

LOUISIANA STADIUM AND EXPOSITION DISTRICT  
A COMPONENT UNIT OF THE  
STATE OF LOUISIANA



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FINANCIAL STATEMENT AUDITS  
AS OF AND FOR THE TWO YEARS  
ENDED JUNE 30, 2007 AND 2006  
ISSUED OCTOBER 17, 2007

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**LEGISLATIVE AUDITOR  
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October 9, 2007

Independent Auditor's Report  
on the Financial Statements

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the years ended June 30, 2007 and 2006, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Stadium and Exposition District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2007 and 2006, and its respective changes in financial position and its cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1-M to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*; GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*; and GASB Statement No. 47, *Accounting for Termination*

## LOUISIANA STADIUM AND EXPOSITION DISTRICT

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*Benefits*, for the year ended June 30, 2006. However, Statement No. 47 had no impact on the financial statements for fiscal year 2006.

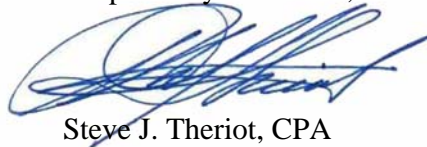
As discussed in note 21 to the financial statements, on August 29, 2005, the State of Louisiana and the City of New Orleans suffered catastrophic damage from Hurricane Katrina resulting in the President of the United States declaring Louisiana a major disaster area. Sports facilities owned and financed by the District, particularly the Louisiana Superdome, suffered major damage from Hurricane Katrina. On September 24, 2005, Hurricane Rita struck Louisiana causing further damage to state and local governmental operations. Because of the severity of these two hurricanes and the damage and resulting losses sustained, it is unknown what economic impact recovery efforts will have on state and local governmental operations in Louisiana. Accordingly, the long-term effects of the hurricanes on the District cannot be determined at this time.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2007, on our consideration of the Louisiana Stadium and Exposition District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 5 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were 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 audits 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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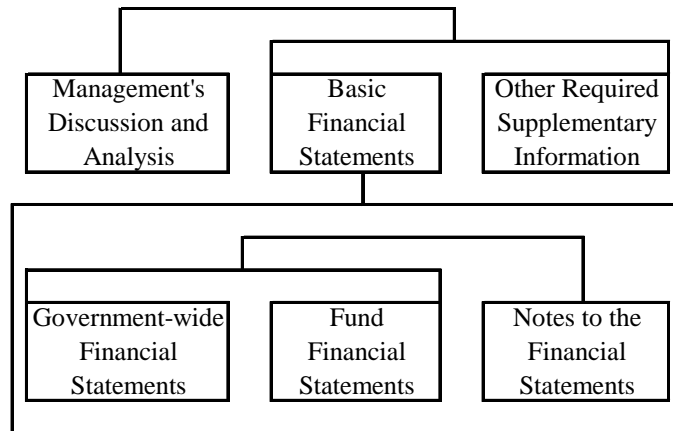
Management's Discussion and Analysis of the Louisiana Stadium and Exposition District's financial performance presents a narrative overview and analysis of the Louisiana Stadium and Exposition District's financial activities for the years ended June 30, 2007 and 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Louisiana Stadium and Exposition District's financial statements, which begins on page 12.

### FINANCIAL HIGHLIGHTS

- The Louisiana Stadium and Exposition District's assets of business-type activities exceeded liabilities at the close of fiscal years 2007 and 2006 by \$308,629,377 and \$224,993,428, respectively. The net assets increased by \$83,635,949 or 37% during fiscal year 2007. The liabilities of governmental activities exceeded assets at the close of fiscal years 2007 and 2006 by \$202,789,969 and \$171,835,507, respectively. The net assets of governmental activities decreased by \$30,954,462 or 18% during fiscal year 2007.
- The Louisiana Stadium and Exposition District's operating and nonoperating revenue of business-type activities increased by \$15,653,083 (15%) and operating and nonoperating expenses of business-type activities increased by \$25,389,691 (56%). The increased expenses of business-type activities were due to increased events and the related staff requirements, increased inducement payments to professional sports teams, and increased depreciation expense. The increased revenues are from increased events and increased hotel occupancy taxes. The Louisiana Superdome had 10 months of operations revenue in fiscal 2007 but only two months of operations revenue for fiscal 2006. The revenues of governmental activities decreased by \$479,062 (4%) while expenses increased by \$590,920 (7%). The decrease in revenue results mainly from the decrease in capital contributions related to construction in the Capital Projects Fund. The increase in expenses results mainly from auction fees incurred by the bond trustee on bond sales and increased depreciation expense.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

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

## **BASIC FINANCIAL STATEMENTS**

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

### **Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and

expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

### **Fund Financial Statements**

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

The District has two kinds of funds:

- Governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader of the financial statements 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, 2007, 2006, and 2005**  
**(in thousands)**

	Total		
	2007	2006	2005
Current and other assets	\$80,640	\$100,813	\$37,869
Capital assets	347,518	262,689	213,069
Total assets	<u>428,158</u>	<u>363,502</u>	<u>250,938</u>
Other liabilities	43,429	32,410	41,250
Long-term debt outstanding	278,890	277,934	192,547
Total liabilities	<u>322,319</u>	<u>310,344</u>	<u>233,797</u>
Net assets:			
Invested in capital assets, net of debt	103,364	46,186	23,989
Restricted	13,759	16,305	10,521
Unrestricted	(11,284)	(9,333)	(17,369)
Total net assets	<u><u>\$105,839</u></u>	<u><u>\$53,158</u></u>	<u><u>\$17,141</u></u>

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, 2007, 2006, and 2005**  
**(in thousands)**

	2007	2006	2005
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$22,530	\$6,389	\$25,129
Grants and contributions	75,922	83,651	2,583
General revenues:			
Hotel occupancy taxes	29,557	24,309	40,693
Players' tax	1,007	1,517	1,636
Investment earnings	3,039	1,015	360
Total revenues	<u>132,055</u>	<u>116,881</u>	<u>70,401</u>
<b>PROGRAM EXPENSES</b>			
Interest on long-term debt	6,903	7,008	9,321
Facility operation	72,471	46,385	76,134
Total expenses	<u>79,374</u>	<u>53,393</u>	<u>85,455</u>
Extraordinary item - impairment loss	NONE	(27,471)	NONE
<b>INCREASE (Decrease) IN NET ASSETS</b>	<u><u>\$52,681</u></u>	<u><u>\$36,017</u></u>	<u><u>(\$15,054)</u></u>

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Louisiana Stadium and Exposition District's total revenues increased from 2006 to 2007 by \$15,174,021 (or 13%). The total cost of all programs and services increased by \$25,980,611 (or 49%). The increase in total revenues is due primarily to an increase in self-generated operations and hotel occupancy tax revenue. The increase in cost of programs and services results from increased operations, increased inducement payments to professional sports teams, and increased depreciation expense.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2007 and 2006, the Louisiana Stadium and Exposition District has \$347,518,832 and \$262,688,893, respectively, invested in capital assets, net of accumulated depreciation of \$53,878,339 and \$191,894,854, respectively, including land, buildings and improvements, furniture and fixtures, and equipment.

(in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Land	\$13,944	\$13,944	\$13,944
Buildings and improvements	266,043	160,524	191,279
Furniture, fixtures, and equipment	5,105	2,918	4,182
Construction-in-progress	<u>62,426</u>	<u>85,303</u>	<u>3,664</u>
Total	<u><u>\$347,518</u></u>	<u><u>\$262,689</u></u>	<u><u>\$213,069</u></u>

The major additions for fiscal years 2007 and 2006 consisted of improvements to buildings. The net addition for fiscal year 2006 was due to construction-in-progress at the Louisiana Superdome to repair damages caused by Hurricane Katrina. The reduction in buildings in 2006 was due to an asset impairment loss recorded to reduce the carrying value of the Louisiana Superdome by \$27,471,149. The net addition for fiscal year 2007 is due to the June 30, 2007 substantial completion of Phase One and Phase Two of the major construction project began in December 2005 to repair damages and enhance the Louisiana Superdome.

Phase One of the project consisting primarily of repairs to the Louisiana Superdome was substantially completed in September 2006. Phase Two of the project consisting primarily of enhancements and improvements to the Louisiana Superdome was initiated concurrently with the repair phase and is scheduled for completion in fiscal year 2008.

In September 2006, the National Football League signed a funding agreement to provide the District with up to \$15,000,000 of additional funding for repairs to the Louisiana Superdome.

#### Debt

The Louisiana Stadium and Exposition District has \$294,325,000 in revenue bonds outstanding at June 30, 2007, and June 30, 2006. During the year ended June 30, 2006, the District issued

## LOUISIANA STADIUM AND EXPOSITION DISTRICT

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Series 2006A, 2006B, 2006C, and 2006D bonds totaling \$294,325,000 for the purposes of refunding the District's existing debt, providing funds for enhancements to the Louisiana Superdome, and providing working capital for the District's operations. During the year ended June 30, 2007, the District was not required to make debt service payments on the Series 2006 bonds. The Louisiana Stadium and Exposition District's 2006 Series A, Series B, and Series C bonds carried a AAA rating at June 30, 2007 and 2006. The District's 2006 Series D bonds are not rated.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- Staffing requirements due to the Louisiana Superdome and Arena being fully operational
- Events anticipated based on contracts and historical estimates
- Hotel occupancy tax revenue based on conventions planned in New Orleans and estimates of future conventions projected to come to New Orleans
- Contractual obligation to sports teams

The District has incurred losses from operations for fiscal years ended June 30, 2007, and June 30, 2006. During fiscal year 2007 and 2006, the District's net assets increased \$52,681,487 and \$36,016,928, respectively, primarily due to capital contributions for construction at the Louisiana Superdome to repair damages from Hurricane Katrina. Without the capital contributions, program expenses would have exceeded program revenues for the year ended June 30, 2007. Current projections by management of the District indicate that operating losses are anticipated in future years because of reduced hotel occupancy tax collections and contractual obligations to sports teams.

### **CONTACTING THE LOUISIANA STADIUM AND EXPOSITION DISTRICT MANAGEMENT**

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Stadium and Exposition District's finances and to show the Louisiana Stadium and Exposition District's accountability for the money it receives. Questions about this report or additional financial information may be obtained by contacting M. David Weidler, Senior Director of Finance and Administration, SMG, P.O. Box 52439, New Orleans, Louisiana 70152.

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

**Statement of Net Assets, June 30, 2007 and 2006**

	2007		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents (note 2)	\$9,075,474	\$19,943,822	\$29,019,296
Accounts receivable		892,985	892,985
Due from State of Louisiana (note 3)	1,598,129	7,672,129	9,270,258
Due from other funds (note 4)		5,513,429	5,513,429
Inventory of materials and supplies		46,275	46,275
Prepaid expenses		63,444	63,444
Restricted assets: (notes 2 and 9)			
Working capital account - cash		1,650,233	1,650,233
Renewal and Replacement Reserve Account - cash and cash equivalents		1,178,133	1,178,133
Economic Development Fund Account - cash and cash equivalents		9,452	9,452
New Orleans Area Tourism and Economic Development Fund - cash and cash equivalents		108,299	108,299
Community Development Block Grant - cash and cash equivalents		546	546
Construction and Operations Trust Account - cash and equivalents	32,749,011		32,749,011
Concessionaire Fund - receivable		138,505	138,505
Capital assets, net of accumulated depreciation (note 5)	30,690,785	316,828,047	347,518,832
Total assets	<u>74,113,399</u>	<u>354,045,299</u>	<u>428,158,698</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses		21,896,714	21,896,714
Payable to SMG		2,964,755	2,964,755
Due to other funds (note 4)	5,513,429		5,513,429
Saints inducements payable (note 14)		6,278,796	6,278,796
Deferred income and security deposits		32,096	32,096
Compensated absences (note 1-J)		210,998	210,998
Advance deposits on future events		6,262,563	6,262,563
Accrued bond interest payable			
Noncurrent liabilities:			
Due within one year:			
Advance from State of Louisiana (note 17)		270,000	270,000

(Continued)

The accompanying notes are an integral part of this statement.

