 Louisiana Stadium and Exposition District Revenue Anticipation Note to fund the inducement payments for 2005, as described previously. The revenue anticipation note is repayable by January 1, 2007. Because of Hurricane Katrina, and the absence of sufficient additional revenues sources, the District anticipates incurring additional losses, which will further increase the deficits of the unrestricted net assets of the proprietary funds. The projected losses are exacerbated by the contractually required future inducement payments to professional sports franchises as described previously. Inducement obligations payable over the next six years total up to approximately \$125,500,000, including up to \$15,000,000 that may be due to the New Orleans Saints

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

Limited partnership during the fiscal year ended June 30, 2006, for the 2005 football season. As described in note BB, the agreement between the Saints and District includes a Force Majeure provision that, if acted on, could alter the financial relationship between the parties.

Unless additional revenue sources are obtained by the District or the inducement packages are renegotiated, the District anticipates incurring additional debt to fund future inducement payments. If the hurricane's damage to the stadium can be repaired, the stadium agreement through 2010 between the State of Louisiana and the Saints provides the state with the option to not pay the inducement amounts for the 2008 through 2010 football seasons, amounting to \$70,500,000. The Saints would then have the right to terminate the stadium agreement without the payment of any exit fee. The financial statements do not include any adjustments that might be necessary from the outcome of these uncertainties.

X. SEGMENT INFORMATION - (not applicable)

Y. DUE TO/DUE FROM AND TRANSFERS

1. List by fund type the amounts **due from other funds** detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$ _____

Total due from other funds		\$ _____

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

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$ _____

		\$ _____

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

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$ _____

		\$ _____

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

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$ _____

		\$ _____

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
Notes to the Financial Statement
As of and for the year ended June 30, 2005

- Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS - (not applicable)**
- AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS - (not applicable)**
- BB. FORCE MAJEURE AND ADDITIONAL INDUCEMENTS**

The agreement between the Saints and the District, and its amendments, provide for certain options in the event of a disaster. Certain provisions of that agreement are outlined as follows:

Force Majeure

"Section 15.1 No Liability. In the event that any Home Game contemplated by this Agreement cannot be played due to Force Majeure, the obligations of the parties hereto shall be suspended and there shall be no liability or claim for rent or damages whatsoever by any party against any other party hereto with respect to such Home Game.

"Section 15-2 Obligation to Repair. In the event that the Superdome or any portion thereof to be used by the Club [the Saints] under this Agreement is damaged or destroyed in whole or in part, Manager agrees to commence the repair or reconstruction of the Superdome or any portion thereof promptly after such damage or destruction occurs and thereafter to pursue the same to completion with due diligence. This Agreement and the obligations of the Club hereunder shall be suspended during the time which the Superdome or any portion thereof cannot be used by the Club after such damage or destruction and before the repair or reconstruction thereof, and shall resume upon the completion of such repair and reconstruction. In the event that repair or reconstruction of the Superdome cannot be completed in time to be available to the Club for all its Home Games in a given season and the Club commences said season in another stadium, the Club shall have the option to complete said season in the stadium in which said season is commenced.

"Section 15.3 Total Destruction. If the Superdome is damaged or destroyed to such an extent as to render it wholly unfit for the purposes herein intended, the Club shall have the option to terminate this Agreement within ninety (90) days after such damage or destruction by service of a written notice upon Manager of its intention so to do. Upon such termination, the rights and obligations of the Club hereunder shall cease as fully and completely as if the final date for the termination of this Agreement had been reached."

Future Inducements [interchangeable with term Additional Inducements]

"(d) If the Club plays fewer than nine Home Games in the Superdome in any NFL Season, the Additional Inducement Amount for the Season shall be the product found by multiplying the Additional Inducement Amount stated in Exhibit "A" to the Memorandum by a fraction with a numerator equal to the number of Home Games played in the Superdome in the NFL Season and with a denominator of nine."

The provisions described in this note have not been acted on by either the Saints (the Club) or the District to date.

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2005**

<u>Tim Coulon, Chairman/Commissioner</u>	<u>\$ 150</u>
<u>Craig E. Saporito, Secretary/Commisioner</u>	<u>150</u>
<u>Rosemary Patterson, Commissioner</u>	<u>550</u>
<u>Warren Reuther, Commissioner</u>	<u>100</u>
<u>Clye Simien, Commisioner</u>	<u>600</u>
<u>Sara Roberts, Commissioner</u>	<u>600</u>
	<u>\$ 2,150</u>

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF STATE FUNDING
For the Year Ended June30, 2005**

<u>Description of Funding</u>	<u>Amount</u>
1. <u>Capital Outlay Appropriation Project</u>	\$ <u>2,583,169</u>
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ <u><u>2,583,169</u></u>

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF NOTES PAYABLE
June 30, 2005**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/04	Redeemed (Issued)	Principal Outstanding 6/30/05	Interest Rates	Interest Outstanding 6/30/CY
Louisiana Economic Development Corporation	6/2004	\$7,500,000	\$7,500,000	\$None	\$7,500,000	Variable	
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
Total		<u>\$7,500,000</u>	<u>\$7,500,000</u>	<u>\$</u>	<u>\$7,500,000</u>		<u>\$</u>

