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ERNEST N. MORIAL NEW ORLEANS
EXHIBITION HALL AUTHORITY

Financial Statements and Schedules

December 31, 2007 and 2006

With Independent Auditors' Report Thereon

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

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P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
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Independent Auditors' Report

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

We have audited the basic statements of the Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) as of December 31, 2007 and 2006 and for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Authority as of December 31, 2007 and 2006, and the respective changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2008 on our consideration of Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Postlethwaite & Netterville

New Orleans, Louisiana
March 28, 2008

30th Floor - Energy Centre • 1100 Poydras Street • New Orleans, LA 70163-3000 • Tel: 504.569.2978
2324 Severn Avenue • Metairie, LA 70001 • Tel: 504.837.5990 • Fax: 504.834.3609

Ernest N. Morial New Orleans Exhibition Hall Authority
(A Corporate and Political Subdivision of the State of Louisiana)
Management's Discussion and Analysis
Years ended December 31, 2007 and 2006

The Management's Discussion and Analysis of the Ernest N. Morial New Orleans Exhibition Hall Authority's (the Authority) financial performance presents a narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2007 and 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available). Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Authority's mission is to plan, finance, construct and manage a convention and exhibition center in the City of New Orleans. As part of this mission, the Authority continued with the repair and renovation of its facilities (the Center) during 2006 and 2007.

The Authority's insurance providers paid $68,021,743 which covered loss of business income, most of the restoration cost of the building, replacement of contents and repair of automobiles. The board of commissioners also allocated from reserves a $7 million renovation fund for improvements not covered by insurance.

On September 5, 2007, the Authority defeased the 2003A Senior Subordinate Special Tax Bonds which were issued in 2003 and dedicated to the construction of the Phase IV expansion project. Following extensive studies which took into account current market demands, projected national trends and a review of the best options of the growth and stability of New Orleans' convention and exhibition business, the Authority's board concluded that near term construction of Phase IV would not be in the best interests of the city, state or tourism industry. The Authority has not permanently rejected a Phase IV expansion project; instead, the Authority's board has shifted its focus to make major improvements to the oldest areas of the building as the tourism industry grows and recovers from Hurricane Katrina. The Authority is currently working with the Phase IV contractor to terminate the Phase IV contract, which had been suspended since November 9, 2005, and related matters. At year end December 31, 2007, there is no additional liability to recognize for the termination of the contract.

During 2007 and 2006, the Center held 101 and 48 events, respectively. The number of attendees totaled 330,255 and 181,595 and the number of room nights approximated 589,000 and 282,000 for the years ended December 31, 2007 and 2006, respectively.

The taxes collected by the Authority generated $30.5 million in 2007 as compared to $25.8 million of revenues in 2006. User fees totaled $15.7 million in 2007 as compared to $7.9 million in 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statements of Net Assets report the Authority's net assets as of the end of the year. Net assets, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial health or position. The decrease in the Authority's net assets for the year ended December 31, 2007 as compared to 2006 was due to the recognition of impairment of Phase IV construction in progress.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets - 2007

The Authority's total net assets at December 31, 2007 reached approximately $417 million as compared to $456 million at the end of 2006 (See Table A-1). Total 2007 assets decreased to $639 million, and total liabilities decreased to $223 million as compared to $973 and $517 million, respectively, in 2006.

The decrease in total net assets is attributable to the impairment recognized in 2007 of $51.3 related to certain Phase IV construction in process costs. Without the impairment adjustment, net assets would have increased by approximately $12.1 million which is a substantially increase over 2006 net income without consideration of business interruption insurance proceeds and other insurance reimbursements.

During 2007, the Authority's restricted net assets increased due to tax collections and the remaining cash available after defeasance of the bonds.

Net Assets - 2006

The Authority's total net assets at December 31, 2006 reached approximately $456 million as compared to $422 million at the end of 2005 (See Table A-2). Total 2006 assets increased to $973 million, and total liabilities decreased to $517 million as compared to $947 and $525 million, respectively, in 2005. The Authority's total net assets at December 31, 2006 increased 8.1% from 2005. Total 2006 assets increased 2.8% to $973 million, and total liabilities decreased 1.5% from 2005.

During 2006, the Authority's restricted net assets decreased by $4.3 million. The decrease in net restricted assets results from a decrease in cash collections of taxes and an increase in debt service payments.

Table A-1
Ernest N. Morial New Orleans Exhibition Hall Authority
Statements of Net Assets (in thousands of dollars)
December 31, 2007 and 2006

	2007	2006
Current assets	$ 109,903	$ 107,479
Restricted assets	126,941	396,148
Deferred charges	2,528	7,232
Capital assets	399,855	461,895
Total assets	$ 639,227	$ 972,754
Current liabilities	$ 22,917	$ 28,599
Long-term liabilities	199,667	488,353
Total liabilities	222,584	516,952
Net assets:		
Invested in capital assets, net of related debt	202,968	271,081
Restricted	100,495	77,510
Unrestricted	113,180	107,211
Total net assets	416,643	455,802
Total liabilities and net assets	$ 639,227	$ 972,754

Table A-2
Ernest N. Morial New Orleans Exhibition Hall Authority
Statements of Net Assets (in thousands of dollars)
December 31, 2006 and 2005

	2006	2005
Current assets	$ 107,479	$ 96,337
Restricted assets	396,148	388,496
Deferred charges	7,232	7,533
Capital assets	461,895	454,443
Total assets	$ 972,754	$ 946,809
Current liabilities	$ 28,599	$ 26,672
Long-term liabilities	488,353	498,384
Total liabilities	516,952	525,056
Net assets:		
Invested in capital assets, net of related debt	271,081	242,006
Restricted	77,510	81,844
Unrestricted	107,211	97,903
Total net assets	455,802	421,753
Total liabilities and net assets	$ 972,754	$ 946,809