2006		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
\$12,824,906	\$9,793,270	\$22,618,176
	815,788	815,788
892,904	4,125,315	5,018,219
	7,681,195	7,681,195
	22,789	22,789
	9,153	9,153
	1,574,788	1,574,788
	1,261,985	1,261,985
	9,020	9,020
	115,676	115,676
61,611,920		61,611,920
	74,508	74,508
31,397,828	231,291,065	262,688,893
106,727,558	256,774,552	363,502,110
5,715	16,615,136	16,620,851
	3,147,749	3,147,749
7,681,195		7,681,195
	388,894	388,894
	159,567	159,567
	2,699,778	2,699,778
442,414		442,414
	1,270,000	1,270,000

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**STATE OF LOUISIANA**  
**Statement of Net Assets, June 30, 2007 and 2006**

	2007		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>LIABILITIES (CONT.)</b>			
Noncurrent liabilities: (Cont.)			
Due in more than one year:			
Bonds payable (note 6), reported net of unamortized issuance and escrow costs of \$22,935,061(2007) and \$23,891,259 (2006)	\$271,389,939		\$271,389,939
Notes payable (note 18)		\$7,500,000	7,500,000
Total liabilities	<u>276,903,368</u>	<u>45,415,922</u>	<u>322,319,290</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	(213,463,572)	316,828,047	103,364,475
Restricted for:			
Debt service	10,673,595		10,673,595
Capital projects	8		8
Working capital		1,650,233	1,650,233
Renewal and replacement		1,178,133	1,178,133
Economic development		9,452	9,452
Community Development Block Grant		546	546
New Orleans Area Tourism and Economic Development Fund		108,299	108,299
Concessionaire reserve		138,505	138,505
Unrestricted		<u>(11,283,838)</u>	<u>(11,283,838)</u>
<b>TOTAL NET ASSETS</b>	<u><u>(\$202,789,969)</u></u>	<u><u>\$308,629,377</u></u>	<u><u>\$105,839,408</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

2006		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
\$270,433,741		\$270,433,741
	\$7,500,000	7,500,000
<u>278,563,065</u>	<u>31,781,124</u>	<u>310,344,189</u>
(185,105,189)	231,291,065	46,185,876
13,269,674		13,269,674
8		8
	1,574,788	1,574,788
	1,261,985	1,261,985
	9,020	9,020
	115,676	115,676
	74,508	74,508
	<u>(9,333,614)</u>	<u>(9,333,614)</u>
<u>(\$171,835,507)</u>	<u>\$224,993,428</u>	<u>\$53,157,921</u>

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

**Statement of Activities  
For the Year Ended June 30, 2007**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>	
		<u>CHARGES FOR SERVICES</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
Governmental activities:			
Facility operation	\$1,696,954		\$108,916
Interest on bonds	6,902,897		
Total governmental activities	8,599,851	NONE	108,916
Business-type activities - facility operation	70,490,867	\$22,529,842	75,813,064
<b>TOTAL</b>	<b>\$79,090,718</b>	<b>\$22,529,842</b>	<b>\$75,921,980</b>

General revenues:  
Taxes: (note 9)  
    Hotel occupancy taxes, levied for general purposes  
    Hotel occupancy taxes, levied for debt service  
    Players' tax  
    Unrestricted investment earnings  
Transfers in (out)  
Loss on disposal of capital assets  
    Total general revenues and transfers  
  
Change in net assets

**NET ASSETS, BEGINNING OF YEAR, RESTATED (note 20)**

**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
(\$1,588,038)		(\$1,588,038)
(6,902,897)		(6,902,897)
(8,490,935)	NONE	(8,490,935)
NONE	\$27,852,039	27,852,039
(8,490,935)	27,852,039	19,361,104
	21,766,497	21,766,497
7,790,280		7,790,280
	1,007,495	1,007,495
2,225,374	813,791	3,039,165
(32,479,181)	32,479,181	
	(283,054)	(283,054)
(22,463,527)	55,783,910	33,320,383
(30,954,462)	83,635,949	52,681,487
(171,835,507)	224,993,428	53,157,921
(\$202,789,969)	\$308,629,377	\$105,839,408

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**STATE OF LOUISIANA**  
**Statement of Activities**  
**For the Year Ended June 30, 2006**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>	
		<u>CHARGES FOR SERVICES</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
Governmental activities:			
Facility operation	\$1,001,273		\$811,205
Interest on bonds	7,007,658		
Total governmental activities	8,008,931	NONE	811,205
Business-type activities - facility operation	45,384,230	\$6,389,811	82,839,592
Total	<u>\$53,393,161</u>	<u>\$6,389,811</u>	<u>\$83,650,797</u>
General revenues:			
Taxes: (note 9)			
Hotel occupancy taxes, levied for general purposes			
Hotel occupancy taxes, levied for debt service			
Players' tax			
Unrestricted investment earnings			
Transfers in (out)			
Total general revenues and transfers			
Extraordinary item - impairment loss			
Change in net assets			
<b>NET ASSETS, BEGINNING OF YEAR</b>			
<b>TOTAL NET ASSETS, END OF YEAR, RESTATED (note 20)</b>			

(Concluded)

The accompanying notes are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
(\$190,068)		(\$190,068)
(7,007,658)		(7,007,658)
<u>(7,197,726)</u>	NONE	<u>(7,197,726)</u>
NONE	\$43,845,173	43,845,173
<u>(7,197,726)</u>	<u>43,845,173</u>	<u>36,647,447</u>
	15,074,383	15,074,383
9,234,697		9,234,697
	1,517,043	1,517,043
557,730	456,777	1,014,507
<u>(29,874,343)</u>	<u>29,874,343</u>	<u>(29,874,343)</u>
<u>(20,081,916)</u>	<u>46,922,546</u>	<u>26,840,630</u>
NONE	(27,471,149)	(27,471,149)
(27,279,642)	63,296,570	36,016,928
<u>(144,555,865)</u>	<u>161,696,858</u>	<u>17,140,993</u>
<u>(\$171,835,507)</u>	<u>\$224,993,428</u>	<u>\$53,157,921</u>

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

**GOVERNMENTAL FUNDS  
Balance Sheet, June 30, 2007 and 2006**

	2007		
	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents (note 2)	\$41,824,477	\$8	\$41,824,485
Due from State of Louisiana (note 3)	1,598,129		1,598,129
<b>TOTAL ASSETS</b>	<u>\$43,422,606</u>	<u>\$8</u>	<u>\$43,422,614</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable			
Due to other funds (note 4)	\$5,513,429		\$5,513,429
Total liabilities	5,513,429	NONE	5,513,429
Fund balance reserved for:			
Debt service	10,673,595		10,673,595
Operating capital	20,531,587		20,531,587
Construction	6,703,995		6,703,995
Capital projects		\$8	8
Total fund balance	37,909,177	8	37,909,185
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$43,422,606</u>	<u>\$8</u>	<u>\$43,422,614</u>
Total fund balances, as presented in this statement			\$37,909,185
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.			
Long-term liabilities are reported in the Statement of Net Assets but are not due and payable in the current period and therefore are not reported as liabilities of the fund balance sheet.			
			(271,389,939)
Capital assets reported in the Statement of Net Assets are not financial resources.			
			30,690,785
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>			<u>(\$202,789,969)</u>

The accompanying notes are an integral part of this statement.

2006		
<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$74,436,818	\$8	\$74,436,826
<u>887,189</u>	<u>5,715</u>	<u>892,904</u>
<u>\$75,324,007</u>	<u>\$5,723</u>	<u>\$75,329,730</u>
	\$5,715	\$5,715
<u>\$7,681,195</u>	<u>5,715</u>	<u>7,681,195</u>
<u>7,681,195</u>	<u>5,715</u>	<u>7,686,910</u>
13,712,088		13,712,088
25,005,315		25,005,315
28,925,409		28,925,409
	8	8
<u>67,642,812</u>	<u>8</u>	<u>67,642,820</u>
<u>\$75,324,007</u>	<u>\$5,723</u>	<u>\$75,329,730</u>
		\$67,642,820
		(442,414)
		(270,433,741)
		<u>31,397,828</u>
		<u>(\$171,835,507)</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, 2007 and 2006**

	2007		
	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Hotel occupancy tax (note 9)	\$7,790,280		\$7,790,280
Interest earnings	2,225,374		2,225,374
Total revenues	<u>10,015,654</u>	NONE	<u>10,015,654</u>
<b>EXPENDITURES</b>			
Capital outlay		\$167,110	167,110
Debt service:			
Principal payments (note 6)			
Interest	6,389,113		6,389,113
Other	822,801		822,801
Total expenditures	<u>7,211,914</u>	<u>167,110</u>	<u>7,379,024</u>
Excess (deficiency) of revenues over expenditures	<u>2,803,740</u>	<u>(167,110)</u>	<u>2,636,630</u>
<b>OTHER FINANCING SOURCES (Uses)</b>			
Transfers in		58,194	58,194
Transfers out	(32,537,375)		(32,537,375)
Bond proceeds (note 6)			
Payment to refunded debt escrow agent			
Bond issuance costs			
State funds		108,916	108,916
Total other financing sources (uses)	<u>(32,537,375)</u>	<u>167,110</u>	<u>(32,370,265)</u>
Net change in fund balances	(29,733,635)	NONE	(29,733,635)
Fund balances at beginning of year	<u>67,642,812</u>	<u>8</u>	<u>67,642,820</u>
Fund balances at end of year	<u>\$37,909,177</u>	<u>\$8</u>	<u>\$37,909,185</u>

(Continued)

The accompanying notes are an integral part of this statement.

