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

FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2015
ISSUED DECEMBER 7, 2015

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 18, 2015

Independent Auditor's Report

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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 represents the only discretely presented component unit 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, are 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above 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, 2015, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 18 to the financial statements, the fiscal year 2014 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015, 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* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

JMJ:NM:WG:EFS:aa

LSED 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

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, 2015. 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 12.

FINANCIAL HIGHLIGHTS

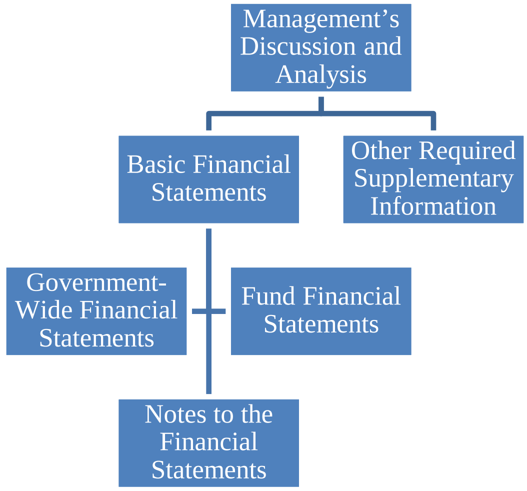
- The District’s assets and deferred outflows of resources of business-type activities exceeded liabilities at the close of fiscal year 2015 by $353,661,624. The net position of business-type activities decreased by $5,535,319 during fiscal year 2015. The liabilities of governmental activities exceeded assets and deferred outflows of resources at the close of fiscal year 2015 by $256,186,253. The net position of governmental activities increased by $8,425,653 during fiscal year 2015.

- The District has received $11,538,143 in capital contributions to its business-type activities for the year ended June 30, 2015. This represents a decrease of $16,439,916 over the prior fiscal year. The contributions fund various capital projects for improvements to the Mercedes-Benz Superdome and the Smoothie King Center.

- The District received $49,489,710 of hotel occupancy taxes in its governmental activities for the year ended June 30, 2015. This represents an increase of $2,035,800 over the prior fiscal year and is the highest annual collections ever received. The increase in the hotel tax collections has reduced the District’s dependency on the state’s General Fund appropriations to meet the contractual obligations on the District.

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 position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 position and how they have changed. Net position (the difference between the District's assets, deferred outflows of resources 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 Fund, and Capital Projects Fund
- Business-type activities, which include the operation of the Mercedes-Benz Superdome, Smoothie King Center, and Champions Square
- Component unit, which represents the operation of the Louisiana Superdome Marketing and Promotional Fund, a legally-separate nonprofit corporation

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

Restricted net position is not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net position does not have any limitations on what these amounts may be used for.

Net Position
As of June 30, 2015 and 2014
(in thousands)

	2015	2014 Restated
Current and other assets	$107,133	$113,537
Capital assets	374,702	385,091
Total assets	481,835	498,628
Total deferred outflows of resources	35,454	38,103
Current and other liabilities	46,887	57,355
Long-term debt outstanding	372,927	384,791
Total liabilities	419,814	442,146
Net Position:		
Net investment in capital assets	98,177	98,069
Restricted	50,836	47,231
Unrestricted	(51,538)	(50,715)
Total net position	$97,475	$94,585

The District's total revenues of its governmental and business-type activities decreased by $25,302,000 from 2014 to 2015. The total cost of all governmental and business-type activities, programs, and services decreased by $6,293,000. The decrease in total revenues is due primarily to a decrease in capital contributions made by the state for related improvements to the facilities.

Changes in Net Position
For the Years Ended June 30, 2015 and 2014
(in thousands)

	2015	2014 Restated
Revenues		
Program revenues:		
Charges for services	$46,198	$45,004
Grants and contributions	13,638	40,991
General revenues:		
Hotel occupancy taxes	49,490	47,454
New Orleans Sports Franchise Fund	8,700	8,200
Pari-mutuel live racing facility slots	2,894	3,181
Players' tax	2,434	4,170
Interest and other income	953	609
Total revenues	124,307	149,609
Program Expenses		
Interest on long-term debt	15,453	15,591
Facility operation and contract administration	105,956	112,111
Total expenses	121,409	127,702
Other revenues (expenses)	(8)	8,436
Increase in Net Position	$2,890	$30,343

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, and June 30, 2014, the District had $374,701,643 and $385,091,418 (restated), respectively, invested in capital assets, net of accumulated depreciation of $261,935,927 and $229,770,689 (restated), respectively, including land, buildings and improvements, furniture, fixtures, equipment, and construction-in-progress.

Capital assets as of June 30 (in thousands):

	2015	2014 Restated
Land	$13,944	$13,944
Building and improvements	343,345	311,808
Furniture, fixtures and equipment	8,171	8,106
Construction-in-progress	9,242	51,233
Total	$374,702	$385,091

Debt

The District had $348,125,000 and $357,045,000 in revenue bonds outstanding at June 30, 2015, and June 30, 2014, respectively. In January 2013, the District issued Series 2013A, 2013B, and 2013C Revenue Refunding Bonds totaling $361,345,000 for the purpose of refunding the District's existing debt, providing funds for the termination of the fixed-rate hedge agreement and the interest rate swap agreement, and providing for the costs of issuance of the bonds. The District's required principal payment on the Series 2013 bonds of $8,920,000 was due and paid on July 1, 2014.