Changes in Net Assets- 2007

The change in net assets was a decrease of $39.2 million for the year ended December 31, 2007. The Authority's operating revenues were comprised primarily of user charges. Operating revenues were $25.7 million in 2007 as compared to $32.0 million in 2006. The Authority's 2007 operating revenues were comprised primarily of user charges of $15.7 million and $6.2 million of business interruption insurance recovery. Operating expenses in 2007 totaled $85.2 million before depreciation as compared to approximately $26.4 million in 2006. The increase in expenses in 2007 as compared to 2006 is a result of the recognition of an impairment loss of $51.3 million as well as increased costs associated with increased events in 2007. In both 2007 and 2006, non-operating revenues were primarily comprised of dedicated taxes, investment income and interest expense. The dedicated taxes totaled $30.5 million in 2007 as compared to $25.8 million in 2006. Investment income and interest expense totaled $19.7 million and $24.0 million and $8.6 million and $10.0 million, respectively, in 2007 and 2006. During 2007, no interest income or expense was capitalized, whereas in 2006, interest expense of $15,285,818 net of investment income of $14,511,730 totaling $774,088 was capitalized for Phase IV construction.

In 2007, the Authority recognized $9.0 million in grants and $6.2 million in proceeds from insurance, net of related costs. Net assets invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. When there are significant unspent related bond proceeds, the portion of the debt attributable to the unspent proceeds is included in the calculation of this net asset. able A-4 summarizes the Authority's operating expenses by function. As explained above, expenses have increased primarily as a result of increased events held at the center in 2007 as compared to 2006. Facility operating and related safety costs declined in 2006, partially offset by an increase in sales and marketing related costs and general and administrative costs which increase related to recovery efforts. The Center continues to increase personnel as needed to provide services to customers.

Changes in Net Assets- 2006

The change in net assets was $34.0 million for the year ended December 31, 2006. The Authority's operating revenues were comprised primarily of user charges. Operating revenues were $32.0 million in 2006 as compared to $30.4 million in 2005. The Authority's 2006 operating revenues totaled $32.0 million, comprised primarily of user charges and $22 million of business interruption insurance recovery. Before consideration of business interruption insurance recovery, operating revenues declined from $22.4 million in 2005 to $10.0 million in 2006 primarily due to events being cancelled in 2006 as a result of Katrina. Operating expenses in 2006 totaled $26.4 million before depreciation as compared to approximately $27.8 million in 2005. The decrease in 2006 is primarily attributable to the reduced operating costs in 2006 as compared to 2005 and operations in 2005 prior to and during Katrina; in 2006, the majority of the exhibition halls were closed for half the year during renovations and construction; therefore, related operating and public safety costs were less in 2006 compared to 2005. Non-operating revenues were primarily comprised of dedicated taxes, investment income and interest expense. The dedicated taxes totaled $25.8 million in 2006 as compared to $32.4 million in 2005. The decline in 2006 is attributed to the impact of Katrina on the City of New Orleans and resulting taxes that normally would have been collected from hotels, restaurants and service contractors. Investment income and interest expense, both net of amounts capitalized, totaled $8.6 million and $6.6 million and $10.0 million and $10.0 million, respectively, in 2006 and 2005. The increase in investment earnings is attributable to increased interest rates. In 2006, the Authority recognized $1.9 million in grants and $14.5 million in proceeds from insurance, net of related costs.

Table A-3
Ernest N. Morial New Orleans Exhibition Hall Authority
Statements of Revenue, Expenses and
Changes in Net Assets
(in thousands of dollars)
Years ended December 31, 2007 and 2006

	2007	2006
Operating Revenues:		
User fees and other revenues	$ 16,587	$ 8,928
Business interruption proceeds	6,211	22,000
Commissions	2,896	1,113
Total operating revenues	25,694	32,041
Operating Expenses:		
Operating expenses	85,230	26,409
Depreciation	12,979	12,433
Total operating expenses	98,209	38,842
Operating loss	(72,515)	(6,801)
Non-operating revenues-net	33,356	40,850
Change in net assets	(39,159)	34,049
Net assets, beginning of the year	455,802	421,753
Net assets, end of the year	$ 416,643	$ 455,802

Table A-4
Ernest N. Morial New Orleans Exhibition Hall Authority
Operating Expenses (in thousands of dollars)
Years ended December 31, 2007 and 2006

	2007	2006
General and administrative	$ 12,887	$ 8,221
Loss on impairment	51,259	-
Sales and marketing	1,211	1,110
Event services	572	503
Building operations	14,691	12,631
Public safety	1,832	1,507
Production services	1,202	988
Technology services	1,577	1,449
Depreciation	12,979	12,433
Total operating expenses	$ 98,210	$38,842

Table A-5
Ernest N. Morial New Orleans Exhibition Hall Authority
Statements of Revenue, Expenses and
Changes in Net Assets
(in thousands of dollars)
Years ended December 31, 2006 and 2005

	2006	2005
Operating Revenues:		
User fees and other revenues	$ 8,928	$ 19,098
Business interruption proceeds	22,000	8,000
Commissions	1,113	3,330
Total operating revenues	32,041	30,428
Operating Expenses:		
Operating expenses	26,409	27,828
Depreciation	12,433	12,417
Total operating expenses	38,842	40,245
Operating loss	(6,801)	(9,817)
Non-operating revenues-net	40,850	29,010
Change in net assets	34,049	19,193
Net assets, beginning of the year	421,753	402,560
Net assets, end of the year	$ 455,802	$ 421,753

Table A-6
Ernest N. Morial New Orleans Exhibition Hall Authority
Operating Expenses (in thousands of dollars)
Years ended December 31, 2006 and 2005

	2006	2005
General and administrative	$ 8,221	$ 6,694
Sales and marketing	1,110	952
Event services	503	697
Building operations	12,631	14,559
Public safety	1,507	1,829
Production services	988	1,261
Technology services	1,449	1,836
Depreciation	12,433	12,417
Total operating expenses	$ 38,842	$40,245

Table A-6 summarizes the Authority's operating expenses by function. As explained above, expenses have decreased primarily as a result of less events held at the center in 2006 as compared to 2005 events, before Katrina. Facility operating and related safety costs declined in 2006, partially offset by an increase in sales and marketing related costs and general and administrative costs which increase related to recovery efforts.