2006		
DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
\$9,234,696		\$9,234,696
557,592	\$138	557,730
9,792,288	138	9,792,426
	855,654	855,654
4,580,000		4,580,000
10,923,357		10,923,357
147,341		147,341
15,650,698	855,654	16,506,352
(5,858,410)	(855,516)	(6,713,926)
175,742	42,421	218,163
(30,092,506)		(30,092,506)
294,325,000		294,325,000
(187,449,513)		(187,449,513)
(15,209,167)		(15,209,167)
	811,205	811,205
61,749,556	853,626	62,603,182
55,891,146	(1,890)	55,889,256
11,751,666	1,898	11,753,564
\$67,642,812	\$8	\$67,642,820

**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, 2007 and 2006**

	2007		
	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Net change in fund balances, as presented in this statement			(\$29,733,635)
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.			442,414
Governmental funds report receipt of bond proceeds (\$294,325,000), less payments of funds escrowed (\$187,449,514), and bond issuance costs (\$15,209,168) on the Statement of Revenues, Expenditures, and Changes in Fund Balances.			
Governmental funds do not include amortization expense for bond issuance costs.			(956,198)
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 (\$874,153) exceeded capital outlay (\$167,110) in the current period (2007), and capital outlay (\$855,654) exceeded depreciation (\$853,932) in the prior period (2006).			(707,043)
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.			
Change in net assets of governmental activities as reported on the Statement of Activities			<u><u>(\$30,954,462)</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

2006		
<u>DEBT</u> <u>SERVICE</u>	<u>CAPITAL</u> <u>PROJECTS</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
		\$55,889,256
		4,218,121
		(91,666,320)
		(302,421)
		1,722
		<u>4,580,000</u>
		<u><u>(\$27,279,642)</u></u>

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

**PROPRIETARY FUNDS**

**Balance Sheet, June 30, 2007 and 2006**

	JUNE 30, 2007		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents (note 2)	\$16,721,703	\$3,222,119	\$19,943,822
Accounts receivable	578,408	314,577	892,985
Due from State of Louisiana (note 3)	7,672,129		7,672,129
Due from other fund	9,113,429		9,113,429
Inventory	20,787	25,488	46,275
Prepaid expenses	58,730	4,714	63,444
Total current assets	<u>34,165,186</u>	<u>3,566,898</u>	<u>37,732,084</u>
Restricted assets: (notes 2 and 9)			
Working Capital Account - cash	1,650,233		1,650,233
Renewal and Replacement Reserve Account - cash and cash equivalents	29,004	1,149,129	1,178,133
Economic Development Fund Account - cash and cash equivalents	9,452		9,452
Community Development Block Grant - cash and cash equivalents	546		546
New Orleans Area Tourism and Economic Development Fund - cash and cash equivalents	108,299		108,299
Concessionaire Fund - receivable		138,505	138,505
Total restricted assets	<u>1,797,534</u>	<u>1,287,634</u>	<u>3,085,168</u>
Capital assets, net of accumulated depreciation (note 5)	<u>225,572,792</u>	<u>91,255,255</u>	<u>316,828,047</u>
<b>TOTAL ASSETS</b>	<u><u>\$261,535,512</u></u>	<u><u>\$96,109,787</u></u>	<u><u>\$357,645,299</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

JUNE 30, 2006		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$6,533,095	\$3,260,175	\$9,793,270
528,575	287,213	815,788
4,125,315		4,125,315
11,281,195		11,281,195
22,789		22,789
5,000	4,153	9,153
<u>22,495,969</u>	<u>3,551,541</u>	<u>26,047,510</u>
1,574,788		1,574,788
165,392	1,096,593	1,261,985
9,020		9,020
115,676		115,676
	74,508	74,508
<u>1,864,876</u>	<u>1,171,101</u>	<u>3,035,977</u>
<u>135,343,676</u>	<u>95,947,389</u>	<u>231,291,065</u>
<u>\$159,704,521</u>	<u>\$100,670,031</u>	<u>\$260,374,552</u>

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**STATE OF LOUISIANA**  
**PROPRIETARY FUNDS**  
**Balance Sheet, June 30, 2007 and 2006**

	JUNE 30, 2007		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$17,203,548	\$4,693,166	\$21,896,714
Payable to SMG	2,396,755	568,000	2,964,755
Saints inducements payable (note 14)	6,278,796		6,278,796
Deferred revenue and security deposits	32,096		32,096
Compensated absences (note 1-J)	180,982	30,016	210,998
Funds held in escrow for future events	4,365,254	1,897,309	6,262,563
Advance from State of Louisiana (note 17)		270,000	270,000
Due to other fund		3,600,000	3,600,000
Total current liabilities	<u>30,457,431</u>	<u>11,058,491</u>	<u>41,515,922</u>
Noncurrent liabilities:			
Note payable (note 18)	7,500,000		7,500,000
Total long-term liabilities	<u>7,500,000</u>	NONE	<u>7,500,000</u>
Total liabilities	<u>37,957,431</u>	<u>11,058,491</u>	<u>49,015,922</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	225,572,792	91,255,255	316,828,047
Restricted	1,797,534	1,287,634	3,085,168
Unrestricted	(3,792,245)	(7,491,593)	(11,283,838)
Total net assets	<u>223,578,081</u>	<u>85,051,296</u>	<u>308,629,377</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$261,535,512</u></u>	<u><u>\$96,109,787</u></u>	<u><u>\$357,645,299</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

JUNE 30, 2006		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$13,601,472	\$3,013,664	\$16,615,136
2,574,291	573,458	3,147,749
388,894		388,894
131,817	27,750	159,567
38,801	2,660,977	2,699,778
1,000,000	270,000	1,270,000
	3,600,000	3,600,000
<u>17,735,275</u>	<u>10,145,849</u>	<u>27,881,124</u>
7,500,000		7,500,000
<u>7,500,000</u>	NONE	<u>7,500,000</u>
<u>25,235,275</u>	<u>10,145,849</u>	<u>35,381,124</u>
135,343,676	95,947,389	231,291,065
1,864,876	1,171,101	3,035,977
(2,739,306)	(6,594,308)	(9,333,614)
<u>134,469,246</u>	<u>90,524,182</u>	<u>224,993,428</u>
<u>\$159,704,521</u>	<u>\$100,670,031</u>	<u>\$260,374,552</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, 2007 and 2006**

	JUNE 30, 2007		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
<b>OPERATING REVENUES</b>			
Event rental:			
Football	\$1,100,000	\$58,767	\$1,158,767
Basketball		208,775	208,775
Conventions and trade shows	166,210		166,210
High school sports	61,467		61,467
Musical events and entertainment		930,000	930,000
Other events	117,250	709,401	826,651
Reimbursement event costs	1,949,883	1,610,360	3,560,243
Total event rental	3,394,810	3,517,303	6,912,113
Parking	1,987,003	751,755	2,738,758
Concessions	4,525,529	1,838,990	6,364,519
Box suite rental	4,046,362	854,029	4,900,391
Advertising and broadcasting	323,427		323,427
Commercial office rental	227,280		227,280
Land rental	205,388		205,388
Ticket incentive	47,180	707,504	754,684
Other	91,449	11,833	103,282
Total operating revenues	14,848,428	7,681,414	22,529,842
<b>OPERATING EXPENSES</b>			
Salaries, wages, and benefits	5,859,962	1,642,021	7,501,983
Utilities	3,724,214	1,384,940	5,109,154
Repairs and maintenance	1,122,594	366,338	1,488,932
Management fee - SMG (note 13)	1,325,000	568,000	1,893,000
Management fee - Superdome Marketing and Promotional Fund (note 14)			
Marketing Fund contribution	500,000		500,000
Saints lease inducement payments (note 14)	9,405,037		9,405,037
Other inducement payments (note 16)		647,790	647,790
Professional fees	1,215,109	89,083	1,304,192
Insurance	1,910,413	683,757	2,594,170
Direct event expense	2,515,673	2,241,111	4,756,784
Advertising and public relations	201,592	39,159	240,751
Other operating expenses	1,710,046	716,084	2,426,130
Total operating expenses	29,489,640	8,378,283	37,867,923

(Continued)

The accompanying notes are an integral part of this statement.

JUNE 30, 2006		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$254,753		\$254,753
50,000		50,000
150,000	\$168,250	318,250
80,631	206,714	287,345
800,492	389,748	1,190,240
1,335,876	764,712	2,100,588
858,559	180,590	1,039,149
939,065	324,867	1,263,932
631,831	30,968	662,799
464,488		464,488
269,144		269,144
205,388		205,388
158,245	110,789	269,034
95,654	19,635	115,289
4,958,250	1,431,561	6,389,811
3,761,636	779,310	4,540,946
2,330,061	682,194	3,012,255
620,680	185,057	805,737
1,238,872	290,311	1,529,183
1,013,622		1,013,622
1,625,086		1,625,086
	256,348	256,348
752,513	48,668	801,181
2,792,150	709,780	3,501,930
510,260	449,149	959,409
94,172	242,024	336,196
1,558,950	404,968	1,963,918
16,298,002	4,047,809	20,345,811

**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, 2007 and 2006**

	JUNE 30, 2007		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
Operating loss before depreciation	(\$14,641,212)	(\$696,869)	(\$15,338,081)
Depreciation	6,100,812	5,871,327	11,972,139
Operating loss	<u>(20,742,024)</u>	<u>(6,568,196)</u>	<u>(27,310,220)</u>
<b>NONOPERATING REVENUE (Expenses)</b>			
Hotel occupancy tax (note 9)	21,766,497		21,766,497
Interest revenue	588,180	225,611	813,791
Interest expense			
Other Saints inducements (note 14)	(19,005,970)		(19,005,970)
Other Hornets inducements (note 16)		(619,573)	(619,573)
Repayment of SMG manager's contribution (note 13)			
State grants	146,283		146,283
Transfers from other agencies	11,884,137		11,884,137
FEMA	1,025,262		1,025,262
Remediation expense (note 5)	(1,025,262)		(1,025,262)
Other revenues (expenses)			
NFL grant income (note 5)	15,000,000		15,000,000
Players' tax	387,922	619,573	1,007,495
Loss on disposal of capital assets	(172,338)	(110,716)	(283,054)
Total nonoperating revenue (expenses)	<u>30,594,711</u>	<u>114,895</u>	<u>30,709,606</u>
Gain (loss) before transfers	<u>9,852,687</u>	<u>(6,453,301)</u>	<u>3,399,386</u>
Transfers in	32,807,906		32,807,906
Transfers (out)		(328,725)	(328,725)
Net transfers	<u>32,807,906</u>	<u>(328,725)</u>	<u>32,479,181</u>
Capital contributions	46,448,242	1,309,140	47,757,382
Extraordinary item - impairment loss (note 5)			
Change in net assets	89,108,835	(5,472,886)	83,635,949
Net assets, beginning of year, restated (note 20)	<u>134,469,246</u>	<u>90,524,182</u>	<u>224,993,428</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$223,578,081</u></u>	<u><u>\$85,051,296</u></u>	<u><u>\$308,629,377</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

JUNE 30, 2006		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
(\$11,339,752)	(\$2,616,248)	(\$13,956,000)
2,077,400	6,331,200	8,408,600
<u>(13,417,152)</u>	<u>(8,947,448)</u>	<u>(22,364,600)</u>
15,074,383		15,074,383
356,327	100,450	456,777
(30,479)	(312,305)	(342,784)
(3,078,580)		(3,078,580)
(467,262)	(504,741)	(972,003)
(2,000,000)		(2,000,000)
(10,209,069)		(10,209,069)
(27,383)		(27,383)
1,012,302	504,741	1,517,043
<u>630,239</u>	<u>(211,855)</u>	<u>418,384</u>
<u>(12,786,913)</u>	<u>(9,159,303)</u>	<u>(21,946,216)</u>
23,937,718	10,622,567	34,560,285
<u>(4,685,942)</u>		<u>(4,685,942)</u>
<u>19,251,776</u>	<u>10,622,567</u>	<u>29,874,343</u>
77,747,322	5,092,270	82,839,592
<u>(27,471,149)</u>		<u>(27,471,149)</u>
56,741,036	6,555,534	63,296,570
<u>77,728,210</u>	<u>83,968,648</u>	<u>161,696,858</u>
<u>\$134,469,246</u>	<u>\$90,524,182</u>	<u>\$224,993,428</u>

