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ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Financial Statements and Schedules

December 31, 2005 and 2004

With Independent Auditors' Report Thereon

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

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A Professional Accounting Corporation
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Independent Auditors' Report

Board of Commissioners
Ernest N. Morial New Orleans Exhibition Hall Authority:

We have audited the accompanying statements of net assets of Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) as of December 31, 2005 and 2004, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Authority as of December 31, 2005 and 2004, and the respective changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2006 on our consideration of Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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The Required Supplementary Information as listed in the table of contents is also presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Postlethwaite & Netterville

New Orleans, Louisiana
April 20, 2006

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The Management's Discussion and Analysis of the Ernest N. Morial New Orleans Exhibition Hall Authority's (the Authority) financial performance presents a narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2005 and 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available). Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Authority's mission is to plan, finance, construct and manage a convention and exhibition center in the City of New Orleans. As part of this mission, the Authority continued with the expansion of its facilities (the Center) during 2004 and 2005.

On August 17, 2005, the Authority finalized and signed the Phase IV contract. Construction of Phase IV commenced at this time. Hurricane Katrina then devastated the City of New Orleans on August 29. Due to the effects of the storm, the expansion project schedule has been modified as the Authority proceeds with due diligence. The general notice to proceed was issued November 9, 2005; concurrently, a notice of suspension was issued. The Authority's commissioners will determine the extent of work to be performed as the project moves forward. The Center did not flood nor was it a designated shelter of last resort for the hurricane. However, in the immediate days after the storm, approximately 25,000 people came to the Center in search of shelter, food, water and rescue. Also in the days following the storm, the Center became active in the City's post Katrina recovery efforts. From early September through December, the Center housed and provided services for 5,000 National guard soldiers, first responders, FEMA contractors, and others who aided the city's recovery. From early September through March 15, 2006, the Center housed a military field hospital that was later taken over by Charity hospital officials. Currently, the Center is still housing the New Orleans EMS as well as the City of New Orleans records office.

The Authority is in the process of repairing the storm damaged areas as well as renovating the Center. The extent of damages includes, but is not limited to, permanent roof repairs, removal and replacement of 88,000 square yards of custom carpet, replacement of approximately 700 pieces of custom fabricated canopy, skylight and storefront glass, replacement of 28,000 chairs and replacement and repair of numerous doors and hardware components. The repairs and renovations will compliment the interior of the Phase IV expansion. The Authority is independently insured by one of the largest commercial property insurers in the nation.

The progress to date has been tremendous. The Authority reopened three of its twelve exhibit halls February 17, 2006 to host its first tradeshow. Since then, the Center has hosted several events. In June, eight additional halls and two-thirds of the building' s meeting rooms will open. By the end of the year, the Center's repairs and restoration project will be completed. There are thirty-two events scheduled for 2006 with projected attendance of approximately 245,000 people generating more than 200,000 hotel room nights.

The Authority also ended the year with a surplus in spite of Katrina. Revenues were less than originally expected. The taxes collected by the Authority generated $32.4 million in 2005 as compared to $41.5 million of revenues in 2004. User fees totaled $18.0 million in 2005 as compared to $22.0 million in 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and other supplementary information. The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The Authority's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the Authority are included in the Statements of Net Assets.

The Statements of Net Assets report the Authority's net assets as of the end of the year. Net assets, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial health or position. The increase in the Authority's net assets during 2005 and 2004 is an indicator of its positive financial health.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets

The Authority's total net assets at December 31, 2005 reached approximately $422 million as compared to $403 million at the end of 2004 (See Table A-1). Total 2005 assets increased to $947 million, and total liabilities decreased to $525 million as compared to $936 and $533 million, respectively, in 2004. The Authority's total net assets at December 31, 2004 increased 4% from 2003. Total 2004 assets increased 1.0% to $936 million, and total liabilities decreased 1.5% from 2003.

**Table A-1
Ernest N. Morial New Orleans Exhibition Hall Authority
Statements of Net Assets (in thousands of dollars)
December 31, 2005 and 2004**

	2005	2004
Current assets	$ 96,337	$ 78,438
Restricted assets	388,496	395,347
Deferred charges	7,533	7,899
Capital assets	454,443	453,927
Total assets	$ 946,809	$ 935,611
Current liabilities	$ 26,559	$ 25,126
Long-term liabilities	498,497	507,925
Total liabilities	525,056	533,051
Net assets:		
Invested in capital assets, net of related debt	242,006	234,409
Restricted	81,844	89,880
Unrestricted	97,903	78,271
Total net assets	421,753	402,560
Total liabilities and net assets	$ 946,809	$ 935,611

During 2005 and 2004, the Authority's restricted assets increased (decreased) by ($6.9) million and $19 million, respectively. The decrease in 2005 is primarily as a result of decreases in tax receivables related to the impact of Hurricane Katrina. The increase in 2004 is primarily related to increase in investments restricted for debt service requirements.

Changes in Net Assets

The change in net assets was $19.2 million for the year ended December 31, 2005. The Authority's operating revenues are comprised primarily of user charges. The Authority's total operating revenues totaled $30.4 million, comprised primarily of user charges and $8 million of business interruption insurance recovery. Before consideration of business interruption insurance recovery, operating revenues declined from $27 million in 2004 to $22 million in 2005 primarily due to events being cancelled the last four months of 2005 as a result of Katrina. Operating expenses in 2005 totaled $27 million before depreciation as compared to approximately $32 million in 2004. The decrease in 2005 is primarily attributable to the impact of Katrina on operations and employee related expenses. Operating revenues were $27.1 million in 2004 as compared to $27.5 million in 2003. Operating expenses in 2004 totaled $31.9 million before depreciation as compared to approximately $31.5 in 2003.

In both 2005 and 2004, non-operating revenues were primarily comprised of dedicated taxes, investment income and interest expense. The dedicated taxes totaled $32.4 in 2005 as compared to $41.5 in 2004. The decline in 2005 is attributed to the impact of Katrina on the City of New Orleans and resulting taxes that normally would have been collected from hotels, restaurants and service contractors. Investment income and interest expense, both net of amounts capitalized, totaled $6.6 and $9.9 and $3.5 and $11.3 million, respectively, in 2005 and 2004. The increase in investment earnings is attributable to increased interest rates. The decrease in interest costs in 2005 reflects impact of debt refinancing in 2004. Also, during 2005, the Authority did not draw down funds from the State of Louisiana for capital as compared to $0.5 million in 2004. Net assets invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. When there are significant unspent related bond proceeds, the portion of the debt attributable to the unspent proceeds is included in the calculation of this net asset.

Table A-2
Ernest N. Morial New Orleans Exhibition Hall Authority
Statements of Revenue, Expenses and Changes in Net Assets
(in thousands of dollars)
Years ended December 31, 2005 and 2004

	2005	2004
Operating Revenues:		
User fees and other revenues	$ 19,098	$ 23,329
Business interruption proceeds	8,000	-
Commissions	3,330	3,742
Total operating revenues	30,428	27,071
Operating Expenses:		
Operating expenses	27,828	31,901
Depreciation	12,417	12,569
Total operating expenses	40,245	44,470
Operating loss	(9,817)	(17,399)
Non-operating revenues-net	29,010	33,649
Capital contributions	-	501
Change in net assets	19,193	16,751
Net assets, beginning of the year	402,560	385,809
Net assets, end of the year	$ 421,753	$ 402,560

Table A-3
Ernest N. Morial New Orleans Exhibition Hall Authority
Operating Expenses (in thousands of dollars)
Years ended December 31, 2005 and 2004

	2005	2004
General and administrative	$ 6,694	$ 7,973
Sales and marketing	952	932
Event services	697	813
Building operations	14,559	16,305
Public safety	1,829	2,136
Production services	1,261	1,596
Technology services	1,836	2,146
Depreciation	12,417	12,569
Total operating expenses	$ 40,245	$ 44,470

Table A-3 summarizes the Authority's operating expenses by function. As explained above, expenses have decreased primarily as a result of events being cancelled during the last four months of 2005. In order to operate more efficiently, the Authority reduced its labor force and operating costs.

