Louisiana Stadium and Exposition District
A Component Unit of the State of Louisiana

Financial statement Audit
For the year Ended June 30, 2011
Issued December 14, 2011

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

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

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Our procedures at the Louisiana Stadium and Exposition District (the District) for the period July 1, 2010, through June 30, 2011, disclosed the following:

- Based on our audit and the report of the other auditor, the District's financial statements are presented fairly.

- We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

- The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

- The State's approval of $85,000,000 in funding for upgrades and improvements to the Superdome as a component of the extension of the New Orleans Saints lease agreement with the Superdome has resulted in an expansion of the Plaza concourse, concession areas, restrooms and elevators, addition of two ground level clubs, new electrical, video and audio systems, widening the ramp to the Gate A entrance, a permanent staircase to Champions Square, expansion of the team retail store, relocation of the press box to the 700 level, an additional 16 suites, and an additional 3,100 seats.

  As a component of the extension of the New Orleans Saints lease agreement with the State, a Benson family business, Zelia LLC, purchased the former Dominion Tower and New Orleans Centre mall complex. The District leases the former New Orleans Centre mall from Zelia and further sub-leases the property to the Superdome Marketing and Promotion Fund. After completing New Market Tax Credit financing, over $12.5 million was invested in the property resulting in the demolition of a portion of the former New Orleans Centre mall and the creation of Champions Square, a 121,000 square foot festival plaza, which includes a 2,100 parking space garage, a 36' by 32' stage, a 32' by 18' LED screen, food and beverage tents, and two VIP lounges.

This report is a public report and has been distributed to state officials. We appreciate the District's assistance in the successful completion of our work.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 27, 2011

Independent Auditor's Report

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, the discretely presented component unit, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Louisiana Superdome Marketing and Promotional Fund, which is the discretely presented component unit presented in the basic financial statements of the District. The financial statements of the discretely presented component unit were audited by another auditor whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the component unit, is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 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 audit and the report of the other auditor provide a reasonable basis for our opinions.

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In our opinion, based on our audit and the report of the other auditor, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the District as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1-B to the financial statements, the Louisiana Superdome Marketing and Promotional Fund is included in the financial statements and related disclosures as a discretely presented component unit of the District for the year ended June 30, 2011.

As disclosed in note 1-M to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2011, on our consideration of the 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 7 through 12 is not a required part of the basic financial statements but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

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

Respectfully submitted,

Daryl Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

MH:JR:EFS:THC:dl

LSED 2011

Management's Discussion and Analysis of the Louisiana Stadium and Exposition District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2011. 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 District's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The District's assets of business-type activities exceeded liabilities at the close of fiscal year 2011 by $354,071,894. The net assets increased by $44,285,830 during fiscal year 2011. The liabilities of governmental activities exceeded assets at the close of fiscal year 2011 by $253,571,021. The net assets of governmental activities decreased by $8,311,299 during fiscal year 2011.

- The District recognized a new component unit during the fiscal year ended June 30, 2011, which is identified as the Louisiana Superdome Marketing and Promotional Fund (the Marketing Fund). The District and the Marketing Fund, a nonprofit corporation, entered into various transactions to take advantage of new market tax credits to fund construction at Champion Square.

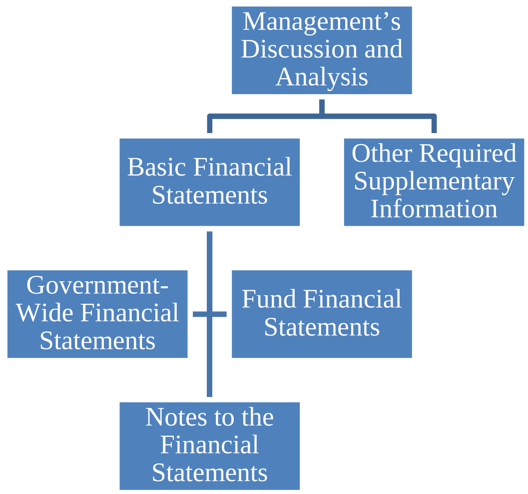
- The District has received $48,741,193 in capital contributions to its business-type activities for the year ended June 30, 2011. This represents an increase of $17,157,729 over the prior fiscal year. The contributions are various capital projects for improvements to the Louisiana Superdome and the New Orleans Arena.

- The District's business-type activities entered into an agreement whereby Champions Square loaned USB LSED Investment Fund, LLC, $11,539,075 to fund the new market tax credit transaction. The entire transaction provided approximately $2 million of additional funding for the capital improvements to Champions Square.

- During fiscal year 2011, the Louisiana Superdome completed various phases of an $85 million renovation to completely modernize the facility. This brings the total spent on renovations to $336 million since 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the District established by Governmental Accounting Standards Board (GASB) Statement No. 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 and its component unit.
- 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, such as 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 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 three categories:

- Governmental activities, which include the general fund, debt service and capital projects
- Business-type activities, which include the operation of the Louisiana Superdome, New Orleans Arena, and Champions Square
- Component unit, which represents the operation of the Louisiana Superdome Marketing and Promotional Fund, a legally separate nonprofit corporation for which the District is financially accountable

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 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 short- and long-term financial information. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detailed and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE DISTRICT

Net Assets
As of June 30, 2011 and 2010
(in thousands)

	2011	2010
Current and other assets	$105,023	$106,715
Capital assets	378,623	351,963
Total assets	483,646	458,678
Current and other liabilities	67,427	112,393
Long-term debt outstanding	315,718	281,759
Total liabilities	383,145	394,152
Net assets:		
Invested in capital assets, net of debt	101,679	76,273
Restricted	30,063	37,042
Unrestricted	(31,241)	(48,789)
Total net assets	$100,501	$64,526

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, 2011 and 2010
(in thousands)

	2011	2010
REVENUES		
Program revenues:		
Charges for services	$36,424	$40,561
Grants and contributions	69,501	47,759
General revenues:		
Hotel occupancy taxes	34,241	29,858
State appropriations		18,200
New Orleans Sports Franchise Fund	5,505	4,511
Pari-Mutuel Live Racing Facility Slots	3,103	3,277
Players' tax	3,599	3,217
Interest and other income	4,960	14,041
Total revenues	157,333	161,424
PROGRAM EXPENSES		
Interest on long-term debt	18,603	19,227
Facility operation	110,946	113,744
Total expenses	129,549	132,971
Investment gain (loss), net	8,198	(12,531)
Loss on disposal of capital assets	(7)	(35)
INCREASE IN NET ASSETS	$35,975	$15,887

The District's total revenues of its governmental and business-type activities decreased from 2010 to 2011 by $4,091,000. The total cost of all governmental and business-type activities programs and services decreased by $3,422,000 primarily as a result of the prior year obligation to the Tournament Players Club Golf Facility. The decrease in total revenues is due primarily to a decrease in other income which in the prior year was made up largely of a litigation settlement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011 and 2010, the District has $378,622,784 and $351,963,041, respectively, invested in capital, net of accumulated depreciation of $147,706,825 and $123,201,200, respectively, including land, buildings and improvements, and furniture, fixtures and equipment.

(in thousands)

	2011	2010
Land	$13,944	$13,944
Building and improvements	261,972	281,722
Furniture, fixtures and equipment	8,929	9,066
Construction-in-progress	93,778	47,231
Total	$378,623	$351,963

Debt

The District has $294,325,000 in revenue bonds outstanding at June 30, 2011 and June 30, 2010. During the year ended June 30, 2006, the District issued Series 2006A, 2006B, 2006C, and 2006D bonds totaling $294,325,000 for the purposes of refunding the District's existing debt, providing funds for enhancements to the Louisiana Superdome, and providing working capital for the District's operations. During the years ended June 30, 2011 and June 30, 2010, the District was not required to make principal payments on the Series 2006 bonds.

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 and is due by June 30, 2012.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Staffing requirements and operating expenses due to the Louisiana Superdome, the New Orleans Arena, and Champions Square being fully operational

- Events anticipated based on contracts and historical cost

- Hotel occupancy tax revenue based on conventions planned in New Orleans and estimates of future conventions projected to come to New Orleans

- Contractual obligations to sports franchises

The District has incurred operating losses for fiscal years ended June 30, 2011 and June 30, 2010. During fiscal years 2011 and 2010, the District's net assets increased $35,974,531 and $15,887,224, respectively. The operating losses are funded by statutorily dedicated revenues, state appropriations, and hotel occupancy taxes. Current projections by management of the District indicate that losses are anticipated in future years because of increased interest expense and contractual obligations to sports franchises.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the 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, Post Office Box 52439, New Orleans, Louisiana 70152.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

Statement of Net Assets
June 30, 2011

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
ASSETS				
Cash and cash equivalents (note 2)	$33,877,984	$12,490,537	$46,368,521	$104,774
Accounts receivable, net	145,099	951,387	1,096,486	36,798
Due from State of Louisiana (note 3)	10,609,277	6,287,887	16,897,164	
Equipment lease receivable current portion (note 6)		140,000	140,000	
Internal balances	771,341	(771,341)		
Due from component unit	245,848	30,825	276,673	
Inventory of materials and supplies		124,021	124,021	
Prepaid expenses		120,722	120,722	275,061
Advance on construction				2,599,019
Restricted assets: (notes 2 and 10)				
Working capital account - cash and cash equivalents	2,185,052		2,185,052	
Renewal and Replacement Reserve Account - cash and cash equivalents	10,171,789	3,118,154	13,289,943	
Concessionaire Fund - receivable		815,472	815,472	
Debt service reserve - cash and cash equivalents				409,376
Deposits				34,769
Equipment lease receivable (note 6)		840,000	840,000	
Notes receivable (note 4)		11,539,075	11,539,075	
Capital assets, net of accumulated depreciation (note 5)	30,147,727	348,475,057	378,622,784	11,108,010
Deferred swap outflow of resources (note 8)	11,330,112		11,330,112	
Total assets	99,484,229	384,161,796	483,646,025	14,567,807
LIABILITIES				
Accounts payable and accrued expenses	189,487	14,134,831	14,324,318	28,513
Payable to SMG	96,875	367,517	464,392	53,125
Sports franchise inducements payable (notes 16 and 17)	22,878,291		22,878,291	
Due to primary government				276,673
Deferred revenue and security deposits		630,071	630,071	
Compensated absences (note 1-J)		347,812	347,812	
Advance deposits on future events		12,010,652	12,010,652	17,580
Accrued bond interest payable	1,728,739		1,728,739	
Advance on construction		2,599,019	2,599,019	
Notes payable current portion (note 9)	7,500,000		7,500,000	
Bonds payable current portion, net (note 7)	4,943,802		4,943,802	
Capital lease obligations current portion (note 6)				97,693
Noncurrent liabilities:				
Bonds payable, net (note 7)	270,270,929		270,270,929	
Capital lease obligations (note 6)				713,784
Notes payable (note 9)				13,977,714
Investment derivatives swap liability (note 8)	34,117,015		34,117,015	
Hedging derivatives swap liability (note 8)	11,330,112		11,330,112	
Total liabilities	353,055,250	30,089,902	383,145,152	15,165,082

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
Statement of Net Assets
June 30, 2011

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
NET ASSETS				
Invested in capital assets, net of related debt	($246,795,743)	$348,475,057	$101,679,314	
Restricted for:				
Debt service	14,457,480		14,457,480	
Working capital	1,500,000		1,500,000	
Renewal and replacement	10,171,789	3,118,154	13,289,943	
Concessionaire reserve		815,472	815,472	
Unrestricted	(32,904,547)	1,663,211	(31,241,336)	($597,275)
TOTAL NET ASSETS	($253,571,021)	$354,071,894	$100,500,873	($597,275)

(Concluded)

The accompanying notes are an integral part of this statement.

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LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

Statement of Activities
For the Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
Facility operation	$30,111,788		$20,760,014	
Interest on bonds	18,602,500			
Total governmental activities	48,714,288	NONE	20,760,014	NONE
Business-type activities -				
facility operation	80,834,698	$36,423,948	NONE	$48,741,193
TOTAL PRIMARY GOVERNMENT	$129,548,986	$36,423,948	$20,760,014	$48,741,193
COMPONENT UNIT:				
Louisiana Superdome Marketing and				
Promotional Fund	$1,843,808	$1,053,525	NONE	NONE
TOTAL COMPONENT UNIT	$1,843,808	$1,053,525	NONE	NONE

General revenues:
Taxes: (note 10)
Hotel occupancy taxes, levied for general purposes
Hotel occupancy taxes, levied for debt service
New Orleans Sports Franchise Fund
Pari-Mutuel Live Racing Facility Slots
Players' tax
Vehicle License Plate Royalties
Miscellaneous
Litigation settlement
Investment earnings, net
Transfers in (out)
Loss on disposal of capital assets
Total general revenues and transfers

Change in net assets

NET ASSETS, BEGINNING OF YEAR - AS RESTATED (note 21)

TOTAL NET ASSETS, END OF YEAR

The accompanying notes are an integral part of this statement.