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

**PROPRIETARY FUNDS**

**Statement of Cash Flows**

**For the Year Ended June 30, 2007 and 2006**

	JUNE 30, 2007		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$14,798,595	\$7,590,053	\$22,388,648
Payments to suppliers	(20,901,481)	(5,851,935)	(26,753,416)
Payments for salaries and related expenses	(5,810,797)	(1,639,755)	(7,450,552)
Net cash provided (used) by operating activities	<u>(11,913,683)</u>	<u>98,363</u>	<u>(11,815,320)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Loan (payments) proceeds			
Players' tax	387,922	619,573	1,007,495
Other Hornets inducements		(619,573)	(619,573)
Operating grants/transfers	11,030,420	(328,725)	10,701,695
Tax revenue	18,219,683		18,219,683
Grant disbursements and administrative expenses			
Other Saints inducements	(12,727,174)		(12,727,174)
Other			
Net cash provided (used) by noncapital financing activities	<u>16,910,851</u>	<u>(328,725)</u>	<u>16,582,126</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital grants	24,784,455		24,784,455
Purchases of capital assets	(20,248,537)	19,231	(20,229,306)
Net cash provided (used) by capital and related financing activities	<u>4,535,918</u>	<u>19,231</u>	<u>4,555,149</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	588,180	225,611	813,791
Net cash provided (used) by investing activities	<u>588,180</u>	<u>225,611</u>	<u>813,791</u>
Net increase (decrease) in cash and cash equivalents	10,121,266	14,480	10,135,746
Cash and cash equivalents, beginning of year	8,397,971	4,356,768	12,754,739
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$18,519,237</u></u>	<u><u>\$4,371,248</u></u>	<u><u>\$22,890,485</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

JUNE 30, 2006		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$4,969,750	\$1,245,893	\$6,215,643
(27,643,692)	(3,831,192)	(31,474,884)
(3,843,492)	(780,281)	(4,623,773)
(26,517,434)	(3,365,580)	(29,883,014)
	(6,035,000)	(6,035,000)
1,012,302	504,741	1,517,043
(467,262)	(504,741)	(972,003)
	10,622,567	10,622,567
14,868,165		14,868,165
5,844,517		5,844,517
(3,078,580)		(3,078,580)
(27,383)		(27,383)
18,151,759	4,587,567	22,739,326
(1,614,169)	153,660	(1,460,509)
(1,614,169)	153,660	(1,460,509)
325,847	(211,855)	113,992
325,847	(211,855)	113,992
(9,653,997)	1,163,792	(8,490,205)
18,051,968	3,192,976	21,244,944
\$8,397,971	\$4,356,768	\$12,754,739

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**STATE OF LOUISIANA**  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2007 and 2006**

	JUNE 30, 2007		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>			
Operating loss	(\$20,742,024)	(\$6,568,196)	(\$27,310,220)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	6,100,812	5,871,327	11,972,139
Changes in net assets and liabilities:			
(Increase) decrease in restricted assets		(63,997)	(63,997)
(Increase) decrease in receivables	(49,833)	(27,364)	(77,197)
(Increase) decrease in inventory	2,002	(25,488)	(23,486)
(Increase) decrease in prepaid expenses	(53,730)	(561)	(54,291)
(Decrease) increase in accounts payable and accrued expenses	(1,189,730)	1,674,044	484,314
(Decrease) increase in deferred revenue	3,969,655	(763,668)	3,205,987
(Decrease) increase in compensated absences	49,165	2,266	51,431
Net cash provided (used) by operating activities	<u>(\$11,913,683)</u>	<u>\$98,363</u>	<u>(\$11,815,320)</u>
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>			
State Construction Projects	<u>\$46,448,242</u>	<u>\$1,309,140</u>	<u>\$47,757,382</u>

(Concluded)

The accompanying notes are an integral part of this statement.

JUNE 30, 2006		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
(\$13,417,152)	(\$8,947,448)	(\$22,364,600)
2,077,400	6,331,200	8,408,600
	67,008	67,008
(7,669,695)	(252,676)	(7,922,371)
79,929	24,746	104,675
22,079	18,017	40,096
(1,860,007)	(1,731,812)	(3,591,819)
(5,668,132)	1,126,356	(4,541,776)
(81,856)	(971)	(82,827)
<u>(\$26,517,434)</u>	<u>(\$3,365,580)</u>	<u>(\$29,883,014)</u>
<u>\$67,538,253</u>	<u>\$3,773,078</u>	<u>\$71,311,331</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 Louisiana Superdome which opened in August 1975. The Louisiana Superdome is leased by the District to the State pursuant to the Lease Agreement. The District initially managed and operated the Louisiana Superdome on behalf of the State pursuant to a management and operating agreement dated as of February 1, 1969. In 1976, Act No. 541 of the 1976 Regular Session of the State Legislature ("Act No. 541") transferred the responsibility for the management and operation of the Superdome to the Office of the Governor of the State and authorized the Governor to delegate the management and operation of the Superdome to a professional management organization. In 1977, the District was transferred to and placed in the Office of the Governor of the State pursuant to the Executive Reorganization Act. At the same time, Act No. 64 of the 1977 Regular Session of the State Legislature ("Act No. 64") approved and authorized execution of a Management Agreement between the State and HMC Management Corporation (the predecessor in interest of SMG, the current manager of the Superdome), which was signed by the parties under date of June 30, 1977.

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

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

and further provides that the District shall provide annually to the legislature and the legislative auditor information concerning the finances of the District.

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

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

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. BASIS OF PRESENTATION**

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

#### **B. REPORTING ENTITY**

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

#### **C. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

and unrestricted net assets. The District first uses restricted resources to finance qualifying activities.

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

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

The District does not allocate indirect costs.

#### **D. FUND FINANCIAL STATEMENTS**

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

##### **Governmental Funds**

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

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

### **Proprietary Fund**

Enterprise funds are used to account for activities (a) that are operated in a manner similar to private business, where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Nonoperating revenues result from nonexchange or ancillary activities. The District has two enterprise funds that are used to account for the operations of the Superdome and the Arena. The District has contracted with SMG to manage both facilities. Future enterprise funds may be established as various activities of the District are placed in operation.

### **E. BASIS OF ACCOUNTING**

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

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

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

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

### **F. RESTRICTED ASSETS AND LIABILITIES**

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

**G. INVENTORIES**

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

**H. CAPITAL ASSETS**

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

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

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

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

**I. REVENUE RECOGNITION**

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

**J. COMPENSATED ABSENCES**

Under the Management Agreement with SMG, all employees engaged in managing and operating the Superdome and the Arena are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 24 days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union agreements. At the end of any fiscal year, an employee can carry forward no more than 192 hours in vacation, and upon termination, an employee is paid

for 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to 15 days of vacation per year with no carryforward provision. The accumulated net provision by the District for unpaid vacation benefits due employees of SMG as of June 30, 2007 and 2006 was \$210,998 and \$159,567, 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, 2007, the Debt Service Fund transferred \$32,537,375, to the Proprietary funds and the Proprietary funds transferred \$58,194 to the Capital Projects funds. The funds transferred were no longer restricted for debt service or capital projects and are available for allowable uses of the Louisiana Superdome.

#### **M. ADOPTION OF NEW ACCOUNTING PRINCIPLES**

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

### **2. CASH AND CASH EQUIVALENTS**

The District maintains cash on hand, cash on deposit with banks in demand deposit accounts, and cash in interest-bearing deposit accounts. The District maintains cash equivalents that consist of money market funds, a repurchase agreement, and guaranteed investment contracts with maturities of three months or less. Cash and cash equivalents are recorded at cost, which approximates market. Cash and cash equivalents consist of the following at June 30, 2007 and 2006:

## NOTES TO THE FINANCIAL STATEMENTS

	2007		2006	
	Bank Balance	Book Balance	Bank Balance	Book Balance
Cash on hand		\$30,250		\$48,713
Demand deposits	\$18,252,467	18,913,863	\$8,385,786	8,655,598
Money market funds	17,293,701	17,293,701	7,588,164	7,588,165
Repurchase agreements	3,946,381	3,946,381	4,050,436	4,050,436
Guaranteed investment contracts	24,530,775	24,530,775	66,848,653	66,848,653
Total	<u>\$64,023,324</u>	<u>\$64,714,970</u>	<u>\$86,873,039</u>	<u>\$87,191,565</u>

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

	June 30, 2007			June 30, 2006		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$41,824,485	\$19,943,822	\$61,768,307	\$74,436,826	\$9,793,270	\$84,230,096
Restricted assets		2,946,663	2,946,663		2,961,469	2,961,469
Total	<u>\$41,824,485</u>	<u>\$22,890,485</u>	<u>\$64,714,970</u>	<u>\$74,436,826</u>	<u>\$12,754,739</u>	<u>\$87,191,565</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.

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

The District's investments in cash equivalents are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not limit the amount of its holdings of securities by counterparties. At June 30, 2007 and 2006, the District's funds invested in guaranteed investment contracts, Repurchase Agreements, and Money Market funds were held by a counterparty in the name of the District. Money Market investments for 2007 consist of the Bank of New York Hamilton Treasury Fund, which is rated AAAM by Standard and Poors. Money Market investments for 2006 consist of the JP Morgan U.S. Treasury Plus Fund Money Market Fund, which is rated AAAM by Standard and Poors. The funds holdings consist exclusively of short-term U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations.

## LOUISIANA STADIUM AND EXPOSITION DISTRICT

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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, 2007 and 2006, 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 \$9,270,258 and \$5,018,219 at June 30, 2007 and 2006, respectively.

### 4. DUE TO/DUE FROM OTHER FUNDS

At June 30, 2007, the financial statements include due to/due from other funds totaling \$5,513,429 which represents bond proceeds due from the debt service fund construction and operation trust account to the Superdome fund for construction expenses.

### 5. CAPITAL ASSETS

Following are schedules of capital assets for the year ended June 30, 2007:

#### Governmental Activities

	Balance July 1, 2006	Additions	Deletions/ Transfers	Balance June 30, 2007
Buildings and improvements:				
Baseball stadium	\$24,774,553	\$167,110		\$24,941,663
Outdoor practice facility complex	6,565,115			6,565,115
Indoor practice facility	6,459,360			6,459,360
Construction-in-progress				
Total	<u>37,799,028</u>	<u>167,110</u>	<u>NONE</u>	<u>37,966,138</u>
Less accumulated depreciation	<u>(6,401,200)</u>	<u>(874,153)</u>	<u>NONE</u>	<u>(7,275,353)</u>
Total	<u>\$31,397,828</u>	<u>(\$707,043)</u>	<u>NONE</u>	<u>\$30,690,785</u>

#### Business-Type Activities

	Balance July 1, 2006	Additions	Deletions/ Transfers	Balance June 30, 2007
Land	\$13,944,160			\$13,944,160
Buildings and improvements	294,251,335	\$47,080,583	\$63,069,688	278,262,230
Furniture, fixtures, and equipment	23,285,913	4,251,137	18,738,835	8,798,215
Construction-in-progress	85,303,311	47,327,384	70,204,267	62,426,428
Total	<u>416,784,719</u>	<u>98,659,104</u>	<u>152,012,790</u>	<u>363,431,033</u>
Less accumulated depreciation	<u>(185,493,654)</u>	<u>(12,119,947)</u>	<u>151,010,615</u>	<u>(46,602,986)</u>
Total	<u>\$231,291,065</u>	<u>\$86,539,157</u>	<u>(\$1,002,175)</u>	<u>\$316,828,047</u>

## NOTES TO THE FINANCIAL STATEMENTS

At June 30, 2007, the Louisiana Superdome, which is included in the District's business-type activities capital assets, had substantially completed an extensive construction project to repair damages resulting from Hurricane Katrina and its aftermath and to provide upgrades and enhancements to portions of the existing building.