*Send copies of new amortization schedules

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF BONDS PAYABLE
June 30, 2005**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/04	Redeemed (Issued)	Principal Outstanding 6/30/05	Interest Rates	Interest Outstanding 6/30/CY
Series 1994A	April 1994	\$63,500,000	(\$7,980,000)	\$1,425,000	(\$6,555,000)	5.4 - 5.9%	\$764,550
Series 1995A	April 1995	14,150,000	(2,235,000)	325,000	(1,910,000)	4.8 - 5.7%	278,898
Series 1995B	November 1995	48,000,000	(29,460,000)	990,000	(28,470,000)	5.25%	14,693,700
Series 1996	December 1996	76,240,000	(5,860,000)	1,050,000	(4,810,000)	4.2 - 5.2%	508,099
Series 1998A	December 1998	7,230,000	(5,035,000)	550,000	(4,480,000)	4.95 - 5.62%	786,300
Series 1998B	December 1998	136,820,000	(136,820,000)	0	(136,820,000)	4.35 - 5.25%	103,124,861
Series 2004	June 2004	6,235,000	(6,235,000)	200,000	(6,035,000)	6.38%	2,503,193
Total			(\$193,625,000)	\$4,540,000	(\$189,080,000)		\$122,659,601

*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, 2005**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2006	\$ _____	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
Total	\$ _____ --	\$ _____ --

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2005**

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2006	\$ _____	\$ _____	\$ _____	\$ _____ --
2007	_____	_____	_____	_____ --
2008	_____	_____	_____	_____ --
2009	_____	_____	_____	_____ --
2020	_____	_____	_____	_____ --
2011-2015	_____	_____	_____	_____ --
2016-2020	_____	_____	_____	_____ --
2021-2025	_____	_____	_____	_____ --
2026-2030	_____	_____	_____	_____ --
 Total	 \$ <u> --</u>	 \$ <u> --</u>	 \$ <u> --</u>	 \$ <u> --</u>

STATE OF LOUISIANA
Louisiana Stadium and Exposition District
SCHEDULE OF NOTES PAYABLE AMORTIZATION

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2006	\$ <u>See Note Below</u>	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011-2015	_____	_____
2016-2020	_____	_____
2021-2025	_____	_____
2026-2030	_____	_____
Total	\$ <u>7,500,000</u>	\$ <u>--</u>

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, 2005**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2006	\$ 4,780,000	\$ 9,586,053
2007	5,030,000	9,324,465
2008	5,295,000	9,045,079
2009	5,575,000	8,747,734
2010	6,605,000	8,443,845
2011	6,940,000	8,101,867
2012	7,300,000	7,736,760
2013	7,700,000	7,332,964
2014	8,115,000	6,907,039
2015	7,325,000	6,457,805
2016	7,720,000	6,062,875
2017	8,135,000	5,646,683
2018	8,575,000	5,208,044
2019	9,035,000	4,745,781
2020	9,505,000	4,277,206
2021	9,980,000	3,802,775
2022	10,480,000	3,304,500
2023	11,010,000	2,774,000
2024	11,570,000	2,209,500
2025	12,165,000	1,616,125
2026	12,790,000	992,250
2027	13,450,000	336,251
	\$ 189,080,000	\$ 122,659,601

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.

	<u>2005</u>	<u>2004</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>70,401,775</u>	\$ <u>71,343,817</u>	\$ <u>(942,042)</u>	<u>1%</u>
Expenses	<u>85,327,404</u>	<u>88,405,030</u>	<u>(3,077,626)</u>	<u>3%</u>
2) Capital assets	<u>213,068,649</u>	<u>225,337,555</u>	<u>(12,268,906)</u>	<u>5%</u>
Long-term debt	<u>197,827,428</u>	<u>202,872,428</u>	<u>(5,045,000)</u>	<u>2%</u>
Net Assets	<u>17,268,740</u>	<u>32,194,369</u>	<u>(14,925,629)</u>	<u>46%</u>

Explanation for change:

Revenue	Capital outlay funds for construction projects reduced in FY05 over FY04
Expenses	Management actions to reduce expenses
Capital Assets	Net of additions and accumulated depreciation for year
Long term debt	Amount agrees to debt service for 2005
Net Assets	Primarily due to decreases in capital assets

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control 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 solely 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.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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

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FACSIMILE: (225) 339-3870

December 7, 2005

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of 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 basic financial statements of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 7, 2005. The financial statements of the District, as of and for the year ended June 30, 2004, were audited by other auditors whose report dated August 10, 2004, expressed an unqualified opinion on those statements. 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

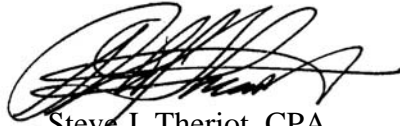
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a

LOUISIANA STADIUM AND EXPOSITION DISTRICT _____

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

LSED05