Statement B

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
($9,351,774)		($9,351,774)	
(18,602,500)		(18,602,500)	
(27,954,274)	NONE	(27,954,274)	
NONE	$4,330,443	4,330,443	
(27,954,274)	4,330,443	(23,623,831)	
			($790,283)
			(790,283)
15,096,663		15,096,663	
19,144,381		19,144,381	
5,504,737		5,504,737	
3,102,684		3,102,684	
3,598,785		3,598,785	
596,162		596,162	
46,802		46,802	
4,055,464		4,055,464	
8,326,244	133,052	8,459,296	300
(39,828,947)	39,828,947		
	(6,612)	(6,612)	
19,642,975	39,955,387	59,598,362	300
(8,311,299)	44,285,830	35,974,531	(789,983)
(245,259,722)	309,786,064	64,526,342	192,708
($253,571,021)	$354,071,894	$100,500,873	($597,275)

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Statement C

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2011

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents (note 2)	$22,609,780	$11,268,196	$8	$33,877,984
Accounts receivable	145,099			145,099
Due from State of Louisiana (note 3)	7,419,993	3,189,284		10,609,277
Due from other funds	771,341			771,341
Due from component unit	245,848			245,848
Restricted assets: (notes 2 and 10)				
Working Capital Account - cash and cash equivalents	2,185,052			2,185,052
Renewal and Replacement Reserve Account - cash and cash equivalents	10,171,789			10,171,789
TOTAL ASSETS	$43,548,902	$14,457,480	$8	$58,006,390
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$189,487			$189,487
Payable to SMG	96,875			96,875
Notes payable (note 9)	7,500,000			7,500,000
Sports franchise inducements payable (notes 16 and 17)	22,878,291			22,878,291
Total liabilities	30,664,653	NONE	NONE	30,664,653
Fund Balances:				
Restricted for:				
Debt service		$14,457,480		14,457,480
Working capital	1,500,000			1,500,000
Committed for - renewal and replacement	10,171,789			10,171,789
Assigned for - capital projects			$8	8
Unassigned	1,212,460			1,212,460
Total fund balances	12,884,249	14,457,480	8	27,341,737
TOTAL LIABILITIES AND FUND BALANCES	$43,548,902	$14,457,480	$8	$58,006,390

(Continued)

The accompanying notes are an integral part of this statement.

Statement C

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2011

	TOTAL GOVERNMENTAL FUNDS
Total fund balances, as presented in this statement	$27,341,737
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.	(1,728,739)
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.	(275,214,731)
Derivative instruments used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(34,117,015)
Capital assets reported in the Statement of Net Assets are not financial resources.	30,147,727
NET ASSETS OF GOVERNMENTAL ACTIVITIES	($253,571,021)

(Concluded)

The accompanying notes are an integral part of this statement.

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, 2011

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Hotel occupancy tax (note 10)	$15,096,663	$19,144,381		$34,241,044
Community Development Block Grant (note 18)	20,760,014			20,760,014
New Orleans Sports Franchise Fund	5,504,737			5,504,737
Pari-Mutuel Live Racing Facility Slots	3,102,684			3,102,684
Players' tax	3,598,785			3,598,785
Vehicle License Plate Royalties	596,162			596,162
Interest earnings	134,273			134,273
Miscellaneous income	46,802			46,802
Total revenues	48,840,120	19,144,381	NONE	67,984,501
EXPENDITURES				
Salaries, wages, and benefits	314,708			314,708
Utilities	15,200			15,200
Management fee - SMG (note 14)	96,875			96,875
Professional fees	663,565			663,565
Insurance	274,153			274,153
Other Saints inducements (note 16)	17,306,320			17,306,320
Other Hornets inducements (note 17)	8,937,565			8,937,565
Other facility obligations	689,843			689,843
Other expenses	182,545			182,545
Capital outlay			$938,214	938,214
Investment expenses, net		6,148		6,148
Debt service:				
Interest		17,348,613		17,348,613
Other		701,923		701,923
Total expenditures	28,480,774	18,056,684	938,214	47,475,672
Excess (deficiency) of revenues over expenditures	20,359,346	1,087,697	(938,214)	20,508,829

(Continued)

The accompanying notes are an integral part of this statement.

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, 2011

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
OTHER FINANCING SOURCES (USES)				
Transfers in			$938,214	$938,214
Transfers out	($40,767,161)			(40,767,161)
Litigation settlement	4,055,464			4,055,464
Total other financing sources (uses)	(36,711,697)	NONE	938,214	(35,773,483)
Net change in fund balances	(16,352,351)	$1,087,697	NONE	(15,264,654)
Fund balances at beginning of year	29,236,600	13,369,783	8	42,606,391
Fund balances at end of year	$12,884,249	$14,457,480	$8	$27,341,737

Net change in fund balances, as presented in this statement	($15,264,654)
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.	(297,689)
Governmental funds do not include amortization expense for bonds, escrow, and issuance costs.	(956,198)
Governmental funds report changes in investment derivative instruments only when those instruments provide or use financial resources. However, in the Statement of Activities, changes in the fair value of investment derivative instruments are changes in economic resources and are reported in each period in which there is a change in the fair value of the investment. This is the amount of change in fair value of investment derivatives in the current period.	8,198,119
Governmental funds report the acquisition of capital assets as expenditures of the period in which the asset is acquired, but this amount is reported as capital assets and depreciated each period in the government-wide financial statements. This is the amount by which capital outlay ($938,214) exceeded depreciation ($929,091) in the current period.	9,123
Change in net assets of governmental activities as reported on the Statement of Activities	($8,311,299)

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS

Balance Sheet
June 30, 2011

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	CHAMPIONS SQUARE	TOTAL
ASSETS				
Current assets:				
Cash and cash equivalents (note 2)	$6,423,108	$5,948,501	$118,928	$12,490,537
Accounts receivable, net	775,172	160,494	15,721	951,387
Due from State of Louisiana (note 3)	6,287,887			6,287,887
Equipment lease receivable (note 6)			140,000	140,000
Due from other funds	3,609,224			3,609,224
Due from component unit	4,025		26,800	30,825
Inventory	79,395	44,626		124,021
Prepaid expenses	60,803	59,919		120,722
Total current assets	17,239,614	6,213,540	301,449	23,754,603
Restricted assets: (notes 2 and 10)				
Renewal and Replacement Reserve Account - cash and cash equivalents		621,911	2,496,243	3,118,154
Concessionaire Fund - receivable	439,714	375,758		815,472
Total restricted assets	439,714	997,669	2,496,243	3,933,626
Other assets:				
Equipment lease receivable (note 6)			840,000	840,000
Notes receivable (note 4)			11,539,075	11,539,075
Capital assets, net of accumulated depreciation (note 5)	276,263,262	71,367,810	843,985	348,475,057
Total other assets	276,263,262	71,367,810	13,223,060	360,854,132
TOTAL ASSETS	$293,942,590	$78,579,019	$16,020,752	$388,542,361

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Balance Sheet
June 30, 2011

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	CHAMPIONS SQUARE	TOTAL
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$12,465,300	$1,535,193	$134,338	$14,134,831
Payable to SMG	257,262	110,255		367,517
Deferred revenue and security deposits	273,354	25,000	331,717	630,071
Compensated absences (note 1-J)	299,252	48,560		347,812
Funds held in escrow for future events	6,709,319	5,301,333		12,010,652
Advance on construction			2,599,019	2,599,019
Due to other funds		3,600,000	780,565	4,380,565
Total current liabilities	20,004,487	10,620,341	3,845,639	34,470,467
NET ASSETS				
Invested in capital assets, net of related debt	276,263,262	71,367,810	843,985	348,475,057
Restricted	439,714	997,669	2,496,243	3,933,626
Unrestricted	(2,764,873)	(4,406,801)	8,834,885	1,663,211
Total net assets	273,938,103	67,958,678	12,175,113	354,071,894
TOTAL LIABILITIES AND NET ASSETS	$293,942,590	$78,579,019	$16,020,752	$388,542,361

(Concluded)

The accompanying notes are an integral part of this statement.

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, 2011

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	CHAMPIONS SQUARE	TOTAL
OPERATING REVENUES				
Event rental:				
Football	$51,881	$60,000		$111,881
Conventions and trade shows	116,750			116,750
High school and college sports	10,523	200,343		210,866
Musical events and entertainment	380,000	1,088,573		1,468,573
Other events	239,850	114,423		354,273
Reimbursement event costs	2,877,763	2,069,407	$59,390	5,006,560
Total event rental	3,676,767	3,532,746	59,390	7,268,903
Parking	1,952,332	1,073,222	306,624	3,332,178
Concessions and souvenirs	9,853,186	5,142,965	228,615	15,224,766
Box suite rental	6,936,175	396,511		7,332,686
Advertising and broadcasting	7,522	28,776	577,750	614,048
Lease income (note 11)	390,832	6,703	686,993	1,084,528
Ticket incentives	418,973	913,500	8,022	1,340,495
Other	131,863	94,268	213	226,344
Total operating revenues	23,367,650	11,188,691	1,867,607	36,423,948
OPERATING EXPENSES				
Salaries, wages, and benefits	8,218,270	2,610,102	199,323	11,027,695
Utilities	3,695,719	1,217,078	123,177	5,035,974
Repairs and maintenance	1,480,545	370,575	248,769	2,099,889
Management fee - SMG (note 14)	980,839	420,360		1,401,199
Saints lease inducement payments (note 16)	12,907,637			12,907,637
Hornets inducement payments (note 17)		3,349,398		3,349,398
Professional fees	242,321	50,173	31,127	323,621
Professional sports staffing	1,611,538	1,505,426		3,116,964
Insurance	3,342,751	1,200,160		4,542,911
Direct event expense	2,670,069	2,557,804	206,791	5,434,664
Advertising and public relations	76,451	39,621	9,195	125,267
Rent (note 13)			2,228,572	2,228,572
Other operating expenses	3,263,581	2,128,572	261,687	5,653,840
Total operating expenses	38,489,721	15,449,269	3,308,641	57,247,631
Operating loss before depreciation	(15,122,071)	(4,260,578)	(1,441,034)	(20,823,683)
Depreciation	17,117,727	6,451,858	17,482	23,587,067
Operating loss	(32,239,798)	(10,712,436)	(1,458,516)	(44,410,750)

(Continued)

The accompanying notes are an integral part of this statement.

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, 2011

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	CHAMPIONS SQUARE	TOTAL
NONOPERATING REVENUE (Expenses)				
Interest revenue	$9,157	$15,058	$108,837	$133,052
Loss on disposal of capital assets	(6,612)			(6,612)
Total nonoperating revenue (expenses)	2,545	15,058	108,837	126,440
Income (loss) before transfers and capital contributions	(32,237,253)	(10,697,378)	(1,349,679)	(44,284,310)
Transfers in	29,478,780	7,995,125	2,355,042	39,828,947
Capital contributions	48,686,306	54,887	NONE	48,741,193
Change in net assets	45,927,833	(2,647,366)	1,005,363	44,285,830
Net assets, beginning of year	228,010,270	70,606,044	11,169,750	309,786,064
NET ASSETS, END OF YEAR	$273,938,103	$67,958,678	$12,175,113	$354,071,894

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS

Statement of Cash Flows
For the Year Ended June 30, 2011

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	CHAMPIONS SQUARE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$22,949,628	$14,329,353	$2,035,252	$39,314,233
Payments to suppliers	(36,507,617)	(15,519,407)	(2,397,584)	(54,424,608)
Payments for salaries and related expenses	(8,242,172)	(2,609,409)	(200,786)	(11,052,367)
Net cash (used) by operating activities	(21,800,161)	(3,799,463)	(563,118)	(26,162,742)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants/transfers	21,991,128	8,000,417	2,355,042	32,346,587
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital appropriations	48,373,406	54,887		48,428,293
Principal payments received for capital lease			39,348	39,348
Purchases of capital assets	(49,890,664)	(375,952)	(10,850,266)	(61,116,882)
Marketing Fund advance funding of construction			12,930,189	12,930,189
Leverage loan to fund NMTC			(11,539,075)	(11,539,075)
Net cash (used) by capital and related financing activities	(1,517,258)	(321,065)	(9,419,804)	(11,258,127)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	9,157	15,058	108,837	133,052
Net (decrease) increase in cash and cash equivalents	(1,317,134)	3,894,947	(7,519,043)	(4,941,230)
Cash and cash equivalents, beginning of year	7,740,242	2,675,465	10,134,214	20,549,921
CASH AND CASH EQUIVALENTS, END OF YEAR	$6,423,108	$6,570,412	$2,615,171	$15,608,691

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2011

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	CHAMPIONS SQUARE	TOTAL
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) BY OPERATING ACTIVITIES				
Operating loss	($32,239,798)	($10,712,436)	($1,458,516)	($44,410,750)
Adjustments to reconcile operating loss to net cash (used) by operating activities:				
Depreciation expense	17,117,727	6,451,858	17,482	23,587,067
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(281,721)	(89,515)	(19,269)	(390,505)
Restricted assets	140,968	(115,136)		25,832
Inventory	989	(26,994)		(26,005)
Prepaid expenses	(18,060)	(59,919)		(77,979)
Deposits			33,269	33,269
(Decrease) increase in:				
Accounts payable and accrued expenses	(6,363,834)	(2,479,143)	(62,179)	(8,905,156)
Compensated absences	(20,003)	1,645	(1,463)	(19,821)
Deferred revenue	77,107	25,000	160,114	262,221
Funds held in escrow	(217,433)	3,205,177		2,987,744
Due to/from other funds	3,897		767,444	771,341
Net cash (used) by operating activities	($21,800,161)	($3,799,463)	($563,118)	($26,162,742)
NONCASH CAPITAL FINANCING ACTIVITIES				
State construction projects	$1,376,441	NONE	NONE	$1,376,441

(Concluded)

The accompanying notes are an integral part of this statement.