Cash Flows

The change in cash and cash equivalents, as reflected in Table A-4, from 2005 to 2004 was a result of reduced cash flow from taxes (noncapital financing activities) combined with increased capital costs due to planned capital activities as well as repairs/improvements required as a result of Katrina. The $10 million increase in cash used in capital and related financing activities reflect an increase of approximately $6 million in acquisition and construction costs primarily related to building improvements prior to Katrina and restoring the Center after Katrina. No capital funding from the State of Louisiana was received in 2005; $6.2 million was received in 2004.

Table A-4
Ernest N. Morial New Orleans Exhibition Hall Authority
Statements of Cash Flows
(in thousands of dollars)
Years ended December 31, 2005 and 2004

	2005	2004
Cash flows from:		
Operations	$ (7,608)	$ (4,662)
Noncapital financing	35,765	40,452
Capital and related financing activities	(40,294)	(29,414)
Investing activities	26,118	(31,191)
Net increase (decrease) in cash and cash equivalents	$ 13,981	$ (24,815)

Plan Net Assets

The Authority's total plan net assets of its pension trust fund as of December 31, 2005 was approximately $2.4 million as compared to $5.8 as of December 31, 2004 reflecting the reduction in work force and retirements as a result of Katrina. Total net assets decreased approximately $3.4 million as a result of staffing reductions after Katrina. For the year ended December 31, 2004, Plan net assets increased by $575,147 as a result of contributions of $1 million, investment earnings and other income of $ 0.1 million, less expense of $0.6 million.

Changes in Plan Net Assets

Contributions increased by approximately $500,000 as a result of increased employer contributions. Plan asset returns were less than assumed in previous years and additional contributions were approved. Benefits paid in 2005 increased approximately $4.5 million from 2004 as a result of staff reductions as explained. The plan incurred a loss of approximately $3.4 million as compared to earning income in 2004 of approximately $575,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2005, Authority had invested approximately $591 million in property, buildings and equipment. During 2005, the Authority increased property, buildings and equipment by approximately $17 million. Depreciation in 2005 totaled $12 million, adjusting accumulated depreciation to $136 million as of December 31, 2005. As of December 31, 2004, the Authority had invested at cost approximately $582 million in property, buildings and equipment. During 2004, the Authority increased property, buildings and equipment by approximately $13.6 million. Depreciation in 2004 totaled $12.6 million, adjusting accumulated depreciation to $128.1 million as of December 31, 2004.

The construction work in progress as of December 31, 2004 relates primarily to Phase IV. The construction in progress as of December 31, 2005 relates to Phase IV as well as to repairs and renovations as a result of damages incurred as a result of Hurricane Katrina.

Debt Administration

The Authority continues to make its regularly scheduled payments on its bonds. During 2005, $6,250,000 in principal payments was made. All scheduled principal payments were made in 2005. During 2004, $101,145,000 in principal payments were made, including the refunding of a substantial portion of the 1996C Series bonds. The Authority issued refunding debt in 2004 in the amount of $93,935,000. The Authority is in compliance with its bond covenants as of December 31, 2005 and 2004 except as related to the submission of the audit report within ninety days of the close of the fiscal year. The audit was not completed until mid April due to the effects of the hurricane. The Authority will issue its audit report by April 30, which will cure this event.

ECONOMIC FACTORS

The primary purpose of a convention center is to attract attendees to conventions and tradeshows so that they will spend dollars in local facilities such as hotels, restaurants, tourist attractions, retail stores, etc. This spending results in increased tax collections for the state and local governments. In 2004, due to a resurgence of tourism in the City of New Orleans, the Authority experienced strong tax collections. The tax collections continued to grow at a steady rate until August 29, 2005 (Hurricane Katrina). Since the storm, the hotel industry has housed displaced persons, contractors and government employees. There are fewer hotel rooms available since damaged properties are in the restoration process; however, by 2007, the renovations should be complete and the inventory levels at par. Restaurants continue to open for business as residents and tourists return to the City. Tax collections are forecasted to be lower than previous years; however, as the City moves forward with its rebirth and restoration process, those collections are expected to grow at steady rates. Operating revenues are expected to continue to grow as the local economy rebounds from the storm.

The convention industry as a whole was effected by the events of September 11, 2001. Normally, conventions and tradeshows book events at centers several years into the future. In 2005, the industry was starting to see an upswing in convention and tradeshow bookings. The Center has been successful in booking future events and continues to actively pursue conventions and tradeshows.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Controller, Alita Caparotta at (504) 582-3082.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Net Assets

December 31, 2005 and 2004

Assets		2005		2004
Current assets:				
Cash	$	67,116,490	$	49,631,994
Investments		15,226,604		25,000,000
Accounts receivable, net		1,940,201		1,918,739
Insurance receivable		11,221,229		-
Prepaid expenses and other assets		393,096		1,567,859
Interest receivable		439,135		319,729
Total current assets		96,336,755		78,438,321
Restricted assets:				
Cash		338,815,951		342,319,494
Investments		43,625,406		43,625,406
Interest receivable		1,046,084		1,048,656
Taxes receivable		5,008,960		8,353,099
Total restricted assets		388,496,401		395,346,655
Deferred charges - bond issue costs		7,532,542		7,899,220
Property, buildings and equipment, net		454,443,581		453,926,842
Total assets	$	946,809,279	$	935,611,038
Liabilities and Net Assets				
Current liabilities (payable from current assets):				
Accounts payable	$	3,510,917	$	1,577,811
Due to other fund		4,650		35,604
Deferred revenue		1,211,757		4,380,321
Compensated absences, current portion		105,715		392,103
		4,833,039		6,385,839
Current liabilities (payable from restricted assets):				
Accounts payable		1,112,331		544,516
Contracts and retention payable		585,024		164,576
Deposits due others		108,346		38,178
Current portion of accrued bond interest		11,605,369		11,742,500
Current portion of bonds payable (note 5)		8,315,000		6,250,000
		21,726,070		18,739,770
Total current liabilities		26,559,109		25,125,609
Long-term liabilities:				
Net pension obligation		461,240		704,822
Compensated absences, less current portion		191,048		246,163
Bonds payable, less current portion, net		497,363,735		506,245,231
Deferred revenue, less current portion		481,108		729,174
Total long-term liabilities		498,497,131		507,925,390
Total liabilities		525,056,240		533,050,999
Net assets:				
Invested in capital assets, net of related debt		242,005,668		234,408,814
Restricted		81,844,509		89,879,681
Unrestricted		97,902,862		78,271,544
Total net assets		421,753,039		402,560,039
Commitments and contingencies		-		-
Total liabilities and net assets	$	946,809,279	$	935,611,038

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Revenues, Expenses and Changes in Net Assets