Phase I of the project, which consists of repairing the existing Superdome structure and its contents to pre-hurricane Katrina condition, was originally budgeted at \$129,000,000. Approximately 90% of the repair costs were funded by the Federal Emergency Management Agency with the remaining balance funded by the State of Louisiana. Phase I of the project was substantially completed for the reopening of the Louisiana Superdome on September 25, 2006.

Phase II of the project includes approximately \$55,000,000 of enhancements and upgrades to the existing building. The upgrades and enhancements will be funded by approximately \$40,000,000 of bond proceeds from the District's Series 2006 Revenue and Refunding bonds which were issued in March 2006. Additional enhancement funding of \$15,000,000 was provided by the National Football League under the terms of a funding agreement with the State of Louisiana, the Louisiana Stadium and Exposition District, and SMG, Inc. (manager of the Louisiana Superdome) dated September 22, 2006. Phase II of the project is scheduled for completion during the year ending June 30, 2008.

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

### Governmental Activities

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

### Business-Type Activities

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

## LOUISIANA STADIUM AND EXPOSITION DISTRICT

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At June 30, 2006, the Louisiana Superdome was temporarily idle because of ongoing construction to repair damages sustained during Hurricane Katrina. During the year ended June 30, 2006, the buildings and improvements balance for business-type activities included an adjustment of \$27,471,149 for an asset impairment loss to the Louisiana Superdome resulting from damages because of Hurricane Katrina and its aftermath.

Program expenses for business-type activities on the statement of activities for 2007 and 2006 include \$1,025,262 and \$10,209,069, respectively, in costs for remediation of mold and environmental contamination at the Louisiana Superdome.

Remediation expenses for 2007 and 2006 of \$568,434 and \$1,920,778, respectively, for the New Orleans Arena are not included in expenses in the accompanying financial statements because they were paid directly by the state's Office of Risk Management. In addition, certain remediation projects contracted directly by agencies of the federal government immediately after Hurricane Katrina also are not included in the accompanying financial statements.

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

### 6. BONDS PAYABLE

The bond issues outstanding at June 30, 2007, and changes in long-term debt for the year then ended are as follows:

#### Governmental Activities

	Balance July 1, 2006	Additions	Payments	Balance June 30, 2007	Amounts Due Within One Year
Series 2006A (interest variable; maturing by 2036)	\$84,675,000			\$84,675,000	
Series 2006B (interest variable; maturing by 2036)	84,650,000			84,650,000	
Series 2006C (interest variable; maturing by 2036)	69,150,000			69,150,000	
Series 2006D (interest variable; maturing by 2036)	55,850,000			55,850,000	
Total	<u>\$294,325,000</u>	<u>NONE</u>	<u>NONE</u>	<u>\$294,325,000</u>	<u>NONE</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### Governmental Activities

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

### Business-Type Activities

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

On March 23, 2006, the District issued \$294,325,000 of Series 2006 Revenue and Refunding bonds. The purposes of the issue were to refund approximately \$197,000,000 of the District's existing outstanding bonds and other long-term debt, to provide approximately \$40,000,000 for construction of enhancements to the Louisiana Superdome, to provide approximately \$25,000,000 for future operations of the District, and to provide for the costs of issuance of the bonds. The bonds are secured by a pledge of the Hotel Occupancy Tax and excess annual revenues of the District. The bonds are reported in the 2007 Statement of Net Assets, net of unamortized issuance costs of \$14,541,855 and escrow costs of \$8,393,206. The bonds are

## LOUISIANA STADIUM AND EXPOSITION DISTRICT

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reported in the 2006 Statement of Net Assets, net of unamortized issuance costs of \$15,048,827 and escrow costs of \$8,842,432.

The 2006 bonds consist of Series 2006A, Insured Tax-Exempt Revenue and Refunding Bonds (\$84,675,000); Series 2006B, Insured Tax-Exempt Revenue and Refunding Bonds (\$84,650,000); Series 2006C, Insured Taxable/Tax-Exempt Convertible Revenue and Refunding Bonds (\$69,150,000); and Series 2006D, Uninsured Taxable Revenue and Refunding Bonds (\$55,850,000). During the year ended June 30, 2007, the Series 2006C bonds were converted to a tax exempt bond rate.

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

To refund the bonds during the year ended June 30, 2006, portions of the proceeds of the Series 2006A (\$59,312,451); Series 2006B (\$59,312,451); Series 2006C (\$64,775,534); and Series 2006D (\$22,734,345) were deposited and held in irrevocable trust escrow accounts created pursuant to escrow deposit agreements dated March 1, 2006, between the District and the escrow trustee. In addition, portions of the proceeds of the Series 1998A and Series 1998B bonds (\$144,910,260), plus an additional \$4 million of sinking fund monies together with certain other funds and/or securities, were previously deposited and held in irrevocable trust escrow accounts created pursuant to an escrow deposit agreement dated December 1, 1998, between the District and the escrow trustee. On the date of delivery of the bonds, the District directed the escrow trustee to enter into escrow reinvestment agreements. Pursuant to the escrow reinvestment agreements, the reinvestment agreement provider provided monies and government obligations to be deposited to an irrevocable trust. The monies and government obligations on deposit in the escrow accounts, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due through and including the earliest redemption dates for each series of bonds refunded by the Series 2006 and Series 1998A and Series 1998B bonds. As a result, the refunded bonds are considered to be legally defeased and no longer a liability of the District. At June 30, 2007 and 2006, the amounts outstanding on the refunded bonds are \$142,850,000 and \$206,940,000, respectively.

The annual requirements to amortize all District bonds outstanding at June 30, 2007, (excluding support fees) are presented in the following schedule. The schedule uses rates as of June 30, 2007, for debt service requirements of the variable-rate bonds and interest rate swap payments, assuming current interest rates remain the same for their term. As rates vary, variable-rate bond interest payments and net swap payments will vary.

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## NOTES TO THE FINANCIAL STATEMENTS

<u>Fiscal Year</u>	<u>Interest Rate Swap (Note 8)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	(\$6,670,569)		\$11,863,713	\$5,193,144
2009	(6,670,569)		11,863,713	5,193,144
2010	1,790,290		11,863,713	13,654,003
2011	1,790,290		11,863,713	13,654,003
2012	1,790,290		12,142,962	13,933,252
2013-2017	8,345,082	\$32,850,000	58,817,843	100,012,925
2018-2022	7,137,082	42,400,000	51,767,480	101,304,562
2023-2027	5,600,203	54,900,000	41,652,598	102,152,801
2028-2032	3,645,182	71,200,000	27,901,714	102,746,896
2033-2037	1,150,789	92,975,000	9,070,244	103,196,033
	<u>\$17,908,070</u>	<u>\$294,325,000</u>	<u>\$248,807,693</u>	<u>\$561,040,763</u>

Other significant bond features are as follows:

1. The bonds are insured.
2. The bonds are not guaranteed by the State of Louisiana.
3. The bonds are subject to certain redemption options prior to maturity at the sole discretion of the District.

The debt service fund has assets available of \$10,673,595 and \$13,712,088 at June 30, 2007 and 2006, respectively, for payment of the bonds included in governmental activities. Each month, the Hotel Occupancy Tax pays the debt service accounts (a) the interest amount that will be sufficient when accumulated to pay the next installment of interest on the bonds and (b) the principal amount that will be sufficient when accumulated to pay the principal of any of the bonds becoming due and payable.

### 7. ADVANCE REFUNDING OF BONDS

In March 2006, the District issued \$294,325,000 of 2006 Revenue and Refunding Bonds. This issue consisted of Series A, Series B, and Series C bonds tax exempt bonds totaling \$238,475,000 and Series D taxable bonds totaling \$55,850,000. The primary purpose of this borrowing was to currently refund \$5,045,000 of outstanding Series 1994A Bonds; \$1,570,000 of outstanding Series 1995A Bonds; \$27,430,000 of outstanding Series 1995B Bonds; \$6,035,000 of the outstanding Series 2004 Bonds; \$10,500,000 of outstanding Series 2005 Revenue Anticipation Notes and to repay SMG, Inc., for a \$2,000,000 capital contribution made to the District in fiscal year 2003. In addition to the current refunding, bond proceeds were used to advance refund \$3,700,000 of outstanding Series 1996 Bonds; \$3,900,000 of outstanding Series 1998A Bonds; and \$136,820,000 of outstanding Series 1998B Bonds. These proceeds were placed in irrevocable trusts with an escrow agent to provide for all future debt service payments on the Series 1996, Series 1998A, and 1998B bonds. As a result, these bond issues are considered to be defeased and the liability for those bonds has been removed from the Statement

of Net Assets. In addition, the 2006 Revenue and Refunding Bonds provided approximately \$40 million in new funds for the construction of enhancements to the Louisiana Superdome and approximately \$25 million for operating expenses of the District. The current and advanced refunding resulted in the return of approximately \$5 million in debt service funds to the District to be used for future debt service. The refunding also resulted in an increase in total District debt service payments of approximately \$120,195,171 over the next 30 years, giving the District a net present value economic loss of \$9,499,974 at the time of refunding.

### **8. INTEREST RATE HEDGE AGREEMENTS**

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

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

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

*Fair value:* The fair value of the swap agreement as of June 29, 2007, which is not reported in the financial statements, was \$1,973,160 in favor of MLCS. The fair value was provided by MLCS and is based on mid-market levels at the close of business on June 29, 2007.

*Credit risk:* Credit risk is the risk that a counterparty will not fulfill its obligations. At June 30, 2007, the District was not exposed to credit risk because the fair value of the agreement was in MLCS's favor. However, should interest rates change and the fair value of the agreement become in the District's favor, the District would become exposed to credit risk. Merrill Lynch & Co., Inc., who guarantees all payments of MLCS, was rated "Aa3" by Moody's Investors Service and "AA-" by Standard & Poor's, and "AA-" by Fitch as of June 30, 2007. To mitigate the potential

for credit risk, the hedge agreement includes provisions for collateral thresholds and transfer amounts that correspond to the credit rating of Merrill Lynch & Co., Inc.'s senior unsecured debt and rating.

*Interest rate risk:* Interest rate risk is the risk that an adverse change in variable interest rates will increase the overall cost of borrowing for the District. Interest rate hedge agreements used to hedge variable rate bonds that extend through the maturity of the related debt effectively eliminate the interest rate risk, unless the hedge agreement is terminated prior to maturity. At June 30, 2007, the District has no plans to terminate the hedge agreements but maintains the right to actively manage its debt portfolio as opportunities arise.

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

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

## **9. REVENUE SOURCES AND REQUIRED RESTRICTED ASSETS**

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

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

## LOUISIANA STADIUM AND EXPOSITION DISTRICT

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Of the \$29,556,777 of Hotel Occupancy Tax earned for the year ended June 30, 2007, \$7,790,280 was used for debt service requirements and \$21,766,497 was used by the District for operational needs. No monies were available for funding of the other requirements.

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

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 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, 2007, no funds were deposited into the reserve. During the year ended June 30, 2006, \$454,250 from operations was deposited into the reserve.