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 (the State) of 1921, as amended and continued as a statute by Article XIV, Section 16 of the Constitution of the State of Louisiana of 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 Original Act.

The District acquired a site and constructed thereon the Louisiana Superdome (the Superdome) which opened in August 1975. The Louisiana Superdome is leased by the District to the State pursuant to a 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 New Orleans Arena (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 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 State 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 No. 14, *The Financial Reporting Entity,* and amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. 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 and its component unit 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.

Discretely Presented Component Unit

During 2011, the District has entered into various transactions with the Louisiana Superdome Marketing and Promotional Fund (the Marketing Fund), a separate legal nonprofit corporation, to take advantage of new market tax credits available to fund further economic development of the District. The Articles of Incorporation of the Marketing Fund were amended to include that the Board of

Directors would comprise of the chairman of the board of the District, a member appointed by the governor of the State of Louisiana, and a third member appointed by either of the other two directors.

As required by GASB Statement No. 14, as amended, a legally separate entity is considered a component unit if at least one of the following criteria is met:

- The District appoints a voting majority of the organization's governing board and is either able to impose its will on the organization or there is a potential financial benefit/burden to the District.

- There is a fiscal dependency by the organization on the District.

- The nature and significance of the relationship between the District and the organization is such that exclusion would cause the financial statements of the District to be misleading or incomplete.

Based on the previous criteria, the District has included the Marketing Fund as a discretely presented component unit within the accompanying financial statements. Discretely presented component units are presented in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the District. The voting majority of the Marketing Fund's board is appointed by the District and there is a financial benefit/burden to the District.

Complete financial statements for the component unit can be obtained from Louisiana Stadium and Exposition District, Post Office Box 52439, New Orleans, Louisiana 70152.

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 of the District and the component unit 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 net assets of the District and its component unit 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, business-type activities, and component unit. 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 revenues (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 major 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 special revenue funds. The following fund types are used by the District:

Governmental Funds

The General Fund is the general operating fund of the District. It administers and accounts for legislative appropriations provided to fund the general administrative expenditures of the District and those expenditures, including sports franchise inducements, not funded through other specific legislative appropriations or revenues.

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 financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-spendable fund balance - amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

2. Restricted fund balance - amounts that can be spent only for specific purposes because of the Constitution of the State of

Louisiana, other state and federal laws, or externally imposed conditions by grantors, creditors, or voter approved propositions.

3. Committed fund balance - amounts that can be used only for specific purposes determined by a formal action by the District's board.

4. Assigned fund balance - amounts that are constrained by the District's intent that they will be used for specific purposes.

5. Unassigned fund balance - all other amounts not included elsewhere.

The District considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The District also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

Proprietary Funds

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. Operating revenues include activities that have characteristics of exchange transactions, such as event rentals and concession sales. Nonoperating revenues result from nonexchange or ancillary activities. Operating expenses generally include transactions resulting from providing goods or services, such as payments to vendors for goods or services and payments for salaries, wages, and benefits. Nonoperating expenses include transactions resulting from inducement payments, remediation expenses, and losses on disposal of capital assets.

The District has three major enterprise funds that are used to account for the operations of the Superdome, the Arena, and Champions Square. The District has contracted with SMG to manage all three 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 funds 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, 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. For movable property, the District’s capitalization policy includes all items with a unit cost of $1,000 or more, and an estimated useful life greater than one year. Buildings and improvements costing $1,000 or more are capitalized.

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

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. Capital improvements to Champions Square are depreciated over the remaining term of the Entertainment District Master Lease Agreement as they are placed into service. The agreement extends through June 30, 2026.

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, Arena, and Champions Square are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 30 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 up to 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, 2011, was $347,812.

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 not paid upon termination of employment; 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 if within the same fund type. Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. All internal balances are eliminated in the total primary government column. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Receivables or payables between the primary government and its component unit are reported on separate lines. During the year ended June 30, 2011, the general fund transferred $39,828,947 to the proprietary funds and $938,214 to the capital projects fund. Funds transferred from governmental funds are no longer restricted for debt service or capital projects and are available for allowable uses of the proprietary funds.

M. ADOPTION OF NEW ACCOUNTING PRINCIPLE

For the year ended June 30, 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* which changed the reporting of fund balance in the balance sheets of the governmental type funds. Note 1-D discloses the current presentation of the governmental type funds affected by this statement.

N. 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.

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 held in escrow by the bond trustee. Cash and cash equivalents are recorded at cost, which approximates market. Cash and cash equivalents consist of the following at June 30, 2011:

	2011	
	Bank Balance	Book Balance
Primary Government:		
Cash on hand		$49,388
Demand deposits	$58,233,498	50,525,932
Money market funds	11,268,196	11,268,196
Total Primary Government	69,501,694	61,843,516
Component Unit - demand deposits	678,774	514,150
Total	$70,180,468	$62,357,666

A reconciliation of cash and cash equivalents to the Statement of Net Assets is as follows:

	June 30, 2011			
	Primary Government			
	Governmental Activities	Business-Type Activities	Component Unit	Total
Cash and cash equivalents	$33,877,984	$12,490,537	$104,774	$46,473,295
Restricted assets	12,356,841	3,118,154	409,376	15,884,371
Total	$46,234,825	$15,608,691	$514,150	$62,357,666

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 state 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.

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. Concentration of credit risk is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. The District's investment policy does not limit the amount of its holdings of securities by counterparties. At June 30, 2011, the District's cash and cash equivalents are invested in money market funds held by a counterparty in the name of the District. Money market investments for 2011 consisted of the Dreyfus Institutional Reserves Treasury Fund (Symbol DRRXX), which is rated Aaa by Moody's and AAAm by Standard and Poor's. 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. The investments are not exposed to custodial credit risk or concentration of credit risk.

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, 2011, 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 STATE OF LOUISIANA

Amounts due from the State of Louisiana for hotel occupancy tax collections, appropriations, and grants total $16,897,164 at June 30, 2011.

4. NOTES RECEIVABLE

To generate additional construction dollars for revenue enhancing improvements to Champions Square, the District entered into a cooperative endeavor agreement with the Marketing Fund to allow for participation in a new market tax credit transaction (NMTC). As part of the NMTC, on December 29, 2010, the District entered into an agreement to loan $11,539,075 to USB LSED Investment Fund, LLC, at an annual interest rate of 1% maturing on June 30, 2026. The agreement calls for interest only payments to begin on February 10, 2011, and continue until May 1, 2018. Beginning May 1, 2018, the District will receive 98 regular principal and interest payments in the amount of $120,314. Collateral has been pledged by an assignment of all rights, title and interest in the investor membership interest NCF Sub-CDS 5, LLC (NCF) and Mid-City Community CDE-Loan Fund, LLC (Mid City) and the deposit accounts of the Investment Fund. The loan can be prepaid any time prior to maturity. See note 18 for further details of the cooperative endeavor agreement and details of the NMTC.

5. CAPITAL ASSETS

Following are schedules of capital assets for the year ended June 30, 2011:

Governmental Activities

	Balance July 1, 2010	Additions	Deletions/ Transfers	Balance June 30, 2011
Capital assets not being depreciated - construction-in-progress	NONE	$938,214	($653,252)	$284,962
Other capital assets:				
Building and improvements:				
Baseball stadium	$26,989,810	$653,252		$27,643,062
Outdoor practice facility complex	6,565,115			6,565,115
Indoor practice facility	6,459,360			6,459,360
TPC golf facility	149,346			149,346
Less accumulated depreciation	(10,025,027)	(929,091)		(10,954,118)
Total other capital assets	$30,138,604	($275,839)	NONE	$29,862,765
Capital asset summary:				
Capital assets not depreciated		$938,214	($653,252)	$284,962
Other capital assets, at cost	40,163,631	653,252		40,816,883
Total cost of capital assets	40,163,631	1,591,466	(653,252)	41,101,845
Less accumulated depreciation	(10,025,027)	(929,091)	NONE	(10,954,118)
Capital assets, net	$30,138,604	$662,375	($653,252)	$30,147,727

Business-Type Activities

	Balance July 1, 2010	Additions	Deletions/ Transfers	Balance June 30, 2011
Capital assets not being depreciated:				
Land	$13,944,160			$13,944,160
Construction-in-progress	47,230,554	$49,435,791	($3,173,683)	93,492,662
Total capital assets not being depreciated	$61,174,714	$49,435,791	($3,173,683)	$107,436,822
Other capital assets:				
Building and improvements	$355,391,294	$1,217,720		$356,609,014
Leasehold improvements	289,420	565,716		855,136
Furniture, fixtures and equipment	18,145,182	2,198,755	($17,145)	20,326,792
Less accumulated depreciation	(113,176,173)	(23,587,067)	10,533	(136,752,707)
Total other capital assets	$260,649,723	($19,604,876)	($6,612)	$241,038,235
Capital asset summary:				
Capital assets not depreciated	$61,174,714	$49,435,791	($3,173,683)	$107,436,822
Other capital assets, at cost	373,825,896	3,982,191	(17,145)	377,790,942
Total cost of capital assets	435,000,610	53,417,982	(3,190,828)	485,227,764
Less accumulated depreciation	(113,176,173)	(23,587,067)	10,533	(136,752,707)
Capital assets, net	$321,824,437	$29,830,915	($3,180,295)	$348,475,057

Component Unit

	Balance July 1, 2010	Additions	Deletions/ Transfers	Balance June 30, 2011
Capital assets not being depreciated - construction-in-progress	NONE	$10,331,170	NONE	$10,331,170
Other capital assets - assets under capital lease		$850,825		$850,825
Less accumulated depreciation		(73,985)		(73,985)
Total other capital assets	NONE	$776,840	NONE	$776,840
Capital asset summary:				
Capital assets not depreciated		$10,331,170		$10,331,170
Other capital assets, at cost		850,825		850,825
Total cost of capital assets	NONE	11,181,995	NONE	11,181,995
Less accumulated depreciation	NONE	(73,985)	NONE	(73,985)
Capital assets, net	NONE	$11,108,010	NONE	$11,108,010

At June 30, 2011, the Louisiana Superdome, which is included in the District's business-type activities capital assets, has substantially completed an extensive construction project to repair damages resulting from Hurricane Katrina and its aftermath and provided upgrades and enhancements to portions of the existing building. The post-Katrina repairs and remodeling were accomplished in three phases since 2006. The final phase includes additional escalators to access club lounges and replacement of the entire exterior skin of the Superdome, which is currently awaiting final inspection and approval. The remaining upgrades are expected to conclude before the end of fiscal year 2012. The final phase of the project is funded by $12,000,000 from the State of Louisiana and $6,000,000 from FEMA.

A component of the recently finalized 15-year extension of the New Orleans Saints lease agreement with the Superdome through 2025 was the State's approval to fund $85,000,000 in upgrades and improvements to the facility. These improvements have completely modernized the facility to include an expansion of the Plaza concourse, additional concession areas, restrooms and elevators, addition of two ground level clubs, and adding 3,100 additional seats.

The baseball stadium, home to the Zephyrs, and the two practice facilities, New Orleans Saints Training Facility and Alario Center, 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. CAPITAL LEASE

The Marketing Fund leases certain equipment in Champions Square from the District under a capital lease that expires June 30, 2018. The assets and liabilities were recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The carrying value of the assets under the capital lease totaled $776,840 net of accumulated depreciation of $73,985 for the year ended June 30, 2011. Depreciation expense related to the assets acquired by capital lease for the year ended June 30, 2011, totaled $73,985.

The capital lease obligation at June 30, 2011, is payable to the District in annual installments of $140,000 with a 5.515% implicit rate of interest at inception. The equipment lease receivable was recorded as a sales-type lease at the gross investment by Champions Square equal to the total minimum lease payments to be received from the Marketing Fund. The portion representing the unearned interest income is reported within deferred revenue and will be amortized to income over the lease term using the interest method.