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 Mercedes-Benz Superdome, the Smoothie King Center, 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 professional sports franchises

During fiscal year 2015, the District's net position increased $2,890,334. During fiscal year 2014, the District's net position increased $30,342,895, as restated. The operating loss was funded by statutorily dedicated revenues, grants, and hotel occupancy taxes, which were transferred from the General Fund, and capital contributions from the state. Current projections by management of the District indicate that operating losses incurred in the business-type activities will continue and will be funded with statutorily dedicated revenues, grants, and hotel occupancy taxes, along with capital contributions from the state.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, 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 requests for additional financial information may be addressed to 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 Position
June 30, 2015

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
ASSETS				
Cash and cash equivalents (note 2)	$51,671,956	$17,289,242	$68,961,198	$1,456,123
Accounts receivable, net	143,942	696,369	840,311	423,633
Due from state of Louisiana (note 3)	12,907,024		12,907,024	
Equipment lease receivable, current portion (note 6)		140,000	140,000	
Internal balances	386,280	(386,280)		
Due from component unit		4,364,676	4,364,676	
Inventory of materials and supplies		125,696	125,696	5,014
Prepaid expenses		104,742	104,742	2,614
Advance on construction				286,263
Restricted assets: (notes 2 and 9)				
Renewal and Replacement Reserve Account - cash and cash equivalents	6,317,539	894,216	7,211,755	
Concessionaire Fund - receivable		659,198	659,198	
Debt service reserve - cash and cash equivalents				148,733
Deposits				35,869
Equipment lease receivable (note 6)		280,000	280,000	
Notes receivable (note 4)		11,539,075	11,539,075	
Capital assets, net of accumulated depreciation (note 5)	39,660,345	335,041,298	374,701,643	10,375,821
Total assets	111,087,086	370,748,232	481,835,318	12,734,070
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	35,454,411		35,454,411	
Total deferred charge on refunding	35,454,411	NONE	35,454,411	NONE
LIABILITIES				
Accounts payable and accrued expenses	5,331,938	2,382,529	7,714,467	118,476
Sports franchise obligations payable (notes 15 and 16)	2,645,675	333,697	2,979,372	
Due to primary government				4,364,676
Unearned revenue and security deposits		109,641	109,641	
Compensated absences (note 1-J)	3,971	419,834	423,805	2,628
Advance deposits on future events		13,554,644	13,554,644	1,267,303
Accrued bond interest payable	7,173,853		7,173,853	
Advance on construction		286,263	286,263	
Bonds payable current portion, net (note 7)	11,864,144		11,864,144	
Capital lease obligations current portion (note 6)				121,744
Noncurrent liabilities:				
Accrued bond interest payable	2,781,290		2,781,290	
Bonds payable, net (note 7)	372,926,879		372,926,879	
Capital lease obligations (note 6)				264,536
Notes payable (note 8)				14,196,991
Total liabilities	402,727,750	17,086,608	419,814,358	20,336,354

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
Statement of Net Position
June 30, 2015

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
NET POSITION				
Net investment in capital assets	($236,864,144)	$335,041,298	$98,177,154	
Restricted for:				
Debt service	42,965,431		42,965,431	
Renewal and replacement	6,317,539	894,216	7,211,755	
Concessionaire reserve		659,198	659,198	
Unrestricted	(68,605,079)	17,066,912	(51,538,167)	($7,602,284)
TOTAL NET POSITION	($256,186,253)	$353,661,624	$97,475,371	($7,602,284)

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA

Statement of Activities
For the Year Ended June 30, 2015

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	$8,444,379			$1,207,454
Interest on bonds	15,453,322			
Contract administration	892,734		$892,734	
Total governmental activities	24,790,435	NONE	892,734	1,207,454
Business-type activities:				
Facility operation	96,618,332	$46,198,258	NONE	11,538,143
TOTAL PRIMARY GOVERNMENT	$121,408,767	$46,198,258	$892,734	$12,745,597
COMPONENT UNIT:				
Louisiana Superdome Marketing and Promotional Fund	$5,888,181	$3,607,468	NONE	NONE
TOTAL COMPONENT UNIT	$5,888,181	$3,607,468	NONE	NONE

General revenues:
Taxes: (note 9)
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
Investment earnings
Transfers in (out)
Capital asset transfer in (out)
Loss on disposal of capital assets
Total general revenues and transfers

Change in net position

NET POSITION, BEGINNING OF YEAR, AS RESTATED (note 18)

TOTAL NET POSITION, END OF YEAR

The accompanying notes are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
($7,236,925)		($7,236,925)	
(15,453,322)		(15,453,322)	
(22,690,247)	NONE	(22,690,247)	
NONE	($38,881,931)	(38,881,931)	
(22,690,247)	(38,881,931)	(61,572,178)	
			($2,280,713)
			(2,280,713)
26,064,659		26,064,659	
23,425,051		23,425,051	
8,700,000		8,700,000	
2,893,905		2,893,905	
2,434,499		2,434,499	
600,000		600,000	
127,453		127,453	
49,425	175,652	225,077	224
(32,879,092)	32,879,092		
(300,000)	300,000		
	(8,132)	(8,132)	
31,115,900	33,346,612	64,462,512	224
8,425,653	(5,535,319)	2,890,334	(2,280,489)
($264,611,906)	$359,196,943	$94,585,037	($5,321,795)
($256,186,253)	$353,661,624	$97,475,371	($7,602,284)