Ernest N. Morial New Orleans Exhibition Hall Authority
(A Corporate and Political Subdivision of the State of Louisiana)
Management's Discussion and Analysis, Continued
Years ended December 31, 2007 and 2006

Cash Flows - 2007

The change in cash and cash equivalents, as reflected in Table A-7, from 2007 to 2006 was a result of an increase in operating activities due to positive cash flow from user fees and other sources; an increase in noncapital financing activities due to stronger tax collections and grants from governments; a decrease in capital and financing activities due to the 2003A series bond defeasance and a decrease due to purchasing investment securities.

Cash Flows - 2006

The change in cash and cash equivalents, as reflected in Table A-8, from 2006 to 2005 was a result of increased cash flow from insurance proceeds (operating financing activities) offset by increases in capital assets acquisitions, combined with decreased cash flow from taxes, and increased cash flow from investments maturities (investing activities).

Table A-7
Ernest N. Morial New Orleans Exhibition Hall Authority
Statements of Cash Flows
(in thousands of dollars)
Years ended December 31, 2007 and 2006

	2007	2006
Cash flows from:		
Operations	$ 523	$ (340)
Noncapital financing	39,960	24,109
Capital and related financing activities	(318,755)	(34,899)
Investing activities	858	38,812
Net increase (decrease) in cash and cash equivalents	$(277,414)	$ 27,682

Table A-8
Ernest N. Morial New Orleans Exhibition Hall Authority
Statements of Cash Flows
(in thousands of dollars)
Years ended December 31, 2006 and 2005

	2006	2005
Cash flows from:		
Operations	$ (340)	$ (7,608)
Noncapital financing	24,109	35,765
Capital and related financing activities	(34,899)	(40,294)
Investing activities	38,812	26,118
Net increase in cash and cash equivalents	$ 27,682	$ 13,981

Plan Net Assets – 2007 and 2006

The Plan was terminated in 2006 and substantially all of the assets were distributed in 2006.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets- 2007

As of December 31, 2007, Authority had invested approximately $561 million in property, buildings and equipment. During 2007, the Authority increased property, buildings and equipment by approximately $10.3 million. Depreciation in 2007 totaled $13 million, adjusting accumulated depreciation to $161 million as of December 31, 2007. For the year ended December 31, 2007, impairments of approximately $51.3 million of the phase IV project previously reported as construction in progress were included in deletions.

The construction in progress as of December 31, 2007 relates to building improvements of the existing structure and remaining Phase IV expansion costs.

Capital Assets- 2006

As of December 31, 2006, Authority had invested approximately $610 million in property, buildings and equipment. During 2006, the Authority increased property, buildings and equipment by approximately $23 million. Depreciation in 2006 totaled $12.4 million, adjusting accumulated depreciation to $148 million as of December 31, 2006.

The construction in progress as of December 31, 2006 related to Phase IV as well as to repairs and renovations as a result of damages incurred as a result of Hurricane Katrina.

Debt Administration- 2007

The Authority continues to make its regularly scheduled payments on its bonds. In September 2007, the Authority defeased its Bond Series 2003, using the balance of the original construction restricted assets, available debt service funds and funding available through the State of Louisiana Go Zone program. These bonds were issued to fund the expansion project (Phase IV). The Authority's board determined that the near term construction of Phase IV would not be in the best interest of the city, state, or tourism industry. During 2007, the Authority used $20,771,449 of Go Zone funding to pay certain interest and principal payments. The Go Zone obligation is required to be repaid to the State of Louisiana beginning in 2012.

Debt Administration- 2006

During 2006, $8,315,000 in principal payments was made. All scheduled principal payments were made in 2006.

ECONOMIC FACTORS

The primary purpose of a convention center is to attract attendees to conventions and tradeshows so that they will spend dollars in local facilities such as hotels, restaurants, tourist attractions, retail stores, etc. This spending results in increased tax collections for the state and local governments. The Ernest N. Morial Convention Center is one of the greatest economic assets of the City of New Orleans and the State of Louisiana. In 2006, The Center hosted 48 major conventions and trade shows, attracted 181,595 attendees and produced 282,447 room nights. The total economic impact was $719.4 million. This spending produced $56.8 million in tax revenue for the State of Louisiana and local governments. In 2006, the Center supported 9,947 local jobs creating $217.18 million in income for local area residents. In 2007, the Center hosted 101 major conventions and trade shows, attracted 330,255 attendees and produced 589,083 room nights. The economic impact has not been computed to date. The Center continues to experience positive growth in operational revenue and tax collections as the City recovers from Hurricane Katrina.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice President of Finance and Administration, Alita Caparotta at (504) 582-3022.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Net Assets