At June 30, 2011, future minimum lease payments under the capital lease obligation and the net present value of the future minimum lease payments are as follows:

Fiscal Year	
2012	$140,000
2013	140,000
2014	140,000
2015	140,000
2016	140,000
2017-2018	280,000
Total future minimum lease payments	980,000
Less amount representing interest	(168,523)
Present value of future minimum lease payments	811,477
Less current principal obligation	(97,693)
Total long-term principal obligation	$713,784

7. BONDS PAYABLE

The bond issues outstanding at June 30, 2011, and changes in long-term debt for the year then ended are as follows:

Governmental Activities

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Series 2006A (interest variable; maturing by 2036)	$84,675,000			$84,675,000	$1,825,000
Series 2006B (interest variable; maturing by 2036)	84,650,000			84,650,000	1,825,000
Series 2006C (interest variable; maturing by 2036)	69,150,000			69,150,000	1,500,000
Series 2006D (interest variable; maturing by 2036)	55,850,000			55,850,000	750,000
Total oustanding principal	294,325,000	NONE	NONE	294,325,000	5,900,000
Less unamortized issuance and escrow costs	(20,066,467)	NONE	$956,198	(19,110,269)	(956,198)
Total bonds payable, net	$274,258,533	NONE	$956,198	$275,214,731	$4,943,802

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. See note 10 for additional information on pledged revenues. The bonds are reported in the 2011 Statement of Net Assets, net of unamortized issuance costs of $12,513,966, and escrow costs of $6,596,303.

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. As of June 30, 2011, no amounts remained outstanding on the refunded bonds.

The annual requirements to amortize all District bonds outstanding at June 30, 2011, (excluding support fees) are presented in the following schedule. The schedule uses rates as of June 30, 2011, for debt service requirements of the variable-rate bonds and interest rate swap payments, assuming current interest rates remain the same for their term. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year	Interest Rate Swap (Note 8)	Principal	Interest	Total
2012	$13,224,989	$5,900,000	$4,064,668	$23,189,657
2013	12,963,744	6,225,000	3,985,739	23,174,483
2014	12,688,019	6,575,000	4,309,653	23,572,672
2015	12,396,481	6,925,000	4,214,862	23,536,343
2016	12,089,129	7,225,000	4,114,616	23,428,745
2017-2021	55,261,968	42,400,000	18,869,842	116,531,810
2022-2026	44,737,138	54,900,000	15,370,107	115,007,245
2027-2031	31,030,577	71,200,000	10,736,460	112,967,037
2032-2036	13,098,621	92,975,000	4,567,166	110,640,787
Total	$207,490,666	$294,325,000	$70,233,113	$572,048,779

Other significant bond features are as follows:

1. The Series 2006A, 2006B, and 2006C bonds are insured by Financial Guaranty Insurance Company (FGIC).

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

3. The bonds may be redeemed prior to maturity at the sole discretion of the District.

The debt service fund has assets available of $14,457,480 at June 30, 2011, 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.

The 2006 bonds Series 2006A, 2006B, 2006C were issued in the auction rate mode. During the year ended June 30, 2008, a disruption in the auction rate market occurred because of, among other reasons, FGIC being downgraded below the “triple-A” ratings originally assigned to the bonds. As a result of the disruption, many auctions for the bonds during 2008 did not clear, causing the bonds’ debt service requirements of the District to dramatically increase. On December 22, 2009, Moody's Investors Service (Moody’s) affirmed the Baa3 ratings on the District’s Series 2006A, 2006B, 2006C, and 2006D bonds. The Series 2006A, 2006B, and 2006C bonds are insured by FGIC which, as of March 25, 2009, is no longer rated by Moody’s. Affirmation of the District's Baa3 rating was based upon the credit strength supplied by a trustee-controlled first lien on the pledged revenue stream of the 4% tax on hotel occupancy in Orleans and Jefferson parishes, along with revenues generated by the District from events taking place in the Louisiana Superdome and New Orleans Arena. Equally considered in the affirmation of the rating is the strong and ongoing support provided by the State of Louisiana.

Pursuant to additional guidance by the Internal Revenue Service (IRS) and Act No. 2 of the 2008 Second Extraordinary Session of the Louisiana Legislature, the Louisiana Governor, on October 2, 2008, issued a second directive and certification directing the State to continue to own the bonds for the length of time permitted by the IRS, or such other shorter time period as determined by the District and the State. On October 3, 2008, the State Bond Commission (SBC) and the Joint Legislative Committee on the Budget (JLCB) agreed and approved of the governor’s directive authorizing the State’s continued investment in the Series 2006A, 2006B, and 2006C bonds by participating in auctions until the IRS deadline of December 31, 2009, subsequently extended until December 31, 2012. A resolution was adopted on December 17, 2009, by SBC and approved by JLCB on December 18, 2009, to allow the State to extend the deadline through December 31, 2010, or such shorter time period as agreed to by the parties. On December 12, 2010, the SBC adopted another resolution which was approved by the JLCB on December 13, 2010, to allow the State to further extend the deadline through December 31, 2012. The State has participated in all auctions that have occurred and anticipates participating in future auctions until steps are taken to refund or restructure the bonds. The State currently owns $84,675,000 (100%) of the Series 2006A bonds at an interest rate of 1.25%; $84,625,000 (99.97%) of the Series 2006B bonds at an interest rate of 1.25%; and $68,100,000 (98.48%) of the Series 2006C bonds at an interest rate of 1.25%.

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, when compared against fixed-rate bonds, specifically for the first several years, 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. On 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%.

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 a 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 values of derivative instruments outstanding at June 30, 2011, which are reported as liabilities in the financial statements, total $45,447,127 in favor of MLCS. The fair values were provided by an independent third party and are based on mid-market levels as of the close of business on June 30, 2011. The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2011		Notional
	Classification	Amount	Classification	Amount	Amount
Governmental activities					
Cash flow hedges - pay-fixed interest rate swaps	Deferred outflow	$2,928,294	Debt	($11,330,112)	$55,850,000
Investment derivatives - pay-fixed interest rate swaps	Investment revenue	8,198,119	Debt	(34,117,015)	238,475,000
		$11,126,413		($45,447,127)	$294,325,000

As of June 30, 2011, the District determined that the pay-fixed interest rate swap associated with the Series A, B, and C bonds did not meet the criteria for effectiveness. Accordingly, the changes in the fair market values of these instruments are netted and reported in the Statement of Activities within investment earnings. The combined fair market value as of June 30, 2011, is reflected as investment derivatives within the Statement of Net Assets.

Credit risk: Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2011, the District is 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 turn in the District's favor, the District would become exposed to credit risk. The long-term senior unsecured credit rating at June 30, 2011, for Merrill Lynch & Co., Inc., who guarantees all payments of MLCS, is rated A2/A by Moody's and Standard & Poor's, respectively, and the short-term credit rating for Merrill Lynch & Co., Inc., is rated P-1/Negative A by Moody's and Standard & Poor's, respectively. 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, 2011, 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 minimize basis risk, the District has used a higher percentage of LIBOR fixed-payer hedge (70%) for the Series 2006A, 2006B, and 2006C 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 hedge agreements if the other party fails to perform under the terms of the contract. The hedge agreements 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 hedge agreements 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. NOTES 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.

On December 29, 2010, the Marketing Fund issued two promissory notes (A and B) in the amounts of $7,389,333 and $2,410,667 to Mid-City Community CDE-Loan Fund, LLC, at an interest rate of 1.34%. The notes mature on June 30, 2026. Interest payments are due monthly beginning February 7, 2011, on both notes A and B and a $100,000 principal payment on Note B is due on October 22, 2017. Regular principal and interest payments on notes A and B begin on August 5, 2018, and are payable in 95 equal installments of $107,681. The notes cannot be repaid prior to October 22, 2017. The notes are collateralized by a leasehold mortgage on the property leased by the Marketing Fund.

On December 29, 2010, the Marketing Fund issued two promissory notes (A and B) in the amounts of $3,635,000 and $1,365,000 to NCF Sub-CDE, LLC, at an interest rate of 1.34%. The notes mature on June 30, 2026. Interest payments are due monthly beginning February 7, 2011, on both notes A and B. Regular principal and interest payments on notes A and B begin on August 5, 2018, and are payable in 95 equal installments of $55,506. The notes cannot be repaid prior to October 22, 2017. The notes are collateralized by a leasehold mortgage on the property leased by the Marketing Fund.

The principal outstanding at June 30, 2011, and changes in notes payable for the year then ended are as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Governmental Activities -					
Louisiana Economic Development Corporation	NONE	$7,500,000	NONE	$7,500,000	$7,500,000
Business-Type Activities -					
Louisiana Economic Development Corporation	$7,500,000	NONE	$7,500,000	NONE	NONE
Component Unit:					
Mid City Community CDE Note A		$7,389,333		$7,389,333	
Mid City Community CDE Note B		2,410,667		2,410,667	
NCF Sub CDE 5 Note A		3,635,000		3,635,000	
NCF Sub CDE 5 Note B		1,365,000		1,365,000	
Total outstanding principal	NONE	14,800,000	NONE	14,800,000	NONE
Less unamortized issuance and escrow costs	NONE	(845,127)	$22,841	(822,286)	NONE
Total component unit	NONE	$13,954,873	$22,841	$13,977,714	NONE

Annual principal and interest payments for notes payable are as follows:

Fiscal Year	Governmental Activities - Principal	Component Unit Principal	Component Unit Interest	Total
2012	$7,500,000		$198,864	$7,698,864
2013			198,320	198,320
2014			198,320	198,320
2015			198,320	198,320
2016			198,864	198,864
2017-2021		$5,334,983	888,556	6,223,539
2022-2026		9,465,017	326,169	9,791,186
Total	$7,500,000	$14,800,000	$2,207,413	$24,507,413

10. REVENUE SOURCES AND REQUIRED RESTRICTED ASSETS

The District's bonds are secured by a pledge of all revenues of the District that are not previously dedicated for another use; however, the hotel occupancy tax revenues in the parishes of Orleans and Jefferson are expected to be the primary source of funding. These revenues will cover principal and interest requirements until the bonds are fully paid and discharged in 2036. Total revenue pledged for fiscal year ended June 30, 2011, was $83,759,968. Total principal and interest remaining on the bonds was $294,325,000 and $70,233,113, respectively. For the current year, the interest payment and swap payment were $3,618,214 and $13,730,399, respectively, with no principal payment due.

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.

As noted above, 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 the District and funding of $2,300,000 to the Renewal and Replacement account and $500,000 annually to the Greater New Orleans Sports Foundation, the excess is then distributed, as established or as prorated, based on available amounts, to Jefferson Parish for tourism promotion; the City of New Orleans for use by the New Orleans Recreation Department; Xavier University; Southern University - New Orleans for its Small Business Center; Jefferson Parish Westbank Sports and Civic Center; University of New Orleans for the School of Hotel, Restaurant, and Tourism Administration; and the New Orleans Visitors and Information Center. After meeting these requirements, the remaining monies shall be deposited for use as outlined in the 1994 Lease Agreement between the District and the State.

Of the $34,241,044 of hotel occupancy tax earned for the year ended June 30, 2011, $19,144,381 was used for debt service requirements and $15,096,663 was used by the District for operational needs. No monies were available for funding of the other requirements.

Various acts of the State 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 account 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 Account 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, 2011, no funds from operations were required to be deposited into the reserve. Deposits to the account were made from nonoperating sources. The total amount of deposits on reserve was $13,289,943 as of June 30, 2011.

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2011, $14,789,943 was restricted by enabling legislation.

11. RENTALS FROM NONCANCELABLE OPERATING LEASES (LESSOR LEASES)

Commitments for future revenue under noncancelable operating leases as of June 30, 2011, are as follows:

	Business-Type Activities			Component Unit	
Year Ended June 30,	Cellular Tower Leases	Office Space Lease	Champions Square	Parking Garage	Total
2012	$103,982	$98,587	$996,527	$885,052	$2,084,148
2013	28,466	98,587	2,464,507	871,250	3,462,810
2014		98,587	2,586,026	871,250	3,555,863
2015			2,709,975	871,250	3,581,225
2016			2,836,403	871,250	3,707,653
2017-2021			9,062,255	4,356,250	13,418,505
2022-2026			5,000,000	4,356,250	9,356,250
Total	$132,448	$295,761	$25,655,693	$13,082,552	$39,166,454

The District leases office space within the Superdome to the Sugar Bowl under a lease agreement until June 30, 2014. It also leases space within the Superdome and Arena to various cell service providers under agreements expiring at varying intervals until 2013. During 2011, the District entered into a sublease with the Marketing Fund for portions of its leased interest in the former New Orleans Centre Shopping Mall, currently referred to as Champions Square. The sublease allowed the District and the Marketing Fund to take advantage of available new market tax credits to fund additional construction to Champions Square. The terms of the sublease coincide with the terms of the lease agreement with the property owners as described in note 13.