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2015

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents (note 2)	$12,624,216	$39,047,732	$8	$51,671,956
Accounts receivable	143,942			143,942
Due from state of Louisiana (note 3)	8,940,990	3,917,699	48,335	12,907,024
Due from other funds	386,280			386,280
Restricted assets: (notes 2 and 9)				
Renewal and Replacement Reserve Account - cash and cash equivalents	6,317,539			6,317,539
TOTAL ASSETS	$28,412,967	$42,965,431	$48,343	$71,426,741
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$5,331,938			$5,331,938
Sports franchise obligations payable (notes 15 and 16)	2,645,675			2,645,675
Compensated absences (note 1-J)	3,971			3,971
Total liabilities	7,981,584	NONE	NONE	7,981,584
Fund Balances:				
Restricted for - debt service		$42,965,431		42,965,431
Restricted for - renewal and replacement	6,317,539			6,317,539
Assigned for - capital projects			$48,343	48,343
Unassigned	14,113,844			14,113,844
Total fund balances	20,431,383	42,965,431	48,343	63,445,157
TOTAL LIABILITIES AND FUND BALANCES	$28,412,967	$42,965,431	$48,343	$71,426,741

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	TOTAL GOVERNMENTAL FUNDS
Total fund balances, as presented in this statement	$63,445,157
Amounts presented for governmental activities in the Statement of Net Position are different because:	
Accrued bond interest is reported in the Statement of Net Position but is not due and payable in the current period and, therefore, is not reported as a liability of the fund balance sheet.	(9,955,143)
Deferred charges on refunding of bonds payable are not reported in the funds.	35,454,411
Long-term liabilities are reported in the Statement of Net Position but are not due and payable in the current period and, therefore, are not reported as liabilities of the fund balance sheet.	(384,791,023)
Capital assets reported in the Statement of Net Position are not current financial resources.	39,660,345
NET POSITION OF GOVERNMENTAL ACTIVITIES	($256,186,253)

(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, 2015

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Hotel occupancy tax (note 9)	$26,064,659	$23,425,051		$49,489,710
New Orleans Sports Franchise Fund	8,700,000			8,700,000
Pari-mutuel live racing facility slots	2,893,905			2,893,905
Players' tax	2,434,499			2,434,499
Vehicle license plate royalties	600,000			600,000
Interest earnings	46,286	3,139		49,425
Miscellaneous income	127,453			127,453
Total revenues	40,866,802	23,428,190	NONE	64,294,992
EXPENDITURES				
Salaries, wages, and benefits	423,208			423,208
Utilities	16,919			16,919
Management fee - SMG (note 13)	74,400			74,400
Professional fees	364,040			364,040
Insurance	218,554			218,554
Other Saints obligations (note 15)	1,489,019			1,489,019
Other Pelicans obligations (note 16)	3,559,222			3,559,222
Other facility obligations	1,930,651			1,930,651
Other expenditures	27,906			27,906
Capital outlay			$1,398,811	1,398,811
Debt service:				
Principal		8,920,000		8,920,000
Interest		14,380,789		14,380,789
Total expenditures	8,103,919	23,300,789	1,398,811	32,803,519
Excess (deficiency) of revenues over expenditures	32,762,883	127,401	(1,398,811)	31,491,473

(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, 2015

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
OTHER FINANCING SOURCES (USES)				
Transfers in	$183,793			$183,793
Transfers out	(32,879,092)		($183,793)	(33,062,885)
Contract administration contributions	892,734			892,734
Capital contributions			1,207,454	1,207,454
Total other financing sources (uses)	(31,802,565)	NONE	1,023,661	(30,778,904)
Net change in fund balances	960,318	$127,401	(375,150)	712,569
Fund balances at beginning of year	19,471,065	42,838,030	423,493	62,732,588
Fund balances at end of year	$20,431,383	$42,965,431	$48,343	$63,445,157

Net change in fund balances, as presented in this statement	$712,569
Amounts presented for governmental activities in the Statement of Activities are different because:	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilites in the Statement of Net Position. This is the amount by which proceeds exceed repayments.	8,920,000
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.	(1,130,888)
Governmental funds do not include amortization for bond premium, escrow, and issuance costs.	58,355
Governmental funds do not include transfers of previously capitalized assets to business-type activities	(300,000)
Governmental funds report the acquisition of capital assets as expenditures of the period in which the asset is acquired. In the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($1,398,811) exceeded depreciation ($1,233,194) in the current period.	165,617
Change in net position of governmental activities as reported on the Statement of Activities	$8,425,653

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS

Statement of Net Position
June 30, 2015

	ENTERPRISE FUNDS			
	MERCEDES-BENZ SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
ASSETS				
Current assets:				
Cash and cash equivalents (note 2)	$7,002,687	$7,788,809	$2,497,746	$17,289,242
Accounts receivable, net	576,218	110,667	9,484	696,369
Equipment lease receivable (note 6)			140,000	140,000
Due from other funds	3,600,000			3,600,000
Due from component unit	48,994		4,315,682	4,364,676
Inventory	85,973	39,723		125,696
Prepaid expenses	76,913	27,829		104,742
Total current assets	11,390,785	7,967,028	6,962,912	26,320,725
Restricted assets: (notes 2 and 9)				
Renewal and Replacement Reserve Account - cash and cash equivalents		867,237	26,979	894,216
Concessionaire Fund - receivable	167,179	492,019		659,198
Total restricted assets	167,179	1,359,256	26,979	1,553,414
Other assets:				
Equipment lease receivable (note 6)			280,000	280,000
Notes receivable (note 4)			11,539,075	11,539,075
Capital assets, net of accumulated depreciation (note 5)	227,830,199	104,306,026	2,905,073	335,041,298
Total other assets	227,830,199	104,306,026	14,724,148	346,860,373
TOTAL ASSETS	$239,388,163	$113,632,310	$21,714,039	$374,734,512