December 31, 2007 and 2006

Assets	2007	2006
Current assets:		
Cash	$ 79,905,680	$ 88,879,363
Investments	20,979,925	-
Accounts receivable, net	864,541	1,911,855
Insurance receivable	5,501,542	14,000,000
Grant receivables	1,580,180	1,899,460
Prepaid expenses and other assets	801,978	787,784
Interest receivable	269,653	-
Total current assets	109,903,499	107,478,462
Restricted assets:		
Cash	76,295,064	344,735,009
Investments	43,186,799	43,625,406
Interest receivable	873,749	1,044,798
Taxes receivable	6,585,530	6,743,116
Total restricted assets	126,941,142	396,148,329
Deferred charges - bond issue costs	2,528,267	7,232,211
Property, buildings and equipment, net	399,854,738	461,895,338
Total assets	$ 639,227,646	$ 972,754,340
Liabilities and Net Assets		
Current liabilities (payable from current assets):		
Accounts payable	$ 2,655,740	$ 3,381,704
Due to other fund	-	607
Deferred revenue	2,603,380	2,204,559
Compensated absences, current portion	229,017	163,677
	5,488,137	5,750,547
Current liabilities (payable from restricted assets):		
Accounts payable	787	66,084
Contracts and retention payable	650,721	650,721
Deposits due others	94,831	79,280
Current portion of accrued bond interest	10,193,100	11,432,558
Current portion of bonds payable	6,490,000	10,620,000
	17,429,439	22,848,643
Total current liabilities	22,917,576	28,599,190
Long-term liabilities:		
Compensated absences, less current portion	129,419	280,094
Bonds payable, less current portion, net	177,619,085	486,603,790
Go Zone obligation payable	20,771,449	-
Deferred revenue, less current portion	1,147,384	1,468,681
Total long-term liabilities	199,667,337	488,352,565
Total liabilities	222,584,913	516,951,755
Net assets:		
Invested in capital assets, net of related debt	202,968,482	271,081,607
Restricted	100,494,607	77,509,627
Unrestricted	113,179,644	107,211,351
Total net assets	416,642,733	455,802,585
Commitments and contingencies	-	-
Total liabilities and net assets	$ 639,227,646	$ 972,754,340

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Revenues, Expenses and Changes in Net Assets

For the years ended December 31, 2007 and 2006

	2007	2006
Operating revenues:		
User fees	$ 15,748,616	$ 7,852,581
Commissions	2,896,367	1,112,798
Equipment use fee	38,500	413,378
Other:		
Rentals	177,173	177,559
Miscellaneous	623,003	484,922
Business interruption	6,210,715	22,000,000
Total operating revenues	25,694,374	32,041,238
Operating expenses:		
General and administrative	12,886,765	8,220,617
Loss on impairment	51,258,741	-
Sales and marketing	1,211,372	1,110,399
Event services	572,032	503,303
Building operations	14,691,299	12,630,461
Public safety	1,831,841	1,506,621
Production services	1,201,871	987,968
Technology services	1,576,777	1,449,097
Total operating expenses	85,230,698	26,408,466
Income from operations before depreciation	(59,536,324)	5,632,772
Depreciation	12,979,307	12,433,302
Loss from operations	(72,515,631)	(6,800,530)
Nonoperating revenues (expenses):		
Tax revenues (note 6)	30,526,248	25,843,443
Investment income	19,728,827	8,633,279
Other expense	(1,079,141)	-
Interest expense	(24,068,242)	(10,022,560)
Proceeds from (repayment of) insurance, net of related costs	(709,173)	14,496,454
Government operating grants	8,957,260	1,899,460
Income from nonoperating revenues (expenses)	33,355,779	40,850,076
Increase (decrease) in net assets	(39,159,852)	34,049,546
Net assets:		
Balance, beginning of year	455,802,585	421,753,039
Balance, end of year	$ 416,642,733	$ 455,802,585

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Cash Flows

For the years ended December 31, 2007 and 2006

		2007		2006
Cash flows from operating activities:				
Cash received from user fees	$	16,873,457	$	8,750,563
Cash received from other sources		9,945,758		2,188,657
Insurance proceeds		14,000,000		16,000,000
Cash paid to employees and for related expenses		(14,020,810)		(14,388,782)
Cash paid to suppliers		(26,275,190)		(12,890,927)
Net cash provided by (used in) operating activities		523,215		(340,489)
Cash flows from noncapital financing activities:				
Cash received from taxes		30,683,834		24,109,286
Cash received from operating grants from other governments		9,276,540		-
Net cash provided by noncapital financing activities		39,960,374		24,109,286
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets		(2,250,795)		(19,950,867)
Interest paid		(32,901,761)		(25,320,803)
Insurance proceeds (repayments)		(709,173)		18,687,769
Proceeds from GoZone bond program		20,771,447		-
Principal payment of bonds		(303,665,000)		(8,315,000)
Net cash used in capital and related financing activities		(318,755,282)		(34,898,901)
Cash flows from investing activities:				
Purchases of investment securities		(124,400,792)		-
Investment sales and maturities		96,346,657		15,226,604
Interest payments received		28,912,201		23,585,430
Net cash provided by investing activities		858,066		38,812,034
Net increase (decrease) in cash and cash equivalents		(277,413,627)		27,681,930
Cash and cash equivalents at beginning of year		433,614,371		405,932,441
Cash and cash equivalents at end of year (note 2)	$	156,200,744	$	433,614,371
Reconciliation of loss from operations to net cash used in operating activities:				
Loss from operations	$	(72,515,631)		(6,800,530)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:				
Loss on impairment of assets		51,258,741		-
Depreciation		12,979,307		12,433,302
(Increase) decrease in accounts receivable		1,047,317		(1,082,393)
(Increase) decrease in insurance receivable		8,498,458		(6,000,000)
Increase in prepaid and other assets		(14,194)		(394,688)
Decrease in accounts payable and accrued expenses		(808,306)		(476,555)
Increase in deferred revenue and other liabilities		77,523		1,980,375
Net cash provided by (used in) operating activities	$	523,215	$	(340,489)

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Defined Benefit Plan Net Assets

December 31, 2007 and 2006

	2007	2006
Assets		
Cash	$ -	$ 3,583
Receivables		
Investment income	-	-
Due from other fund	-	607
Investments	-	-
Total assets	-	4,190
Liabilities		
Other	-	4,190
Net Assets		
Plan net assets available for pension benefits	$ -	$ -

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statements of Changes in Defined Benefit Plan Net Assets

For the years ended December 31, 2007 and 2006

	2007	2006
Additions:		
Employer contributions	$ -	$ 2,771,294
Total contributions	-	2,771,294
Investment income:		
Interest income	-	58,843
Investment income	-	58,843
Total additions	-	2,830,137
Deductions:		
Benefits	-	5,182,977
Total deductions	-	5,182,977
Change in plan net assets	-	(2,352,840)
Plan net assets:		
Balance, beginning of year	-	2,352,840
Balance, end of year	$ -	$ -

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Reporting Entity

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

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

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

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

<u>Proprietary Fund Type</u>

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

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

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

Fiduciary Fund Type

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

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

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

(c) Restricted Assets

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

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

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

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

- Future debt obligations, funded with the proceeds of the 2003 Bonds defeasance restricted currently for future debt obligations, the proceeds of bond issues, restricted for the building expansion and improvements.