The Marketing Fund entered into a sublease with SMG for the portion of its sublease attributable to the parking garage until June 30, 2026.

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 dependent on annual revenues 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 year ended June 30, 2011, were $1,084,528 for the District and $607,796 for the Marketing Fund.

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

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

Total pension expense for the Plan was $45,456 for the year ended June 30, 2011.

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. LEASE AND RENTAL COMMITMENTS

On September 15, 2009, the District negotiated an agreement to lease the former New Orleans Centre Shopping Mall and parking garage (Entertainment District Master Lease). The District also entered into a Co-development Agreement with the property owners to redevelop the premises as a venue for entertainment. The term of the lease extends through June 30, 2026, and will automatically be extended until June 30, 2031, if the Saints Stadium Agreement is extended.

On October 13, 2010, the lease was amended and restated to include all amendments and to allow the District to negotiate an agreement to sublease the New Orleans Centre Shopping Mall and parking garage to the Marketing Fund. The terms of the sublease extend through June 30, 2026, and the Marketing Fund has the option to extend the sublease for a term equal to the terms of the original lease.

The total payments for operating leases during fiscal year 2011 amounted to $2,228,572 for the District and $686,993 for the Marketing Fund. The annual base rental payments are as follows:

Year Ended June 30,	Business-Type Activities	Component Unit
2012	$2,208,335	$996,527
2013	7,464,507	2,464,507
2014	2,586,026	2,586,026
2015	2,709,975	2,709,975
2016	2,836,403	2,836,403
2017-2021	15,254,443	9,062,255
2022-2026	18,588,128	5,000,000

The annual base rental payments include an annual 2% increase and a fixed incremental increase over the life of the leases. Payments made under this lease by the Marketing Fund are reported as lease income for Champions Square on Statement F.

The Co-development Agreement required the District to establish a separate construction account and deposit $10,500,000 to fund the capital improvements at Champions Square (formerly known as the Entertainment District or Mall Project) and any remaining funds are to be used for other District capital projects.

14. MANAGEMENT AND SUPPORT SERVICES AGREEMENTS

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. By the terms of this amendment, the State was required to notify SMG by June 30, 2011, if it elected not to extend the Management Agreement for an additional five years. SMG was not notified by the State and the Management Agreement was further extended for an additional five-year period ending June 30, 2017.

Pursuant to the amendment to the Management Agreement on July 1, 2003, 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 combination of 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 of the combined base fees 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.

Effective October 1, 2008, the District entered into a Support Services Agreement with SMG to provide personnel and resources necessary to perform the administrative, accounting and finance, asset management, public relations, governmental matters and other support services for other facilities. The services with respect to the other facilities and related matters are outside the current scope of the Management Agreement. These services are performed by SMG on behalf of the District which retains final authority over the other facilities and approval for services. The other facilities consist of Champions Square adjacent the Superdome; the Alario Center in Westwego, Louisiana; the Saints Training Facility in Jefferson, Louisiana; the TPC Louisiana Golf Course in Avondale, Louisiana; and Zephyr Field in Metairie, Louisiana. For its services, SMG shall be entitled to receive an annual fee of $150,000. On October 13, 2010, the agreement was amended to reduce the annual fee to $75,000 to provide for the separation of services related to Champions Square. As a result of the sublease of certain portions of Champions Square to the Marketing Fund, a separate support services agreement was entered into between the Marketing Fund and SMG to provide services for an annual fee of $75,000 and extends for the term of the sublease.

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, 2011, 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 outcomes of the proceedings.

16. SUPERDOME LEASE AGREEMENT

The New Orleans Saints lease the Superdome, under an agreement dated September 15, 2009, as amended, with the State, the District, SMG, and the New Orleans Louisiana Saints L.L.C. (the Club), a National Football League (NFL) football franchise. The agreement amends and restates the previous lease agreement dated September 30, 1994, as amended. 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 2025 NFL season. The assignment of revenues resulted in inducements of $12,907,637 being paid to the Club for the year ended June 30, 2011.

Beginning with the 2012 fiscal year, should the Club's revenue fall below certain benchmark amounts, the State is required to reimburse the Club an amount to cause the Club's revenue to equal the benchmark. For the year ending June 30, 2012, the State's cap on this reimbursement shall be $6 million, increased at a rate of 2% annually for each subsequent fiscal year.

During the year ended June 30, 2011, the Club received $17,306,320 of other inducements for the 2010 football season. The gross inducement amount of $23,800,000 was reduced by eligible payments of $6,493,680 to the Club in accordance with the lease agreement. The net other inducements for the 2010 football season was accrued within sports franchise inducements payable at June 30, 2011, and paid to the Club in July 2011.

17. ARENA USE AGREEMENTS

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 (NBA), under which the Hornets would relocate to New Orleans and play all home basketball games in the Arena. In January 2008, the Arena use agreement was amended to end June 30, 2014. The Hornets shall pay a termination fee of at least $10 million to the State if the lease is terminated before June 30, 2013. The rent payable by the Hornets for use of the Arena shall equal 60% of concession revenue for the season.

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. Under the amended agreement for the 2008 fiscal year, the State's cap on this reimbursement was $6.5 million, increased at a rate of 5% for each subsequent fiscal year. During the year ended June 30, 2011, the Hornets were paid $7,071,971 as an additional inducement for the revenue benchmark and $1,865,594 from the players' tax.

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 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 2010-2011 season amounted to $3,349,398, and was recorded as operating expenses for the year ended June 30, 2011.

18. COOPERATIVE ENDEAVOR AGREEMENTS

On July 1, 2002, the District entered into a cooperative endeavor agreement with the Louisiana Department of 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, $16,127,922 has been expended as of June 30, 2011.

Effective November 25, 2008, the State, The Players Club (TPC), the District, and the Division of Administration (DOA) entered into a purchase agreement and a cooperative endeavor in order for the State to acquire the TPC's Louisiana golf course property and to transfer from the State and DOA to the District all State and DOA jurisdiction over, and authority for, the oversight and administration of the Tournament Players Club Golf Facility (the Golf Facility) as well as oversight and administration of all funds appropriated, or to be appropriated, by the State related to the supervision, operation, and management of the Golf Facility.

On May 13, 2010, the District entered into a cooperative endeavor agreement with the DOA, Office of Community Development to obtain Community Development Block Grant Disaster Recovery Program funds. The Louisiana Superdome was severely damaged by hurricanes Katrina and Rita and their aftermath. This agreement is for the funding and/or reimbursement of the expeditious and effective recovery and repair of the Louisiana Superdome facilities damaged by hurricanes Katrina and/or Rita by the District. The Office of Community Development, as administrator of the Community Development Block Grant Disaster Recovery Program, will make available to the District up to $40,000,000 in Community Development Block Grant Disaster Recovery funds to fund and/or reimburse certain repairs to the Louisiana Superdome. During the year ended June 30, 2011, the Office of Community Development provided $20,760,014 in funding. The aggregate amount received through June 30, 2011, under this program was $28,785,322.

On October 15, 2010, the District entered into a cooperative endeavor agreement with the Marketing Fund to evidence the obligations of the District with respect to a NMTC transaction pursuant to Section 45D of the Internal Revenue Code of 1986. The agreement further defines the project as the development of Champions Square and the responsibilities of each party related to the project with under the NMTC transaction. The term of the agreement will expire on the earlier of (a) the date that the community development entity (CDE) loan documents with the Marketing Fund are terminated or do not become effective, the loans are paid in full, or (b) June 30, 2026. The participation in the NMTC transaction required the District to make certain guarantees, including the CDE loans to the Marketing Fund. The District’s obligations under the agreement are only payable in the event the Marketing Fund has insufficient funds to cover its operating expenses or debt service payments. The District has agreed to make a contribution to the capital of the Marketing Fund sufficient to meet its obligations, but only to the extent that resources are available after the District has met its own obligations. The contribution of capital can only be made from sources not dedicated or restricted for other purposes.

19. WORKING CAPITAL AND FINANCIAL POSITION

During the year ended June 30, 2011, the District experienced an operating loss because of inducement payments required by lease agreements with professional sports franchises (see notes 16 and 17), and continued unfavorable results of the interest rate hedge agreement (see note 8). As a result of the unfavorable results of the interest rate hedge agreement, the debt service requirements of the District continue to increase and have affected the monies available to the District to meet the debt service payments and other financial obligations. The losses were financed in part by CDBG program funding to the District of $20,760,014 for fiscal year 2011, and in December 2010, the State Bond Commission approved the State to continue to own most of the Series 2006A, 2006B, and 2006C auction-rate bonds at an interest rate of 1.25% until December 31, 2012, the length of time permitted by the IRS.

To prevent future losses, the District will need to obtain additional nonoperating revenues, receive aid from the State, or other relief in meeting its financial commitments. Management of the District is working to obtain other revenue sources and operating efficiencies to improve the financial position of the District.

20. CHANGE IN REPORTING ENTITY

The change in reporting entity of $192,708 is due to the inclusion of the Louisiana Superdome Marketing and Promotion Fund as a component unit.

21. NET ASSETS RESTATEMENT - GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table discloses restatements of certain net assets:

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Unit
Net Assets at June 30, 2010	($245,259,722)	$309,786,064	
Change in Reporting Entity			$192,708
Beginning Net Assets as Restated	($245,259,722)	$309,786,064	$192,708

22. SUBSEQUENT EVENT

In October 2011, the New Orleans Saints entered into a naming rights agreement with the Mercedes Benz Corporation to acquire the name and title sponsorship to the Louisiana Superdome. The current New Orleans Saints recently amended Superdome Use Agreement permits the team to market and sell the naming rights of the Superdome subject to certain terms and conditions.

Louisiana Revised Statute 51:293.1 authorizes the LSED to sell or transfer the right to designate and use an alternative name to refer to the Louisiana Superdome. Through the 2009 amended Superdome Use Agreement, the LSED and State granted the New Orleans Saints the authority to sell name and title sponsorship rights. Granting the Saints ability to sell naming rights sponsorship was considered a key factor in lowering the State's economic exposure to future financial inducements. All naming rights sponsorship revenues received by the Saints are subject to a "sharing" agreement with the State as set forth in the 2009 lease amendment.

Under the previous agreement, the State was required to fund "guaranteed" financial inducements, which could be offset by naming rights sponsorship revenues received. Despite many attempts, the State was unsuccessful in marketing the name and title sponsorship and was forced to pay the guaranteed inducements without offset over the 10-year term of the agreement. With State lawmakers final approval on October 28, 2011, the new name of the Superdome became "Mercedes Benz Superdome."

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, 2011

The annual fiscal report presents the financial position of the Louisiana Stadium and Exposition District, as of June 30, 2011, 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.

TRANSMITTAL LETTER

September 1, 2011

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Legislative_Auditor_-_Fileroom.LLA@lla.state.la.us

Dear Auditor:

Enclosed are the financial statements of the Louisiana Stadium and Exposition District as of, and for the year ended, June 30, 2011, prepared in accordance with the instructions provided by the Division of Administration, Office of Statewide Reporting and Accounting Policy for entities reporting as business-type activities.

If you have any questions concerning the information submitted, please contact me.

Sincerely,

David M. Weidler
Senior Director of Finance and Administration
Louisiana Stadium and Exposition District

____
Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2011

LOUISIANA STADIUM AND EXPOSITION DISTRICT
Post Office Box 52439
New Orleans, LA 70152

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

LLAFileroom@lla.la.gov.

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, M. David Weidler, Senior Director of Finance and Administration of the Louisiana Stadium and Exposition District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Stadium and Exposition District at June 30, 2011 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 1st day of September, 2011.

Signature of Agency Official

Lorraine M. Dendinger #80457
NOTARY PUBLIC

LORRAINE M. DENDINGER
Notary Public
Parish of St Tammany
State of Louisiana

Prepared by: M David Weidler

Title: Senior Director of Finance and Administration

Telephone No.: (504)-587-3850

Date: ____________________

Email Address: David.Weidler@superdome.com

LOUISIANA STADIUM AND EXPOSITION DISTRICT

STATE OF LOUISIANA
Annual Financial Statements
June 30, 2011

C O N T E N T S

AA. Prior-Year Restatement of Net Assets
BB. Net Assets Restricted by Enabling Legislation
CC. Impairment of Capital Assets
DD. Employee Termination Benefits
EE. Pollution Remediation Obligations
FF. American Recovery and Reinvestment Act (ARRA)

Schedules

1 Schedule of Per Diem Paid to Board Members
3 Schedules of Long-Term Debt
4 Schedules of Long-Term Debt Amortization
15 Schedule of Comparison Figures and Instructions
16 Not Applicable

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CPAs & BUSINESS ADVISORS

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Commissioners
Louisiana Stadium and Exposition District
New Orleans, LA

We have compiled the accompanying special-purpose financial statements of the Louisiana Stadium and Exposition District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011. We have not audited or reviewed the accompanying special-purpose financial statements and, accordingly, do not express an opinion or provide any assurance about whether the special-purpose financial statements are in accordance with the policies and practices of the State of Louisiana Division of Administration Office of Statewide Reporting and Accounting Policy.