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2015

	ENTERPRISE FUNDS			
	MERCEDES-BENZ SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$1,382,993	$662,824	$336,712	$2,382,529
Sports franchise inducement payable (note 16)		333,697		333,697
Unearned revenue and security deposits	44,330		65,311	109,641
Compensated absences (note 1-J)	367,545	52,289		419,834
Funds held in escrow for future events	6,936,601	6,618,043		13,554,644
Advance on construction			286,263	286,263
Due to other funds		3,600,000	386,280	3,986,280
Total current liabilities	8,731,469	11,266,853	1,074,566	21,072,888
NET POSITION				
Net investment in capital assets	227,830,199	104,306,026	2,905,073	335,041,298
Restricted	167,179	1,359,256	26,979	1,553,414
Unrestricted	2,659,316	(3,299,825)	17,707,421	17,066,912
Total net position	230,656,694	102,365,457	20,639,473	353,661,624
TOTAL LIABILITIES AND NET POSITION	$239,388,163	$113,632,310	$21,714,039	$374,734,512

(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 Position
For the Year Ended June 30, 2015

	ENTERPRISE FUNDS			
	MERCEDES-BENZ SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
OPERATING REVENUES				
Event rental:				
Musical events and entertainment	$756,072	$1,374,275		$2,130,347
High school and college sports	446,109	47,500		493,609
Conventions and trade shows	215,981			215,981
Professional football		82,500		82,500
Other events	447,109	133,175		580,284
Reimbursement event costs	4,683,528	2,700,970		7,384,498
Total event rental	6,548,799	4,338,420	NONE	10,887,219
Concessions and souvenirs	10,919,635	5,226,347		16,145,982
Box suite rental	7,633,619	778,823		8,412,442
Parking	2,757,913	1,270,671		4,028,584
Ticket incentives	1,492,319	1,451,182		2,943,501
Lease income (note 10)	719,984	7,841	$1,977,766	2,705,591
Advertising and broadcasting			371,455	371,455
Other	526,362	177,122		703,484
Total operating revenues	30,598,631	13,250,406	2,349,221	46,198,258
OPERATING EXPENSES				
Salaries, wages, and benefits	10,555,945	2,750,361		13,306,306
Utilities	4,206,236	1,396,744		5,602,980
Repairs and maintenance	1,637,801	551,329		2,189,130
Management fee - SMG (note 13)	1,096,040	469,732		1,565,772
Saints lease obligation payments (note 15)	14,279,294			14,279,294
Pelicans obligation payments (note 16)		4,109,549		4,109,549
Professional fees	194,486	109,349		303,835
Professional sports staffing	2,374,527	2,009,322		4,383,849
Insurance	2,496,096	652,267		3,148,363
Direct event expense	4,138,536	3,354,246		7,492,782
Advertising and public relations	126,209	66,057		192,266
Rent (note 12)			2,362,862	2,362,862
Other operating expenses	3,897,470	2,439,603	115,200	6,452,273
Total operating expenses	45,002,640	17,908,559	2,478,062	65,389,261
Operating loss before depreciation	(14,404,009)	(4,658,153)	(128,841)	(19,191,003)
Depreciation	23,233,229	7,832,553	163,289	31,229,071
Operating loss	(37,637,238)	(12,490,706)	(292,130)	(50,420,074)

(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 Position
For the Year Ended June 30, 2015

	ENTERPRISE FUNDS			
	MERCEDES-BENZ SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
NONOPERATING REVENUE (EXPENSES)				
Interest revenue	$15,738	$15,545	$144,369	$175,652
Loss on disposal of capital assets	(8,132)			(8,132)
Total nonoperating revenue (expenses)	7,606	15,545	144,369	167,520
Income (loss) before transfers and capital contributions	(37,629,632)	(12,475,161)	(147,761)	(50,252,554)
Transfers in	19,640,975	10,260,752	2,977,365	32,879,092
Capital asset transfer in	300,000			300,000
Capital contributions	277,193	11,260,950		11,538,143
Change in net position	(17,411,464)	9,046,541	2,829,604	(5,535,319)
Net position, beginning of year, as restated (note 18)	$248,068,158	$93,318,916	$17,809,869	$359,196,943
NET POSITION, END OF YEAR	$230,656,694	$102,365,457	$20,639,473	$353,661,624

(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, 2015

	ENTERPRISE FUNDS			
	MERCEDES-BENZ SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$16,168,922	$15,135,542	$2,432,020	$33,736,484
Payments to suppliers	(35,957,827)	(15,138,678)	(3,369,255)	(54,465,760)
Payments for salaries and related expenses	(10,500,652)	(2,764,832)		(13,265,484)
Net cash (used) by operating activities	(30,289,557)	(2,767,968)	(937,235)	(33,994,760)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants/transfers	19,640,975	10,260,752	2,977,365	32,879,092
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital appropriations and contributions	277,193	13,227,100		13,504,293
Principal payments received for capital lease			115,227	115,227
Purchases of capital assets	(3,958,500)	(18,175,048)	(621,278)	(22,754,826)
Net cash (used) by capital and related financing activities	(3,681,307)	(4,947,948)	(506,051)	(9,135,306)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	15,738	15,545	144,369	175,652
Net increase/(decrease) in cash and cash equivalents	(14,314,151)	2,560,381	1,678,448	(10,075,322)
Cash and cash equivalents, beginning of year	21,316,838	6,095,665	846,277	28,258,780
CASH AND CASH EQUIVALENTS, END OF YEAR	$7,002,687	$8,656,046	$2,524,725	$18,183,458