### **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.

**Community Development Block Grant Account**

This account was established in 2007 to deposit funds from the Community Development Block Grant cooperative endeavor.

**New Orleans Area Tourism and  
Economic Development Fund Account**

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

**Construction and Operations Trust Fund Account**

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

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2007 and 2006, \$1,295,884 and \$1,386,681, respectively, were restricted by enabling legislation.

**10. USE OF ESTIMATES**

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

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

Commitments for future revenue under noncancelable operating leases as of June 30, 2007, are as follows:

<u>Year Ended June 30</u>	<u>Commercial Office Space</u>	<u>Real Estate</u>	<u>Garage - Poydras Square Parking</u>	<u>Total</u>
2008	\$233,054	\$205,388	\$50,000	\$488,442
2009	178,967	205,388		384,355
2010	184,136	205,388		389,524
2011	165,001			165,001
2012	161,452			161,452
2013-2015	232,249			232,249
Total	<u>\$1,154,859</u>	<u>\$616,164</u>	<u>\$50,000</u>	<u>\$1,821,023</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, 2007 and 2006 were \$482,668 and \$525,433, respectively.

**12. PENSION AND PROFIT SHARING PLANS**

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

<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 \$101,146 and \$27,932 for the years ended June 30, 2007 and 2006, respectively.

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

### **13. MANAGEMENT AGREEMENT**

Effective July 1, 1977, the State of Louisiana entered into a management agreement with HMC Management Corporation (which later changed its name to Facility Management of Louisiana, Inc.) (the "Management Agreement"). Effective June 19, 1998, the Management Agreement was amended to authorize the substitution of SMG for Facility Management of Louisiana, Inc., as manager under the agreement and to include the Arena among the properties to be managed by the manager under the Management Agreement. Effective July 1, 2003, the Management Agreement was amended and the term of the Agreement was extended until June 30, 2012.

Pursuant to the amendment to the Management Agreement on July 1, 2003, the compensation to SMG for its services for the year ended June 30, 2007, is the combination of a fixed fee, incentive fee, and bonus fee capped at \$1,500,000, subject to adjustments per the Management Agreement. 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 any outstanding manager's 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. On March 23, 2006, the District repaid a \$2,000,000 contribution made by SMG during the year ended June 30, 2003. During the fiscal years ended June 30, 2007, and June 30, 2006, SMG made no additional contributions.

Pursuant to the amendment, beginning in the year ended June 30, 2007, compensation paid to SMG for its services at the Louisiana Superdome and New Orleans Arena will consist of a base fee, incentive fee, and bonus fee. The annual "base fee" is \$700,000 for the Louisiana Superdome and \$300,000 for the New Orleans Arena. The "incentive fee" will consist of 10% of the adjusted net income of the Louisiana Superdome and New Orleans Arena, subject to limits established in the agreement. The "bonus fee" will be computed using a percentage derived from comparing the actual financial performance of the two buildings to budgeted performance. The combined fee paid to SMG for the year may not exceed \$1,500,000 as adjusted for the Consumer Price Index, outstanding manager's capital contributed by SMG, and a fee increment determined by comparing actual fees earned for fiscal years ended June 30, 2004, 2005, and 2006, to those that would have been earned for those years had the revised fee structure been in effect for those years.

For the year ended June 30, 2006, the compensation to SMG for its services related to the Louisiana Superdome was 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 differed 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 that were performed by SMG related to the New Orleans Arena, the State paid to SMG an annual fixed fee equal to \$250,000. The Arena management fee was increased annually for proportionate annual changes in the Consumer Price Index, provided that no such increase exceeded 4% of the prior year's management fee. SMG was not 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 were 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 amended fee structure, effective for the year ended June 30, 2007, no portion of SMG's fee was payable to the Marketing Account.

#### **14. SUPERDOME LEASE AGREEMENT**

The New Orleans Saints lease the Superdome, under an agreement dated September 30, 1994, as amended, with the State of Louisiana, the District, SMG, and the New Orleans Saints Limited Partnership (the Club), a National Football League (NFL) football franchise. The Agreement provides, among other things, certain inducements in the form of reduced rentals and the assignment of certain revenues attributable, directly or indirectly, to the presence of the Club in the Louisiana Superdome in exchange for the Club remaining in the Louisiana Superdome through the end of the 2010 NFL season. The assignment of revenues resulted in inducements of \$9,405,037 and \$1,625,086 for the years ended June 30, 2007 and 2006, respectively.

During the year ended June 30, 2007, the Club was scheduled to receive \$20,000,000 of other inducements for the 2006 football season. Of the additional inducements, \$800,000 was paid to the Club from operating revenue and \$581,952 of the additional inducements was paid to the Club from nonoperating revenue during the year ended June 30, 2007. On July 2, 2007, the Club was paid the remainder of the additional inducement for the 2006 football season in the amount of \$6,278,796 from nonoperating revenue for the year ended June 30, 2007. This amount was accrued as an expense for the year ended June 30, 2007.

During the year ended June 30, 2006, the Club was scheduled to receive \$15,000,000 of other inducements for the 2005 football season. Because of the impact of Hurricane Katrina on August 29, 2005, and the resulting damage to the Louisiana Superdome, the Club played only

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## NOTES TO THE FINANCIAL STATEMENTS

two home games in the Superdome during the 2005 season. Accordingly, the Club received \$3,333,333 in other inducements for the 2005 season in accordance with the terms of the agreement. Of the additional inducements, \$254,753 was paid to the Club from operating revenue and \$553,303 of the additional inducements was paid to the Club from nonoperating revenue during the year ended June 30, 2006. On June 30, 2006, the Club was paid the remainder of the additional inducement for the 2005 football season in the amount of \$2,525,277 from nonoperating revenue for the year ended June 30, 2006.

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

<u>Year Ended June 30</u>	<u>Amount</u>
2008	\$20,000,000
2009	23,500,000
2010	23,500,000
2011	23,500,000

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

During fiscal year ended June 30, 2006, the Saints were paid one-half of the amounts paid into the Marketing and Promotional Fund by SMG. The portion of the management fee payment to Superdome Marketing and Promotional Fund, which was allocable to the Saints, was \$506,811 for the year ended June 30, 2006. Pursuant to the amended fee structure of the Management Agreement between the District and SMG, effective for the year ended June 30, 2007, no portion of SMG's fees are payable to the Marketing and Promotional Fund.

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.

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

### **15. CONTINGENT LIABILITIES, RISK MANAGEMENT, AND CLAIMS LIABILITY**

Losses arising from judgments, claims, and similar contingencies are paid through the State's self-insurance fund operated by the Office of Risk Management, the agency responsible for the

State's risk management program, or by the General Fund appropriation. At June 30, 2007, the District is involved in pending and threatened litigation. The District's legal counselors assess the likelihood of material adverse judgments as remote or are unable to express opinions on the probable outcome of the proceedings.

### **16. ARENA USE AGREEMENTS**

#### Hornets NBA Limited Partnership

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

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

On January 31, 2006, the Arena Use Agreement was amended to reflect the Hornets playing a reduced number of games in the New Orleans Arena during the 2005-2006 and 2006-2007 seasons. Under the terms of the amendment, the game day expense cap was reduced to \$178,047 and \$85,953 for the 2006-2007 and 2005-2006 seasons, respectively. If total game day expenses exceed the cap in any of the two seasons by 20%, the excess expenses will be shared equally by the District and the Hornets. Under the amendment, the Hornets played a reduced number of games and waived the additional inducements except for the players' tax of \$619,573 for 2007 and \$972,003 for 2006. For the years ended June 30, 2007 and 2006, the Hornets were billed \$39,717 and \$19,101, 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, 2007 and 2006.

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. The Amended Use Agreement established the maximum attendance credit to be 6/43 and 3/43 of the credit computed under Section 3.1.1 the original agreement for the years ended June 30, 2007 and 2006, respectively. Average turnstile attendance for the 2006-2007 and 2005-2006 seasons was more than 11,000 per game, and therefore no attendance credit was paid to the Hornets for those years. The Hornets are also paid the parking revenue, net of the parking expenses as inducements. The total payments to the Hornets for concessions and parking revenue for the 2006-2007 and 2005-2006 seasons amounted to \$408,104 and \$256,348, respectively, and are recorded as operating expenses for the years ended June 30, 2007 and 2006.

If the Hornets receive gross revenues from the sale of naming rights of less than \$2,500,000 in any fiscal year, then the District shall pay to the Hornets an amount equal to the difference between \$2,500,000 and the gross revenues received, provided that in no event shall the District pay more than \$1,500,000 to the Hornets for naming rights in any fiscal year. The \$2,500,000 and the \$1,500,000 will increase 5% each fiscal year, commencing with the year ended June 30, 2004. In accordance with the Amended Arena Use Agreement, the Hornets waived the naming rights payments for the years ended June 30, 2007 and June 30, 2006.

#### New Orleans VooDoo Football, Inc.

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

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

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

As inducements, the VooDoo receives an amount equal to the greater of 35% of gross parking revenues or 50% of net parking revenues for each home game. The VooDoo also receives an amount equal to the greater of 50% of net concession revenues from food, beverage, and catering sales or 15% of gross concession revenues from all areas of the facility except the Courtside Restaurant. The total payments to the VooDoo for parking and concessions for the 2007 season amounted to \$239,686 and are recorded as operating expenses for the year ended June 30, 2007. Because of the aftermath of Hurricane Katrina, the VooDoo did not play in the Arena during the 2006 season. Accordingly, no inducements were paid to the VooDoo for the year ended June 30, 2006.

**17. ADVANCE FROM THE STATE OF LOUISIANA**

In March 1999, the State 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. In October 2003, the State advanced additional seed money to the District totaling \$1,500,000 for operation of the Superdome and Arena. The District repaid the advance over three years, which commenced with the payment of \$500,000 in the year ended June 30, 2005. The balance due to the State at June 30, 2006, of \$1,000,000 was paid in 2007.

In August 2006, the State established a new seed money advance to the District for \$770,000 of which \$500,000 was paid in the year ended June 30, 2007. The balance due to the State at June 30, 2007, is \$270,000.

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

**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, \$14,377,303 has been expended as of June 30, 2006.

On January 11, 2007, the District entered into a cooperative endeavor agreement with the Louisiana Department of Culture, Recreation and Tourism to receive Community Development Block Grant funds as reimbursement of funds expended for marketing in the New Orleans region and southwest Louisiana. The District will be reimbursed up to a maximum of \$1,000,000.

**20. RESTATEMENT OF BEGINNING NET ASSETS**

The beginning net assets as reflected on Statements B and F have been restated to reflect the following changes:

	Statement B		
	Governmental Activities	Business-Type Activities	Total
Net assets at June 30, 2006	(\$171,835,507)	\$226,005,622	\$54,170,115
Prior year insurance expense		(1,012,194)	(1,012,194)
Net assets at July 1, 2006, restated	(\$171,835,507)	\$224,993,428	\$53,157,921

	Statement F		
	Enterprise Funds		
	Louisiana Superdome	New Orleans Arena	Total
Net assets at June 30, 2006	\$135,481,440	\$90,524,182	\$226,005,622
Prior year insurance expense	(1,012,194)		(1,012,194)
Net assets at July 1, 2006, restated	\$134,469,246	\$90,524,182	\$224,993,428

**21. HURRICANES KATRINA AND RITA**

On August 29, 2005, the State of Louisiana and the City of New Orleans suffered catastrophic damage from Hurricane Katrina, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of this event and the resulting damages sustained by the State and the city, it is unknown what economic impact recovery efforts will have on state and local governmental operations. The Louisiana Superdome, and to a lesser extent the New Orleans Arena, suffered major damage and environmental contamination from Hurricane Katrina and its aftermath. Hurricane Rita struck southwest Louisiana on September 24, 2005, further exacerbating the damage to state and local governmental operations. In March 2006, the New Orleans Arena reopened for business and the Louisiana Superdome reopened on September 25, 2006. At June 30, 2007, Phase I repairs are fully complete. However, the long-term effects of hurricanes Katrina and Rita on the District cannot be determined at this time.