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

(d) Investments

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

(e) Property, Buildings and Equipment

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

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

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

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

(f) Taxes

The Authority receives dedicated taxes as follows:

<u>Hotel Occupancy Tax</u>

The Authority's bonds are payable from revenues derived by the Authority from the Hotel

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

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

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

Hotel Occupancy/Food and Beverage Tax

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

1988 Hotel Occupancy Tax:

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

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

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

Food and Beverage Tax:

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

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

Service Contractor and Tour Tax:

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

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

RTA Tax:

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

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

(g) Capital Contributions

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

(h) Compensated Absences

The Authority is obligated to reimburse NOPFM for vacation when earned by its employees, either in accordance with general personnel policy or under certain union agreements. The total liability for accrued vacation at December 31, 2007 and 2006 was $358,436 and $443,771, respectively, of which $129,419 and $280,094 is the long-term portion. Vacation of full time employees in regular status is earned as follows:

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

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

(i) Cash Flows

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

(j) Bond Issuance Costs and Refundings

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

(l) Risk Management

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

(m) Deferred Revenue

Revenue collected for events in future years is deferred.

(n) Use of Estimates

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

(2) Cash and Investments

The Authority's cash and investments consisted of the following as of December 31, 2007:

	Unrestricted	Restricted	Total
Enterprise Fund:			
Cash:			
Unrestricted	$ 79,905,680	-	79,905,680
Restricted for future obligations	-	27,780,988	27,780,988
Restricted for deposits due others	-	94,831	94,831
Restricted for debt service	-	32,260,641	32,260,641
Restricted for capital projects	-	16,158,604	16,158,604
	79,905,680	76,295,064	156,200,744
Investments, at fair value:			
Unrestricted	20,979,925	-	20,979,925
Restricted for debt service	-	43,186,799	43,186,799
	$ 100,885,605	119,481,863	220,367,468

The Authority's cash and investments consisted of the following as of December 31, 2006:

		Unrestricted	Restricted	Total
Enterprise Fund:				
Cash:				
Unrestricted	$	88,879,363	-	88,879,363
Designated for debt service or future expansion		-	21,402,510	21,402,510
Restricted for deposits due others		-	79,280	79,280
Restricted for debt service		-	16,126,355	16,126,355
Restricted for capital projects		-	307,126,864	307,126,864
		88,879,363	344,735,009	433,614,372
Investments, at fair value:				
Restricted for debt service		-	43,625,406	43,625,406
	$	88,879,363	388,360,415	477,239,778
Pension Trust Fund:				
Cash	$	-	3,583	3,583

Actual cash in banks and certificates of deposit as of December 31, 2007 and 2006, for restricted and unrestricted bank accounts, before outstanding checks and reconciling items, was $142,218,315 and $434,313,430, respectively. Of the total bank balances at December 31, 2007 and 2006, all amounts were covered by federal depository insurance ($200,000) or by collateral held in the Authority's name by its agent of ($126,808,702 and $428,809,782, respectively). As of December 31, 2007 and 2006, the Authority had repurchase agreements totaling $21,494,750 and $43,625,406. Because the pledged securities are held by the pledging fiscal agent in the Authority's name, the Authority does not have any custodial credit risk. The pledged securities may be released only upon the written authorization of the Authority.

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

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

Collateral is held in the name of the trustees of the bond issue for the benefit of the Authority and consists of U.S. government and agency securities. Custodians are independent of the counterparties to the agreements. Under the terms of the repurchase agreements, the trustees may make deposits and withdrawals for these accounts in accordance with certain terms of the trust indenture agreements. The investments are subject to custodial risk upon default of the custodian. The Authority's investments in repurchase agreements were as follows as of December 31:

December 31, 2007 Bond Issue	Interest Rate	Termination Date		Amount
2004 Refunding	4.785%	July 2025	$	9,393,500
1996 A and C, 1998 and 2000	5.86%	July 2025		12,101,250
Total investments			$	21,494,750

December 31, 2006 Bond Issue	Interest Rate	Termination Date		Amount
2003A and 2004 Refunding	4.785%	July 2033	$	31,524,156
1996 A and C, 1998 and 2000	5.86%	July 2025		12,101,250
Total investments			$	43,625,406

Credit risk is managed through the requirements of the counterparty to maintain pledged securities in the name of the Authority held in the counterparty's trust department or by the Federal Reserve Bank of the United States. The Authority's investment in repurchase agreements is a contract and is not rated.