For the years ended December 31, 2005 and 2004

	2005	2004
Operating revenues:		
User fees	$ 17,974,434	$ 22,017,993
Commissions	3,329,931	3,741,860
Equipment use fee	500,000	500,000
Other:		
Business interruption proceeds	8,000,000	-
Rentals	251,197	261,270
Miscellaneous	372,809	549,648
Total operating revenues	30,428,371	27,070,771
Operating expenses:		
General and administrative	6,694,554	7,973,176
Sales and marketing	952,341	932,520
Event services	697,149	813,110
Building operations	14,558,682	16,305,680
Public safety	1,828,870	2,135,689
Production services	1,260,541	1,595,108
Technology services	1,836,342	2,146,195
Depreciation	12,416,649	12,568,957
Total operating expenses	40,245,128	44,470,435
Loss from operations	(9,816,757)	(17,399,664)
Nonoperating revenues (expenses):		
Tax revenues (note 6)	32,420,867	41,502,571
Investment income	6,571,992	3,452,695
Interest expense	(9,983,102)	(11,306,067)
Income from nonoperating revenues (expenses)	29,009,757	33,649,199
Income before capital contributions	19,193,000	16,249,535
Capital contributions	-	501,671
Increase in net assets	19,193,000	16,751,206
Net assets:		
Balance, beginning of year	402,560,039	385,808,833
Balance, end of year	$ 421,753,039	$ 402,560,039

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Cash Flows

For the years ended December 31, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Cash received from user fees	$ 14,536,342	$ 22,305,727
Cash received from other sources	4,524,106	5,052,779
Insurance proceeds	3,061,199	-
Cash paid to employees and for related expenses	(16,325,641)	(17,245,883)
Cash paid to suppliers	(13,403,547)	(14,774,602)
Net cash used in operating activities	(7,607,541)	(4,661,979)
Cash flows from noncapital financing activities:		
Cash received from taxes	35,765,006	40,452,170
Net cash provided by noncapital financing activities	35,765,006	40,452,170
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(10,363,221)	(2,699,553)
Capital revenues from state grants	-	6,209,872
Insurance proceeds	1,938,801	-
Interest paid	(25,620,000)	(24,640,135)
Principal payment of bonds	(6,250,000)	(101,145,000)
Bond issuance costs	-	(1,074,677)
Proceeds from bond sale	-	93,935,000
Net cash used in capital and related financing activities	(40,294,420)	(29,414,493)
Cash flows from investing activities:		
Purchases of investment securities	(226,604)	(36,254,375)
Investment sales and maturities	10,000,000	-
Interest payments received	16,344,512	5,063,661
Net cash provided by (used in) investing activities	26,117,908	(31,190,714)
Net increase (decrease) in cash and cash equivalents	13,980,953	(24,815,016)
Cash and cash equivalents at beginning of year	391,951,488	416,766,504
Cash and cash equivalents at end of year (note 2)	$ 405,932,441	$ 391,951,488
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	$ (9,816,757)	(17,399,664)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	12,416,649	12,568,957
Loss on disposal of assets	-	115,183
Increase in accounts receivable	(21,462)	(947,757)
Increase in insurance receivable	(8,000,000)	-
(Increase) decrease in prepaid and other assets	1,174,763	(84,721)
Increase (decrease) in accounts payable and accrued expenses	55,896	(261,340)
Increase (decrease) in deferred revenue and other liabilities	(3,416,630)	1,347,363
Net cash used in operating activities	$ (7,607,541)	$ (4,661,979)

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Plan Net Assets

December 31, 2005 and 2004

	2005	2004
Assets		
Cash	$ 2,976,140	$ 2,830,227
Receivables		
Investment income	67,019	27,153
Due from other fund	4,650	35,604
Investments	2,461,370	2,860,824
Total assets	5,509,179	5,753,808
Liabilities		
Other	3,156,339	-
Net Assets		
Plan net assets available for pension benefits	$ 2,352,840	$ 5,753,808

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Changes in Plan Net Assets

For the years ended December 31, 2005 and 2004

	2005	2004
Additions:		
Employer contributions	$ 1,501,531	$ 1,023,251
Total contributions	1,501,531	1,023,251
Investment income:		
Interest income	181,969	93,054
Other income	-	50,727
Investment income	181,969	143,781
Total additions	1,683,500	1,167,032
Deductions:		
Benefits	5,084,468	591,885
Total deductions	5,084,468	591,885
Change in plan net assets	(3,400,968)	575,147
Plan net assets:		
Balance, beginning of year	5,753,808	5,178,661
Balance, end of year	$ 2,352,840	$ 5,753,808

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Reporting Entity

The Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) is an independent political subdivision of the State of Louisiana created in 1978 by Act 305 (subsequently amended) of the Louisiana Legislature to plan, finance, construct and manage a convention and exhibition center in the City of New Orleans. The operations of the convention and exhibition centers are through the New Orleans Public Facility Management, Inc. (NOPFM), a separately incorporated organization, doing business as the Ernest N. Morial Convention Center – New Orleans (ENMCC-NO). Under the present management agreement between the Authority and NOPFM, the Authority reimburses NOPFM for costs of operating the convention and exhibition center, and NOPFM will neither own assets nor retain revenues. The NOPFM is a blended component unit of the Authority.

The Authority is governed by a twelve member Board of Commissioners composed of nine (9) appointees of the Governor of Louisiana and three (3) appointees of the Mayor of New Orleans. The Board of Commissioners establishes policies, approves the budget, controls appropriations and appoints an Executive Vice President responsible for administering all Authority operations and activities.

The Authority is a stand-alone entity as defined by GASB 14, *The Financial Reporting Entity*. The Authority is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the Authority.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary Fund Type

The proprietary fund is used to account for the Authority's ongoing operations and activities which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Net assets are segregated into amounts invested in capital assets (net of related debt), restricted for debt service, restricted for capital projects, and unrestricted. The Board's restricted assets are expendable for their purposes. The Authority utilizes available restricted assets before utilizing unrestricted assets. The operating statements present increases (revenues) and decreases (expenses) in net assets.

The Authority maintains one proprietary fund type – the enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises–where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance.

Operating revenues include all charges for service and related fees associated with operating expenses. Interest income, interest expense and tax revenues are presented non-operating items.

Fiduciary Fund Type

The fiduciary fund is used to account for assets held by the Authority in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Authority maintains one fiduciary fund type - the pension trust fund. The pension trust fund uses the flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included in the statement of plan net assets. The pension trust fund is used to account for the activity of the Authority's employee retirement plan. The pension trust fund is presented in the fund financial statements.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The Authority's principal operating revenues are the rental and service fees for use of the facility and taxes. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

Employer contributions to the pension plan are recognized when due and the employer has made a commitment to provide the contributions. Benefits are recognized when due and are payable in accordance with the terms of the plan.

(c) Restricted Assets

Certain assets, consisting of cash, investments and receivables, are segregated and classified as restricted assets, which may not be used except in accordance with state regulations or contractual terms, under certain conditions. Restricted assets are held as follows:

- Debt service reserve was established by the Authority's bond indentures. The required reserve is the lesser of (i) ten percent of the original principal issued of $542,470,000 ($52,470,000), (ii) the maximum of principal and interest maturing and due in next fiscal year, or (iii) 125% of average annual principal and interest requirement, after any reductions.

- Debt service, funded by the special revenue taxes, was established by the Authority's bond indentures. The required accumulated debt service is equal to the sum of (i) interest accruing during the period of bonds outstanding and (ii) portion of principal accruing until the next preceding principal payment date.

- Capital projects, funded by the proceeds of bond issues, restricted for the building expansion and improvements.

- Rouse Lease Clearing and Venture Lease Escrows, which include rental income received by the Authority on behalf of and remitted to the City of New Orleans for property owned by the City. In addition to the amounts collected on behalf of the City of New Orleans, the Authority also collects certain funds related to a third-party cell site. The amounts payable are included in deposits due to others in the balance sheet.

(d) Investments

Investments consist of time deposits, money market mutual funds and repurchase agreements and are stated at fair value. Fair value is based on quoted market prices, as applicable; if quoted prices are not available, fair value is estimated based on similar securities.