(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, 2015

	ENTERPRISE FUNDS			
	MERCEDES-BENZ SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) BY OPERATING ACTIVITIES				
Operating loss	($37,637,238)	($12,490,706)	($292,130)	($50,420,074)
Adjustments to reconcile operating loss to net cash (used) by operating activities:				
Depreciation expense	23,233,229	7,832,553	163,289	31,229,071
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(416,868)	(26,121)	(771,713)	(1,214,702)
Restricted assets	215,192	(56,742)		158,450
Inventory	(7,951)	1,330		(6,621)
Prepaid expenses	34,674	38,332		73,006
(Decrease) increase in:				
Accounts payable and accrued expenses	(1,663,740)	27,952	71,955	(1,563,833)
Compensated absences	10,614	4,859		15,473
Unearned revenues	(74,021)		6,591	(67,430)
Funds held in escrow	(13,983,448)	1,900,575		(12,082,873)
Due to/from other funds			(115,227)	(115,227)
Net cash (used) by operating activities	($30,289,557)	($2,767,968)	($937,235)	($33,994,760)

(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, 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 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 Louisiana 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 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 Louisiana Superdome), which was signed by the parties under date of June 30, 1977.

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. Louisiana Revised Statute 51:293.1 authorizes the District to sell or transfer the right to designate and use an alternative name to refer to the Louisiana Superdome. With state lawmakers' final approval on October 28, 2011, the new name of the Louisiana Superdome became the Mercedes-Benz Superdome (the Superdome).

Act No. 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 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.

In February 2014, the New Orleans Pelicans entered into a naming rights agreement with Smoothie King to acquire the name and title sponsorship to the New Orleans Arena. The use agreement between the Pelicans and the District granted the Pelicans the right to market the naming rights for the New Orleans Arena. Upon approval of the District, the new name of the New Orleans Arena became the Smoothie King Center (the Arena).

In September 2009, the District negotiated an agreement to lease the former New Orleans Centre Shopping Mall and parking garage along with a co-development agreement with the property owners to redevelop the premises as a venue for entertainment (Champions Square).

Notwithstanding the transfer of management authority to the state and by the state to the manager, Act No. 541, as amended by Act No. 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).

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* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34.* 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

In 2011, the District 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 be comprised 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 Position, 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 position of the District and its component unit are reported in three parts: net investment in capital assets, restricted, and unrestricted. 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 position, 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 annual payments, 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. The Capital Project Fund maintained by the District accounts for construction and improvement of the facilities of the District.

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, and game day entitlements to sports franchises. 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 proprietors. The hotel occupancy tax is used to fund annual debt service needs and operations.

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 for capital assets 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 unearned 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, all employees can carry forward no more than the number of days earned during the fiscal year. Upon termination, a non-union employee is paid for up to 192 hours of accumulated vacation, if applicable. Members of the Craft Council and Teamsters Union are paid for accumulated vacation up to what they have earned during the year. The accumulated net provision by the District for unpaid vacation benefits due employees of SMG as of June 30, 2015, was $423,805.

Non-union, full-time SMG employees and members of the Craft Council 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 up to a maximum of 192 hours. 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 maturity of three months or less when purchased 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, 2015, the General Fund transferred $32,879,092 to the proprietary funds and received $183,793 from 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. 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, 2015:

	Bank Balance	Book Balance
Primary government:		
Cash on hand		$69,445
Demand deposits	$36,611,300	37,055,776
Money market funds	39,047,732	39,047,732
Total Primary Government	75,659,032	76,172,953
Component unit - demand deposits	1,574,061	1,604,856
Total	$77,233,093	$77,777,809

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

	Primary Government			
	Governmental Activities	Business-Type Activities	Component Unit	Total
Cash and cash equivalents	$51,671,956	$17,289,242	$1,456,123	$70,417,321
Restricted assets	6,317,539	894,216	148,733	7,360,488
Total	$57,989,495	$18,183,458	$1,604,856	$77,777,809

The District's deposits are exposed to custodial credit risk, which 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 for investments is the risk that, in the event of the failure of the counterparty to a transaction, 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, 2015, 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 2015 consisted of the Federated Government Obligations Fund (Symbol GOSXX), which is rated Aaa-mf by Moody's and AAAm by Standard and Poor's. The fund's holdings consist exclusively of short-term U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations. 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, 2015, 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 totaled $12,907,024 at June 30, 2015.

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 17 for further details of the cooperative endeavor agreement and details of the NMTC.

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance June 30, 2014	Prior Period Adjustment	Restated Balance June 30, 2014	Additions	Deletions/ Transfers	Balance June 30, 2015
Capital assets not being depreciated - construction-in-progress	$5,012,005	($2,384,121)	$2,627,884	$1,398,811	($1,500,000)	$2,526,695
Other capital assets:						
Building and improvements:						
Baseball stadium	$28,053,009		$28,053,009			$28,053,009
Outdoor practice facility complex	6,565,115		6,565,115			6,565,115
Indoor practice facility	6,459,360		6,459,360	$1,200,000		7,659,360
TPC golf facility	149,346		149,346			149,346
Pelicans training facility	10,000,919		10,000,919			10,000,919
Less accumulated depreciation	(14,060,905)		(14,060,905)	(1,233,194)		(15,294,099)
Total other capital assets	$37,166,844		$37,166,844	($33,194)	NONE	$37,133,650
Capital asset summary:						
Capital assets not depreciated	$5,012,005	($2,384,121)	$2,627,884	$1,398,811	($1,500,000)	$2,526,695
Other capital assets, at cost	51,227,749		51,227,749	1,200,000		52,427,749
Total cost of capital assets	56,239,754	(2,384,121)	53,855,633	2,598,811	(1,500,000)	54,954,444
Less accumulated depreciation	(14,060,905)		(14,060,905)	(1,233,194)		(15,294,099)
Capital assets, net	$42,178,849	($2,384,121)	$39,794,728	$1,365,617	($1,500,000)	$39,660,345