The District's management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the policies and practices of the State of Louisiana Division of Administration Office of Statewide Reporting and Accounting Policy, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the special-purpose financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of special-purpose financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the special-purpose financial statements.

The accompanying special-purpose financial statements were prepared for the purpose of complying with the requirements of the State of Louisiana Division of Administration Office of Statewide Reporting and Accounting Policy and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

The management's discussion and analysis information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or provide any assurance on the supplementary information.

We are not independent with respect to Louisiana Stadium and Exposition District.

LaPorte, Sehrt, Romig & Hand

A Professional Accounting Corporation

August 29, 2011

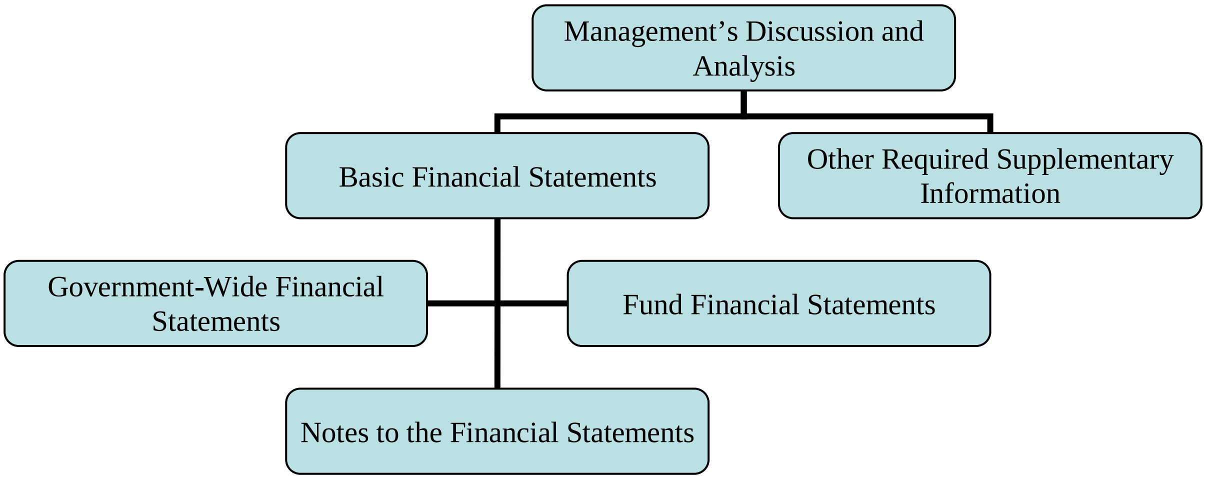
Management's Discussion and Analysis of the Louisiana Stadium and Exposition District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting 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 District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets of business-type activities exceeded liabilities at the close of fiscal year 2011 by $346,571,894. The net assets increased by $36,785,830 during fiscal year 2011. The liabilities of governmental activities exceeded assets at the close of fiscal year 2011 by $246,088,661. The net assets of governmental activities decreased by $828,939 during fiscal year 2011.
- The District recognized a new component unit during the fiscal year ended June 30, 2011, which is identified as the Louisiana Superdome Marketing and Promotional Fund (the Marketing Fund). The District and the Marketing Fund, a nonprofit corporation, entered into various transactions in order to take advantage of new market tax credits to fund construction at Champions Square.
- The District has received $48,741,193 in capital contributions to its business-type activities for the year ended June 30, 2011. This represents an increase of $17,157,729 over the prior fiscal year. The contributions are various capital projects for improvements to the Louisiana Superdome and the New Orleans Arena.
- The District's business-type activities entered into an agreement whereby Champions Square loaned USB LSED Investment Fund, LLC, $11,539,075 to fund the new market tax credit transaction. The entire transaction provided approximately $2 million of additional funding for the capital improvements to Champions Square.
- During the fiscal year 2011, the Louisiana Superdome completed various phases of an $85 million renovation to completely modernize the facility. This brings the total spent on renovations to $336 million since 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the District established by Governmental Accounting Standards Board Statement No. 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 and its component unit.
- 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, such as 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 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 three categories:

- Governmental activities, which include the general fund, debt service and capital projects
- Business-type activities, which include the operation of the Louisiana Superdome, New Orleans Arena, and Champions Square
- Component Unit, which represents the operation of the Louisiana Superdome Marketing and Promotional Fund, a legally separate nonprofit corporation for which the District is financially accountable

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 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 short- and long-term financial information. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detailed and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE DISTRICT

Net Assets
As of June 30, 2011 and 2010
(in thousands)

	2011	2010
Current and other assets	$ 105,023	$ 106,715
Capital assets	378,623	351,963
Total assets	483,646	458,678
Current and other liabilities	67,445	112,393
Long-term debt outstanding	315,718	281,759
Total liabilities	383,163	394,152
Net assets:		
Invested in capital assets, net of debt	101,679	76,273
Restricted	30,063	37,042
Unrestricted	(31,259)	(48,789)
Total net assets	$ 100,483	$ 64,526

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, 2011 and 2010
(in thousands)

	2011	2010
REVENUES		
Program revenues:		
Charges for services	$ 36,424	$ 40,561
Grants and contributions	69,501	47,759
General revenues:		
Hotel occupancy taxes	34,241	29,858
State appropriations	-	18,200
New Orleans Sports Franchise Fund	5,505	4,511
Pari-Mutuel Live Racing Facility Slots	3,103	3,277
Players' tax	3,599	3,217
Interest and other income	4,960	14,041
Total revenues	157,333	161,424
PROGRAM EXPENSES		
Interest on long-term debt	18,603	19,227
Facility operation	110,964	113,744
Total expenditures	129,567	132,971
Investment gain (loss), net	8,198	(12,531)
Loss on disposal of capital assets	(7)	(35)
INCREASE IN NET ASSETS	$ 35,957	$ 15,887

The District's total revenues of its governmental and business-type activities decreased from 2010 to 2011 by $4,107,687. The total cost of all governmental and business-type activities programs and services decreased by $2,795,376 primarily as a result of the prior year obligation to the Tournament Players Club Golf Facility. The decrease in total revenues is due primarily to a decrease in other income which in the prior year was made up largely of a litigation settlement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011 and 2010, the District had $378,622,784 and $351,963,041, respectively, invested in capital, net of accumulated depreciation of $147,706,825 and $123,201,200, respectively, including land, buildings and improvements, and furniture, fixtures and equipment.

(in thousands)

	2011	2010
Land	$ 13,944	$ 13,944
Building and improvements	261,972	281,722
Furniture, fixtures, and equipment	8,929	9,066
Construction in progress	93,778	47,231
Total	$ 378,623	$ 351,963

Debt

The District had $294,325,000 in revenue bonds outstanding at June 30, 2011 and June 30, 2010. During the year ended June 30, 2006, the District issued Series 2006A, 2006B, 2006C, and 2006D bonds totaling $294,325,000 for the purposes of refunding the District's existing debt, providing funds for enhancements to the Louisiana Superdome, and providing working capital for the District's operations. During the years ended June 30, 2011 and June 30, 2010, the District was not required to make principal payments on the Series 2006 bonds.

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 and is due by June 30, 2012.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Staffing requirements and operating expenses due to the Louisiana Superdome, the New Orleans Arena, and Champions Square being fully operational
- Events anticipated based on contracts and historical cost
- Hotel occupancy tax revenue based on conventions planned in New Orleans and estimates of future conventions projected to come to New Orleans
- Contractual obligations to sports franchises

The District has incurred operating losses for fiscal years ended June 30, 2011 and June 30, 2010. During fiscal years 2011 and 2010, the District's net assets increased $35,956,891 and $15,887,224, respectively. The operating losses are funded by statutorily dedicated revenues, state appropriations, and hotel occupancy taxes. Current projections by management of the District indicate that losses are anticipated in future years because of increased interest expense and contractual obligations to sports franchises.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the 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, Post Office Box 52439, New Orleans, Louisiana 70152.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
BALANCE SHEET
AS OF JUNE 30, 2011

Statement A
(continued)

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	46,473,295
Restricted Cash and Cash Equivalents		
Investments		
Derivative instrument		
Deferred outlflow of resources		11,330,112
Receivables (net of allowance for doubtful accounts)(Note U)		18,030,448
Due from other funds (Note Y)		
Due from federal government		
Inventories		124,021
Prepayments		2,994,802
Notes receivable		
Other current assets		140,000
Total current assets		79,092,678
NONCURRENT ASSETS:		
Restricted assets (Note F):		
Cash		15,884,371
Investments		
Receivables		815,472
Investments		
Notes receivable		
Capital assets, net of depreciation (Note D)		
Land and non-depreciable easements		13,944,160
Buildings and improvements		261,972,164
Machinery and equipment		9,705,676
Infrastructure		
Intangible assets		
Construction/Development-in-progress		104,108,794
Other noncurrent assets		12,413,844
Total noncurrent assets		418,844,481
Total assets	$	497,937,159

See Accountant's Compilation Report
The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA **Statement A**
LOUISIANA STADIUM AND EXPOSITION DISTRICT **(concluded)**
BALANCE SHEET
AS OF JUNE 30, 2011

LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	39,495,018
Derivative instrument		45,447,127
Deferred inflow of resources		
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		12,658,303
Amounts held in custody for others		
Other current liabilities		2,599,019
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		347,812
Capital lease obligations		97,693
Claims and litigation payable		
Notes payable		7,500,000
Pollution remediation obligation		
Bonds payable (include unamortized costs)		4,943,802
Other long-term liabilities		
Total current liabilities		113,088,774
NONCURRENT LIABILITIES: (Note K)		
Contracts payable		
Compensated absences payable		
Capital lease obligations		713,784
Claims and litigation payable		
Notes payable		13,977,714
Pollution remediation obligation		
Bonds payable (include unamortized costs)		270,270,929
OPEB payable		
Other long-term liabilities		
Total noncurrent liabilities		284,962,427
Total liabilities		398,051,201
NET ASSETS		
Invested in capital assets, net of related debt		101,679,314
Restricted for:		
Capital projects		
Debt Service		14,457,480
Unemployment compensation		
Other specific purposes		15,605,415
Unrestricted		(31,856,251)
Total net assets		99,885,958
Total liabilities and net assets	$	497,937,159

See Accountant’s Compilation Report
The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA **Statement B**

LOUISIANA STADIUM AND EXPOSITION DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

OPERATING REVENUE	
Sales of commodities and services	$ 37,477,473
Assessments	
Use of money and property	
Licenses, permits, and fees	
Other	
Total operating revenues	37,477,473
OPERATING EXPENSES	
Cost of sales and services	59,164,293
Administrative	1,273,073
Depreciation	24,590,143
Amortization	
Total operating expenses	85,027,509
Operating income (loss)	(47,550,036)
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	-
Intergovernmental revenues (expenses)	-
Taxes	47,043,412
Use of money and property	8,459,596
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	(6,612)
Federal grants	20,760,014
Interest expense	(18,747,274)
Other revenue	4,102,266
Other expense	(27,635,651)
Total non-operating revenues (expenses)	33,975,751
Income (loss) before contributions, extraordinary items, & transfers	(13,574,285)
Capital contributions	48,741,193
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	35,166,908
Total net assets - beginning, as restated	64,719,050
Total net assets - ending	$ 99,885,958

See Accountant's Compilation Report

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

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Statement C

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Louisiana Stadium and Exposition District	$ 131,410,434	$ 37,477,473	$ 20,760,014	$ 48,741,193	$ (24,431,754)
General revenues:					
Taxes					47,043,412
State appropriations					-
Grants and contributions not restricted to specific programs					
Interest					8,459,596
Miscellaneous					4,102,266
Special items					(6,612)
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					59,598,662
Change in net assets					35,166,908
Net assets - beginning as restated					64,719,050
Net assets - ending					$ 99,885,958

See Accountant's Compilation Report

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

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

Statement D (continued)

Cash flows from operating activities		
Cash received from customers	$ 40,034,000	
Cash payments to suppliers for goods and services	(57,885,587)	
Cash payments to employees for services	(11,421,375)	
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		(29,272,962)
Cash flows from non-capital financing activities		
State appropriations		
Federal receipts	28,025,308	
Federal disbursements		
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		
Transfers in		
Transfers out		
Other	41,938,667	
Net cash provided(used) by non-capital financing activities		69,963,975
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities	(17,348,613)	
Proceeds from issuance of notes payable	14,800,000	
Principal paid on notes payable		
Interest paid on notes payable	(121,933)	
Acquisition/construction of capital assets	(62,055,097)	
Proceeds from sale of capital assets		
Capital contributions	48,428,293	
Other	(13,086,124)	
Net cash provided(used) by capital and related financing activities		(29,383,474)
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	251,993	
Net cash provided(used) by investing activities		251,993
Net increase(decrease) in cash and cash equivalents		11,559,532
Cash and cash equivalents at beginning of year, as restated		50,798,134
Cash and cash equivalents at end of year		$ 62,357,666

See Accountant's Compilation Report
The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA **Statement D**
LOUISIANA STADIUM AND EXPOSITION DISTRICT **(concluded)**
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

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

Operating income(loss)		$ (47,550,036)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	24,590,143	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(396,478)	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	(353,040)	
(Increase)decrease in inventories	(26,005)	
(Increase)decrease in other assets	24,332	
Increase(decrease) in accounts payable and accruals	(8,809,602)	
Increase(decrease) in compensated absences payable	(19,821)	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	3,267,545	
Increase(decrease) in OPEB payable		
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		$ (29,272,962)

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	$
Contributions of fixed assets	1,376,441
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	$ 1,376,441

See Accountant's Compilation Report
The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
NOTES TO THE FINANCIAL STATEMENT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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 (the State) of 1921, as amended and continued as a statute by Article XIV, Section 16 of the Constitution of the State of Louisiana of 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 Original Act.