(e) Property, Buildings and Equipment

Property, buildings and equipment are carried at historical cost. Depreciation and amortization are charged to expense over the estimated useful lives of the assets and is determined using the straight-line method. The estimated useful lives used in computing depreciation and amortization are as follows:

Buildings	40 years
Building improvements	20 years
Equipment, furniture and fixtures	5-12 years

The Authority capitalizes moveable equipment with a value of $5,000 or greater and most electronic equipment of $500 or greater. The Authority capitalizes building improvements greater than $50,000. The cost of additions includes contracted work, direct labor, materials and allocable cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Interest is capitalized on fixed assets acquired and/or constructed with tax exempt debt. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments.

(f) Taxes

The Authority receives dedicated taxes as follows:

Hotel Occupancy Tax

The Authority's bonds are payable from revenues derived by the Authority from the Hotel Occupancy Tax authorized by Act No. 305 of the Regular Session of the Legislature of Louisiana for the year 1978, as amended (the Act) and earnings on certain funds and accounts of the Authority. The Hotel Occupancy Tax is levied and collected on the occupancy of hotel and motel rooms within the Parish of Orleans. Initially established as a 1% tax, the rate (with approval by the Legislature and public referendum) was increased to 2%, effective October 1, 1980. This tax is dedicated to the Authority's bonds and those taxes are presently being collected within the City and other locations on behalf of the Authority by the Louisiana Department of Revenue and Taxation (the Department).

Effective July 1, 2002, an additional 1% was imposed for the purpose of providing funds for the Phase IV Convention Center Expansion Project. These additional taxes are being used to fund initial capital expenditures being incurred and to retire the bonds for Phase IV construction.

There are other taxes on the occupancy of hotel and motel rooms in Orleans Parish. Those taxes are not available for the payment of debt service on the Authority's Bonds.

Hotel Occupancy/Food and Beverage Tax

The following summarizes the 1988 hotel occupancy and food and beverage taxes:

1988 Hotel Occupancy Tax:

Pursuant to Act 390 of the regular session of the Legislature of Louisiana for 1987, the Authority is empowered to levy and collect a Hotel Occupancy Tax (the "1988 Hotel Occupancy Tax") and a Food and Beverage Tax (collectively referred to as the "Tax"), to secure bonds to be issued to finance a portion of the costs of the ENMCC-NO expansion. The 1988 Hotel Occupancy Tax is separate and distinct from the 1978 Hotel Occupancy Tax levied by the Authority and pledged to secure the Series 1983 Bonds (refinanced by the 1996 Series). The Tax has additionally been approved by the City Council and was imposed pursuant to a special election held on November 21, 1987.

On February 24, 1988, the Authority adopted a resolution authorizing the actual levy and collection of the Tax to be effective April 1, 1988. The Tax which secures the 1996 Bond Series is presently being collected within the City and other locations on behalf of the Authority pursuant to a Contract of Agency for Collection of Taxes with the Louisiana Department of Revenue and Taxation (the Department). The Department is required to remit tax collections to the Authority, initially net of the $200,000 annual collections fee retained by the Department at the rate of 3% of monthly collection until the total amount is attained. The collection fee is subject to annual renegotiation which is currently $200,000.

The 1988 Hotel Occupancy Tax is levied in the amount of fifty cents ($0.50) per occupied hotel room per night for hotels containing ten (10) to two hundred ninety-nine (299) rooms, one dollar ($1.00) per occupied hotel room per night for hotels containing three hundred (300) to nine hundred ninety-nine (999) guest rooms and two dollars ($2.00) per occupied hotel room for hotels containing one thousand (1,000) or more guest rooms. The 1988 Hotel Occupancy Tax will automatically terminate upon payment in full of all bonds or other obligations of the Authority payable in whole or in part from or secured by the 1988 Hotel Occupancy Tax.

Food and Beverage Tax:

The Food and Beverage Tax is a tax in the amount of one-half of one percent (0.5%) imposed on the gross receipts from the sale of food and beverages in any food service establishment. The tax is applicable to all such establishments located within the City or in any airport or air transportation facility owned and operated by the City, excluding food service establishments which have annual gross receipts from food and beverage sales of less than $200,000 from the operation of all such establishments during the calendar year prior to the year in which such tax is assessed. The tax is not applicable to meals furnished to the staff and students of educational institutions; the staff and patients of hospitals; the staff, inmates and patients of mental institutions and the boarders of rooming houses. The Food and Beverage Tax will automatically terminate upon payment in full of all Bonds or other obligations of the Authority payable in whole or in part from or secured by the Food and Beverage Tax.

Effective July 1, 2002, an additional ¼ of 1% on gross receipts from food and beverage sales was imposed for the purpose of providing funds for the Phase IV Convention Center Expansion Project. These additional taxes are being used to fund initial capital expenditures being incurred and to retire the bonds for Phase IV construction.

Service Contractor and Tour Tax:

Pursuant to Act 42 of the regular session of the Legislature of Louisiana for 1994 which amended Act 305 of 1978, the Authority is empowered to levy and impose a 2% tax on the furnishing of goods and services in conjunction with trade shows, conventions, and exhibitions located within Orleans Parish. The effective date of the service contractor tax was May 1, 1995. "Goods and services" means merchandise, wares, materials, labor, assistance or benefit provided in connection with the installation and dismantling of exhibits, displays and booths, decorations, electrical supplies, materials handling, drayage, flowers and floral decorations, computers, audio and visual equipment, bands and orchestra, lighting trusses, rigging and associated equipment, furniture, carpets, signs, props, floats, business machines, plumbing, telephones, photography, utilities, balloons, scaffolding, forklifts, high lifts, security, information retrieval system, and any other services or items associated with the above. Specifically, excluded are foods and beverages and the shuttle services of attendees to and from the location of the convention and trade show.

In addition to the above, Authority is also empowered to levy and impose a one dollar ($1.00) tax on the sale of tickets sold in the Parish of Orleans for per capita sight seeing tours in the Parish of Orleans, and for tours a portion of which includes sight-seeing in the Parish of Orleans. The effective date of the tour tax was May 1, 1995. This tax expires when all debt obligations expire. This tax is dedicated to the Authority's Bond Series (see Note 5) and those taxes are presently being collected within the City and other locations on behalf of the Authority by the Louisiana Department of Revenue and Taxation (the Department).

RTA Tax:

In April 2002, the Authority entered into a Cooperative Endeavor Agreement (CEA) with the Regional Transit Authority (RTA) and the New Orleans Tourism Marketing Corporation (NOTMC), creating a transit fund to be separately maintained and funded with taxes collected by the RTA based on a 1% sales tax to be collected from hotels and motels in the City of New Orleans and equal to fifty percent of the annual fee paid by RTA to NOTMC.

In exchange for the funds received, the Authority agreed to utilize the funds for financing or funding of actual physical construction costs (labor and materials) of new capital facilities and/or capital improvements of the Convention Center in connection with the Phase IV Expansion Project, particularly including, but not limited to facilities and/or improvements that address and recognize the need to access to the RTA's Riverfront Streetcar and Shuttle – bus services and the transportation needs of the Convention Center attendees and the public, consistent with the needs of the Authority and the legal requirements for the use and/or expenditure of the revenues derived from the RTA tax. In addition, moneys in the transit fund may be used to pay debt services on any bonds issued for construction financing of the Phase IV Expansion Project.

(g) Capital Contributions

Contributions from State appropriations are made available to the Authority for capital improvements and are recognized when the expenses have been incurred and approval of the appropriation has been received. These appropriations are included in capital contributions in the statement of revenue, expenses and changes in net assets.