Business-Type Activities

	Balance June 30, 2014	Prior Period Adjustment	Restated Balance June 30, 2014	Additions	Deletions/ Transfers	Balance June 30, 2015
Capital assets not being depreciated:						
Land	$13,944,160		$13,944,160			$13,944,160
Construction-in-progress	132,244,050	(83,638,797)	48,605,253	$20,368,817	($62,259,126)	6,714,944
Total capital assets not being depreciated	$146,188,210	($83,638,797)	$62,549,413	$20,368,817	($62,259,126)	$20,659,104
Other capital assets:						
Building and improvements	$390,277,098	$83,638,797	$473,915,895	$58,494,258		$532,410,153
Leasehold improvements	1,554,449		1,554,449	1,435,964		2,990,413
Furniture, fixtures and equipment	22,986,717		22,986,717	2,941,898	($305,159)	25,623,456
Less accumulated depreciation	(209,436,874)	(6,272,910)	(215,709,784)	(31,229,071)	297,027	(246,641,828)
Total other capital assets	$205,381,390	$77,365,887	$282,747,277	$31,643,049	($8,132)	$314,382,194
Capital asset summary:						
Capital assets not depreciated	$146,188,210	($83,638,797)	$62,549,413	$20,368,817	($62,259,126)	$20,659,104
Other capital assets, at cost	414,818,264	83,638,797	498,457,061	62,872,120	(305,159)	561,024,022
Total cost of capital assets	561,006,474	0	561,006,474	83,240,937	(62,564,285)	581,683,126
Less accumulated depreciation	(209,436,874)	(6,272,910)	(215,709,784)	(31,229,071)	297,027	(246,641,828)
Capital assets, net	$351,569,600	($6,272,910)	$345,296,690	$52,011,866	($62,267,258)	$335,041,298

Component Unit

	Balance June 30, 2014	Additions	Deletions/ Transfers	Balance June 30, 2015
Capital assets not being depreciated - construction-in-progress	NONE			NONE
Other capital assets:				
Assets under capital lease	$850,825			$850,825
Leasehold improvements	12,643,926			12,643,926
Less accumulated depreciation	(2,104,816)	($1,014,115)		(3,118,930)
Total other capital assets	$11,389,935	($1,014,115)	NONE	$10,375,821
Capital asset summary:				
Capital assets not depreciated	NONE			NONE
Other capital assets, at cost	$13,494,751			$13,494,751
Total cost of capital assets	13,494,751	NONE	NONE	13,494,751
Less accumulated depreciation	(2,104,816)	($1,014,115)		(3,118,930)
Capital assets, net	$11,389,935	($1,014,115)	NONE	$10,375,821

A component of the 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 funding for upgrades and improvements to the facility. These improvements have completely modernized the facility to include 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.

The baseball stadium, home to the Zephyrs; the two New Orleans Saints Practice Facilities; and the New Orleans Pelicans Training Facility 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 $332,932 net of accumulated depreciation of $517,893 for the year ended June 30, 2015. Depreciation expense related to the assets acquired by capital lease for the year ended June 30, 2015, totaled $110,977.

The capital lease obligation at June 30, 2015, 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 unearned revenue and will be amortized to income over the lease term using the interest method.

At June 30, 2015, 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	
2016	$140,000
2017	140,000
2018	140,000
Total future minimum lease payments	420,000
Less amount representing interest	(33,720)
Present value of future minimum lease payments	386,280
Less current principal obligation	(121,744)
Total long-term principal obligation	$264,536

7. BONDS PAYABLE

The bond issues outstanding at June 30, 2015, and changes in long-term debt for the year then ended are as follows:

Governmental Activities

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Series 2013A (various interest rates; maturing by 2036)	$270,870,000			$270,870,000	
Series 2013B (various interest rates; maturing 2017)	36,175,000		($8,920,000)	27,255,000	$9,065,000
Series 2013C (2.25% interest rates; maturing by 2039)	50,000,000			50,000,000	
Total outstanding principal	357,045,000	NONE	(8,920,000)	348,125,000	9,065,000
Add bond premium	39,373,094		(2,707,071)	36,666,023	2,799,144
Total bonds payable, net	$396,418,094	NONE	($11,627,071)	$384,791,023	$11,864,144

On January 16, 2013, the District issued $361,345,000 of Series 2013 Revenue Refunding Bonds. The purposes of the issue were to refund and defease approximately $294,000,000 of the District's existing outstanding bonds, to provide approximately $109,000,000 for the termination of the fixed-rate hedge agreement and interest rate swap agreement, 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 9 for additional information on pledged revenues. The bonds are reported in the 2014 Statement of Net Position, net of unamortized premiums of $36,666,023.