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**SCHEDULE OF PER DIEM PAID TO COMMISSIONERS  
For the Year Ended June 30, 2007**

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, 2007.

**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, 2007**

The annual fiscal report presents the financial position of the Louisiana Stadium and Exposition District, as of June 30, 2007, and the results of its changes in fund net assets and its cash flows for the year then ended. This report contains information in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.

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

**Schedule of Per Diem Paid to Commissioners  
For the Year Ended June 30, 2007**

Tim Coulon, Chairman/Commissioner	\$600
Rosemary Patterson, Commissioner	650
Ed Pratt, Commissioner	300
Sara Roberts, Commissioner	850
Robert Bruno, Commissioner	600
C.S. Gordon, Jr., Commissioner	<u>350</u>
Total	<u><u>\$3,350</u></u>

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**Louisiana Stadium and Exposition District**  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2007

C O N T E N T S

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**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
BALANCE SHEET  
AS OF JUNE 30, 2007**

**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$	<u>29,019,296</u>
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		<u>10,163,243</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		<u>46,275</u>
Prepayments		<u>63,444</u>
Notes receivable		
Other current assets		
Total current assets		<u>39,292,258</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		<u>35,695,674</u>
Investments		
Receivables		<u>138,505</u>
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		<u>13,944,160</u>
Buildings and improvements		<u>266,042,916</u>
Machinery and equipment		<u>5,105,328</u>
Infrastructure		
Construction in progress		<u>62,426,428</u>
Other noncurrent assets		
Total noncurrent assets		<u>383,353,011</u>
Total assets	\$	<u>422,645,269</u>

**LIABILITIES**

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>31,140,265</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		<u>6,294,659</u>
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Compensated absences payable (Note K)		<u>210,998</u>
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		<u>270,000</u>
Total current liabilities		<u>37,915,922</u>

NON-CURRENT LIABILITIES:

Contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		<u>7,500,000</u>
Liabilities payable from restricted assets (Note Z)		
Bonds payable (Net of \$22,935,061 unamortized costs)		<u>271,389,939</u>
Other long-term liabilities		
Total long-term liabilities		<u>278,889,939</u>
Total liabilities		<u>316,805,861</u>

**NET ASSETS**

Invested in capital assets, net of related debt		<u>103,364,482</u>
Restricted for:		
Capital projects		
Debt service		<u>10,673,596</u>
Unemployment compensation		
Other specific purposes		<u>3,085,168</u>
Unrestricted		<u>(11,283,838)</u>
Total net assets		<u>105,839,408</u>
Total liabilities and net assets	\$	<u>422,645,269</u>

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



STATE OF LOUISIANA  
 LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
BTA	\$ 79,090,718	\$ 22,529,842	\$ 75,921,980	\$ 19,361,104
General revenues:				
Taxes				30,564,272
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				3,039,165
Miscellaneous				
Special items				(283,054)
Extraordinary Item - Loss on Impairment of Capital Assets				
Transfers				
Total general revenues, special items, extraordinary losses, and transfers				33,320,383
Change in net assets				52,681,487
Net assets-beginning, RESTATED				53,157,921
Net assets - ending				\$ 105,839,408

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

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Cash flows from operating activities**

Cash received from customers	\$	<u>22,388,648</u>	
Cash payments to suppliers for goods and services		<u>(26,753,416)</u>	
Cash payments to employees for services		<u>(7,450,552)</u>	
Payments in lieu of taxes			
Internal activity-payments to other funds			
Claims paid to outsiders			
Other operating revenues(expenses)			
Net cash provided(used) by operating activities	\$		<u>(11,815,320)</u>

**Cash flows from non-capital financing activities**

State appropriations			
Proceeds from sale of bonds			
Principal paid on bonds			
Interest paid on bond maturities			
Proceeds from issuance of notes payable			
Principal paid on notes payable			
Interest paid on notes payable			
Operating grants received		<u>10,701,695</u>	
Transfers In			
Transfers Out			
Other		<u>12,959,771</u>	
Net cash provided(used) by non-capital financing activities			<u>23,661,466</u>

**Cash flows from capital and related financing activities**

Proceeds from sale of bonds			
Principal paid on bonds			
Interest paid on bond maturities		<u>(6,389,113)</u>	
Proceeds from issuance of notes payable			
Principal paid on notes payable			
Interest paid on notes payable			
Acquisition/construction of capital assets		<u>(54,968,248)</u>	
Proceeds from sale of capital assets			
Capital contributions		<u>24,784,455</u>	
Other		<u>(823,587)</u>	
Net cash provided(used) by capital and related financing activities			<u>(37,396,493)</u>

**Cash flows from investing activities**

Purchases of investment securities			
Proceeds from sale of investment securities			
Interest and dividends earned on investment securities		<u>3,073,752</u>	
Net cash provided(used) by investing activities			<u>3,073,752</u>

Net increase(decrease) in cash and cash equivalents (22,476,595)

Cash and cash equivalents at beginning of year 87,191,565  
 Cash and cash equivalents at end of year \$ 64,714,970

The accompanying notes are an integral part of this statement.

Statement D



**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

**INTRODUCTION**

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

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

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

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

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

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

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

**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 the 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 District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; 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 of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

Beginning in FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2007 consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Repurchase agreement/ Govt securities Money Market Fund/Guaranteed Investment Contracts</u>	<u>Total</u>
Balance per agency books	\$ 18,913,863	\$ _____	\$ 45,770,857	\$ 64,684,720
Deposits in bank accounts per bank	\$ _____	\$ _____	\$ _____	\$ -
Bank balances of deposits exposed to custodial credit risk				
a. Deposits not insured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$ 18,252,467	\$ _____	\$ 45,770,857	\$ 64,023,324
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agent <u>but not in the entity's name.</u>	\$ _____	\$ _____	\$ _____	\$ -

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

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.

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Capital One</u>	<u>Enterprise funds</u>	\$ <u>22,198,848</u>
2. <u>Bank of New York</u>	<u>Debt service fund</u>	<u>17,293,701</u>
3. <u>Bayerische Landesbank</u>	<u>Debt service fund</u>	<u>24,530,775</u>
4. _____	_____	_____
Total		\$ <u><u>64,023,324</u></u>

Cash in State Treasury	\$ _____
Petty cash	\$ <u>30,250</u>

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

2. INVESTMENTS (**not applicable**)
3. DERIVATIVES (**not applicable**)
4. CREDIT RISK, INTEREST RATE, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES (**not applicable**)
5. POLICIES

The District maintains cash on hand, cash on deposit with banks in demand deposit accounts, and cash in interest-bearing deposit accounts. The District maintains cash equivalents that consist of money market funds, a repurchase agreement, and guaranteed investment contracts with maturities of three months or less.

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

The District's investments in Cash Equivalents are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not limit the amount of its holdings of securities by counterparties. At June 30, 2007, the District's invested in Guaranteed Investment Contracts, Repurchase Agreements, and Money Market Funds were held by a counterparty in the name of the District. Money Market investments for 2007 consist of the Bank of New York Hamilton Treasury Money Fund, which is rated AAAM by Standard and Poors. The fund's holdings consist exclusively of short-term U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations.

As 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, 2007 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.

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENT (**not applicable**)

**STATE OF LOUISIANA**  
**LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2007**

**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 are 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, 2007						Balance 6/30/2007
	Balance 6/30/2006	Prior Period Adjustment	Adjusted Balance 6/30/2006	Additions	Transfers*	Retirements	
<b>Capital assets not being depreciated</b>							
Land	\$ 13,944,160	\$	\$ 13,944,160	\$	\$	\$	\$ 13,944,160
Non-depreciable land improvements			--				--
Capitalized collections			--				--
Construction in progress	85,303,311		85,303,311	47,327,384	(70,204,267)		62,426,428
Total capital assets not being depreciated	\$ 99,247,471	\$ --	\$ 99,247,471	\$ 47,327,384	\$ (70,204,267)	\$ --	\$ 76,370,588
<b>Other capital assets</b>							
Furniture, fixtures, and equipment	\$ 23,285,912	\$	\$ 23,285,912	\$ 4,251,137	\$	\$ (18,738,834)	\$ 8,798,215
Less accumulated depreciation	(20,368,975)		(20,368,975)	(1,518,566)		18,194,654	(3,692,887)
Total furniture, fixtures, and equipment	2,916,937	--	2,916,937	2,732,571	--	(544,180)	5,105,328
Buildings and improvements	332,050,363		332,050,363	47,247,693	70,204,267	(133,273,955)	316,228,368
Less accumulated depreciation	(171,525,878)		(171,525,878)	(11,475,534)		132,815,960	(50,185,452)
Total buildings and improvements	160,524,485	--	160,524,485	35,772,159	70,204,267	(457,995)	266,042,916
Depreciable land improvements			--				--
Less accumulated depreciation			--				--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure			--				--
Less accumulated depreciation			--				--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	\$ 163,441,422	\$ --	\$ 163,441,422	\$ 38,504,730	\$ 70,204,267	\$ (1,002,175)	\$ 271,148,244
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	\$ 99,247,471	\$ --	\$ 99,247,471	\$ 47,327,384	\$ (70,204,267)	\$ --	\$ 76,370,588
Other capital assets, at cost	355,336,275	--	355,336,275	51,498,830	70,204,267	(152,012,789)	325,026,583
Total cost of capital assets	454,583,746	--	454,583,746	98,826,214	--	(152,012,789)	401,397,171
Less accumulated depreciation	(191,894,853)	--	(191,894,853)	(12,994,100)	--	151,010,614	(53,878,339)
Capital assets, net	\$ 262,688,893	\$ --	\$ 262,688,893	\$ 85,832,114	\$ --	\$ (1,002,175)	\$ 347,518,832

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

**E. INVENTORIES**

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

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

**F. RESTRICTED ASSETS**

Restricted assets in the District at June 30, 2007 reflected at \$35,834,179 in the non-current assets section on Statement A, consist of \$35,695,674 in cash with fiscal agent and \$138,505 in receivables. These assets are restricted for use for construction and operations, renewals and replacements, and economic development. The receivable is for funds restricted for use for concessionaire.

**G. LEAVE**

**1. COMPENSATED ABSENCES**

Under the Management Agreement with SMG, all employees engaged in managing and operating the Superdome and the Arena are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 24 days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union agreements. At the end of any fiscal year, an employee can carry forward no more than 192 hours in vacation, and upon termination, an employee is paid for 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to 15 days of vacation per year with no carry forward provision. The accumulated net provision by the District for unpaid vacation benefits due employees of SMG as of June 30, 2007, was \$210,998.