(h) Compensated Absences

The Authority is obligated to reimburse NOPFM for vacation when earned by its employees, either in accordance with general personnel policy or under certain union agreements. The total liability for accrued vacation at December 31, 2005 and 2004 was $296,763 and $638,266, respectively, of which $191,048 and $246,163 is the long-term portion. Vacation of full time employees in regular status is earned as follows:

- 6 months to 5 1/2 years of continuous service – 10 days
- 5 1/2 to 10 1/2 years of continuous service – 15 days
- over 10 1/2 years of continuous service – 20 days

The maximum annual leave cannot exceed more than the amount earned in a two year period during regular status of employment.

(i) Cash Flows

For the purposes of the statements of cash flows, cash and cash equivalents include investments with a maturity of three months or less.

(j) Pension

The Authority funds the accrued pension cost for its defined benefit pension plan which covers substantially all employees. Annual costs are actuarially computed using the collective aggregate cost method.

(k) Bond Issuance Costs and Refundings

Costs related to issuing bonds are capitalized and amortized over the life of the bonds. Gains and losses associated with refundings and advance refundings are being deferred and amortized based upon the methods used to approximate the interest method over the life of the new bonds or the remaining term on any refunded bond, whichever is shorter.

(l) Risk Management

The Authority provides for losses resulting from health insurance claims. The Authority is commercially insured for other significant risks (e.g., general liability, workers' compensation, building, etc.).

(m) Deferred Revenue

Revenue collected for events in future years is deferred.

(n) Use of Estimates

Management of the Authority has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(2) Cash and Investments

The Authority's cash and investments consisted of the following as of December 31, 2005

		Unrestricted	Restricted	Total
Enterprise Fund:				
Cash:				
Unrestricted	$	67,116,490		67,116,490
Designated for debt service or future expansion		-	21,402,510	21,402,510
Restricted for deposits due others		-	108,346	108,346
Restricted for debt service		-	22,366,918	22,366,918
Restricted for capital projects		-	294,938,177	294,938,177
		67,116,490	338,815,951	405,932,441
Investments, at fair value:				
Restricted for debt service		-	43,625,406	43,625,406
Certificates of deposit		15,226,604	-	15,226,604
		15,226,604	43,625,406	58,852,010
	$	82,343,094	382,441,357	464,784,451
Pension Trust Fund				
Cash	$	-	2,976,140	2,976,140
Investments, at fair value:				
Certificates of deposit		-	2,461,370	2,461,370
	$	-	5,437,510	5,437,510

The Authority's cash and investments consisted of the following as of December 31, 2004:

		Unrestricted	Restricted	Total
Enterprise Fund:				
Cash:				
Unrestricted	$	49,631,994	-	49,631,994
Designated for debt service or future expansion		-	21,402,510	21,402,510
Restricted for deposits due others		-	38,178	38,178
Restricted for debt service		-	27,192,510	27,192,510
Restricted for capital projects		-	293,686,296	293,686,296
		49,631,994	342,319,494	391,951,488
Investments, at fair value:				
Restricted for debt service		-	43,625,406	43,625,406
Certificates of deposit		25,000,000	-	25,000,000
		25,000,000	43,625,406	68,625,406
	$	74,631,994	385,944,900	460,576,894
Pension Trust Fund				
Cash	$	-	2,830,227	2,830,227
Investments, at fair value:				
Certificates of deposit		-	2,860,824	2,860,824
	$	-	5,691,051	5,691,051

Actual cash in banks and certificates of deposit as of December 31, 2005 and 2004, for restricted and unrestricted bank accounts, before outstanding checks and reconciling items, was $405,382,692 and $395,853,765, respectively. Of the total bank balances at December 31, 2005 and 2004, all amounts were covered by federal depository insurance ($400,000) or by collateral held in the Authority's name by its agent of ($417,602,318 and $413,924,374, respectively). As of each of the years ended December 31, 2005 and 2004, the Authority had repurchase agreements totaling $43,625,406. Because the pledged securities are held by the pledging fiscal agent in the Authority's name, the Authority does not have any custodial credit risk. The pledged securities may be released only upon the written authorization of the Authority.

State of Louisiana Revised Statutes authorize the Authority to invest in direct United States Treasury obligations; bonds, debentures, notes or other indebtedness issued or guaranteed by U.S. Government instrumentalities which are federally sponsored or federal agencies that are backed by the full faith and credit of the United States; short-term repurchase agreements; and time certificates of deposit at financial institutions, state banks and national banks having their principal offices in Louisiana. In addition, State of Louisiana Revised Statutes authorize pension plan investments in common and preferred stocks, mutual funds and corporate debt securities.

The Authority's restricted investment securities consisted of repurchase agreements with fixed rates of interest through the terms of the agreements. These investments are held under the terms of the bond indenture agreements as reserve funds. Repurchase agreements are supported by collateral requirements varying from 104% to 105% of the account balance.

Collateral is held in the name of the trustees of the bond issue for the benefit of the Authority and consists of U.S. government and agency securities. Custodians are independent of the counterparties to the agreements. Under the terms of the repurchase agreements, the trustees may make deposits and withdrawals for these accounts in accordance with certain terms of the trust indenture agreements. The investments are subject to custodial risk upon default of the custodian. The Authority's investments in repurchase agreements were as follows:

Bond Issue	Interest Rate	Termination Date		Amount
2003A and 2004 Refunding	4.785%	July 2033	$	31,524,156
1996 A and C, 1998 and 2000	5.86%	July 2025		12,101,250
Total investments			$	43,625,406

The Authority's restricted investments in the pension trust funds consist of certificates of deposit whose original terms were more than three months. These certificates were due in February and March 2006. Interest rate risk is managed by limiting their terms of certificates of deposit to one year.

Credit risk is managed through the requirements of the counterparty to maintain pledged securities in the name of the Authority held in the counterparty's trust department or by the Federal Reserve Bank of the United States.

(3) Accounts Receivable

Accounts receivable consist of the following as of December 31

		2005	2004
Customers	$	1,889,049	1,856,887
Other		75,922	79,618
		1,964,971	1,936,505
Less allowance for uncollectible amounts		(24,770)	(17,766)
	$	1,940,201	1,918,739

Receivables from customers represent amounts due in connection with the use of facilities.

(4) Property, Buildings and Equipment

A summary of changes in fixed assets follows:

	January 1, 2005	Additions	Deletions	December 31, 2005
Land, non depreciable	$ 76,575,515	-	-	76,575,515
Building/building improvements	441,706,765	139,242	(8,507,457)	433,338,550
Equipment	14,703,391	228,338	(72,621)	14,859,108
Surface parking	6,506,709	-	-	6,506,709
Software	706,952	105,710	-	812,662
Art/exhibits, non depreciable	203,000	-	-	203,000
Construction in progress	41,631,274	17,124,602	(139,242)	58,616,634
	582,033,606	17,597,892	(8,719,320)	590,912,178
Accumulated depreciation and amortization	128,106,764	12,416,649	(4,054,816)	136,468,597
	$ 453,926,842			454,443,581

	January 1, 2004	Additions	Deletions	December 31, 2004
Land, non depreciable	$ 76,575,515	-	-	76,575,515
Building/building improvements	441,341,871	541,136	(176,242)	441,706,765
Equipment	14,430,574	409,958	(137,141)	14,703,391
Surface parking	6,506,709	-	-	6,506,709
Software	599,987	106,965	-	706,952
Art/exhibits, non depreciable	203,000	-	-	203,000
Construction in progress	29,433,657	12,589,100	(391,483)	41,631,274
	569,091,313	13,647,159	(704,866)	582,033,606
Accumulated depreciation and amortization	115,736,007	12,568,957	(198,200)	128,106,764
	$ 453,355,306			453,926,842

During 2005, interest expense ($15,299,949) net of investment income ($9,889,354) totaling $5,410,595 was capitalized for Phase IV construction. During 2004, interest expense ($15,877,040) net of investment income ($5,320,916) totaling $10,556,124 was capitalized for Phase IV construction. Construction in progress as of 2005 related to Phase IV expansion and renovations and repairs related to Hurricane Katrina. Construction in progress as of 2004 relates to Phase IV.