The District acquired a site and constructed thereon the Louisiana Superdome (the Superdome) which opened in August 1975. The Louisiana Superdome is leased by the District to the State pursuant to a 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 New Orleans Arena (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 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 State 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Louisiana Stadium and Exposition District and its component unit 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 Louisiana Stadium and Exposition District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

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

Expense Recognition

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

B. BUDGETARY ACCOUNTING (not applicable)

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) 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 required to be 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.

Beginning in Fiscal Year 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 that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2011, consisted of the following:

	Deposits in bank accounts			
	Cash	Nonnegotiable Certificates of Deposit	Government Securities Money Market	Total
Deposits per Balance Sheet (Reconciled bank balance)	$ 51,040,082	$	$ 11,268,196	$ 62,308,278
Deposits in bank accounts per bank	$ 58,912,272	$	$ 11,268,196	$ 70,180,468
Bank balances exposed to custodial credit risk	$ 58,662,272	$	$ -	$ 58,662,272
a. Uninsured and uncollateralized				-
b. Uninsured and collateralized with securities held by the pledging institution	58,662,272			58,662,272
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name				-

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

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

Banking Institution	Program	Amount
1. Capital One	Enterprise Funds	$ 14,211,926
2. Capital One	General Fund & Capital Projects	44,021,572
3. Bank of New York	Debt Service Fund	11,268,196
4. Capital One	Component Unit	678,774
Total		$ 70,180,468

Listed below is petty cash that is included in cash on the balance sheet:

Cash in State Treasury	$
Petty cash	$ 49,388

2. INVESTMENTS (not applicable)

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES (not applicable)

4. DERIVATIVES (GASB 53)

A. Summary of Derivative Instruments

The fair values of derivative instruments outstanding at June 30, 2011, which are reported as liabilities in the financial statements, totaled $45,447,127 in favor of Merrill Lynch Capital Services, Inc. (MLCS). The fair values were provided by an independent third party and are based on mid-market levels as of the close of business on June 30, 2011. The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

Summary of Derivative Instruments

		Changes in Fair Value		Fair Value at June 30	
Type	Notional	Classification	Amount	Classification	Amount
Investment Derivative Instruments:		Investment			
Pay-fixed interest rate swaps	$ 238,475,000	Income	$ 8,198,119	Debt	$ (34,117,015)
Fair Value Hedges:					
None					
Cash Flow Hedges:		Deferred			
Pay-fixed interest rate swaps	$ 55,850,000	Outflow	$ 2,928,294	Debt	$ (11,330,112)

B. Investment Derivative Instruments

Investment derivative instruments include derivative instruments that are not effective or are no longer effective and cannot be classified as hedging derivative instruments. As of June 30, 2011, the District determined that the pay-fixed interest rate swap associated with the Series A, B, and C Bonds did not meet the criteria for effectiveness. Accordingly, the changes in the fair market values of these instruments are netted and reported in the statement of activities within investment earnings. The combined fair market value as of June 30, 2011 is reflected as investment derivatives within the statement of net assets.

1. Credit Risk of Investment Derivative Instruments

Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2011, the District is 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 turn 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 “A/Negative/A” by Standard and Poor’s effective April 2, 2010. 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.

2. Interest Rate Risk of Investment Derivative Instruments

Investment Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
Bond Series A&B Swaps	169,325,000	(24,023,894)	3,650,000	21,200,000	26,700,000	117,775,000
Bond Series C Swaps	69,150,000	(10,093,121)	1,500,000	8,625,000	10,875,000	48,150,000

The bonds and the related hedge agreements mature on July 1, 2036, and the agreement's notional amount of $238,475,000 matches the principal amount of the Series 2006A, Series 2006B, and 2006C 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. Conversely, the District is required to pay the floating rate on the variable-rate bonds.

C. Hedging Derivative Instruments

As a means to lower its overall borrowing costs, when compared against fixed-rate bonds, specifically for the first several years, 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 bonds and the related hedge agreements mature on July 1, 2036, and the agreement's notional amount of $55,850,000 matches the principal amount of the Series 2006D 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 100% of the one month USD BBA London Interbank Offered Rate (LIBOR) plus 1.25% for the Series 2006D taxable bonds. Conversely, the District is required to pay the floating rate on the variable-rate bonds.

Terms and Objectives of Hedging Derivative Instruments

Type	Notional	Objective	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap Series 2006D	55,850,000	Variable to fixed rate debt	3/23/2006	7/1/2036	See Above	A/Negative A

Hedging Derivative Instrument	Counterparty Swap Payment To (Estimated)	From (Estimated)	Net (Actual)	Interest Payments to Bondholders	Total Payments
Pay-fixed interest rate swap Series 2006D	3,787,189	(154,668)	3,632,521	862,049	4,494,570

1. Credit Risk of Hedging Derivative Instruments

Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2011, 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 turn 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 “A/Negative/A” by Standard and Poor’s effective April 2, 2010. 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.

2. Interest Rate Risk of Hedging Derivative Instruments

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, 2011, the District has no plans to terminate the hedge agreements but maintains the right to actively manage its debt portfolio as opportunities arise.

Hedging Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
Bond Series D Swap	$ 55,850,000	$ (11,330,112)	$ 750,000	$ 4,750,000	$ 7,075,000	$ 43,275,000

3. Basis Risk of Hedging Derivative Instruments

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 minimize basis risk, the District has used a higher percentage of LIBOR fixed payer hedge (70%) for the Series 2006A, 2006B, and 2006C bonds.

4. Termination Risk of Hedging Derivative Instruments

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 hedge agreements if the other party fails to perform under the terms of the contract. The hedge agreements 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 hedge agreements 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.

Debt and Lease Obligations for Hedged Debt (per GASB 38, paragraph 10)

Fiscal Year Ending June 30	Principal	Interest	Hedging Derivative Instruments, Net	Total
2012	$ 750,000	$ 1,083,730	$ 2,982,708	$ 4,816,438
2013	800,000	1,069,177	2,942,654	4,811,831
2014	875,000	1,460,903	2,899,930	5,235,833
2015	950,000	1,437,362	2,853,200	5,240,562
2016	1,025,000	1,411,803	2,802,464	5,239,267
2017-2021	6,525,000	6,598,280	13,097,748	26,221,028
2022-2026	9,650,000	5,564,482	11,045,634	26,260,116
2027-2031	14,225,000	4,038,335	8,016,196	26,279,531
2032-2036	21,050,000	1,787,791	3,548,809	26,386,600
2037-2041				-
Total	$ 55,850,000	$ 24,451,863	$ 50,189,343	$ 130,491,206

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 held in escrow by the bond trustee.

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.

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. Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The District's investment policy does not limit the amount of its holdings of securities by counterparties. At June 30, 2011, the District's escrow funds were invested in Money Market funds held by a counterparty in the name of the District. Money Market investments for 2011 consist of the Dreyfus Institutional Reserves Treasury Fund (Symbol DRRXX), which is rated Aaa by Moody's and AAAm by Standard and Poor's. 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. The investments are not exposed to custodial credit risk or concentration of credit risk.

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, 2011 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 INVESTMENTS (not applicable)

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 District and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the District is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
NOTES TO THE FINANCIAL STATEMENT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

Schedule of Capital Assets (includes capital leases)

	Balance 6/30/2010	Prior Period Adjustments	Restated Balance 6/30/2010	Additions	* Reclassification of CIP	** Retirements	Balance 6/30/2011
Capital assets not depreciated:							
Land	$ 13,944,160	$	$ 13,944,160	$	$	$	$ 13,944,160
Non-depreciable land improvements			-				-
Non-depreciable easements			-				-
Capitalized collections			-				-
Software - development in progress			-				-
Construction in progress	47,230,554		47,230,554	60,705,175	(3,826,935)		104,108,794
Total capital assets not depreciated	$ 61,174,714	$ -	$ 61,174,714	$ 60,705,175	$ (3,826,935)	$ -	$ 118,052,954
Other capital assets:							
Depreciable land improvements	$	$	$ -	$	$	$	$ -
** Accumulated depreciation			-				-
Total land improvements	-	-	-	-	-	-	-
Buildings	395,844,345		395,844,345	2,436,688			398,281,033
** Accumulated depreciation	(114,122,136)		(114,122,136)	(22,186,733)			(136,308,869)
Total buildings	281,722,209	-	281,722,209	(19,750,045)	-	-	261,972,164
Machinery & Equipment	18,145,182		18,145,182	3,049,580		(17,145)	21,177,617
** Accumulated depreciation	(9,079,064)		(9,079,064)	(2,403,410)		10,533	(11,471,941)
Total machinery & equipment	9,066,118	-	9,066,118	646,170	-	(6,612)	9,705,676
Infrastructure			-				-
** Accumulated depreciation			-				-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)			-				-
Other intangibles			-				-
** Accumulated amortization - software			-				-
** Accumulated amortization - other intangibles			-				-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	$ 290,788,327	$ -	$ 290,788,327	$ (19,103,875)	$ -	$ (6,612)	$ 271,677,840
Capital asset summary:							
Capital assets not depreciated	$ 61,174,714	$ -	$ 61,174,714	$ 60,705,175	$ (3,826,935)	$ -	$ 118,052,954
Other capital assets, book value	413,989,527	-	413,989,527	5,486,268	-	(17,145)	419,458,650
Total cost of capital assets	475,164,241	-	475,164,241	66,191,443	(3,826,935)	(17,145)	537,511,604
Accumulated depreciation/amortization	(123,201,200)	-	(123,201,200)	(24,590,143)	-	10,533	(147,780,810)
Capital assets, net	$ 351,963,041	$ -	$ 351,963,041	$ 41,601,300	$ (3,826,935)	$ (6,612)	$ 389,730,794

* Should only be used for those completed projects coming out of construction-in-progress to fixed assets.

** Enter a negative number except for accumulated depreciation in the retirement column

E. INVENTORIES

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

F. RESTRICTED ASSETS

Restricted assets in the District at June 30, 2011, reflected at $16,699,843 in the non-current assets section on Statement A, consist of $15,884,371 in cash with fiscal agent, and $815,472 in receivables. The cash and receivables are restricted for construction, renewals and replacements, and the restricted use for concessionaire.

G. LEAVE

1. COMPENSATED ABSENCES

Under the Management Agreement with SMG, all employees engaged in managing and operating the Superdome, Arena, and Champions Square are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 30 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 up to 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to fifteen 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, 2011 was $347,812.

2. COMPENSATORY LEAVE (not applicable)

H. RETIREMENT SYSTEM (not applicable)

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (not applicable)

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2011 amounted to $2,228,572 for the District and $686,993 for its component unit. A schedule of payments for operating leases follows:

Nature of lease	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017-2021	FY 2022-2026
Office Space	$	$	$	$	$	$	$
Equipment							
Land							
Other							
- New Orleans Center Complex	2,208,335	7,464,507	2,586,026	2,709,975	2,836,403	15,254,443	18,588,128
- Component Unit	996,527	2,464,507	2,586,026	2,709,975	2,836,403	9,062,255	5,000,000
Total	$ 3,204,862	$ 9,929,014	$ 5,172,052	$ 5,419,950	$ 5,672,806	$ 24,316,698	$ 23,588,128

2. CAPITAL LEASES

Capital leases are recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules.