The 2013 bonds consist of Senior Revenue Refunding Bonds Tax-Exempt Series 2013-A ($270,870,000); Revenue Refunding Bonds Tax-Exempt Series 2013B ($40,475,000); and Subordinate Revenue Refunding Bonds Taxable Series 2013C ($50,000,000). The state owns 100% of the Series 2013C Bonds.

The annual requirements to amortize all District bonds outstanding at June 30, 2015, (excluding support fees) are presented in the following schedule:

Fiscal Year	Principal	Interest	Total
2016	$9,065,000	$14,260,946	$23,325,946
2017	9,270,000	14,127,038	23,397,038
2018	9,420,000	13,958,212	23,378,212
2019	9,700,000	13,638,650	23,338,650
2020	10,190,000	13,158,588	23,348,588
2021-2025	58,940,000	57,555,688	116,495,688
2026-2030	74,620,000	41,427,000	116,047,000
2031-2035	54,065,000	22,803,938	76,868,938
2036-2040	112,855,000	43,725,325	156,580,325
Total	$348,125,000	$234,655,385	$582,780,385

Other significant bond features are as follows:

1. The Series 2013A Bonds maturing on or after July 1, 2024, are subject to redemption prior to maturity at the option of the District.

2. The Series 2013B Bonds are not subject to optional redemption.

3. The Series 2013C Bonds were issued through a private placement with the state of Louisiana.

4. The Series 2013C Bonds are subject to redemption prior to maturity at the option of the District.

The Debt Service Fund had assets available of $42,965,431 at June 30, 2015, 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.

8. NOTES PAYABLE

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, respectively, 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, respectively, 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, 2015, and changes in notes payable for the year then ended are as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
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	14,800,000	NONE	NONE	14,800,000	NONE
Less unamortized issuance and escrow costs	(657,827)	NONE	$54,818	(603,009)	NONE
Total component unit	$14,142,173	NONE	$54,818	$14,196,991	NONE

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

Fiscal Year	Component Unit Principal	Component Unit Interest	Total
2016		$198,864	$198,864
2017		198,320	198,320
2018	$100,000	197,505	297,505
2019	1,623,280	187,961	1,811,241
2020	1,793,542	164,696	1,958,238
2021-2025	9,339,101	452,085	9,791,186
2026	1,944,077	14,160	1,958,237
Total	$14,800,000	$1,413,591	$16,213,591

9. 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 2039. Total revenue pledged for fiscal year ended June 30, 2015, was $110,668,902. Total principal and interest remaining on the bonds was $348,125,000 and $234,655,385, respectively. For the current year, the District paid principal and interest payments of $8,920,000 and $14,380,789, respectively, on the Series 2013 Bonds.

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. Of the $49,489,710 of hotel occupancy tax earned for the year ended June 30, 2015, $23,425,051 was used for debt service requirements.

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, including depreciation, and funding of $2,300,000 to the Renewal and Replacement Reserve 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.

At June 30, 2015, after payment and satisfaction of all obligations of the District and after all operating expenses including depreciation, no excess monies were available for distribution.

Various acts of the State Legislature and agreements impose the establishment of the Renewal and Replacement Reserve Account, which is restricted as to the use of monies deposited therein.

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, 2015, 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 $7,211,755 as of June 30, 2015.

10. RENTALS FROM NONCANCELABLE OPERATING LEASES (LESSOR LEASES)

Commitments for future revenue under noncancelable operating leases as of June 30, 2015, are as follows:

	Business-type Activities			Component Unit	
Year Ended June 30,	Cellular Tower Leases	Office Space Lease	Champions Square	Parking Garage	Total
2016	$552,023	$18,900	$2,836,403	$952,251	$4,359,577
2017	551,257	18,900	2,965,360	975,291	4,510,808
2018	555,094	18,900	3,096,895	998,882	4,669,771
2019	555,061	18,900	1,000,000	1,023,049	2,597,010
2020	492,615	18,900	1,000,000	1,047,800	2,559,315
2021-2025	916,419	56,700	5,000,000	5,631,712	11,604,831
2026			1,000,000	1,209,393	2,209,393
Total	$3,622,469	$151,200	$16,898,658	$11,838,378	$32,510,705

The District leases office space within the Superdome to the Sugar Bowl on a month-to-month basis and to the Sunbelt Conference under a lease agreement until June 2023. It also leases space within the Superdome and Arena to various cell service providers under agreements expiring at varying intervals until 2023. The District subleases to the Marketing Fund, 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 12.

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, 2015, were $2,705,591 for the District and $929,758 for the Marketing Fund.

11. 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 40% 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 $72,756 for the year ended June 30, 2015.

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.

12. 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, discussed in note 15, 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 2015 amounted to $2,362,862 for the District and $1,977,766 for the Marketing Fund. The annual base rental payments are as follows:

Fiscal Year	Business-Type Activities	Component Unit
2016	$2,489,290	$2,489,290
2017	$2,965,360	$2,965,360
2018	$2,868,324	$3,096,895
2019	$3,002,491	$1,000,000
2020	$3,139,341	$1,000,000
2021-2025	$17,847,184	$5,000,000
2026	$4,019,871	$1,000,000

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.

13. MANAGEMENT AND SUPPORT SERVICES AGREEMENTS

Effective July 1, 1977, the state of Louisiana (the State) 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. On March 12, 2015, the seventh amendment to the Management Agreement extended the term of the agreement for an additional five years, ending June 30, 2022.

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 Superdome and the Arena will consist of a combination of base fee, incentive fee, and bonus fee. The annual "base fee" is $700,000 for the Superdome and $300,000 for the Arena. The "incentive fee" will consist of 10% of the adjusted net income of the Superdome and the 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 for terms consistent to the sublease.