As addressed in Note 11, the Authority's property, building and equipment were adversely impacted by Hurricane Katrina. Impairments of approximately $4.5 million related to Hurricane Katrina are included in deletions.

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Notes to Financial Statements

December 31, 2005 and 2004

(5) Long-term Obligations

The following summarizes the changes in the Authority's long-term obligations for the year ended December 31, 2005:

		January 1, 2005	Additions	Deletions	December 31, 2005	Due Within One Year	Over One Year
Bonds payable	$	506,165,000	-	(6,250,000)	499,915,000	8,315,000	491,600,000
Net pension obligation		704,822	-	(243,582)	461,240	-	461,240
Compensated absences		638,266	-	(341,503)	296,763	105,715	191,048
Deferred revenue - User Fee		513,379	-	(200,000)	313,379	200,000	113,379
	$	508,021,467	-	(7,035,085)	500,986,382	8,620,715	492,365,667

The following summarizes the changes in the Authority's long-term obligations for the year ended December 31, 2004:

		January 1, 2004	Additions	Deletions	December 31, 2004	Due Within One Year	Over One Year
Bonds payable	$	513,375,000	93,935,000	(101,145,000)	506,165,000	6,250,000	499,915,000
Net pension obligation		585,181	119,641	-	704,822	-	704,822
Compensated absences		669,698	-	(31,432)	638,266	392,103	246,163
Deferred revenue - User Fee		713,379	-	(200,000)	513,379	200,000	313,379
	$	515,343,258	94,054,641	(101,376,432)	508,021,467	6,842,103	501,179,364

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Notes to Financial Statements

December 31, 2005 and 2004

Bonds Payable

Long-term debt activity for the year ended December 31, 2005 is as follows:

Series	January 1, 2005	Additions	Deletions	December 31, 2005
1996A	$ 29,825,000	-	(3,675,000)	26,150,000
1996C	26,515,000	-	(485,000)	26,030,000
1998	22,500,000	-	-	22,500,000
2000	32,920,000		(1,375,000)	31,545,000
2003	300,470,000		(600,000)	299,870,000
2004	93,935,000	-	(115,000)	93,820,000
	$ 506,165,000	-	(6,250,000)	499,915,000

Long-term debt activity for the year ended December 31, 2004 is as follows:

Series	January 1, 2004	Additions	Deletions	December 31, 2004
1996A	$ 33,340,000	-	(3,515,000)	29,825,000
1996C	122,835,000	-	(96,320,000)	26,515,000
1998	22,500,000	-	-	22,500,000
2000	34,230,000	-	(1,310,000)	32,920,000
2003	300,470,000	-	-	300,470,000
2004	-	93,935,000	-	93,935,000
	$ 513,375,000	93,935,000	(101,145,000)	506,165,000

The Authority's bond issues outstanding as of December 31 were as follows:

		2005	2004
1996A Series, Special Tax Bonds, interest rates between 4.8% and 5.25%, due in annual principal debt service requirements ranging from $3,850,000 to $4,915,000, final payment due July 2011	$	26,150,000	29,825,000
1996C Series, Special Tax Bonds, interest rates between 4.8% and 5.6%, due in annual principal debt service requirements ranging from $505,000 to $2,825,000, final payment due July 2025; partially refunded by 2004 Series		26,030,000	26,515,000
1998 Series, Special Tax Bonds, interest rates between 3.9% and 5.0%, due in annual principal debt service requirements ranging from $10,975,000 to $11,525,000, final payment due July 2027		22,500,000	22,500,000
2000 Series, Special Tax Bonds, interest rates between 4.6% and 6.5%, due in annual principal debt service requirements ranging from $1,440,000 to $2,970,000, final payment due July 2020		31,545,000	32,920,000
2003 Series, Senior Subordinate Special Tax Bonds, interest rates between 2.0% and 5.25%, due in annual principal debt service requirements ranging from $600,000 to $20,000,000, final payment due July 2033		299,870,000	300,470,000
2004 Series, Refunding Bonds, interest rates between 2.0% and 5.0%, due in annual principal debt service requirements ranging from $120,000 to $9,165,000, final payment 2025		93,820,000	93,935,000
		499,915,000	506,165,000
Plus unamortized net premium and deferred loss on bond refundings		5,763,735	6,330,231
Less current maturities		8,315,000	6,250,000
Long-term debt less current maturities	$	497,363,735	506,245,231

The principal and interest on the Authority's bonds are payable from the proceeds of the levy and collection of dedicated taxes as described in Note 1. The Series 1996, 1998, 2000, 2003 and 2004 Bonds are solely the obligation of the Authority and not of the State of Louisiana or any other agency or political subdivision thereof. During 2004, the Authority partially refunded the 1996C Series. In April 2004, the Authority issued $93,935,000 in tax revenue bonds with a final maturity of July 15, 2025. The bond proceeds less issuance costs were used to defease $93,935,000 of the 1996C Series bonds. By refunding these 1996C series bonds, the Authority estimated $14.8 million in savings related to future interest and principal payments; the Authority estimated the economic gain to approximate $4.2 million. The Authority also has defeased bonds which have an outstanding balance of $119,860,000 as of December 31, 2005.

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December 31, 2005 and 2004

	Bond Series						
Principal	**1996A**	**1996C**	**1998**	**2000**	**2003**	**2004**	**Total Bonds Payable**
2006	$ 3,850,000	505,000	$ -	1,440,000	$ 2,400,000	$ 120,000	$ 8,315,000
2007	4,035,000	145,000	-	1,515,000	4,425,000	500,000	10,620,000
2008	4,235,000	150,000	-	1,590,000	4,875,000	515,000	11,365,000
2009	4,445,000	160,000	-	1,670,000	5,105,000	525,000	11,905,000
2010	9,585,000	170,000		1,755,000	5,345,000	535,000	17,390,000
2011-2015	-	7,045,000	-	10,225,000	30,955,000	19,045,000	67,270,000
2016-2020	-	6,205,000	-	13,350,000	39,740,000	33,420,000	92,715,000
2021-2025	-	11,650,000	-	-	66,025,000	39,160,000	116,835,000
2026-2030	-	-	22,500,000	-	84,000,000	-	106,500,000
2031-2033	-	-	-	-	57,000,000	-	57,000,000
Total	26,150,000	26,030,000	22,500,000	31,545,000	299,870,000	93,820,000	499,915,000

	Bond Series						
Interest	**1996A**	**1996C**	**1998**	**2000**	**2003**	**2004**	**Total Interest Payable**
2006	1,321,838	1,429,958	1,125,000	1,610,860	15,293,448	4,539,700	25,320,804
2007	1,137,038	1,405,718	1,125,000	1,517,260	15,221,448	4,537,300	24,943,764
2008	939,322	1,398,613	1,125,000	1,447,570	15,025,636	4,527,300	24,463,441
2009	727,573	1,391,113	1,125,000	1,374,430	14,789,886	4,517,000	23,925,002
2010	500,877	1,382,952	1,125,000	1,297,610	14,542,499	4,504,925	23,353,863
2011-2015	258,038	6,306,398	5,625,000	5,118,945	68,383,284	21,255,700	106,947,365
2016-2020	-	3,957,200	5,625,000	2,178,750	59,410,494	15,237,000	86,408,444
2021-2025	-	1,842,120	5,625,000	-	46,241,981	6,169,000	59,878,101
2026-2030	-	-	1,701,250	-	27,280,000	-	28,981,250
2031-2033	-	-	-	-	5,830,000	-	5,830,000
Total	4,884,686	19,114,072	24,201,250	14,545,425	282,018,676	65,287,925	410,052,034