(3) *Accounts Receivable*

Accounts receivable consist of the following as of December 31

		2007	2006
Customers	$	1,150,107	1,004,536
Other		33,453	1,175,058
		1,183,560	2,179,594
Less allowance for uncollectible amounts		(319,019)	(267,739)
	$	864,541	1,911,855

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

(4) Property, Buildings and Equipment

A summary of changes in fixed assets follows:

	January 1, 2007	Additions	Deletions	December 31, 2007
Land, non depreciable	$ 76,585,515	-	(10,000)	76,575,515
Building/building improvements	443,861,908	8,484,684	(249,263)	452,097,329
Equipment	14,977,918	1,422,196	(3,631)	16,396,483
Surface parking	6,506,709	-	-	6,506,709
Software	1,015,212	124,988	-	1,140,200
Art/exhibits, non depreciable	203,000	-	-	203,000
Construction in progress	66,935,685	227,018	(59,174,321)	7,988,382
	610,085,947	10,258,886	(59,437,215)	560,907,618
Accumulated depreciation and amortization	148,190,609	12,979,307	(117,036)	161,052,880
	$ 461,895,338			399,854,738

	January 1, 2006	Additions	Deletions	December 31, 2006
Land, non depreciable	$ 76,575,515	10,000	-	76,585,515
Building/building improvements	433,338,550	12,170,177	(1,646,819)	443,861,908
Equipment	14,859,108	153,367	(34,557)	14,977,918
Surface parking	6,506,709	-	-	6,506,709
Software	812,662	202,550	-	1,015,212
Art/exhibits, non depreciable	203,000	-	-	203,000
Construction in progress	58,616,634	10,489,486	(2,170,435)	66,935,685
	590,912,178	23,025,580	(3,851,811)	610,085,947
Accumulated depreciation and amortization	136,468,597	12,433,302	(711,290)	148,190,609
	$ 454,443,581			461,895,338

The Authority's property, building and equipment were adversely impacted by Hurricane Katrina. For the year ended December 31, 2006, impairments of approximately $1.6 million related to Hurricane Katrina were included in the deletions above. These amounts were included in nonoperating revenues – proceeds from insurance, net of related costs in the 2006 statement of revenues, expenses and changes in net assets. Also during 2006, expense ($15,285,818) net of investment income ($14,511,730) totaling $774,088 was capitalized for Phase IV construction. No such amounts were capitalized in 2007. For the year ended December 31, 2007, impairments of approximately $51.3 million of the Phase IV project previously reported as construction in progress were included in deletions.

Remaining construction in 2007 and 2006 relates to building improvements of the existing structure and remaining Phase IV expansion costs.

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Notes to Financial Statements

December 31, 2007 and 2006

(5) Long-term Obligations

The following summarizes the changes in the Authority's long-term obligations for the year ended December 31, 2007 and 2006:

		January 1, 2007	Additions	Deletions	December 31, 2007	Due Within One Year	Over One Year
Bonds payable	$	491,600,000	-	(303,665,000)	187,935,000	6,490,000	181,445,000
Go Zone payable		-	20,771,449	-	20,771,449	-	20,771,449
Compensated absences		443,771	-	(85,335)	358,436	229,017	129,419
	$	492,043,771	20,771,449	(303,750,335)	209,064,885	6,719,017	202,345,868

		January 1, 2006	Additions	Deletions	December 31, 2006	Due Within One Year	Over One Year
Bonds payable	$	499,915,000	-	(8,315,000)	491,600,000	10,620,000	480,980,000
Net pension obligation		461,240	-	(461,240)	-	-	-
Compensated absences		296,763	147,008	-	443,771	163,677	280,094
Deferred revenue - User Fee		313,379	-	(313,379)	-	-	-
	$	500,986,382	147,008	(9,089,619)	492,043,771	10,783,677	481,260,094

Defeasance and Go Zone Obligations

During 2007, the Authority used $20,771,449 of Go Zone funds which it is required to repay the State of Louisiana in annual installments of principal and interest beginning in 2012 and ending in 2026. The Go Zone proceeds were used to pay certain interest and principal payments related to Bond Series 2003 and Bond Series 1998 debt. The Authority drew its last Go Zone funding in 2008 of $7,512,818 in January 2008.

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Notes to Financial Statements

December 31, 2007 and 2006

Bonds Payable

Long-term debt activity for the year ended December 31, 2007 and 2006 is as follows:

Series		January 1, 2007	Additions	Deletions	December 31, 2007
1996A	$	22,300,000	-	(4,035,000)	18,265,000
1996C		25,525,000	-	(145,000)	25,380,000
1998		22,500,000	-	-	22,500,000
2000		30,105,000	-	(1,515,000)	28,590,000
2003		297,470,000	-	(297,470,000)	-
2004		93,700,000	-	(500,000)	93,200,000
	$	491,600,000	-	(303,665,000)	187,935,000

Series		January 1, 2006	Additions	Deletions	December 31, 2006
1996A	$	26,150,000	-	(3,850,000)	22,300,000
1996C		26,030,000	-	(505,000)	25,525,000
1998		22,500,000	-	-	22,500,000
2000		31,545,000	-	(1,440,000)	30,105,000
2003		299,870,000	-	(2,400,000)	297,470,000
2004		93,820,000	-	(120,000)	93,700,000
	$	499,915,000	-	(8,315,000)	491,600,000

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Notes to Financial Statements

December 31, 2007 and 2006

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

		2007	2006
1996A Series, Special Tax Bonds, interest rates between 4.9% and 5.25%, due in annual principal debt service requirements ranging from $4,235,000 to $4,915,000, final payment due July 2011	$	18,265,000	22,300,000
1996C Series, Special Tax Bonds, interest rates between 4.9% and 5.6%, due in annual principal debt service requirements ranging from $150,000 to $2,825,000, final payment due July 2025; partially refunded by 2004 Series		25,380,000	25,525,000
1998 Series, Special Tax Bonds, interest rates between 3.9% and 5.0%, due in annual principal debt service requirements ranging from $10,975,000 to $11,525,000, final payment due July 2027		22,500,000	22,500,000
2000 Series, Special Tax Bonds, interest rates between 4.6% and 6.5%, due in annual principal debt service requirements ranging from $1,590,000 to $2,970,000, final payment due July 2020		28,590,000	30,105,000
2003 Series, Senior Subordinate Special Tax Bonds, interest rates between 2.0% and 5.25%, due in annual principal debt service requirements ranging from $4,425,000 to $20,000,000, final payment due July 2033		-	297,470,000
2004 Series, Refunding Bonds, interest rates between 2.0% and 5.0%, due in annual principal debt service requirements ranging from $515,000 to $9,165,000, final payment 2025		93,200,000	93,700,000
		187,935,000	491,600,000
Plus unamortized net premium (discount) and deferred loss on bond refundings		(3,825,915)	5,623,790
Less current maturities		6,490,000	10,620,000
Long-term debt less current maturities	$	177,619,085	486,603,790

In September 2007, the Authority defeased its Bond Series 2003, using the balance of the original construction restricted assets, available debt service funds and funding available through the State of Louisiana Go Zone program.