**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\_\_:

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

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of June 30, 2007: (Note: If lease receivables extend past FY2027, please create additional columns and report these future minimum lease payment receivables in five year increments.)

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2008	\$ 233,054	\$	\$ 205,388	\$ 50,000	\$ 488,442
2009	178,967		205,388		384,355
2010	184,136		205,388		389,524
2011	165,001				165,001
2012	161,452				161,452
2013-2017	232,249				232,249
2018-2022					-
2023-2027					-
Total	\$ <u>1,154,859</u>	\$ <u>-</u>	\$ <u>616,164</u>	\$ <u>50,000</u>	\$ <u>1,821,023</u>

Current year lease revenues received in fiscal year 2007 totaled \$482,667.

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2007: (Balances at June 30<sup>th</sup> should include current and non-current portion of long-term liabilities.)

	Balance June 30, <u>2006</u>	<u>Year ended June 30, 2007</u>		Balance June 30, <u>2007</u>	Amounts due within <u>one year</u>
		<u>Additions</u>	<u>Reductions</u>		
<b>Bonds and notes payable:</b>					
Notes payable		\$	\$	\$ --	\$
Reimbursement contracts payable				--	--
Bonds payable	<u>294,325,000</u>			<u>294,325,000</u>	
Total notes and bonds	<u>294,325,000</u>	<u>--</u>	<u>--</u>	<u>294,325,000</u>	<u>--</u>
<b>Other liabilities:</b>					
Advance from State of Louisiana	1,270,000		1,000,000	270,000	270,000
Loans Payable	7,500,000			7,500,000	
Contracts payable				--	--
Compensated absences payable				--	--
Capital lease obligations				--	--
Claims and litigation				--	--
Liabilities payable from restricted assets				--	--
Other long-term liabilities				--	--
Total other liabilities	<u>8,770,000</u>	<u>--</u>	<u>1,000,000</u>	<u>7,770,000</u>	<u>270,000</u>

Note: Bonds presented in the Balance Sheet net of \$22,935,061 of unamortized Escrow and Issuance Costs.

**L. CONTINGENT LIABILITIES (not applicable)**

**M. RELATED PARTY TRANSACTIONS (not applicable)**

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

**N. ACCOUNTING CHANGES (not applicable)**

**O. IN-KIND CONTRIBUTIONS (not applicable)**

**P. DEFEASED ISSUES (not applicable)**

**Q. COOPERATIVE ENDEAVORS – SEE SCHEDULE 16 (not applicable)**

**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)**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2007, were as follows:

Fund	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Governmental Activities	\$ 903,400.00	\$ -	\$ 1,598,129.00	\$ -	\$ 1,598,129.00
Business Type Activities	903,400.00	-	7,672,129.00	-	8,575,529.00
Gross receivables	\$ 903,400.00	\$ -	\$ 9,270,258.00	\$ -	\$ 10,173,658.00
Less allowance for uncollectible accounts	10,415.00	-	-	-	10,415.00
Receivables, net	\$ 892,985.00	\$ -	\$ 9,270,258.00	\$ -	\$ 10,163,243.00
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2007, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Business Type Activities	\$ 30,700,775	\$ 439,490	\$	\$	\$ 31,140,265
					-
Total payables	\$ 30,700,775	\$ 439,490	\$ -	\$ -	\$ 31,140,265

**W. SUBSEQUENT EVENTS (not applicable)**

**X. SEGMENT INFORMATION (not applicable)**

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

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS (not applicable)**

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

The following adjustments were made to restate beginning net assets for June 30, 2007.

Ending Net Assets 6/30/06 as reported to OSRAP on PY AFR	Adjustments to ending net assets 6/30/06 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. balance 7/1/06) + or (-)	Beg net assets @ 7/1/06 as restated
54,170,115 \$		(1,012,194) \$	53,157,921.00
			-
			-
			-
			-

Explanation: **To correct accounts payable for the amount due to Office of Risk Management for insurance premium liability reported incorrectly in prior years.**

\*Include all audited adjustments accepted by the agency or entity.

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

Of the total net assets reported on Statement A June 30, 2007, \$1,295,884 are restricted by enabling legislation (which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation). Refer to the instructions in Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46. List below the net assets restricted by enabling legislation and the purpose of the restriction:

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

<u>Purpose of Restriction</u>	<u>Amount</u>
Repair & Replacements Reserve Account	\$ 1,178,133
Economic Development Fund	9,452
New Orleans Area Tourism Development Fund	108,299
Total	\$ 1,295,884

**CC. IMPAIRMENT OF CAPITAL ASSETS (not applicable)**

**DD. EMPLOYEE TERMINATION BENEFITS (not applicable)**

**STATE OF LOUISIANA**  
**LOUISIANA STADIUM & EXPOSITION DISTRICT (BTA)**  
**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**  
**For the Year Ended JUNE 30,2007**  
**(Fiscal Close)**

<u>Name</u>	<u>Amount</u>
Tim Coulon, Chairman/Commissioner	\$600
Rosemary Patterson, Commissioner	650
Ed Pratt, Commissioner	300
Sara Roberts, Commissioner	850
Robert Bruno, Commissioner	600
C.S. Gordon, Jr. Commissioner	350
	<hr/> <hr/>
Total	\$3,350

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





STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
 For The Year Ended June 30, 20\_\_

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	Balance
2008	\$ _____	\$ _____	\$ _____	\$ --
2009	_____	_____	_____	--
2010	_____	_____	_____	--
2011	_____	_____	_____	--
2012	_____	_____	_____	--
2013-2017	_____	_____	_____	--
2018-2022	_____	_____	_____	--
2023-2027	_____	_____	_____	--
2028-2032	_____	_____	_____	--
 Total	 \$ <u>    --</u>	 \$ <u>    --</u>	 \$ <u>    --</u>	 \$ <u>    --</u>

STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION**  
 For The Year Ended June 30, 20\_\_

Fiscal Year <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ _____	\$ _____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013-2017	_____	_____
2018-2022	_____	_____
2023-2027	_____	_____
2028-2032	_____	_____
 Total	 \$ _____ --	 \$ _____ --

**STATE OF LOUISIANA  
LOUISIANA STADIUM AND EXPOSITION DISTRICT  
SCHEDULE OF BONDS PAYABLE AMORTIZATION  
For The Year Ended June 30, 2007**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2008	\$ _____	\$ 5,193,144
2009	_____	5,193,144
2010	_____	13,654,003
2011	_____	13,654,003
2012	_____	13,933,252
2013	5,900,000	13,681,772
2014	6,225,000	13,822,855
2015	6,575,000	13,532,742
2016	6,925,000	13,224,686
2017	7,225,000	12,900,870
2018	7,625,000	12,556,923
2019	8,025,000	12,191,967
2020	8,475,000	11,803,812
2021	8,875,000	11,394,646
2022	9,400,000	10,957,214
2023	9,875,000	10,493,701
2024	10,425,000	10,001,739
2025	10,900,000	9,483,696
2026	11,525,000	8,931,254
2027	12,175,000	8,342,411
2028	12,775,000	7,719,352
2029	13,475,000	7,056,825
2030	14,225,000	6,352,641
2031	14,950,000	5,606,107
2032	15,775,000	4,811,971
2033	16,675,000	3,965,161
2034	17,575,000	3,063,897
2035	18,550,000	2,105,792
2036	19,550,000	1,086,183
2037	20,625,000	0
Total	\$ <u>294,325,000</u>	\$ <u>266,715,763</u>

STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES**  
**BUDGETARY COMPARISON OF CURRENT APPROPRIATION**  
**NON-GAAP BASIS**  
**June 30, 2007**

	Financial Statement	Adjustments	ISIS Appropriation Report-08/14/07	Revised Budget	Variance Postive/(Negative)
<b>Revenues:</b>					
Intergovernmental Revenues	\$ _____	\$ _____	\$ -	\$ _____	\$ -
Federal Funds	_____	_____	-	_____	-
Sales of Commodities and Services	_____	_____	-	_____	-
Other	_____	_____	-	_____	-
Total appropriated revenues	-	-	-	-	-
<b>Expenses:</b>					
Cost of goods sold	\$ _____	\$ _____	\$ -	\$ _____	\$ -
Personal services	_____	_____	-	_____	-
Travel	_____	_____	-	_____	-
Operating Services	_____	_____	-	_____	-
Supplies	_____	_____	-	_____	-
Professional services	_____	_____	-	_____	-
Other charges	_____	_____	-	_____	-
Capital outlay	_____	_____	-	_____	-
Interagency transfers	_____	_____	-	_____	-
Debt Service	_____	_____	-	_____	-
Other:	_____	_____	-	_____	-
Bad debts	_____	_____	-	_____	-
Depreciation	_____	_____	-	_____	-
Compensated absences	_____	_____	-	_____	-
Interest Expense	_____	_____	-	_____	-
Other (identify)	_____	_____	-	_____	-
Total appropriated expenses	-	-	-	-	-
Excess (deficiency) of revenues over expenses (budget basis)	\$ -	\$ -	\$ -	\$ -	\$ -

**Note : Schedule 5 is only applicable for those entities whose budget is appropriated by the legislature**

STATE OF LOUISIANA

(BTA)

**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
BUDGETARY COMPARISON OF CURRENT APPROPRIATION  
NON-GAAP BASIS**

**June 30, 2007**

Excess (deficiency) of revenues over expenses (budget basis)	\$ _____
Reconciling items:	
Cash carryover	_____
Use of money and property (interest income)	_____
Depreciation	_____
Compensated absences adjustment	_____
Capital outlay	_____
Disposal of fixed assets	_____
Change in inventory	_____
Interest expense	_____
Bad debts expense	_____
Prepaid expenses	_____
Principal payment	_____
Loan Principal Repayments included in Revenue	_____
Loan Disbursements included in Expenses	_____
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
Other	_____
Change in Net Assets	\$ _____ -

**Note : Schedule 5 is only applicable for entities whose budget is appropriated by the legislature**

STATE OF LOUISIANA

**LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)**

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>2007</u>	<u>2006</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 132,055,259	\$ 116,881,240	\$ 15,174,019	\$ 13%
Expenses	79,373,772	52,380,966	26,992,806	52%
2) Capital assets	347,518,832	262,688,893	84,829,939	32%
Long-term debt	278,889,939	279,203,741	(313,802)	0%
Net Assets	105,839,408	54,170,115	51,669,293	95%
Revenue:	Increase in taxes and sales.			
Expenses:	Operating expenses increased with the reopening of the Dome.			
Capital Assets:	Extensive construction costs capitalized for repairs and enhancements to the Dome.			
Net Assets:	Increased capital contributions for construction costs offset by increased expenses from operating costs.			



**OTHER REPORT REQUIRED BY**

***GOVERNMENT AUDITING STANDARDS***

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

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STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

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

1600 NORTH THIRD STREET  
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TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

October 9, 2007

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

**BOARD OF COMMISSIONERS OF THE  
LOUISIANA STADIUM AND EXPOSITION DISTRICT  
STATE OF LOUISIANA**

New Orleans, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the years ended June 30, 2007 and 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 9, 2007. Our report was modified to include an emphasis of a matter regarding the impact of hurricanes Katrina and Rita and an explanatory paragraph on the implementation of new standards. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

## LOUISIANA STADIUM AND EXPOSITION DISTRICT

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

### **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 direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Board of Commissioners and the Louisiana Legislature 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

MH:ES:PEP:dl

LSED07