	Bond Series						
Total	**1996A**	**1996C**	**1998**	**2000**	**2003**	**2004**	**Total Payable**
2006	5,171,838	1,934,958	1,125,000	3,050,860	17,693,448	4,659,700	33,635,804
2007	5,172,038	1,550,718	1,125,000	3,032,260	19,646,448	5,037,300	35,563,764
2008	5,174,322	1,548,613	1,125,000	3,037,570	19,900,636	5,042,300	35,828,441
2009	5,172,573	1,551,113	1,125,000	3,044,430	19,894,886	5,042,000	35,830,002
2010	10,085,877	1,552,952	1,125,000	3,052,610	19,887,499	5,039,925	40,743,863
2011-2015	258,038	13,351,398	5,625,000	15,343,945	99,338,284	40,300,700	174,217,365
2016-2020	-	10,162,200	5,625,000	15,528,750	99,150,494	48,657,000	179,123,444
2021-2025	-	13,492,120	5,625,000	-	112,266,981	45,329,000	176,713,101
2026-2030	-	-	24,201,250	-	111,280,000	-	135,481,250
2031-2033	-	-	-	-	62,830,000	-	62,830,000
	$ 31,034,686	$ 45,144,072	$ 46,701,250	$ 46,090,425	$ 581,888,676	$ 159,107,925	$ 909,967,034

The Authority is in compliance with its bond covenants as of December 31, 2005 and 2004 except as related to the submission of the audit report within ninety days of the close of the fiscal year. The audit was not completed until mid April due to the effects of the hurricane. The Authority will issue its audit report by April 30, which will cure this event.

Net Pension Obligation

The net pension obligation, as explained further in note 8, is the Authority's obligation for full funding of its pension plan. This liability was $461,240 and $704,822 respectively, as of December 31, 2005 and 2004, and is a long-term liability to be funded over time.

Compensated Absences

The Authority's obligation to its employees for accrued vacation time totaled $296,763 and $638,266 as of December 31, 2005 and December 31, 2004, respectively. The estimated long-term portion as of December 31, 2005 and 2004 is based on historical data and totaled $191,048 and $246,163, respectively. The short-term portion as of 2005 and 2004 was $105,715 and $392,103, respectively.

Deferred Revenue

A summary of the deferred revenue is as follows:

	2005	2004
Equipment usage fee	$ 313,379	$ 513,379
Customer prepayments	1,379,486	4,596,116
	1,692,865	5,109,495
Less current portion	1,211,757	4,380,321
Long term portion	$ 481,108	$ 729,174

The Authority, under the terms of a food service contract, has granted a contractor exclusive rights to operate all food service areas, bars, refreshment stands and vending operations selling food, beverages and tobacco products. The contract required the contractor to pay an equipment usage fee of $3 million. Also, under the terms of the contractual agreement, the contractor is entitled to a refund of the unamortized portion of the equipment usage fee in the event of termination of the contract. At December 2005 and 2004 the remaining equipment usage fee is $313,379 and $513,379, respectively, of which $200,000 represents the current portion. For each of the years ended December 31, 2005 and 2004, equipment usage fee revenue was $200,000. The Authority requires facility users to prepay certain items (i.e., facility rental) as part of the rental agreement. As of December 31, 2005 and 2004, the Authority was in receipt of $1,379,486 and $4,596,116, respectively, that related to such prepaid items. Of the $1,379,486 as of December 31, 2005, $1,011,757 was the current portion; of the $4,596,116 as of December 31, 2004, $4,180,321 was the current portion.

At December 31, 2005 the long term portion of deferred revenue is comprised of $367,730 of facility rental payments and $113,379 of equipment usage fee to total $481,108. At December 31, 2004, the long term portion of deferred revenue is comprised of $415,795 of facility rental payments and $313,379 of equipment usage fee to total $729,174.

(6) Taxes

The following summarizes tax receivables and revenue as of and for the years ended December 31:

2005		Receivable	Revenue
3% Hotel Occupancy Tax	$	1,843,191	18,247,018
State Economic Development		2,000,000	2,000,000
Hotel Occupancy Food Beverage Tax		811,267	10,192,133
Service Contractors and Tour Tax		25,559	1,364,984
RTA Tax		328,943	1,222,622
Collection fee		-	(605,890)
	$	5,008,960	32,420,867

2004		Receivable	Revenue
3% Hotel Occupancy Tax	$	3,937,012	23,647,659
State Economic Development		926,774	2,000,000
Hotel Occupancy Food Beverage Tax		2,404,197	13,383,324
Service Contractors and Tour Tax		435,116	1,692,355
RTA Tax		650,000	1,502,957
Collection fee			(723,724)
	$	8,353,099	41,502,571

(7) Commissions

Under the contractual agreements with vendors allowed to operate with the ENMCC-NO, the Authority receives various commissions. For the years ended December 31, 2005 and 2004, the Authority received $3,329,931 and $3,741,860, respectively, in commissions as follows:

		2005	2004
Food commissions	$	3,295,368	3,675,890
Business center		29,269	50,681
Other		5,294	15,289
Total	$	3,329,931	3,741,860

(8) Pension Plan

Plan Description

The New Orleans Public Facility Management, Inc. (NOPFM) is the administrator of a single employer defined benefit retirement plan (the Plan). The Ernest N. Morial New Orleans Exhibition Hall Authority has affiliated itself with the Plan. The Plan was established in accordance with Louisiana Revised Statue 12:207(9) for the purpose of providing retirement benefits for substantially all employees of NOPFM and the Authority.

All full-time employees over the age of twenty-one years and employed over six months as of January 1 of each year are eligible to participate in the Plan. Plan benefits vest after five years of credited service. Employees who retire at or after age 65 are entitled to a monthly benefit based on average compensation. The Plan also provides death and disability benefits. The benefit provision and all other requirements are established by the Plan.

An actuarial valuation was prepared as of January 1, 2005 and 2004 and the Plan had 408 and 400 fully vested, partially and nonvested active employees covered reported employees and 5 and 11 employees terminated, respectively, with deferred vested benefits, participating in the plan.

Pension Benefits

The normal retirement benefit is calculated at 2.5% of average compensation multiplied by years of service (not to exceed 25 years) less 50% of the entitled social security benefit under the Social Security Act in effect at retirement.

At retirement, the participant may choose a single lump sum payment, monthly installments, insurance or annuity policies or an annuity contract.

Death Benefits

If a vested participant dies, the surviving spouse or beneficiary is entitled to receive a benefit.

Funding Status and Progress:

The contribution requirement is determined annually by actuarial valuation. Contributions are made on a monthly basis as a percent of compensation.

Annual Pension Cost and Net Pension Obligation:

The Authority's annual pension cost and net pension obligation to the Plan for the current year were as follows:

	2005	2004
Annual required contribution	$ 1,314,341	$ 1,148,090
Interest on net pension obligation	47,575	42,426
Adjustment to annual required contribution	(68,363)	(56,925)
Annual pension cost	1,293,553	1,133,591
Less: contributions made	1,537,135	1,013,950
Change in net pension obligation	(243,582)	119,641
Net pension obligation beginning of year	704,822	585,181
Net pension obligation end of year	$ 461,240	$ 704,822

The annually required contribution for the current year was determined as part of the January 1, 2005 and 2004 actuarial valuation using the aggregate cost method. The actuarial assumptions for the Plan included a pre-retirement interest rate of 6.75% in 2005 and 7.25% in 2004 and a post-retirement rate of 6.75% in 2005 and 7.0% in 2004. The salary increase assumption was 4.5% per year. For valuation purposes, assets were valued at market value. Under the aggregate actuarial method, there is not separate unfunded actuarial liability to be funded.