The principal and interest on the Authority's bonds are payable from the proceeds of the levy and collection of dedicated taxes as described in Note 1. The Series 1996, 1998, 2000, 2003 and 2004 Bonds are solely the obligation of the Authority and not of the State of Louisiana or any other agency or political subdivision thereof. During 2004, the Authority partially refunded the 1996C Series. In April 2004, the Authority issued $93,935,000 in tax revenue bonds with a final maturity of July 15, 2025. The bond proceeds less issuance costs were used to defease $93,935,000 of the 1996C Series bonds. By refunding these 1996C series bonds, the Authority estimated $14.8 million in savings related to future interest and principal payments; the Authority estimated the economic gain to approximate $4.2 million. As noted above, in September 2007, the Authority defeased the 2003 Bonds. The outstanding balance on all defeased bonds as of December 31, 2007 is $309,045,000.

The annual requirements to amortize all bonds payable as of December 31, 2007, were as follows:

	Bond Series					Total Bonds
Principal	**1996A**	**1996C**	**1998**	**2000**	**2004**	**Payable**
2008	$ 4,235,000	$ 150,000	$ -	$ 1,590,000	$ 515,000	$ 6,490,000
2009	4,445,000	160,000	-	1,670,000	525,000	6,800,000
2010	4,670,000	170,000		1,755,000	535,000	7,130,000
2011	4,915,000	175,000	-	1,840,000	550,000	7,480,000
2012		1,585,000		1,935,000	4,340,000	7,860,000
2013-2017	-	9,305,000	-	11,360,000	24,805,000	45,470,000
2018-2022		7,380,000	-	8,440,000	36,380,000	52,200,000
2023-2027	-	6,455,000	22,500,000	-	25,550,000	54,505,000
Total	18,265,000	25,380,000	22,500,000	28,590,000	93,200,000	187,935,000

	Bond Series					Total Interest
Interest	**1996A**	**1996C**	**1998**	**2000**	**2004**	**Payable**
2008	939,323	1,398,613	1,125,000	1,447,570	4,527,300	9,437,806
2009	727,573	1,391,112	1,125,000	1,374,430	4,517,000	9,135,115
2010	500,877	1,382,953	1,125,000	1,297,610	4,504,925	8,811,365
2011	258,038	1,374,113	1,125,000	1,215,125	4,491,550	8,463,826
2012	-	1,364,925	1,125,000	1,126,805	4,476,150	8,092,880
2013-2017		5,447,185	5,625,000	4,053,290	19,261,250	34,386,725
2018-2022	-	3,240,775	5,625,000	902,475	11,822,750	21,591,000
2023-2027	-	678,720	5,076,250	-	2,610,000	8,364,970
Total	2,425,811	16,278,396	21,951,250	11,417,305	56,210,925	108,283,687

	Bond Series					Total
Total	**1996A**	**1996C**	**1998**	**2000**	**2004**	**Payable**
2008	5,174,323	1,548,613	1,125,000	3,037,570	5,042,300	15,927,806
2009	5,172,573	1,551,112	1,125,000	3,044,430	5,042,000	15,935,115
2010	5,170,877	1,552,953	1,125,000	3,052,610	5,039,925	15,941,365
2011	5,173,038	1,549,113	1,125,000	3,055,125	5,041,550	15,943,826
2012	-	2,949,925	1,125,000	3,061,805	8,816,150	15,952,880
2013-2017	-	14,752,185	5,625,000	15,413,290	44,066,250	79,856,725
2018-2022	-	10,620,775	5,625,000	9,342,475	48,202,750	73,791,000
2023-2027	-	7,133,720	27,576,250	-	28,160,000	62,869,970
	$ 20,690,811	$ 41,658,396	$ 44,451,250	$ 40,007,305	$ 149,410,925	$ 296,218,687

The Authority was required to make the final payment of interest related to the 2003 bonds of $7,512,818 in January 2008. This amount is included in current portion of accrued bond interest in the balance sheet.

The Authority is in compliance with its bond covenants as of December 31, 2007 and 2006.

Compensated Absences

The Authority's obligation to its employees for accrued vacation time totaled $358,436 and $443,771 as of December 31, 2007 and December 31, 2006, respectively. The estimated long-term portion as of December 31, 2007 and 2006 is based on historical data and totaled $129,419 and $280,094, respectively. The short-term portion as of 2007 and 2006 was $229,017 and $163,677, respectively.

Deferred Revenue

A summary of the deferred revenue, consisting primarily of rental payments, is as follows:

	2007	2006
Customer prepayments	$ 3,750,764	$ 3,673,240
Less current portion	2,603,380	2,204,559
Long term portion	$ 1,147,384	$ 1,468,681

(6) Taxes

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

	2007		2006	
	Receivables	Revenue	Receivables	Revenue
3% Hotel Occupancy Tax	$ 2,828,095	$ 17,127,102	$ 2,439,753	$ 14,949,426
State Economic Development	1,417,574	2,000,000	2,000,000	2,000,000
Hotel Occupancy Food Beverage Tax	1,511,452	9,673,660	1,827,832	8,171,139
Service Contractors and Tour Tax	334,313	1,143,323	123,459	308,485
RTA Tax	494,096	1,188,247	352,072	922,636
Collection fee	-	(606,084)	-	(508,243)
	$ 6,585,530	$ 30,526,248	$ 6,743,116	$ 25,843,443

(7) Commissions

Under the contractual agreements with vendors allowed to operate with the ENMCC-NO, the Authority receives various commissions. For the years ended December 31, 2007 and 2006, the Authority received $2,896,367 and $1,112,798, respectively, in commissions.