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Buildings			
c. Equipment	850,825	168,523	811,477
d. Land			
e. Other			
Total	$ 850,825	$ 168,523	$ 811,477

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of June 30, 2011 and a breakdown of yearly principal and interest:

Year ending June 30:		Total
2012	$	140,000
2013		140,000
2014		140,000
2015		140,000
2016		140,000
2017-2021		280,000
2022-2026		
2027-2031		
Total minimum lease payments		980,000
Less amounts representing executory costs		
Net minimum lease payments		980,000
Less amounts representing interest		(168,523)
Present value of net minimum lease payments	$	811,477

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Buildings			
c. Equipment	850,825	168,523	811,477
d. Land			
e. Other			
Total	$ 850,825	$ 168,523	$ 811,477

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2011 and a breakdown of yearly principal and interest:

Year ending June 30:		Total
2012	$	140,000
2013		140,000
2014		140,000
2015		140,000
2016		140,000
2017-2021		280,000
2022-2026		
2027-2031		
Total minimum lease payments		980,000
Less amounts representing executory costs		-
Net minimum lease payments		980,000
Less amounts representing interest		(168,523)
Present value of net minimum lease payments	$	811,477

3. LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectability of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

The District's component unit leases certain equipment in Champions Square from the District under a capital lease that expires June 30, 2018. The assets and liabilities were recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The carrying value of the assets under the capital lease totaled $776,840 net of accumulated depreciation of $73,985 for the year ended June 30, 2011. Depreciation expense related to the assets acquired by capital lease for the year ended June 30, 2011 totaled $73,985.

The capital lease obligation at June 30, 2011 is payable to the District in annual installments of $140,000 with a 5.515% implicit rate of interest at inception. The equipment lease receivable was recorded as a sales-type lease at the gross investment by Champions Square equal to the total minimum lease payments to be received from the Marketing Fund. The portion representing the unearned interest income is reported within deferred revenue and will be amortized to income over the lease term using the interest method.

Composition of lease	Date of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remanining principal to end of lease
a. Office space		$	$	$
b. Buildings				
c. Equipment	10/13/2010	980,000	168,523	811,477
d. Land				
e. Other				
Less amounts representing executory costs				
Minimum lease payments receivable		980,000		
Less allowance for doubtful accounts		-		
Net minimum lease payments receivable		980,000		
Less estimated residual value of leased property				
Less unearned income		(168,523)		
Net investment in direct financing lease		$ 811,477		

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of June 30, 2011.

Year ending June 30:	
2012	$ 140,000
2013	140,000
2014	140,000
2015	140,000
2016	140,000
2017-2021	280,000
2022-2026	
2027-2031	
Total	$ 980,000

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 (collectability 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.

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating leases as of June 30, 2011.

Year Ended June 30,	Office Space	Equipment	Other	Component Unit	Total
2012	$ 98,587	$	$ 1,100,509	$ 885,052	$ 2,084,148
2013	98,587		2,492,973	871,250	3,462,810
2014	98,587		2,586,026	871,250	3,555,863
2015			2,709,975	871,250	3,581,225
2016			2,836,403	871,250	3,707,653
2017-2021			9,062,255	4,356,250	13,418,505
2022-2026			5,000,000	4,356,250	9,356,250
2027-2031					-
Total	$ 295,761	$ -	$ 25,788,141	$ 13,082,552	$ 39,166,454

Current year lease revenues received in fiscal year 2011 totaled $1,084,528 for the District and $607,796 for its component unit.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2011:

	Year ended June 30, 2011				
	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts due within one year
Notes and bonds payable:					
Notes payable	$ 7,500,000	$ 14,800,000	$	$ 22,300,000	$ 7,500,000
Bonds payable	294,325,000			294,325,000	5,900,000
Total notes and bonds payable	301,825,000	14,800,000	-	316,625,000	13,400,000
Other liabilities:					
Contracts payable				-	
Compensated absences payable	367,633		19,821	347,812	347,812
Capital lease obligations		850,825	39,348	811,477	97,693
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable				-	
Other long-term liabilities	56,573,540		11,126,413	45,447,127	-
Total other liabilities	56,941,173	850,825	11,185,582	46,606,416	445,505
Total long-term liabilities	$ 358,766,173	$ 15,650,825	$ 11,185,582	$ 363,231,416	$ 13,845,505

Notes payable include $14,800,000 of debt issued during the year for the District's component unit. It is reported net of $822,286 in issuance costs within the Balance Sheet. The capital lease obligation reported within the financial statements is between the District and its component unit.

Bonds payable are reported in the Balance Sheet net of $19,110,269 of unamortized escrow and issuance costs.

L. CONTINGENT LIABILITIES (not applicable)

M. RELATED PARTY TRANSACTIONS (not applicable)

N. ACCOUNTING CHANGES

Accounting changes made during the year involved a change in entity. The effect of the change is being shown in Note AA.

O. IN-KIND CONTRIBUTIONS (not applicable)

P. DEFEASED ISSUES (not applicable)

Q. REVENUES – PLEDGED OR SOLD (GASB 48)

Hotel Occupancy Tax

Louisiana Stadium and Exposition District issued revenue bonds for $294,325,000 in 2006 to refund all or a portion of prior debt, to pay operational expenses of the District, and to finance the cost of the new construction projects in or around New Orleans, such as the betterments at the Superdome, the baseball stadium, the basketball facility, the football training facility, and the multipurpose facility. The bonds are secured by a pledge of all revenues of the District that are not previously dedicated for another use; however, the hotel occupancy tax revenues in the parishes of Orleans and Jefferson are expected to be the primary source of funding. The District has committed all revenues, especially the hotel occupancy tax, to cover principal and interest requirements until the bonds are fully paid and discharged in 2037. Total revenue pledged for fiscal year ended June 30, 2011, is $83,759,968. Total principal and interest remaining on the bonds is $294,325,000 and $70,233,113 respectively. Interest paid for the current year was $17,348,613 with no principal payment due.

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

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

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
NOTES TO THE FINANCIAL STATEMENT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

T. SHORT-TERM DEBT (not applicable)

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2011, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Governmental Activities	$ 145,099	$ -	$ 10,609,277	$ -	$ 10,754,376
Business-Type Activities	971,349	-	6,287,887	-	7,259,236
Component Unit	36,798	-	-	-	36,798
Gross receivables	$ 1,153,246	$ -	$ 16,897,164	$ -	$ 18,050,410
Less allowance for uncollectible accounts	(19,962)	-	-	-	(19,962)
Receivables, net	$ 1,133,284	$ -	$ 16,897,164	$ -	$ 18,030,448
Amounts not scheduled for collection during the subsequent year	$	$	$	$	$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2011, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Governmental Activities	$ 304,002	$ -	$ 1,728,739	$ 22,878,291	$ 24,911,032
Business-Type Activities	14,233,764	268,584	-	-	14,502,348
Component Unit	81,638	-	-	-	81,638
Total payables	$ 14,619,404	$ 268,584	$ 1,728,739	$ 22,878,291	$ 39,495,018

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)

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
NOTES TO THE FINANCIAL STATEMENT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2011:

Ending net assets 6/30/10 as reported to OSRAP on PY AFR	*Adjustments to ending net assets 6/30/10 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/10) + or (-)	Beg net assets at 7/1/10 as restated
$ 64,526,342	$	$ 192,708	$ 64,719,050

The prior year restatement of net assets results from a change in reporting entity. The Louisiana Superdome Marketing and Promotion Fund has been determined to be a component unit of the District for the fiscal year ending June 30, 2011, and the net assets of the Marketing Fund as of June 30, 2010 were $192,708.

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

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2011, $14,789,943, were restricted by enabling legislation.

Purpose of Restriction	LA Revised Statute Authorizing Revenue	Amount
Renewal and Replacement Reserve Accounts		$ 13,289,943
Working Capital Reserve Account		1,500,000
Total		$ 14,789,943

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES (not applicable)

DD. EMPLOYEE TERMINATION BENEFITS (not applicable)

EE. POLLUTION REMEDIATION OBLIGATIONS (not applicable)

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) (not applicable)

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2011

See Accountant's Compilation Report

Name		Amount
NONE		$
Total	$	-

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

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2011

See Accountant's Compilation Report

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/10	Redeemed (Issued)	Outstanding 6/30/11	Interest Rates	Interest Outstanding 6/30/11
Louisiana Economic Development Corporation	June 2004	$ 7,500,000	$ 7,500,000	$ -	$ 7,500,000	Variable	$ -
		-	-	-	-		-
Component Unit	Dec 2010	14,800,000	-	14,800,000	14,800,000	1.34%	-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
Total		$ 22,300,000	$ 7,500,000	$ 14,800,000	$ 22,300,000		$ -

Notes payable reported on the Balance Sheet has been reduced by $822,286 of unamortized issuance costs for the District's component unit.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2011

See Accountant's Compilation Report

	Date of Issue	Original Issue	Principal Outstanding 6/30/10	Redeemed (Issued)	Outstanding 6/30/11	Interest Rates	Interest Outstanding 6/30/11
Series:							
Series 2006	March 2006	$ 294,325,000	$ 294,325,000	$ -	$ 294,325,000	Variable	$ 1,728,739
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
Unamortized Discounts and Premiums Series:							
Series 2006	March 2006	(24,193,680)	(20,066,467)	956,198	(19,110,269)		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
		-	-	-	-		-
Total		$ 270,131,320	$ 274,258,533	$ 956,198	$ 275,214,731		$ 1,728,739

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
JUNE 30, 2011

See Accountant's Compilation Report

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2012	$ 140,000	$ 42,307	$ 97,693	$ --
2013	140,000	36,781	103,219	--
2014	140,000	30,942	109,058	--
2015	140,000	24,774	115,226	--
2016	140,000	18,256	121,744	--
2017-2021	280,000	15,463	264,537	--
2022-2026				--
2027-2031				--
2032-2036				--
Total	$ 980,000	$ 168,523	$ 811,477	$ --

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2011

See Accountant's Compilation Report

Fiscal Year Ending:	Principal	Interest
2012	$ 7,500,000	$ 198,864
2013		198,320
2014		198,320
2015		198,320
2016		198,864
2017-2021	5,334,983	888,556
2022-2026	9,465,017	326,169
2027-2031		
2032-2036		
Total	$ 22,300,000	$ 2,207,413

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF BONDS PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2011

See Accountant's Compilation Report

Fiscal Year Ending:	Principal	Interest
2012	$ 5,900,000	$ 17,289,656
2013	6,225,000	16,949,483
2014	6,575,000	16,997,673
2015	6,925,000	16,611,343
2016	7,225,000	16,203,744
2017	7,625,000	15,777,641
2018	8,025,000	15,327,503
2019	8,475,000	14,852,693
2020	8,875,000	14,350,446
2021	9,400,000	13,823,526
2022	9,875,000	13,264,396
2023	10,425,000	12,675,821
2024	10,900,000	12,053,640
2025	11,525,000	11,402,014
2026	12,175,000	10,711,373
2027	12,775,000	9,980,345
2028	13,475,000	9,211,695
2029	14,225,000	8,399,257
2030	14,950,000	7,540,265
2031	15,775,000	6,635,476
2032	16,675,000	5,678,722
2033	17,575,000	4,665,230
2034	18,550,000	3,594,375
2035	19,550,000	2,461,997
2036	20,625,000	1,265,465
Subtotal	294,325,000	277,723,779
Unamortized Discounts/Premiums	(19,110,269)	-
Total	$ 275,214,731	$ 277,723,779

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
COMPARISON FIGURES

See Accountant's Compilation Report

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 **$3 million**, explain the reason for the change.

	2011	2010	Difference	Percentage Change
1) Revenues	$ 166,568,583	$ 161,538,360	$ 5,030,223	3.11%
Expenses	131,401,675	132,970,798	(1,569,123)	-1.18%
2) Capital assets	389,730,794	351,963,041	37,767,753	10.73%
Long-term debt	291,748,643	281,758,533	9,990,110	3.55%
Net Assets	99,885,958	64,719,050	35,166,908	54.34%

Explanation for change:

The primary cause of the increases in revenues was due to the 15% increase in Hotel / Motel Tax collections and the investment income reported for the decline in the fair market value of the derivative instrument liability.

Capital assets increased as a result of the ongoing improvements to the Louisiana Superdome and the New Orleans Arena pursuant to HB 2 2009 Act 20.

Long-term debt increased as a result of participation by the District and its component unit in a new market tax credit transaction to provide additional construction funding for the improvements to Champions Square.

The increase in net assets results primarily from the increases in the investment of capital assets for the year.

OTHER REPORT REQUIRED BY

GOVERNMENT AUDITING STANDARDS

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

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 27, 2011

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 27, 2011. Our report was modified to include a reference to another auditor, an emphasis of a matter regarding financial statement comparability, and an explanatory paragraph for the implementation of a new accounting standard. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Another auditor audited the financial statements of the Louisiana Superdome Marketing and Promotional Fund, as described in our report on the District's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by that auditor.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, 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.

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A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designated to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 above.

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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Other Reports

An external auditor audited the Louisiana Superdome Marketing and Promotional Fund which is a discretely presented component unit included in the District's basic financial statements. To obtain copies of this report, refer to note 1-B to the basic financial statements for the mailing address.

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,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

MH:JR:EFS:THC:dl

LSED 2011