Year ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2003	$ 1,161,141	85.80	$ 585,181
2004	1,133,591	89.45	704,822
2005	1,293,553	116.08	461,240

The Entry Age Normal Cost Method was used to calculate funding requirements of the Plan. Certain actuarial assumptions are used to determine the actuarial accrued liability. There were no changes in actuarial assumptions or benefit assumptions that affected the valuation of the actuarial accrued liability as of the actuarial valuation performed as of January 1, 2005 and 2004. As of the January 1, 2005 and 2004 actuarial valuation, the recommended minimum contribution to the Plan for normal cost was $1,271,430 and $1,107,927, respectively. Contributions (cash basis) to the Plan during 2005 and 2004 totaled $1,537,135 and $1,013,950.

As of January 1, the actuarial accrued liabilities – entry age applicable to the Authority's current and terminated employees were calculated as follows:

	2005	2004
Vested accrued benefits	$ 5,703,152	$ 4,093,905
Non-vested benefits	5,370,191	4,436,133
Actuarial accrued liability	$ 11,073,343	$ 8,530,038

Historical Trend Information

The following information was available on the plan as of the last three valuation dates as of January 1:

	2005	2004	2003
Net assets available for benefits as a percentage of the Actuarial Accrued Liability – Entry Age Normal	60.55%	61.62%	57.93%
Unfunded Actuarial Accrued Liability – Entry Age Normal as a percentage of covered payroll	29.72%	24.47%	23.96%
Contributions required as a percentage of covered payroll	10.25%	9.19%	9.37%

(9) Commitments and Contingencies

(a) Self-insurance

For 2005 and 2004, the Authority is self-insured for hospitalization claims up to $75,000 per employee. In 2005 and 2004, the aggregate for claims liability was $2,559,920 and 2,349,737, respectively. The Authority has commercial insurance to cover any excess. The Authority has an external third party administrator for heath insurance claims. Changes in claims liability during the years ended December 31 were as follows:

		Beginning of year liability	Current year claims and changes in estimates	Claim payments	Balance at year end
2003	$	107,781	1,204,451	(1,210,288)	101,944
2004	$	101,944	1,785,897	(1,742,591)	145,250
2005	$	145,250	1,877,220	(1,764,220)	258,250

(b) Contingencies – Phase IV

On August 17, 2005, the Authority finalized and signed the Phase IV contract with Broadmoor, LLC ending the lawsuit filed by Broadmoor against the Authority in October 2003 regarding the contract award to Yates/Landis Joint Venture. The Authority issued a limited notice to proceed and construction of Phase IV commenced. Hurricane Katrina devastated the City of New Orleans on August 29. Due to the effects of the storm, the expansion project schedule has been modified as the Authority proceeds with due diligence. The general notice to proceed was issued November 9, 2005; concurrently, a notice of suspension was issued. The commissioners of the Authority will determine the extent of work to be performed as the project moves forward.

(10) Summary of Changes in Deposits Due Others

A summary of changes in deposits due others follows:

2005		Beginning Balance	Additions	Reductions	Ending Balance
Rouse Lease					
Clearing Fund	$	30,000	175,114	122,650	82,464
Venture Lease					
Escrow Fund		1,891	83	-	1,974
Cell Cite		6,287	17,621	-	23,908
Total	$	38,178	192,818	122,650	108,346

2004		Beginning Balance	Additions	Reductions	Ending Balance
Rouse Lease					
Clearing Fund	$	30,000	202,939	202,939	30,000
Venture Lease					
Escrow Fund		1,859	32	-	1,891
Cell Cite		926	24,735	19,374	6,287
Total	$	32,785	227,706	222,313	38,178

(11) Impact of Hurricane Katrina

In the immediate days after the storm, approximately 25,000 people came to the Center in search of shelter, food, water and rescue since the Center did not flood. However, the Center was not a designated shelter of last resort. Also in the days following the storm, the Center became active in the City's post Katrina recovery efforts. From early September through December, the Center housed and provided services for 5,000 National Guard soldiers, first responders, FEMA contractors, and others who aided the city's recovery. From early September through March 15, 2006, the Center housed a military field hospital that was later taken over by Charity hospital officials. Currently, the Center is still housing the New Orleans EMS as well as the City of New Orleans records office.

The Authority is in the process of repairing the storm damaged areas as well as renovating the Center. The extent of damages includes, but is not limited to, permanent roof repairs, removal and replacement of 88,000 square yards of custom carpet, replacement of approximately 700 pieces of custom fabricated canopy, skylight and storefront glass, replacement of 28,000 chairs and replacement and repair of numerous doors and hardware components. The repairs and renovations will compliment the interior of the Phase IV expansion. The Authority is independently insured by one of the largest commercial property insurers in the nation. In 2005, the Authority received $5 million in insurance proceeds that was used for capital and noncapital repairs and costs.

The Authority has recorded the impairment of property, plant and equipment to the extent the impairment is known at December 31, 2005. As additional assessments are made in 2006, other impairments may be identified. The Authority anticipates additional insurance proceeds in 2006 to offset capital and noncapital costs.

The Authority also has business interruption insurance through the same commercial insurer. In 2005, the Authority received $8 million toward the business loss sustained for the last four months of the year. The Authority will also receive additional proceeds in 2006.

(12) Subsequent Events

In 2006, the Board approved the establishment of a 401(a) benefit plan. This plan would be available to full time employees hired after January 1, 2006. The Authority will contribute 4% to the plan based upon employee salaries and will match 50% of employee's contributions up to 6%.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Required Supplementary Information Under GASB Statement No. 25

Schedule of Funding Progress

Actuarial Valuation Date 01/01	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of payroll
2005	$5,718,204	$9,443,514	$3,725,310	60.55%	$12,533,350	29.72%
2004	4,845,559	7,863,015	3,017,456	61.62%	12,329,417	24.47%
2003	4,088,488	7,057,120	2,968,632	57.93%	12,392,502	23.96%
2002	3,779,300	6,209,609	2,430,309	60.86%	11,365,545	21.38%
2001	3,117,410	5,029,277	1,911,867	61.99%	9,265,165	20.64%
2000	2,507,665	4,796,410	2,288,745	52.28%	8,938,715	25.60%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
12/31/2005	$1,314,341	$1,537,135	116.95%
12/31/2004	1,148,090	1,013,950	88.32%
12/31/2003	1,161,141	966,290	83.22%
12/31/2002	1,053,240	981,620	93.20%
12/31/2001	832,904	850,478	102.11%
12/31/2000	795,033	766,173	96.37%

See independent auditors' report.

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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
Ernest N. Morial New Orleans Exhibition Hall Authority:

We have audited the financial statements of the Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) as of and for the year ended December 31, 2005, and have issued our report thereon dated April 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

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This report is intended solely for the information and use of the Finance Committee, management of the Authority, and the State of Louisiana Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statue 24.513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

New Orleans, Louisiana
April 20, 2006

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April 20, 2006

Board of Commissioners
Ernest N. Morial New Orleans Exhibition Hall Authority:

Dear Members of the Board:

We have audited the basic financial statements of the Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) as of and for the year ended December 31, 2005, and have issued our report thereon dated April 20, 2006. In planning and performing our audit of the financial statements of the Authority, we considered the Authority's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. We have not considered internal control since the date of our report.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. We have identified no management letter comments on which to report herein.

This report is intended solely for the information and use of the Finance Committee, management of the Authority and federal awarding agencies and pass-through entities, such as the State of Louisiana Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statue 24.513, this report is distributed by the Legislative Auditor as a public document.

Very truly yours,

Postlethwaite & Netterville

New Orleans, Louisiana
March 14, 2005

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