(8) Pension Plan

The New Orleans Public Facility Management, Inc. (NOPFM) was the administrator of a single employer defined benefit retirement plan. The Plan was established in accordance with Louisiana Revised Statue 12:207(9) for the purpose of providing retirement benefits for substantially all employees of NOPFM and the Authority. All full-time employees over the age of twenty-one years and employed over six months as of January 1 of each year were eligible to participate in the Plan. Plan benefits vested after five years of credited service. Employees who retired at or after age 65 were entitled to a monthly benefit based on average compensation. The Plan also provided death and disability benefits. The benefit provision and all other requirements were established by the Plan. In 2006, the Authority terminated its defined benefit retirement plan (the Plan).

(9) Commitments and Contingencies

(a) Self-insurance

For 2007 and 2006, the Authority is self-insured for hospitalization claims up to $75,000 per employee. In 2007 and 2006, the aggregate for claims liability was $1,920,986 and $3,257,966, respectively. The Authority has commercial insurance to cover any excess. The Authority has an external third party administrator for heath insurance claims. Changes in claims liability during the years ended December 31 were as follows:

	Beginning of year liability	Current year claims and changes in estimates	Claim payments	Balance at year end
2006	$ 258,250	1,485,437	(1,743,687)	142,112
2007	$ 142,112	960,388	(1,039,270)	63,230

(b) *Contingencies – Phase IV*

On September 5, 2007, the Authority defeased the 2003A Senior Subordinate Special Tax Bonds which were issued in 2003 and dedicated to the construction of the Phase IV expansion project. Following extensive studies which took into account current market demands, projected national trends and a review of the best options of the growth and stability of New Orleans' convention and exhibition business, the Authority's board concluded that near term construction of Phase IV would not be in the best interests of the city, state or tourism industry. The Authority has not permanently rejected a Phase IV expansion project; instead, the Authority's board has shifted its focus to make major improvements to the oldest areas of the building as the tourism industry grows and recovers from Hurricane Katrina. The Authority is currently working with the Phase IV contractor to terminate the Phase IV contract, which had been suspended since November 9, 2005, and related matters. At year end December 31, 2007, there is no additional liability to recognize for the termination of the contract.

(10) Summary of Changes in Deposits Due Others

A summary of changes in deposits due others follows:

2007		Beginning Balance	Additions	Reductions	Ending Balance
Rouse Lease Clearing Fund	$	39,674	138,341	147,825	30,190
Venture Lease Escrow Fund		2,026	16,098	15,994	2,130
Cell Cite		37,580	185,557	160,626	62,511
Total	$	79,280	339,996	324,445	94,831

2006		Beginning Balance	Additions	Reductions	Ending Balance
Rouse Lease Clearing Fund	$	82,464	111,533	154,323	39,674
Venture Lease Escrow Fund		1,974	84	32	2,026
Cell Cite		23,908	40,162	26,490	37,580
Total	$	108,346	151,779	180,845	79,280

ERNEST N. MORIAL NEW ORLEANS
EXHIBITION HALL AUTHORITY

Single Audit Reports

December 31, 2007

P&N Postlethwaite & Netterville

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ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the basic financial statements of the Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) as of and for the year ended December 31, 2007, and have issued our report thereon dated March 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

30th Floor - Energy Centre • 1100 Poydras Street • New Orleans, LA 70163-3000 • Tel: 504.569.2978
2324 Severn Avenue • Metairie, LA 70001 • Tel: 504.837.5990 • Fax: 504.834.3609

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information of the Authority, the Authority's management; federal, state and city awarding agencies; and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

New Orleans, Louisiana
March 28, 2008

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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A control deficiency in the Authority's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Authority as of and for the year ended December 31, 2007, and have issued our report thereon dated March 28, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the Authority, the Authority's management; federal, state and city awarding agencies; and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

New Orleans, Louisiana
March 28, 2008

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Schedule of Expenditures of Federal Awards

For the year ended December 31, 2007

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Community Development Block Grant (Pass through award)	14.228	$ 957,260
Total Federal Expenditures		$ 957,260

See accompanying notes to Schedule of Expenditures of Federal Awards.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Schedule of Expenditures of Federal Awards

December 31, 2007

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority). The Authority's reporting entity is defined in note 1 to the basic financial statements for the year ended December 31, 2007. All Federal financial awards have been included on the Schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority's basic financial statements for the year ended December 31, 2007.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Schedule of Findings and Questioned Costs

Year ended December 31, 2007

(1) Financial Statements

(a) The type of auditor's report issued: unqualified opinion

(b) Internal control over financial reporting:

Material weaknesses identified: no
Significant deficiencies identified not considered to be material weaknesses: none reported
Noncompliance material to financial statements noted: no

(2) Federal Awards

(a) Internal control over major program:

Material weaknesses identified: no
Significant deficiencies identified not considered to be material weaknesses: none reported

(b) Type of auditor's report issued on compliance for major program: unqualified

(c) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a): no

(d) *Identification of major program:*

- Department of Housing and Urban Development – CFDA No. 14.228 – Community Development Block Grant/State's Program.

(e) Dollar threshold used to distinguish between Type A and Type B programs: $300,000

(f) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: no

(3) Findings Relating to the Basic Financial Statements reported in accordance with *Government Auditing Standards*: none

(4) Findings and Questioned Costs relating to Federal Awards: none