14. 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, 2015, 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.

15. SUPERDOME STADIUM AGREEMENT

The New Orleans Saints lease the Superdome, under an agreement (Stadium 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 annual payments in the form of reduced rentals and the assignment of certain revenues attributable, directly or indirectly, to the presence of the Club in the Superdome in exchange for the Club remaining in the Superdome through the end of the 2025 NFL season. The assignment of revenues resulted in payments totaling $14,279,294 to the Club for the year ended June 30, 2015.

During the year ended June 30, 2015, the Club received $1,489,019 of other payments representing amounts collected by the Louisiana Department of Revenue attributable to the income of nonresident NFL professional athletes.

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.

The Club's eligible revenues, as defined in the Stadium Agreement, as amended and restated, exceeded the revenue benchmark for the year ended June 30, 2015, thus reducing the obligation to pay additional inducements to the Club. The reduction in inducement obligations was, in part, a result of the naming rights agreement between the Club and the Mercedes-Benz Corporation. Granting the Club the ability to sell naming rights sponsorship was considered a key factor in lowering the State's economic exposure to future annual payment obligations. The naming rights revenues are included in the calculation of eligible revenue for each fiscal year under the terms of the Stadium Agreement.

16. ARENA USE AGREEMENTS

On May 2, 2002, the District entered into a use agreement (Original Agreement) with the Hornets NBA Limited Partnership (the Pelicans, formerly the Hornets), a franchise of the National Basketball Association (NBA), under which the Pelicans would relocate to New Orleans and play all home basketball games in the Arena. In January 2008, the Original Agreement was amended to extend the initial terms to June 30, 2014. In June 2012, the Original Agreement was amended and restated in its entirety (Arena Use Agreement) to extend the term and provide for significant improvements to the Arena. The initial term of the Arena Use Agreement extends through June 30, 2024, with an optional five-year extension, which must be elected in writing by June, 30, 2023.

The Arena Use Agreement entitles the Pelicans to all realized revenues from home games including, but not limited to, ticket sales, 40% of gross concession revenues, net revenues from merchandise sales and parking, and various advertising revenues as defined in the agreement. These annual payment obligations are recorded as operating expenses of the Arena and totaled $3,775,852 during fiscal year 2015. In return, the Pelicans will reimburse the District for 32% of game day expenses for regular season games and 100% for playoff games. It also provides for an annual payment, beginning in 2012, equal to the greater of $300,000 (increased by 2% annually) or one-half of the net revenues from luxury box suite ticket sales for other Arena events. The annual expense totaled $333,697 during fiscal year 2015.

The Pelicans are also entitled to receive an amount equal to the income taxes collected by the Louisiana Department of Revenue attributable to the income of nonresident professional NBA sports franchise personnel. For fiscal year ended June 30, 2015, the Pelicans were paid $913,547 from the nonresident players' tax.

Under the Original Agreement, as amended, should the Pelicans' revenue fall below certain benchmark amounts, the District was required to reimburse the Pelicans an amount to cause the Pelicans' revenue to equal the benchmark. Beginning with the 2008 fiscal year, the District's cap on this reimbursement was $6.5 million, increased at a rate of 5% for each subsequent fiscal year. The amounts due to the Pelicans for fiscal years 2012 and 2013 for this revenue benchmark were incorporated into the renegotiation of their use agreement with a portion deferred until the Arena improvements and upgrades are substantially complete. The restated Arena Use Agreement requires the District to pay the Pelicans $2,500,000 with a 2% increase per year, annually, due on July 31 of each year beginning 2012. This additional annual payment is in consideration of annual financial investments required of the Pelicans to host events in Champions Square, advertise and promote events at the facilities owned by the District, and others as defined in the agreement. The additional annual payment for the revenue benchmark totaled $2,645,675 during the year ended June 30, 2015.

The Arena Use Agreement created the Arena Renewal and Replacement Fund and established quarterly funding requirements beginning in fiscal year 2013.

17. 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 Pelicans 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, all of which has been expended as of June 30, 2015

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 agreement 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 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 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.

Effective November 14, 2012, the state, the District, and Jefferson Parish entered into a management agreement whereby Jefferson Parish accepts the exclusive rights to manage, operate, market, and administer the Alario Center. The agreement is for an initial five-year term with an automatic five-year extension. Jefferson Parish will fund operating and maintenance costs of the Alario Center for the duration of the agreement. The District will serve as Contract Administrator.

18. NET POSITION RESTATEMENT - GOVERNMENT-WIDE FINANCIAL STATEMENTS

The beginning net position as reflected on Statement A has been restated to reflect the following changes:

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Net Position at June 30, 2014	($262,227,785)	$365,469,853	$103,242,068	($5,321,795)
Prior year costs capitalized in error	(2,384,121)		(2,384,121)	
Mercedes-Benz Superdome - depreciation on improvements completed in prior years		(6,272,910)	(6,272,910)	
Net Position at June 30, 2014, as Restated	($264,611,906)	$359,196,943	$94,585,037	($5,321,795)

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

The following pages contain a report on internal control over financial reporting and on compliance with laws and regulations and other matters required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The 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

November 18, 2015

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*

Independent Auditor's Report

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

We have audited, in accordance with the 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, 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2015. Our report was modified to include an emphasis of matter paragraph regarding financial statement comparability. Our report includes a reference to another auditor who 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 on separately by that auditor.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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

JMJ:NM:WG:EFS:aa

LSED 2015